



# British Columbia investment review

H2 2023

**AVISON  
YOUNG**

# British Columbia market fundamentals

**\$4.27B**

total commercial real estate investment  
volume during H2 2023  
**up 77% from H1 2023**

**\$696.2M**

total multi-family sales volume  
during H2 2023  
**up 149% from H1 2023**

**\$1.41B**

total land sales volume  
during H2 2023  
**up 34% from H1 2023**

**89%**

of all commercial real estate investment  
transactions completed by **private  
vendors** in H2 2023 across BC

**3.72%**

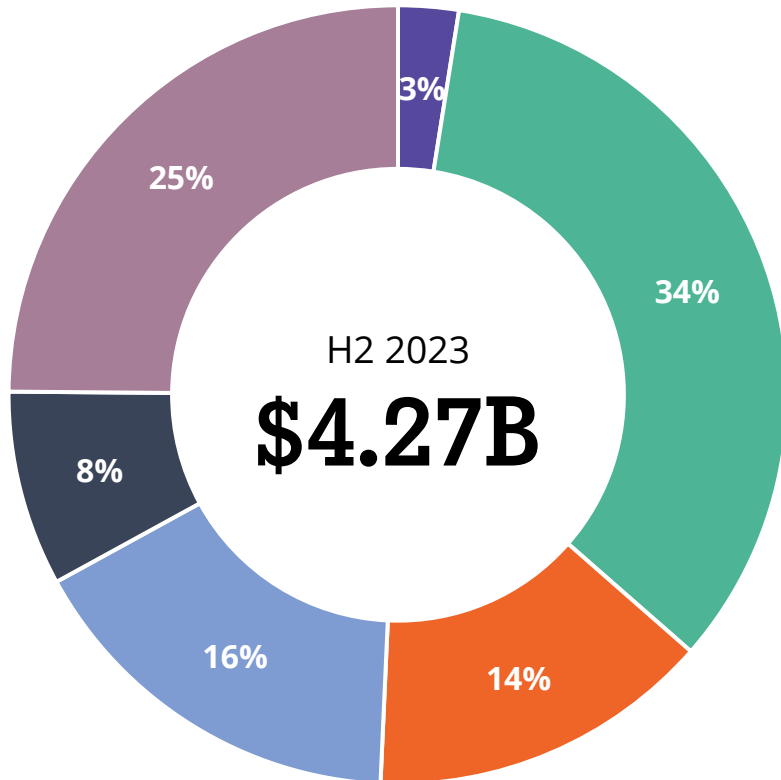
**average capitalization rate**  
for multi-family assets across  
British Columbia in H2 2023

**226**

number of H2 2023 transactions  
**up 28% of from H1 2023**

# British Columbia investment activity

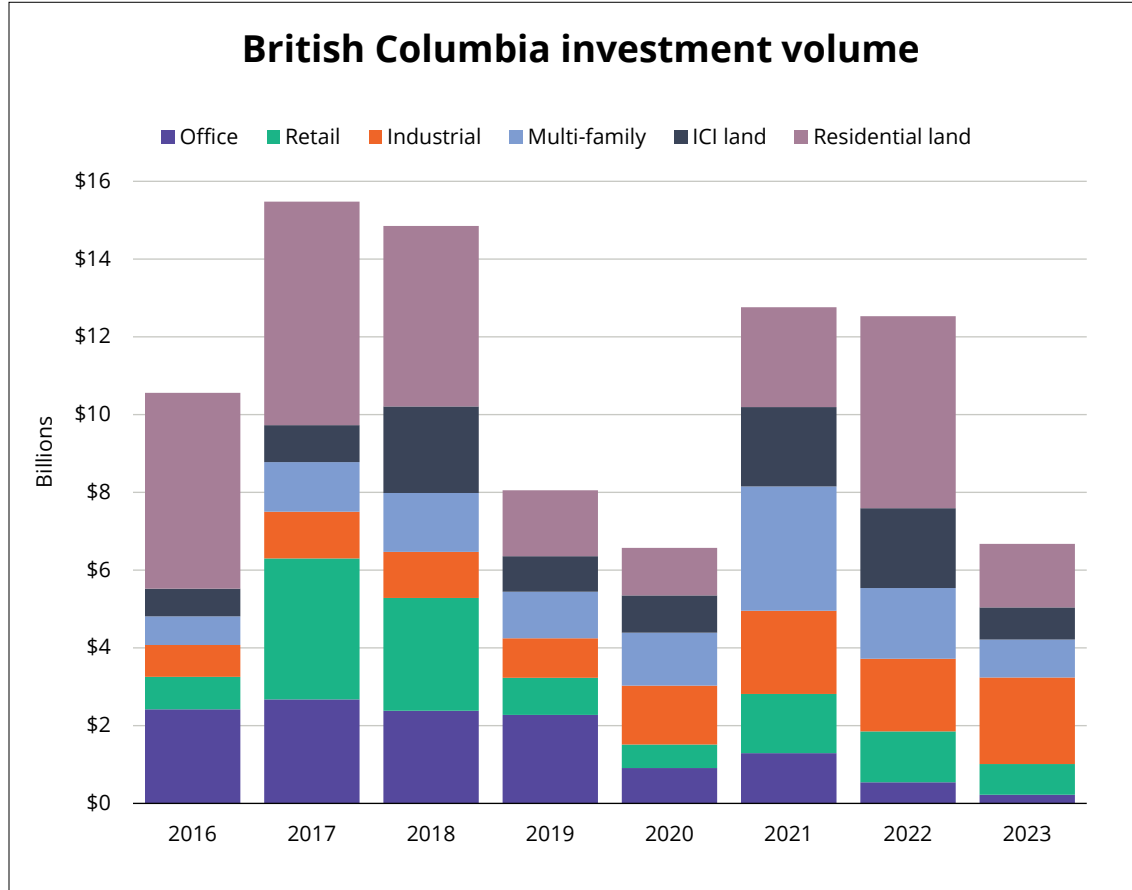
Semi-annual investment volume (\$)



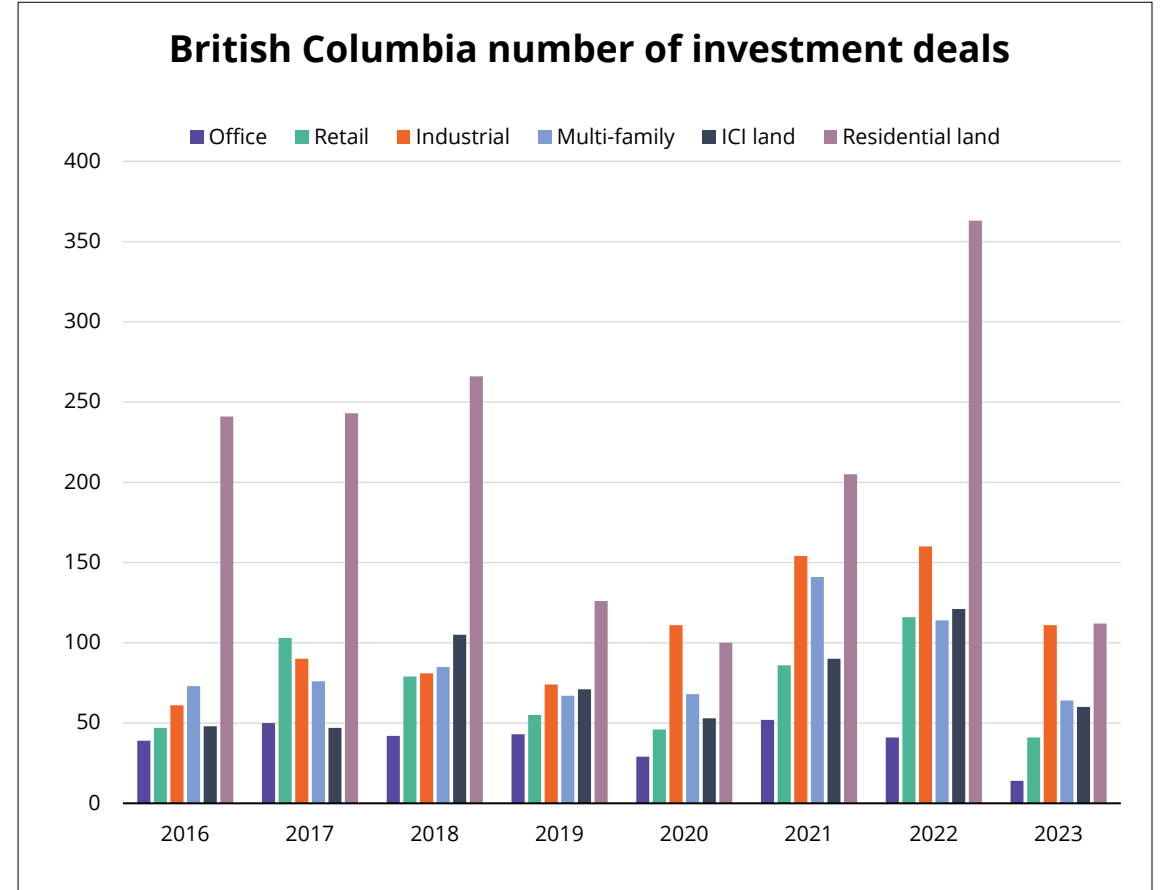
	H2 2023	H1 2023	H2 2022
Office	\$107.1M	\$114.8M	\$68.7M
Industrial	\$1.4B	\$779.3M	\$586.6M
Retail	\$609M	\$180.0M	\$414.7M
Multi-family	\$696.2M	\$279.7M	\$410.6M
ICI land	\$339M	\$482.6M	\$689.1M
Residential land	\$1.1B	\$569.3M	\$2.1B
<b>Total</b>	<b>\$4.3B</b>	<b>\$2.4B</b>	<b>\$4.2B</b>

Source: Avison Young, Altus Data Studio, Commercial Edge

# British Columbia investment market indicators



Source: Avison Young, Altus Data Studio, Commercial Edge



Source: Avison Young, Altus Data Studio, Commercial Edge

# Office

## Office market experiences bifurcation as flight to quality continues

Office investment volume dropped by 59% year-over-year, reaching just over \$221 million in 2023. The Metro Vancouver office vacancy continued to increase, reaching 10% in Q4 2023.

While some employers are encouraging people to return to office in a hybrid work environment, others are considering mandatory in-office requirements ranging from one to four days a week.

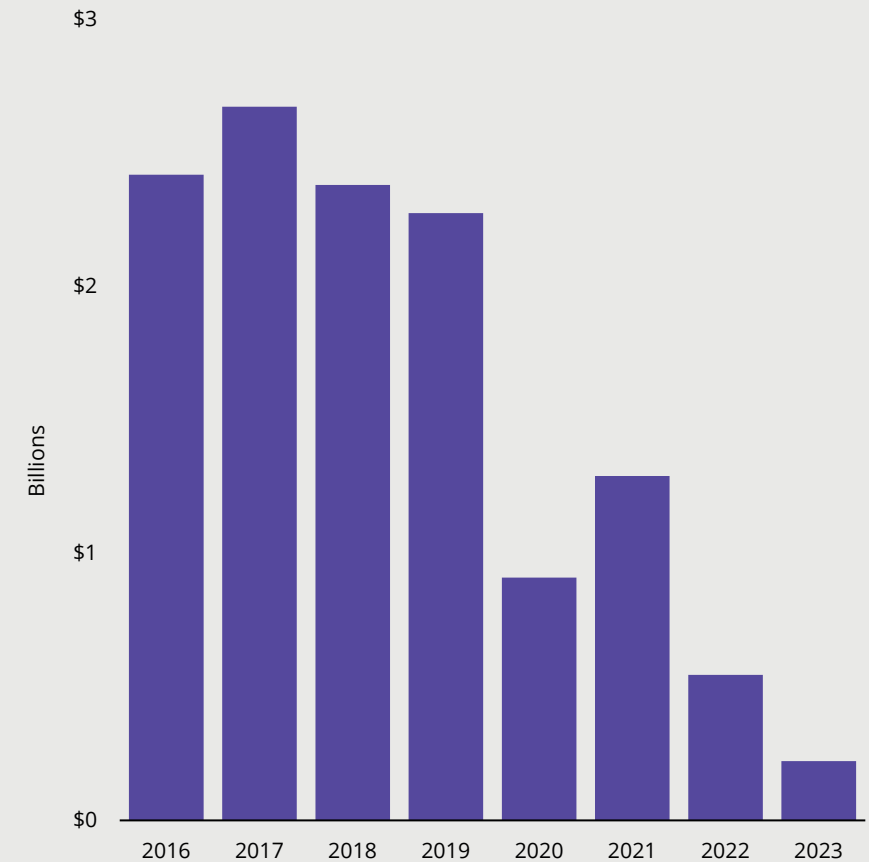
With the “war for talent,” work-life balance is key criteria to joining or remaining with an employer. We are seeing a bifurcation in the office market and cap rates as tenants are moving to high-quality buildings to attract employees with a myriad of amenities and benefits within the office and workplace.

Class AAA and A space continue to experience higher demand and positive absorption, while class B and C space observed negative absorption in 2023.

### Significant sale transactions

Address	Submarket	Sale price	Buyer	Seller
32071 South Fraser Way	Abbotsford	\$24,000,000	TNC 32071 South Fraser Ltd.	True North Commercial REIT
901-910 13761 96 <sup>th</sup> Avenue	Surrey	\$16,600,000	A&G Dhaliwal Holdings Ltd.	1335256 BC Ltd.
8419 160 <sup>th</sup> Street	Surrey	\$12,300,000	1098261 BC Ltd.	Puglia Holdings Ltd.
211 Columbia and 80 Powell Street	Downtown Vancouver	\$11,500,000	Living Balance Investment Group	Cypra Developments Ltd.
443-445 West Broadway	Vancouver	\$9,800,000	1426832 BC Ltd.	Bonnis Properties Ltd.

## Office investment volume



Source: Avison Young, Altus Data Studio, Commercial Edge

# Retail

## Sentiment rebound back in favour of retail

The pendulum is swinging back in favour of retail after the sentiment over-corrected due to pandemic restrictions coinciding with the rise of e-commerce. Consumer spending patterns indicate an increasing priority among Canadians towards spending in-person versus online.

Established players like Westbank Corp., RioCan REIT, Grosvenor and Jim Pattison played key roles in substantial transactions through various strategies, including strategic investments, development projects and

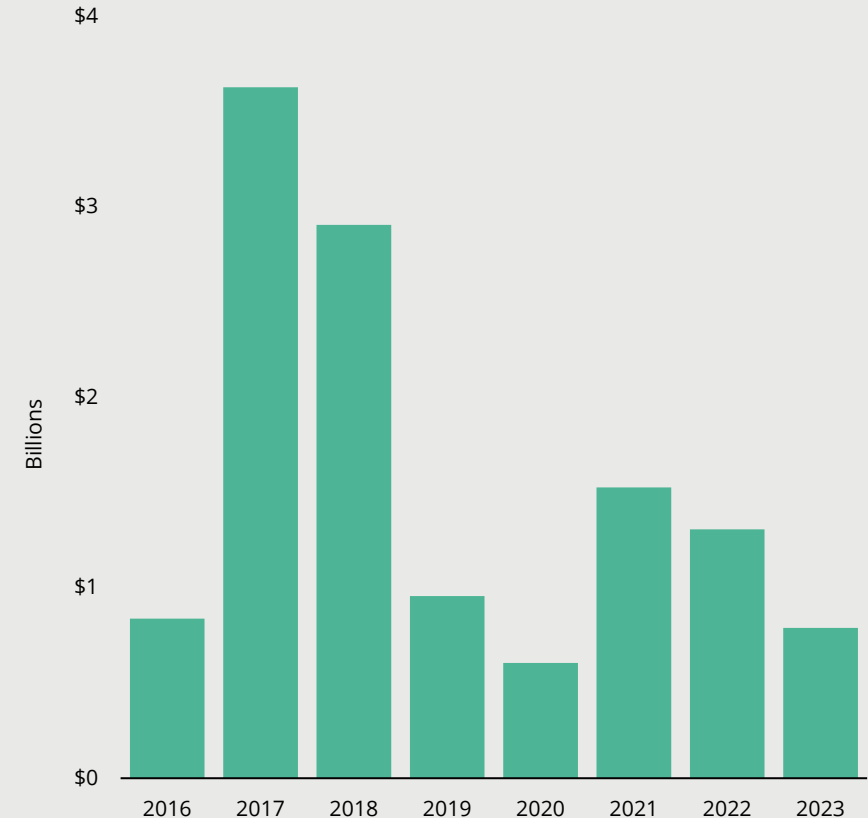
portfolio adjustments. With sales involving different types of retail properties, including street-front retail, strata, single-tenant retail, strip malls, shopping centres, and power centres, this diversity suggests a broad range of investor interests and strategies.

Brokers predict there will be an uptick in leasing momentum into the end of 2023, with the supply remaining tight for high-quality retail space in primary trade areas.

## Significant sale transactions

Address	Submarket	Sale price	Buyer	Seller
Strawberry Hills Shopping Centre 7350 120 Street	Surrey	\$155,000,000	Private Individual	RioCan REIT
Ironwood 11666 Steveston Highway	Richmond	\$150,000,000	Jim Pattison	Westbank Corp.
Panorama Village 15157 & 15127 56 Avenue	Surrey	\$72,000,000	Tara Developments	Investors Group Trusts
6455 West Boulevard	Vancouver	\$22,100,000	1173349 BC Ltd.	First Capital REIT
535 Granville Street	Vancouver	\$17,800,000	100333 BC Ltd.	Bonnis Properties

## Retail investment volume



Source: Avison Young, Altus Data Studio, Commercial Edge

# Industrial

## Continued confidence as vacancy remains low

Although industrial vacancy increased for the sixth consecutive quarter in Metro Vancouver, reaching 1.9% at the end of 2023, the market is fundamentally strong, and remains one of the tightest industrial markets in North America.

H2 experienced a transformative shift with heightened transaction intensity, strategic recalibrations, mega transactions, and a resurgence of industrial-strata investments.

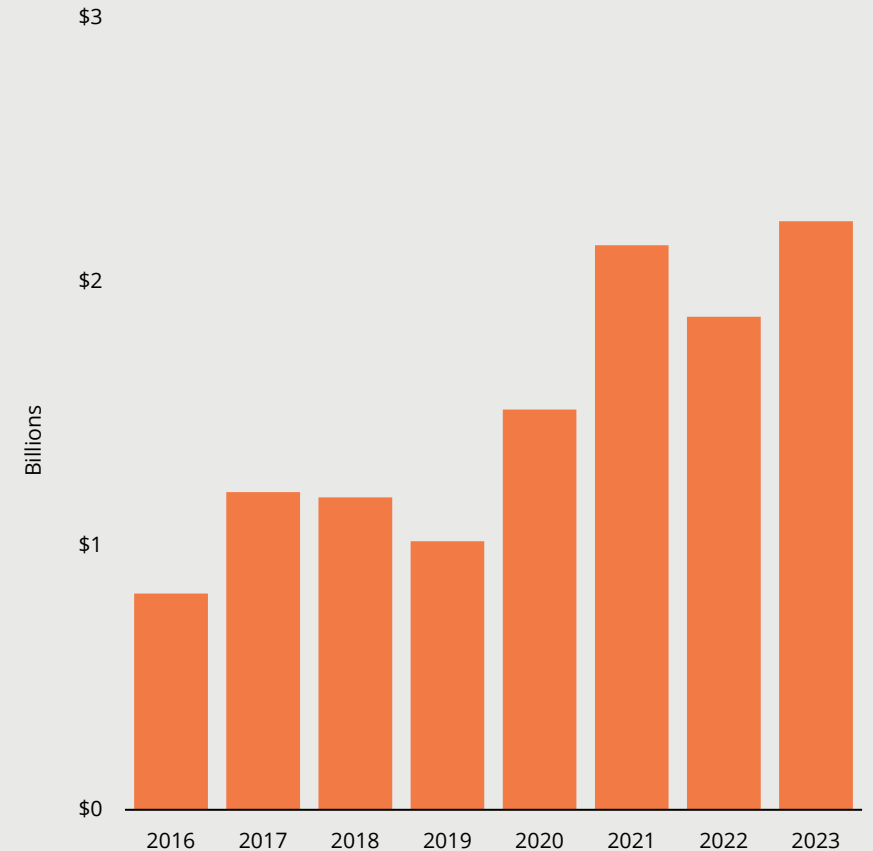
The strata market continues to remain strong despite increasing interest rates. Although rental rates have levelled off, average asking gross rental rates at year-end 2023 registered at \$27.14 per square foot (psf), nearly a \$10.00 increase from just five years prior.

The lack of institutional pressure allowed private purchasers to acquire more assets. Stability generated more interest in H2 of 2023, as less speculation drove investors into the market.

## Significant sale transactions

Address	Submarket	Sale price	Buyer	Seller
3213 North Fraser Way	Burnaby	\$388,000,000	Pontegadea	Beedie Group
44500 South Sumas Road, 6333 Unsworth Road and 44688 South Sumas Road	Chilliwack	Confidential	Bosa Properties	Legacy Pacific Group
380 Riverside Road	Abbotsford	\$65,000,000	11447556 Canada Inc.	Powell Industries, Panorama Industries, & Rolamar Enterprises
20551-20583 Langley Bypass	Langley	\$63,500,000	Benchmark Group	Rockcliffe Estates Ltd.
Lake City Court II 8061 & 8081 Lougheed Highway	Burnaby	\$53,500,000	1420404 BC Ltd.	Sun Life Assurance Company of Canada

## Industrial investment volume



Source: Avison Young, Altus Data Studio, Commercial Edge

# Multi-family

## Ongoing housing crisis as government pushes new regulations

In H2 2023, optimism surged in the BC housing market as investors began considering potential pauses or cuts in interest rates in the near future. There was a notable increase in proactive investment strategies, with many groups preparing to deploy capital.

Ongoing government regulations have continued to impact buyers, with multi-family investors who have held assets for an extended period or own generational properties opting to sell. These tight regulations have made it progressively challenging to manage both income and expenses, prompting these

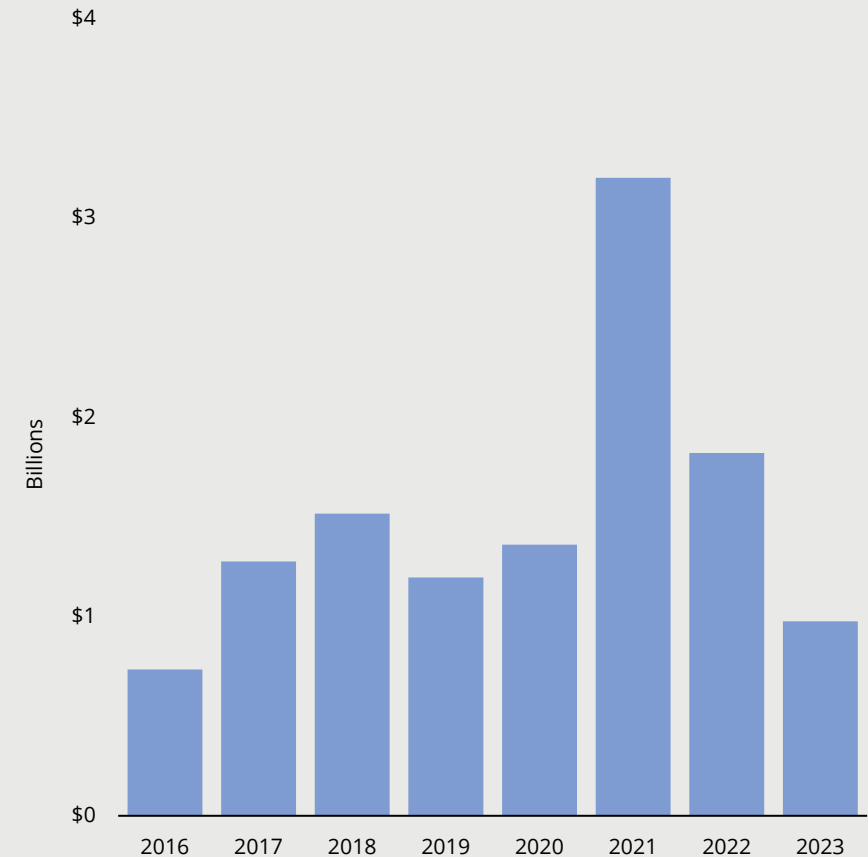
investors to consider divesting their assets.

Despite ongoing challenges, the multi-family market maintained decent activity, providing well-capitalized, private investors access to opportunities previously unseen in other markets. Additionally, non-profits leveraging the Rental Protection Fund have emerged as newcomers, diversifying the market. This investor profile, now actively participating, has begun to acquire assets that were previously overlooked by institutional groups, thereby gaining market share.

### Significant sale transactions

	Address	Submarket	Sale price	Buyer	Seller
<b>AVISON YOUNG</b>	Centennial Court 2840 & 2850 Carlow Road	Langford	\$70,500,000	Starlight Investments	Ironclad Developments
	The Hub 1649 East Broadway	Vancouver	\$68,000,000	CAPREIT	Trillium Homes
	Sutton Gardens 1260 Nelson Street	Downtown Vancouver	\$53,500,000	Private Individual	Private Individual
<b>AVISON YOUNG</b>	The Standard 1142 Granville Street	Downtown Vancouver	Confidential	Concert Properties	Bosa Properties

## Multi-family investment volume



Source: Avison Young, Altus Data Studio, Commercial Edge



# ICI land

## Continued challenges and obstacles delay timelines

Interest rates, land deal financing and construction financing requirements have delayed due diligence periods and land transaction closings.

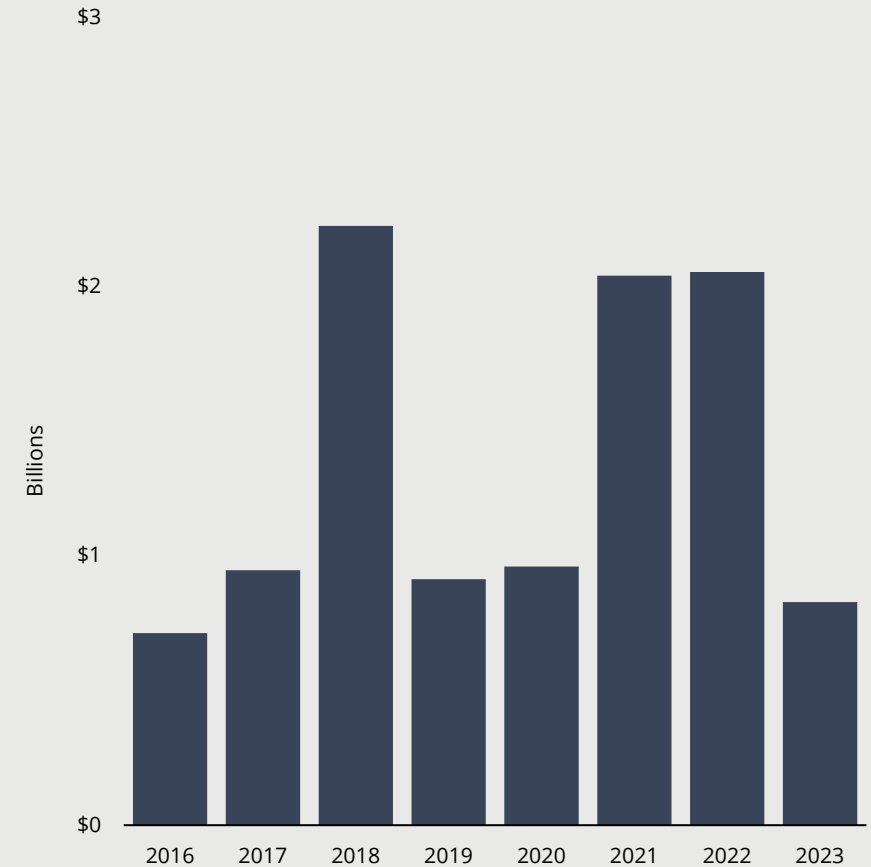
Since the peak in activity observed in 2021, the number of active land buyers has gradually decreased through 2022 and 2023. However, we are now observing increased interest from developers looking to acquire land again.

Industrial strata development land experienced a notable slowdown as buyers became more cautious and financing became more challenging. Nevertheless, we remain optimistic that there is considerable capital waiting on the sidelines. We anticipate local developers will collaborate with financial and institutional partners to seize strong opportunities over the next year.

## Significant sale transactions

Address	Submarket	Sale price	Type	Buyer	Seller
13631 Vulcan Way	Richmond	\$40,250,000	Industrial	Conwest Developments	Bulldog Bag Ltd.
10897 Timberland Road	Surrey	\$22,500,000	Industrial	10897 Timberland Ltd.	551727 BC Ltd.
43701 Industrial Way	Chilliwack	\$22,500,000	Industrial	Tenshare Holdings Ltd.	Southern Drip Irrigation Ltd.
7767 128 <sup>th</sup> Street	Surrey	\$22,000,000	Industrial	1411617 BC Ltd.	Private Individual
2616-2638 Shaughnessy Street	Port Coquitlam	\$15,198,798	Commercial	The Corporation of the City of Port Coquitlam	Dominion Lending Centres

## ICI land investment volume



Source: Avison Young, Altus Data Studio, Commercial Edge

# Residential land

## New legislation attempts to drive developers to build

Local, municipal, and federal authorities collaborated on incentives to encourage developers to build housing, addressing the significant shortage in supply. These measures included the introduction of new transit-oriented development bills, the removal of GST, and additional financial incentives to construct rental housing.

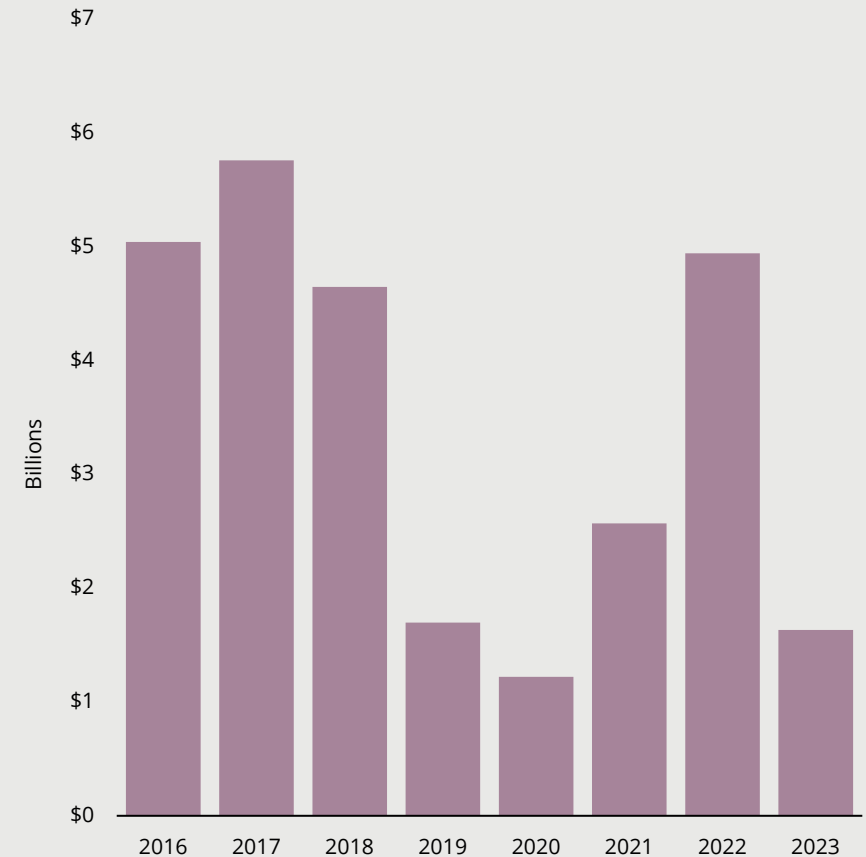
Purpose-built, residential rental development sites were a focus for land transactions, primarily in major urban markets.

Pricing has significantly decreased for condo sites. For rental development sites alone, prices have dropped by 10 to 20%. The decline in residential condo site sales was mainly attributed to a slowdown in the market, difficulties in securing financing, and the ongoing increase in construction costs. This has also caused the duration of land sale deals to increase to up to four times longer than the timelines observed in 2021.

## Significant sale transactions

Address	Submarket	Sale price	Buyer	Seller
1145 Inlet Street	Coquitlam	\$111,196,000	Ledingham McAllister	Rivers Inlet Enterprises Inc.
1527 Main Street	Vancouver	\$80,000,000	Greystar	McDonald's Restaurants of Canada Limited
1026 Brunette Avenue	Coquitlam	\$53,000,000	Century Group	Mondivan
1770 West 12 <sup>th</sup> Avenue	Vancouver	\$41,104,500	AIMCo. & Greystar	Private Individual
3409-3421 Galloway Avenue	Coquitlam	\$28,500,000	Morningstar Homes & Polygon Homes	Private Individual

## Residential land investment volume



Source: Avison Young, Altus Data Studio, Commercial Edge

For more market insights  
and information, visit  
**avisonyoung.com**

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