



SALES UP 125%

Sales of apartment buildings in B.C. spike 125 per cent in the first half - and Fraser Valley markets are among the most active, according to a new survey.

Investors eager to buy apartment buildings

Sales of apartment buildings in B.C. soared 125 per cent in the first half of this year compared to the last six months of 2010, according to a survey by Avison Young, which notes that suburban markets in Metro Vancouver are leading the investment curve.

"Investors remained keen on British Columbia's multi-family investment market. Vendors grew increasingly aggressive on pricing as deal and dollar volumes surged and both listed and off-market product changed hands more frequently," the survey found.

During the first half of 2011, total multi-family sales amounted to \$238 million. "Rental apartment buildings remain one of

the most sought-after commercial real estate categories in B.C., due to three factors: low investment risk, attractive financing terms backed by Canada Mortgage and Housing Corporation (CMHC), and the opportunity for tenant turnover to increase rental rates and improve yields," said Avison Young Principal Rob Greer. With bond rates near historic lows and five-year financing rates backed by CMHC remaining available at less than 3 per cent, multi-family investment can generate more desirable equity and cash-leveraged returns when compared with equity markets. Ongoing capitalization rate compression has resulted in some quality Metro Vancouver multi-family

product achieving cap rates below 4 per cent, according to the semi-annual report. "Institutional as well as overseas buyers continue to look to BC for multi-residential investment product," adds Greer. "But quality buildings of sufficient scale remain elusive for institutional investors." Higher yield multi-family investments in the suburbs are drawing buyers out of Vancouver as the supply of large institutional-grade apartment buildings available for sale within city limits shrinks amid increasing competition. Investors increasingly look eastward and into the Fraser Valley, with buildings trading in Surrey, Abbotsford and Chilliwack.