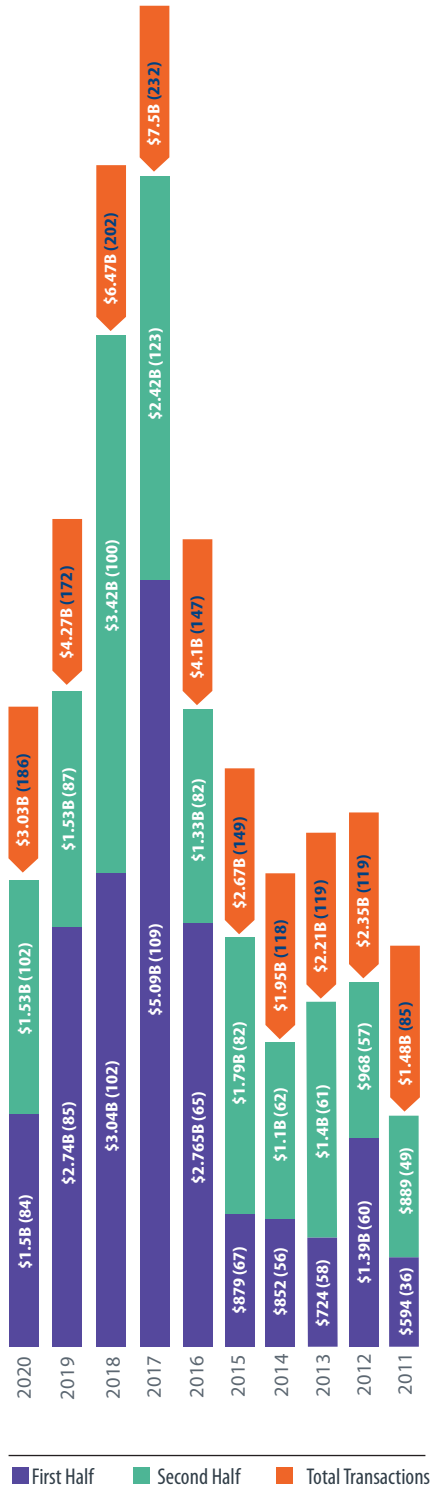


British Columbia

Year-end 2020: BC Investment sales by dollar volume & number of sales

OFFICE, INDUSTRIAL & RETAIL DEALS >\$5M



Pandemic predilections underpin BC investment market with uneven impact across asset classes

While the value of investment in British Columbia's commercial real estate market in 2020 slipped to its lowest level since 2015 as the COVID-19 pandemic disrupted national economies and capital flows around the globe, overall deal velocity remained strong with the third-highest number of deals completed in BC since Avison Young started tracking the market in 2000.

While overall investment in BC retail and office properties faltered in 2020 (particularly from institutions), demand for industrial assets surged to record heights and resulted in the asset class leading all others in terms of both deal and dollar volume for the first time in provincial history. The tenacity and sophistication of well-capitalized local private investors dominated all asset classes as both purchasers and vendors as they continued to identify opportunities in a uniquely volatile environment.

With 186 industrial, retail and office deals valued at \$3.03B closing in 2020, investors clearly continued to see value in acquiring and owning commercial real estate in Metro Vancouver and BC. This figure does not include multi-family, ICI or residential land sales activity, which Avison Young has historically tracked separately. (Avison Young tracks retail, office and industrial deals valued at more than \$5M for this report.)

Despite investment activity largely grinding to a halt in the second quarter of 2020, 84 deals were completed in the first half of 2020 followed by 102 in the back half of 2020 with dollar volume remaining remarkably consistent through both halves at \$1.5B and \$1.53B, respectively. BC industrial properties alone accounted for 60% of deal volume and 50% of proceeds in 2020, setting new records in both categories. Despite a largely pessimistic outlook for retail assets as the fallout from COVID-19 containment

measures blanketed the market, BC investors circled back to the asset class (particularly in the back half of 2020) with 25% of the sales capturing 20% of total proceeds in 2020, thanks in large part to the successful sales of a number of community shopping centres in suburban markets. Office sales, which started 2020 strongly with the sales of **The Landing** (\$225M) in Vancouver and **Crestwood Corporate Centre** (\$218M) in Richmond in the first half (and which ended up as the two largest sales of 2020), subsequently slumped to the lowest deal and dollar volume recorded in a six-month period in office investment since 2014.

Despite the almost total absence of institutional purchasers in 2020, primarily local private investors remained largely undaunted and leveraged record-low capital costs to acquire assets and contributed to ongoing capitalization-rate compression. Downtown office cap rates ranged from 3.25% to 4.25% in 2020, while industrial cap rates were between 3.75% to 4.5% and retail cap rates were between 4.0% and 4.5%. Suburban office cap rates were typically between 4.5% and 5.5%. One of the primary results of this ongoing demand for commercial real estate assets in 2020 was a quest for yield by mostly private investors, which often resulted in the purchases of multi-family, retail and office properties in tertiary markets throughout the province. Cap rates for stabilized multi-family assets also remained compressed in 2020 with properties in the core averaging between 3.0% and 3.75%, while suburban multi-family properties were between 3.5% to 4.5%. Stabilized multi-family assets in tertiary markets such as Vancouver Island and the BC Interior were typically between 4.25% and 4.75%.

One predicted consequence of the

[continued on back page](#)

Land sales & buyer purchases by asset type

COMMERCIAL ICI LAND SALES

(Greater than \$5 million and excluding parks and agricultural/agricultural business lands) July 1 to Dec 31, 2020

PROPERTY	LOCATION	PRICE	TYPE	SITE SIZE (ACRES)	DATE
1428 West Broadway	Vancouver	Share sale	Commercial Residential	0.36	Dec 2020
550 Cambie Street	Vancouver	\$57,000,000	Commercial	0.21	Dec 2020
Ocean Park Mall 1651-1679 128th Street	Surrey	\$15,000,000	Commercial Residential	1.50	Dec 2020
Howe Sound Inn & Brewing 37801 Cleveland Avenue	Squamish	\$11,000,000	Commercial	2.43	Dec 2020
2219 - 2285 Cambie Street	Vancouver	\$32,036,541	Commercial Residential	0.36	Nov 2020
6965 & 7005 King George Boulevard & 13510-13570 70A Avenue	Surrey	\$30,000,000	Commercial Residential	7.23	Nov 2020
8188 & 8232 Manitoba Street	Vancouver	\$59,999,999	Commercial Industrial	4.96	Nov 2020
750, 757 & 773 Kingsway Avenue, 1681 & 1703 Trenton Street, 1725 Fremont Drive, 1726 & 1746 Perkins Street	Port Coquitlam	\$13,515,500	Commercial Residential	9.80	Nov 2020
2886 Commercial Drive	Vancouver	\$7,000,000	Commercial Residential	0.32	Nov 2020
1220 Station Street	Vancouver	\$83,000,000	Commercial	0.95	Oct 2020
418, 422, 474, 476 & 496 Alexander Street	Vancouver	\$20,500,000	Commercial Residential	0.56	Oct 2020
4575 Main Street	Vancouver	\$23,200,000	Commercial	0.58	Oct 2020
10692 Scott Road	Surrey	\$6,085,000	Commercial	2.43	Sep 2020
550 Doyle Avenue	Kelowna	\$12,100,000	Commercial Residential	1.64	Sep 2020
2958, 2960 & 2962 West 4th Avenue	Vancouver	Share sale	Commercial Residential	0.12	Sep 2020
339 East 1st Avenue	Vancouver	\$45,250,000	Commercial	1.10	Sep 2020
473, 475 West Hastings & 398 Richards Street	Vancouver	\$31,250,000	Commercial Residential	0.22	Sep 2020
852, 856 & 872 Seymour Street	Downtown Vancouver	\$15,000,000	Commercial Residential	0.17	Sep 2020
1824 - 1924 Store Street & 530 Chatham Street	Victoria	\$46,250,000	Commercial	6.65	Aug 2020
5757 Lougheed Highway	Burnaby	\$5,150,000	Commercial	0.42	Jan 2020

INDUSTRIAL ICI LAND SALES

(Greater than \$5 million and excluding parks and agricultural/agricultural business lands) July 1 to Dec 31, 2020

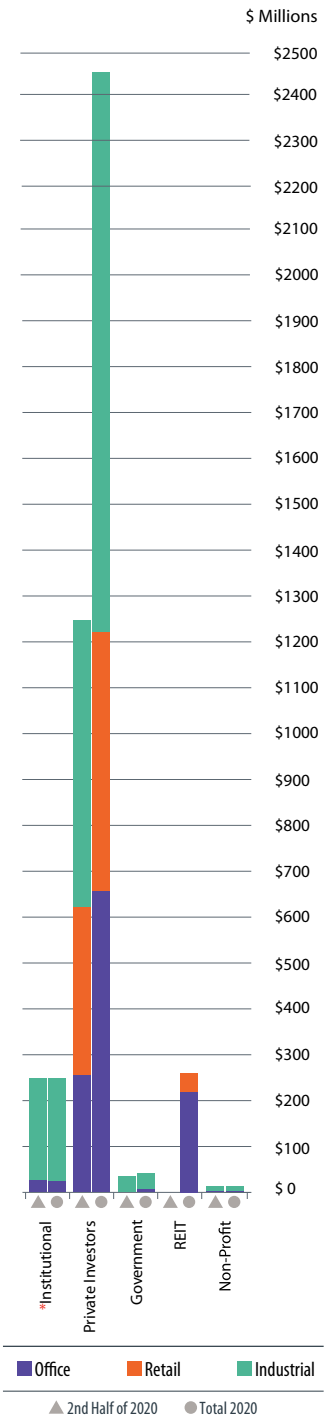
PROPERTY	LOCATION	PRICE	TYPE	SITE SIZE (ACRES)	DATE
8360 Ontario Street	Vancouver	\$17,500,000	Industrial	2.24	Dec 2020
901 East Kent Avenue North	Vancouver	\$15,000,000	Industrial	2.00	Dec 2020
3491 196th Street	Surrey	\$14,775,000	Industrial	5.00	Nov 2020
13560 Mitchell Road	Richmond	\$10,500,000	Industrial	2.40	Nov 2020
18958 36th Avenue	Surrey	\$14,300,000	Industrial	4.40	Nov 2020
2924 192nd Street	Surrey	\$6,500,000	Industrial	2.50	Oct 2020
2775 Ackland Road	Kelowna	\$5,200,000	Industrial	1.03	Oct 2020
2869 Sooke Road, 3344 & 3370 Luxton Road	Langford	\$10,000,000	Industrial	13.30	Oct 2020
1140 & 1150 Raymur Avenue	Vancouver	Share sale	Industrial	1.51	Sep 2020
11711 130th Street; 12742 Bridgeview Shore; 11685 126A Street	Surrey	\$12,000,000	Industrial	4.56	Sep 2020
26074 30A Avenue	Langley	\$12,500,000	Industrial	4.96	Sep 2020
6038 Thorne Avenue	Burnaby	\$8,200,000	Industrial	1.45	Aug 2020
1655 Maple Street	Okanagan Falls	\$6,800,000	Industrial	113.82	Aug 2020

TOP FIVE RESIDENTIAL LAND SALES (METRO VANCOUVER)

(By Price) July 1 to Dec 31, 2020

PROPERTY	LOCATION	PRICE	SITE SIZE (ACRES)	SITE SIZE (SF)	DATE
622, 644, & 688 S.W. Marine Drive	Vancouver	\$68,137,600	1.53	66,473	Dec 2020
495 West 41st Avenue	Vancouver	\$40,000,000	0.37	15,823	Sep 2020
6031 Wilson Avenue	Burnaby	\$35,500,000	1.34	58,370	Sep 2020
Whalley Station Square 10761 - 10753 King George Boulevard	Surrey	\$26,888,000	1.88	81,762	Jul 2020
114 - 132 West 15th Street	North Vancouver	\$25,500,000	0.58	25,210	Oct 2020

SECOND HALF & TOTAL OF 2020: BUYER PURCHASES BY ASSET TYPE



* Institutional investors can include pension funds, offshore interests and life insurance companies

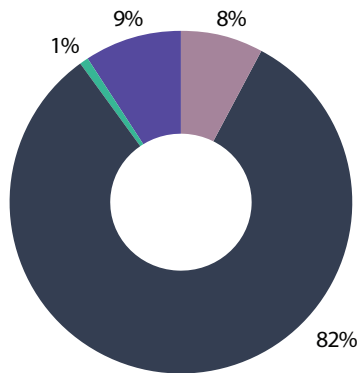
Note: Foreign buyers have also been active investors. Rather than identifying them separately as foreign, Avison Young is categorizing them as institutional or private as the case may be.

Buyer profile

Private purchasers represented the overwhelmingly dominant buyer type in 2020 in terms of the total number of acquisitions completed (94%), just short of the record set at mid-year 2020 (95%). Private purchasers' share of 2020 dollar volume (82%) remained unchanged from mid-year 2020, which had marked a new record. Institutional investors were absent for most of the year with no deals in the first half of 2020 and just four transactions in the back half of the year, while REITs managed to close on three deals in 2020 (albeit involving significant properties that closed in the first half of 2020). Those sales included **Allied REIT's** \$225M acquisition of **The Landing** in Vancouver – the largest office deal in 2020, while acquisitions by **Choice Properties REIT** (\$21.15M) and **Automotive Properties REIT** (\$17.5M) stood out as two of the larger retail acquisitions in 2020.

Overall deal volume remained strong in 2020 primarily due to insatiable demand for industrial assets, which represented a record-shattering 60% of all transactions in 2020 – and driven almost entirely by private investment. Private purchasers circled back to retail assets in the second half of 2020, but remained hesitant when it came to acquiring office assets. A lack of available properties of scale in all asset classes, and the almost

2020: VALUE OF SALES BY TYPE OF BUYER



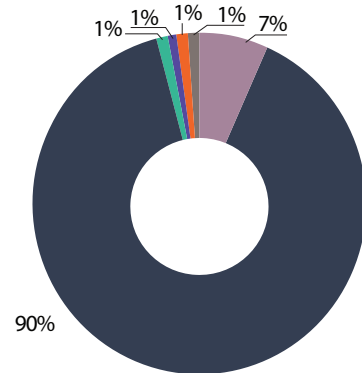
total absence of institutional investors due to the impact of pandemic containment measures on national portfolios, combined to limit overall dollar volume in BC in 2020. However, the number of deals completed in 2020 (186) was the third-most on record in BC, surpassed only by the peak years of 2017 (232) and 2018 (2020). Despite the absence of a perceived COVID discount and backed by low-cost capital, the tenacity (and fortitude) of primarily local private purchasers is what kept BC's investment market active in a highly volatile 2020.

Seller profile

Private vendors accounted for just 66% of total proceeds in 2020 despite being involved as sellers in 90% of the number of deals completed. Institutions, which were largely absent as purchasers, did engage with the market as vendors in 2020, capturing 32% of total dollar volume but just 7% of the deals completed. While the majority of institutional sales in 2020 involved the disposition of retail assets, the largest institutional vendor sale in 2020 was the industrial sale of **South Surrey Business Park** (\$170M) to another institution. The second largest deal involved a U.S.-based institutional investor disposing of an office building in **Willingdon Business Park** (\$108M) to a well-known local private investor.

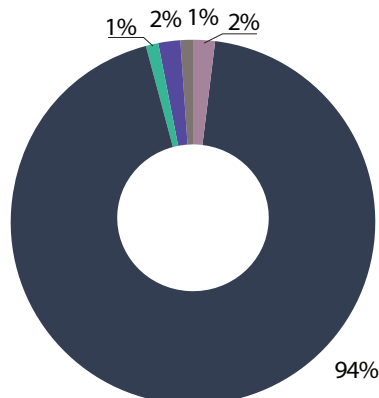
Vendors, for the most part, did not offer a COVID discount in 2020 in

2020: NUMBER OF TRANSACTIONS BY TYPE OF SELLER

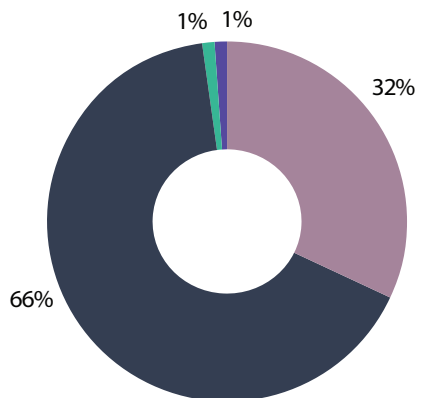


order to transact. Overall pricing largely remained unaffected by the pandemic and, in the case of industrial assets, drove strong valuations even higher. While some vendors of small and dated retail assets may have had to be more flexible in their terms and conditions in order to close, owners of essentials-anchored retail properties – particularly those with underlying redevelopment potential – were able to achieve strong pricing. Only owners of office assets had to reconsider their pricing expectations, with many simply choosing to delay a sale until the pandemic's impact on office buildings becomes clearer as vaccinations roll out and tenants start returning to the office in greater numbers. This pause is reflected in office deal and dollar volume approaching record lows in 2020.

2020: NUMBER OF TRANSACTIONS BY TYPE OF BUYER



2020: VALUE OF SALES BY TYPE OF SELLER



■ Private Investors ■ REIT ■ Public Co. ■ Financial Institution ■ Government ■ Non-Profit ■ Institutional

Office

Office investment sales in 2020 totalled 29 transactions valued at \$910M, representing 30% of the overall annual dollar volume of \$3.03B while capturing 16% of the total sales. Overall investment in BC office buildings in 2020 fell to its lowest level since 2015 (\$809M) while deal volume dropped to its lowest annual total since 2014 (28). The second half of 2020 marked the lowest deal volume (14) for office investment since the second half of 2014 (13) and the lowest dollar volume (\$281M) since the first half of 2015. Investment in office properties in BC had previously surpassed \$2B annually since 2016.

Office investment proceeds were largely the result of four sales in 2020: **The Landing** (\$225M) in Vancouver, **Crestwood Corporate Centre** (\$218M) in Richmond, an office building in **Willingdon Business Park** (\$108M) in Burnaby and an office building at 9500 Glenlyon Parkway (\$75M) in Burnaby. Together, they represented 69% of overall dollar volume invested in 2020, but just 14% of the done deals. (The disposition of 4333 Still Creek Drive in early 2020 is not included in dollar volume as it transacted as a share sale and pricing has not been disclosed.)

There were no sales of office buildings downtown in 2020. Just two properties near the downtown core (in Gastown) – **The Landing** and 52 Powell Street – were sold. Four office strata sales in Mount Pleasant and three small- to mid-sized transactions in the Broadway Corridor along with a small office property on Kingsway represented all the other office sales in Vancouver in 2020.

Office investment dollar volume fell to lowest level since 2015

Notable office sales were completed in Burnaby, Richmond, New Westminister and Surrey with smaller sales in Kelowna, Victoria, Langley, Abbotsford, North Vancouver and West Vancouver.

Investor appetite for office buildings, while initially strong as evidenced by the significant sales of **The Landing**, **Crestwood Corporate Centre** and 9500 Glenlyon Parkway in the opening months of 2020, was subsequently curbed by a more cautiously optimistic wait-and-see approach that defined buyer sentiment for the rest of the year. The almost total absence of large institutions and REITs as buyers of BC office properties in 2020 reinforced this outlook.

Strata office sales continued making inroads in Metro Vancouver with transactions closing in Vancouver's Mount Pleasant neighbourhood, Surrey and Richmond as purchasers took advantage of low interest rates and an increased desire to own rather than lease in a market with notable rental-rate appreciation in recent years. Strata office sales downtown



The Landing sold for \$225M in 2020

are expected to rise substantially in 2021/22 with the completion of the strata component of **The Offices at Burrard Place** along with **Bosa Waterfront Centre** and **The Seymour**. Strata office sales will also play a larger role in Mount Pleasant and Richmond with a number of new developments completing in the next 24 months.

An additional \$186.7M (in sales from office assets valued at less than \$5M) was raised in 178 transactions in the Lower Mainland in 2020, pushing dollar volume to almost \$1.1B in total investment.

BC OFFICE TRANSACTIONS (2ND HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
Baytree Plaza 20621-20651 Logan Avenue	Langley	\$23,500,000	Private	Private	Dec 2020
Dogwood Building 1019 Wharf Street	Victoria	\$22,500,000	Private	Institutional	Dec 2020
Newton Boulevard (strata) #1107-7330 137th Street	Surrey	\$5,110,000	Private	Non-Profit	Nov 2020
478 Bernard Avenue	Kelowna	\$6,450,000	Private	Private	Nov 2020
2695 Granville Street	Vancouver	\$28,600,000	Private	Private	Nov 2020
20033 64th Avenue	Langley	\$5,995,000	Private	Private	Nov 2020
4321 Still Creek Drive	Burnaby	\$108,000,000	Institutional	Private	Nov 2020
2489 Bellevue Avenue	West Vancouver	\$6,625,000	Private	Private	Oct 2020
McCallum Tower 2151 McCallum Road	Abbotsford	\$12,750,000	Private	Private	Oct 2020
6470 201st Street	Langley	\$18,400,000	Private	Private	Sep 2020
International Trade Centre at Versante (strata) #705-8400 West Road	Richmond	\$7,000,000	Private	Private	Sep 2020
664 West Broadway	Vancouver	\$10,000,000	Non-Profit	Private	Jul 2020
960 Quayside Drive	New Westminister	\$25,750,000	Private	Private	Mar 2020
4333 Still Creek Drive	Burnaby	Share sale	Institutional	Private	Jan 2020
Total Deals/Investment	14	\$280,680,000			

Retail

Sales of BC retail assets were particularly battered by COVID-19 with 46 deals valued at \$606M transacting in 2020. In terms of dollar volume, the overall value of retail sales in 2020 fell to its lowest point since 2009. As for deal velocity, the number of retail deals that closed in 2020 were the fewest since 2011. While retail sales in BC had started to taper off in 2019 (55 sales/\$956M) after two record years of blistering levels of activity (2017: \$3.6B/96 sales, 2018: \$2.9B/79 sales), the rapid decline in 2020 underscored some investors' concerns with the future of BC retail assets post-pandemic in the face of the general population's significantly heightened embrace of e-commerce.

While retail sales activity in the first half of 2020 (25) declined to its lowest level since the first half of 2011 with only a single transaction exceeding \$20M and just \$223.2M in proceeds, activity slipped even further in the second half with only 21 deals completed. However, dollar volume recovered somewhat with four sales exceeding \$30M: **Delta Shoppers Mall, London Plaza, Trenant Park Square** and a 50% interest in **Woodgrove Centre**, which resulted in total proceeds of \$383.2M in the back half of 2020. These four deals alone, all of which closed in the second half, accounted for more than 42% of BC's total retail dollar volume in 2020.

While institutional investors were largely absent in BC's office and industrial markets as buyers or sellers in 2020, institutions were well represented as sellers of retail assets, particularly in the back half of the year where they represented 24% of vendors, while private investors represented 100% of purchasers. Only two out of 46 retail deals in 2020 involved a purchaser that was not private (both were REITs).

While strata retail units, small strip malls and street front retail did remain popular with private investors, the resumption of sales of community

shopping centres in the second half of 2020 highlighted that many investors continue to see value in these types of retail assets.

Some community shopping centres that are essentials-anchored and have a decent number of small and varied tenants that offer a mix of services as well as a range of goods, represented a good value play for some investors on a more traditional income basis. Well-located shopping centres in secondary suburban markets that also have a substantial land component potentially suitable for future mixed-use redevelopment were also attractive to many investors willing to pay to acquire that potential.

Despite a high degree of negativity surrounding retail assets as an

Sales of BC retail assets slipped to lowest dollar volume since 2009

investment in 2020, private investors increasingly found their comfort level by year-end and were able to secure suburban retail properties from frequently motivated sellers.

Almost \$515M (in sales from retail assets valued at less than \$5M) was raised in 349 transactions in the Lower Mainland in 2020, pushing total dollar volume to \$1.12B.

BC RETAIL TRANSACTIONS (2ND HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
4510 27th Street	Vernon	\$6,152,125	Public Co.	Private	Dec 2020
London Plaza 5951 No. 3 Road	Richmond	\$57,000,000	Institutional	Private	Dec 2020
Penticton Plaza 1301 Main Street	Penticton	\$15,550,000	Institutional	Private	Nov 2020
20137 & 20139 Fraser Highway	Langley	\$6,750,000	Private	Private	Nov 2020
Peace Arch Business Centre 2320 King George Boulevard	Surrey	\$8,100,000	Private	Private	Nov 2020
Delta Shoppers Mall 8037 120th Street	Delta	\$34,300,000	REIT	Private	Nov 2020
701 Treanor Avenue	Langford	\$5,850,000	Private	Private	Oct 2020
3151 West Broadway	Vancouver	\$5,350,000	Private	Private	Oct 2020
2375 & 2387 West 41st Avenue	Vancouver	\$7,650,000	Private	Private	Oct 2020
4424, 4426 & 4428 Main Street	Vancouver	\$7,000,000	Private	Private	Oct 2020
15240 102A Avenue	Surrey	\$5,750,000	Private	Private	Sep 2020
3600 & 3608 West 27th Avenue; 4305, 4311, 4315 & 4321 Dunbar Street	Vancouver	\$6,600,000	Private	Private	Sep 2020
19561 & 19575 Langley By-Pass, 19564 & 19574 60th Avenue	Surrey	\$13,000,000	Private	Private	Sep 2020
Woodgrove Centre (50% interest) 6631 & 6901 Island Highway North	Nanaimo	\$99,920,428	Institutional	Private	Sep 2020
101-841 Central Street, West	Prince George	\$5,680,000	Private	Private	Sep 2020
Trenant Park Square 5201 Ladner Trunk Road	Delta	\$64,500,000	Institutional	Private	Aug 2020
3102 Douglas Street	Victoria	\$7,500,000	Private	Private	Aug 2020
8380 Bridgeport Road	Richmond	\$5,500,000	Private	Private	Aug 2020
1179, 1181, 1187 & 1193 Denman Street	Vancouver	\$8,600,000	Private	Private	Jul 2020
1602, 1616 & 1618 Pemberton Avenue; 1190 West 16th Street	North Vancouver	\$6,100,000	Private	Private	Jul 2020
15 West Cordova Street	Vancouver	\$6,400,000	Institutional	Private	Jun 2020
Total Deals/Investment	21	\$383,252,553			

Industrial

Demand for BC industrial assets surged to new heights on the back of COVID-19 in 2020 with an astounding 111 sales valued at more than \$1.51B – burying the past record of 88 industrial sales valued at more than \$1.2B set in 2017. Investment in BC industrial assets has now exceeded \$1B annually since 2017. Total industrial investment in 2020 surpassed the value of the entire BC investment market (as defined by Avison Young) in 2011.

Industrial investment surpassed all other asset classes in 2020 for the first time since Avison Young started tracking the market in 2000. The number of industrial deals – 111 – recorded in 2020 also represented a new high-water mark in terms of deal velocity in any asset class.

While the overwhelming majority of industrial sales were valued between \$5M and \$15M, there were seven deals in 2020 greater than \$30M that made up more than one-third of overall industrial dollar volume: **South Surrey Business Park** (\$170M); 7725 Lougheed Hwy. & 3131, 3151 & 3171 Lake City Way (\$146M); 1725 Coast Meridian Road (\$51.3M); 6064 Spur Ave. & 8335 Meadow Ave. (\$51M); **Viking Way Business Centre** (\$49.2M); **NorthWoods Business Park**: Bldgs. 5 & 6 (\$40.8M); and **CH5 Business Centre** (\$33M).

What makes the record-setting \$1.51B in BC industrial sale proceeds in 2020 even more notable is that it was almost entirely achieved through private investment. Institutions represented just 3.6% of vendors and 2.7% of buyers in 2020 with the overwhelming number of the remaining industrial sales transacted between private sellers and purchasers. Institutional investors do remain acutely interested in securing industrial properties in Metro Vancouver, but assets of scale are seldom available to be acquired.

Owner-occupiers continue to play an outsized role in the market as they seek to own their space through the deployment of low-cost capital in an effort to lock-in costs in a rapidly escalating rental rate environment that shows no signs of slowing in the short term. The dwindling industrial land supply in Metro Vancouver continues to contribute upward pressure on land pricing, which, along with years of record-low industrial vacancy, translates into higher development costs thereby pushing up rental rates and the price per square foot paid by

investors and owner-occupiers for strata space, which is increasingly the only option available for many businesses.

Ongoing consolidation of ownership among established well-known local private investors is expected to accelerate as some smaller owners contemplate cashing out as part of their estate planning.

Almost \$686M (in sales from industrial assets valued at less than \$5M) was raised in 443 transactions in the Lower Mainland in 2020, pushing total dollar volume to \$2.2B.

BC INDUSTRIAL TRANSACTIONS (2ND HALF - GREATER THAN \$10M)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
3210 Lake City Way	Burnaby	\$12,250,000	Private	Private	Dec 2020
19950 84th Avenue	Langley	\$14,240,000	Private	Private	Dec 2020
South Surrey Business Park 2920 188th Street	Surrey	\$170,000,000	Institutional	Institutional	Dec 2020
1519-1531 Derwent Way	Delta	\$18,400,000	Private	Private	Dec 2020
12511 Vulcan Way	Richmond	\$14,667,132	Private	Private	Dec 2020
NorthWoods Business Park (Bldgs. 5 & 6) 2220 & 2270 Dollarton Highway	North Vancouver	\$40,813,500	Institutional	Institutional	Dec 2020
20295 113B Avenue & 20240 Stewart Crescent	Maple Ridge	\$12,900,000	Private	Private	Nov 2020
Ironwood Plaza 12271 Horseshoe Way	Richmond	\$11,100,000	Private	Private	Nov 2020
1650 Hartley Avenue	Coquitlam	\$14,700,000	Private	Private	Nov 2020
2751 Production Way	Burnaby	\$26,540,000	Private	Government	Oct 2020
2441 United Boulevard	Coquitlam	\$11,000,000	Private	Private	Oct 2020
1471 Derwent Way	Delta	\$10,200,000	Private	Private	Oct 2020
English Bay Industrial Park 11500 Eburne Way	Richmond	\$10,600,000	Private	Private	Oct 2020
19676 Telegraph Trail	Langley	\$14,800,000	Private	Private	Oct 2020
2595 Deacon Street	Abbotsford	\$17,100,000	Private	Private	Sep 2020
5300 & 5350 Byrne Road	Burnaby	\$22,500,000	Private	Private	Sep 2020
Dockside Business Centre 50 Fell Avenue	North Vancouver	\$13,750,000	Private	Private	Sep 2020
12371 Bridgeport Road	Richmond	\$10,350,000	Private	Private	Sep 2020
1725 Coast Meridian Road	Port Coquitlam	\$51,300,000	Private	Private	Sep 2020
8985 Fraserwood Court	Burnaby	\$14,000,000	Private	Private	Aug 2020
4098 McConnell Drive	Burnaby	\$11,250,000	Private	Private	Jul 2020
836 Viewfield Road	Esquimalt	\$11,100,000	Government	Private	Jul 2020
CH5 Business Centre 3473 190th Street	Surrey	\$33,000,000	Private	Private	Jun 2020
Total Deals/Investment	23	\$566,560,632			

The above chart only lists those industrial deals greater than \$10M due to space constraints; the second-half total is 67 deals valued at \$870.7M.

Multi-family

Investment in BC's multi-family market was unscathed by COVID-19 in 2020 with deal and dollar volume remaining healthy and the asset class in strong demand throughout the province. With 38 sales valued at \$740M in the second half of 2020 alone, deal and dollar volume for the year totalled 68 transactions valued at \$1.36B, which exceeded sales activity in 2019. BC multi-family investment in 2020 achieved the third highest total on record (behind only 2018 and 2015) as dollar volume in BC surpassed the billion-dollar mark for the fourth consecutive year. While 2018 holds the record for most annual dollar volume (\$1.51B), the record number of multi-family transactions (89) was set in 2017. (Avison Young only tracks multi-family investments trading at more than \$5M.)

The largest BC multi-family deals in 2020 included the \$170M acquisition of **Aqua at Plaza 88** in New Westminster, the sale of **Plaza 500** (\$82.5M) in Vancouver and the disposition of the **Fontainebleau Apartments** (\$70M) also in Vancouver. Unlike most other asset classes in 2020, institutions were active as purchasers. However, vendors were overwhelmingly private.

While Vancouver remained by far the most active market in BC with 26 sales, Victoria (5), New Westminster (4) and Maple Ridge (4) followed by Kamloops (3), Kelowna (3), Langford (3), Nanaimo (3) and North Vancouver (3) were also key markets for multi-family investors in 2020. Deal velocity in many primary markets in Metro Vancouver such as Burnaby (2), Richmond (1) and Surrey (1) was highly constrained in 2020, while secondary markets on Vancouver Island (Esquimalt (2), Duncan (1)), the BC Interior (Lake Country (1), Vernon (1), Penticton (1)) and the Fraser Valley (Abbotsford (1), Langley (1)) as well as White Rock (1) and Campbell River (1) increasingly attracted investors.

More than \$116M (in sales of multi-family assets valued at less than \$5M) was raised in 46 transactions in 2020, pushing total dollar volume to \$1.48B.

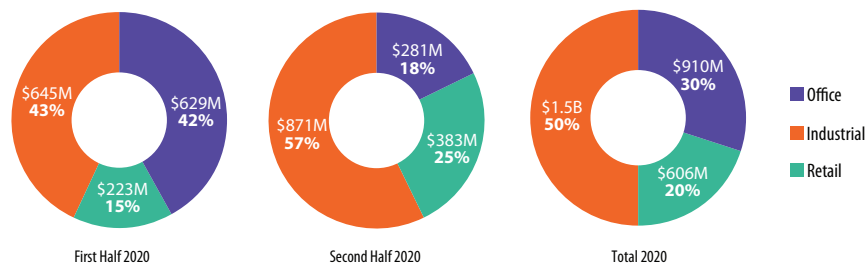
BC MULTI-FAMILY TRANSACTIONS (2ND HALF - GREATER THAN \$5M)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	\$/UNIT	PURCHASER TYPE	DATE
1270 Foster Street	White Rock	\$5,100,000	Private	\$221,739	Private	Dec 2020
Watermark 2036 South Island Highway	Campbell River	Share sale	Private	NA	Institutional	Dec 2020
Orchard 3641 & 3651 Elliott Road	Kelowna	Share sale	Private	NA	Institutional	Dec 2020
Arbutus 5085 Uplands Drive	Nanaimo	Share sale	Private	NA	Institutional	Dec 2020
Riviera Manor & Windsor House 409 Ash Street & 420 Seventh Street	New Westminster	\$18,475,000	Private	\$228,086	Private	Dec 2020
North Grove 6971, 6973 & 6975 Island Highway North	Nanaimo	\$42,000,000	Private	\$278,146	REIT	Dec 2020
The Lodges 740 Clement Avenue	Kelowna	\$52,750,000	Private	\$333,861	Private	Dec 2020
Somerset House 9977 138th Street	Surrey	\$12,600,000	Private	\$323,077	Private	Dec 2020
1635 East 4th Avenue	Vancouver	\$5,105,000	Private	\$392,692	Private	Dec 2020
Corona Apartments 1430 Stadacona Avenue	Victoria	\$11,178,000	Private	\$254,045	Institutional	Dec 2020
Madrona Manor 1955 Ashgrove Street	Victoria	\$9,522,000	Private	\$226,714	Institutional	Dec 2020
Welmahr Apartments 1090 Jervis Street	Vancouver	\$14,250,000	Private	\$527,778	Private	Dec 2020
Birchwood Manor 33382 George Ferguson Way	Abbotsford	\$7,117,990	Private	\$229,613	Private	Dec 2020
Arcola Manor & Gable Gardens 7035 Arcola Street & 7035 Balmoral Street	Burnaby	\$27,000,000	Private	\$293,478	Private	Dec 2020
The Capri 45 East 16th Avenue	Vancouver	\$7,925,000	Private	\$344,565	Private	Dec 2020
646 East 44th Avenue	Vancouver	\$5,000,000	Private	\$312,500	Private	Dec 2020
Casa Del Mar 122 East 18th Street	North Vancouver	\$8,589,999	Private	\$373,478	Private	Nov 2020
La Vonne Apartments 989 West 20th Avenue	Vancouver	\$5,050,000	Private	\$388,462	Private	Nov 2020
Queen Anne Apartments 12184 224 Street	Maple Ridge	\$29,200,000	Private	\$198,638	REIT	Nov 2020
Bay Plaza Apartments 1630 Burnaby Street	Vancouver	\$11,300,000	Private	\$538,095	Private	Nov 2020
The Caprice 136 East 18th Street	North Vancouver	\$9,693,500	Private	\$334,259	Private	Nov 2020
Sun City Court 383 Arrowstone Drive	Kamloops	\$5,600,000	Private	\$164,707	Private	Oct 2020
Victoria Court 5769 201A Street	Langley	\$6,700,000	Private	\$335,000*	Private	Oct 2020
Aqua at Plaza 88 900 Carnarvon Street	New Westminster	\$170,000,000	Private	\$427,136	Institutional	Oct 2020
MC2 8101 Nunavut Lane & 488 West 64th Avenue	Vancouver	\$48,500,000	Private	\$440,909	Public Co.	Oct 2020
Geo-Ann Apartments 310 East 13th Avenue	Vancouver	\$10,523,000	Private	\$404,731	Private	Oct 2020
Forest Glen Manor 4451 Wellington Road	Nanaimo	\$6,298,000	Private	\$190,848	Private	Oct 2020
Garibaldi Court 11933 223rd Street	Maple Ridge	\$7,300,000	Private	\$162,222	Private	Sep 2020
TRIO 333-337 Drysdale Boulevard	Kelowna	\$55,000,000	Private	\$314,286	REIT	Sep 2020
Pentagon Apartments 815 S.W. Marine Drive	Vancouver	\$5,400,000	Private	\$284,211	Private	Aug 2020
Ellery St. Apartments 837 Ellery Street	Esquimalt	\$7,600,000	Private	\$190,000	Private	Aug 2020
Hilltop Manor 4001 34A Street	Vernon	\$9,350,000	Private	\$155,833	Private	Aug 2020
Arlington Court Apartments 233 East 14th Avenue	Vancouver	\$16,300,000	Private	\$301,852	Public Co.	Aug 2020
Galt Street Flats 2328 Galt Street	Vancouver	\$14,900,000	Private	\$532,143	Institutional	Aug 2020
Sussex Lodge, Hillside Manor & Lynn Park Manor 2875 - 2931 Mountain Highway	North Vancouver	\$17,000,000	Private	\$369,565	Private	Jul 2020
Briarwood Apartments 465 Niagara Street	Victoria	\$10,000,000	Private	\$238,095	Private	Jul 2020
1245 & 1255 West 10th Avenue	Vancouver	\$7,370,000	Private	\$335,000	Private	Jul 2020
Crossing at Belmont 945 Reunion Avenue	Langford	\$60,000,000	Private	\$384,615	REIT	Mar 2020
Total Deals/Investment	38	\$739,697,492				

*includes seven commercial units

Sources: Avison Young, Commercial Edge & RealNet

2020 SALES BY PROPERTY TYPE & DOLLAR VOLUME



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pandemic on commercial real estate investment was the suggestion that a so-called COVID discount would be applied to asset pricing, particularly on retail and, to a lesser extent, office properties. This largely failed to materialize in BC with a gap remaining between buyer and vendor pricing expectations due in part to the difficulty in underwriting properties in the rapidly shifting and highly volatile environment that characterized most of 2020, as well as an overall lack of transactional activity (particularly in the second quarter) to provide further guidance.

Total office investment of \$910M/29 sales in 2020 was mostly supported by four large transactions: The Landing in Vancouver and three suburban office assets: Crestwood Corporate Centre in Richmond and office buildings at 4321 Still Creek Drive and 9500 Glenlyon Parkway, both in Burnaby. These four sales made up 69% of overall office dollar volume. Strata office sales in Vancouver and Richmond in 2020 also contributed to deal and dollar volume and will play a larger role in the office investment market – moving forward as more strata office space is brought to the market, particularly when **The Offices at Burrard Place**, **Bosa Waterfront Centre** and **The Seymour** are delivered downtown in the next 18 months. Strata office sales in Mount Pleasant will also continue to play a larger role as a handful of smaller projects are completed over the next 24 months.

Retail investment of \$606M/46 sales in 2020 occurred mostly in the second half of the year and was largely the result of the sale of four suburban community shopping centres: **Trenant Park Square** (\$64.5M), **London Plaza** (\$57M), **Delta Shoppers Mall** (\$34.3M) and **Penticton Plaza** (\$15.5M) as well as a 50% interest in Nanaimo's **Woodgrove Centre** (\$99.9M). These five transactions were responsible for 45% of total retail dollar volume in 2020. Interestingly, institutional owners and a REIT were the vendors for these assets, which were purchased by local private investors who saw value on an income and/or redevelopment basis.

Investment in BC industrial assets totalled an astonishing \$1.5B/111 sales in 2020 – and demand was still not satiated. While institutional investors were certainly keen to acquire such assets, it was local private investors and owner-occupiers who purchased 95% of the industrial assets sold in BC in 2020. The confluence of a dwindling regional industrial land supply with the substantial and rapid rental-rate appreciation underway since 2015/16 combined with chronic record-low vacancy and a seemingly bottomless supply of low-cost capital has driven BC's industrial investment market to new heights. While these conditions have indeed sparked rising levels of industrial investment in excess of \$1B annually since 2017, proactive solutions that address endemic land supply constraints and permitting timelines are needed to restore balance to the regional industrial market.

COVID-19 highlighted winners and losers in BC's commercial real estate investment market in 2020. The impact of these revelations will continue to spin out over the years that follow with yet unknown impacts; however, the resiliency demonstrated by BC's investment market should only reinforce the desire of investors to place capital here and further burnish the province's reputation as a safe harbour in an increasingly fraught global investment market. ■

The spread of COVID-19 and the containment policies being introduced are changing rapidly, and some of the views expressed herein may not reflect the latest opinion of Avison Young. Avison Young relies on government and related sources for information on the COVID-19 outbreak. The content provided herein is not intended as investment, tax, financial or legal advice and should not be relied on as such.

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