

**For Immediate Release (3 pages)
Thursday, October 22, 2015**

Contact:
Andrew Petrozzi
604.646-8392
andrew.petrozzi@avisonyoung.com

Editors/Real Estate Reporters

• Please click on link to view Avison Young's *Fall 2015 British Columbia Multi-Family Investment Report*:

http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2015/Vancouver_MFReport_Fall2015.pdf

Competition rising in British Columbia multi-family investment market as supply tightens and private investors hit vendor expectations

Avison Young releases its Fall 2015 BC Multi-Family Investment Report

Vancouver, BC -- Demand for multi-residential properties in Metro Vancouver and throughout the province remained exceedingly strong in the first half of 2015. Private buyers – both local and foreign – and, to a lesser extent, institutional investors and REITs, were increasingly willing to accept record pricing and highly compressed capitalization rates as the cost of entry to British Columbia's coveted multi-family real estate market.

Multi-family investment activity rebounded in the first half of 2015 with 26 deals valued at \$370 million compared with 20 transactions totalling \$186 million in the back half of 2014. Multi-family investors' first-half performance in 2015 was on par with the levels of activity in the first half of 2014, which featured 23 deals valued at \$396 million. (**Avison Young** only tracks multi-family investments trading at more than \$5 million.)

Pricing has continued to rise for well-located assets (if and when they come to market) with the lack of supply further boosting pricing and compressing capitalization rates to levels that seem to defy conventional investment wisdom. The acquisition of multi-family assets is now more about wealth preservation or long-term redevelopment potential than earning a return. Land banking remains a key consideration for investors seeking to acquire multi-family assets, but that aspect of the deal is certainly not the only or the most important factor. Competition remains intense.

These are some of the key trends noted in Avison Young's *Fall 2015 British Columbia Multi-Family Investment Report*, released today.

With demand strengthening, the challenge that remains is locating vendors willing to sell despite the premium pricing that such assets continue to command. Some potential vendors have become more opportunistic and willing to entertain off-market offers whereas in the recent past, they may have rebuffed such advances.

“Rising rental rates in Metro Vancouver are also proving to be an incentive for investors to secure multi-family assets,” comments Avison Young Principal **Rob Greer**. “For the most part, rents in general have not kept up with the rapid rise in the value of multi-family properties in Metro Vancouver. The public’s increasing willingness to rent – due to the difficulties many people are encountering getting into the region’s expensive real estate market – and forego property ownership is pushing many would-be home owners who are able to afford higher rental rates into the market.”

It is anticipated that multi-family deal and dollar volumes in the back half of 2015 will easily exceed the results of the first half. The \$170-million acquisition by **Canadian Apartment Properties Real Estate Investment Trust (CAPREIT)** of a 19-building portfolio in Metro Vancouver in September marked one of the largest commercial real estate deals likely to transact in BC in 2015. The portfolio, which contains 919 units, is primarily located in New Westminister, Burnaby and Langley with additional properties in North Vancouver, Port Moody, Surrey and Coquitlam. At least four other multi-family properties, each in excess of \$20 million, had also closed by September 2015.

The report also contains a Q&A with **Michael Deighton**, Vice-President, Acquisitions for **BOSA Properties**, discussing the development and ownership of rental apartment buildings and why developers are finding such assets more attractive in their portfolios.

Avison Young is the world’s fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,000 real estate professionals in 71 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-family properties.

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For further info/comment/photos:

- **Robert Greer**, Principal, Avison Young: **604.647.5084**
- **Michael Keenan**, Principal and Managing Director, Vancouver, Avison Young: **604.647.5081**
- **Andrew Petrozzi**, Vice-President, Research (BC), Avison Young: **604.646.8392**
- **Sherry Quan**, Principal, Global Director of Communications & Media Relations, Avison Young: **604.726.0959** or **604.647.5098**

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