

The Fifth Dimension

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

Fourth Quarter - 2016

February 2017

DATA PROVIDED BY:



COMPLIMENTS OF



WELCOME TO THE FIFTH DIMENSION

This final installment of the Fifth Dimension for 2016 is brought to you compliments of Fifth Avenue Real Estate Marketing Limited, a full service, residential real estate project marketing and sales organization with over 36 years of experience.

To ensure the supporting data is objectively collected and presented, we collaborate with 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.

Do you ever get a song in your head that you just can't seem to rid yourself of? Unbeknownst to me as to why, lately, I seem to keep hearing Randy Newman's "Strange Things Are Happening to Me". Anyone with young children will likely recognize this tune from Pixar's 1995 hit movie, 'Toy Story'. This animated flick tells the tale of a cowboy doll who is profoundly threatened and jealous when a new spaceman figure replaces him as the top toy in a boy's room. The funny thing is, I haven't seen this movie in years, as my three sons have grown into young men. So why is this song stuck in my head now?

Of course, like many people in Metro Vancouver, I am somewhat fixated on the real estate market. Now that is where I make the connection to Newman's chorus. What I think is occurring now and into the future is akin to the aforementioned 'Toy Story' tale, but in this case it's the existing single family home market that has become like the toy cowboy Woody. The multifamily offerings in our ever densifying area are the new spacemen, Buzz.

The heated ascent and slower decline in MLS sales was arguably the most significant local real estate story in 2016. Digging deeper into the numbers reveals even more to this story. While the re-sale market has been somewhat of a roller coaster in 2016, the same cannot be said for the new multifamily market. It was more like a staged rocket. In relative terms, the new multifamily residential market outperformed the existing detached home market. According to a report by TD's economist, Diana Petramala, "Vancouver's existing home sales stabilized in December, but we're still down 40 percent year-over-year. Prices did, however, remain relatively high in relation to a year ago, despite falling a fourth consecutive month in December." In contrast, the new multifamily market posted a year over year increase of 17 percent. Furthermore, the total sales figures boosted by strong late quarter performance, exceeded the earlier projected record total for 2016. This total breached the unexpected 20,000 units sold mark by a remarkable 522 units. This record total should certainly create some positive buzz. If early performance in 2017 at our sites and those of the peers we maintain close contact with are any indicator, this buzz is certain to continue through 2017.

So what is happening? Is it possible that what we are beginning to experience is a paradigm shift in consumer preferences and expectations with respect to housing? It may very well be. For starters, at numerous public information meetings and council sessions of late there seems to be a growing acceptance of the need for densification. While there are vocal citizens in almost every instance that oppose density, we are seeing a general acceptance of three storey offerings / Townhomes. Thus, much of the debate centers not on whether to densify or not, but how much density is desired or required.

As chronicled in a Business in Vancouver article on February 8, 2017 by Emma Crawford Hampel, "the population of the Vancouver CMA grew 6.5 percent between 2011 and 2016, after already growing 9.3 percent between 2006 and 2011". While the population in the region keeps increasing, four municipalities within the CMA now have some of the highest population density rates in the country. The City of Vancouver takes the number one spot in Canada, with a density rate of 5,493 people per square kilometre. In addition, the Greater Vancouver Real Estate Board website (rebgv.org/population-growth-takes) estimates that the Metro Vancouver population is forecasted to grow by 30,000 new residents each year. That means it will increase by 1.2 million residents by 2041 for a total population of 3.4 million, requiring 574,000 additional housing units to be built to accommodate this growth. The article also cites "80 percent of Metro Vancouver growth will occur through strategic infill and densification of established urban areas". Accordingly, expect significant multifamily residential growth within designated Urban Centres/Town Centres, and along existing and emerging transit corridors. This is especially true in areas such as Richmond, Burnaby, New Westminster, the Tri-Cities and Surrey.

Strange things are happening.

Feel free to share this report and your perspective on what is presented here as widely as you see fit. Our aim is to stimulate dialogue and promote positive action in our industry.



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OVERALL MARKET COMMENTARY

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

Q4 - New Home Market

Metro Vancouver's new multifamily housing market rebounded from its summer slowdown and recorded strong overall sales totals in the Fourth Quarter. The total of 4,347 new multifamily home sales reported in the Fourth Quarter were up 46 percent from the last quarter but were down 15 percent from the same quarter last year. In addition, overall Fourth Quarter sales were over 30 percent higher than the seven year average. Overall inventory levels at the end of the Fourth Quarter were up slightly from the record low last quarter, but were still at extremely low levels. There were 3,416 released and unsold new multifamily units in Metro Vancouver recorded at the end of the Fourth Quarter, which is down 30 percent compared to the same quarter last year. There were only 61 completed and unsold new multifamily homes available to purchase at the end of the Fourth Quarter, which once again re-established a new seven year low.

Strong overall sales activity was largely driven by the High Rise sector. There were 3,211 High Rise sales recorded in the Fourth Quarter, up 82 percent from the previous quarter and also up slightly from the same quarter last year. Similar to the previous quarter, High Rise condominium sales were most prominent in Burnaby. Notable sales activity occurred at Burnaby projects – Anthem/Beedie's *Station Square IV and V* (Metrotown), Amacon's *Imperial* (Metrotown), Millennium's *Triomphe* (Brentwood) and Shape Properties' *City of Lougheed* (Lougheed Centre). These projects collectively sold a reported 1,550 units in the Fourth Quarter. In New Westminster and Coquitlam - Wesgroup's *Columbia at the Brewery District* and Bosal/BlueSky Properties' *Marquee at Lougheed Heights* projects sold a combined total of 377 units in the Fourth Quarter. The most significant condominium development launched in Vancouver West in the Fourth Quarter was Concord Pacific's *Avenue One*, which sold a reported 156 units.

The 676 Low Rise condominium sales recorded in the Fourth Quarter were up slightly from last quarter but were down 19 percent from the same quarter last year. Lower sales totals of Low Rise condominiums can be directly attributed to the lack of available supply of this product type. There were 739 released and unsold Low Rise condominium units at the end of the Fourth Quarter, which is down 50 percent compared to the same quarter last year. Low Rise projects with the most significant sales in the Fourth Quarter include – Mosaic's *Edward* (Vancouver West), Otivo's *Simon* (Coquitlam), Polygon's *Prescott Commons II* (South Surrey), and RDG Management's *The Wex* (Langley).

The Townhome market continued to be somewhat negatively impacted by the recent implementation of the new mortgage rules but also was impacted by low available inventory levels. There were 460 new Townhome sales recorded in the Fourth Quarter, down 22 percent from last quarter and also down 59 percent from the same quarter last year. Notable sales activity did however occur at Mosaic's *Kitchner* (South Surrey), Polygon's *Fairwinds at Hampton's Cove* (Ladner) and Lanstone Homes' *Zetter Place* (Langley).

Q4 - Resale Market

There were 2,135 newer multifamily homes resold in the Fourth Quarter of 2016, which is down 21 percent compared to last quarter but only down 5 percent compared to the total number of resales recorded in the same quarter last year. As was the case last quarter, the Low Rise sector was the only one to record an increase in sales

when compared to the same period last year, with 36 percent more resales occurring. Active listings of relevant multifamily resale product are down 20 percent compared to the same quarter last year.

Q4 - Observation and Opinions

The strong sales activity in the High Rise sector in the Fourth Quarter suggests that there continues to be good interest from the Chinese buyer as this group is the primary purchaser of new High Rise condominiums located in urban Metro Vancouver locations. Recent sales statistics suggest that perhaps the recently introduced 'foreign buyers tax' has not been as impactful on this sector of the market, as much as it has impacted the single family sector. However, the recent slowdown in the Townhome sector of the new home market could point to some buyer fatigue along with some resistance to the current list prices in the marketplace. Upcoming Low Rise condominium developments that are fairly priced should perform very well as there is currently a shortage of this product form available in the market.

Notable first half project launches include: In Downtown Vancouver – Boffo's *The Smithe*, Onni's *1335 Howe* and Westbank's *Alberni*; in Vancouver West – Westland's *The Grey*, and Homei Properties' *Henry*; in Burnaby – Townline's *Sussex*, Thind Properties's *Lumina*, and Belford Properties' *Sun Towers*; in Richmond – Aspac's *River Green Phase II*, Yuanheng's *ViewStar*, Concord Pacific's *Concord Gardens*, and iFortune's *Glitz*; in Vancouver East – Wesgroup's *Avalon II* at the River District; in Coquitlam – Polygon's *Mantyla*, Marcon's *562 Living* and Polygon's *Stanton House*; in North Vancouver – Polygon's *Juniper* at Lynn Valley, Qualex-Landmark's *Green* and Aquilini's *Seymour Village Phase 2*; in Surrey/White Rock – Essence Properties *Evolve*; and in Central Surrey – Dawson + Sawyer's *Guildford the Great II* and Tangerine Developments *The Guildford*.

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

New Home Market YTD Comparison

	YTD 2015 Sales	YTD 2016 Sales	% Change
High Rise	9,972	11,957	20%
Low Rise	3,976	5,360	35%
Townhome	3,657	3,205	-12%
Total	17,605	20,522	17%

Fourth Quarter Performance in the New Home Market

	High Rise	Low Rise	Townhome	Totals
Total Q4 2016 Sales	3,211	676	460	4,347
Total Inventory	1,996	739	681	3,416
Standing Inventory	26	27	8	61
Total # of Projects	40	36	55	131

Fourth Quarter Resale Activity

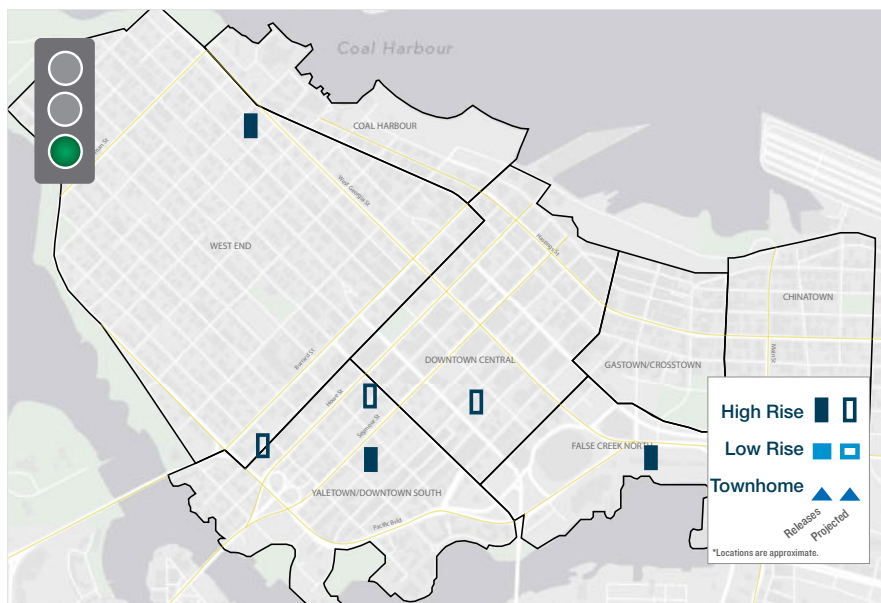
	High Rise	Low Rise	Townhome	Totals
Total Sales	846	741	548	2,135
Total Active Listings	649	408	414	1,471

MARKET PROFILE: VANCOUVER DOWNTOWN

Lack of available inventory and continued absorption of remaining inventory continues to afford Vancouver Downtown a 'Green Light' rating. 20 of the 26 sales this quarter occurred at 8X On The Park by Brenhill Developments which launched last quarter. Lower overall absorptions relative to the last two quarters is a factor of a lower amount of available inventory, as no new projects were launched in the Fourth Quarter. 31 unsold units remain amongst the five currently active projects, of which 20 are at 8X On The Park. All unsold new High Rise condominiums are priced over \$1.1 million.

New Development Highlights (Q4)

- Bosa Properties' *Cardero* continues to average at \$1,760 per square foot: the highest of new High Rise condominiums in this market. However, this project saw no new sales in the Fourth Quarter.
- Limited supply in lower priced projects helped fuel sales over the quarter.
- 8X On The Park sold 20 units over the quarter, achieving an average of \$1,445 per square foot.
- All non-penthouse units in Concord's *The Arc* sold in the Fourth Quarter of 2016, achieving the second-highest sales value in this market at \$1,720 per square foot.
- Bofo Developments' *The Smithe*, Onni's *1335 Howe*, and Wall Financial Corporation's *1121 Seymour + Davie* are anticipated to come to market in the First Quarter of 2017.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	↔ 5	↓ 26	↓ 31	\$1,120 - \$1,760
Low Rise	-	-	-	-
Townhome	-	-	-	-

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

MLS Resale Highlights (Q4)

- Months of supply this quarter was relatively similar to that of the same period last year.
- Average price per square foot values increased substantially by \$144 in comparison to the Fourth Quarter of 2015.
- The number of resales in the Fourth Quarter of 2016 decreased by 33 percent relative to the same quarter in 2015.
- Average per square foot values for 1 & 2 bedroom units have increased by \$144 and \$151 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	97	1.8	175	100%	\$959	35	\$478,000 - \$965,000
Low Rise	-	-	-	-	-	-	-
Townhome	-	-	-	-	-	-	-

MLS Resale by Unit Type

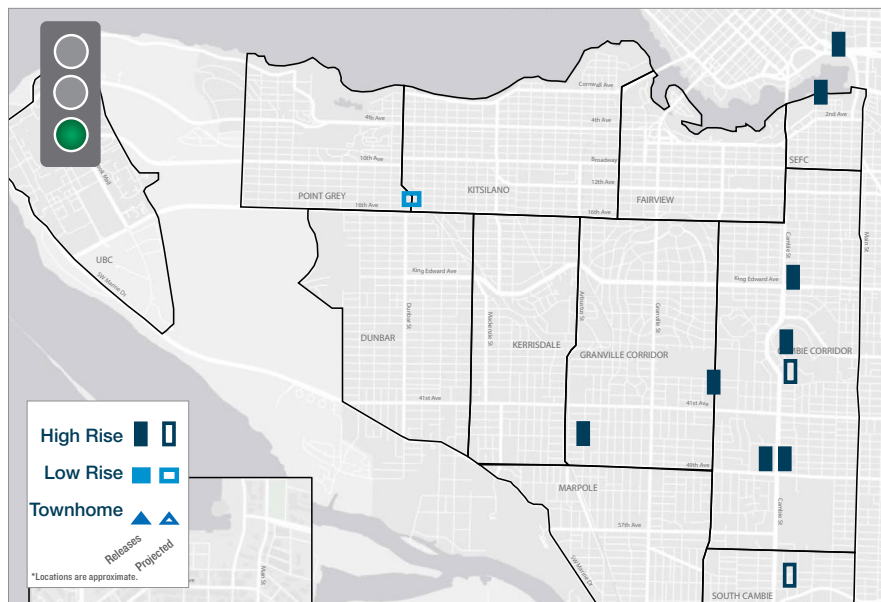
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$582,660	\$951	\$890,124	\$976
Low Rise	-	-	-	-
Product	2 Bedroom		3 Bedroom	
Townhome	-	-	-	-

MARKET PROFILE: VANCOUVER WEST

The Vancouver West market retains its 'Green Light' rating due to the continued strong absorption in the High Rise sector: eight new High Rise projects were brought to market in the quarter, contributing to nearly 90 percent of the total sales recorded in the Fourth Quarter. The increase in sales in the Low Rise sector can be attributed to the launch of Mosaic Homes Cambie Corridor project Edward, which comprised 52 of the 59 sales reported in the quarter. Unlike the condominium sector which posted increased sales for both product types, the Townhome sector posted dismal Fourth Quarter sales with one new home sale being reported. The notable slowdown in sales for this product type can be attributed to several new housing related policies that were implemented in the second half of 2016, coupled with historically high pricing for presale Townhomes in the market.

New Development Highlights (Q4)

- Eight High Rise projects were brought to market in the Fourth Quarter of 2016: Concord Pacific Avenue One, Pinnacle International Pinnacle on the Park, L & A Real Estate Investment Park Station, Pennyfarthing Development Group Hawthorne, Intracorp Belpark, The Bogner Group The Kirkland, Transca Primrose & Tianco Group Cambie + King.
- 458 of 728 released units belonging to these buildings were reported sold within the quarter.
- A total of 2,006 homes were sold in 2016, down 25 percent from the 2,733 total sales recorded in 2015.
- At 1,571 units sold, the High Rise sector comprised 78 percent of the total sales in the market.
- Projects anticipated to be brought to market in the First Quarter of 2017 include Homei Properties' Henry, Formwerks' Tudor House and Westland's The Grey.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▲ 26	▲ 511	▲ 476	\$900 - \$1,200
Low Rise	▲ 3	▲ 59	▼ 21	\$775 - \$875
Townhome	▼ 5	▼ 1	▼ 49	\$900 - \$1,100

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

MLS Resale Highlights (Q4)

- Average values for High Rise product were \$116 per square foot higher in the Fourth Quarter of 2016 than in the same quarter of 2015.
- Low Rise per square foot values increased by \$132, while the Townhome sector increased substantially by \$99.
- Total listings at the end of the Fourth Quarter 2016 were 42 percent lower relative to end of the Fourth Quarter of 2015.
- Average per square foot values for one bedroom homes have increased by \$137 for both High Rise and Low Rise product year-over-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	69	2.2	59	66%	\$930	44	\$451,000 - \$908,000
Low Rise	25	2.2	22	24%	\$874	49	\$555,000 - \$908,000
Townhome	3	1.0	9	10%	\$872	54	\$899,000 - \$1,100,000

MLS Resale by Unit Type

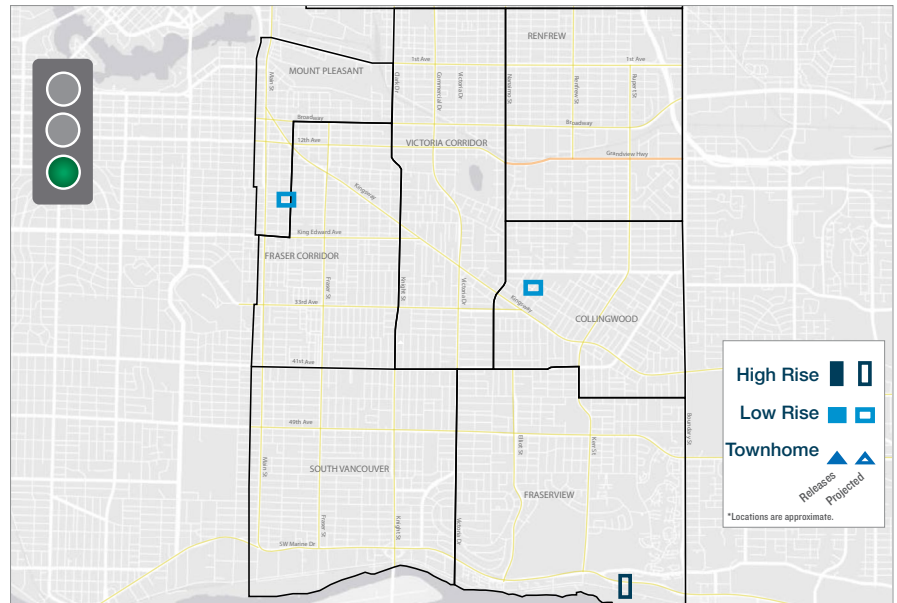
Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	\$541,960	\$924	\$885,271	\$940
Low Rise	\$562,038	\$861	\$807,231	\$879
Product	2 Bedroom		3 Bedroom	
Townhome	\$1,000,667	\$867	\$1,043,600	\$855

MARKET PROFILE: VANCOUVER EAST

The Vancouver East market maintains its 'Green Light' rating as inventory levels for all product types remain extremely low, while absorptions for newly launched product were robust. Wesgroup's newest community at its River District neighbourhood, Avalon Park, was brought to market mid-quarter and sold a reported 102 of 129 Low Rise units released in the first phase. The final 3 units at Chard Developments High Rise project Ellsworth were sold in the Fourth Quarter, reducing the unsold inventory count of this product type to just 6 units. Epix' 16 Brownstones Townhome project was also brought to the market in the quarter and reported 3 sales; tepid sales for Townhome product were experienced throughout Vancouver proper, as several new government policies took into effect in the region affecting both the detached home and pre-sale Townhome market.

New Development Highlights (Q4)

- A total of 963 sales were reported in 2016, down 35 percent compared to the 1,484 units sold in 2015.
- High Rise sales comprised 50 percent of the total sales, followed by Low Rise at 40 percent & Townhomes at nine percent.
- Unsold inventory at the end of 2016 is 74 percent lower compared to the end of 2015.
- Projects anticipated to launch in the First Quarter of the year include: Bold Properties' *Synchro*, Wesgroup's High Rise component to *Avalon Park*, *Avalon 2* and *Slocan Park* by Vanwell Homes.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	4	9	6	\$650 - 900*
Low Rise	3	103	39	\$550 - 750*
Townhome	3	3	18	\$750 - 950*

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

*Note: The greater variation in active Sales Price Range is the result of the achievable sale value differential between comparable product in the different East Vancouver neighbourhoods.

MLS Resale Highlights (Q4)

- The number of resales were lower in all product types when compared to the same quarter in 2015.
- Total listings are relatively similar to that of the same period in 2015.
- Average per square foot values increased substantially across all product types: High Rise increase by \$143, while Low Rise and Townhome increased by \$206 and \$160 respectively.
- The average sale price for a 1 bedroom Low Rise unit is up 39 percent from the \$354,341.

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	49	2.0	79	49%	\$810	26	\$378,000 - \$759,000
Low Rise	17	1.9	61	38%	\$745	21	\$371,000 - \$711,000
Townhome	1	0.1	21	13%	\$784	29	\$635,000 - \$1,075,000

MLS Resale by Unit Type

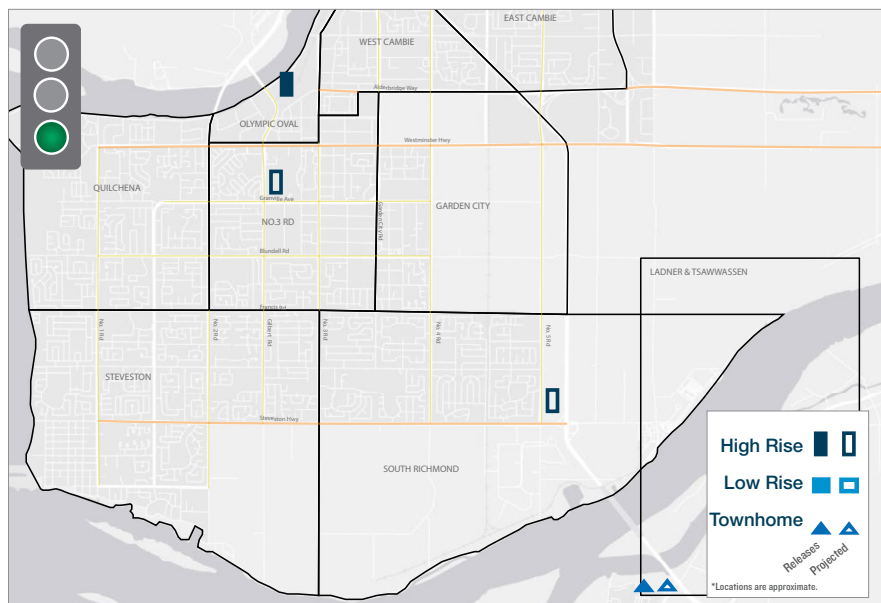
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$477,673	\$801	\$695,308	\$825
Low Rise	\$490,850	\$780	\$618,479	\$714
Product	2 Bedroom		3 Bedroom	
Townhome	\$884,689	\$819	\$947,125	\$720

MARKET PROFILE: RICHMOND/SOUTH DELTA

The Richmond market continues to receive its 'Green Light' rating despite a decrease in sales across all product types. A decrease in inventory of High Rise and Low Rise condos contributed to decreased absorption. Townhome inventory increased as a result of the release of two new developments. Aquilini Group launched Pelican Cove and Am-Pri Construction released phase two of Museo, adding a total of 92 Townhome units to the market. Intracorp launched River Park Place III over the quarter. River Park Place represented 77 percent of High Rise condominium sales in this market in the Fourth Quarter of 2016. Overall Richmond/South Delta year-to-date sales experienced a 40 percent increase when compared to 2015. Townhomes saw the greatest change in 2016 with a 144 percent increase in total sales.

New Development Highlights (Q4)

- Intracorp launched its third phase, *River Park Place III*, at an average per square foot value of \$697. It was reported to be 94 percent sold by the end of the quarter.
- Polygon's *Fairwinds at Hampton Cove* reported the strongest Townhome absorption over the quarter with 28 sales.
- Projects anticipated to launch in the First Quarter of 2017 include Townline's 21 unit Townhome project at *Jasmine at The Gardens*, Ifortune's High Rise condo *Glitz*, and the next phase at Polygon's *Fairwinds at Hampton Cove*.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▲ 11	▼ 207	▼ 160	\$600 - \$930*
Low Rise	▼ 5	▼ 31	▼ 78	\$497 - \$610
Townhome	▼ 8	▼ 64	▲ 141	\$569 - \$715

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

*Note: The greater variation in active Sales Price Range is the result of the achievable sale value differential created as a result of Aspac's River Green Phase II, priced \$250 per square foot higher than the second highest priced comparable.

MLS Resale Highlights (Q4)

- Total overall resales decreased 13 percent from the same quarter in 2015, while active listings decreased by 41 percent.
- The average price per square foot increased for all product types over the year: High Rise prices increased by \$91, while Low Rise and Townhome prices increased by \$84 and \$85, respectively.
- Months of supply across all sectors experienced substantial drops when compared to the same period in 2015.
- The average sale price of a 2 bedroom High Rise unit increased by nearly \$100,000 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	134	2.4	164	62%	\$668	47	\$396,000 - \$730,000
Low Rise	50	2.5	50	19%	\$559	30	\$370,000 - \$608,000
Townhome	53	3.1	50	19%	\$550	30	\$622,000 - \$938,000

MLS Resale by Unit Type

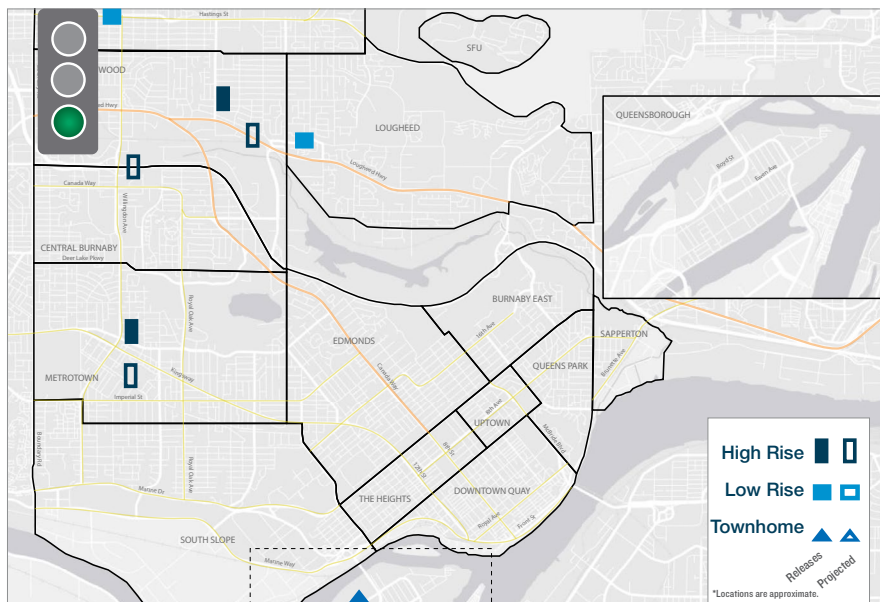
Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	\$412,634	\$664	\$634,690	\$679
Low Rise	\$361,982	\$546	\$506,986	\$567
Product	2 Bedroom		3 Bedroom	
Townhome	\$667,000	\$574	\$772,086	\$555

MARKET PROFILE: BURNABY/NEW WESTMINSTER

The Burnaby/New Westminster market maintains its 'Green Light' rating as all project types continued to achieve strong absorptions in the Fourth Quarter. The High Rise condominium sector saw an impressive sales number, which more than doubled from last quarter to 1,826 units. This is attributed to the launch of six new High Rise condominium towers in the market which were all met with a positive response, marking strong absorptions across the neighbourhoods of Metrotown, Brentwood, and Lougheed, as well as Sapperton in New Westminster. Overall inventory at the end of Fourth Quarter was down 8 percent compared to the Third Quarter of 2016 (with the exception of Townhomes). This can be attributed to the launch of Queens Park Estates by Ghord Dhillon and Associates which released 32 units in November prior to a temporary marketing hiatus until late January.

New Development Highlights (Q4)

- The High Rise condominium sector saw a significant increase in sales with the launch of four projects in Burnaby, bringing an additional 2,068 units to market.
- Overall, this sector saw the sale of 1,826 units as new product was met with strong absorptions.
- Only two Low Rise condominiums were brought to market over the quarter: Ledingham McAllister's *Seasons* and *Verdi* by Aquila Developments, achieving an average price per square foot of \$642 and \$677, respectively.
- Ledingham McAllister's *Cameron* sold its remaining units at an average of \$516 per square foot.
- Amacon's *The Dawson* also sold its remaining units this quarter at an average of \$635.
- Shape Properties' released the first tower of its master-planned community *City of Lougheed*.
- Only one Townhome project launched this quarter: *Queens Park Estate* by Ghord Dhillon and Associates.
- Anthem Properties' *Station Square IV and V* set a new price per square foot benchmark in this sub-market at \$870 and \$970, respectively.
- Three High Rise condominiums are set to launch in early 2017: Belford's *Sun Towers*, THIND Properties' *Lumina*, and Townline's *Sussex* tower.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▲ 19	▲ 1,826	▼ 648	\$430 - \$970
Low Rise	▼ 8	▼ 86	▼ 77	\$462 - \$677
Townhome	▲ 7	▼ 24	▲ 44	\$483 - \$627

Change over the last quarter: Increase, ▲ Decrease, ▼ No Change ↔
 *Note: The greater variation in active Sales Price Range is the result of the achievable sale value differential between comparable product in the different East Vancouver neighbourhoods.

MLS Resale Highlights (Q4)

- Total overall resales in the Fourth Quarter of 2016 were 37 percent lower relative to the same period in 2015
- Total listings have decreased by 32 percent over the year.
- All average product values increased over the year as follows: High Rise increased by \$70, while Low Rise and Townhomes increased by \$83 and \$140 respectively.
- Average per square foot prices for two bedroom Townhomes increased substantially over the year by \$161.

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	124	1.7	193	67%	\$642	36	\$368,000 - \$735,000
Low Rise	29	0.9	70	24%	\$535	26	\$330,000 - \$545,000
Townhome	23	2.1	26	9%	\$587	54	\$500,000 - \$870,000

MLS Resale by Unit Type

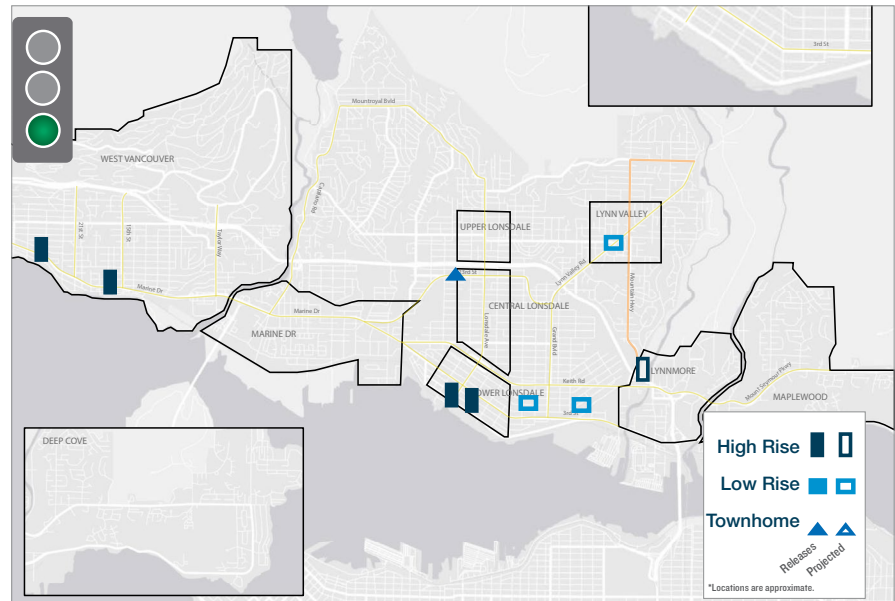
Product	AVG. PRICE		PSF	AVG. PRICE		PSF
	1 Bedroom			2 Bedroom		
High Rise	\$403,002		\$661	\$600,892		\$633
Low Rise	\$358,307		\$535	\$476,470		\$534
Product	2 Bedroom		PSF	3 Bedroom		PSF
Townhome	\$566,958			\$567	\$794,886	

MARKET PROFILE: NORTH SHORE

The North Shore market retains its 'Green Light' rating as sales increased across almost all product types. Strong absorptions continued for High Rise condominiums with 343 of 351 sales over Fourth Quarter attributed to this sector alone. No new Low Rise or Townhome projects launched over the quarter. As a result, Low Rise condominiums saw a decrease in sales and a decrease in available inventory, which dropped to zero. The 23 Townhome units available for sale at the end of the quarter in the North Shore are largely attributed to Decato by HRA Developments.

New Development Highlights (Q4)

- Remaining units at X61 by VivaGrand were raised by an average of \$80,000 and yet sold out by the end of Fourth Quarter, marking the depletion of Low Rise condominium inventory on the North Shore for this quarter.
- Despite adding inventory to Townhomes in the North Shore last quarter, Decato by HRA Developments saw only four sales over this quarter which is attributed to their price point and less desirable location.
- Cressey launched *Bellevue* at an average square foot value of \$2,310.
- Polygon's *Promenade at the Quay* launched over the quarter, at an estimated \$990 per square foot. This is the second highest price point in North Vancouver, after Pinnacle's *Cascade at the Pier's* \$1,215 per square foot.
- Westbank launched its 158 unit High Rise project *Horseshoe Bay* in the Fourth Quarter of 2016. Sales were exclusively reserved for West Vancouver residents during the first month of sales.
- Denna Homes' *Seylynn Village* is anticipated to launch its concrete High Rise, *Apex*, in Spring of 2017.
- Three Low Rise condominiums are expected to launch in the First Quarter of 2017, in North Vancouver, adding much needed inventory to this sector.
- These include Fairborne's *Kindred*, Qualex-Landmark's *Green on Queensbury* and Polygon's *Juniper*.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▲ 14	▲ 343	▼ 401	\$647 - \$2,400*
Low Rise	▼ 1	▼ 3	▼ 0	\$556**
Townhome	↔ 3	▲ 5	▼ 23	\$610 - \$1,141

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

*Note: The greater variation in active Sales Price Range for High Rise is the result of the achievable sale value differential between product in North Vancouver vs. West Vancouver. ** Note: No range is provided for Low Rise condominiums as only one project is actively selling.

MLS Resale Highlights (Q4)

- The number of active listings at the end of the Fourth Quarter 2016 were relatively the same as the end of 2015: 42 units versus 44.
- Low supply has put substantial pressure on prices over the year: average per square foot values for High Rise product increased by \$119, while Low Rise and Townhome increased by \$143 and \$116 respectively.
- Low Rise sales accounted for 55 percent of the sales reported in the Fourth Quarter of 2016.
- The average days on market for Townhome product decreased by 9 days to just 11 days 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	14	1.8	25	29%	\$811	55	\$475,000 - \$980,000
Low Rise	20	1.2	48	55%	\$695	26	\$420,000 - \$755,000
Townhome	10	2.9	14	16%	\$608	11	\$680,000 - \$1,165,000

MLS Resale by Unit Type

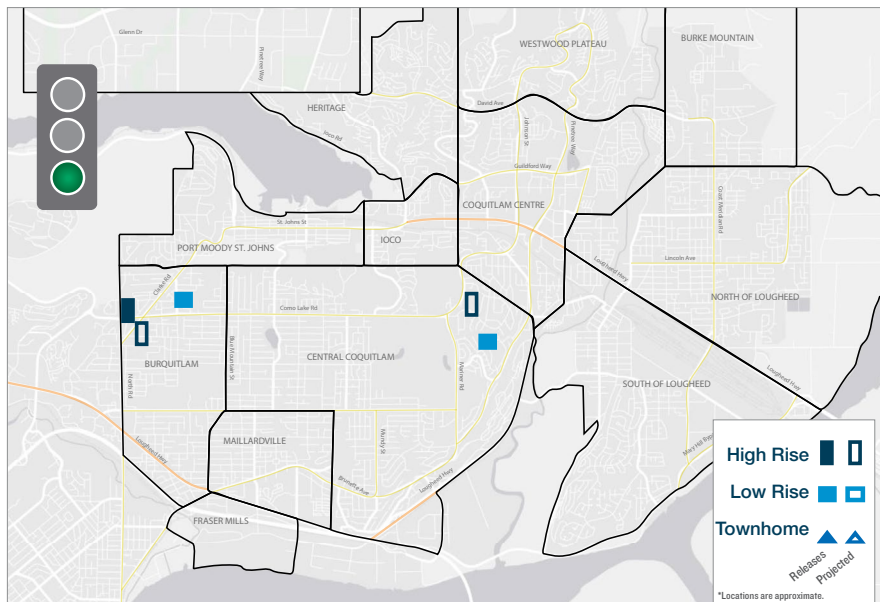
Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	\$491,455	\$817	\$873,457	\$807
Low Rise	\$461,043	\$710	\$651,614	\$690
Product	2 Bedroom		3 Bedroom	
Townhome	\$770,375	\$621	\$944,300	\$588

MARKET PROFILE: TRI-CITIES

The Tri-Cities market retains a 'Green Light' rating due to strong demand for all product types in 2016. The High Rise condominium sector witnessed the strongest growth among all product types, with a total of 1,497 sales recorded in 2016 compared to 607 the previous year. Purchasers for this product type contain a strong contingent of Chinese investors, first time buyers and downsizers. Along with the large increase in High Rise sales during 2016, there was also a 67 percent decrease in unsold inventory relative to the previous year. The Low Rise sector in this market also witnessed a strong sales increase of 31 percent in 2016 compared to 2015. The amount of unsold inventory for this product type decreased by 44 percent. The Townhome sector experienced a 70 percent decrease in sales. The drop in sales can be attributed to the limited supply of new product in the market. There were only 8 remaining unsold Townhome units at the end of Fourth Quarter.

New Development Highlights (Q4)

- Overall inventory for this market in 2016 is down 77 percent compared to 2015.
- Blue Sky launched its High Rise tower *Marquee*, the final phase of the *Lougheed Heights* development. The project recorded 225 sales at an average price of \$695 per square foot.
- After launching last quarter, Polygon Homes sold the remaining 20 units in its finished Low Rise building *Parker House East*.
- Polygon also launched its adjacent *Parker House West* project this quarter and sold 43 out of 58 homes. Both buildings are averaging \$495 per square foot.
- Otivio Developments brought *Simon* to market this quarter and sold 51 out of 64 homes. The project is averaging \$564 per square foot, the highest for Low Rise product in the market.
- Notable projects anticipated to launch in the First Quarter of 2017 include *Mantyla* by Polygon Homes and *567 Clarke + Como* by Marcon.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	▲ 5	▲ 225	▲ 31	\$530 - \$650
Low Rise	◀▶ 4	▲ 115	▲ 30	\$350 - \$550
Townhome	◀▶ 3	▼ 11	▼ 8	\$450 - \$525

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

*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 (Q4)

- Total resales were down by 9 percent from the Fourth Quarter 2015.
- Average per square foot values for all product types have increased from the Fourth Quarter 2015 as follows: High Rise increased by \$110, while Low Rise and Townhomes increased by \$80 and \$98, respectively.
- Days on market for all product types have decreased from 12 months ago as follows: High Rise decreased by 19 days, while Low Rise and Townhome decrease by 29 and 4 days respectively.
- Townhome sales comprised 20 percent of the total sales in the Fourth 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	74	1.7	102	40%	\$572	32	\$345,000 - \$600,000
Low Rise	41	1.0	101	40%	\$452	28	\$278,000 - \$490,000
Townhome	33	1.9	51	20%	\$454	35	\$539,000 - \$802,000

MLS Resale by Unit Type

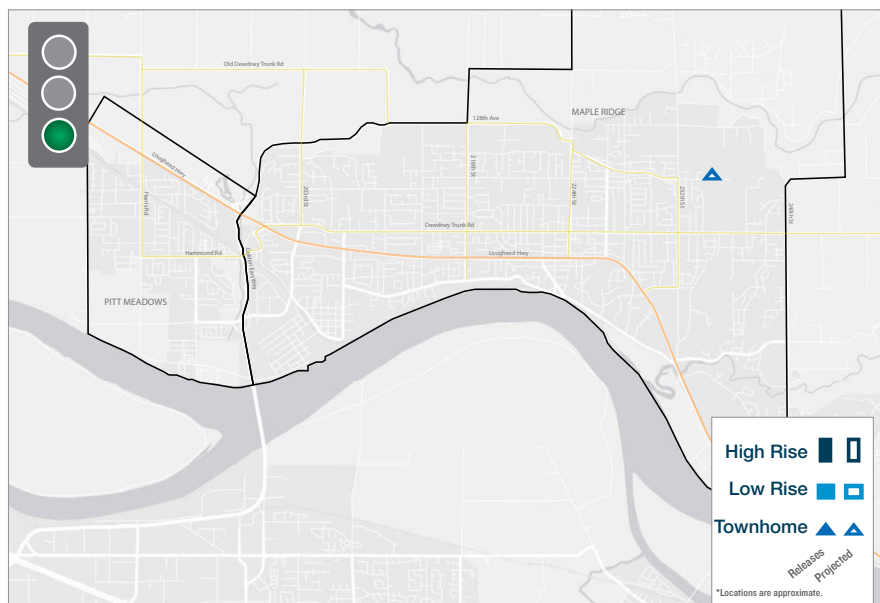
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$357,486	\$583	\$528,461	\$555
Low Rise	\$305,973	\$451	\$433,467	\$453
Product	2 Bedroom		3 Bedroom	
Townhome	\$567,811	\$465	\$670,587	\$447

MARKET PROFILE: RIDGE MEADOWS

Ridge Meadows receives a cautious 'Green Light' as Townhome sales continued to be robust despite dwindling supply, but sales in the Low Rise sector slowed despite the launch of two new projects. Young families seeking Townhome product had limited options to choose from in the Fourth Quarter, which contributed to the successful launch of Oaken Developments' Ruxton Village. 21 of the 23 released homes sold in the First Quarter. Demand for new Low Rise product in the market decreased substantially with only 15 homes being reported sold. Two new projects, Orion in Pitt Meadows and The 222 in Maple Ridge, were brought to market in the quarter, increasing the available inventory by 129 units; just 9 homes were reported sold at these new projects. It is worth mentioning that The 222 is nearing completion.

New Development Highlights (Q4)

- A total of 426 sales were reported in 2016, down by 11 percent from the 478 units sold in 2015.
- 250 of these 426 sales were achieved in the Townhome sector.
- The 16 released and unsold Townhome units at the end of Fourth Quarter represents a 60 percent decline when compared to the same period last year.
- Apart from the First Quarter of 2016 where zero unsold Townhome units remained at the end of the quarter, the Fourth Quarter represents the second lowest inventory count in the past six years.
- A project anticipated to be brought to market in the First Quarter of 2017 is Archstone's Townhome development *Rockridge*.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	-	-	-	-
Low Rise	▲ 5	▼ 15	▲ 204	\$350 - \$400
Townhome	▲ 4	▲ 30	▼ 16	\$250 - \$310

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

MLS Resale Highlights (Q4)

- Resales increased by 18 percent while active listings decreased by 11 percent when compared to the Fourth Quarter of 2015.
- The average per square foot value for Townhome product increased by \$73 relative to the same period last year.
- The Low Rise sector comprised 57 percent of the total sales in the Fourth Quarter of 2016.
- The average days on market for Low Rise product decreased significantly by 113 days 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	2	2%	n/a	n/a	n/a
Low Rise	25	1.1	47	57%	\$319	48	\$206,000- \$405,000
Townhome	33	2.6	33	40%	\$306	24	\$390,000 - \$565,000

MLS Resale by Unit Type

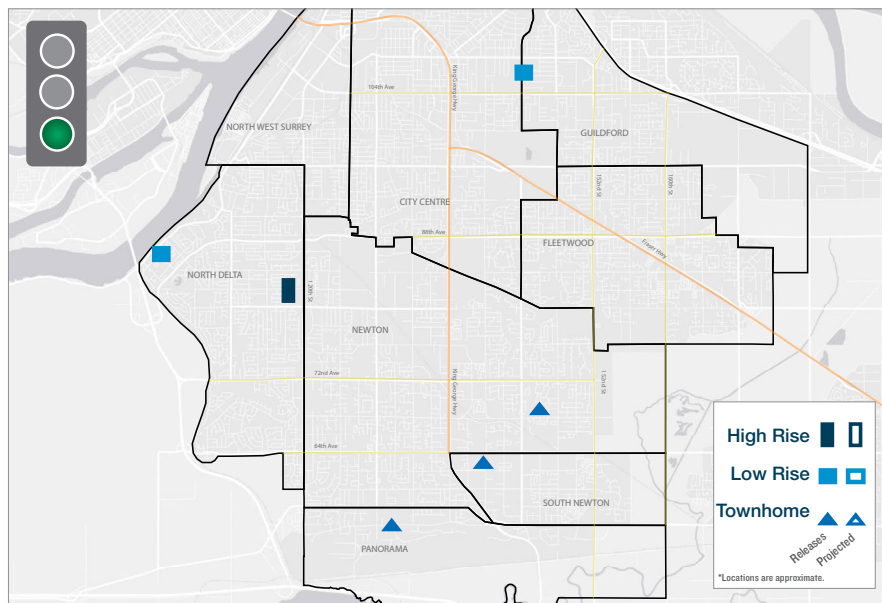
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	n/a	n/a	n/a	n/a
Low Rise	\$220,732	\$322	\$307,993	\$320
Product	2 Bedroom		3 Bedroom	
Townhome	\$402,600	\$348	\$522,212	\$300

MARKET PROFILE: SURREY CENTRAL/NORTH DELTA

Surrey Central/North Delta retains its 'Green Light' rating due to strong demand for all product types in 2016. The Low Rise sector achieved the strongest growth among all product types with a total of 563 sales reported in 2016, compared to 180 the previous year. A majority of the purchasers were comprised of first-time buyers in Surrey City Centre, as well as downsizers and Chinese investors in North Delta. Along with the increase in Low Rise sales during 2016, there was a 44 percent decrease in unsold inventory among that product type. Sales for High Rise condominiums dropped by 51 percent this year relative to the last. This substantial decrease in sales can be attributed to both dwindling supply and the lack of new product being brought to the market. Townhome sales were 8 percent lower in 2016 versus the end of 2015.

New Development Highlights (Q4)

- Overall inventory in this market for 2016 is down 61 percent compared to 2015.
- No new High Rise or Townhome projects were launched during the Fourth Quarter.
- Porte Development's *Thrive at HQ* project in Surrey City Centre sold 75 out of 99 homes at an average price per square foot of \$351.
- Delsom Estates sold 51 of 54 units at *Sunstone Village Residences*, the final phase of its master planned community. The project is averaging \$437 per square foot, the highest for Low Rise product in the market.
- Hayer Builders Group brought its Townhome project *Summit* back to market after the completion of the display homes.
- Blexo Developments sold 13 of the remaining 26 homes at the *Delta Rise*. Occupancy is expected for the end of March 2016.
- Weststone sold 10 of the remaining 60 homes at its *EvoVe* tower. Parkade construction is near completion.
- Flagship Projects sold six units at its Townhome project called *Panorama Mews*. The first phase of homes are currently being framed.
- Eight units were sold at Lakewood Development's Townhome project *Sync*.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	↔ 5	↓ 36	↓ 131	\$450 - \$520
Low Rise	↔ 4	↑ 127	↑ 69	\$320 - \$410
Townhome	↓ 7	↓ 17	↑ 110	\$280 - \$335

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

MLS Resale Highlights (Q4)

- Overall total resales increased by 34 percent in comparison to the same quarter last year.
- Months of supply have decreased drastically for condominium product when compared to the Third Quarter of 2016: High Rise decreased by 4.9 months, while Low Rise decreased by 7.3 months.
- Townhome sales comprised 48 percent of the total sales that occurred in the quarter.
- Average per square foot values increased across all product types: High Rise increased by \$56, while Low Rise and Townhome increased by \$70 and \$79 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	79	4.9	39	17%	\$406	80	\$186,500 - \$370,000
Low Rise	47	1.3	84	36%	\$341	66	\$182,000 - \$349,000
Townhome	126	2.7	112	48%	\$323	38	\$403,000 - \$565,000

MLS Resale by Unit Type

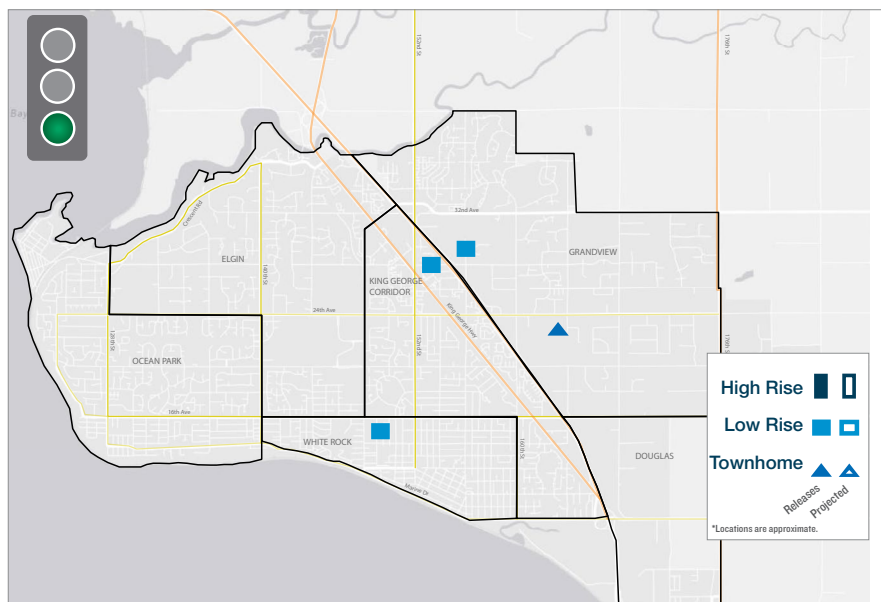
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$240,666	\$403	\$325,446	\$405
Low Rise	\$204,024	\$334	\$304,696	\$302
Product	2 Bedroom		3 Bedroom	
Townhome	\$397,063	\$318	\$480,457	\$323

MARKET PROFILE: SOUTH SURREY/WHITE ROCK

The South Surrey/White Rock market retains its 'Green Light', as sales have regained traction in the Townhome sector and have been steady for Low Rise condominiums. Although sales in the Low Rise condominium sector have decreased relative to last quarter, this is due to a decrease in available inventory as no new product has launched. In comparison, two new Townhome projects were launched this quarter which collectively accounted for just over 76 percent of the sales in that sector. This accounts for a 45 percent increase in sales to 142 units this quarter versus Third Quarter 2016, showing continued demand for Townhomes in this market. However, a few Townhome projects experienced zero sales due to higher price points.

New Development Highlights (Q4)

- Two new Townhome projects launched in the Fourth Quarter of 2016 – Mosaic's *Kitchner*, and Ikonik's *Hudson*.
- Apart from *Hycroft 2*, which is a fee simple row home, actively selling Townhome projects are priced at an average per square foot value ranging from \$380 to \$460 per foot.
- Three Townhome projects, all located in the King George Corridor, did not have any sales this quarter, despite released and unsold inventory.
- Sales at Adera's *South Ridge Club* – Grandview have been put on hold until a re-launch expected early Spring 2017.
- The four Low Rise condominium projects actively selling over the quarter are located in the neighbourhoods of White Rock and Grandview Heights.
- Of these, Lakewood Developments' *The Heights* and Ledingham McAllister *Saltaire* reportedly sold the final units during the quarter.
- Consequently, 45 sales occurred in the two other actively selling projects, with 43 occurring at Polygon's *Prescott Commons II* which averaged \$456 per square foot.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	0	-	-	-
Low Rise	▼ 4	▼ 45	▼ 69	\$385 - \$706
Townhome	↔ 11	▲ 142	▼ 111	\$323 - \$460

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

MLS Resale Highlights (Q4)

- Overall total resales were 15 percent higher when compared to the same quarter in 2015.
- Average per square foot values for Low Rise product increased substantially by \$73 compared to the same period last year.
- Days on market decreased significantly for both Low Rise and Townhome product; 61 and 17 days, respectively.
- Average per square foot values of one and two bedroom Low Rise units increased by exactly \$75.

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	9	2.7	8	6%	\$610	90	\$318,000 - \$620,000
Low Rise	47	247.0	50	40%	\$434	41	\$277,000 - \$495,000
Townhome	57	2.5	67	54%	\$359	38	\$468,000 - \$795,000

MLS Resale by Unit Type

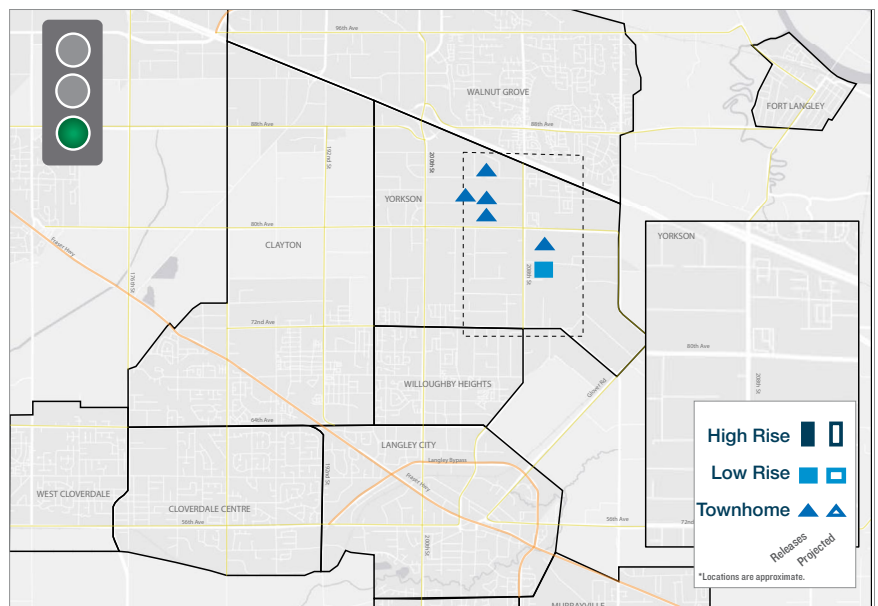
Product	AVG. PRICE	PSF	AVG. PRICE	PSF
	1 Bedroom		2 Bedroom	
High Rise	\$446,000	\$600	\$683,600	\$622
Low Rise	\$302,706	\$428	\$431,754	\$440
Product	2 Bedroom		3 Bedroom	
Townhome	\$463,750	\$368	\$567,639	\$361

MARKET PROFILE: CLOVERDALE/LANGLEY

Declining levels of inventory of all product types affords the Langley/Cloverdale market a 'Green Light' rating. Overall sales fell by six percent in 2016 relative to 2015. Lower absorptions are the result of low levels of new supply being added to available inventory. Unsold inventory declined by 65 percent from 2015 to 2016. There were only 92 Low Rise condo units and 163 Townhomes available for sale at the end of the Fourth Quarter. Compared to the previous quarter, sales for all product types increased by 54 percent.

New Development Highlights (Q4)

- Lanstone Homes brought its Townhome project *Zetter Place* to market and sold 49 units at an average of \$370 per square foot.
- RDG Management released its condominium project *The Wex* and sold 38 homes. The project is achieving \$411 per square foot, the highest for the Low Rise product in the market.
- Polygon launched the second phase of its *Ashbury & Oak* development and sold 25 homes. The project is averaging \$375 per square foot, the highest for Townhome product in the market.
- Archstone Properties recorded its strongest quarter with 7 new sales at *Archstone Yorkson*.
- Streetside Developments sold 14 homes at its *Everly Green Townhome* project. The first phase of homes are expected to be complete at the end of First Quarter of 2017.
- Royale Properties sold 11 homes at its Townhome project *Gabriola Park*.
- Essence Properties soft launched its Townhome project *Crest*. The developer plans to accelerate marketing efforts after the completion of display homes.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	-	-	-	-
Low Rise	▼ 4	▲ 92	▲ 151	\$390 - \$410
Townhome	▲ 13	▲ 143	▲ 161	\$270 - \$376

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

MLS Resale Highlights (Q4)

- Total resales in this market for the Fourth Quarter of 2016 increased by 44 percent in comparison to the Fourth Quarter of 2015.
- Townhome average per square foot values increased by \$78 over the year, while Low Rise values increased by \$69.
- Months of supply for both product types continued to decrease over the year.
- Average days on market for both Low Rise and Townhome product decreased substantially over the year; Low Rise decreased by 44 days while Townhomes decreased by eight 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	76	1.4	157	53%	\$355	27	\$218,000 - \$455,000
Townhome	60	1.2	140	47%	\$322	23	\$403,000 - \$582,000

MLS Resale by Unit Type

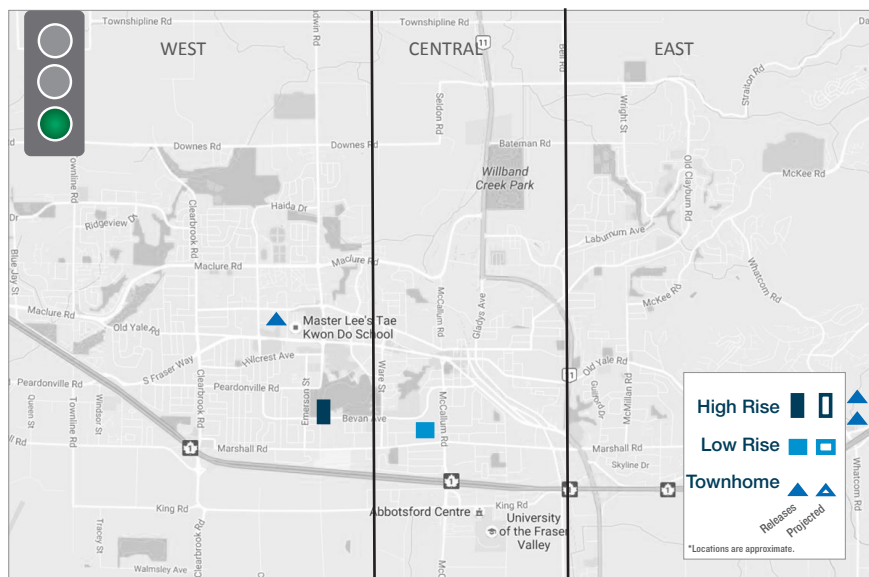
Product	1 Bedroom		2 Bedroom	
	AVG. PRICE	PSF	AVG. PRICE	PSF
High Rise	-	-	-	-
Low Rise	\$232,247	\$347	\$343,428	\$370
Product	2 Bedroom		3 Bedroom	
Townhome	\$415,914	\$351	\$488,865	\$315

MARKET PROFILE: ABBOTSFORD

The Abbotsford market retains its 'Green Light' rating due to continued absorption for both Townhome and Low Rise product. Sales for these two product types fell by 78 percent in the Fourth Quarter of 2016 compared to the previous quarter. No new Townhome projects were brought to market during the quarter and only one new Low Rise building was released. There were seven overall sales during the quarter from the two actively selling Low Rise projects. At the end of the Fourth Quarter of 2016 there were only 58 Low Rise apartment units available for sale in Abbotsford. The three actively selling Townhome projects in the market there are 44 units available for sale. This product type experienced seven total sales in the Fourth Quarter of 2016. Affordable Townhome & Low Rise product continues to attract both first-time buyer and downsizer prospects from Abbotsford, and from various parts of the Fraser Valley. With only one High Rise project marketing at the moment, this product type would be afforded a red light due to slow absorptions.

New Development Highlights (Q4)

- Quadra Homes sold the final two units at its second building of *La Galleria*.
- Boulevard Group launched the second building of *The Residences* Low Rise project. The project recorded 5 new sales throughout the quarter.
- North Hills development still has one remaining unit at its *Vantage @ Whatcom* project.
- Diverse Properties sold two of the remaining 10 units at its Townhome project *Parallel North*. The first phase of homes are expected to be complete in Spring 2017.
- Onni's Group of Companies sold 1 unit out of the first phase of 32 released Townhomes at *Allwood Place*. 5 homes have been reported sold in total.
- Quantum Properties sold two units and has 44 homes remaining at its concrete High Rise *Mahogany*.



New Development Sales Statistics

Product	Active Projects	Sales	Unsold Inventory	Active Sales Range (PSF)
High Rise	1	4	36	\$480
Low Rise	2	7	8	\$335 - \$355
Townhome	6	4	44	\$325 - \$345

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

MLS Resale Highlights (Q4)

- Total resales in this market for the Fourth Quarter of 2016 increased by 52 percent in comparison to the Fourth Quarter of 2015.
- Average Low Rise per square foot values increased by \$69 over the year, while Townhome averages increased by \$74
- Low Rise sales comprised 75 percent of the sales that occurred 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	-	-	-	-	-	-	-
Low Rise	31	1.8	51	67%	\$277	54	\$143,000 - \$289,000
Townhome	15	1.5	25	33%	\$277	35	\$345,000 - \$488,000

MLS Resale by Unit Type

	AVG. PRICE	PSF	AVG. PRICE	PSF
Product	1 Bedroom		2 Bedroom	
High Rise	-	-	-	-
Low Rise	\$178,241	\$288	\$257,996	\$271
Product	2 Bedroom		3 Bedroom	
Townhome	\$377,000	\$301	\$395,521	\$278

The new multifamily market lifted off from the summer doldrums brought on in part by the introduction of the 'Foreign Buyer Tax' and tighter mortgage rules. Fourth Quarter performance resumed the trend of new multifamily quarterly sales surpassing the 4,000+ mark. What is more, the 20,552 new multifamily sales posted in 2016 and projected population growth make the case that accelerating supply is imperative. Thus, multifamily development remains a 'Green Light' rated opportunity in each and every market area within the Metro Vancouver market.

Looking Back

Back in August, we commented that the first half of 2016 represented possibly the greatest half year total ever - 12,968 new multifamily homes sold. Accordingly, we projected an annual sales figure for 2016 of 18,000+ units sold and a probable breach of the 20,000 units sold mark. In November we refined our forecast for Fourth Quarter to 3,250 to 3,750 sales. We are happy to report we were wrong with actual sales surpassing our projection. Once again we are guilty of moderately under estimating the strength of demand in the Metro Vancouver market. 20,552 sales! Who saw that coming?

We did state at that time that we expected 2017 to be another strong year as supply levels remain stressed, and as both foreign and local buyers grew accustomed to the new realities that have transpired. Early indicators support this view and we expect planned launches to be well received, thus, leading to First Quarter 2017 sales of an anticipated 4,000+ units.

We also stated that we did not expect a meaningful erosion of the overall price gains in the multifamily market year to date. This was in fact the case.

Finally, we anticipated continued positive sales activity outside the Metro Vancouver area. The projected population growth, an aging population, and affordability and cost of living challenges for Millennials is certainly creating a modest yet accelerating exodus to Victoria and Kelowna. We will be monitoring this trend in the months ahead.

Looking Ahead

Our positive outlook is tempered moderately by supply issues and the forthcoming provincial election. Thus, we conservatively project an annual sales total for 2017 may not surpass the high-water mark posted in 2016, but greater than the figure posted in 2015. However, sales could surpass this year's record level depending on the outcome of the provincial election, if the geopolitical scene is relatively stable, if interest rates and lending policies are not altered significantly and if developmental approvals occur on a timely basis.

Affordability challenges will continue to drive many home shoppers to suburban markets, including Surrey and Langley. Consumer urgency will continue to be fueled by the BC Government's H.O.M.E (Home Owner Mortgage and Equity) buyer assistance program and positive activity in the multifamily market. Of course, negative reports with respect to existing home sales could unfavorably impact consumer psychology. That being said, we see rekindled consumer urgency. This quick start, combined with the ongoing challenge of limited supply, may result in another season of price appreciation in the first half of 2017. Although there may be price appreciation, it will not likely be of the magnitude experienced in the Second Quarter of 2016.

What Are We Thinking About As We Look into 2017?

As the First Quarter advances and we closely monitor the markets and the success of new launches, there are a number of questions that are on our minds at Fifth Avenue. These include:

What outcome will the BC election campaign have, if any, on the real estate market in general and more specifically on demand for new multifamily product?

Here we go again. The ads have started and the rhetoric will soon be in full swing. Can Christy Clark and the BC Liberals convince the voting public they are the best option to steward our economy? What promises can we expect from the NDP and how effectively will they communicate their social and economic agenda? Will this be another election where the pollsters are misled?

Will the single family sales show resurgence or remain relatively flat in terms of pricing and absorptions?

Re-sale activity is highly publicized. Will a continued cooling have any effect on consumer attitudes and decision making with respect to new multifamily offerings? Will the multifamily market continue to outperform the market for existing home sales? Will its percentage of overall sales/market share increase?

Will the Chinese government's monetary policy have any impact on the real estate market here in the next term?

If so, will the effect on pre-sale offerings be noticeably less than the impact on sales of existing single family home sales?

If you have a view you would like to share and/or questions you would like to discuss please contact W. Scott Brown at 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 multifamily 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, 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 multifamily 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.



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