



Commercial Real Estate Services, Worldwide.

MULTI-FAMILY MARKET OVERVIEW – 2004

Transaction activity increased 7% over 2003 with approximately 136 buildings being sold in the Greater Vancouver area. These transactions total 3,300 units or, on average 24 units per building. The multi-family market continues to be a focus for many real estate investors. High land prices in the metro area inhibits the construction of new rental product. Strata-titled condominiums and townhouse product dominate in the urban areas and contribute to Vancouver's rented stock. The overall activity level has been relatively constant over the past 36 months. Our expectation is that the low interest rate environment will continue through 2005. While this will continue to fuel investor interest, we expect supply restrictions may reduce the total transactions during 2005.

These investments are currently yielding between 4½% and 7% depending on product location, size, age and quality. Vacancy rates rose early in 2004 but moved back to historic levels by year end.

Positive developments in this sector include:

- a strong B.C. Economy with solid employment growth
- a new residential tenancy act that is more favourable to landlords
- continued low vacancy rates
- increased foreign buying interest
- continued low interest rates

Review of Sub-Markets

East Vancouver

One of the most active areas in 2004. Units sold increased 60% over the previous year, and prices increased 13%. South False Creek redevelopment area, redevelopment of the Finning site and other rezoning efforts make this an area of growth for the multi-family market. The Main Street corridor, south of Terminal Avenue is becoming an attractive area for redevelopment. All these factors are helping push real estate prices higher in East Vancouver.



Commercial Real Estate Services, Worldwide.

MULTI-FAMILY MARKET OVERVIEW – 2004 (Cont'd)

New Westminster

Activity level increased by 36% in this market. Prices are up by 20% for smaller apartment buildings and large buildings now trade at \$70,000/suite.

North Vancouver

Average price is \$110,000/suite, with prices up by 20% over the year ago period.

Burnaby

Average price is \$90,000/suite, with prices up by 20% over the year ago period.

Marpole

Brisk transaction activity but prices remained constant at \$90,000/suite on average. Units sold in this area are up 40% from 2003. Rental rates in Marpole only increased marginally during the year.

South Granville

Only seven transactions recorded in 2004. Prices up about 15%. This highly desirable area is restricted by to lack of available product.

Kitsilano

Historically very little turnover, but quite active in 2004. Prices average \$145,000/suite on the 12 buildings that changed hands.

All geographic areas have been active during 2004 and as a result, there is a lack of good product currently listed for sale. Going forward, the lack of good quality product will put upward pressure on prices.

NAI Goddard & Smith brokered 16 multi-family buildings in 2004, comprising of 459 units, representing approximately 12% of this market.

For more information on the multi-family market please contact **Terry Harding**, Vice President.