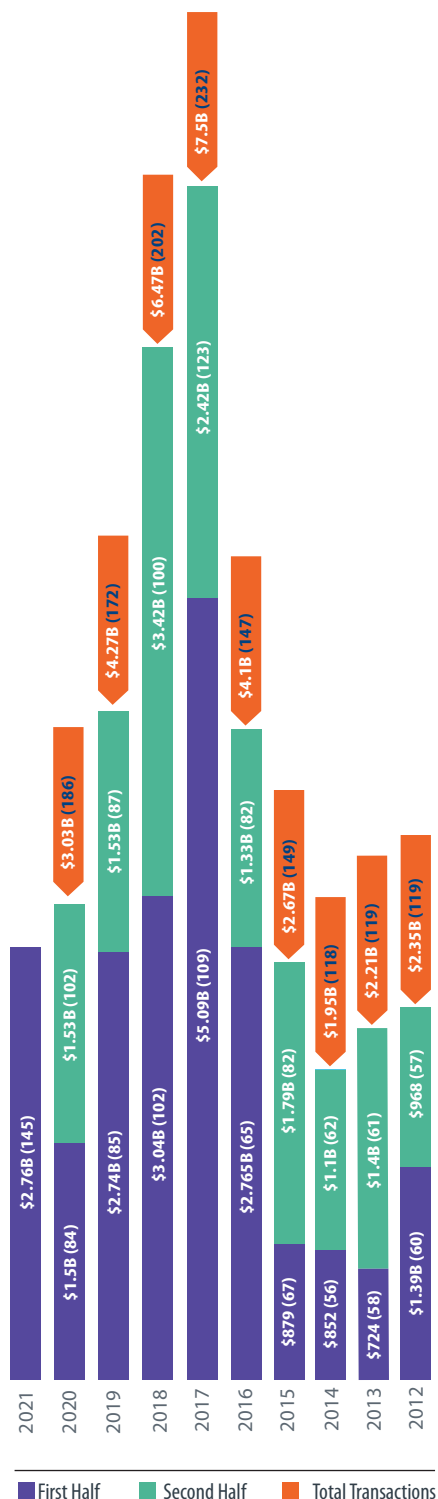


British Columbia

Mid-year 2021: BC Investment sales
by dollar volume & number of sales

OFFICE, INDUSTRIAL & RETAIL DEALS >\$5M



Private investors surpass pandemic pause to re-engage with BC investment market at near-record rate

Investment in British Columbia's commercial real estate market resurged to near-record levels during the first half of 2021 after investors largely shrugged off a COVID-19-induced torpor with a particularly intense focus on acquiring industrial and multi-family assets. Investors were involved in 145 deals valued at \$2.76B (not including multi-family properties, which were valued at \$1.9B) – the most deals ever recorded in a single half, and which surpassed the previous record of 123 sales established in the back half of 2017. Sale proceeds of \$2.76B in the first six months of 2021 is the most recorded since the second half of 2018. While demand for BC industrial and multi-family assets in first-half 2021 achieved previously unseen heights, the value and demand for retail assets remained resilient provincewide despite widespread concern regarding the fate of traditional retail post-COVID. While the jury may still be out on how employers will utilize office space moving forward, private investors clearly continue to have faith that the office work environment will remain an essential factor in ongoing business activity. The \$2.76B 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 per transaction for this report.)

In terms of dollar volume, industrial investment (\$1.1B) surpassed retail transactions (\$885M) and office acquisitions (\$771M) in BC in the first half of 2021, but voracious investor demand for multi-family assets (\$1.9B) achieved astonishing new levels of deal and dollar volume. While industrial and multi-family assets were widely and commonly understood to be in demand by investors, the surprising resilience of retail and office properties

underlined a strong level of confidence in BC's commercial real estate market – particularly among private investors, who dominated transactional activity in all asset classes.

The level of industrial investment (\$1.1B) in the first half of 2021 blew past all previous industrial investment records and was responsible for an astonishing 40% of total dollar volume in the province and 50% of total investment activity (excluding multi-family and land). A bewildering combination of factors – including persistent record-low vacancy, lack of new supply, severe industrial land constraints, rapidly appreciating rents and plentiful low-cost capital – have been further amplified by the shifting nature of consumer consumption patterns and behaviour accelerated by COVID-19 and a corresponding shift in capital allocations into industrial assets and away from retail and office properties. This shift has been led by typically more risk-averse institutional investors, who sought safe harbour in industrial and multi-family assets (and reduced exposure to retail assets impacted by COVID-19 containment measures), and may have contributed to a slight improvement in the yields offered by BC office assets that private investors have been quick to capitalize on. Vendors of industrial assets have been selling into a highly competitive market now accustomed to premium pricing and have been able to capitalize on the rapid appreciation in the value of industrial assets since 2016/17, further turbocharged by the impact of COVID-19 in 2020/21.

Despite a widespread perception that the impact of COVID-19 would reduce investor interest in retail assets, buyers (virtually all private) re-engaged with the asset class to the tune of almost \$885M in 41 sales that closed in the first half of 2021. This marked a remarkable

continued on back page

Land sales & buyer purchases by asset type

COMMERCIAL ICI LAND SALES

(Greater than \$5 million and excluding parks and agricultural/agricultural business lands) January 1 to June 30, 2021

PROPERTY	LOCATION	PRICE	TYPE	SITE SIZE (ACRES)	DATE
187 176th Street	Surrey	\$6,765,000	Commercial Residential	2.48	Jun-21
1143 Kingsway	Vancouver	\$5,100,000	Commercial Residential	0.18	May-21
2970 Kingsway Avenue	Vancouver	\$9,750,000	Commercial Residential	0.57	May-21
1994 Springfield Road	Kelowna	\$8,250,000	Commercial	1.93	Apr-21
271 East 2nd Avenue	Vancouver	\$5,888,000	Commercial Industrial	0.11	Apr-21
3510 Main Street	Vancouver	\$5,745,568	Commercial Residential	0.33	Apr-21
1581 West 7th Avenue	Vancouver	\$10,000,000	Commercial	0.13	Apr-21
800 Granville Street	Downtown Vancouver	\$40,000,000	Commercial	0.14	Apr-21
323 & 369 Alexander Street	Vancouver	\$28,725,000	Commercial Industrial	0.89	Apr-21
2207 Millstream Road	Victoria	\$28,000,000	Commercial Residential	80.97	Apr-21
2421 200th Street	Langley	\$7,750,000	Commercial	5.00	Mar-21
500 Robson Street	Downtown Vancouver	\$24,700,000	Commercial	0.14	Mar-21
750 S.W. Marine Drive	Vancouver	\$13,000,000	Commercial	0.42	Mar-21
1626 & 1642 164th Avenue	Surrey	\$5,250,000	Commercial Industrial	2.11	Feb-21
5 West 4th Avenue and 4 & 16 West 3rd Avenue	Vancouver	\$56,500,000	Commercial Industrial	1.66	Jan-21
467 Alexander Street	Vancouver	\$6,500,000	Commercial Industrial	0.28	Jan-21

INDUSTRIAL ICI LAND SALES

(Greater than \$5 million and excluding parks and agricultural/agricultural business lands) January 1 to June 30, 2021

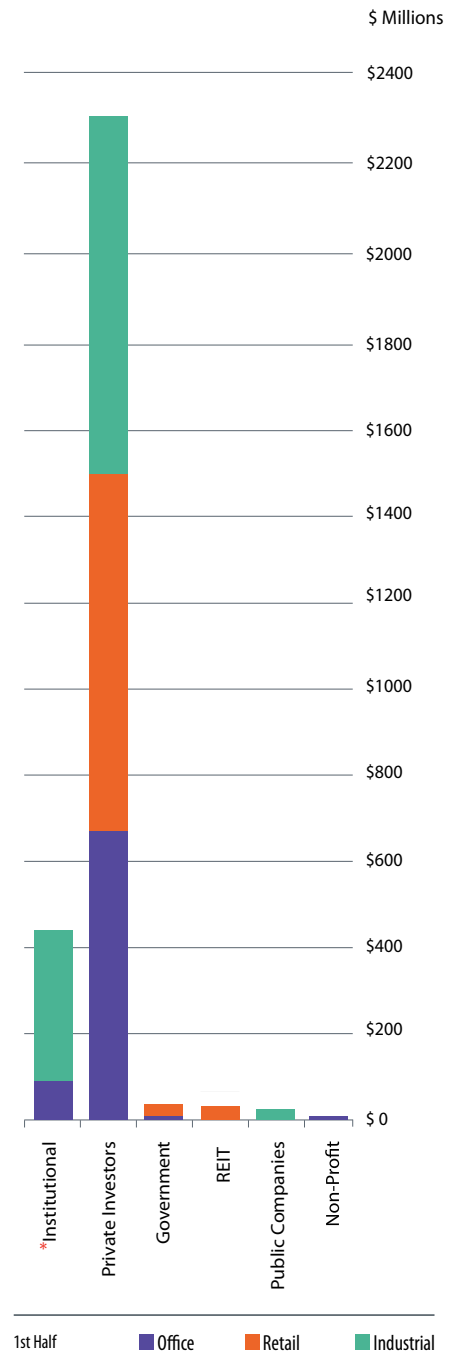
PROPERTY	LOCATION	PRICE	TYPE	SITE SIZE (ACRES)	DATE
11571 Mitchell Road	Richmond	\$10,970,000	Industrial	2.52	Jun-21
19044 32 Avenue	Surrey	\$16,600,000	Industrial	4.49	Jun-21
3640 No. 4 Road	Richmond	\$5,150,000	Industrial	1.14	Jun-21
51A-61B Fawcett Road and 2221-2235 Hartley Avenue	Coquitlam	\$9,750,000	Industrial	1.99	May-21
8700 & 8790 Boundary Road	Burnaby	\$24,850,000	Industrial	4.05	May-21
2883 & 2931 264th Street	Langley	\$21,000,000	Industrial	7.00	May-21
1585 Riverside Road	Abbotsford	\$15,000,000	Industrial	13.40	Apr-21
18998 54 Avenue	Surrey	\$14,800,000	Industrial	4.25	Apr-21
10472 Scott Road	Surrey	\$12,900,000	Industrial	3.68	Apr-21
12974 88th Avenue	Surrey	\$20,000,000	Industrial	4.97	Apr-21
10064, 10075 & 10104 River Road	Delta	\$22,170,000	Industrial	8.54	Apr-21
20054 96th Avenue	Langley	\$13,000,000	Industrial	4.86	Apr-21
856 Boyd Street	New Westminster	\$5,000,000	Industrial	2.34	Apr-21
6565 River Road	Delta	\$5,100,000	Industrial	1.22	Mar-21
3030 190th Street	Surrey	\$9,250,000	Industrial	4.46	Mar-21
1812 Foy Street	Abbotsford	\$11,400,000	Industrial	4.90	Mar-21
19116 32nd Avenue	Surrey	Share sale	Industrial	9.49	Mar-21
6582 & 6596 144th Street	Surrey	\$8,500,000	Industrial	2.00	Mar-21
8099 Nordel Way	Delta	\$14,200,000	Industrial	4.39	Feb-21
17861 64th Avenue	Surrey	\$6,300,000	Industrial	2.02	Feb-21
44431 Yale Road	Chilliwack	\$5,300,000	Industrial	2.58	Jan-21
2325 Peardonville Road	Abbotsford	\$7,089,330	Industrial	3.70	Jan-21
1325 & 1333 East Georgia Street	Vancouver	\$5,050,000	Industrial	0.29	Jan-21

TOP FIVE RESIDENTIAL LAND SALES (METRO VANCOUVER)

(By Price) January 1 to June 30, 2021

PROPERTY	LOCATION	PRICE	SITE SIZE (ACRES)	SITE SIZE (SF)	DATE
1160 Inlet Street	Coquitlam	\$34,551,360	2.86	124,582	May-21
1262 Lynn Valley Road	North Vancouver	\$28,188,888	1.54	67,220	Jun-21
16174 80th Avenue	Surrey	\$27,600,000	10.00	435,600	May-21
215 & 235 East 16th Street & 1540 Sr. Georges Avenue	North Vancouver	\$27,375,000	0.83	36,068	Apr-21
277, 289 & 291 West 42nd Avenue	Vancouver	\$24,750,000	0.44	19,166	Jun-21

FIRST HALF 2021: BUYER PURCHASES BY ASSET TYPE



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

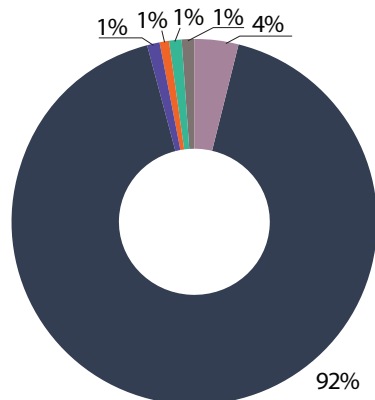
Note: Foreign buyers have also been active investors. Rather than identifying them separately as foreign, Avison Young is categorizing them as institutional or private as the case may be.

Buyer profile

Private purchasers once again represented the overwhelmingly dominant buyer type in the first half of 2021 in terms of the total number of acquisitions completed (92%) – slightly less than the 94% recorded in the second half of 2020 and the record-high of 95% set in the first half of 2020. Private purchasers' share of first-half 2021 dollar volume (80%) was just off the record of 82% of total proceeds set in 2020. Despite the re-emergence of institutions in the first half of 2021, particularly as purchasers of industrial assets (and multi-family assets, which aren't included in these graphs), the sheer volume of deal activity masked the return of other market participants.

Three of the largest office sales in BC in the first half of 2021 – 815 Hornby St., 1077 Great Northern Way, and 888 Dunsmuir St. & 625 Howe St. – were acquired by private investors. Only a single institutional buyer acquired an office property – 510 West Hastings St. – in the first half of 2021. The two largest retail deals, **Mayfair Shopping Centre** and **Eagle Creek Village**, in the first half of 2021 were also acquired by private buyers. There was not a single institutional purchaser of retail assets in BC in the first six months of 2021. However, when it came to industrial assets, institutional purchasers were involved in five of the seven largest industrial

FIRST-HALF 2021: NUMBER OF TRANSACTIONS BY TYPE OF BUYER



Private Investors

REIT

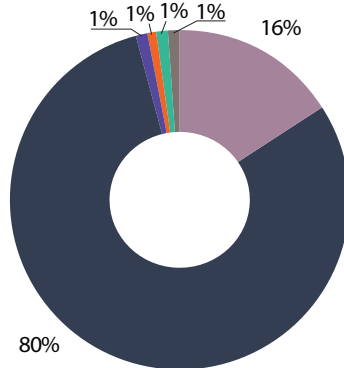
Public Co.

Government

Non-Profit

Institutional

FIRST-HALF 2021: VALUE OF SALES BY TYPE OF BUYER



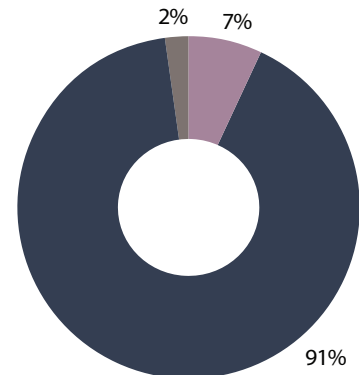
deals in BC, including **Marine Drive Industrial Centre** and **Mayfair Square**. While private investors (and owner-occupiers) represented the overwhelming majority (91.8%) of industrial buyers in the first half of 2021, institutions were able to command almost one-third of total industrial dollar volume of \$1.1B with just five transactions.

Seller profile

Private vendors accounted for 61% of total proceeds in the first half of 2021 – down from the 66% of total proceeds recorded in the second half of 2020 – despite being involved in 91% of the number of deals completed. Institutions, which were largely absent in 2020, did re-emerge in the first half of 2021 and engaged with the market as vendors, capturing 37% of total dollar volume, but were involved in just 7% of the deals completed.

Institutional vendors were involved in 10 transactions in the first half of 2021: four office assets, four industrial properties and two retail sales. The disposition of office (13% of sales) and retail (5% of sales) properties by institutions were among the largest in terms of dollar value in their respective asset classes and in all cases were acquired by private buyers. However, the institutional disposition of industrial assets (5.5% of sales), while among the largest in terms of dollar volume, accounted for just two of the top five industrial deals in terms of value (and four of the top 10).

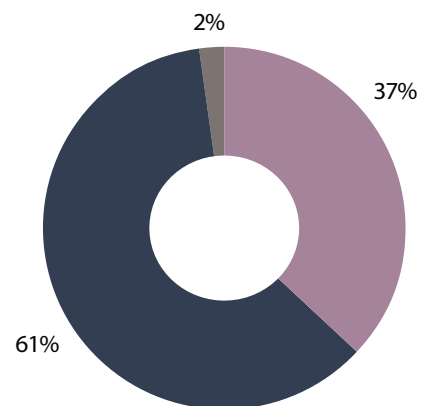
FIRST-HALF 2021: NUMBER OF TRANSACTIONS BY TYPE OF SELLER



Private vendors were able to capitalize on the extraordinary demand for industrial assets in BC, capturing three of the top five deals in terms of dollar value and selling their industrial properties to institutional buyers in two of the five cases. Institutions more typically (but not always) tend to purchase assets from other institutions.

Vendors of strata properties of all stripes – office, retail and industrial – continued to make inroads with BC investors and owner-occupiers alike with five strata office sales in the first half of 2021 along with four retail transactions and 11 industrial strata deals, including a single \$26M strata sale that included 34 units and two separate strata sales that each involved acquiring seven units.

FIRST-HALF 2021: VALUE OF SALES BY TYPE OF SELLER



Office

Office investment sales activity in the first half of 2021 totalled 31 transactions valued at \$770.9M, representing 28% of overall dollar volume of \$2.76B while capturing just 21% of the total sales. Dollar volume of \$770.9M in the first half of 2021 marked a massive upswing in sales activity from the back half of 2020 when just 14 office transactions valued at \$281M were completed. Sales activity in the first half of 2021 also surpassed first-half 2020 office sales (15 sales/\$629M), but remained below the billion-dollar-plus sales totals recorded in the first halves of both 2018 and 2019.

The sales of 1077 Great Northern Way (\$103M) and 815 Hornby Street (\$93M) were two of the more notable deals that occurred in the first half of 2021 and accounted for more than 25% of total dollar volume. A number of other notable office share sales, particularly of downtown buildings, also transacted in the first half of 2021, including 888 Dunsmuir St. & 625 Howe Street, 510 West Hastings St. and 555 Richards St. Two additional office sales in Gastown, 302 Water St. (\$10.2M) and 157 Alexander St. (\$6.2M), capped an active period for office building sales in Vancouver's downtown peninsula.

Office investment dollar volume achieved highest level since 2019

Office strata sales continue to make inroads with investors increasingly seeking to acquire office space in Vancouver's Mount Pleasant neighbourhood (multiple units at **The Yukon**) as well as in downtown Vancouver (with sales in the first phase of **1000 Beach** and in the **Terminal City Club Tower**). Office properties in Mount Pleasant remained extremely popular with purchasers securing properties at 40 East 5th Ave. (\$7.5M) and 112 East 7th Ave. (\$5.85M). Just two other small Vancouver office properties

– 1672 West 1st Ave. (\$8.65M), 2908 Commercial Dr. (\$7.5M) and 1758 West 8th Ave. (share sale) – transacted in the first half of 2021.

Office sales activity remained limited in Metro Vancouver's suburbs with two of the largest deals occurring in Richmond at 13888 Wireless Way (\$31M) and 13799 Commerce Pkwy (\$19.8M) where institutional owners sold the assets to private investors.

The emergence of Langley as an active office market with two sales in the first half of 2021, including the \$20.5M sale of 20385 64th Ave., marked a shift in investor attention. The \$6.3M sale of 45780 and 45790 Yale Road in Chilliwack as well as the sales of 1473 Water St. (\$7.5M) and 440-450 Bernard Ave. in Kelowna



1077 Great Northern Way sold for \$103M in 2021

highlighted a growing interest in acquiring office assets in non-traditional secondary markets.

An additional \$102.8M (in sales from office assets valued at less than \$5M) was raised in 49 transactions in the Lower Mainland in the first half of 2021, pushing dollar volume to \$873.7M in total investment.

BC OFFICE TRANSACTIONS (1ST HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
2908 Commercial Drive	Vancouver	\$7,500,000	Private	Private	Jun-21
13799 Commerce Parkway	Richmond	\$19,800,000	Institutional	Private	Jun-21
4769 222nd Street	Langley	\$6,025,000	Private	Private	Jun-21
815 Hornby Street	Downtown Vancouver	\$93,000,000	Private	Private	May-21
440-450 Bernard Avenue	Kelowna	*	Private	Private	May-21
120 176th Street	Surrey	\$5,925,000	Private	Private	May-21
112 East 7th Avenue	Vancouver	\$5,850,000	Private	Private	May-21
40 East 5th Avenue	Vancouver	\$7,500,000	Private	Private	May-21
20385 64th Avenue	Langley	\$20,500,000	Non-profit	Private	Apr-21
1672 West 1st Avenue	Vancouver	\$8,650,000	Private	Private	Apr-21
White Rock Medical Building	White Rock	\$7,775,000	Private	Private	Apr-21
15451 Russell Avenue					
888 Dunsmuir Street & 625 Howe Street	Downtown Vancouver	*	Institutional	Private	Apr-21
Rodeo Square 5606 152nd Street	Surrey	\$23,300,000	Private	Private	Mar-21
302 Water Street	Vancouver	\$10,188,000	Private	Private	Mar-21
45780 & 45790 Yale Road	Chilliwack	\$6,300,000	Private	Private	Mar-21
237 East Columbia Street	New Westminster	\$6,750,000	Private	Private	Mar-21
157 Alexander Street	Vancouver	\$6,200,000	Private	Private	Mar-21
Clearbrook Station 2276 Clearbrook Road	Abbotsford	\$7,950,000	Private	Private	Mar-21
1077 Great Northern Way	Vancouver	\$103,000,000	Institutional	Private	Mar-21
510 West Hastings Street	Downtown Vancouver	*	Private	Institutional	Mar-21
Bank of Commerce Building					
544 Columbia Street	New Westminster	\$7,000,000	Private	Non-profit	Mar-21
4585 & 4587 Hastings Street	Burnaby	\$5,500,000	Private	Private	Mar-21
1758 West 8th Avenue	Vancouver	*	Private	Private	Mar-21
555 Richards Street	Downtown Vancouver	*	Private	Private	Mar-21
The Yukon (strata), #203 - 2238 Yukon Street	Vancouver	\$8,800,000	Private	Government	Mar-21
1000 Beach (phase I) (strata) #101-#102 - 1012 Beach Avenue	Downtown Vancouver	\$5,375,000	Private	Private	Mar-21
13888 Wireless Way	Richmond	\$31,000,000	Institutional	Private	Feb-21
The Yukon (strata), #304-#305 - 2238 Yukon Street	Vancouver	\$7,350,000	Private	Private	Feb-21
The Yukon (strata), #403-#405 - 2238 Yukon Street	Vancouver	\$5,995,091	Private	Private	Feb-21
Terminal City Club Tower (strata) #701-#707 - 837 West Hastings Street	Downtown Vancouver	\$5,099,000	Private	Private	Jan-21
1473 Water Street	Kelowna	\$7,514,141	Private	Private	Jan-21
Total Deals/Investment	31	\$770,946,233			

Prices denoted by * are share sales where an estimated price has been determined.

Retail

Sales of BC retail assets rebounded substantially in the first half of 2021 with 41 sales valued at \$884.6M – one of the strongest halves for retail sales in recent memory. The total far surpassed the 21 deals valued at \$383M recorded in the second half of 2020 and buried the positively anemic performance of 25 retail transactions valued at just \$223M in the first half of 2020. Investor confidence in BC retail assets, while initially bowed by COVID-19, appears to have stabilized. While still a far cry from the billion-dollar halves common in 2017 and 2018, investor appetite for retail assets in first-half 2021 seemed far from being satisfied.

While the share sales of **Mayfair Shopping Centre** and **Eagle Creek Village**, both in Victoria, were two of the most significant retail trades in the first half of 2021, the upsurge in demand for suburban retail assets remained key to overall deal and dollar volume. The notable sales of **Lougheed Super Centre** (\$41.625M) and **Eagleridge Place Shopping Centre** (\$23.5M), both in Coquitlam, along with **Parallel Marketplace** (\$31.4M) in Abbotsford and **Bridgeport Centre** (\$20.3M) in Richmond highlighted investment interest in suburban retail assets. The sale of specialized quasi-retail assets such as **Fortius Sport & Health** to the **City of Burnaby** and the disposition of a dealership lot in the **Richmond Auto Mall** to the **OpenRoad Auto Group**, combined with demand for retail strata space in a range of new mixed-use developments, including **CityCentre2** in Surrey, **Acqua** in Richmond, **The Yukon** in Vancouver and **Forte** in Burnaby, highlighted the wide appeal of strata retail as an asset class to investors and owner-occupiers alike.

While the majority of substantial retail transactions occurred outside the city of Vancouver in the first half of 2021, demand for street front retail within the city was strong with sales at 6399-6415 Victoria Dr. (\$42.5M), 2912 Granville St. (\$17.9M) along with a series of retail storefronts along West 4th Ave. (\$16.75M). Retail storefronts in West Vancouver, 1750 Marine Dr. (\$7.7M) and 1845 Marine Dr. (\$8.5M), also sold.

While the major Vancouver suburbs of Burnaby, Surrey and Richmond remained popular for purchasers of retail assets in the first half of 2021, the rising prevalence of retail purchases in the more non-traditional retail markets of Coquitlam, Chilliwack and Abbotsford along with **Cedarbrook Square** in Langley and retail acquisitions in Pitt Meadows, Kelowna and Maple Ridge demonstrated a seemingly broad appeal for retail assets throughout the southwest of the province.

Almost \$314M (in sales from retail assets valued at less than \$5M) was

Sales of BC retail assets rebounded to highest dollar volume since 2018

raised in 147 transactions in the Lower Mainland in the first half of 2021, pushing total dollar volume to \$1.12B.

BC RETAIL TRANSACTIONS (1ST HALF)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
1750 Marine Drive	West Vancouver	\$7,705,000	Private	Private	Jun-21
7544 Vedder Road	Chilliwack	\$6,600,000	Private	Private	Jun-21
1200 Lougheed Highway	Coquitlam	\$9,800,000	Private	Private	Jun-21
Eagleridge Place Shopping Centre	Coquitlam	\$23,507,227	Private	Private	Jun-21
2635 Barnett Highway	Richmond	\$26,290,000	Private	Private	Jun-21
5580 Parkwood Crescent	Chilliwack	\$5,500,000	Private	Private	Jun-21
45676 Yale Road	West Vancouver	\$8,500,000	Private	Private	Jun-21
1845 Marine Drive	Burnaby	\$7,688,000	Private	Private	Jun-21
5137 Kingsway	Victoria	*	Institutional	Private	Jun-21
Mayfair Shopping Centre 3147 Douglas Street	North Vancouver	\$10,850,000	Private	Private	May-21
2916 Lonsdale Avenue	Chilliwack	\$5,400,000	Private	Private	May-21
45380 Luckakuck Way	Surrey	\$8,735,000	Private	Private	May-21
Landmark Business Centre	Surrey	\$7,650,000	Private	Private	May-21
2428 & 2430 King George Highway	Vancouver	\$17,900,000	Private	Private	Apr-21
CityCentre 2 (strata) #G2-#G7 - 9639 137A Street	Chilliwack	\$5,500,000	Private	Private	Apr-21
2912 Granville Street	Burnaby	\$5,200,000	Private	Private	Apr-21
Midtown Square 45833 Alexander Avenue	Kelowna	\$11,950,000	Private	Private	Apr-21
7530-7548 Edmonds Street	Vancouver	\$5,400,000	Private	Private	Apr-21
171 Hollywood Road	Burnaby	\$8,500,000	Private	Private	Apr-21
1041-1043 Davie Street	Vancouver	\$16,750,000	Private	Private	Apr-21
5900-5908 Kingsway	Vancouver	\$8,870,000	Private	Private	Apr-21
1850, 1854, 1856, 1864 & 1866 West 4th Avenue	Pitt Meadows	\$11,150,000	Private	Private	Apr-21
Boundary Park Plaza 6388 120th Street	Richmond	\$16,000,000	Private	Private	Mar-21
12137-12169 Harris Road	Abbotsford	\$5,800,000	Non-profit	Private	Mar-21
3351 Sweden Way	Vancouver	\$42,500,000	Private	Private	Mar-21
31581 South Fraser Way	Victoria	*	Private	Private	Mar-21
6399-6415 Victoria Drive	Surrey	\$9,650,000	Private	Private	Mar-21
2000 Cadboro Bay Road & 2130 Florence Street	Victoria	*	Institutional	Private	Mar-21
13581 77th Avenue	Abbotsford	\$5,440,000	Private	Private	Mar-21
Eagle Creek Village 29 Helmcken Road	Coquitlam	\$41,625,000	Private	Private	Mar-21
1993 Riverside Road	Coquitlam	\$9,350,000	Private	Private	Feb-21
Lougheed Super Centre 101 Schoolhouse Street	Abbotsford	\$5,250,000	Private	Private	Feb-21
1555 United Boulevard	Maple Ridge	\$5,030,000	Private	Private	Feb-21
32526 George Ferguson Way	Langley	\$11,250,000	Private	Private	Feb-21
11855 224th Street	Surrey	\$9,800,000	Private	Private	Feb-21
Cedarbrook Square 4145 200th Street	Richmond	\$20,300,000	Private	Private	Feb-21
18810 72nd Avenue & 7170 188th Street	Abbotsford	\$31,400,000	Private	REIT	Feb-21
Bridgeport Centre 11938 Bridgeport Road	Vancouver	\$5,100,000	Private	Private	Feb-21
Parallel Marketplace	Burnaby	\$25,579,556	Private	Government	Feb-21
1888-1920 North Parallel Road	Richmond	\$6,988,000	Private	Private	Feb-21
The Yukon (strata), #102 - 2238 Yukon Street	Burnaby	\$6,100,000	Private	Private	Feb-21
Fortius Sport & Health 3713 Kensington Avenue					
Acqua (strata) #148-#178 - 5811 No. 3 Road					
Forte (strata) 4473-4499 Hastings Street					
Total Deals/Investment	41	\$884,607,783			

Prices denoted by * are share sales where an estimated price has been determined.

Industrial

Demand for BC industrial assets achieved previously unseen heights in the first half of 2021 with 73 deals valued at more than \$1.1B, shattering the previous record of 67 sales valued at almost \$871M set in the second half of 2020. The value of BC industrial assets sold in the first half of 2021 alone almost matched the total *annual* industrial investment recorded in 2017 and 2018, already surpassed the total in 2019 and will surely blow past the record of 111 sales valued at more than \$1.51B set in 2020. To put the volume of BC industrial sales activity in context, total industrial investment in 2020 surpassed the value of the entire BC investment market (as defined by Avison Young) in 2011, a benchmark that will surely be surpassed again in 2021.

The scope of industrial investment in BC during the first six months of 2021 is unprecedented in the province's history. At least two deals in excess of \$100M apiece – **Marine Drive Industrial Centre** in Vancouver and a portfolio of three industrial properties in Surrey and Abbotsford – sold in the first half of 2021 along with at least seven properties in excess of \$20M: 949-999 West 1st St. (\$44M) and 1385 Crown St. (\$42M) in North Vancouver, 178484 56th Ave. & 17899 55th Ave. (\$28.5M) in Surrey, 1634 Kebet Way (\$26.5M) in Port Coquitlam and 20233 100A Ave. (\$25M) in Langley. A private investor also purchased virtually all the strata units in **Riverside Centre** in Richmond for \$26M.

Industrial strata sales, while a strong and growing component of Metro Vancouver's industrial market for much of the past decade, continued to command an ever-larger share of industrial sales and dollar volume. Due to the number of sales in the first half of 2021, only those transactions greater than \$10M were listed, but there were 10 strata industrial sales valued at more than \$66.6M that

were not listed because they sold for less than \$10M (but more than \$5M).

While private investors dominated BC's commercial real estate market in the first half of 2021, Industrial assets (along with multi-family properties) were in particularly strong demand from institutional purchasers, which had remained largely absent for the better part of the past 18 months and had more recently emerged as vendors of office and retail assets. With appreciating rents, a severely constrained supply of both assets and development sites and low-cost financing widely available, investors and owner-occupiers alike are

Demand for BC industrial assets achieved unseen heights in the first half of 2021

insatiable in their desire to acquire industrial assets at premium prices.

Almost \$411M (in sales from industrial assets valued at less than \$5M) was raised in 207 transactions in the Lower Mainland in the first half of 2021, pushing total dollar volume to \$1.52B.

BC INDUSTRIAL TRANSACTIONS (1ST HALF - GREATER THAN \$10M)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	BUYER TYPE	DATE
19545 Telegraph Trail	Surrey	\$10,500,000	Private	Private	Jun-21
1050 Boundary Road	Burnaby	\$10,550,000	Private	Private	Jun-21
945-999 West 1st Street	North Vancouver	\$44,000,000	Private	Private	May-21
680 Raymur Avenue	Vancouver	\$15,500,000	Private	Private	May-21
4460 Jacombs Road	Richmond	\$12,700,000	Private	Private	May-21
17848 56th Avenue & 17899 55th Avenue	Surrey	\$28,500,000	Private	Private	May-21
Marine Drive Industrial Centre					
8310 Prince Edward Street, 403-405 East Kent Avenue North, 8385 St. George Street	Vancouver	\$123,400,000	Institutional	Institutional	May-21
19594 96th Avenue	Surrey	\$13,500,000	Private	Private	May-21
5371 Regent Street	Burnaby	\$14,000,000	Private	Private	Apr-21
3400 Lake City Way & 7832 Enterprise Street	Burnaby	\$16,500,000	Non-profit	Private	Apr-21
125 West 71st Avenue	Vancouver	\$11,000,000	Private	Private	Apr-21
Mayfair Square 175 & 185 Golden Drive	Coquitlam	*	Institutional	Institutional	Apr-21
2441 United Boulevard	Coquitlam	\$13,250,000	Private	Private	Apr-21
1385 Crown Street	North Vancouver	\$42,000,000	Private	Private	Apr-21
2848 & 2864 Norland Avenue	Burnaby	\$16,800,000	Private	Private	Apr-21
1825 Tower Road	Agassiz	*	Private	Private	Apr-21
20233 100A Avenue	Langley	\$25,000,000	Private	Public Co.	Apr-21
1634 Kebet Way	Port Coquitlam	\$26,500,000	Private	Private	Apr-21
11307 Maple Crescent	Maple Ridge	\$15,500,000	Private	Private	Mar-21
20070 Stewart Crescent	Maple Ridge	\$14,000,000	Private	Private	Mar-21
26867 Gloucester Way	Langley	\$14,800,000	Private	Private	Mar-21
12111 Riverside Way	Richmond	\$38,500,000	Private	Institutional	Mar-21
7788 132nd Street, Surrey and 30553 Great Northern Avenue & 2707-2771 Progressive Way, Abbotsford	Surrey & Abbotsford	\$104,500,000	Private	Institutional	Mar-21
8899 Charles Street	Chilliwack	\$14,560,000	Private	Private	Mar-21
Riverside Centre (strata)					
11151, 11171 & 11191 Horseshoe Way	Richmond	\$26,000,000	Institutional	Private	Mar-21
4171 McConnell Drive	Burnaby	\$16,475,000	Private	Private	Mar-21
12340 Horseshoe Way	Richmond	\$16,150,000	Private	Private	Mar-21
19087 39th Avenue	Surrey	\$10,750,000	Private	Private	Mar-21
6952 Greenwood Street	Burnaby	\$11,550,000	Private	Private	Feb-21
5465 Production Boulevard	Surrey	\$12,500,000	Private	Private	Feb-21
11545 Kingston Street	Maple Ridge	\$10,160,000	Private	Private	Jan-21
150 Glacier Street	Coquitlam	*	Institutional	Institutional	Jan-21
26585 Gloucester Way	Langley	\$10,278,000	Private	Private	Jan-21

Prices denoted by * are share sales where an estimated price has been determined.
The above chart only lists those industrial deals greater than \$10M due to space constraints; the first-half total is 73 deals valued at \$1.11B.

Multi-family

Unprecedented demand for BC multi-family assets in the first six months of 2021 led to an astonishing 78 sales valued at more than \$1.9B – obliterating the previous *annual* record of 85 sales valued at \$1.51B set in 2018. The previous multi-family sales record for a half-year period was 54 sales valued at \$1.04B achieved in the back half of 2015. There is no historical comparison for the deal and dollar volume generated by investors' appetite for BC multi-family assets in the first half of 2021. Sales of multi-family assets in just the first half of 2021 almost surpassed the entire *annual* BC investment total for all industrial, retail and office assets sold in 2014 (\$1.95B). (Avison Young only tracks multi-family sales trading at more than \$5M).

Three generational portfolio sales, including share sales of two separate multi-family portfolios in Vancouver/West Vancouver and Victoria/Esquimalt to **Starlight Investments**, as well as the \$292.5M multi-family portfolio sale in Vancouver to **Crestpoint Real Estate Investments** and **InterRent REIT**, clearly contributed to the record dollar volume noted in the first half of 2021, but each portfolio sale was only counted by Avison Young as a single transaction. This left 75 multi-family sales in the first half of 2021, a total which still exceeded the total *annual* number of multi-family sales in both 2019 and 2020.

Institutional purchasers were very active in the first half of 2021, representing almost 15% of all buyers of BC multi-family properties, while REITs accounted for almost 13% of buyers. While both institutions and REITs are historically active acquirers of multi-family assets, these levels of activity notably exceed what was observed in recent years. Institutions and REITs also acquired assets in less traditional markets such as Esquimalt, Langford, Campbell River, Parksville and Kelowna. While private purchasers remained in the majority, the typical deal size was \$5M to \$25M with two notable exceptions: the \$135M sale of the landmark **Martello Tower** and the \$40.8M sale of **Park West**, both located in Vancouver's West End. The largest private sales outside of Vancouver was the \$41M acquisition of **Rainbow Plaza** in Whistler and the \$45.5M sale of **Riverport Flats** in Richmond.

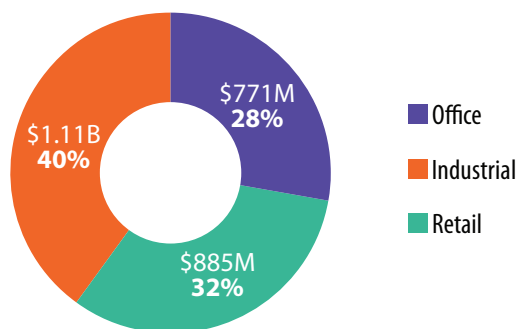
Almost \$89M (in sales of multi-family assets valued at less than \$5M) was raised in 28 transactions in the first half of 2021, pushing total dollar volume to \$1.98B.

BC MULTI-FAMILY TRANSACTIONS (1ST HALF - GREATER THAN \$10M)

PROPERTY	LOCATION	PRICE	VENDOR TYPE	\$/UNIT	PURCHASER TYPE	DATE
Tamarac Apartments 1160 Broughton Street	Vancouver	\$29,750,000	Private	\$396,667	Institutional	Jun-21
Starlight Vancouver Portfolio 2190 Bellevue Avenue, 2222 Bellevue Avenue, 945 Jervis Street, 1348 Barclay Street & 1454 Pendrell Street	Vancouver & West Vancouver	*	Private	*	Institutional	Jun-21
Lord Stanley Manor 1350 Stanley Avenue	Victoria	\$14,600,000	Private	\$256,140	Private	Jun-21
1364 West 11th Avenue & 1107 West 14th Avenue	Vancouver	\$27,800,000	Private	\$448,387	Private	Jun-21
885 Dunsmuir Road	Esquimalt	\$19,300,000	Private	\$250,649	REIT	Jun-21
Park Lane Towers 1825 Haro Street	Vancouver	\$37,300,000	Private	\$414,444	Private	Jun-21
Starlight Victoria Portfolio 948 Esquimalt Road, 980 Wordsley Street, 1035 Pendergast Street, 1030 Pendergast Street, 3185 Tillicum Road & 275 Burnside Road, 3255 Quadra Street, 1126 Rockland Avenue & 710 Vancouver Street	Esquimalt & Victoria	*	Private	*	Institutional	Jun-21
Le Garrie Court 1366 West 12th Avenue	Vancouver	\$14,600,000	Private	\$486,667	Private	May-21
Shato Inn Hotel 1825 Comox Street	Vancouver	\$9,100,000	Private	\$395,652	Private	May-21
The Lex 1249 Granville Street	Vancouver	\$23,300,000	Institutional	\$495,745	Institutional	May-21
Rainbow Plaza 8200 Bear Paw Lane & 8110 Crazy Canuck Drive	Whistler	\$41,000,000	Private	\$630,769	Private	May-21
Peatt Commons 2854 Peatt Road and 821 Hockley Avenue	Langford	\$42,000,000	Private	\$311,111	REIT	May-21
Eagle Creek Village 2 Watkiss Way	Victoria	\$45,000,000	Institutional	\$394,737	REIT	Apr-21
Martello Tower 1011 Beach Avenue	Vancouver	\$135,000,000	Private	\$613,636	Private	Apr-21
Park West 1869 Comox Street	Vancouver	\$40,800,000	Private	\$474,419	Private	Apr-21
Katherine Anne Apartments 2054 Comox Street	Vancouver	\$10,800,000	Private	\$469,565	REIT	Apr-21
The Aranza 9830 Fourth Street	Victoria	\$18,130,000	Non-profit	\$323,750	Private	Apr-21
Avesta 1629 St. Georges Avenue	North Vancouver	\$10,800,000	Private	\$490,909	Private	Mar-21
6660 Telford Avenue	Burnaby	\$14,700,000	Private	\$312,766	Private	Mar-21
David Apartments 2012 Cornwall Avenue	Vancouver	\$10,075,000	Private	\$503,750	Private	Mar-21
El Greco 366 Howard Avenue	Burnaby	\$12,375,000	Private	\$275,000	Private	Mar-21
The Lugano 8755 Laurel Street	Vancouver	\$10,500,000	Private	\$18,182	Private	Mar-21
Sundance Apartments 143 East 21st Street	North Vancouver	\$55,000,000	Private	\$555,556	Institutional	Mar-21
3670 West 5th Avenue	Vancouver	\$11,500,000	Private	\$460,000	Private	Mar-21
1537 Burnaby Street	Vancouver	\$13,000,000	Private	\$541,667	Private	Mar-21
Park Place Apartments 1970 Fitzgerald Avenue	Courtenay	\$14,000,000	Private	\$106,870	Public Co.	Mar-21
Freidas Villa 1968 West 2nd Avenue	Vancouver	\$13,500,000	Private	\$562,500	Private	Feb-21
Southpoint 2338 South Island Highway	Campbell River	*	Private	*	Institutional	Feb-21
Sandscapes Apartments 155 Moilliet Street	Parksville	*	Private	*	Institutional	Feb-21
Carrington View 2200 Majoros Road West	Kelowna	\$54,050,000	Private	\$290,591	REIT	Feb-21
The Saint George 154 East 18th Street	North Vancouver	\$52,900,000	Private	\$551,042	Institutional	Feb-21
Hedstrom House 1060 Goldstream Avenue	Langford	\$40,000,000	Private	\$336,134	REIT	Feb-21
Riverport Flats 14000 & 14088 Riverport Way, 15011 Steveston Highway	Richmond	\$45,465,000	Private	\$336,778	Private	Feb-21
Barclay Towers 2035 Barclay Street	Vancouver	\$15,200,000	Private	\$542,857	Institutional	Feb-21
Lorron Apartments 1623 Haro Street	Vancouver	\$10,000,000	Private	\$416,667	Private	Feb-21
Park Towers 5815 Yew Street	Vancouver	\$50,000,000	Private	\$602,410	Institutional	Feb-21
The Westwind 2025 Bellevue Avenue	West Vancouver	\$24,500,000	Private	\$583,333	Private	Feb-21
Fir Apartments 1455 Fir Street	White Rock	\$12,800,000	Private	\$220,690	Private	Jan-21
Water's Edge 425 6th Street	West Vancouver	\$11,880,000	Private	\$742,500	Private	Jan-21
Crestpoint & InterRent Portfolio 1885 Barclay Street, 1924 Barclay Street, 1580 Haro Street, 855 Jervis Street, 1270 Nicola Street, 1461 Harwood Street, 1326 West 13th Avenue, 1355 West 14th Avenue, 2280 West 6th Avenue, 2040 York Avenue, 4640 West 10th Avenue, 8675 French Street, 8740 Cartier Street, 8790 Cartier Street & 1373 West 73rd Avenue	Vancouver	\$292,500,000	Private	\$476,384	Institutional	Jan-21
McLean Manor 1383 East Broadway	Vancouver	\$11,250,000	Private	\$375,000	Private	Jan-21
566 East 44th Avenue	Vancouver	\$10,500,000	Private	\$350,000	Private	Jan-21

Prices denoted by * are share sales where an estimated price has been determined.
The above chart only lists those multi-family deals greater than \$10M due to space constraints; the first-half total is 78 deals valued at \$1.89B.
Sources: Avison Young Research, Commercial Edge & Altus Data Studio

FIRST-HALF 2021 SALES BY PROPERTY TYPE & DOLLAR VOLUME



continued from front page

reversal of fortune compared with the first half of 2020 when just 25 retail sales valued at \$223M completed, the lowest level since the first half of 2011. While there were indications that a return to retail may be in the offing in the second half of 2020, the number of sales actually slipped to 21 while dollar volume improved to \$383M, thanks to the sale of a handful of community shopping centres in suburban markets and a 50% interest in the **Woodgrove Centre** in Nanaimo. While the share sales of **Mayfair Shopping Centre** and **Eagle Creek Village**, both in Victoria, boosted dollar volume notably, deal velocity in the first half of 2021 was mostly supported by the sales of strata retail units in mixed-use developments, street front retail in select neighbourhoods as well as continuing interest in suburban retail properties.

Office sales in the first half of 2021 marked a return to form with private investors – particularly those interested in acquiring downtown Vancouver office assets. Five transactions in the core alone (primarily class B/C properties) and the most recorded downtown office sales in a single half in recent years (along with two additional office sales in Gastown) resulted in almost 23% of all BC office sales recorded in the first half of 2021 being located on the downtown peninsula. While private investors remained focused on Vancouver with almost 55% of total office sales located within city limits, office sales in non-traditional office markets such as Kelowna, Chilliwack and Langley also emerged. Strata office sales, particularly in Vancouver's Mount Pleasant neighbourhood, continue to make inroads with investors. With the exception of a single institutional purchase of a class C downtown office property, private investors were dominant as buyers of office assets in the first half of 2021.

BC multi-family sales in the first half of 2021 were record-smashing in all aspects with 78 transactions (greater than \$5M) valued at an incredible \$1.89B. While dollar volume was boosted substantially by the sale of three large generational portfolios, each transaction was only counted as a single sale. Unlike office and retail properties (and, to a lesser extent, industrial), institutional investors (and REITs) played a much more significant role as acquirers of multi-family assets in the first half of 2021 than in any other asset class. Investor demand for multi-family properties led to a rise in multi-family sales throughout most of the province, particularly in Metro Vancouver, on Vancouver Island and in the Fraser Valley – including several towns such as Campbell River, Parksville, Courtenay, Penticton, Chilliwack and Chetwynd, all communities that had seldom, if ever, recorded the sale of a multi-family asset in excess of \$5M.

The impact of COVID-19 on investment activity in BC's commercial real estate market dampened investor enthusiasm for most asset types in 2020, but the first half of 2021 marked a return to the art of the deal for many. Deal and dollar volume demonstrated that not only are investors keen to acquire properties in a pandemic, but are willing to stretch to acquire those assets that are in demand. While some predicted a COVID discount would materialize in BC in 2020 (it didn't), the opposite appears to have occurred in 2021. A COVID premium is now being factored into pricing in BC for assets deemed essential while inadvertently boosting yields slightly for certain asset types with varying exposure to COVID-19, which subsequently made them more attractive to private investors with substantial capital to deploy, access to low-cost financing and a greater appetite for risk – a strategy that in turn arose as institutions sought safe harbour and de-risked portfolios. ■

The spread of COVID-19 and the containment policies being introduced are changing rapidly, and some of the views expressed herein 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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