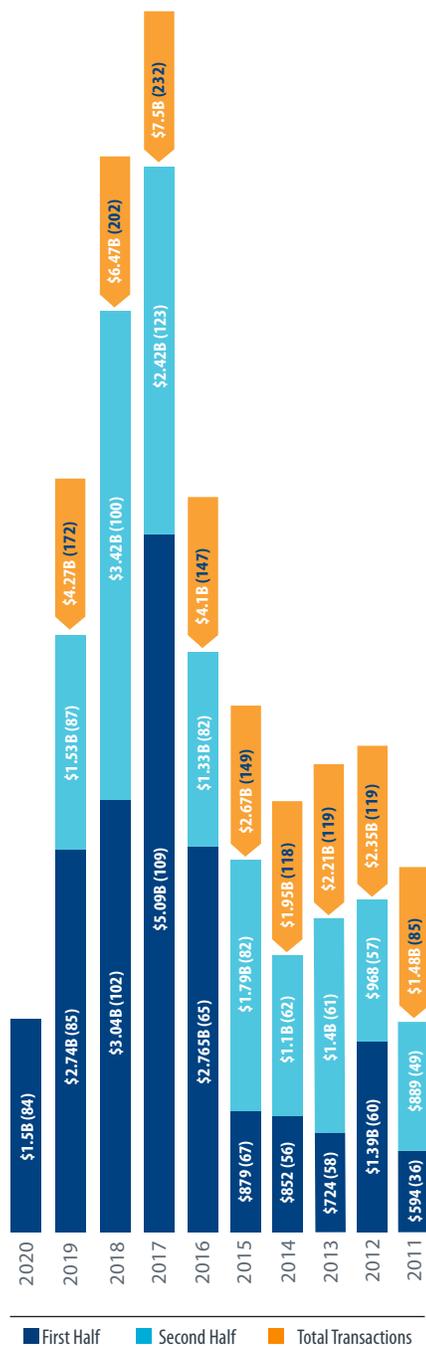


FIRST HALF 2020: BC INVESTMENT SALES BY DOLLAR VOLUME & NUMBER OF SALES

OFFICE, INDUSTRIAL & RETAIL DEALS >\$5M



Pandemic pushes partial pause on BC investment market as private investors dominate deal activity

Investment in British Columbia's commercial real estate market in the first half of 2020 slumped to its lowest level since 2015, a jolting end to a four-year run triggered by a global pandemic that temporarily halted institutional investment activity worldwide and wreaked havoc on national economies around the globe. Despite the substantial economic and societal turmoil wrought by COVID-19 since it was declared a public health emergency in BC in March 2020, there were 84 deals valued at \$1.5B completed in the first half of 2020. While this marked a substantial departure from the dollar volume recorded in the first halves of the previous four years (first-half investment in office, retail and industrial assets surpassed \$2.7B in each category between 2016 and 2019), deal velocity in first-half 2020 remained comparable to previous years and actually marked the fourth highest number of completed deals on record. Only the first halves of 2019 (85), 2018 (102) and 2017 (109) recorded a greater number of transactions than 2020 (84). The \$1.5B figure does not include multi-family sales, commercial land or multi-family residential land sales, which Avison Young tracks separately. (Avison Young tracked retail, office and industrial deals valued at more than \$5M for this report.)

In terms of dollar volume, industrial investment (\$644M) edged out office acquisitions (\$629M), multi-family deals (\$620M) and retail transactions (\$223M) in the first half of 2020, which marked the first time that industrial sales led all asset classes in terms of total dollar volume in a half since Avison Young started tracking the market in 1998. Industrial sales also led in terms of the number of deals completed (44), which represented an astonishing 52% of total deal volume in the first half of 2020. Notable industrial sales in the first half of 2020 included the \$146M sale of the Lake City lands, which consists of a cluster of industrial buildings on Lougheed Highway and

Lake City Way in Burnaby, as well as the \$51M sale of 6064 Spur Avenue & 8335 Meadow Avenue in Burnaby and the \$49.2M disposition of **Viking Way Business Centre** in Richmond.

Much like industrial properties, the sales of multi-family assets remained steady throughout the province in the first half of 2020 (30 sales/\$620M) with significant assets trading hands in Vancouver, New Westminster, Langford and Victoria. Industrial assets and multi-family properties remained at the top of investor wish lists throughout the first half of 2020 and were widely perceived as being the most resilient in the face of COVID-19 containment measures.

Total office investment dollar volume of \$629M in the first half of 2020 was largely supported by three transactions: the \$225M sale of **The Landing** in Vancouver's Gastown neighbourhood; the acquisition of **Crestwood Corporate Centre**, a suburban office park in Richmond, for \$218M; and the \$75M sale of 9500 Glenlyon Parkway, a suburban office building in Burnaby. Only 15 office transactions were completed in the first half of 2020, five of which were strata office sales, including four in **The Beltline Off Broadway** in Vancouver's Mount Pleasant employment area.

Retail asset sales, which had often led BC's commercial real estate investment activity in terms of deal and dollar volume in recent years, fell to their lowest level since the first half of 2011. The 25 retail sales completed in the first half of 2020 largely consisted of small suburban strip malls, strata retail units in new developments and select retail storefronts in popular shopping districts in Vancouver and North Vancouver. The largest retail sale, the \$21.15M acquisition of two retail buildings at a busy intersection in Coquitlam, was largely based on the likely mixed-use redevelopment potential of the property.

[continued on back page](#)

Land sales & acquisitions by asset type

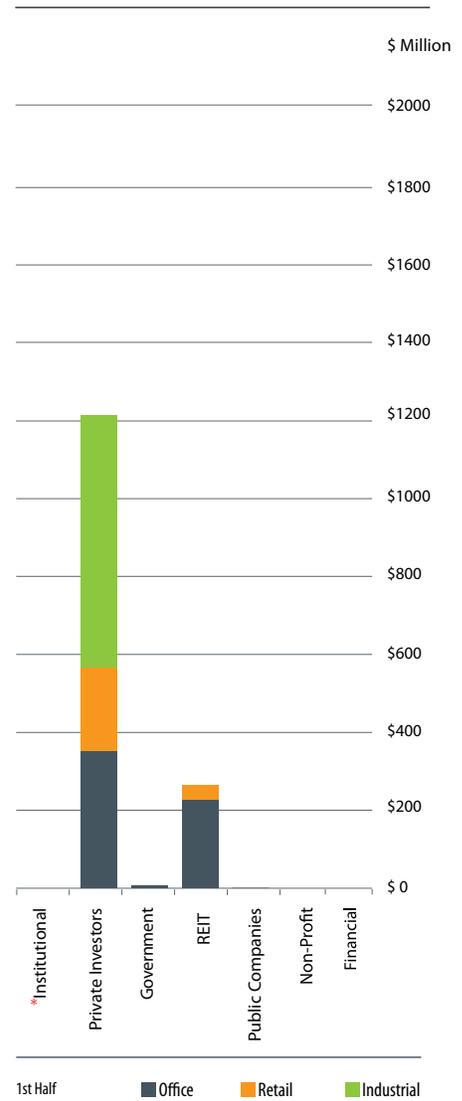
COMMERCIAL LAND SALES (Greater than \$5 million and excluding parks, infrastructure & agricultural/agricultural business lands) January 1 to June 30, 2020					
PROPERTY	LOCATION	PRICE	TYPE	SITE SIZE (ACRES)	DATE
926 Pandora Avenue	Victoria	\$8,885,000	Commercial	0.10	Apr 2020
17372 96th Avenue	Surrey	\$7,229,500	Commercial	3.81	Mar 2020
610 Herald Street	Victoria	\$6,200,000	Commercial	0.50	Mar 2020
220 Prior Street	Vancouver	\$25,000,000	Commercial Industrial*	0.47	Feb 2020
150 & 170 West 4th Avenue; 2004 Columbia Street	Vancouver	\$32,000,000	Commercial Industrial*	0.83	Feb 2020
1465, 1475 & 1481 West Broadway	Vancouver	\$18,424,686	Commercial	0.20	Jan 2020

*modified industrial zoning also permits higher density and additional office/showroom/flex use

INDUSTRIAL LAND SALES (Greater than \$5 million and excluding parks, infrastructure & agricultural/agricultural business lands) January 1 to June 30, 2020					
PROPERTY	LOCATION	PRICE	TYPE	SITE SIZE (ACRES)	DATE
26035 28th Avenue & 2880 260th Street	Langley	\$10,000,000	Industrial	4.87	Jun 2020
21476 83rd Avenue	Langley	\$9,250,000	Industrial	2.50	Jun 2020
12120 No. 5 Road	Richmond	\$6,060,000	Industrial	1.65	May 2020
31779-31789 King Road	Abbotsford	\$8,500,000	Industrial	4.46	Apr 2020
2974 192nd Street	Surrey	\$11,800,000	Industrial	5.00	Apr 2020
7672 Progress Way	Delta	\$16,300,000	Industrial	8.01	Mar 2020
5353 192nd Street & 19060 54th Avenue	Surrey	\$23,000,000	Industrial	10.97	Mar 2020
820 Seaborne Avenue	Port Coquitlam	\$10,400,000	Industrial	3.28	Mar 2020
7590 80th Street	Delta	\$10,000,000	Industrial	5.65	Mar 2020
10905 Scott Road	Surrey	\$12,800,000	Industrial	4.45	Mar 2020
Lot 70, 62nd Avenue	Langley	\$16,500,000	Industrial	5.13	Feb 2020
8555 Cambie Street	Vancouver	\$15,000,000	Industrial	0.42	Feb 2020
9930 197th Street	Langley	\$40,184,000	Industrial	14.54	Jan 2020
3441 196th Street	Surrey	\$11,100,000	Industrial	5.00	Jan 2020

TOP FIVE RESIDENTIAL LAND SALES (METRO VANCOUVER) (By Price) January 1 to June 30, 2020					
PROPERTY	LOCATION	PRICE	SITE SIZE (ACRES)	SITE SIZE (SF)	DATE
6851 & 6871 Elmbidge Way	Richmond	\$60,000,000	3.44	149,672	Jan-20
18478 & 18504 80th Avenue	Surrey	\$24,000,000	19.13	833,302	Jan-20
1331 Olmsted Street	Coquitlam	\$21,333,440	5.33	232,000	May-20
721, 725 & 735 Burley Drive	West Vancouver	\$21,121,650	0.95	41,382	Feb-20
441 & 457 West 42nd Avenue	Vancouver	\$20,200,000	0.29	12,545	Feb-20

FIRST HALF OF 2020: BUYER PURCHASES BY ASSET TYPE



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

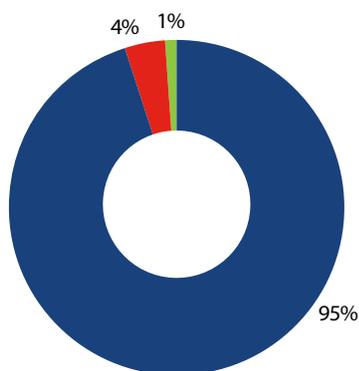
Note: Foreign buyers have also been active investors. Rather than identifying them separately as foreign, Avison Young is categorizing them as institutional or private as the case may be.

Buyer Profile

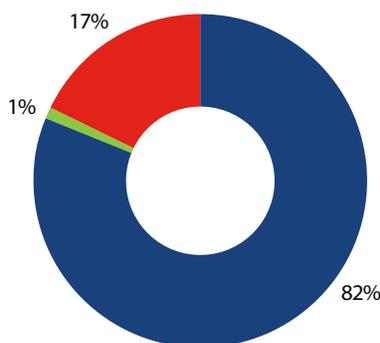
Private purchasers represented the overwhelmingly dominant buyer group in the first half of 2020 in terms of the total number of acquisitions completed (95%), which set a new record. Private purchasers' share of first-half dollar volume (82%) also set another record. The complete absence of institutional investment in the first half of 2020 allowed private investors to compete largely among themselves for assets. While REITs were involved in just 4% of transactions, they invested 18% of the dollar volume. **Allied REIT's** \$225M acquisition of **The Landing** in Vancouver was the largest office deal in the first half of 2020, while acquisitions by **Choice Properties REIT** (\$21.15M) and **Automotive Properties REIT** (\$17.5M) represented the two largest retail sales in the first half of 2020.

While COVID-19 and the impact of pandemic containment measures certainly played a role in the absence of institutional investment in the first half of 2020, a lack of supply of institutional-grade assets in Metro Vancouver, ongoing cap rate compression and the inability of investors to acquire assets of scale, particularly in BC's robust industrial market, also contributed to institutions remaining on the sidelines. Many institutions with portfolios heavily weighted towards retail assets, particularly large enclosed regional malls, were forced to pause or cancel investment decisions in the first half of 2020 as the extent of the economic impact of COVID-19 on portfolio performance was determined.

FIRST HALF 2020: NUMBER OF TRANSACTIONS BY TYPE OF BUYER



FIRST HALF 2020: VALUE OF SALES BY TYPE OF BUYER



Private purchasers were involved in 100% of the industrial deals completed in the first half of 2020 as well as 92% of retail sales and 87% of office sales. With a few notable exceptions, the majority of the deals completed by private purchasers were for less than \$15M.

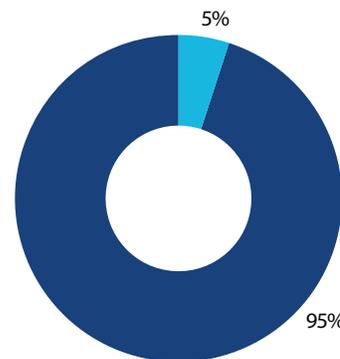
While the ability and desire of many private purchasers to acquire commercial properties in the first half of 2020 was backed by abundant sources of financing positioned to take advantage of buy opportunities that arose due to COVID-19, the emergence of distressed properties or pricing discounts largely failed to materialize by mid-year 2020.

Vendor Profile

Private vendors accounted for 95% of total proceeds in the first half of 2020 – the highest dollar volume on record for private sellers. Despite representing just 5% of the sales, institutional sellers captured 26% of total dollar volume as the majority of deals valued at more than \$25M in the first half of 2020 were sold by institutional owners. **Crestwood Corporate Centre** (\$218M) in Richmond and 9500 Glenlyon Parkway (\$75M) in Burnaby were both sold by **GWL Realty Advisors**, while **Morguard** disposed of **Viking Way Business Centre** (\$49.2M) in Richmond and **KingSett Capital** sold off 6064 Spur Avenue & 8335 Meadow Avenue (\$51M) in Burnaby.

Private sellers were involved in just two of the largest deals in the first half, including the dispositions of **The Landing** (\$225M),

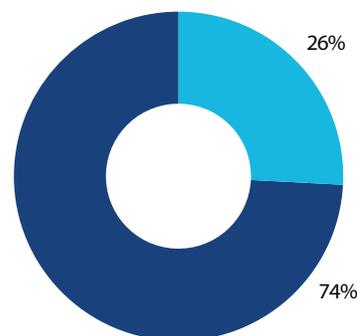
FIRST HALF 2020: NUMBER OF TRANSACTIONS BY TYPE OF VENDOR



a heritage office building in Vancouver's Gastown neighbourhood; and the Lake City lands at 7725 Lougheed Highway as well as 3131, 3151 and 3171 Lake City Way, which was home to a number of business operations. Only two other private sales – **Grandview Pointe**, an office building in Surrey, and 18646, 18648 & 18688 96th Avenue, a warehouse and trucking facility in Surrey – sold for more than \$20M in the first half of 2020.

The sale of strata units generated almost 11% of the total sales of \$1.5B recorded in the first half of 2020 with all the proceeds banked by private vendors. Industrial strata sales contributed the most dollar volume (\$92M), followed by retail (\$36M) and office sales (\$34.8M). Slightly more than a quarter of all sales in the first half of 2020 were strata sales with industrial (12) once again leading the way, followed by retail (5) and office (5).

FIRST HALF 2020: VALUE OF SALES BY TYPE OF VENDOR



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

Office

Office investment sales activity in the first half of 2020 totalled 15 transactions valued at \$629M, representing 42% of the overall dollar volume of \$1.5B while capturing just 18% of the total sales. While first-half 2020 dollar volume of \$629M surpassed the \$347M in office sales recorded in the back half of 2019, office sales in the first halves of 2018 and 2019 as well as the second half of 2018 had each surpassed \$1B in dollar volume. Two office sales, **The Landing** in Vancouver and **Crestwood Corporate Centre** in Richmond, made up 70% of the dollar volume in the first half of 2020. The only other notable sale was the \$75M disposition of 9500 Glenlyon Parkway in Burnaby. These three sales made up 82% of total dollar volume while representing just 20% of the number of office transactions that closed in the first half of 2020. Negotiations involving these assets had likely commenced and were well underway prior to COVID-19 being declared a public health emergency in BC on March 17, 2020.

The four strata office sales at **The Beltline Off Broadway**, which is located in Vancouver's popular Mount Pleasant office node, totalled slightly more than \$27M and, along with the \$20.75M sale of **Grandview Pointe** in Surrey, marked the only other office transactions valued at more than \$20M in the first half of 2020. The strata sales would have closed when project construction completed and occupancy permits were issued.

No Downtown office buildings were sold in the first half of 2020; however, two office building sales – 375 Water Street and 52 Powell Street – were completed in Gastown, a historical neighbourhood on the downtown peninsula adjacent to the central business district. Outside of The Beltline Off Broadway, there were just two other sales registered in Vancouver in the first half of 2020: 1193 Kingsway and 535 West 10th Avenue.

Office investment activity generated \$629 million in sales in first-half 2020

Deal velocity in Metro Vancouver's suburban office markets of Richmond (\$235M), Burnaby (\$75M), Surrey (\$20.75M) and North Vancouver (\$14.5M) was also highly constrained. Only a single office transaction greater than \$5M was recorded outside of Metro Vancouver in the first half of 2020.

While investor appetite for quality office assets persists and supply continues to be highly constrained, most private and institutional purchasers had paused any significant office acquisition plans by April 2020 as they grappled with where the future of office space was heading in a post-COVID-19 world. The strong demand for BC office assets, particularly since 2017, temporarily retreated in the latter part of the first half of 2020 and will likely remain muted for the rest of 2020. This investor sentiment or strategy is not specific to Metro Vancouver's office market or British Columbia and is occurring in metro office markets around the world.

However, Metro Vancouver's strong office market fundamentals, including near record-low vacancy downtown and in the suburbs, rental-rate appreciation and limited new supply being delivered regionally in the next three years, will continue to



The Landing in Gastown sold for \$225 million

attract and hold investors' attention in 2021 and beyond as economic activity normalizes.

An additional \$99.3M (in sales from office assets valued at less than \$5M) was raised in 87 transactions in the Lower Mainland in the first half of 2020, pushing dollar volume to more than \$728M in total investment.

BC OFFICE TRANSACTIONS (1ST HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
9500 Glenlyon Parkway	Burnaby	\$75,000,000	Institutional	Private	May 2020
Crestwood Corporate Centre 13511-13775 Commerce Parkway, 13700-13711 International Place and 13811 Wireless Way	Richmond	\$218,000,000	Institutional	Private	May 2020
The Landing 375 Water Street	Vancouver	\$225,000,000	Private	REIT	Apr 2020
The Beltline Off Broadway (strata) #300-224 West 8th Avenue	Vancouver	\$7,561,000	Private	Private	Apr 2020
The Beltline Off Broadway (strata) 248 West 8th Avenue	Vancouver	\$5,342,208	Private	Private	Apr 2020
The Beltline Off Broadway (strata) #400-224 West 8th Avenue	Vancouver	\$6,500,000	Private	Private	Apr 2020
The Beltline Off Broadway (strata) #200-224 West 8th Avenue	Vancouver	\$7,650,000	Private	Private	Apr 2020
River Park Place II (strata) Lots 3 & 4, 6928 Pearson Way	Richmond	\$7,749,150	Private	Private	Apr 2020
1405 St. Paul Street	Kelowna	\$7,600,000	Private	Private	Apr 2020
Kingsway Corporate Centre , 1193 Kingsway	Vancouver	\$7,280,000	Private	Government	Mar 2020
120 Lonsdale Avenue	North Vancouver	\$14,488,778	Private	Private	Feb 2020
12148 Horseshoe Way	Richmond	\$9,169,000	Private	Private	Jan 2020
535 West 10th Avenue	Vancouver	\$9,000,000	Private	Private	Jan 2020
52 Powell Street	Vancouver	\$8,100,000	Private	Private	Jan 2020
Grandview Pointe 2121 & 2181 160th Street	Surrey	\$20,750,000	Private	Private	Jan 2020
Total Deals/Investment	15	\$629,190,136			

Retail

Sales of BC retail assets sank to their lowest level since the first half of 2011 (\$138M/11 deals) with 25 sales valued at \$223M in the first half of 2020. The record low for total retail sales in a half was established in the first half of 2009 with just four sales valued at \$41M. Retail assets had historically captured a substantial share of capital expenditures annually since at least record-setting 2017 (\$3.6B/96 deals) followed by 2018 (\$2.9B/79 deals). Retail sales had started slowing in 2019 with first half (\$425M/25 deals) and second half (\$531M/30 deals) transactional activity down substantially from the previous two years and trending towards more historical volumes.

The two largest retail deals that closed in BC in the first half of 2020 – the strategic \$21.15M acquisition of two retail buildings at the corner of North Road and Austin Avenue for a likely redevelopment play and the \$17.5M sale of an auto dealership on the North Shore – both involved REITs as purchasers. REITs have largely been absent as buyers of retail assets in recent years. The sale of strata retail units continues to play a larger role in BC retail sales with two transactions at **River Park Place II** in Richmond totalling almost \$15.1M as well as the acquisition of multiple retail strata units at **Elenore on Fifth** in Vancouver for \$9.1M and at **The Crossing** in Abbotsford for \$5.5M. Strata sales are anticipated to accelerate as retail strata becomes more common.

A number of older retail strip malls in Surrey such as the **Peace Arch Business Centre** (\$7M), **Flying Plaza 2000** (\$7.45M) and **The Plaza on Scott Road** (\$8.45M) all transacted in the first half of 2020 along with **Little Mountain Plaza** (\$6.6M) in Vancouver. A retail service centre, **Huntingdon Station** (\$12.4M) in Abbotsford, also sold. Traditional storefront retail properties in busy shopping areas such as West Broadway, West 4th Avenue and Davie Street also transacted. There were no sales of enclosed malls in the first half of 2020.

Slightly more than half of BC retail sales in the first half of 2020 transacted in Metro Vancouver, including Vancouver (5), Surrey (3), North Vancouver (3), Richmond (2) and Coquitlam (1). Retail sales in the Fraser Valley, which included Abbotsford (3) and Hope (1), along with the BC Interior, including Vernon

(2), West Kelowna (1) and Kamloops (1), outpaced those on Vancouver Island with sales only posted in Victoria (1) and Courtenay (1). A single strata retail sale in Squamish rounded out transactional activity in the province.

Much of the value derived from the sale of retail assets in the past five years (but particularly since 2017) had been driven by the underlying land value and its redevelopment potential. Numerous properties in Metro Vancouver and BC that had such potential have transacted in recent years, resulting in far fewer retail assets with those attributes available in first-half 2020. This contributed to the decline in overall retail deal and dollar volume occurring since 2019. The closure of enclosed malls due to COVID-19 (and subsequent reductions in foot traffic upon reopening), combined with the ongoing retail transformation driven by e-commerce

First-half retail dollar volume of \$223M lowest since 2011

already underway, led many investors to reconsider and put a pause on executing on large-scale traditional retail deals, particularly for assets that do not include a redevelopment component and/or lack the stabilized income necessary to carry the asset through multi-year rezoning and development permitting processes.

More than \$218.6M (in sales from retail assets valued at less than \$5M) was raised in 141 transactions in the Lower Mainland in the first half of 2020, pushing total dollar volume to almost \$442M.

BC RETAIL TRANSACTIONS (1ST HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
37881 Cleveland Avenue (strata)	Squamish	\$6,500,000	Private	Private	Jun 2020
1785 & 1795 Clearbrook Road	Abbotsford	\$7,500,000	Private	Private	Jun 2020
559, 559A, 575 & 583 Old Hope Princeton Highway	Hope	\$6,557,372	Private	Private	Jun 2020
2041 West 4th Avenue	Vancouver	\$8,800,000	Private	Private	May 2020
Elenore on Fifth (strata) #1-2102 Main Street & #2, #3, #4 & #5-2140 Main Street	Vancouver	\$9,119,855	Private	Private	May 2020
1230 Davie Street	Vancouver	\$13,335,000	Private	Private	Apr 2020
River Park Place II (strata) #120 & #135-5508 Hollybridge Way	Richmond	\$5,076,200	Private	Private	Apr 2020
River Park Place II (strata) #115 & #310-5508 Hollybridge Way	Richmond	\$10,000,000	Private	Private	Apr 2020
1946 & 1950 West Broadway	Vancouver	\$8,500,000	Private	Private	Apr 2020
The Crossing (strata) #1-#14-1975 McCallum Road	Abbotsford	\$5,500,000	Private	Private	Apr 2020
Flying Plaza 2000 9320 120th Street	Surrey	\$7,450,000	Private	Private	Mar 2020
Huntingdon Station 2047 & 2061 Sumas Way	Abbotsford	\$12,379,000	Private	Private	Mar 2020
The Plaza on Scott Road 8910-8966 120th Street	Surrey	\$8,450,000	Private	Private	Mar 2020
880 West 15th Street	North Vancouver	\$5,700,000	Private	Private	Feb 2020
2555 Trans Canada Highway East	Kamloops	\$8,800,000	Private	Private	Feb 2020
828 Automall Drive	North Vancouver	\$17,500,000	Private	REIT	Feb 2020
465 North Road & 500 Austin Avenue	Coquitlam	\$21,150,000	Private	REIT	Feb 2020
535 Silverdale Crescent	Courtenay	\$7,500,000	Private	Private	Feb 2020
Little Mountain Plaza 4800 Main Street	Vancouver	\$6,600,000	Private	Private	Jan 2020
546 Yates Street	Victoria	\$5,300,000	Private	Private	Jan 2020
1452, 1456 & 1460 Lonsdale Avenue; 109, 113, 115 & 117 East 15th Street	North Vancouver	\$11,700,000	Private	Private	Jan 2020
Peace Arch Business Centre 2320 King George Boulevard	Surrey	\$7,000,000	Private	Private	Jan 2020
4800 Anderson Way	Vernon	\$5,325,000	Private	Private	Jan 2020
5301 25 Avenue	Vernon	\$9,550,000	Private	Private	Jan 2020
2565 Main Street	West Kelowna	\$5,400,000	Private	Private	Jan 2020
Total Deals/Investment	25	\$223,210,055			

Industrial

Demand for BC industrial assets remained largely undiminished by COVID-19 in the first half of 2020 with 44 deals valued at \$644M, surpassing the industrial deal and dollar volumes recorded in the first half of 2019 (\$392M/39 sales) while maintaining the strong performance posted in the back half of 2019 (\$651M/35 deals). While deal velocity may have slowed temporarily during the second quarter of 2020, investors and owner-occupiers remained focused on acquiring properties in what many consider as the most appealing and sought after commercial real estate asset class in 2020.

Industrial assets, particularly those related to logistics/distribution and last-mile warehousing, were already in high demand due to shoppers' ongoing embrace of e-commerce, but the arrival of COVID-19 triggered an even more rapid shift in consumer shopping patterns in a matter of months (if not weeks), further driving demand for industrial assets. Demand for various goods also increased substantially, which also boosted the fortunes of many manufacturers. Some retailers found they required industrial space to support emerging online sales operations. All of these factors occurred in a regional industrial market that has posted near record-low vacancy for more than four years despite millions of square feet of new development being delivered annually amid rapidly rising rental rates and asset pricing. COVID-19 does not appear to have impacted industrial vacancy, rental rates or asset pricing in Metro Vancouver.

The largest industrial sale recorded in the first half of 2020 was the \$146M acquisition of a large parcel of land in Burnaby that included multiple industrial buildings by a well-known local private investor with a plan to build a new film studio. The next two largest deals involved institutional sellers, including the \$51M sale of 6064 Spur Avenue & 8335 Meadow (which had been acquired for \$33.85M in July 2017) in Burnaby as well as the \$49.2M sale of **Viking Way Business Centre** in Richmond. Strata sales at **Series Business Centre** (\$30.4M) in Richmond (along with other projects) continues to highlight the

increasing role that strata industrial plays in Metro Vancouver's industrial market. While strata has formed an increasingly large part of the market for a number of years in Metro Vancouver, the number of transactions greater than \$5M continues to grow.

Almost \$247M (in sales from industrial assets valued at less than \$5M) was raised in 179 transactions in the Lower Mainland in the first half of 2020, pushing total dollar volume to more than \$891M.

BC INDUSTRIAL TRANSACTIONS (1ST HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
12155 Riverside Way	Richmond	\$10,000,000	Private	Private	Jun 2020
8978 Fraserton Court	Burnaby	\$6,100,000	Private	Private	Jun 2020
6990 Greenwood Street	Burnaby	\$10,600,000	Private	Private	Jun 2020
3455 Gardner Court	Burnaby	\$16,000,000	Private	Private	May 2020
28730 94th Avenue	Maple Ridge	\$6,287,500	Private	Private	May 2020
Riverwood Business Park (phase II) (strata) #2120 & #2130-585 Seaborne Avenue	Port Coquitlam	\$5,654,961	Private	Private	May 2020
2381 Hawkins Street (strata)	Port Coquitlam	\$10,992,290	Private	Private	May 2020
283, 331 & 339 Sumas Way & 34585 5th Avenue	Abbotsford	\$8,000,000	Private	Private	May 2020
1001 Coutts Way	Abbotsford	\$11,500,000	Private	Private	May 2020
#1-#9-997 Coutts Way (strata)	Abbotsford	\$5,700,000	Private	Private	May 2020
6333 & 4620 Pacific Street	Prince George	\$18,400,000	Private	Private	May 2020
8241 129th Street	Surrey	\$5,500,000	Private	Private	May 2020
7060 Waltham Avenue	Burnaby	\$10,650,000	Private	Private	Apr 2020
8247 130th Street	Surrey	\$11,000,000	Private	Private	Apr 2020
Series Business Centre (strata) #135-6333 Graybar Road	Richmond	\$5,353,530	Private	Private	Apr 2020
920 Leathhead Road	Kelowna	\$7,677,000	Private	Private	Apr 2020
13911 Bridgeport Road	Richmond	\$8,250,000	Private	Private	Apr 2020
Cedar Coast South Surrey (strata) #107 & #108-3577 194th Street	Surrey	\$8,610,300	Private	Private	Apr 2020
3195 Production Way	Burnaby	\$15,260,000	Private	Private	Apr 2020
6877 & 6913 Palm Avenue	Burnaby	\$8,510,000	Private	Private	Apr 2020
Series Business Centre (strata) #165-6333 Graybar Road	Richmond	\$6,052,875	Private	Private	Mar 2020
Gloucester North (strata) #180-#190-27230 60th Avenue	Langley	\$5,951,320	Private	Private	Mar 2020
Gloucester North (strata) #140-#150-27230 60th Avenue	Langley	\$5,307,480	Private	Private	Mar 2020
5700, 5710, 5730 & 5750 Cedarbridge Way	Richmond	\$10,700,000	Private	Private	Mar 2020
7462 Progress Way	Delta	\$15,000,000	Private	Private	Mar 2020
13330 Maycrest Way; 13720 Mayfield Place	Richmond	\$13,500,000	Private	Private	Mar 2020
12711, 12731 & 12771 No. 5 Road; 12477 Horseshoe Way	Richmond	\$9,210,000	Private	Private	Mar 2020
1209-1249 Adanac Street	Vancouver	\$13,835,000	Private	Private	Mar 2020
23011 & 23111 Fraserwood Way	Richmond	\$15,650,000	Private	Private	Mar 2020
20215 97th Avenue	Langley	\$7,100,000	Private	Private	Mar 2020
7420 Lowland Drive	Burnaby	\$7,550,000	Private	Private	Mar 2020
Viking Way Business Centre 3671 Viking Way, 3691 Viking Way, 13511 Crestwood Place & 13520 Crestwood Place	Richmond	\$49,200,000	Institutional	Private	Feb 2020
18646, 18648 & 18688 96th Avenue	Surrey	\$23,750,000	Private	Private	Feb 2020
20131, 20133, 20081, 20091, 20111 & 20121 Industrial Avenue (strata)	Langley	\$11,950,000	Private	Private	Feb 2020
7725 Lougheed Highway; 3131, 3151 & 3171 Lake City Way	Burnaby	\$146,000,000	Private	Private	Feb 2020
336 West 5th Avenue	Vancouver	\$5,500,000	Private	Private	Feb 2020
6064 Spur Avenue & 8335 Meadow Avenue	Burnaby	\$51,000,000	Institutional	Private	Feb 2020
31122 South Fraser Way	Abbotsford	\$12,500,000	Private	Private	Feb 2020
2181 192nd Street	Surrey	\$7,225,000	Private	Private	Feb 2020
#10-#15-20280 97th Avenue (strata)	Langley	\$7,315,000	Private	Private	Jan 2020
11251 River Road	Richmond	\$6,250,000	Private	Private	Jan 2020
23516 River Road	Maple Ridge	\$5,050,000	Private	Private	Jan 2020
Series Business Centre (strata) #140-#150-6333 Graybar Road	Richmond	\$13,628,318	Private	Private	Jan 2020
Series Business Centre (strata) #170-6333 Graybar Road	Richmond	\$5,407,570	Private	Private	Jan 2020
Total Deals/Investment	44	\$644,678,144			



The \$49.2M sale of Viking Way Business Centre in Richmond was one of the largest deals in the first half of 2020

Multi-Family

Sales activity for BC multi-family assets remained brisk through the first half of 2020 with 30 sales totalling more than \$620M transacting with little to no apparent impact from the COVID-19 pandemic that emerged as a public health emergency in BC in March 2020. While deal and dollar volume in the first half of 2020 dipped slightly from the 37 deals valued at \$734M recorded in the back half of 2019, the number of deals in the first half of 2020 remained similar to the first half of 2019 (30) while exceeding the dollar volume of \$504M that had been generated in first-half 2019. (Avison Young only tracks multi-family sales trading at more than \$5M.)

While first-half multi-family sales in 2020 were less than the record first-half highs established in terms of deal volume (46 transactions in 2017) and dollar volume (\$674M in 2018), ongoing market activity marked a continued return to more historic transactional levels after the blistering levels of activity that gripped the market in 2017/18.

The largest transaction in first half of 2020 was the sale of the landmark **Plaza 500** (\$82.5M) – a hotel rental conversion that includes ground-floor retail, in Vancouver. The \$70M sale of the **Fontainebleau Apartments** in Vancouver's Kerrisdale neighbourhood marked the second largest sale of a multi-family asset in BC. Three other multi-family transactions surpassed \$50M: **The Star on Goldstream** in Langford, **Harley House** in Vancouver and **Christie Point Apartments** in Victoria. These five deals alone represented dollar volume of \$310M, 50% of the total dollar volume recorded in the first half of 2020.

While one-third of BC multi-family sales in the first half of 2020 were located outside of Metro Vancouver, including Vancouver Island (Victoria (2), Langford (2), Esquimalt (1) and Duncan (1)) and the BC Interior (Kamloops (2), Penticton (1) and Lake Country (1)), demand for such properties in Metro Vancouver also remained strong, particularly in Vancouver (14) where three of the largest sales in the province occurred. In recent years, a flight to higher yields by investors combined with the City of Vancouver's increasingly tenant-friendly approach had sometimes resulted in fewer multi-family transactions in Vancouver than in the suburban markets of Metro Vancouver.

REITs were involved as purchasers in two of the top five largest multi-family deals in BC in the first half of 2020 and in four transactions in total. Interestingly, none of the four properties that REITs acquired were located in Metro Vancouver with three on Vancouver Island and one in the BC Interior. While private investors represented 73% of total buyers, they were involved in three of the top five sales and remained keen on acquiring multi-family assets through the first half of 2020. Institutional investors, who had been very active purchasers in BC's multi-family

market in 2019 with 11 done deals, were involved in just a single \$16.4M sale in the first half of 2020. Along with the impacts of COVID-19 triggering many institutions to pause their respective acquisition programs, a lack of available multi-family assets of sufficient scale to acquire in BC also played a role in limiting institutional investment.

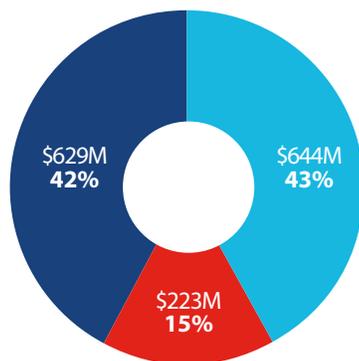
Slightly more than \$29.2M (in sales from multi-family assets valued at less than \$5M) was raised in 12 transactions in the first half of 2020, pushing total dollar volume to \$649.4M.

BC MULTI-FAMILY TRANSACTIONS (GREATER THAN \$5 MILLION)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	\$ PER UNIT	PURCHASER TYPE	DATE
The Star on Goldstream 1085 Goldstream Avenue	Langford	\$52,050,000	Private	\$313,554	REIT	Jun 2020
22325 St. Anne Avenue	Maple Ridge	\$11,000,000	Private	\$166,667	Private	Jun 2020
Sea Place Apartments 1371 Harwood Street	Vancouver	\$16,440,000	Private	\$469,714	Institutional	Jun 2020
Villa Marie Apartments 22182 Dewdney Trunk Road	Maple Ridge	\$5,450,000	Private	\$181,667	Private	Jun 2020
Plaza 500 500 West 12th Avenue	Vancouver	\$82,500,000	Private	\$699,153	Private	Jun 2020
Rivermark 6968 Pearson Way	Richmond	\$6,044,283	Private	\$194,977	Non-Profit	May 2020
155 Oriole Road	Kamloops	\$8,920,000	Private	\$223,000	Private	May 2020
Lansdowne House 1537 Burnaby Street	Vancouver	\$11,400,000	Private	\$475,000	Private	May 2020
803 Esquimalt Road	Esquimalt	\$5,600,000	Private	\$200,000	Private	Apr 2020
4050 Douglas Street	Victoria	\$5,000,000	Private	\$250,000	Private	Apr 2020
Marlston Court 6540 Marlborough Court	Burnaby	\$15,000,000	Private	\$500,000	Private	Apr 2020
The Arc 2849 Bryn Maur Road	Langford	\$30,525,000	Private	\$328,226	REIT	Mar 2020
Harley House 1230 Nelson Street	Vancouver	\$51,000,000	Private	\$476,636	Private	Mar 2020
The Excelsior 8715 Osler Street	Vancouver	\$9,150,000	Private	\$305,000	Private	Mar 2020
Crestwood Townhomes 1094 Marchmont Road	Duncan	\$6,265,000	Private	\$216,034	Private	Mar 2020
Lake Country Lofts 10650 Bottom Wood Lake Road	Lake Country	\$20,000,000	Institutional	\$281,690	REIT	Mar 2020
Mountain View Gardens 1037 East 8th Avenue	Vancouver	\$7,500,000	Private	\$300,000	Private	Feb 2020
Kathleen Court 1555 Harwood Street	Vancouver	\$20,200,000	Private	\$492,683	Private	Feb 2020
Carmel Apartments 1122 Burnaby Street	Vancouver	\$9,600,000	Private	\$417,391	Private	Feb 2020
Magnolia Manor 325 Ash Street	New Westminster	\$5,597,000	Private	\$207,296	Private	Feb 2020
Fontainebleau Apartments 5455 Balsam Street	Vancouver	\$70,000,000	Private	\$804,598	Private	Feb 2020
Park Towers 878 Gifford Street	Vancouver	\$13,500,000	Private	\$540,000	Non-Profit	Jan 2020
Sharon Apartments 1175 Pacific Street	Vancouver	\$8,000,000	Private	\$347,826	Private	Jan 2020
Nelson Plaza 1019 Bute Street	Vancouver	\$8,500,000	Private	\$531,250	Private	Jan 2020
The Beverley 508 Agnes Street	New Westminster	\$48,000,000	Private	\$320,000	Private	Jan 2020
Christie Point Apartments 2861 Craigowan Road	Victoria	\$54,000,000	Institutional	\$335,404	REIT	Jan 2020
Balmoral Park Apartments 1265 West 13th Avenue	Vancouver	\$19,600,000	Private	\$445,455	Private	Jan 2020
257 Scott Avenue	Penticton	\$6,500,000	Private	\$125,000	Private	Jan 2020
627 Lilac Avenue	Kamloops	\$7,000,000	Private	\$145,833	Public Co.	Dec 2019
Cedar Crest Manor 1569 West 12th Avenue	Vancouver	\$5,800,000	Private	\$580,000	Private	Dec 2019
Total Deals/Investment	30	\$620,141,283				

FIRST HALF 2020 SALES BY PROPERTY TYPE & DOLLAR VOLUME

■ Office ■ Industrial ■ Retail



continued from front page

Private investors dominated as buyers and sellers of BC commercial real estate assets in the first half of 2020. Institutional investors did not participate as buyers in a single office, industrial or retail transaction in BC in the first six months of the year (and were involved in just a single \$16.4M multi-family sale). Institutional owners did manage to sell two industrial assets. REITs, while involved in just a handful of transactions, were involved in some of the largest deals in the first half of 2020, including The Landing (office) and 465 North Road & 500 Austin Avenue (retail) along with **Christie Point Apartments** and **The Star on Goldstream** (multi-family).

Demand for the industrial (and multi-family) properties will likely continue to lead commercial real estate investment activity in BC through 2020 due to a wide range of factors. On the industrial side, logistics/distribution, e-commerce, select manufacturing related to home improvement, food processing and PPE providers as well as the film/television production industry remain active and eager to acquire/lease industrial space to accommodate demands that have arisen as a result of COVID-19. Industrial vacancy remained at near-record-lows at mid-year 2020 and the rental-rate appreciation of the past four years may have paused temporarily, but will likely resume in 2021 if vacancy remains limited and the supply of new space for sale or lease scarce. Industrial properties are one of the only asset types that institutional investors would likely have the confidence to purchase in 2020/21, but a shortage of available industrial assets of scale to acquire in BC will likely limit institutional investors' involvement in the market.

Well-located office assets will continue to remain in demand by investors, supported in good measure by the strong fundamentals of Metro Vancouver's office market, which continued to register one of the tightest vacancy rates in North America at mid-year 2020. A substantial lack of new supply until at least mid-2022 in the downtown core (and even later in the suburbs) will likely drive further rental-rate appreciation in 2021. While institutional investors will likely continue to press pause on substantial office acquisitions in 2020 as they try to understand what the needs of office users will be moving forward (and evaluate their overall portfolio performance), those private purchasers who amassed capital on the sidelines in order to fund opportunistic buys may find chances to acquire office buildings and/or office development sites that they may not have previously considered.

While some retail assets are no longer viewed as favourably as they had been during the past five years, deals will continue to get done, particularly for retail strata units, single-tenant storefronts in established shopping districts, drive-thru retail pads and grocery-anchored retail service centres. Traditional retail assets had already been facing challenges from e-commerce prior to COVID-19, but those issues have now been exacerbated and accelerated by pandemic containment measures. Retail assets with underlying land value that can be unlocked through mixed-use redevelopment will continue to transact as long as some certainty regarding permitting timelines is provided.

BC's commercial real estate investment market remained in play during the first half of 2020 and is expected to remain active through the year as experienced private investors and developers pursue more sophisticated transactions that will require longer terms and higher financial scrutiny to get across the line in these pandemic times. ■

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

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