

Examining Notable Sales and Strategies for Diversifying Your Real Estate Portfolio

The commercial real estate landscape constantly evolves, offering various investment opportunities across asset classes. By exploring each asset class's unique strengths and considerations, we aim to provide a comprehensive guide for investors seeking to capitalize on the dynamic nature of the real estate market in today's economic climate. Investors must stay informed on the latest market trends and notable sales to make strategic decisions and optimize their portfolios.

Multifamily - Balancing Affordability and Long-Term Growth



Photograph of Fairview High-Density Mixed-Use Development Site, 1450 West 12th Avenue, Vancouver, British Columbia, Canada. Retrieved April 24, 2023, from <https://www.collierscanada.com/en-ca/properties/sold-fairview-high-density-mixed-use-development-site/can-1450-west-12th-avenue-vancouver-british-columbia-canada/can2010926>

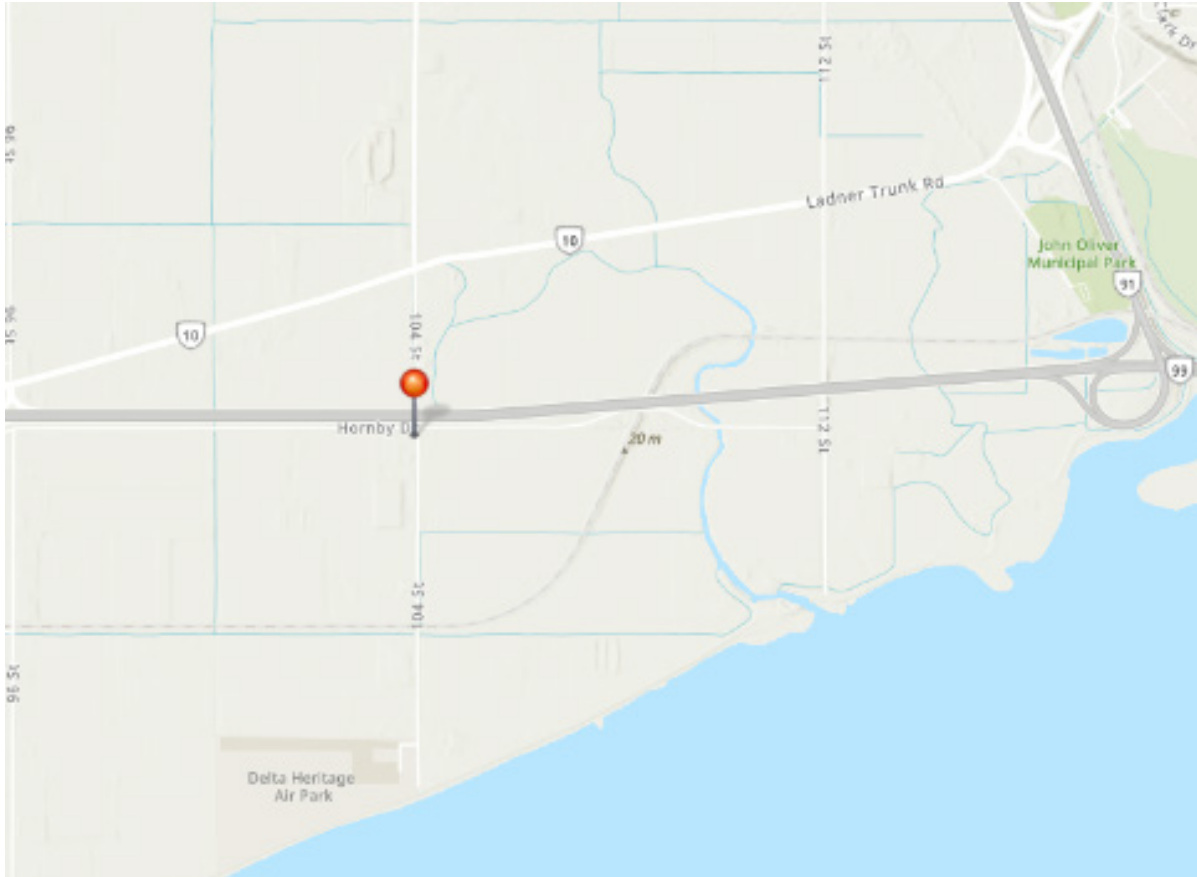
Vancouver's Broadway Plan and the Promising Investment at 1450 West 12th Avenue

First on our list is the multifamily property at 1450 West 12th Avenue in Vancouver—this 13-story, 115-unit affordable housing building, built in 1969, sold for an impressive \$40,500,000. It falls under the City of Vancouver's Broadway Plan emphasizes long-term residential building renewal while preserving affordability and strengthening tenant protections. This plan sets the stage for new developments, requiring a percentage of below-market rent units or turnkey social housing units. The Broadway Plan allows a density ranges from 1.0 to 6.5 FSR, with building heights varying from 3 to 20 stories. This property is in a prime location with easy access to public transportation, shopping, and various amenities, making it an attractive investment for the new owner. Expect to see the value of this property increase as the Broadway Plan continues to unfold.

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ICI (Industrial, Commercial and Investment) Land - The Value of Agricultural Land in Urban Expansion



Retrieved April 25, 2022, from Altus Data Studio database.

The Strategic Acquisition of 4789 104th Street in Delta Municipality

Next, we have a significant agricultural land transaction at 4789 104th Street in Delta Municipality, selling for a substantial \$29,603,000. This expansive 80.74-acre property is part of the Agricultural Land Reserve (ALR), ensuring the land remains dedicated to long-term agricultural production. Despite the stringent regulations imposed by the Agricultural Land Commission, the sale highlights the value of well-located farmland in the region. The property's fertile soil and access to water sources make it ideal for various agricultural pursuits. Additionally, the property's proximity to transportation networks and urban centers could increase its value in the future, should the ALR regulations change.

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Industrial - Leveraging Zoning Potential and Accessibility for Future Growth



Photograph of 1123 W 15th St, North Vancouver, BC. Retrieved April 25, 2022, from https://www.loopnet.ca/Listing/1123-W-15th-St-North-Vancouver-BC/26207060/.

The Flex Building at 1123 West 15th Street in North Vancouver

Let's move on to an industrial property at 1123 West 15th Street in North Vancouver. This 5,200 sq. ft. flex building was constructed in 1988 and sold for \$3,975,000, or \$764 per sq. ft. The District of North Vancouver's Official Community Plan designates this area as Light Industrial Commercial, catering to industrial, warehouse, office, service, utility, and business park-type uses. The property's EZ-LI zoning allows for a maximum lot coverage of 90%, providing a great opportunity for future growth. The new owner can take advantage of this zoning and repurpose or expand the existing structure to accommodate a variety of businesses. Additionally, the property is close to major transportation corridors, making it easily accessible for clients and suppliers.

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Office - Modern Facilities and Strategic Locations for Business Success



Retrieved April 25, 2022, from Altus Data Studio database.

The Newly Built Office Property at 15315 66th Avenue in Surrey

Next is a brand new office property at 15315 66th Avenue in Surrey, consisting of three strata units totalling 4,086 sq. ft. This single-tenant, 2022-built property sold for \$445 per sq. ft. The City of Surrey's Official Community Plan designates this area as Business Park within the East Newton Business Park Neighbourhood Plan, making it an excellent location for professional offices and businesses. This modern office building features state-of-the-art facilities, energy-efficient systems, and ample parking. The property's strategic location near major highways and public transportation networks ensures easy access for employees and clients.

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Residential Land - Capitalizing on High-Density Development and Vibrant Neighborhoods



Photograph of 1247 Kingsway, Vancouver, BC. Taken on April 25, 2023 from <https://www.shapeyourcity.ca/1247-kingsway>.

The Mixed-Use Development Opportunity at 1247 Kingsway in Vancouver

Our next notable sale is a high-density residential land parcel at 1247 Kingsway in Vancouver. A development application was submitted for a six-story building with retail space on the first floor and 45 residential units on the upper floors. This 0.21-acre lot sold for \$5,500,000, or \$170 per sq. ft., buildable.

The City of Vancouver's C-2 zoning allows for a maximum gross floor area equal to 2.5 times the site area. This area is experiencing significant growth, with new businesses and residential projects popping up regularly. The proposed mixed-use development has the potential to cater to the housing demand and contribute to the neighbourhood's vibrancy. The property's location along the bustling Kingsway corridor makes it an attractive prospect for residential and commercial development. With easy access to public transit and nearby amenities, this property is poised to become a sought-after address for residents and retailers.

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Retail - Investing in Prime Retail Locations in Bustling Shopping Districts



Retrieved April 25, 2022, from Altus Data Studio database.

The Retail Property at 5757 Balsam Street in Vancouver's Kerrisdale Neighbourhood

Lastly, we have a prime retail property at 5757 Balsam Street in Vancouver's Kerrisdale neighbourhood. This 1,437 sq. ft. street-front property was constructed in 1996 and sold for \$1,685,000, or \$1,173 per sq. ft. The commercial strata unit is part of a four-story, 53-unit mixed-use building.

The Kerrisdale neighbourhood is known for its vibrant mix of independent retailers, boutiques, and restaurants, attracting local shoppers and visitors alike. The property's prime street frontage, proximity to public transportation, and ample foot traffic make it an ideal investment for retail or service-oriented businesses. Given its prominent location in a bustling shopping district, this property offers excellent potential for the new owner.

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Navigating High-Interest Rate Environments and Diversifying Investments

The Importance of a Balanced Portfolio and Informed Decision-Making

That wraps up our April 2023 Commercial Real Estate Roundup showcasing how each asset class has unique strengths and considerations, further influenced by the prevailing economic climate.

In a high-interest rate environment, it is generally accepted that income-producing properties, such as multifamily and industrial assets, tend to fare better. These properties offer investors a stable cash flow, which helps offset rising interest rates' impact on financing costs. Additionally, these asset classes are often less sensitive to economic downturns as there will always be a demand for housing and industrial facilities, regardless of the interest rate environment.

Residential land's performance in a high-interest-rate environment may depend on location, zoning, and development potential. While rising interest rates can put downward pressure on land prices, well-located parcels with strong development potential may still command a premium as builders and developers seek to capitalize on the ongoing demand for housing.

Ultimately, deciding which asset class is "better" in a today's environment or for long-term investment depends on the individual investor's risk tolerance, investment objectives, and market knowledge. A diversified portfolio, encompassing a mix of asset classes, can provide a balanced approach, helping to mitigate risk and capture opportunities across various market cycles.

We hope you found our analysis of these notable sales informative and insightful. Stay tuned for more updates and research.



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