

StreetWise

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

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New Transit Connections Create Opportunities

The federal government's commitment this summer of \$1.3 billion to extend SkyTrain from Surrey to Langley may have been among the early signs that an election was coming, but it also gave a boost to real estate activity in the two municipalities.

Of course, the patient money had snapped up sites in the proposed corridor along Fraser Highway long before, but activity has been gaining momentum now that construction is a sure thing. A more normal business environment in the wake of vaccine rollouts and low interest rates have helped, too.

Surrey has been particularly active this year, according to Real Estate Board of Greater Vancouver commercial real estate data. Between the first and second quarters, Surrey saw deal-making rise 37% closely followed by Langley at 33%. Deals for office and retail properties as well as land drove volumes higher, whereas in Langley, land deals dominated, driving up average transaction values.

Strong activity in the second quarter contributed to a lift in year-to-date activity, which mirrored the quarterly trend. Again, office and retail properties were the most heavily traded property types in Surrey, whereas Langley was primarily about land deals. Surrey's designation as the region's second downtown has supported interest from office users while Langley is providing much needed housing south of the Fraser.

But the new SkyTrain line won't just affect Surrey and Langley. Since it extends the original Expo

line, it also represents a direct connection with the metropolitan core in Vancouver. Property owners along the line stand to benefit, as a glance at activity in the neighbouring municipalities of New Westminster and Burnaby indicate.

During the first half of this year, New Westminster saw a 73% increase in commercial real estate deals; similar to Surrey, office and retail properties drove the activity, followed by land. Burnaby, by contrast, has seen inventory come under pressure, but transaction values have risen as buyers have had to fork over more for properties closer to the metropolitan core. While opportunities still exist here, the new SkyTrain line will effectively move it closer to the centre of the region while Langley becomes the affordable destination. This will further increase redevelopment pressure on underutilized properties while increasing the price investors are willing to pay for these opportunities.

The province is in the process of taking over the project from TransLink. It hopes to begin construction in 2024 with completion targeted for 2028. Owners who are looking to sell should be able to command strong pricing. Conversely, buyers who are seeking premises for their businesses or as an investment will need to do their homework.

Macdonald Commercial has the expertise need to guide you as the market evolves. To understand how new transit projects or other forms of development affect your property, call us today.

Block to Block 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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