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SAINT JOHN

HALIFAX

## NATIONAL APARTMENT GROUP MARKET OUTLOOK

# VANCOUVER 2008

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## VANCOUVER 2008

### OUTLOOK 2008

The National Apartment Investment Conference sponsored by CB Richard Ellis was recently held in Toronto with over 1,500 owners, managers, and financiers from across the country in attendance. We are pleased to report that despite some negative factors presently affecting the market, the medium and long-term fundamentals of apartments as an asset class are poised for continued growth relative to other forms of investment and remain an extremely safe and recession proof income stream. Nationally, the demand for rental property both from tenants and from investors remain extremely high. Fuelling tenant demand include: affordability issues surrounding all types of home ownership, annual immigration in the tune of 250,000, an aging demographic, the emergence of the echo boomer generation, stable job growth in the western provinces, and a general trend towards urbanization.

Locally, Greater Vancouver's multi-family apartment market will stabilize with little appreciation and modest returns in 2008 after six years of soaring values and double digit gains. Stabilizing values and an overall slowdown in the market has occurred due to: wider spreads from financiers in the wake of the sub-prime crisis, recent cap rate compression towards and even below bond yields, poor loan to value ratios, prohibitive land use and re-development policies, a cooling in foreign investment due to the soaring Canadian dollar, and the increase in affordability in foreign markets, including the presently suppressed United States.

### Supply - Metro Vancouver

The condominium construction boom has added approximately 20,000 to 25,000 market strata condominiums to Metro Vancouver each year for the past 4 years. It is estimated that approximately 40% of these newer units are leased out to renters, in theory adding to the overall rental supply by 8,000 to 10,000 units per annum or 3 to 4%. According to CMHC there are 104,315 purpose built rental suites and 129,185 secondary rental suites including condos, town homes, mix use properties, and basement suites. With only 512 new purpose built apartment rental suites added in the entire Metro Vancouver from Oct. 2006 to Oct. 2007, it is confirmed that there is no market for building purpose built rental without government subsidy.

Local apartment owners are now motivated to bring their properties to market, "cashing in" on the all time high of the Canadian currency. Many experts believe that we are presently at a turning point in the market, evidenced by cap rates reaching an all time low, the sky rocketing cost of improvements, combined with an aging rental pool, and a looming U.S. recession.

### Statistics - Metro Vancouver

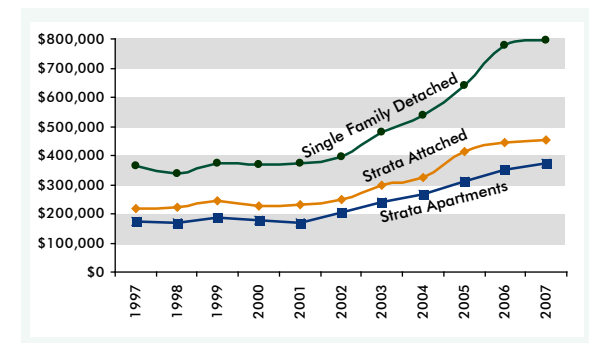
- Despite the large supply of condominiums for rent the overall vacancy rate in Metro Vancouver, as reported by CMHC in Dec 2007 was 0.7% the same rate as Dec 2006.
- 4.6% rental growth, year-over-year
- \$898, is the average rent across all bedroom types
- \$114,933 is the average price per suite in Metro Vancouver

- \$380,000 is the average price of an apartment condominium, 11% increase year-over-year
- Rental affordability indicator grew 3.7%, the second highest level in 12 years

### Demand - Metro Vancouver

Demand from both investors and tenants will continue to remain bullish. Uncertainty from global stock markets in 2008 will see more capital available for the steady and secure returns of the local multi-residential market. On the tenant side, demand for rental is at an all time high. In some instances it is up to 5 times cheaper to rent space than it is to own. It is now virtually impossible to rent a one bedroom in downtown Vancouver for less than \$1,100. Some landlords are experiencing up to 50% gains on turnover without significant improvements. All landlords should enforce the maximum 3.7% allowable increase.

Housing Affordability:  
Vancouver Average Home Prices

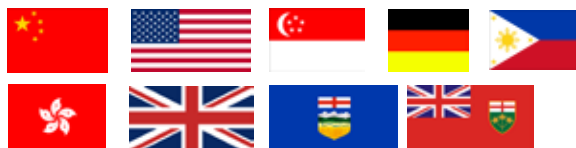


Source: Real Estate Board of Metro Vancouver

### New Capital - Metro Vancouver

In an effort to maximum value for our clients, and with 23 years of combined commercial real estate experience, David Ho and Dan Sander have utilized CBRE's national and global platforms to bring New Capital to the market. We use the term "New Capital" to distinguish prospective buyers that are unknown to our competition. We have successfully sold over \$100,000,000. worth of local investment product to foreign interests since 2004. Capital is often brought into Canada and invested through local vehicles, thus avoiding the official classification of a "foreign transaction". Many analysts mistakenly classify foreign equity purchases as local purchases. **Vancouver is increasingly becoming a tourist destination and financial safe haven driven by foreign capital.**

CBRE's National Apartment Group – Vancouver has successfully completed transactions with the following countries and provinces:



### Foreign Investment

David Ho & Dan Sander utilize CBRE's unmatched global platform to bring foreign real estate investment opportunities to our local clientele. With 365 corporate offices in 58 countries and with a global investment market share of 42%\*, we are uniquely positioned to capitalize on foreign investment opportunities. (\*National Real Estate Investor 2007)

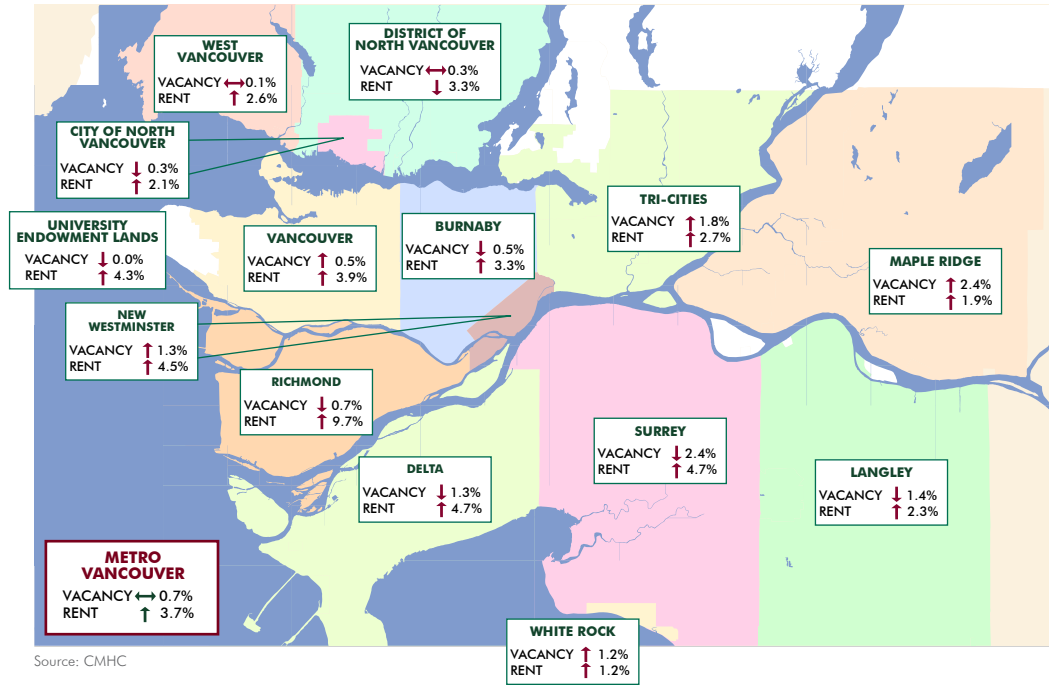
### Summary of 2007 Metro Vancouver Apartment Transactions JAN to NOV

SUBMARKET	PROPERTIES TRADED	SUITES TRADED	TOTAL VOLUME	AVERAGE PRICE PER SUITE	AVERAGE AGE
<b>City of Vancouver</b>					
South Granville/Oak	12	272	\$48,425,800	\$178,036	56.3
West End/Downtown	11	338	\$64,583,675	\$191,076	58.3
Kitsilano	8	145	\$33,401,500	\$230,355	45.0
Mount Pleasant	9	119	\$16,346,470	\$137,365	42.1
Marpole	12	168	\$25,378,500	\$151,063	47.3
Eastside (Van)	14	394	\$35,713,800	\$90,644	57.8
Eastside Single Room Occupancy	15	883	\$54,677,500	\$61,922	88.3
<b>City of Vancouver Total</b>	<b>81</b>	<b>2,319</b>	<b>\$278,527,245</b>	<b>\$120,106</b>	
<b>Suburban</b>					
Abbotsford	7	459	\$36,438,600	\$79,387	26.0
North Vancouver	11	284	\$41,083,760	\$144,661	40.5
Burnaby	34	713	\$89,707,500	\$125,817	47.5
Delta	1	20	\$2,680,000	\$134,000	39.0
Coquitlam	7	348	\$41,468,300	\$119,162	29.5
New Westminster	11	253	\$24,757,000	\$97,854	48.1
Surrey	2	66	\$7,925,000	\$120,076	36.0
Port Moody	1	41	\$4,500,000	\$109,756	
Maple Ridge	2	29	\$2,115,000	\$72,931	28.0
Chilliwack	4	80	\$5,302,500	\$66,281	33.0
Mission	2	89	\$5,795,000	\$65,112	30.5
<b>Greater Vancouver Total</b>	<b>163</b>	<b>4,286</b>	<b>\$520,299,905</b>	<b>\$114,933</b>	

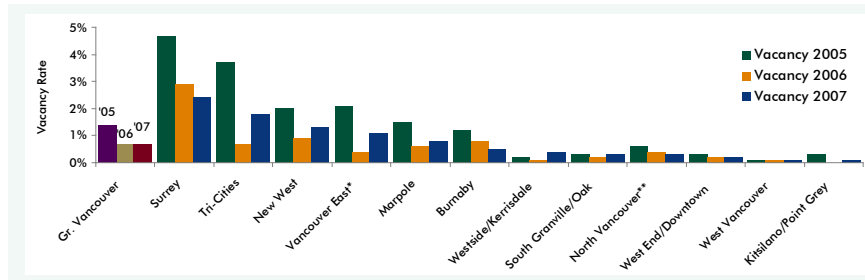
Source: RealNet

Please note listed transactions exclude share purchases, non-arms transactions, senior homes, townhome complexes, and properties containing less than 8 suites. They also exclude mixed use properties with ground floor retail and rooming houses with the exception of the Eastside (Van) area. This information is provided only as a guide and does not reflect variables such as land size, suite mix, suite size, building age, and building amenities.

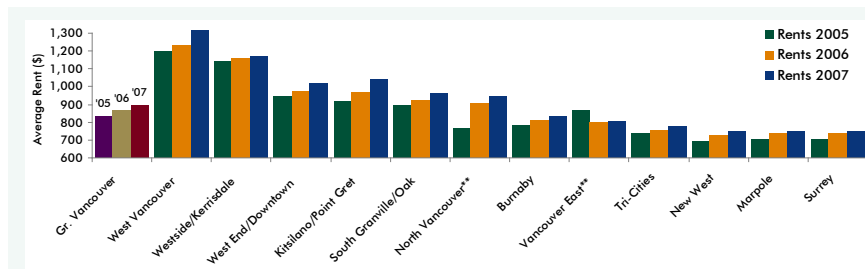
## 2007 Average Vacancy Rates and Rents



### Greater Vancouver Vacancy Rates



### Greater Vancouver Rental Rates



## VANCOUVER 2008

David Ho & Dan Sander  
National Apartment Group

CB Richard Ellis' National Apartment Group specializes in the multi-residential sector of Canada's commercial real estate marketplace. The group was formed with one purpose in mind: **to offer a Canada-wide professional approach to managing the orderly disposition of multi-residential assets.**

Our exclusive full service approach has generated over \$2.0 billion in sales nationally, successfully dealing with hundreds of individuals and institutional clients. Every mandate, regardless of size, receives the same exclusive approach to realize maximum value for our clients. Our tenure, day-to-day activity, and past successes provide us with an unparalleled understanding of the multi-residential market generating superior results.

We cover all major Canadian markets with representatives in Halifax, Montreal, Ottawa, Toronto, South Western Ontario, Winnipeg, Calgary, Edmonton, and Vancouver. The combination of our ten offices make the National Apartment Group the largest and most successful integrated team in Canada.

CB Richard Ellis' National Apartment Group's transactional success assures our clients that we deliver and that we are the strongest and most experienced multi-residential group in the country.

www.cbre.ca/nag-vancouver

**\*295 Apartment Suites Sold in Metro Vancouver in 2007**  
**\*Over \$60m Sold in Apartments in Metro Vancouver in 2007**  
**\*664 Apartment Suites Sold in Metro Vancouver in 2005 & 2006**



\* Vancouver East includes Mt. Pleasant/Renfrew Heights, East Hastings and Southeast Vancouver  
 \*\* North Vancouver includes both City and District  
 Source: Adapted from CMHC, Rental Market Report - Vancouver (and Abbotsford) CMAs, 2005 Oct and 2006 Dec.

2007 APARTMENT & LAND SALES  
NEGOTIATED BY DAVID HO & DAN SANDER

David Ho

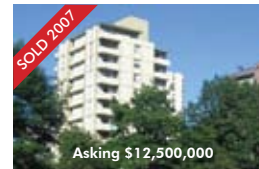
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Asking \$12,500,000

850 Bidwell Street, Vancouver



\$11,000,000

1117-1127 Hornby Street, Vancouver



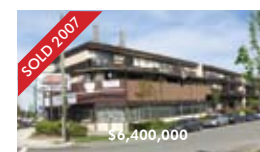
\$6,800,000

1009 West 10th Avenue, Vancouver



\$6,800,000

161 West 4th Street, North Vancouver



\$6,400,000

1495 Kingsway, Vancouver



\$4,200,000

254 East 12th Avenue, Vancouver



\$4,800,000

2145 West 2nd Avenue, Vancouver



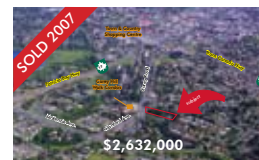
\$3,200,000

Shaughnessy & Atkins, Port Coquitlam



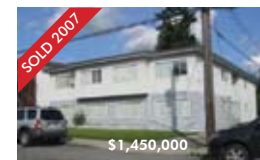
\$2,350,000

304 East 1st Avenue, Vancouver



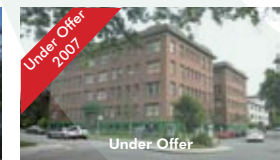
\$2,632,000

3912 Carey Road, Victoria



\$1,450,000

6730 Sussex Avenue, Burnaby



Under Offer

1298 West 10th Avenue, Vancouver



Under Offer

3820 Shelbourne Street, Victoria

OVER \$60,000,000

IN APARTMENTS AND DEVELOPMENT SITES  
SOLD IN 2007

BY DAVID HO & DAN SANDER

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