

# StreetWise

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

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## Cutting Through the Noise to Provide a Clear Signal

Real estate markets are at a moment of transition, and an uncertain moment at that.

The sharp series of interest rate hikes last year put the brakes on the market, with many decisions shelved until stability returned. When the Bank of Canada signalled a pause in interest rate hikes at the end of January, signs of life began returning to the market. This spring saw activity increase across many sectors, but the latest hike on June 7 has revived fears – even as the U.S. says it won't be acting as quickly.

Meanwhile, market data so far continues to reflect the hangover effects from 2022 policy decisions, making it tough to now where things actually stand. The world has changed, but how?

These are the kinds of qualitative assessments it's hard to make with data alone. Whatever the numbers say has to be understood, interpreted and squared with our current realities. This is where brokers play important roles – facilitating conversations, often uncomfortable ones, that aim for the truth about the current potential for your property. Valuations are constantly shifting, and that means market pricing, cap rates and what buyers' perception of value are something of a moving target. This is especially so during uncertain times.

Whatever our perceptions of value, the market – the place where seller and buyer meet – is where values are made. Whatever we think a property is worth, none of that value is realized until the purchase offer closes. And to get across the finish line, we need to

avoid overpricing our listings or low-balling our offers. Bridging the gap between the seller's expectations and the buyer's position in today's commercial real estate world is key to what brokers do.

Sharing data with other advisors, mortgage brokers, appraisers, lawyers and accountants is critical to getting deals done. The lender is almost always going to have a lower tolerance for risk than an ambitious buyer, so data is going to be key to allaying concerns. The more data an appraiser has, the better able they'll be to generate a report that supports their valuation. And a solid valuation will help the accountants determine the most tax-effective strategy for managing the property.

Data is critical to cutting through the noise and keeping our focus on the big picture, both before and after the deal is done. Many of us live with second thoughts, but data can remind us why we bought, determine when to sell, and give us the confidence in the meantime that we're on the right track.

Block to Block Commercial has access to the data underpinning the market trends, and the expertise needed to understand it. Our experience helps us anticipate how macroeconomic factors will impact local dynamics.

In today's uncertain market you want to work with someone who is client-focused and understands what today's numbers mean for tomorrow's deals. To find out how we can help you, call 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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