

StreetWise

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

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Diversity is Canada's Strength, and Your Portfolio's

We're blessed with many opportunities in Canada, a diverse country with a stable economy and political system that ranks high on the list of desirable places to live. While we hate regulation, we also see its value in keeping things on an even keel. So long as it's for the common good, we're all for it.

Decisions by the Bank of Canada have come under a lot of scrutiny over the past two years, but those of us in real estate were largely happy to see policymakers lower the bank's benchmark rate on June 5 by a quarter percentage point to 4.75%. This is the lowest it's been since June 2023, though the number of calls we've received would make you think it had been a lot longer. Two years of hikes take their toll after two years of rock-bottom rates.

The shift means we should see momentum in the market start to pick up, especially if the bank delivers on widespread expectations of further rate cuts this year. But even if rates fall to 4.5% or 4%, don't expect a return to historic lows. Those lows were historic for a reason, and barring a global crisis that requires fresh stimulus, rates are widely projected to bottom out at no lower than 3%.

This means investors will be challenged to find opportunities that deliver positive cash flow, especially in Metro Vancouver. The name of the game here has long been appreciation rooted in the land value. So long as a property generates enough to cover the holding costs, most commercial property investors bet on the final cash out. Strata properties

have become popular because owner-occupiers save on rent while building the equity they've received on sale.

This is why diversity is critical to your portfolio. Block to Block Commercial specializes in multi-family properties, development sites and industrial assets within Metro Vancouver, but our network of contacts spreads across the region, and through Macdonald Commercial, around the world. This means our clients have access not only to properties within the region but opportunities further afield that help them diversify their portfolio as their needs evolve. An anchor property close to home can be complemented by holdings in secondary markets where cash flow is possible.

And, when the time comes to sell, our networks can draw in investors who want a piece of the stability you enjoy. If you've taken pride in your property and are ready to sell, there are buyers keen to build on your success. And you'll be able to reinvest the proceeds in a new investment, taking your portfolio to a fresh level.

With interest rates starting to ease, financing conditions are improving for investors. Similarly, owners who have held on to properties through the season of rising rates may be ready to sell. To discover opportunities that can help you pursue, expand or strengthen your real estate investment objectives, contact us today.

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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