Top 10 Real INSIGHTS

2019 Vancouver Real Estate Forum

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INSIGHTS FROM INDUSTRY LEADERS DURING THE CONTENT FORMATION OF VANCOUVER REAL ESTATE FORUM

1 OFFICE DEMAND FUELED BY TECH INDUSTRY

Downtown Vacancy fell to 4.1% - 310 basis points lower than a year ago.

2 INVESTMENT ACTIVITY REMAINS STRONG

Transactions totaled $6.8B in the first half of 2018.
– Altus Group

3 INDUSTRIAL LEASE RATES SKY ROCKET

Shortage of industrial space is pushing lease rates up faster than any other global market.

4 HOUSING MARKET REMAINS VERY TIGHT DESPITE SLIGHT INCREASE IN VACANCY

The average vacancy for a rental unit increased to 1.0% in the Vancouver CMA in 2018 from 0.9% the year before.
– CMHC.

5 IS ASIAN INVESTMENT WANING?

Are Chinese and Canadian Government Policies resulting in slowing interest in Canadian real estate by prospective investors?

6 BEVY OF NEW TAXES IMPACTING A SLOWING HOUSING MARKET

School Tax, Empty Homes Tax, Speculation Tax, Foreign Buyers Tax combined with the Mortgage Stress Test, dampening housing sales.

7 VANCOUVER BRIMMING WITH NEW RETAIL

New retailers and new retail space in the city allay concern for a sector in transition.

8 RENTER DNA

Results from the Canadian Apartment Renter's Survey takes a deep dive into the renter demographic.

9 B.C.'S SECONDARY MARKETS FLOURISHING

Attracted by strong local economies, cheaper land and shorter development processes, developers see opportunity in B.C.'s secondary markets.

10 CONSTRUCTION MOVING FORWARD AT RECORD PACE DESPITE RISING CONSTRUCTION COSTS

Although labour shortages and tariffs are having a big impact on construction costs, a record amount of square footage is currently under construction.

For further details on these top trends please visit the Real Estate Forums Portal at realestateforums.com

1. OFFICE DEMAND FUELED BY TECH INDUSTRY

Downtown Vacancy fell to 4.1% - 310 basis points lower than a year ago.

Office vacancy rates in Greater Vancouver declined from 8.4% in Q4 2017 to 5.6% in Q4 2018, while downtown Vancouver was even lower at 3.2%, Altus Group reports.

There was 1.8 M sq.ft. of positive net absorption in 2018. Almost 700,000 sq.ft. of absorption occurred in Q4.

About 1.9M sq. ft of space under construction in downtown Vancouver has already been preleased and many of these future tenants represent larger tech companies. Of the 3.7 M sq.ft. currently under construction in the Greater Vancouver Area, about 71% (2.7 M sq. ft.) is in downtown Vancouver.

Burrard Place and 400 West Georgia are the earliest expected deliveries for downtown office space, and they are not slated for completion until 2020.

Indeed the B.C. tech industry is the province's fastest growing sector, generating more than $29 B in revenue, which is a greater share of the region's GDP than the forestry industry.

Vancouver is now the 15th largest startup ecosystem in the world.

Targeting demand from this sector, PCI Developments and Low Tide Properties announced a new, seven-storey office development, which will be designed for "the emerging digital media and creative sectors."

The development will offer 160,000 sq.ft. of office space.

Recent lease transactions from major tech firms:

- Apple is rumored to have leased 60,000 sq.ft. at 400 West Georgia Street.
- SAP has expanded their footprint and has added more than 300 jobs since 2016.
- In Q4 2018, Arlo Technologies leased 21,994 sq.ft. at 10851 Shellbridge in Richmond and Allocadia Software leased 18,000 sq.ft. at 200 Granville.
- Visual effects studio Image Engine announced in October that they planned on adding 150 more employees over the next two years. To accommodate this expansion, the company will be moving into a new, bigger space in Mount Pleasant.
- Vancouver-based mobile game developer Kabam has pre-leased 105,000 sq.ft. of office space at Vancouver Centre 2 (VC2), which is currently under construction by GWL Realty Advisors.

In 2018, The B.C. – led Digital Technology Supercluster was awarded funding from the federal Innovation Supercluster Initiative. It is estimated that the initiative will create 50,000 jobs and inject $15 B in GDP into B.C.'s economy over the next 10 years and will create more demand for office space in the GVA.

Analysts say, the average office rent for the new prime Class A space coming to the market will approach $60 per sq.ft., by far the highest in the country.

"Competition for Class A space will intensify as space reaches historic lows and new supply isn't completed until 2021/2022. In the meantime, we expect more tenants to look to the suburbs, with one interviewee saying that they "see more opportunity for growth out in the Fraser Valley than in Vancouver." PWC –Emerging Trends in Real Estate 2019.

2. INVESTMENT ACTIVITY REMAINS STRONG

Transactions totaled $6.8B in the first half of 2018 – Altus Group

Private purchasers remained the most dominant buyer group in B.C. in the first half of 2018 capturing 63.7% of the overall dollar volume. While institutions remained active in the first half of 2018 and were involved in 10% of the total number of deals, they still captured 32.9% of total dollar volume. Institutional purchases were primarily focused on office and retail assets in the first half of 2018. Institutions spent $492.4 M on five office properties located in Vancouver and Burnaby, a report by Avison revealed.

Allied REIT picked up two buildings in the financial core in Q4 2018:

- Ormindale Block – 38,511 sf for $40 M
- 1220 Homer Street – 21,708 sf for $17.5 M

Concert Properties and Hollyburn Properties were both active in 2018. Concert acquired Containers – Phase 2 for $92 M and Hollyburn purchasing 1055 West Pender Street for $80 M.

The Dilawri Group of Companies acquired 6 Mercedes-Benz car dealerships and vehicle service centres in Vancouver, Richmond and North Vancouver for a total of $135,965,680 at the end of 2018.

Hungerford Properties acquired a multi tenant industrial building in Burnaby for $41,900,000 representing a price per sq.ft. of $219 and a cap rate of 4.0%.

Private investor Value Property Group acquired a multi tenant industrial building in Vancouver from Morguard for $43,170,000, representing a price per sq.ft. of $360.

True North Commercial REIT acquired a 90,550 sq.ft., 100% occupied office building in Burnaby in the fourth quarter of 2018. The 3 storey property located at 9200 Glenlyon was purchased for approximately $35 M and sits on almost 6 acres.

Ivanhoé Cambridge continued to execute on its disposition strategy to reduce its exposure to B.C.'s retail market through the sale of its 50% interest in CF Richmond Centre to AIMCo for $392 M, Avison reported.

The largest industrial deal in the first half, the approximately $57 M sale of 1771 Savage Road in Richmond marked the arrival of Ontario and Quebec-based Nexus REIT in Metro Vancouver's industrial market. Nexus REIT holds industrial properties in Prince George and Kamloops as well as across Canada.

Early indications suggest that investment sales slowed somewhat towards the end of the year. In Q3, sales of commercial real estate properties dropped nearly 20% from the second quarter, to 565, the lowest quarterly level in four years, according to the commercial division of the Real Estate Board of Greater Vancouver.

3. INDUSTRIAL LEASE RATES SKY ROCKET

Shortage of industrial space is pushing lease rates up faster than any other global market.

The city's lease rates grew by 29% year-over-year in Q1 2018, significantly above the worldwide average of 3% in that quarter, Bloomberg reported. 2018 ended with lease rates growing by 16% to $11.86 per sq.ft. according to CBRE – the highest rates on record for that city.

"These price increases are a result of continued dwindling industrial supply, doubling occupier demand and continued growth of Vancouver's population…Industrial users understand the value of having port access and proximity to a growing population that is increasingly demanding expedient delivery of products and services." said CBRE's Jason Kiselbach.

According to Altus Group, industrial vacancy rates dropped in Q4 2018 to 1.9% from 2.5% in Q4 2017. Outer suburb markets posted near sub 1% vacancy rates: New Westminister (0.1%), Abbotsford (0.2%), Maple Ridge (0.3%), Pitt Meadows (0.6%), and North Shore (0.8%).

A CBRE report released last month showed that Vancouver was the strongest industrial real estate market globally, due in large part to the exceptional performance of the warehouse segment.

"The rise has been unprecedented, but [prices] can be absorbed by multinational tenants," Chris MacCauley, SVP at CBRE Vancouver, said in a release. "The big concern is for the regional and local occupiers."

The global average industrial rent increase was just 3.2% year-over-year. Seattle and Oakland also saw significant growth at 13.4% and 14%, respectively, for reasons like Vancouver's market, with limited supply and strong demand for third-party logistics, food distribution, building supplies, and consumer goods.

In Vancouver's case, the shortage is worsened by the booming film industry's need for large production studios in warehouse-like spaces.

While Vancouver saw the largest growth increase, it was not the world's most expensive rates for industrial and logistics space. With USD $7.56 per sq.ft., Vancouver ranks 25th, well below the top three most expensive markets: Hong Kong (USD $30.99), London (USD $22.35) and Greater Tokyo (USD $19.96).

Approximately 4 M sq.ft. is currently under construction which will give the market a little more breathing space in 2019.

One project that is under construction is PortLiving's six-storey light strata industrial building which includes three floors of self-storage at 3333 Bridgeway Street. The building would add about 110,000 sq.ft. of flex industrial space to the regional market and is being built on a 37,000 sq.ft. site.

One of the main issues that this market is facing is lack of industrial land which will continue to constrict supply. To address this problem, a new Metro Vancouver industrial lands strategy task force was formed last year. A draft strategy should be ready by June, with a final report presented in fall 2019.

CBRE has predicted that the region could run out of its industrial land supply entirely by the early 2020s.

In Vancouver, warehousing and fulfillment property will continue to be a top performer. There's little industrial land to be found, and landlords are holding onto what they have or redeveloping old assets to meet changing demands. With the increased need for last-mile delivery and e-commerce facilities, logistics and fulfillment continue to be a major opportunity for creating value - PWC – Emerging Trends in Real Estate 2019.

4. HOUSING MARKET REMAINS VERY TIGHT DESPITE SLIGHT INCREASE IN VACANCY

The average vacancy for a rental unit increased to 1.0% in the Vancouver CMA in 2018 from 0.9% the year before – CMHC.

The average asking rent for a vacant unit was $1,578 which is an increase of 6.2% over the past year. This is over the allowable 4.0% allowable rental increase that was set by the BC Residential Tenancy Branch – for the fourth year in a row, CMHC reports.

Padmapper estimates that the average rent for a one bedroom unit in the City of Vancouver is $2,130 – second only to Toronto.

CMHC states that the number of condos that comprised the rental housing stock fell by 1,081 units in 2018. The strong resale market and an increase in condos being rented as short term vacation homes were cited as possible reasons for the decrease in inventory. As a result, the condo rental vacancy rate was 0.3% in 2018.

Housing starts are down which may make housing more scarce.

Central 1 Credit Union's Deputy Chief Economist, Bryan Yu said that "builders have noted the market slowdown and the result is a sharp drop in housing starts since September, especially in urban areas. Starts in B.C. are predicted to fall to about 32,000 units in each of the next two years after nearly 40,000 units were under construction in 2018 and 43,500 in 2017."

The CMHC forecast for B.C. is in sync with Central 1. Following a few years of frenzied construction activity, it said, "Housing starts are anticipated to soften going into 2019 through to 2020, moving back towards the 10-year average pace of new construction."

A National Bank nationwide study found that a mortgage payment for a median-priced single-family home in the Vancouver CMA – based on a set of parameters – was now 101.5% of the region's median household income. That's up 2.7% over the previous quarter, a jump of 6.4% year over year, and the highest it has ever been.

National Bank said this erosion of affordability was "on the back of rising interest rates and falling income growth." The study was released this January and despite Vancouver's real estate market slowdown, the city has moved back up in the rankings of the world's least-affordable housing markets.

The report acknowledged Vancouver's recent price slowdown, but said this had not improved affordability, as most of the price drops have been at the high end of the market.

What pushes Vancouver to the top of the unaffordability ranking, Bloomberg notes, are low wages. The median household income is $61,036 – lower than any other major city in the region. San Jose, San Francisco, Calgary and Seattle all have higher median incomes.

5. IS ASIAN INVESTMENT WANING?

Are Chinese and Canadian Government Policies resulting in slowing interest in Canadian real estate by prospective investors?

In the past few years, China has placed restrictions on the outflow of money from the country to prevent the Chinese yuan from devaluation and to maintain economic stability which hinges partly on strong foreign exchange reserves, according to Forbes.

This, along with the foreign buyers tax, has resulted in decreased interest in Vancouver's housing market from Chinese migrants.

The latest property transfer data from the province indicates that the proportion of foreign involvement in B.C. real estate deals dropped in 2018. Foreign buyers accounted for just 2.4% of all residential transactions last year, down from 3% in 2017. Similarly, foreign involvement in commercial transactions fell to 5.9% from 6.3%.

Capital outflows from China totaled $408B in 2017, down 54% from 2016, according to data from the French investment bank Natixis. "We expect the capital outflows condition in 2018 to remain stable as the scrutiny measures on cross-border capital movement are certainly working," says Alicia García-Herrero, the firm's chief economist for Asia Pacific.

Carrie Law, CEO and director of Juwai.com, said: "Our inquiry data shows that Chinese demand plummeted during the first half of the year. This matches the official data showing that foreign buying in Greater Vancouver was down to just one per cent of activity in the first half of 2017. In the second quarter, Chinese buyer demand actually hit its lowest level since early 2015."

According to Juwai.com – China's biggest international real estate website - online searches in the Q3 2018 rose 130.8% from the previous quarter and were up 30.4% from Q3 2017. Law said, "This is an upswelling of demand that we frankly didn't expect. What we can't tell you yet is how many of these buyers will go all the way and acquire a home, despite the foreign buyer tax. Given the time it takes to research and complete a transaction, those who do purchase should begin to show up in the official statistics only from the first quarter of 2019."

However, it will become even more difficult for foreign buyers to acquire property in Vancouver in 2019.

Effective January 1, 2019, developers who pre-sell condos must provide the terms of the assignment and the name and social insurance number or business information of the parties to the assignment and report it all to the online register, which forwards the information to the Canada Revenue Agency. These changes follow the province's passage of Bill 25 – Real Estate Development Marketing Amendment Act, 2018.

As a result of these onerous new regulations in addition to the 20% foreign home-buyers tax, pre-sales of new condominiums are falling and are expected to slow further.

Commercial real estate has also been impacted. Starting in late 2017, Chinese investment in Canadian offices, hotel and other big properties decreased significantly due to restrictions on foreign real estate purchases.

In a Cushman & Wakefield survey, almost half of the 40 large Chinese and Hong Kong investors polled said it was "extremely difficult" to make acquisitions, while 10% said it was "impossible for us to transact overseas," and said their funds were likely to remain in China. For the investors still able to do deals, most found the approval process slow, according to the survey.

"The desire to get the money out is still there. It's just that the bigger ones are being scrutinized very carefully," said Gordon Houlden, director with the University of Alberta's China Institute, which tracks all Chinese investment in Canada.

Anbang Insurance Group's seizure along with all of its assets by the Chinese government and the subsequent prosecution of Anbang's chairman may result in a further decline of interest in Canadian commercial real estate by Chinese investors.

6. BEVY OF NEW TAXES IMPACTING A SLOWING HOUSING MARKET

School Tax, Empty Homes Tax, Speculation Tax, Foreign Buyers Tax combined with the Mortgage Stress Test, dampening housing sales.

Housing sales for 2018 decreased by 32% to 24,619 transactions from 2017 to the lowest levels in 18 years.

"There was the addition of taxes and policies targeted at the demand side of the market," said Michael Ferreira, managing partner at Urban Analytics said. "It wasn't anything really tangible, but they impacted buyer psyche and sentiment about the government doing more to slow the market, to bring prices down."

The mortgage stress test rules which came into effect in January 2018 resulted in many first-time buyers qualifying to borrow about 20% less than what was available to them before. This had an impact on Metro Vancouver presale condo sales in February and March according to Urban Analytics.

Royal LePage and PricewaterhouseCoopers predict the stress test will continue to weigh on the markets in 2019.

In February 2018 the provincial government released its budget which included an increase in the foreign buyers tax from 15 to 20%.

A province wide Speculation Tax also comes into effect in 2019. Charged on empty homes rather than flipping properties, it is a kind of vacancy tax that every home owner has to pay unless they fill out an exemption form.

This year, the Speculation Tax is 0.5% for Canadian citizens and permanent residents who are not members of a "satellite family". Satellite families and foreign owners will pay 2%. The "satellite" designation applies to families who earn 50% or more of their income from foreign sources.

The province introduced The School tax last year. The tax, which adds about $2,000 to the property taxes on a $4M home, will fund education investments and other government initiatives, the government says. The levy is 0.2% on the assessed value of homes between $3 M and $4 M and 0.4% on the portion assessed above $4 M. It comes also comes into effect in 2019.

In West Vancouver this tax will affect about one third of the homes and will result in an additional $29.8M in taxes from this municipality.

In December Vancouver's new city council voted in favour of sending a letter to the provincial government demanding it repeal the tax.

Vancouver Mayor Kennedy Steward promised to raise the city's Empty Homes Tax to 3% as part of his housing platform. On Jan 29 council will vote on whether to raise it to 2%. Stewart is bringing a motion to council asking city staff to develop a plan by March that would "review and improve the fairness and effectiveness of the Empty Homes Tax in achieving the objective of returning empty and underutilized properties to the market." Right now 5,400 of the more than 7,900 homes that have been identified as vacant have been able to make use of the exemptions to the tax.

Vancouver's Empty Homes Tax took effect in 2017, and applies a penalty of 1% of a home's assessed value to properties that are left empty more than six months a year.

Since they were elected, the provincial NDPs have levied $5.5 B of new and additional taxes.

7. VANCOUVER BRIMMING WITH NEW RETAIL

New retailers and new retail space in the city allay concern for a sector in transition.

Retailers are looking at 2019 as a year when a strong B.C. economy will keep sales growth robust.

Retail supply in Metro Vancouver has increased with over 2.5 M sq. ft. being added to the inventory recently. Another 3 M sq.ft. is estimated to come onto the market within the next three years. The demand for this supply remains stable as retailers respond to developer activity in the Metro Vancouver market, Lee & Associates reports.

Japanese discount retailer, Thinka, recently opened a 4,300 sq.ft. location on the 1100 block of Robson Street and plan expanding to over 200 location within Metro Vancouver over the next five years.

Joining Hermes, Tiffany & Co., and Yves Saint Laurent in 2018 were Jimmy Choo and Oliver Peoples. Off-White, also opened its doors in 4,300 sq.ft. of laneway space behind De Beers, Prada and Moncler.

L Catterton Real Estate joined SHAPE and HOOP as a strategic development partner at the Amazing Brentwood. L Catterton Real Estate (LCRE) is the real estate investment and development arm of L Catterton, the world's largest consumer-focused private equity platform. LCRE was formed under the partnership of Catterton, LVMH Moet Hennessy-Louis Vuitton.

The Amazing Brentwood will eventually be home to 1.1 M sq.ft. of retail, the first wave of which will be the Cineplex VIP and REC Room. Phase 1 is set to open this year.

Quadreal's redevelopment of the Canada Post building on West Georgia will house 185,000 sq.ft. of retail space and will be anchored by Loblaw's City Market. The development will be completed in phases between 2022 and 2023.

Vancouver's HBC retail property is no longer for sale after the deal with Chinese billionaire Zheng Jianjiang, chairman of a Chinese manufacturing firm fell through this summer. Now HBC and RioCan are in talks to redevelop the property, according to the Globe & Mail.

HBC will remain as one of the main retail anchors of the Oakridge Centre shopping mall. The new 140,000 sq.ft. HBC store will be built in a new retail space at a new location within the northwest corner of the 29-acre redevelopment. It will be a part of the redevelopment's first phase, which is scheduled for a 2022 completion.

Earlier this year, HBC announces closure of all Home Outfitters stores across Canada

When all phases of the redevelopment reach completion in 2025, Oakridge Centre will have 4.5 M sq.ft. of floor area, including:

- 1 M sq. ft. of retail space within indoor and outdoor environments, doubling the amount of retail space currently found at the mall. Three anchor tenants are planned.
- 2,600 homes for about 6,000 residents, including 290 units of rental housing and 290 units of social housing.
- 500,000 sq. ft. of tech-oriented office space, creating enough workspace for up to 3,000 people.
- A 100,000 sq. ft. culinary centre, including a 50,000 sq. ft. new-concept food court
- A 100,000 sq. ft. civic centre with a new public library
- 9 acre rooftop public park

8. RENTER DNA

Results from the Canadian Apartment Renter's Survey takes a deep dive into the renter demographic.

One quarter of renters who responded to the Canadian Renter Survey say that the reason that they choose to rent is about the lifestyle – everything is taken care of. 18.2% say that they choose to rent because they prefer to remain mobile.

32.1% of respondents have an average household income between $30 K and $80 K. 42.4% live in a two person household. Just over 58% are employed full time; 13% are retired and 8.3% are full time students.

31.3% moved into their current rental in 2017.

Over 80% found their apartment within two months. 31.3% used an online listing service, 21.5% were referred and 19.1% used the rental company's web site.

Approximately two thirds responded that they would be likely to recommend their landlord or property manager to their friends or colleagues.

One quarter said that their budget would be between $1200 and $1500 per month if they were going to find another place to rent.

Results from the 2018 Canadian Renter Survey showed that 30.5% of renters are planning to move within the next 12 months. CMHC estimates that the turnover rate of rental units across the country was 19%, a slight decline from the 20% that was recorded the previous year.

43% live in a non smoking building with 28.2% saying that this was essential. Almost 13% said that they would pay more to live in a non-smoking building.

28.7% of renters 60 years old and older say that the main reason they stay in their current rental unit is the location. This percentage drops to 22.6 of those under 30 and under.

The three most important factors when deciding to sign a lease is: price (50.6%) location (18.4%) and building quality (13.8%).

Proximity to a grocery store, park / outdoor space and public transit were the top three locational preferences followed closely by living near place of work.

9. B.C.'S SECONDARY MARKETS FLOURISHING

Attracted by strong local economies, cheaper land and shorter development processes, developers see opportunity in B.C.'s secondary markets.

Victoria

Construction has started on Victoria's tallest building to date. Townline's 25 storey, 176 unit condo project named Hudson Place One is the 5th Townline building in Victoria's Hudson District. Completion is anticipated mid 2020.

In the planning phase is another 25 storey condo development by Focus Equities. The building will have 183 units and construction is anticipated to start this year.

The Capital Park Residence is under construction. Concert Properties has partnered with Jawl Properties in developing the multi-phased mixed use James Bay project. A total of 113 homes are expected to be finished in late 2020 or early 2021. A second office building is also being built as part of the project. The 120,000 sq.ft. building will be done in late 2019.

According to BuzzBuzzHome, 1,009 units are currently under construction and the median condo price in the city is $420,000.

The Okanagan

Mission Group recently got approval from Kelowna City Council for its ninth housing project on a development site located just south of the UBCO campus. Called U-Eight, the three storey building will contain 90 units. Studios are expected to start from the low $200,000s with three-bedroom units selling in the mid $400,000s.

At Q3 2018, there were about 975 rental apartments planned or under construction in Kelowna with over 2,000 built over the last few years. CMHC forecasts a vacancy rate of 1.2% for 2019.

Rise Commercial Developments launched The Shore in May. The development will have 103 rental units, retail on the main floor. The 20,000 sq.ft. office component is already leased. The rentals will be available starting in September.

HM Commercial reports the vacancy rate in Kelowna's industrial market has dropped to 1.4%, the lowest vacancy rate of all sectors. Demand has pushed developments to the outskirts of Kelowna, and north towards Winfield, to an area now coined the North Kelowna Industrial Park. Recently, a 32,000 sq.ft. strata development sold out in advance of the completion of construction.

RioCan REIT sold Dilworth Shopping Centre in Kelowna, Vernon Square Mall and Cowichan Commons in Duncan for total proceeds of more than $130 M. Premise Properties partnered with Peterson Group to acquire the Dilworth Shopping Centre and Vernon Square for $85 M.

Kitimat

Kitimat is Western Investor's No.1 pick of western Canadian cities for real estate investors. It is the centre of the $40 B liquefied natural gas (LNG) terminus and pipeline network that represents the biggest private investment in Canadian history.

The demand for housing will come from an estimated 6,000 construction workers required to work on this project.

JV Development Group is in a JV to develop a 27 acre project with 94 townhomes, more than 30 detached house lots and a 12 acre modular home site.

10. CONSTRUCTION MOVING FORWARD AT RECORD PACE DESPITE RISING CONSTRUCTION COSTS

Although labour shortages and tariffs are having a big impact on construction costs, a record amount of square footage is currently under construction.

Construction cost increases are projected to average 6% to 8% in 2019, according to BTY Group's annual Market Intelligence Report.

A high-quality 2,000 sq.ft. detached house would cost up to $460,000 in hard construction costs to build in Vancouver. In Toronto, this house would cost $420,000, and in Montreal, Calgary or Halifax, the cost would run around $300,000, according to the Altus Group's Canadian Construction Cost Guide 2018.

According to Altus, the commercial costs are also highest in Vancouver. The hard construction cost for a Class A 5 to 30 storey office building in Vancouver ranges from $270 to $340 per sq.ft. This compares with $220 to $290 per sq.ft. in Calgary and Edmonton. The price for such an office building in Toronto ranges from $210 to $315 per sq.ft.

Canadian Contractor's estimations, the price of drywall has increased 42% in the west between March 2017 and June 2018.

Between 2016 and 2018 the cost of concrete increased by $55 per sq.ft.

The tariffs imposed by Trump and the countermeasures they have triggered around the world are pushing up material costs for the Canadian construction industry, said Sal Guatieri, senior economist at BMO Capital Markets.

Canada is a net importer of rebar, the steel used to reinforce concrete in condo towers, which is subject to the counter-tariffs, said David Schoonjans, senior director of cost consulting and project management at Altus Group. He estimates that rebar makes up around 4% of the cost of a condo tower, meaning a 25% import duty would add up to 1% in construction costs.

Meanwhile, the low Canadian dollar is also adding about a 30% premium on some construction products purchased from the U.S.

But labour is the biggest problem according to industry experts. A labour shortage in B.C.'s construction industry is leading to a projected 5.1% increase in wages in 2019. 75% of companies are reporting that they can't find enough qualified workers. Last August, B.C. announced $1.79 M for 562 additional trades seats to meet market demand.

"We have a limited labour pool in the Lower Mainland and that pool is being stretched to the maximum," stated Wayne Procter, a director at BTY Group. "We have instances where trades just won't bid on jobs, or if they do bid on jobs, they will put a significant markup on the job."

Despite rising costs, construction in Vancouver has not slowed. Across Metro Vancouver, a record of 21 office buildings is under construction which will deliver 3.5 M sq.ft. within the next five years.

Here are some of the projects currently under construction.

- Vancouver Centre II - the 33 storey HOOPP / GWLRA venture will add 371,000 sq.ft. when it is complete in summer 2021.
- Construction on The Stack will begin this year. The 36 storey CPPIB-Oxford JV will be the tallest office building in the city once it is complete in early 2022.
- One Burrard Place - 54 storeys will be complete in the second half of 2020. It will contain 444 condo units already sold out, 60,000 sq.ft. of office space and retail.
- The Amazing Brentwood Towers – Tower One which will contain 300 rental units will be complete this year with other towers in the development also under construction.
- The Offices at Burrard Place, by Reliance Properties, will open in early 2020 and will be 13 storeys in height, comprising 150,000 square feet.
- The $350 M, 170 acre Richmond Industrial Centre by Montrose Properties is being built. Phase 1 will contain 1M sq.ft.

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