

Commercial Market Update

BC Expropriation Association Conference

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Colliers International

Agenda

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2021 Outlook (January)

“Cautious Optimism”

2021 reality (Today)

Pent-up Demand + Vaccine =



Market-wide Rationale for Rebound



Vaccine Roll-out/Adoption

85% vaccinated



Overall Economic Growth

6% projected 2021 GDP increase



Positive Momentum

Decreased Restrictions = Optimism



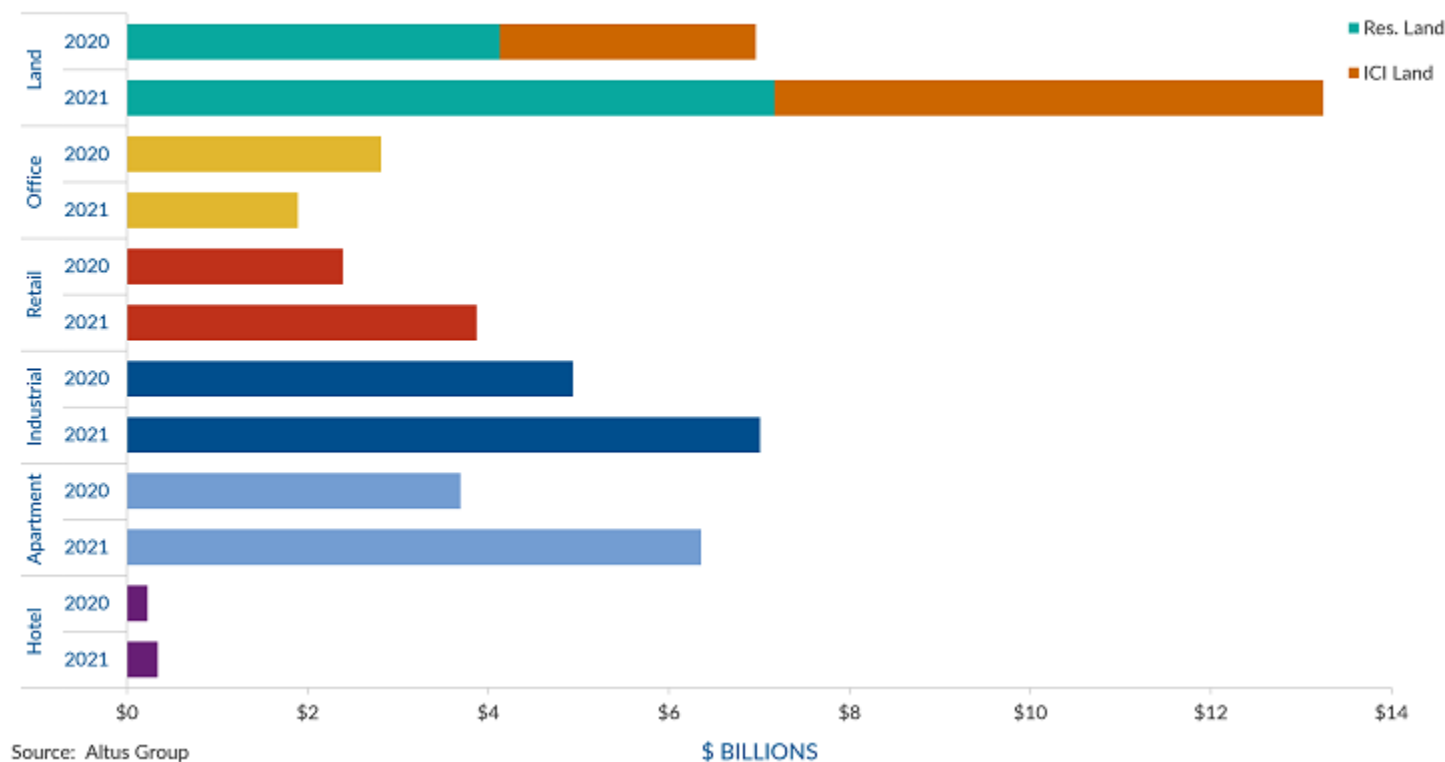
Low Bond Rates

Readily available, cheap capital

Sales Across Asset Classes

Metro Vancouver

National | Property transactions by asset class YTD (Q2 2020 vs. Q2 2021)



Despite decreased sales volume through 2020, this year has returned to much higher sales velocity.

Trends by Asset Class

- The focus of market's demand has been industrial and multifamily through most of 2020/2021
- Increased multi-family demand fueled by historic low-interest rate environment and stability in cash flow
- Retail/office asset classes slower, with questions about long-term effects of consumer habits and the "future workplace"
- No major price discounts seen for quality investment product, lack of supply on market
- Land pricing dropped in 2019/2020, but has fully recovered by mid-2021

| Downtown Office | | | | | |
|-----------------|-------|---------|-------|---------------|---|
| Class A | | Class B | | Q3 Prediction | |
| Low | High | Low | High | A | B |
| 3.25% | 4.50% | 3.25% | 4.50% | ↔ | ↔ |

| Suburban Office | | | | | |
|-----------------|-------|---------|-------|---------------|---|
| Class A | | Class B | | Q3 Prediction | |
| Low | High | Low | High | A | B |
| 5.00% | 6.25% | 5.50% | 6.50% | ↔ | ↔ |

| Industrial | | | | | |
|------------|-------|---------|-------|---------------|---|
| Class A | | Class B | | Q3 Prediction | |
| Low | High | Low | High | A | B |
| 3.75% | 4.25% | 3.75% | 4.75% | ▼ | ▼ |

| Retail | | | | | | | | |
|--------------------|-------|-----------------------|-------|-------------------------|-------|---------------|---|---|
| Regional/ Power | | Grocery/ Community | | Neighbourhood/ Strip | | Q3 Prediction | | |
| Low | High | Low | High | Low | High | R | G | N |
| 4.00% | 6.00% | 4.00% | 5.50% | 3.50% | 5.25% | ↔ | ↔ | ↔ |

| Multi-Family Apartment | | | | | |
|------------------------|-------|----------|-------|---------------|---|
| High-Rise | | Low-Rise | | Q3 Prediction | |
| Low | High | Low | High | H | L |
| 2.50% | 3.50% | 2.75% | 4.00% | ↔ | ↔ |

Industrial

0.5%

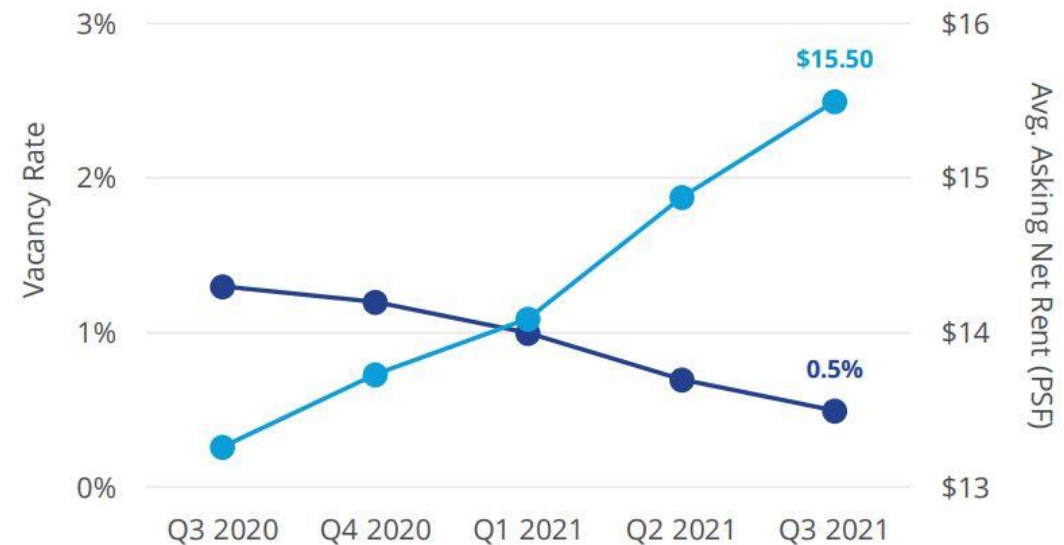
Vacancy Rate

- All-time low vacancy, all-time high asking net rent
- Constrained land supply/strong demand is pushing new benchmarks for industrial land pricing
- Densification of infill sites with industrial developments

Industrial Fundamentals

● Vacancy Rate

● Average Asking Net Rent



Multifamily

- Continued high demand through pandemic despite higher vacancy in urban areas
- Return of strong leasing activity/drop in vacancy rates



| | |
|------------|---------------------|
| Property | Hollyburn Portfolio |
| Address | Hollyburn Portfolio |
| # of Units | 614 |
| Price | ~\$292,500,000 |
| Cap Rate | ~2.85% |



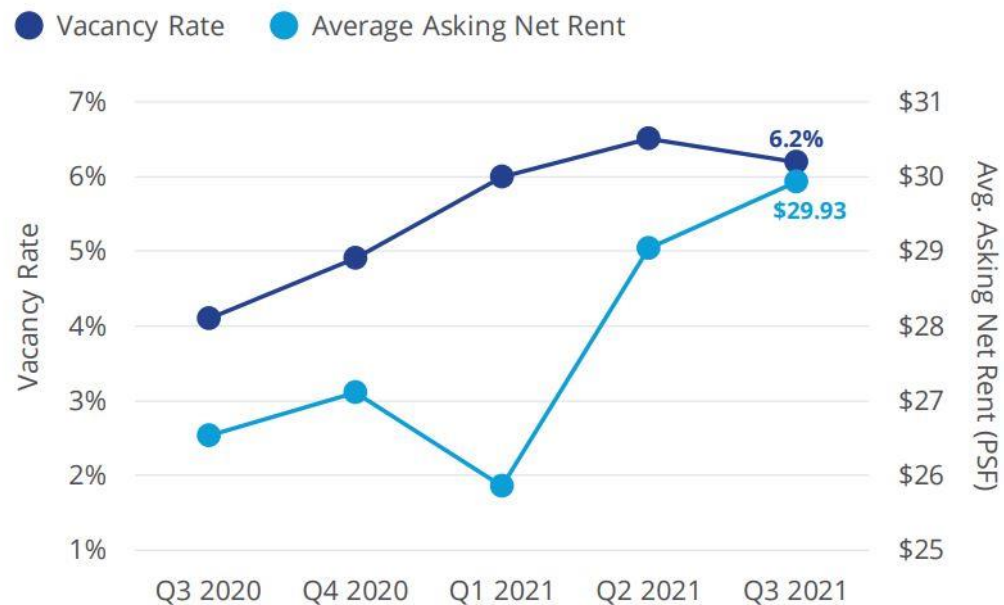
| | |
|------------|-------------------|
| Property | Martello Tower |
| Address | 1011 Beach Avenue |
| # of Units | 220 |
| Price | ~\$135,000,000 |
| Cap Rate | ~2.75% |

Office

- As firms returned to office in the fall, downtown vacancy rates fell from 7.3% to 6.7%; average net rents increased by 4.2%

6.2%

Office Fundamentals



Retail

- Retailers beginning to recover as vaccine adoption continues
- Question: How the shift in consumer habits will change the face of retail in long run



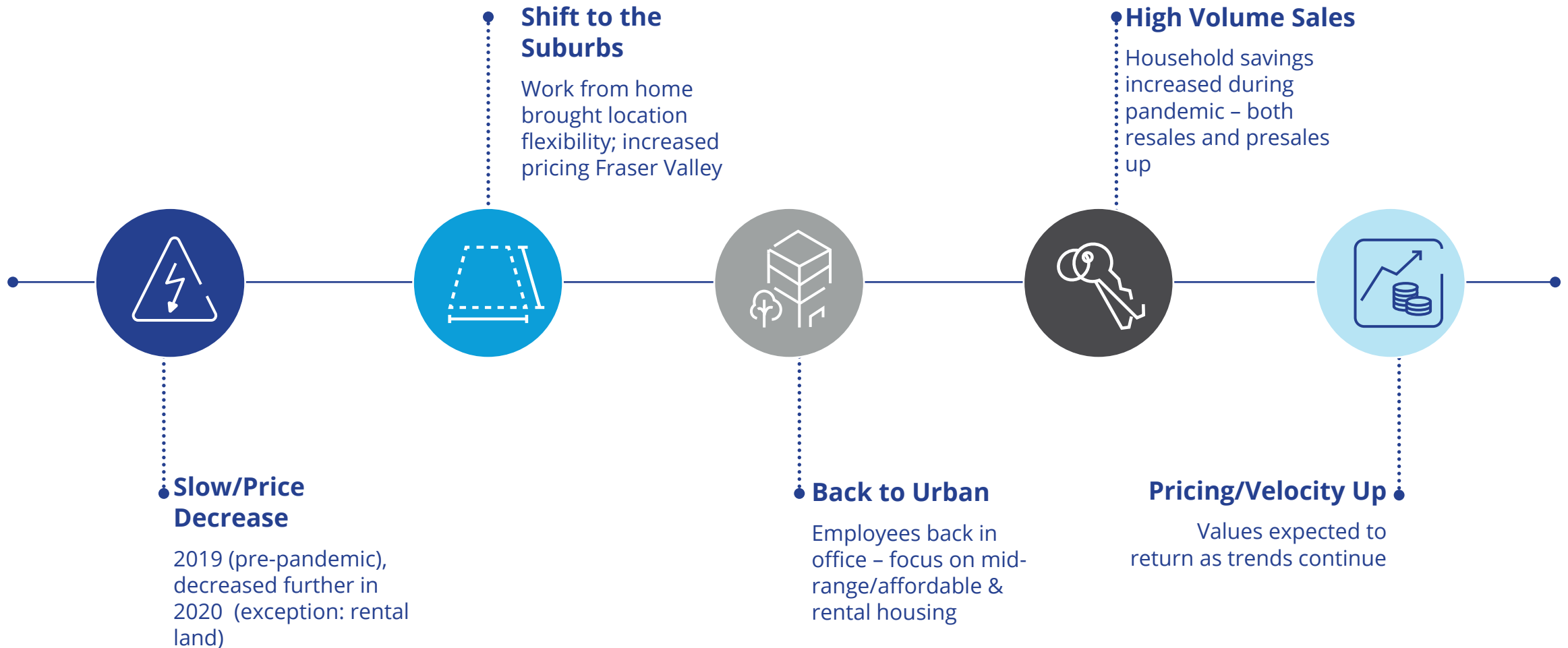
FOR SALE

14111 Entertainment Boulevard
Richmond, BC

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|---|---|---|

Land Market



Broadway Plan

Coming Soon

- Increased height/density along certain nodes
- Expected built form: focus on commercial and rental residential (including affordable component)
- Next stage: Broadway between Yew and Alma?



2022 Predictions

Industrial & Multifamily

Will be the most in-demand asset classes. Industrial to face pricing resistance?



Office & Retail

Going to see some mega transactions, with emphasis on AAA product.



Land

Pricing to increase as presale velocity continues. Return of luxury market?



Area to Watch

City of Vancouver Broadway Corridor Plan finally coming to fruition 2022(?)



Questions?



Thank You

Contact

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