

StreetWise

Observations on the Greater Vancouver Commercial Real Estate Investment Market by Sam Emam

March 2021

Collaboration and Flexibility Key as the Pandemic Continues

Most of us probably know where we were when the pandemic hit last year and the normal course of life ended. Companies and their workers pivoted as social distancing rules took effect. Homes became offices for millions of people as commercial properties emptied out. Demand for industrial space picked up as retailers shifted how goods got to consumers and delivery services boomed. A year later, a new normal has set in but some old principles hold true: well-located assets with strong tenancies continue to see demand from investors.

Purchasers who were positioned to do deals over the past year saw good times. The uncertainties meant central banks lowered interest rates and pledged not to raise them before 2024. While lenders wanted to make sure deals were sound, buyers also had sufficient time to do proper due diligence as access to properties was limited and owners discovered ways to introduce them to a virtual market. Combined with cheap financing and longer timelines, a more collaborative approach took hold as lenders worked more closely with each client to adjust timelines and overcome challenges, and buyers and sellers were more accommodating in getting deals over the finish line.

Sellers who were prepared to get deals done could also be patient. By working collaboratively with potential purchasers, pricing could be adjusted to the mutual satisfaction of all sides. Since the pandemic drove the recession, the fundamentals of demand – for goods, if not services – remained solid. By documenting the strength of their properties and providing the proper documentation, deals were done with greater transparency and understanding. While enhanced

cleaning protocols were an early headache, the long-term benefit of the pandemic will be greater flexibility in how properties are brought to market and the use of technology to complete paperwork.

A glance back at what was hot (and not) in 2020 gives a hint of what lies ahead as vaccines roll out and a less restrictive world begins to frame market dynamics.

HOT

- *Online Anything:* Videoconferencing, Netflix and of course online ordering helped the world get by in 2020. Many of those habits will remain when the pandemic ends and social distances close. The office is not dead, but it will be a lot more flexible.
- *Residential Housing:* Stuck at home last year, more people spent more money on creating a liveable space because they couldn't go on vacation. Many decided apartment life wasn't for them and left the cities, taking advantage of historically low interest rates to purchase detached homes.

NOT

- *Group Settings:* Social distancing made public transportation and most events no-go zones last year. While packed parks last summer showed how much people love to socialize, expect restaurants and event venues to give people more space in a post-pandemic world.
- *Mental Wellness:* One of the big casualties of the pandemic was mental wellness. Social isolation was a pre-existing issue in Vancouver but the pandemic reminded everyone how much we really do need each other. Let's keep watching out for one another as restrictions lift.

Macdonald Commercial is here for you, and happy to answer any questions you have regarding the current state of the market and the opportunities for your property.

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