

StreetWise

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

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Mid-Year Outlook Points to Restored Market Confidence

With half the year over and sales statistics for commercial real estate finally becoming available, owners and investors have a clearer picture of where the market stands.

Transactions in the first quarter surged 47% from a year earlier, the Real Estate Board of Greater Vancouver reported. Deals delayed by the pandemic closed and new buyers leapt at new offerings finally brought to market. Yet total deal value increased just 10%, pointing to the dominance of smaller transactions in a market characterized by limited opportunities. While many investors were looking to place capital, only so much product was available for sale. All asset types except land saw stronger deal activity. Office and retail properties saw the greatest uptick in transactions, rising 62% in volume and 136% by value.

The strength of office transactions was a vote of confidence in the sector. Some deals were the result of owners needing to sell while others offered opportunities for redevelopment. The new investment promises to refresh a sector after a year that saw many people shy from in-person interactions. With vaccines rolling out and normal social life resuming, people are showing that they still want to get together. Commercial space is not dead, but it will function differently.

The return of social activity also sets the stage for what many expect to be a federal election this fall. Campaign-style promises have already started making headlines. Real estate investors are taking special note of pledges to fund rapid transit, including \$1.3 billion for the extension of SkyTrain from Surrey to Langley. This would reinforce Burnaby as a central market close to the region's core. This will make it a desirable place to invest and spur the redevelopment of older properties, in keeping with city planning objectives. Meanwhile, opportunities to invest in sites adjacent to the proposed line will increase.

With face-to-face meetings once more possible, the team at Macdonald Commercial is keen to meet with you and discuss options for your property. We are ready to build the relationships with potential buyers and sellers that will support your goals. We review properties in detail, gather market data, and prepare your property for maximum market exposure – online and in person. Allow our expertise to achieve your success.

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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