

# StreetWise

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

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## Court-Ordered Sales Are Not the Solution

The recent transaction of high-profile sites across Metro Vancouver through court-ordered sales has focused attention on these potential opportunities.

Court-ordered sales – colloquially known as foreclosures, though several reasons can lead to sales playing out in court – typically occur when lenders want to enforce their rights on properties. Borrowers who fall in arrears and fail to come to terms with their financial partners are vulnerable, and this can often lead to properties selling at a discount to their actual market value. Creditors simply want to recover their money, and if the purchase offer meets this objective, the courts are happy.

This can create a huge value opportunity for purchasers; not so much for the former owner or the industry as a whole. When high-profile properties hit the courts, the entire sector suffers from the negative publicity.

And sometimes, the deals aren't as attractive as people think. While a 10% or 20% discount to the last purchase price may sound like a deal, the run-up on values in recent years may still make a "deal" challenging to cash-flow. The potential purchaser also needs to factor in future costs, especially if the property still requires entitlements or the policy environment has changed.

With two decades of experience in the Metro Vancouver market, we're sceptical that foreclosures are the solution to the current pause markets face.

Yes, they present opportunities, but they're also a sign of the deeper problems facing the market. We want to see deals done, but not at any price. We also want a strong industry, one where all boats can navigate low tide, and reap the benefits of the next high tide.

Part of the value an experienced broker offers is matching you with properties that work with your current financial circumstances to meet your financial goals. A broker who knows the market matches you with opportunities that have strong long-term fundamentals rather than building a future based on hope. Hope, as the saying goes, is not a strategy.

This doesn't mean there aren't opportunities when markets go south. We have worked with owners who have needed to dispose of properties for any number of reasons. By leveraging our networks, we have been able to expedite sales in order to achieve the best price in the shortest amount of time, regardless of the seller's circumstances. We have also been able to match purchasers with properties that needed to be sold, creating win-win outcomes for all sides.

This isn't an easy market, and even if interest rates fall on June 5, the impact will likely take months to play out. Working with someone able to navigate the short-term challenges with a view to long-term success is important.

Whether you're looking to invest or seeking opportunities to dispose of assets, we can help. To find out how, call us today.

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Block to Block Commercial is your partner for navigating the current state of the market and seizing opportunities for your property. Have questions or seeking insights? We're here to provide answers and guidance. Reach out to us! – Dedicated to your success

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