

StreetWise

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

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Dirt Cheap? Metro Vancouver Land is Gold!

Whoever coined the term “dirt cheap” probably didn’t live in Metro Vancouver. The triple threat of mountains, water and an international border mean our land is worth its weight in gold – maybe platinum!

Prices will continue to rise as this decade goes on, because they’re not making any more land at this location. The border isn’t moving, environmental regulations are getting stricter and people keep coming. That increases the pressure on all types of land to serve a population the current regional growth strategy expects to top 3 million by 2030. We’re already at 2.75 million, with upwards of 50,000 people arriving annually.

This means demand for land remains strong, with 409 land transactions last year alone. While demand for residential land fell as the pandemic fuelled a more cautious approach among developers, demand is recovering. With vaccines rolling out and demand for housing strong, demand hasn’t gone away; it’s just on pause.

But if land is hot in Metro Vancouver, key locations are even hotter because they offer a mix of uses or proximity to transportation. People want what they need on their doorsteps, and if they’re not there they want convenient access.

Transit-oriented development sites are a key example. While recent highway upgrades have eased the region’s famous gridlock, the prospect of mobility pricing and other incentives to get people to use transit will increase. Transit-oriented sites are being scooped up quickly because residential developers know that people want to get places quickly. Many people will

accept a half-hour (or less) on transit. Spending hours in traffic, especially after a taste of working at home during the pandemic, is off the table.

Many residential development sites are former industrial properties close to the region’s core. A prime example is the Royal Oak neighbourhood of Burnaby, where zoning changes have created opportunities for sellers and redevelopment opportunities for buyers. Countless other neighbourhoods across Metro Vancouver are seeing similar changes.

The industrial businesses displaced by rezonings have moved east, with several heading to the Fraser Valley. Langley, Abbotsford and even Chilliwack have all seen industrial land inventories plummet and prices increase. Sites that are close to highways facilitate the movement of goods locally, nationally and with the U.S. Delta and Surrey have been active markets for warehouse construction, and demand will continue into Langley and beyond in the coming years.

At Macdonald Commercial, our team helps landowners market and sell their development sites, achieving the best possible price from qualified developers and investors. Many landowners are not aware of how much their properties have appreciated over the years, or how changes in zoning or density can improve their returns. We review properties in detail, gather market data, and match owners with opportunities that deliver the best return.

We ensure maximum exposure thanks to our extensive network of qualified investors and use of a broad range of marketing strategies to achieve great results.

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

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