Top 10 Real INSIGHTS

Vancouver Real Estate Forum 2021

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TOP 10 | REAL INSIGHTS | Vancouver Real Estate Forum 2021 | ISSUE 57

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1. BC ECONOMIC RECOVERY TO OUTPACE OTHER PROVINCES

Economic recovery in BC slowed during the second wave of the pandemic but is forecasted to pick up speed in 2021

Ending an eight-month run of employment gains, unemployment in British Columbia grew in January 2021 to 8.0%, 80 basis points higher than in December 2020.

When the dust settles, real GDP is expected to contract by 6.1%, according to the Conference Board of Canada (CBOC). This is better than what was originally forecasted due to strong gains in retail sales and housing activity.

Retail sales have surpassed pre-pandemic levels, and residential home sales are expected to bring in over $500 M more in revenue than last projected.

The CBOC reports that manufacturing has fully recovered to its pre-pandemic level. Other sectors such as the transportation, accommodation and food services, information and culture sectors are not expected to recover fully until pandemic restrictions are lifted.

Looking towards 2021, TD Bank calculated that the Real GDP in BC will grow by 5.1% in 2021 while unemployment is expected to decline to 6.3%

Additional social, business and travel restrictions that were implemented in Q3 put renewed pressure on the travel, entertainment and dining industries. Consumer spending on travel remained down – around by 75% in December.

BC's tourism industry employed about 161,500 people pre-pandemic and included more than 19,000 businesses.

Global News reports that "in 2018, the last year where comprehensive data is available, it contributed more than $20.5 B in revenue to the provincial economy and nearly $1.7 B in provincial taxes." At the end of the year, it was down by one-third because of pandemic restrictions.

An extension on the ban of large cruise ships until February 28, 2022 has essentially cancelled two cruise ship seasons. An estimated 1.3 M cruise ship passengers on 310 ships were scheduled to port in Vancouver during 2020. Each ship translates into $3 M in tourism spending.

In response to the Tourism Task Force set up last September to advise the government on ways to support the industry, the BC government has committed $100 M in dedicated relief funding for the tourism sector. In addition, the province is allocating $5 M to Indigenous Tourism BC to give out relief grant funding for Indigenous businesses.

A mid-December fiscal update by the BC government projects the deficit to be $13.6 B, which includes $2 B in additional spending on financial supports during the pandemic. This was a slight upgrade from September when the province forecasted that the deficit would end the year at $12.8 B.

More than $10 B has been spent by BC on measures related to COVID-19. This figure includes the $1.7 B BC Recovery Benefit, which was rolled out on December 18, 2020. As part of Premier John Horgan's election campaign in October, up to $1,000 is available for eligible families and $500 to individuals. By the end of January, 1.3 M benefit applications were processed.

2. VANCOUVER – A PILLAR OF THE PACIFIC NORTHWEST

Tech dominance of the city assured with the creation of the Cascadia Innovation Corridor

Vancouver consistently ranks among the top three tech cities in Canada according to CBRE's Tech Talent report and occupies a spot in the top 20 on their North American list.

With 84,900 people employed in the tech industry, Vancouver has a deep labour pool of high-quality workers. Between 2014 and 2018, there was a 37.6% increase in the number of tech degrees obtained from Vancouver's post-secondary institutions.

Companies such as Amazon, Microsoft, SAP, Shopify, Tableau and Salesforce all have established offices in this tech hub. Amazon will be taking over the entirety of The Post – for a total of 1.1 M square feet. Their original plan in 2018 was to lease just 416,000 square feet in that development. It will become the city's largest corporate tenant.

Vancouver has cost advantages over American cities. The weaker Canadian dollar presents good value compared to other places in the US. Wages are also lower – according to Statistics Canada, the average salary for a tech worker in Vancouver is $81,931, whereas in Seattle, it is $119,170 USD as reported by the US Census Bureau.

Canada benefitted from the Trump administration's immigration policy, which made it difficult for highly skilled tech workers to find employment in the US.

However, Biden's more open stance on immigration could mean competition for Canada. Biden intends to lift the temporary suspension of H-1B visas which have been used by the tech industry to fast-track recruiting efforts.

Operating in the same time zone and reachable by a direct two-and-a-half-hour flight, Vancouver is the most accessible jump-off point from the Bay Area. The city also has cultural similarities to West Coast America. These were some of the reasons that caused Tile to choose Vancouver as the location of its new headquarters, similar to other Silicon Valley-based companies.

Vancouver is also the northern terminus of the Cascadia Innovation Corridor. The region released the Cascadia Vision 2050 report last September. With analyses from Boston Consulting Group, the report proposes an approach to sustainable growth by building hub cities on underdeveloped lands and connecting them to the larger centers via high-speed transit.

The mandate of The Cascadia Innovation Corridor Initiative, which links Vancouver, Seattle, and Portland, is to increase economic opportunity beyond each city's individual efforts and their surrounding regions.

On the US side of the border alone, Cascadia has an economic output of $627 B USD, while Nike, Microsoft, Amazon, Intel and Boeing all have key operations in the region. The area is attracting capital from investors such as the Seattle-based venture capital firm Voyager Capital, which sees Portland, Seattle and Vancouver as the three pillars of the Pacific Northwest.

3. IMPACT OF WORK FROM HOME: "CONCERNING BUT NOT CATACLYSMIC" – PAUL MORASSUTTI, CBRE

Demand for office space will likely decline around 10%, but Vancouver remains one of the tightest office markets in North America

In the wake of the pandemic, real estate services companies predict office space demand to decline between 10% to 15%. Surveys show that most employees do not want to go back to the way things were and prefer the flexibility to work from home for at least part of the week. Companies that are eager to attract and retain talent will accommodate this desire.

US real estate market intelligence company, Green Street, states that 10% of employees will likely continue to work from home on a more permanent basis. This is three times the number of people who were working from home pre-pandemic. The company also predicts that workers will spend 20% less time in the office than they did before COVID-19.

However, the office will continue to play an important role within companies. It will be the place where onboarding, collaboration, training, mentoring, and team-building occurs.

Office design will change to facilitate these functions. Additional meeting spaces will be created, and they will be larger to enable physical distancing. Health and wellness will also be a key consideration of office design going forward. Spaces will be de-densified, and office capacities will be reduced. Touchless technology, upgrades to filtration systems, biophilic design, use of antimicrobial surfaces in high touch areas will become more prolific even after the pandemic has run its course.

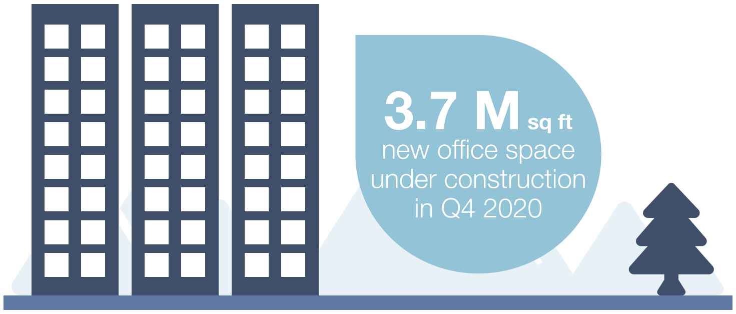
The COVID-19 crisis has presented an opportunity to keep the best parts of office culture while dispersing what was inefficient and ineffective.

"We all know that work will never be the same, even if we don't yet know all the ways in which it will be different. What we can say with certainty is that the sudden shift to distributed work has provided a once-in-a-generation opportunity to reimagine everything about how we do our jobs and how we run our companies," Stewart Butterfield, CEO and Co-founder of Slack writes.

While office demand is expected to be affected as companies rethink their real estate footprint, it is important to note that Vancouver continues to have one of the lowest vacancy rates in North America.

According to Altus Group, downtown office availability in Vancouver reached 8.7% in Q4 2020, up slightly from 7.3% in the previous quarter and significantly from the 4.0% recorded in Q4 2019. Despite this increase, the city remains one of the tightest and most competitive downtown office marketplaces in North America.

Altus Group reported just over 3.7 M square feet of new office space under construction in the final quarter of 2020.



Just over 3.5 M square feet of new office space was under construction at the end of the year, encompassed within four projects slated for completion this year. This space is 100% preleased.

CBRE observes that projects under construction "are in a unique position to adapt to changing workplace strategies and incorporate desirable health and wellness features for tenants."

4. LAST-MILE DELIVERY CONTINUES TO CHALLENGE

E-commerce growth fuels demand for industrial space in a market that is running out of room

The Metro Vancouver Industrial Land Task Force released a report last summer outlining that 80% of the 28,000 acres of industrial land the region had in 2015 has been developed. As a result, businesses have to choose between paying higher rents or relocating.

Colliers reports that asking net rents increased to $13.73 per square foot in Q4 2020, an increase of almost 10% year over year.

However, relocating could be a challenge as most areas surrounding Vancouver have vacancy rates below 2%, according to Colliers' calculations. Average vacancy for the Metro Vancouver Region is a mere 1.2%.

At the end of 2020, there were only two availabilities larger than 100,000 square feet available for immediate occupancy in Metro Vancouver, CBRE reported, making it very difficult for occupiers to find logistics space.

As of Q4 2020, there was about 1.9 M square feet of industrial space under construction in the GVA, as reported by Altus Group.

The Richmond Industrial Centre – once complete – will provide 3 M square feet of leasable space on a 179-acre site. Montrose Properties Ltd. partnered with Omicron, of the largest industrial developers in Western Canada, on this 12-building, build-to-suit development.

"As e-commerce gains traction and an increase in storage and distribution facilities are needed, the industrial asset class is expected to see growth in a tight market, requiring the construction of new facilities," CBRE stated in a recent report.

CBRE Research has found that for every $1 B in e-commerce sales, 1.25 M square feet of additional warehouse space is needed. "With online spending by Canadians forecast to reach $92.7 B by 2025, net-new warehouse requirements from e-commerce-related demand are expected to exceed 40.0 M square feet over the next five years. This is greater than all of the leasable space in Canada's three largest industrial markets combined," the company reports.

The rise in e-commerce has meant growth in the number of packages shipped around the world. It has also raised customer expectations for fast and free delivery.

Last-mile delivery is considered to be the most challenging component of the logistics process. Industrial properties that support last-mile delivery are often older buildings located closer to urban centres. Typically, they have low clear heights, and their loading docks are inadequate to handle shipping volume. In order to accommodate new racking systems being employed by logistics companies, outdated buildings need to be redeveloped. However, urban industrial buildings are usually transformed for other commercial or residential uses.

According to Mordor Intelligence, the last-mile part of the delivery process is also the most costly, comprising 53% of the total cost of shipping. Much research is being poured into this area and into the use of robots, drones and self-driving vehicles to get packages to customers.

Crowdsourcing and the gig economy have been offered as solutions to last-mile delivery challenges. From Postmates to Roadie, a growing number of companies have cropped up to provide crowdsourced delivery services.

"Crowdsourced delivery was not possible 10 or 15 years ago," said Ingrid Bekkers, VP Marketing at Deliv, a crowdsourced same-day delivery startup. "There has been a profound technology shift for drivers. Today, everyone has a GPS computer in their pocket. With that, you can mobilize a disparate workforce of delivery drivers by a whole host of factors, chief among them is where they are."

A crowdsourced delivery model can offer cost savings to retailers. Customers have the flexibility to schedule deliveries based on their availability, and GPS devices permit real-time traceability.

5. VANCOUVER ISLAND CAPTIVATES INTEREST OF DEVELOPERS

Greater Victoria has some of Canada's lowest commercial and residential vacancy rates that are attracting developers to the Island

According to Statistics Canada, unemployment in Victoria went from being one of the lowest rates in the country at 3.4% in February 2020 to 11.0% in June. Still, it has made a swift recovery – as of January 2021, it was 5.0%, well below the national rate of 9.4%.

Despite the decline in tourism that has taken a toll on Victoria's economy, employment in the public service, manufacturing and construction sectors are all up.

In the 2020 Canadian Tech Talent report by CBRE, Victoria ranked 7th overall and was the top-performing mid-sized community on the list.

The tech talent pool in greater Victoria rose 14% over the five years ending in 2019, and it earned a top score for labour force ¬quality.

Low interest rates and a dearth of new product has contributed to the rise of home prices on the Island. As a result, the cost of a single-family homes have increased to an average of $1.22 M in January 2021. This is the third-highest home price in Canada next to Toronto and Vancouver.

"One area that has flourished despite the pandemic is real estate development. Across Greater Victoria, the many projects underway will help maintain our region's economic stability," said Lindalee Brougham, Principal at Grant Thornton LLP. "We need to further encourage development to both fuel our economic recovery and improve housing affordability."

Nicola Wealth has submitted an application to build 407 purpose-built rental units in the Saanich area of Victoria. The company purchased the two-acre property in 2019. Nicola Wealth owns about 1,100 apartment units in Victoria already, but this will be the first new apartment development in the area in over 20 years.

Although the vacancy rate in Victoria more than doubled over the last year, it remains low at 2.2%, while average rental rates increased by 3.3% to $1,275.

Ten minutes outside of Victoria, Aragon Properties is developing the Esquimalt Town Centre. The project includes two condo buildings containing a total of 68 units, a purpose-built rental building with 37 units, a top ground floor retail space, and a mixed-use building with a public library at the ground floor. The buildings will all be six storeys in height, and most will be wood framed.

The condo buildings have been completed, while the mixed-use building is expected to be done in the first half of this year. Aragon will be located its own office within the development.

Also in Esquimalt, Aragon is renovating the English Inn to double the heritage hotel capacity and add 179 condo units to the site, which is about 4.3 acres in total.

At the end of the 2020, the industrial vacancy rate in Victoria was just 0.7%, one of the lowest rates in the country.

The Victoria Industrial market is predominantly owner-occupied. Due to a dearth of small industrial spaces, stratas have become a popular product type fetching prices similar to Metro Vancouver.

“Strata industrial is the next big move in Greater Victoria,” said Cory Wright, president of Vancouver-based William Wright Commercial, which recently expanded into Victoria.

PC Urban Properties has acknowledged this demand and launched an industrial strata project on a 4.6-acre property at 1764 Island Highway. The proposed development will feature 123,000 square feet of light industrial space and 12,000 square feet of office space over three buildings.

“Record-low mortgage rates and rising industrial lease rates are an incentive for businesses to buy rather than lease,” PC Urban chief executive officer Brent Sawchyn said in the announcement.

Last fall, Beedie entered the Vancouver Island market with the acquisition of 13 acres of industrial land in Langford with the intent to develop it right away.

Pent-up demand and rising rental rates make Vancouver Island appealing to developers.

Average industrial lease rates in Victoria have increased by 15% in the past year to $15 per square foot, according to Colliers – a higher rate than in Metro Vancouver, which is just over $13 per square foot.

Average Industrial Lease Rates

6. INVESTMENT SLOWS IN VANCOUVER – BUT NOT BY MUCH

Private investors account for much of the capital flow and stick within the safe harbours of industrial and multifamily assets

Total transaction volume in Vancouver reached $7.9 billion for 2020, which was a 15% decrease from the $9.3 billion invested in 2019," reports Altus Group.

JLL reports that most active groups on both the buy side and the sell side in 2020 were private investors and users. Private groups accounted for nearly 80% of all purchases and 60% of all sales, higher than in any other Canadian city, the company observed.

According to Altus Group, Industrial sales accounted for 22% of the total dollar volume in 2020 with $1.8 Billion in volume, representing the highest selling asset class of the year and growing 34% compared to 2019. Industrial development land followed closely at $1.7 Billion.

In the Greater Vancouver Area, there were just seven office transactions in excess of $20 M in 2020, as reported by Altus Group.

The largest transaction was Allied REIT's purchase of The Landing for $225 M followed by the sale of Crestwood Corporate Centre & Commerce Place in Richmond for $218 M by GWL Realty Advisors to Peterson Investment Group last May.

Another major transaction to occur in 2020 was in Q4 -the $108 M acquisition of Willingdon Park at 4321 Still Creek Drive in Burnaby by Kingswood Capital Corporation. The six-storey, 226,519 square foot, LEED- Silver building was built in 2001.

The largest industrial sector transaction of 2020 was the $146 M purchase of a manufacturing facility in Burnaby by Larco Investments. The sale of the 253,000 square foot facility occurred in February 2020.

Multifamily sector investment performance was dominated by Starlight Investments who purchased the Aqua apartments in New Westminster for $172 M, or $432,000 per unit. They are also developing a 1,700 unit rental housing community at Lougheed Village.

After expanding aggressively through acquisitions of Continuum REIT and Northview REIT, Starlight plans to build out 7,500 units in BC over the next 10-15 years.

The largest retail transaction of the year in the GVA was the sale of Trenant Park Square in Delta at a price of $64.5 M. The FreshCo and London Drugs anchored plaza was sold by Investors Group to Keltic Canada Developments for $465 per square foot and valued at a cap rate of 4.6%.

Late in 2020, the London Plaza in Richmond sold for $57 M or $538 per square foot. Investors Group sold the mixed-use building to a private investor at a 5.3% cap rate.

Concord Pacific acquired the St. Paul's Hospital property located on Burrard Street for $1.0 B. The 6.6-acre site will be redeveloped into a multi-use community. Until the new hospital on Station Street is operational, St. Paul's will continue to operate on the site for the next few years.

Altus Group's Investment Trends Survey for Q4 2020 reported that "Vancouver has re-gained its sport as the top preferred market by investors, alongside Toronto, both of which saw increasing momentum this quarter."

7. METRO VANCOUVER 12TH FASTEST-GROWING REGION IN NORTH AMERICA

Demand for housing will not ease up

In 2019 the population of BC grew by 79,000 to reach 5.11 M by the end of the year. The largest component of population growth in BC was (and still is) immigration, which accounted for over 80% of the increase. Interprovincial migration and natural increases by birth composed the remaining 18.5% of growth.

Analyses by the Ryerson University Centre for Urban Research and Land Development indicate that Metro Vancouver is the 12th fastest growing metropolitan region in North America.

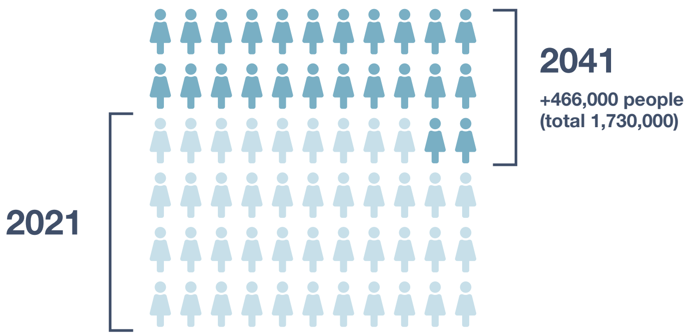
Over 12 months before COVID-19, the Metro Vancouver population grew by approximately 40,000 people.

The City of Vancouver has not, however, grown at the same pace. It expanded by just under 10,000 people during the same time frame and was outpaced by the other major cities across Canada. Reasons for the slower growth include geographic space constraints and the high cost of housing.

Population growth in the province has been concentrated in the Lower Mainland, which is set to grow by 1.1 M in the next 20 years to reach 4.03 M by 2041. Much of this growth will come from immigration as approximately 90% of immigrants headed for BC settle in for this region.

During the same time period over the next 20 years, the population of Fraser Valley is set to increase by 37%.

BC Statistics forecasts that the population of the Fraser Valley will grow by over 466,000 people by 2041. At that point, the Fraser Valley will comprise over 1,730,000 people.



This level of population growth will have significant implications on housing demand.

Based on this forecast, Colliers estimates that there will be demand for an additional 73,000 dwelling units by 2028 and a total of 165,400 new dwelling units by 2041 in the Fraser Valley. Both land scarcity and affordability mean that in all areas of the Fraser Valley, most new homes to be built will be multifamily assets.

Population estimates were thrown off-track in 2020. The closure of international borders led to a significant drop in immigration over the first eight months of 2020 compared to 2019 when 341,000 new immigrants were admitted into Canada. The number of permanent residents fell by around 40%, international students by another 40% and temporary workers fell by 23%. “The restrictions placed on international borders and the subsequent drop in international migration levels had the largest impact on population growth,” Statistics Canada said.

The interruption of immigration has impacted rental demand as well, as new Canadians tend to form renter households, according to CMHC. The agency sees this as a temporary effect on demand with the recent increase in immigration targets.

Lately, Immigration, Refugees and Citizenship Canada (IRCC) announced a 2021-2023 “Immigration Levels Plan.” The plan sets an immigration target of about 1% of the population for the next three years bringing the annual immigration level to about 400,000 per year – the highest level ever.

Although these targets will be difficult to meet until the pandemic is over and the borders reopen, economists forecast that immigration will return in the second half of 2021.

“International migration will likely be soft in the first half of 2021. Once the vaccine is mobilized globally and international travel resumes, we expect international migration to ramp up,” RBC economist Carrie Freestone wrote in a December 2020 client note.

8. EVOLVING ROLE OF BRICKS AND MORTAR STORES

Physical stores will play a significant role in the omnichannel experience by providing positive customer experiences

In the 12 months starting from March 2020, over 50 brands announced their intention to close some or all of their Canadian stores. More closures are likely on the horizon, and CBRE forecasts that the Canadian retail footprint will continue to shrink this year.

Retail Metrics reported that in Q2 2020, US mall-based retailer earnings dropped 256%. Nevertheless, “top tier regional malls are expected to rebound quickly and will continue to attract tenant interest even from those retailers whose footprint is shrinking. It is the mid-market malls in Canada that will have a challenging future,” states Paul Morassutti, Vice Chairman of CBRE.

As many non-essential stores were closed in different parts of the country this past year, consumers have had no choice but to purchase their goods online. Post pandemic, this trend is expected to continue.

IBM’s annual US Retail Index study suggests that COVID-19 has accelerated the shift to e-commerce by five years. In Canada, online sales grew from 5% in 2019 to its current level between 15% and 17%, Retail Council of Canada CEO Diane Brisebois tells the Financial Post.

Still, there is evidence that physical stores do not necessarily cannibalize online sales, or vice versa. In fact, one can contribute to the other quite significantly. An analysis of consumer credit card transactions from 2016 to 2018 conducted by ICSC found that a customer who spends $100 USD online will likely spend another $171 USD in-store within the next month. Likewise, an individual who spends $100 USD in-store will, on average, spend $163 USD online in the following 30 days.

The theory is that positive customer experiences in one retail channel lead to sales in another. Omnichannel strategies perpetuate the positive consumer experience that initiated the sales in the first place, ICSC explains. The organization states that this positive experience results in 67% of ‘click-and-collect’ shoppers buying additional items at the store when they pick up their online purchases.

There is still a primacy to brick and mortar that cannot be entirely replaced by a website since stores evoke experiences and sensations that a website cannot.

However, retailers know the challenge is not to pit one retail channel against the other, but as spatial analyst Richard Bezuidenhout writes, “to weave together online and offline marketplaces in a coherent and meaningful omnichannel experience.”

9. PANDEMIC FALL OUT REVERBERATES THROUGHOUT THE CONSTRUCTION & DESIGN INDUSTRY

The changes that were necessitated over the last year will outlast the pandemic

According to the PWC Emerging Trends in Canadian Real Estate Report, construction tech is predicted to be the most impactful disruptor in 2021.

In reality, the adoption of the construction technology was kickstarted when the pandemic meant that access to the site or to the office was limited. This led to an increase in the use of virtual and augmented reality, while the use of drones increased over 200% on construction sites. Modular construction has also seen an increase over the last year.

Modular housing is manufactured in a factory-controlled environment and then brought to the building site for installation and finishing. Modular housing offers cost-saving advantages over site-built housing, including:

- indoor, climate-controlled manufacturing environments that allow construction to take place more quickly and year-round without the delays and extra costs associated with extreme weather and temperature changes,
- the reduction of material losses and theft because manufacturing facilities are generally more secure than construction sites,
- and the use of precise manufacturing equipment and processes that can improve overall quality.

According to a global outlook report on the prefabricated building market, the market is expected to grow at a CAGR of over 8% from 2019 to 2025.

Another side-effect of the pandemic has been the soaring costs of lumber which is reflected in home prices. Rising lumber costs have added an average of $16,000 to the price of a single-family home.

The National Association of Home Builders (NAHB), reported that lumber prices per thousand board feet more than doubled from less than $400 in January 2020 to more than $900 in September 2020. Prices started to ease in October but remain high.

Lumber Per Thousand Board Feet

The supply of lumber was affected when mills started to reduce their output as the pandemic spread and lockdown orders were issued. Many of the mills were slow to come back online.

Demand for lumber exploded with an increase in DIY projects like fences and decks. “Then the housing market bounced back stronger and faster than almost anyone expected. All of that developed the perfect storm for this historic run in lumber price,” according to David Logan, Director of Tax and Trade Policy Analysis for the NAHB.

Office space design will undergo a transition due to COVID-19. More space will be created between co-workers, and a greater portion of the office floorplan will be dedicated to collaborative space.

According to Ray Wong, Vice President of Data Operations, Data Solutions, at Altus Group, office space currently under construction is “the type of space that tenants want because of space layouts that allow for better social distancing, HVAC systems and a focus on wellness.”

“Densification will take a hiatus,” said Janet Pogue-McLaurin, Gensler Global Workplace Practice Areas leader, told Vox. Workstations will be spaced further apart, conference rooms depopulated, and space-dividing partitions built to provide greater physical separation.

In its operation across Asia, Salesforce has already de-densified its office space. Office floors have been redesigned to accommodate only 40% to 50% of previous capacity.

Julie Whelan, Head of Occupier Research for the Americas at CBRE, predicts that future offices will have more common space than personal space. Traditional offices are about 80% cubicles and 20% common space, and Whelan expects a reversal of this ratio.

Touchless technology is being applied in the workplace to reduce the transmission of viruses. Nestlé added a feature to its coffee makers that lets employees select their choice by holding their hands over the menu options. Motion-activated faucets and soap dispensers, hands-free sanitizing, automated entrances are other areas where this technology is being enabled.

According to a 2020 report by McKinsey, companies that adopt the highest degree of touchless technology gain a competitive edge as the risk to employees and to their overall operations is reduced.

COVID-19 has inspired change in home design as well. Some of these changes include using antimicrobial metals, such as bronze, copper and brass in high touch areas.

To accommodate social distancing practices, developers are changing the layout of common areas and amenities. These spaces are being redesigned to facilitate a better flow of traffic.

BC developer Qualex-Landmark has introduced pandemic-proofing designs at their Vancouver and Burnaby projects. Some of these measures include moving elevators to the building’s exterior to reduce congestion and moving some of the amenities outside.

Working from home will likely continue to some degree once the virus has run its course. As such, people will be looking for residences that can accommodate home offices or private workspaces.

10. DEVELOPMENT OPPORTUNITIES PROLIFERATE AROUND VANCOUVER

Spurred on by low vacancy rates and an interest in living outside of the city, there is a growing demand for homes and commercial space in the Lower Mainland, Fraser Valley and beyond.

The Fraser Valley Real Estate Board reported that home sales were up 67.3% last December from the year before. In Mission, however, sales were up by 166.7% during the same period. Price is the key driver of this demand. Homes in Mission average $800,000 compared to $1.2 M in the rest of the Fraser Valley and $1.5 M in Greater Vancouver, according to FVREB and the Real Estate Board of Greater Vancouver.

Brokers are getting calls from developers looking to put together land assemblies primarily for both condo and rental residential purchases, BIV reports.

Demand for real estate outside of Vancouver has grown over the past year. “The pandemic upended everything,” FVREB President Chris Shields stated, and he does not see things slowing down.

In Mission, Polygon Homes has broken ground on the massive master-planned Silverdale project. The mixed-use development will include housing for approximately 40,000 people, essentially doubling the population of the city. The entire Silverdale site has 2,060 acres dedicated for mixed-use residential and commercial development, with 1,380 acres set aside for green space and parks.

The desire for more space combined with work from home flexibility that most anticipate to continue post-pandemic is driving demand for housing in areas further from away from the GVA.

In Burnaby, Westland is proposing a condo and rental tower just south of the Metrotown SkyTrain Station. The plans include a 51-storey office and condominium tower on the north end of the site and a 22-storey rental tower on the south end of the site.

The entire development will contain a total of 575 homes: 408 condominiums, 95 rental units and 72 affordable housing rental units. It will also include a 70,000 square foot retail and office component.

Development has ramped up in secondary markets as well.

Last fall, Kelson Group revealed its plans for a $140 M multifamily development in downtown Kamloops. The plan calls for a total of 435 units within two condominium towers – 22 and 18 storeys – and three 4-5 storey purposed-built rental buildings. Plans for the 3.5-acre site also include an outdoor public space that would contain an amphitheatre.

"Housing has continued to do well during the pandemic and we're well-situated to benefit from people who might want to escape the lower mainland of Vancouver…and we're less expensive than Kelowna," Kelson president Jason Fawcett told RENX.

Kelowna has also become a hotbed of development activity, causing land prices to soar in the Okanagan city over the last years.

Early in 2021, a major downtown redevelopment plan was approved, which includes three buildings with 650 units, 45,000 square feet of retail and restaurant space on the ground level, as well as indoor and outdoor "resort-style" amenities. The project is being led by North Vancouver-based Venue Kings Ticket Brokers and designed by HDR Architecture Associates.

Westcorp has approval for a 32-storey waterfront hotel with 174 rooms, a conference centre, retail and restaurant space.

Last summer, the University of British Columbia also announced a proposal to construct a multi-tower campus in downtown Kelowna with up to 100,000 square feet of academic space, as well as office space and student housing.

Canadian Office, Retail and Industrial Tenant Preference Survey

CANADIAN MULTI-RES TENANT RENTAL SURVEY

Interested in purchasing the 2021 data or getting involved with 2022?
Contact Sarah Segal by email sarah.segal@informa.com