

# StreetWise

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

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## Vancouver Real Estate Has a Bright Outlook

Metro Vancouver has 1.1 million homes, each with its story of the people who have come to the city seeking a better life. Some are owned, some are rented. But all are in demand as a strong economy continues to draw people from across the country and around the world.

During the recent Vancouver Real Estate Forum and Western Canada Apartment Investment Conference, the optimism surrounding the future was hard to ignore. While challenges exist, including uncertainties as economic conditions normalize following the pandemic, there are also opportunities led by renewed demand for basic necessities.

Housing is one of those necessities. Construction and new investment have lagged over the past 18 months as supply chain disruptions then rising interest rates created uncertainty around costs. Completions lagged demand, both for ownership and rental markets. And, while units for sale have lagged demand, the Canada Mortgage and Housing Corp. reports that more than half of new construction has ended up supplying the rental market. This is double the 25.8% of regional housing completions over the past five years that were intended for rental.

A limited supply of housing is now squaring off against renewed immigration flows. Domestic workers as well as retirees are moving to B.C., fuelling demand for housing. An ambitious federal plan to boost immigration to 500,000 a year by 2025 means international arrivals are also on the upswing. New immigrants typically spend at least two years in rented accommodation until they've found their bearings and have the documentation needed to become first-time buyers. And new arrivals will continue to come thanks to strong economic growth, estimated at 3% in the first quarter of 2023 and strengthening as the

economy normalizes through the remainder of the year. With unemployment of 4.9% in March, the second-lowest in Western Canada, B.C. is a top destination for workers.

Many of those workers are finding opportunities in the industrial sector, where demand for space remains strong because a growing population demands more supplies. And similar to the multifamily market, low vacancies continue to put pressure on existing space. The demand for space is such that strata units, especially in affordable suburban locations, remain popular even in a higher interest rate environment. While the office sector is seeing rising vacancies, a focus on necessities is creating the right conditions for multifamily and industrial investors.

While overall investment in multifamily properties fell 34% last year to \$1.4 billion, according to the Real Estate Board of Greater Vancouver statistics, investors savvy to the long-term character of the market began moving shortly after the Bank of Canada signalled in January it was holding the line on interest rates.

Similarly, industrial deal value fell to \$1.9 billion last year, down to 24%. This is expected to rebound as interest rates stabilize and new product finds its way to market.

With two decades of experience in Vancouver, Burnaby and beyond, Block to Block Commercial has the knowledge needed to assist owners and investors identify new opportunities and make the most of their existing portfolios. A keen understanding of the market dynamics affecting individual properties helps establish the best value for an asset whether you're buying or selling. To learn more how our team can assist you reach your investment goals, contact us today.

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*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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