

# The Fifth Dimension

A comprehensive analysis of the multifamily real estate market in Metropolitan Vancouver

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**Second Quarter - 2016**

**August 2016**

DATA PROVIDED BY:



COMPLIMENTS OF



# WELCOME TO THE FIFTH DIMENSION

*The Fifth Dimension is brought to you compliments of Fifth Avenue Real Estate Marketing Limited, a full service, residential real estate sales and project marketing organization with over 36 years of experience. Each year the Second Quarter edition of The Fifth Dimension marks the passing of the half way point of the year. Thus, in addition to the concise and comprehensive analysis of the multifamily residential real estate market in Metropolitan Vancouver to this point in the year, we offer additional observations and interpretations of market conditions and share projections through to 2016. This includes our perspective with respect to the abrupt introduction of a tax levied on foreign buyers.*

*To ensure the supporting data is objectively collected and presented we collaborate with the highly regarded Urban Analytics (UA) a leading provider of advisory services on the new multifamily home market. UA has been tracking the new multifamily home market in Metropolitan Vancouver since 1994 and has been a vital contributor to this report since its inception in the First Quarter of 2010.*

The movie industry is certainly active in the Metro Vancouver Area these days. This industry always targets the late Spring and Summer for the launch of its latest blockbusters. Somewhat facetiously, I have noted, this year was no different with the release of such “epics” as Batman vs. Superman: Dawn of Justice, Captain America: Civil War, Finding Dory, Jason-Bourne; Independence Day: Resurgence, Suicide Squad and X-Men: Apocalypse. Much to the chagrin of my wife, the super hero genre is for the most part profitable, Suicide Squad aside.

Once again, our family sojourned to Ontario’s cottage country to enjoy the summer heat. Little did I know or apparently anyone else in our vital industry, a new tax would be introduced smack dab in the middle of our vacation. The result was another onslaught of local and national doom and gloom news and opinion stories on the real estate market in Metro Vancouver. I am surprised Donald Trump didn’t wade in with his opinion. While taking a break from the market chatter one warm summer evening, I happened to watch X-Men with my youngest son. In one scene Dr. Charles Xavier, the champion of mutant causes worldwide, is hooked up to a machine that is extremely dangerous. Those without well-trained, disciplined minds put themselves at great risk when attempting to use it. Users who are unprepared for the sheer enormity of this increased psychic input can be quickly and easily overwhelmed, resulting in insanity, coma, permanent brain damage or even death. I think this describes how many feel in reaction to the plethora of news about our real estate market in the past weeks.

I am troubled by the extent to which certain opinions are given an amplified voice over other views. I prefer more balanced and/or “bias aware” or “bias declared” (read: stated self-interest) accounts of what is happening. What happened to the good old days when we would hear “The views and opinions of the following individuals may not be those of this station”? Frankly, I think many news outlets should re-brand themselves as “news and opinion” sources. I fear consumers may be misled to believe what is presented as “authoritative” when it is actually more “perspective” in nature. Of course, I am self-interested in our market. That does not exclude me from having a view. It simply means I need to be aware of my biases as do our readers. So with that in mind, here is a perspective. First off, I do not have an issue with the aim of the tax. I do, however, have concerns with respect to what I see as disregard of other voices in our industry. I also question the rollout process and timing. The introduction of the tax seemed like déjà vu. HST, anyone?

I understand the intention to curtail the appreciation of single family home values in the Metro Area. As I understand the situation, the aim was basically to tax the affluent from abroad who can afford to sustain buying at ever increasing prices and who are believed to have been the root cause of the accelerated appreciation in values. In my experiences working internationally, I have discovered similar policies. However, these tended to be national policies. For instance, Australia has a national policy prohibiting foreign buyers from purchasing re-sale homes. This is their attempt to curtail inflation and promote home ownership for locals. However, new developments were intentionally exempt. Why did they do this? In my opinion, this was done to a) encourage foreign investment and b) promote the development of needed new multifamily housing and rental stock.

More supply, whether funded by foreign investment or not, typically has a positive influence on inflationary conditions. So I am left asking myself a number of questions: “What other ideas were considered and why were they shelved?”, “What level of transparency can we expect with respect to how another source of tax revenue will be utilized?” and “Why were new developments not exempt?”. I am also wondering what kind of message this is sending to the foreign investors we are seeking on a provincial and national level, especially when we apply this tax retroactively on pre-sale transactions, many of which transpired one to three years ago but have yet to be completed and closed.

Now, for the positive news. In this edition of the report you will note the sales total posted in the first half of 2016 represents possibly the greatest half year total ever. 12,968 new multifamily homes were sold from January 1 to June 30, 2016. This represents more sales volume than annual figures posted in every year from 2010 – 2012. This figure is approximately 64 percent higher than the figure posted in 2014 and 53 percent higher than the previous half year record established last year. Supply levels are also very low and demand remains present. Accordingly, we project an annual sales figure for 2016 of 18,000+ units sold and a probable breach of the 20,000 units sold mark. It is worth mentioning that an overwhelming number of these sales are not recorded in MLS data and are not reported publicly. They are, however, tracked by independent research agencies such as Urban Analytics and the Canadian Mortgage and Housing Corporation (CMHC).



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*This edition of The Fifth Dimension is dedicated to the memory of Sandhill Developments’ founder, Amar Sandhu.*

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# OVERALL MARKET COMMENTARY

In this mid-point edition of the Fifth Dimension for 2016, our data collection and analysis partner Urban Analytics (UA) shares its commentary on the particularly active recent quarter, market performance year to date and what to expect in the Third Quarter of the upcoming year with respect to Metro Vancouver's multifamily residential real estate market.

## Q2 - New Home Market

Metro Vancouver's new multifamily housing sales frenzy continued in the Second Quarter. The total of 6,741 new multifamily home sales reported in the Second Quarter were up 50 percent from the same quarter last year and once again established a new record for quarterly sales since the 2008 downturn. This resulted in further evaporation of available supply in the market. The 2,073 released unsold new multifamily units in Metro Vancouver recorded at the end of the Second Quarter were down 31 percent compared to last quarter and once again established new six year lows. There were only 122 completed and unsold new multifamily homes available to purchase at the end of the Second Quarter, which also represents a new six year low.

There were 3,439 High Rise sales reported in the Second Quarter - a new six year high for quarterly sales of this product type. High Rise condominium sales were most prominent in Burnaby, Coquitlam and East Vancouver. Notable sales activity occurred at Burnaby projects - Ledingham McAllister's *Escala (Brentwood)* and Concord Pacific's *Concord Brentwood (Brentwood)*. These projects collectively sold a reported 696 units in the Second Quarter. In Coquitlam, Bosa Properties' *Lougheed Heights II*, Magusta's *Burquitlam Capital* and Polygon's *The Lloyd* projects sold a combined total of 419 units in the Second Quarter. In East Vancouver - Wesgroup's *Quartet at River District* and Chard Development's *Ellsworth* accounted for 333 Second Quarter sales. The only condominium development launched in Vancouver Downtown this past quarter was Brenhill Development's *8X on the Park*, which has sold a reported 171 of 200 units.

There were 1,894 Low Rise condominium sales recorded in the Second Quarter. This is up 33 percent from the previous record set last quarter and is also up 79 percent from the same quarter last year. There were 501 released and unsold Low Rise condominium units at the end of the Second Quarter, which is down 34 percent from last quarter and down 74 percent compared to the same quarter last year. Strong sales activity occurred at notable Low Rise projects such as: Ledingham McAllister's *Escala (Brentwood)*, Mosaic's *Guildhouse (Guildford)*, Intracorp's *Nelson on Foster (Burquitlam)*, Polygon's *R + R (River District)*, Tien Sher's *Venue (Surrey City Centre)*, and Quadra Homes' *Yorkson Creek (Langley)*.

Activity in the Townhome sector of the market was robust in the Second Quarter, with 1,408 new townhome sales recorded. It should be noted however that the 398 units of new townhomes available at the end of the quarter was up from the 227 released and unsold Townhome units at the end of the First Quarter. Based on the current quarter, there is an estimated three weeks of supply of this product type in the market. Note that there were only two completed and unsold new townhome units in Metro Vancouver at the end of the Second Quarter, which highlights the demand for move-in ready product. Significant project launches this past quarter include: Polygon's *Ashbury & Oak (Langley)*, Polygon's *Charterhouse at Hampton's Cove (Ladner)*, Polygon's *Kingsley Estates (Richmond)*, Mosaic's *Morgan (South Surrey)* and Zenterra's *SOHO (South Surrey)*.

## Q2 - Resale Market

There were 4,024 newer multifamily homes resold in the Second Quarter of 2016, which is up 45 percent compared to the total number of re-sales recorded in the same quarter last year. The most notable increase occurred in the low rise sector, where quarterly re-sales for this product type were up 87 percent relative to the same quarter last year. Active listings of relevant multifamily re-sale product are down 40 percent compared to the same quarter last year.

## Q2 - Observations and Opinions

In spite of the Provincial Government recently announcing an additional 15 percent PTT on foreign residential purchases and the recent publicity from various financial 'experts' calling for future price declines in Metro Vancouver's real estate market, the current supply and demand metrics of the new multifamily market indicate a market that continues to strongly favour sellers. As such, only a severe decrease in demand would justify any meaningful reduction in new home prices.

Notable Third Quarter project launches include: In Vancouver Downtown - Bosa Properties' *Cardero*; Vancouver West - Intracorp's *Belpark*, and Alabaster's *Oak + Park*; Burnaby - Cressey's *Kings Crossing III*, Millennium Development's *Triumph*, Polygon's *Fulton House*, Amacon's *The Dawson* and Concord Pacific's *Concord Brentwood Tower II*; Coquitlam - Polygon's *Parker House*; Richmond/Delta - Townline's *Calla at the Gardens*, Intracorp's *River Park Place II* and Polygon's *Fairwinds at Hampton Cove*; in North Vancouver - Polygon's *Juniper at Lynn Valley* and *Promenade at the Quay*, and in Surrey/White Rock - Blue Trail Homes' *Panorama West Coast Living*, Dawson + Sawyers' *Old School*, Mosaic's *Kitchener* and Streetside's *South Point Walk II*. Langley - Royale Properties' *Gabriola Park*.

The following tables illustrate the year to year comparison by product type and Second Quarter performance in the new home and resale markets.

### New Home Market YTD Comparison

	YTD 2015 Sales	YTD 2016 Sales	% Change
High Rise	4,658	6,983	50%
Low Rise	2,032	3,313	63%
Townhome	1,779	2,672	50%
Total	8,469	12,968	53%

### Second Quarter Performance in the New Home Market

	High Rise	Low Rise	Townhome	Totals
Total Q2 2016 Sales	3,439	1,894	1408	6,741
Total Inventory	1,174	501	398	2,073
Standing Inventory	48	72	2	122
Total # of Projects	99	62	61	222

### Second Quarter Resale Activity

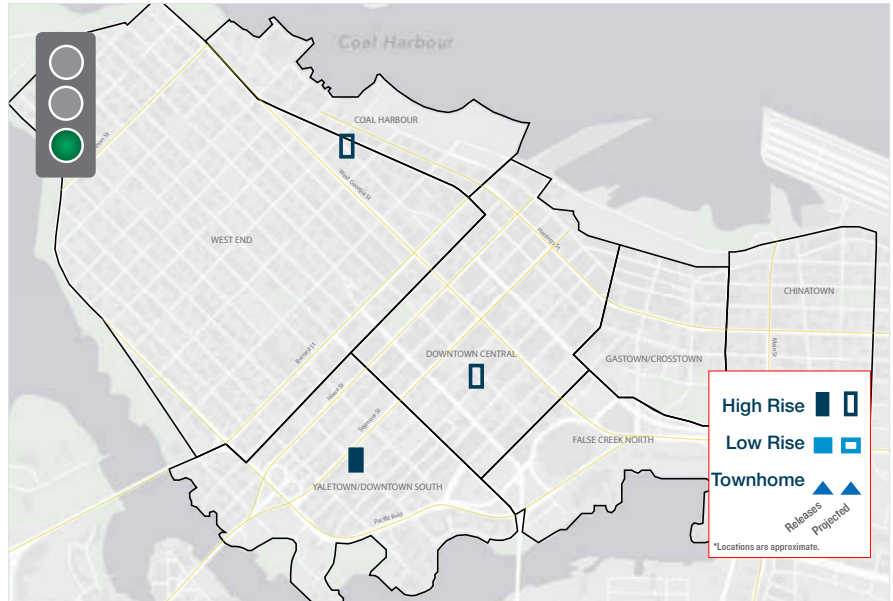
	High Rise	Low Rise	Townhome	Totals
Total Sales	1662	1222	1140	4,024
Total Active Listings	824	585	507	1,916

# MARKET PROFILE: VANCOUVER DOWNTOWN

Vancouver Downtown maintains its 'Green Light' rating due to the lack of available inventory in this market. A significant number of sales in this area this past quarter occurred at the launch of Brenhill Developments 8X on the Park tower in Yaletown. Lower overall absorptions relative to last quarter are primarily the result of a lack of new product being introduced to the market. There were only 42 new condominium units available for purchase at the end of the Second Quarter and there continues to be only one completed and unsold unit available for sale – The Penthouse at Hotel Georgia.

## New Development Highlights (Q2)

- Overall active sales range regarding price per square foot has increased significantly compared to last quarter as the most recent project launch 8X on the Park has been introduced at a new high for its respective location. This project is estimated to average \$1,445 per square foot and sold a reported 100 units in the Second Quarter.
- Also note that there is currently no product available in Chinatown, which is traditionally more affordable than other Vancouver Downtown locations.
- There were no new units priced below one million dollars available for purchase at the end of the Second Quarter.
- Three projects sold out in the quarter including Kenstone Properties' *Addition*, Intracrop's *The Jervis* and Concord Pacific's *The Arc – Sky Collection*.
- Boffo Developments' *The Smithe* and Bosa Properties' *Cardero* are anticipated to come to market in the Third Quarter of 2016.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	7	249	42	\$1,000 - \$1,500
Low Rise	-	-	-	-
Townhome	-	-	-	-

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Months of supply decreased slightly by .3 months when compared to the same period of 2015
- Average price per square foot values sought for High Rise condominiums were \$171 higher in the Second Quarter of 2016 in comparison to the same period of 2015.
- The number of resales in the Second Quarter of 2016 are down 18 percent compared to the Second Quarter of 2015. The decline can be attributed to the decrease in active listings. There are 24 percent less listings at the end of the Second Quarter of 2016 in comparison to the same period last year.
- Average values for one and two bedroom units increased by \$192 and \$139 per square foot respectively when compared to the Second Quarter of 2015.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	158	1.5	306	100%	\$934	17	\$488,000 - \$898,000
Low Rise	-	-	-	-	-	-	-
Townhome	-	-	-	-	-	-	-

## MLS Resale by Unit Type

Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$590,644	\$944	\$842,962	\$913
Low Rise	-	-	-	-
Product	2 Bedroom		3 Bedroom	
Townhome	-	-	-	-

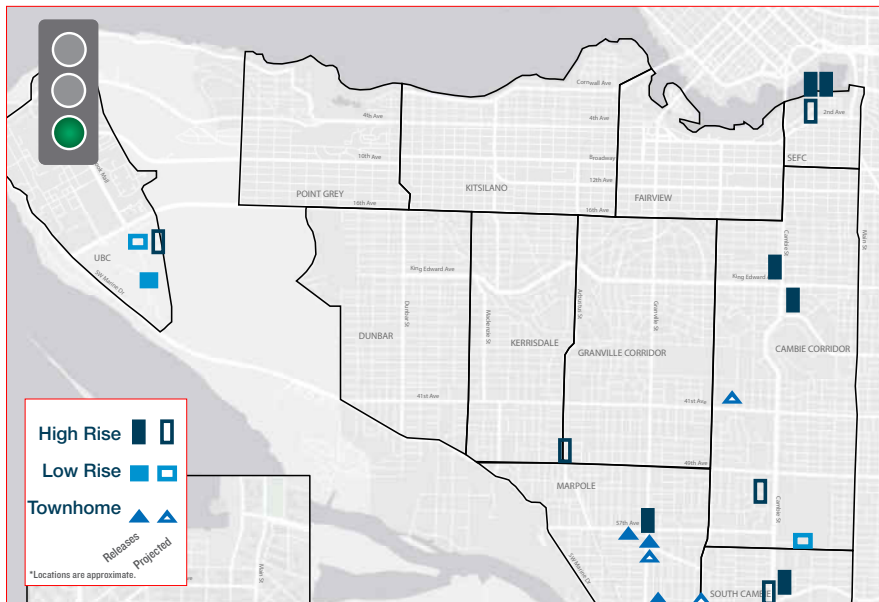


# MARKET PROFILE: VANCOUVER WEST

The Vancouver West market continues to receive a 'Green Light' rating with sustained high levels of sales activity in the High Rise and Townhome sectors. Overall released inventory at the end of the Second Quarter was down 15 percent relative to the end of last quarter. There continues to be an extreme lack of townhome inventory in this market – no new townhome units were available to purchase at the end of the Second Quarter. Strong demand, lack of inventory and higher single family prices has resulted in a significant increase in prices for new townhomes. Traditional purchasers of Townhomes in this market continue to consist of new immigrant and second generation Chinese families.

## New Development Highlights (Q2)

- Pennyfarthing's *The Grayson*, Vivagrاند's *Langara West*, and Regent International's *The Regent* at Kind Edward launched in the Second Quarter and collectively sold 193 of 195 released units. All of the above mentioned projects are located in the Central Cambie Corridor.
- Intracorp launched two Townhome developments in the Second Quarter - *Granville & 59th* and *West 62nd Phase III*.
- Granville & 59th* reported 23 sales out of 25 released (26 total). *West 62nd Phase III* reported all 16 homes sold.
- Polygon launched its 272 unit high rise project *Eton at Wesbrook* at UBC. 85 units were sold in the Second Quarter.
- Cressey is anticipated to launch *McKinnon* - its boutique, concrete low rise project in Kerrisdale early in the Third Quarter of 2016
- Alabaster Homes' 40 unit *Oak + Park* development in Marpole is anticipated to launch early in the Third Quarter of 2016 and brings much needed Townhome supply to this market.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▼ 20	▲ 426	▼ 151	\$800 - \$1100
Low Rise	▼ 4	▼ 82	▲ 39	\$710 - \$810
Townhome	◀▶ 5	▲ 71	◀▶ 0	\$675 - \$700

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ◀▶

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Months of supply decreased substantially for both concrete and wood frame condominiums in this market when compared to the same period of 2015.
- High Rise decreased by 2.8 months, while low rise condominiums supply decreased by 4.7 months.
- Absorptions in the Townhome sector were 72 percent lower than in the Second Quarter of 2015.
- Average price per square foot values sought for Townhomes were \$168 higher in the Second Quarter of 2016 in comparison to the same period last year.
- Overall listings were 55 percent lower when compared to the same quarter last year.
- Average per square foot values for one bedroom High Rise and Low Rise condominiums increased by \$170 and \$93 respectively.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	84	1.3	180	69%	\$926	27	\$460,000 - \$941,000
Low Rise	32	1.8	66	25%	\$806	51	\$535,000 - \$930,000
Townhome	8	1.6	13	5%	\$866	26	\$736,000 - \$1,140,000

## MLS Resale by Unit Type

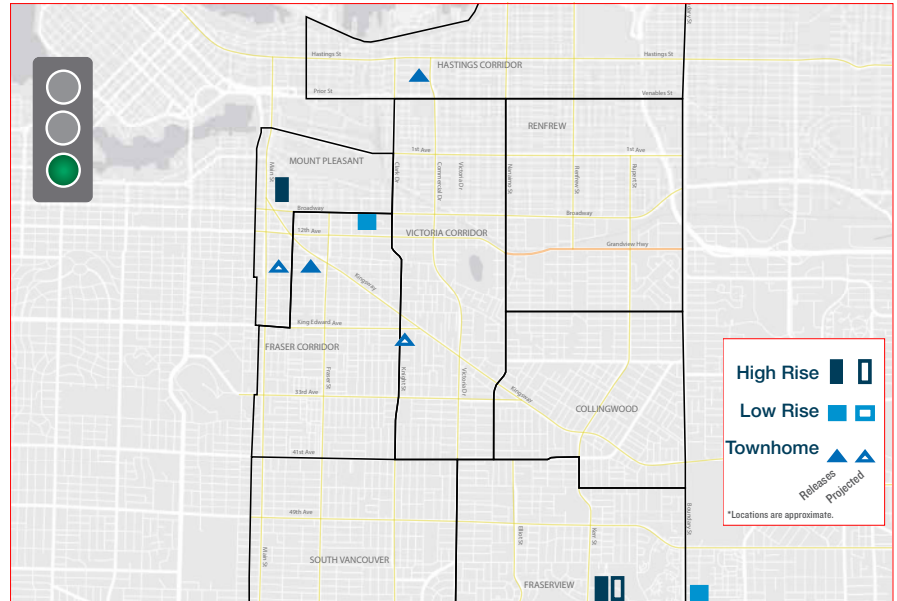
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$557,858	\$912	\$868,894	\$942
Low Rise	\$543,941	\$804	\$728,728	\$792
Product	2 Bedroom		3 Bedroom	
Townhome	\$983,833	\$840	\$1,096,600	\$893

# MARKET PROFILE: VANCOUVER EAST

The Vancouver East market maintains its 'Green Light' as new supply has not met continued demand for all product types, resulting in record lows for available inventory. There were only 12 units available for purchase at the end of the Second Quarter. There were no townhome units available for purchase at the end of the quarter. Sales for all product types have been primarily driven by end users (singles, couples and young families) seeking an alternative urban living environment to the Westside. High rise sales increased 213 percent compared to the previous quarter as strong sales were achieved at the recently launched Ellsworth development in Mount Pleasant as well as strong sales activity occurring at the River District in Fraserview.

## New Development Highlights (Q2)

- Chard Developments launched its *Ellsworth* High Rise project in Mount Pleasant and sold 86 or 89 units in the Second Quarter. The project set a new pricing record for this product type and location.
- Two new Townhome projects were launched and subsequently sold out in the Second Quarter – Jago Development Inc's *Frances* and Alpha Beta Development Ltd's *Hanna*.
- The successful sell-out of these two projects highlights the strong demand for Townhome product in this market.
- Projects anticipated to launch in the Third Quarter include Wesgroup's *Avalon Park* at the River District and Mondevo's *Arne* townhome development in Mount Pleasant.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	7 ↓	360 ↑	8 ↓	\$650 - 900**
Low Rise	3 ↑	157 ↑	4 ↓	\$550 - 750**
Townhome	5 ↑	20 ↓	0 ↓	\$640 - 900**

Change over the last quarter: Increase, ↑ Decrease, ↓ No Change ↔

\*\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- The overall number of resales in the Second Quarter of 2016 were 15 percent lower when compared to the same quarter last year. This decrease can be attributed to the substantial decrease of listings, which were down 46 percent compared to the same period in 2015.
- Average per square foot values for all product types continued on an upward trend: High Rise increased by \$179, while Low Rise and Townhome values increased by \$154 and \$156 respectively.
- Average prices for two bedroom High Rise units increased by 25 percent over the year.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	35	0.8	122	68%	\$803	14	\$395,00 - \$820,000
Low Rise	18	1.4	35	19%	\$685	14	\$340,500 - \$700,000
Townhome	13	1.7	23	13%	\$748	10	\$522,000 - \$1,200,000

## MLS Resale by Unit Type

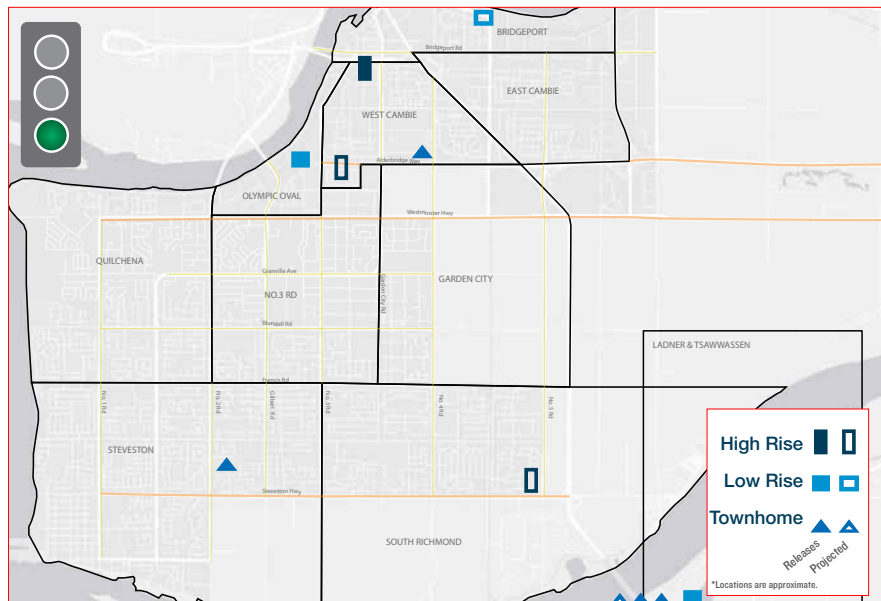
Product	AVG. PRICE		PSF	
	1 Bedroom	2 Bedroom	2 Bedroom	3 Bedroom
High Rise	\$498,258	\$707,758	\$805	\$878
Low Rise	\$456,118	\$585,628	\$694	\$687
Townhome	\$979,429	\$1,006,300	\$805	\$738

# MARKET PROFILE: RICHMOND/SOUTH DELTA

The Richmond/South Delta market retains its 'Green Light' rating due to sustained strong absorptions in the High Rise and Low Rise sectors as well as a significant increase in Townhome sales. Overall Second Quarter sales were up 109 percent compared to the same quarter last year and released inventory is down 66 percent relative to the same quarter last year. Local and new immigrant Chinese continue to comprise majority of the purchasers at these projects.

## New Development Highlights (Q2)

- Am-Pri Construction released 66 units at its *Museo Townhome* project in Richmond and is reporting to have sold 39 units.
- Polygon launched two Townhome developments; *Charterhouse at Hampton Cove (Ladner)* & *Kingsley Estates (Steveston)* which reportedly sold a combined 154 units.
- Low Rise condominium launches this past quarter include – *Onni's Riva III (Richmond)* and Shato Development's *Tsawwassen Springs Phase IV (Tsawwassen)*.
- Riva III* has sold 110 units to date and *Tsawwassen Springs Phase IV* sold 32 of 63 units in the Second Quarter.
- Launches anticipated for Third Quarter of 2016 include - Intracorp's *River Park Place II* High Rise, Dava Development's *Monaco at Parc Riviera* Low Rise, Townline Development's *Calla at the Gardens* Midrise and Polygon's *Fairwinds at Hampton Cove* townhomes.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	↓ 11	↓ 410	↓ 161	\$580 - \$700
Low Rise	↓ 8	↓ 161	↓ 126	\$500 - \$580
Townhome	↑ 6	↑ 203	↑ 50	\$400 - \$700

Change over the last quarter: Increase, ↑ Decrease, ↓ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Total resales in the quarter are 68 percent higher than in the Second Quarter of 2015.
- High Rise resales increased year over year by 156 percent.
- Months of supply across all sectors experienced substantial drops when compared to the same period in 2015.
- The High Rise sector decreased from 10.1 months in the Second Quarter of 2015 to 1.8 months in the Second Quarter of 2016.
- Total listings in the market are down 51 percent versus the Second Quarter of 2015.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	157	1.8	287	55%	\$620	68	\$356,000 - \$698,000
Low Rise	47	1.2	143	27%	\$530	30	\$357,000 - \$553,000
Townhome	70	2.3	93	18%	\$554	20	\$605,000 - \$938,000

## MLS Resale by Unit Type

Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$379,832	\$612	\$577,938	\$623
Low Rise	\$342,627	\$557	\$470,578	\$525
Product	2 Bedroom		3 Bedroom	
Townhome	\$610,623	\$551	\$788,261	\$554

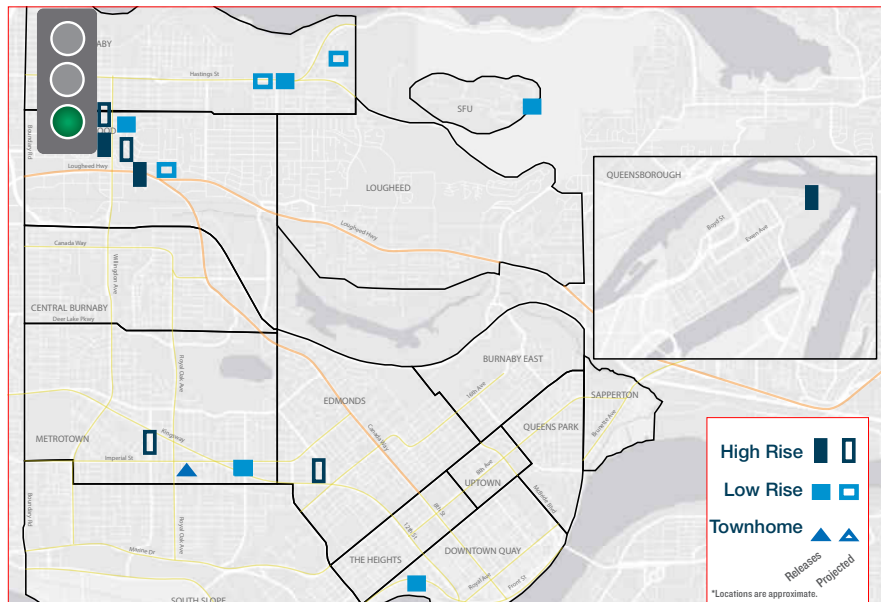


# MARKET PROFILE: BURNABY/NEW WESTMINSTER

The Burnaby/New Westminister market maintains its 'Green Light' rating as all project types continued to achieve strong absorptions in the Second Quarter. Overall sales in the Second Quarter were up 12 percent relative to the First Quarter, largely in part to sales activity at a number of new project launches. The five new Low Rise project launches in the Second Quarter allowed this market to achieve 452 sales of this product type, which is up 58 percent from last quarter. In spite of these recent project launches, there were only 76 released and unsold Low Rise units at the end of the quarter. The recently launched Concord Brentwood, being introduced at values reportedly exceeding \$820 per square foot shatters previous pricing highs for condominium product in Burnaby and aims to attract individuals who are currently priced out of Vancouver Downtown.

## New Development Highlights (Q2)

- Some of the most notable High Rise launches in the Second Quarter of 2016 include Concord Pacific's *Concord Brentwood*, Ledingham McAllister's *Escala (Brentwood)* and Aragon's *Peninsula (Port Royal)*. 735 of the 932 units in these projects were reportedly sold at the end of the Second Quarter.
- Five new Low Rise projects launched – Third Properties' *Pixel (Royal Oak)*, Lendingham McAllister's *Escala (Brentwood)*, Polygon's *Veritas (SFU)*, Omicron's *Modena (North Burnaby)* and Jago Development's *Westborne Living (New Westminister)* represent 418 units of released inventory. 375 of these were reported sold at the end of the quarter.
- Bucci Development launched its 45 unit townhome project *Villo Metrotown* and sold out within the quarter.
- Notable project launches anticipated for Third Quarter of 2016 include Cressey's *Kings Crossing III* in Edmonds, Polygon's *Fulton House* in Brentwood, Anthem/Beedie's *Station Square III* in Metrotown, Shape Properties' *Lougheed Town Centre I* and Ledingham McAllister's *Seasons* near Holdom Station.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	22	932	301	\$500 - \$750
Low Rise	10	452	76	\$475 - \$550
Townhome	4	86	19	\$475 - \$550

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ◀▶  
 \*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.  
 \*Note: The greater variation in active Sales Price Range is the result of the achievable sale value differential between comparable product in Burnaby and New Westminister.

## MLS Resale Highlights (Q2)

- Total resales in the Second Quarter of 2016 increased by 16 percent from the same quarter in 2015.
- The total number of overall listings in in the Second Quarter of 2016 was 57 percent lower relative to the same period in 2015.
- All average product values increased over the year. More specifically High Rise increased by \$102, while Low Rise and Townhomes increase by \$85 and \$119 respectively.
- The High Rise sector comprised 60 percent of the total sales in the market in the Second Quarter of 2016.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	164	1.4	372	60%	\$626	25	\$355,000 - \$748,000
Low Rise	64	1.4	152	25%	\$521	29	\$295,000 - \$520,000
Townhome	48	1.8	94	15%	\$546	28	\$455,000 - \$888,000

## MLS Resale by Unit Type

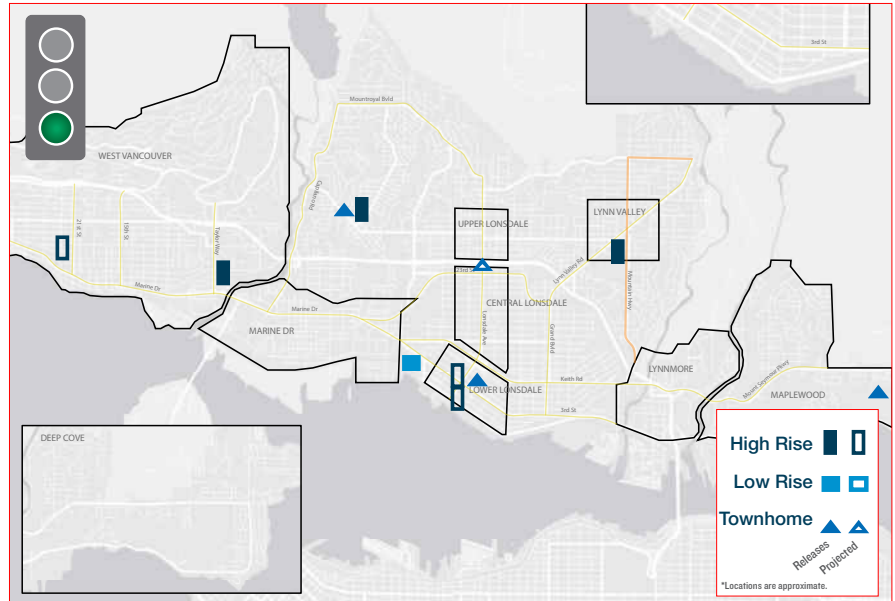
Product	AVG. PRICE		PSF	AVG. PRICE		PSF
	1 Bedroom	2 Bedroom		2 Bedroom	3 Bedroom	
High Rise	\$391,630	\$585,780	\$629	\$623		
Low Rise	\$326,475	\$465,282	\$507	\$531		
Townhome	\$581,593	\$735,014	\$560	\$546		

# MARKET PROFILE: NORTH SHORE

The North Shore market retains its 'Green Light' rating as sales were up across all product types and overall inventories declined relative to last quarter. There were only 19 unsold Low Rise and Townhome units available to purchase at the end of the Second Quarter, highlighting the demand for end user oriented product in this market. Favorable seller's conditions are allowing projects to achieve new pricing highs across all product types. Anecdotally it was also reported that a Townhome project in North Vancouver solicited highest bid offers rather than conducting the conventional method of offering list prices for the units.

## New Development Highlights (Q2)

- Grosvenor launched *Connaught* development in Edgemont Village in the Second Quarter of 2016. The project features 23 Townhome units and 59 concrete Low Rise units. This project is currently seeking an all-time pricing high for North Vancouver. 60 units have been sold to date.
- Onni launched phases 3 & 4 of its *Evelyn Forest Edge* development in West Vancouver and reported selling 20 units.
- Two North Vancouver Townhome projects launched in the Second Quarter – Aquilini's *Seymour Village Phase II* and Tien Sher's *Kings Walk*.
- Other North Vancouver launches include Bosa Development's *Residences at Lynn Valley Phase II* High Rise and Fairborne's *First Street West* Low Rise. *Lynn Valley Phase II* reported 70 sales and *First Street West* reported 60 sales.
- Polygon is anticipated to launch its *Juniper* Low Rise development in Lynn Valley and its *Promenade at The Quay* High Rise development in Lower Lonsdale next quarter.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▲ 14	▲ 270	▼ 215	\$630 - \$1500
Low Rise	▼ 3	▲ 74	▼ 7	\$550 - \$700
Townhome	↔ 3	▲ 76	▲ 12	\$500 - \$670

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Overall total resales are 47 percent higher in comparison to the same quarter in 2015 while total active listings are 37 percent lower.
- Average High Rise condominium values increased by \$134 per square foot over the year.
- The number of days on market for Low Rise condominiums decreased from 35 in the Second Quarter of 2015 to 16 in the Second Quarter of 2016.
- Townhome product remains undersupplied with 0.9 months of supply remaining.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	22	1.2	55	32%	\$784	41	\$440,000 - \$923,000
Low Rise	33	1.4	92	53%	\$659	16	\$439,000 - \$839,000
Townhome	6	0.9	26	15%	\$640	23	\$597,000 - \$1,050,000

## MLS Resale by Unit Type

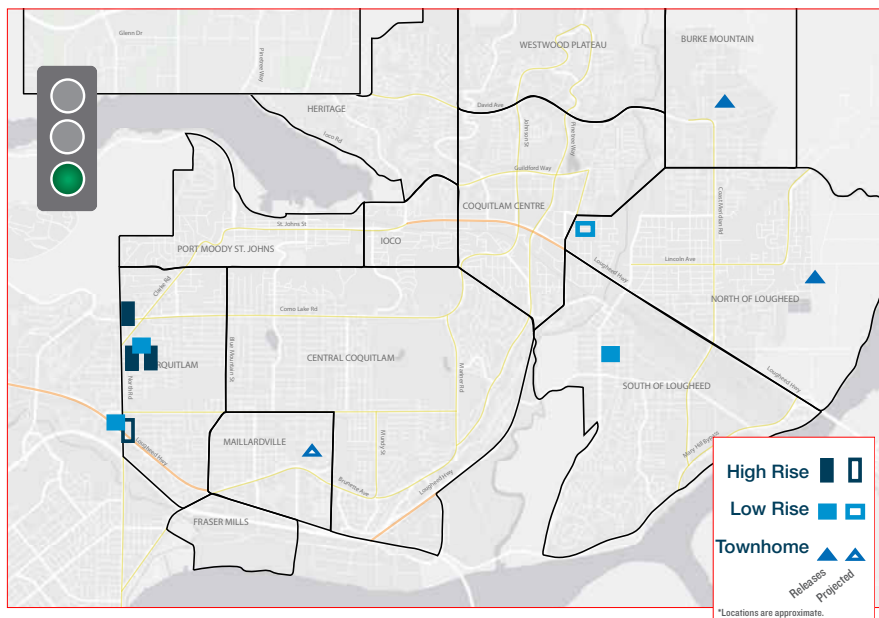
Product	AVG. PRICE		PSF	AVG. PRICE		PSF
	1 Bedroom	2 Bedroom		2 Bedroom	3 Bedroom	
High Rise	\$476,563	\$783,399	\$775	\$783,399	\$795	
Low Rise	\$440,948	\$628,124	\$654	\$628,124	\$662	
Townhome	\$735,875	\$949,170	\$624	\$949,170	\$651	

# MARKET PROFILE: TRI-CITIES

The Tri-Cities market maintains a 'Green Light' as inventory levels for all product types are at extreme lows. Sales for High Rise product located within proximity to the Evergreen Line continued to represent the most significant proportion of sales. Purchasers of pre-sale condominium product in these locations continue to consist of investors, first time buyers, and parents buying for children. Low Townhome sales in this market are due to a lack of available inventory to purchase. The overall active sales range pricing for all product types has increased relative to last quarter.

## New Development Highlights (Q2)

- Intracorp launched its *Nelson on Foster* Low Rise development in Burquitlam and sold a reported 88 of 93 units within a month time frame.
- Cristallo*, a 66 unit Low Rise project in Maillardville launched and sold out in the Second Quarter of 2016.
- Mosaic Homes launched the final phase of Townhomes *Fremont Indigo Phase III* at its Fremont Village master planned community in Port Coquitlam.
- Overall inventory levels at the end of the Second Quarter are down 89 percent compared to the same quarter last year.
- Continued strong demand for all product forms resulted in extremely low inventory levels at the end of the quarter.
- Notable projects anticipated to launch in the Third Quarter of 2016 include Polygon's *Parker House* Low Rise (Coquitlam Centre).



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	10	519	39	\$480 - \$600
Low Rise	6	207	10	\$350 - \$515
Townhome	2	23	20	\$330 - \$440

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

\*Note: The greater variation in active Sales Price Range is the result of the achievable sale value differential between comparable product in Port Coquitlam vs. Coquitlam and Port Moody.

## MLS Resale Highlights (Q2)

- Total resales were up 67 percent from the Second Quarter of 2015.
- The days on market across all product types decreased substantially when compared to the same period in 2015.
- Average per square foot values for all product types have increased from the Second Quarter of 2015 as follows: High Rise increased by \$98, while Low Rise and Townhomes increased by \$101 and \$113 respectively.
- Low rise months of supply decreased from 3.9 in the Second Quarter of 2015 to 1.1 in the Second Quarter of 2016.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	105	1.4	240	47%	\$542	20	\$345,000 - \$600,000
Low Rise	54	1.1	168	33%	\$440	19	\$274,000 - \$493,000
Townhome	51	1.4	107	21%	\$446	14	\$515,000 - \$840,000

## MLS Resale by Unit Type

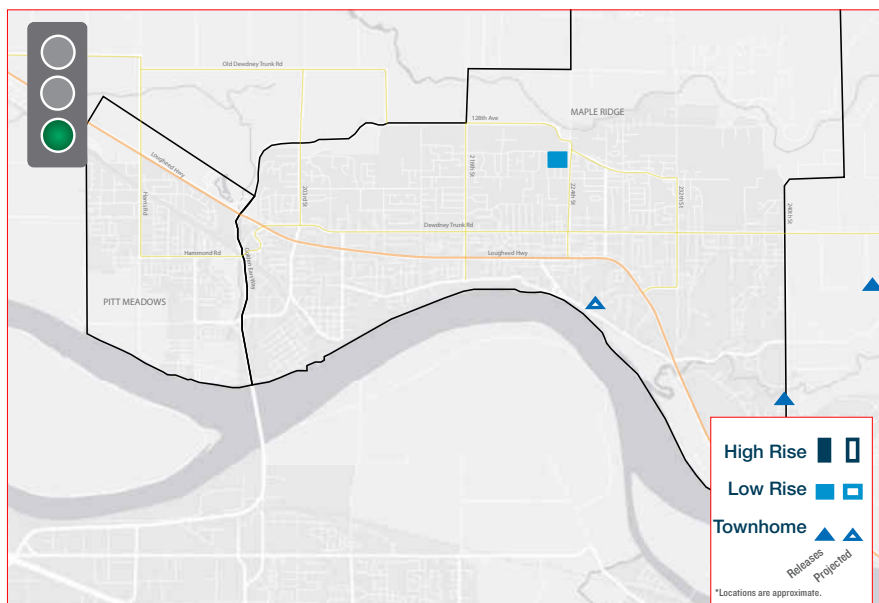
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$352,714	\$565	\$517,053	\$534
Low Rise	\$288,813	\$437	\$417,871	\$441
Product	2 Bedroom		3 Bedroom	
Townhome	\$541,874	\$455	\$660,410	\$453

# MARKET PROFILE: RIDGE MEADOWS

The Ridge-Meadows market retains its 'Green Light' rating due to favorable seller's dynamics for all product types. Overall sales for the quarter were up 45 percent compared to last quarter in spite of price increases in both relevant product sectors. This market continues to attract young families and first time home buyers from western neighbourhoods moving further west seeking affordable townhome product. There are currently no actively selling multifamily developments in Pitt Meadows.

## New Development Highlights (Q2)

- Homesite Developments launched its *Magnolia Grove* townhome project and sold a reported 27 sales.
- Isle of Mann' *Station One* low rise condominium project reported 34 sales in the Second Quarter. The project completed construction in July.
- Recent Townhome project sell outs this past quarter include Streetside Development's *Maple Heights* and Platinum Group of Companies' *Albion Station*.
- Recent Low Rise project sell outs this past quarter include Falcon Homes' *Signature at Falcon Centre*, and *Reflections* and Conecon's *Meadows Pointe*.
- Oaken Developments is anticipated to launch its *Ruxton Village* Townhome project in Maple Ridge next quarter.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	-	-	-	-
Low Rise	▼ 5	▲ 68	▼ 51	\$325 - \$375
Townhome	↔ 4	▲ 124	▲ 43	\$250 - \$275

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Resales increased by 115 percent while active listings fell by 49 percent when comparing the Second Quarter of 2015 to this quarter.
- The average per square foot value for Townhome product increased by \$66 relative to the same period last year.
- The average days on market decreased substantially for Townhome product from 38 in the Second Quarter of 2015 to 13 in the Second Quarter of 2016.
- Two bedroom Townhome values increased by \$69 per square foot over the year.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	0	n/a	7	4%	n/a	n/a	n/a
Low Rise	36	1.6	85	52%	\$313	34	\$200,000 - \$364,000
Townhome	17	0.8	72	44%	\$291	13	\$400,000 - \$548,000

## MLS Resale by Unit Type

Product	AVG. PRICE		PSF	AVG. PRICE		PSF
	1 Bedroom			2 Bedroom		
High Rise	n/a	n/a	n/a	n/a	n/a	n/a
Low Rise	\$214,667	\$309	\$313,318	\$317		
Product	2 Bedroom		3 Bedroom			
Townhome	\$455,303	\$332	\$472,267	\$287		

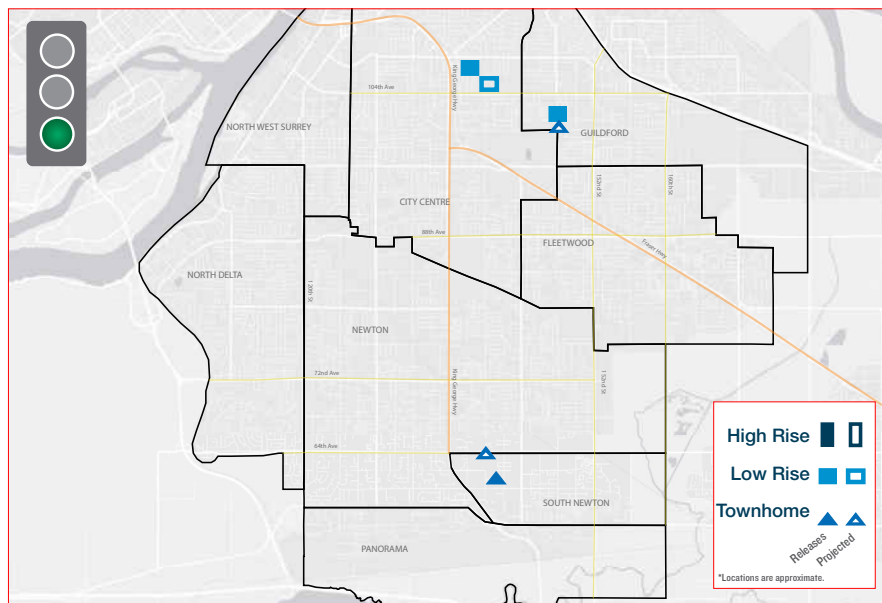


# MARKET PROFILE: SURREY CENTRAL/NORTH DELTA

Surrey Central/North Delta retains its 'Green Light' rating due to strong demand for all product forms. The High Rise and Low Rise sector was impressive, with a combined total of 615 condominium sales recorded this past quarter. High Rise sales were up 103 percent and Low Rise sales were up 712 percent compared to last quarter. Recent condominium sales in this market were largely driven by investors and first time buyers seeking affordable pre-sale product. Lower Townhome sales relative to last quarter were the result of fewer new project launches and significant price increases implemented on existing projects

## New Development Highlights (Q2)

- Overall inventory in this market is down 66 percent compared to the same quarter last year.
- Tien Sher launched its *Venue* Low Rise development in Surrey City Centre and is reporting to have sold 115 units at the end of the Second Quarter.
- Mosaic launched its *Guildhouse* Low Rise project in Guildford and sold a reported 164 sales with prices estimated to average just under \$400 per square foot.
- A significant project launch anticipated for the Third Quarter of 2016 is Blue Trail Homes' 200 unit, *Panorama West Coast Living* townhome project located in South Newton.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	8	274	257	\$480 - \$510
Low Rise	9	341	97	\$320 - \$410
Townhome	11	176	68	\$280 - \$360

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔  
 \*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Overall total resales increased by 112 percent in comparison to the same quarter last year.
- Months of supply have decreased drastically for all product types when compared to the Second Quarter of 2015: High Rise decreased by 12, while Low Rise and Townhomes decreased by 11.1 and 2.9 months respectively.
- Average per square foot values for townhomes have increased by \$72 over the year.
- Townhomes comprised 50 percent of the total resales in the market in the quarter.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	82	4.1	72	17%	\$385	85	\$180,000 - \$348,000
Low Rise	116	2.9	143	33%	\$306	67	\$186,000 - \$310,000
Townhome	128	2.0	213	50%	\$306	15	\$375,000 - \$577,000

## MLS Resale by Unit Type

Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	\$221,938	\$386	\$319,455	\$385
Low Rise	\$196,878	\$314	\$272,019	\$302
Product	2 Bedroom		3 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
Townhome	\$353,612	\$296	\$467,777	\$307

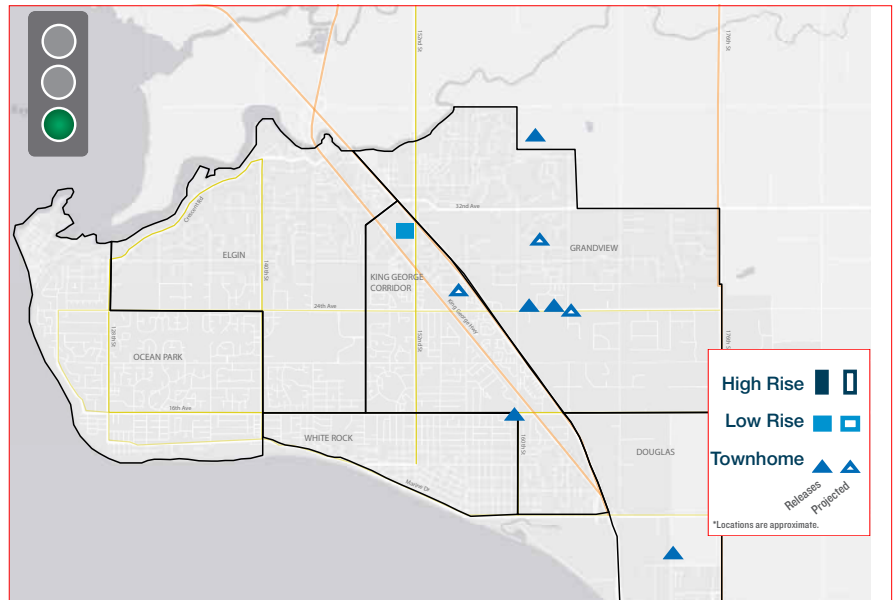


# MARKET PROFILE: SOUTH SURREY/WHITE ROCK

The South Surrey/White Rock market retains its 'Green Light' rating due to continued strong sales activity and low inventory levels across all product types. Overall sales totals in the Second Quarter were similar to the previous quarter and were up 33 percent relative to the same quarter last year. There are currently no actively selling High Rise projects in this market. Continued low supply levels of new Townhomes allowed new developments to further implement price increases. The majority of new townhome developments in this market are now being introduced at or above approximately \$400 per square foot. Recent buyers of Low Rise condominiums have consisted of local entry level buyers (singles and couples) who are now priced out of the Townhome sector. Buyers of Townhomes primarily have consisted of investors and families from Richmond seeking more value for their dollar.

## New Development Highlights (Q2)

- A number of new Townhome projects in the Grandview Heights neighbourhood launched in the Second Quarter – Adera's *Greenway at Southridge Club*, Mosaic's *Morgan* and Zenterra's *SOHO*.
- These projects feature average estimated list prices ranging from \$398 to \$412 per square foot and collectively sold a reported 207 units in the Second Quarter.
- Polygon launched its most recent phase of Low Rise condominiums *Prescott Commons at Harvard Gardens* in the Second Quarter and sold a reported 60 units.
- Anticipated Townhome launches in early Third Quarter of 2016 include Streetside Developments' *Hycroft 2* and Hayer Properties' *Zirkon*.
- The Crossing by Gramercy launched late in the quarter and sold 20 homes quickly at prices that have closed the gap between this Douglas area location and comparable offerings in Grandview.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	0	-	-	-
Low Rise	5	▲ 104	▲ 88	\$360 - \$500
Townhome	↔ 10	▼ 225	▲ 84	\$330 - \$400

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Overall total resales were 70 percent higher in comparison to the Second Quarter of 2015.
- Average per square foot values for High Rise product increased by 34 percent compared to the same period last year.
- Townhome sales continued to comprise majority of the activity in this market; average values for this product type increased by \$84 per square foot over the year.
- Months of supply across all sectors decreased substantially compared to the Second Quarter of 2015.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	17	2.5	21	9%	\$606	47	\$365,000 - \$930,000
Low Rise	56	2.2	76	32%	\$419	45	\$265,000 - \$490,000
Townhome	60	1.3	143	60%	\$359	12	\$445,000 - \$835,000

## MLS Resale by Unit Type

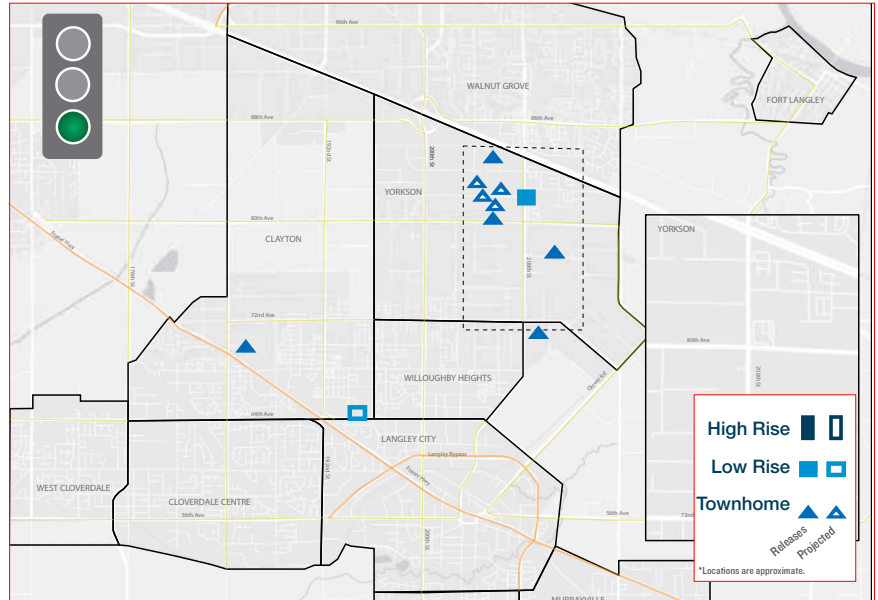
Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	\$427,833	\$577	\$679,167	\$622
Low Rise	\$317,895	\$437	\$398,783	\$410
Product	2 Bedroom		3 Bedroom	
Townhome	\$460,823	\$359	\$575,501	\$368

# MARKET PROFILE: CLOVERDALE/LANGLEY

The Cloverdale/Langley market retains its 'Green Light' rating due to continued strong sales in Low Rise and Townhome sectors and sparse inventory levels in the Low Rise condominium sector. Overall inventory levels of new multifamily product in this market are down 84 percent relative to the same quarter last year, which has allowed developers to increase prices for all product types. New townhome sales were up 58 percent relative to last quarter yet significant price increases were realized. It is becoming more apparent that demand for townhome product is being fuelled by lack of affordable single family options and furthered acceptance of this product form as a suitable housing form to raise a family. Also note that only five Low Rise condominium units were listed as available at the end of the Second Quarter.

## New Development Highlights (Q2)

- Quadra Homes' launched the final phase of its *Yorkson Creek* Low Rise condominiums and sold all 120 units within the opening weekend. Reported purchasers were local downsizers as well as investors from Burnaby and Richmond.
- Polygon's *Ashbury + Oak* and Infinity Properties' *Woodland Park* Townhome developments in Yorkson launched this past quarter and were successful in selling 144 and 97 units respectively. Both projects achieved all-time pricing highs for new townhomes in this neighbourhood.
- Platinum Group's *Harvest at Bose Farm* Townhomes continued to implement significant price increases for remaining units.
- Royale Properties' *Gabriola Park*, Streetside Developments' *Everly*, and Archstone Projects' *Archstone Yorkson* are anticipated to launch their respective Townhome projects and HJ Properties is anticipated to launch its *Esplanade Grande* Low Rise project in Clayton this upcoming quarter.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	-	-	-	-
Low Rise	▼ 9	▼ 248	▼ 5	\$320 - \$365
Townhome	▲ 11	▲ 374	▲ 88	\$240 - \$350

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ◀▶

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Total resales in this market for the Second Quarter of 2016 increased by 95 percent in comparison to the Second Quarter of 2015.
- Townhome sales in particular experienced a 54 percent increase from the Second Quarter of 2015 while average per square foot value rose by \$86.
- The Townhome sector represented 61 percent of all multifamily resales in this market for the Second Quarter of 2016.
- Average days on market for both Low Rise and Townhome product decreased substantially over the year; Low Rise decreased by 31 days while Townhomes decreased by 28 days.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	-	-	-	-	-	-	-
Low Rise	79	1.4	196	39%	\$331	35	\$195,000 - \$398,000
Townhome	77	0.9	305	61%	\$306	10	\$375,000 - \$559,000

## MLS Resale by Unit Type

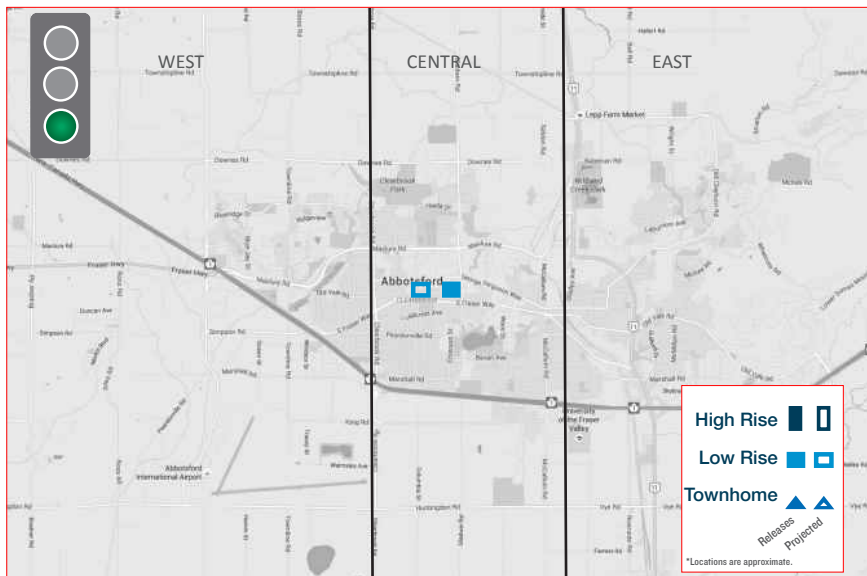
Product	AVG. PRICE		PSF	
	1 Bedroom	2 Bedroom	2 Bedroom	3 Bedroom
High Rise	-	-	-	-
Low Rise	\$218,298	\$323	\$328,569	\$338
Townhome	\$392,114	\$322	\$462,439	\$300

# MARKET PROFILE: ABBOTSFORD

The Abbotsford market retains its 'Green Light' rating due to continued strong absorption for both Townhome and Low Rise product. With only one concrete project marketing at the moment, further new development of this product type would be afforded a red light due to its limited demand. Affordable Townhome & Low Rise product continues to attract both first-time buyers and downsizer prospects from Abbotsford, along with various parts of the Fraser Valley. Strong demand could result in price increases as supply continues to diminish in the market.

## New Development Highlights (Q2)

- Quadra Homes sold the remaining 13 units of its *La Galleria* wood frame project.
- Quadra Homes also launched the second phase of *La Galleria* and have reportedly sold 90 out of 116 units. The exceptional absorption was credited to the high demand from local seniors and downsizers.
- Quantum Properties is now sold out after reporting the final 3 sales of its *Abacus Uptown* wood frame project.
- Apex' *Ten Oaks* sold a reported 39 units of their Townhome project in the Second Quarter, they now have only 3 homes remaining.
- Quantum Properties reportedly sold 21 units at *Mahogany*, the only active concrete condominium project in the market. The development has 57 homes remaining for sale.
- Boulevard Group launched its initial building comprised of large, premium, well appointed wood frame condominiums and reported 50 percent sold. This project achieved absorptions at a 15 percent price premium over other offerings.



## New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	↔ 1	↓ 21	↓ 57	\$470
Low Rise	↓ 3	↓ 142	↑ 45	\$290 - \$320
Townhome	↓ 3	↓ 47	↓ 6	\$230 - \$290

Change over the last quarter: Increase, ↑ Decrease, ↓ No Change ↔

\*Total Sold is the percentage of product sold under ten years of age relative to the total sold for each product category.

## MLS Resale Highlights (Q2)

- Total resales in this market for the Second Quarter of 2016 increased by 111% in comparison to the Second Quarter of 2015; Low Rise sales increased by 168 percent, while Townhome sales increased by 233 percent.
- The average per square foot values of Low Rise condominiums increased by \$38 relative to the Second Quarter of 2015.
- The average per square foot values of Townhomes increased by \$57 compared to the same period last year.

## MLS Resale Statistics (product 10 years of age or less)

Product	ACTIVE LISTINGS				SOLD LISTINGS		
	Listings	Mo. Supply	#	%	PSF	DOM	Active Sales Range (75% of sales)
High Rise	-	-	-	-	-	-	-
Low Rise	50	2.7	66	56%	\$246	60	\$154,000 - \$265,000
Townhome	29	1.9	51	44%	\$254	26	\$318,000 - \$485,000

## MLS Resale by Unit Type

Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	-	-	-	-
Low Rise	\$170,187	\$254	\$238,264	\$241
Product	2 Bedroom		3 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
Townhome	\$348,505	\$264	\$392,171	\$249

# LOOKING BACK AND AHEAD

*For the sixth consecutive quarter, new multifamily sales surpassed the 4,000+ mark. In the Second Quarter of 2016 this mark was surpassed by a whopping 2,741 units or 69 percent. It is important to note that this volume occurred during a period of accelerated price increases throughout the majority of market areas across the Metro Vancouver area and across all product types.*

## Looking Back

As we projected, the Second Quarter was an active one. The momentum of the First Quarter continued leading to Second Quarter results that were 50 percent greater from a strong quarter one year ago. Sales were also up 8 percent from the mark reported at the end of the First Quarter of this year. Thus, the past two quarters have been the strongest consecutive quarters we have tracked since commencing production of this report at the outset of 2010. In our most recent edition, we were questioning whether or not a mid-year sales total of 10,000+ units was attainable. We projected it would be, but did not anticipate this record mark would be surpassed by nearly 3,000 units. As expected, this level of sales activity means supply levels remain a primary concern looking forward through 2016. This is especially true given the number of large scale projects that are experiencing more lengthy approval processes than expected.

From the marketer's perspective, pricing projects in the quarter proved to be a true challenge given the dynamic nature of market. This was especially true in markets that had not seen any meaningful level of price appreciation since the global recession of 2008. Reports of single day sellouts and lineups influenced consumer psychology and lead to buyers acting with enhanced urgency to avoid missing out on selection or "today's pricing". Projected price appreciation was certainly not moderate and extended into unfamiliar territories such as Townhomes in Langley, South Surrey, Maple Ridge and Abbotsford. While we do not anticipate further gains of this nature in the coming quarter, we do hold the view that for the most part, the gains of the past quarter are sustainable.

## Looking Ahead

We share the view that the new tax has had an impact on re-sale volumes as widely chronicled in the media. However, based on sales results to date and traffic activity at a number of our sites and based on polling of a number of developers and competitors, considerable demand for new multifamily homes is still present. We have, however, noted that consumers are not necessarily feeling and/or demonstrating the urgency that was experienced prior to August. Some of this lack of urgency can be attributed to the hope that prices may be reduced in response to the tax. It is important to note that typically August is one of the slowest months absorption wise each year. So it is our opinion that some of the easing with respect to pace of the sales should be attributed to seasonality.

We believe that we are currently experiencing a tax / consumer psychology "hang over" that we expect to pass by mid – September. Thus, we are projecting new homes sales figures for the Third Quarter of 2016 to range between 2,500 to 3,500. Combined with a projected strong Fourth Quarter result, we anticipate the annual figure for sales in 2016 will set a new high. That being said, developers wishing to generate urgency and kick start late summer and early fall sales campaigns may elect to selectively introduce moderate, time limited incentives. We project these incentives will not erode the overall price gains of the year to date to a meaningful degree.

## What Are We Thinking About As We Look Through to Year End?

*As the mid point of another year approaches and we closely monitor the markets and the successes of new launches there are a number of questions we are asking ourselves at Fifth Avenue. These include:*

### **Is it possible that there are other explanations for the decrease in re-sale activity?**

Supply levels remain low. How much is this contributing to the lull in sales? In addition, many realtors expressed concerns in May regarding inflated seller expectations. A number of realtors I spoke with, felt that the latest round of listings were set at prices that they did not necessarily support but agreed to with the mindset of "Let's see what happens". If these listings were all reduced by 5 -10 percent, would we see another wave of sales leading to further price appreciation? By the way, these sellers would still likely receive greater proceeds than they would have, had they sold in the First Quarter of 2016.

### **What if, after the tax "hang over", foreign buying resumes and/or the tax is repealed in some fashion?**

What will happen next if foreigners who typically have a different perception of the value of Vancouver real estate, simply keep on buying? At the same time, we will see tax exempt areas such as Abbotsford, Kelowna, Victoria, etc. see an influx of foreign buyers. It is of interest to note that a number of more independent voices such as Central One Credit Union and economists at select major banks are expecting the effects of the tax to be short term. There are a number of other voices that seem to be amplified because of their prophecies of market disaster. Why do these voices – many with unsubstantiated claims and/or undisclosed self-interest – get so much ink?

### **What's happening in the recreational markets and smaller cities this summer?**

Word on the street, is that sales and interest in markets such as Cultus Lake, Kelowna, Sunshine Coast, Vernon, Vancouver Island and Whistler this summer indicates a market resurgence. This demand is particularly fueled by downsizer interest from both local market areas and Metro Vancouver. Will reported sales prove this to be the case? With an aging population are we looking at a long term trend here?

*If you have a view you would like to share and/or questions you would like to discuss please contact [scott@fifthave.ca](mailto:scott@fifthave.ca).*

*Urban Analytics (UA) is Metropolitan Vancouver's leading source for analytical interpretation of relevant real estate market data, trends and strategic recommendations.*

*Urban Analytics Inc. (UA) has been retained by Fifth Avenue Real Estate Marketing Ltd. to provide aggregate data on the multifamily residential real estate market in the Vancouver Metropolitan.*

*The methodology used to collect the data was as follows:*

## General Parameters

Metropolitan Vancouver refers to the area from West Vancouver to Aldergrove. The focus of this study is limited to the multifamily market.

## Multifamily Project Data – New Home Sales

The primary method used to collect information is a personal visit to each project being actively marketed. In addition to collecting current sales information, UA representatives engage on-site sales staff to determine additional relevant information such as incentive offerings, traffic trends and active buyer profiles. In all instances, active sales range quoted in tables is defined as “The per square foot sales range in which 75 percent of sales of this product type occurred”.

For the purposes of this publication, UA contacts various municipal planning departments along with developers (and/or their representatives) of proposed new developments to determine the anticipated timing of their approval and marketing launch.

## Multifamily Project Data – Resale

The resale market provides an important barometer from which to assess demand and determine pricing for new home projects. Accordingly, UA closely monitors the resale market for multifamily homes in order to identify trends that are relevant to the new home sector. However, the breadth and depth of product for sale can create findings that are less than helpful to the new home developer.

As a result, UA recommends studying only product that is aged ten years or newer and valued at less than \$1.2 million. While it could be argued that limiting the analysis to newer product (i.e. five years or newer) would be more relevant to the new home sector, we believe this would limit the sample size and potentially skew the data towards a specific type of product available in a small number of specific buildings/projects. In all instances active sales range quoted in tables is defined as “The active sales range in which 75 percent of sales of this product type

**Why UA?** Urban Analytics has been tracking the new multi-family home market in Metro Vancouver and beyond since 1994. In addition to providing clients with our web-based New Home Source data subscription product at [nhslive.ca](http://nhslive.ca), Vancouver and Calgary's most current and comprehensive data provider of active and contemplated new condominium and townhome projects, UA is the leading provider of advisory services on the new multi-family home market.

**Need help getting a handle on what's happening in an area you've got a site under contract in?** We can help. Want an unbiased, arm's length opinion of the optimum unit mix and size for a contemplated project and what that product should sell for? Give us a call. Care to have us sit in on a strategy meeting or envisioning session? Not only will we be there, we might even bring some donuts.

Anyone who knows us knows we love to talk real estate. Let's chat about how we can help you with your project or set you up with a subscription to the New Home Source at [nhslive.ca](http://nhslive.ca).



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