

Metro Vancouver apartment building sales on par with 2011

But values are up, mostly in part to the major renovation of older buildings in the city

BY BRIAN MORTON, VANCOUVER SUN JULY 28, 2012



The 2012 dollar volume in Vancouver rose 98 per cent to \$216 million from \$109 million last year.

Photograph by: Ian Smith, Vancouver Sun PNG

Metro Vancouver apartment building sales are on par with last year, although values have soared in the central city, according to a recently released report.

"They [buyers] are buying tired buildings that haven't been kept up and then spending a lot of money on renovating them," said apartment broker David Goodman, co-owner of HQ Commercial Real Estate Services and author of the Goodman Report, a Metro Vancouver apartment building market review.

The report concluded that in the first six months this year, 53 buildings changed hands compared to 52 by this time last year, with 28 of the 2012 sales in the city of Vancouver and 25 in other municipalities.

However, the 2012 dollar volume in Vancouver rose 98 per cent to \$216 million from \$109 million in 2011, although suburban areas saw a five-per-cent increase to \$202 million in sales value compared to \$193 million last year.

As well, the report noted, "the total number of suites sold in the city of Vancouver for 2012 was 778, 54 per cent more than 2011, while the city's average price per unit was \$277,135, a 28-per-cent increase from \$216,450 in 2011."

Goodman said that much of the city's sharp increase in dollar volumes came from a single sale of a 214-suite building at 1323 Haro for \$78.6 million.

But he also noted major renovations are playing a part, with buyers — mainly local — purchasing buildings and upgrading them extensively before selling again.

"It might have sold for \$150,000 a suite four years ago and is now [selling for] \$200,000 to \$250,000 a suite because they've been modernized."

Goodman said that while rents are usually higher in the modernized buildings, renters still get good value compared to newer condos rented out by investors.

Meanwhile, Goodman said three new highrise rental towers to be built beside Rogers Arena by Aquilini Developments and Construction — approved by Vancouver city council this week — will be good news for downtown renters.

"I think it's a wonderful addition to our city," said Goodman of the \$300-million plan, which will see 614 one-, two- and three-bedroom rental units built in stages with the last of the towers completed in the spring of 2016. "It's a long-term hold for the Aquilinis. They won't make money overnight on this."

Goodman feels there will be little trouble renting out the units — rents will range from \$1,100 to \$2,200 a month — because they will be modern suites.

The Goodman Report, which noted that low vacancies, lack of available product and low interest rates are contributing to the growth in sales, also concluded that municipalities are increasingly motivated to promote purpose-built rental projects.

Robyn Adamache, CMHC's senior market analyst for Metro Vancouver, said recently that demand for rental housing is strong in the region.

Adamache said there were 1,755 rental units built in Metro Vancouver in 2011, up significantly from the 447 built in 2009. The average number of rental units built per year from 2002 to 2011 was 871 in Metro Vancouver.

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