

LONDON PACIFIC QUARTERLY MARKET INSIGHT

Q2 - 2023

Mission

Abbotsford

Maple Ridge

Pitt Meadows

Driving the next wave of commercial real estate

**LONDON
PACIFIC**

MACRO TIDES

CURATED EXPERT ECONOMIC COMMENTARY TO REVIEW THE MOST
SIGNIFICANT MACROECONOMIC STATISTICS AND TRENDS IMPACTING THE
REAL ESTATE MARKET FOR END OF Q2 2023.

MACRO TIDES

INTEREST RATES

Canada's Overnight Rate climbed steadily to 4.50%; a level not seen since November 2007. With short-term rates rapidly and artificially propped up, Canada's yield curve has become inverted over the past several quarters, indicating a very likely upcoming policy-induced recession.

Impact Commercial projects that the light at the end of the tunnel is closer than you think, with Bank of Canada rates expected to drop as early as Q1 2024, and fixed mortgage rates already on their way lower.

Source: Impact Commercial - Resources - Impact Commercial ([impactcommercial.ca](https://www.impactcommercial.ca))

INFLATION

"Inflation is trending down overall, but it remains elevated for services. With vacation season here, a tight labour market and a stronger than anticipated economy, the Bank of Canada could implement an additional rate hike to limit spending on services. The question is whether an additional rate hike would truly reduce the restaurant, entertainment, hotels and travel expenses of Canadians." - David-Alexandre Brassard, CPA Canada's Chief Economist

Source: CPA Canada - <https://www.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/media-centre/2023/july/cpa-canada-business-monitor-q2-2023>

HOUSING MARKET

The Canadian housing market experienced a "huge" second quarter (Q2), surpassing expectations with soaring home sales and average prices. However, economists at TD Economics are cautioning for a potential decline in sales during the latter half of 2023, which could reverse part of the market's recent strength.

Rishi Sondhi, an economist at TD Economics, sheds light on the impact of this robust performance in the Provincial Housing Market Outlook. Previous projections had suggested that sales were falling short of levels aligned with underlying fundamentals like income and population growth. However, the surge in recent sales has bridged this gap. Nevertheless, the sharp rise in prices raises concerns about affordability, which could potentially dampen future market activity.

Source: Real Estate Magazine - <https://realestatemagazine.ca/canadian-housing-market-has-huge-q2-but-challenges-loom-ahead>

GDP

"Overall, the advance estimate for Q2 GDP growth now stands at 1.0% (annualized). That's slightly above our own tracking but below the BoC's forecast (+1.5%) in June."

Bottom line: Canadian GDP remained resilient in Q2. But growth is starting to look weaker by the end of the quarter - wholesale sales posted one of the largest declines in history in June. The resilience in consumer demand we've seen to-date is not to be overlooked, adding to sticky inflation pressures. But momentum in services spending also appears to be waning - gross sales at food services and drinking places have been trending at levels below this January for months.

The BoC won't hesitate to hike interest rates further if necessary, but we maintain the view that the worst is yet to come for households with pressure from near-record high (and still rising) debt service expenses. We expect that will soften spending, push inflation lower, and keep the BoC to the sideline over the second half of this year."

Source: RBC - <https://thoughtleadership.rbc.com/economics/>

DEEP DIVE

EVERY QUARTER, WE TAKE A DEEP DIVE INTO A SUB MARKET OF METRO VANCOUVER OR THE FRASER VALLEY. WE EXPLORE THE CHARACTERISTICS, ECONOMIC DRIVERS, AND AMENITIES OF THE AREA IN CONJUNCTION WITH REAL ESTATE TRENDS, CURRENT DEVELOPMENT ACTIVITY AND NEW PRODUCT SALES IN MULTIFAMILY.

Mission

Abbotsford

Maple Ridge

Pitt Meadows

MISSION

The local economy is diverse, with a mix of industries and businesses that support the community's growing population. The City of Mission prioritizes investment and economic development, aiming for diversified growth and increased opportunities for residents. Key initiatives include:

- Undertaking waterfront pre-development planning and developing a roadmap and preliminary feasibility assessment for waterfront planning.
- Prepare an industrial land and economic development strategy and,
- Implementing a tourism strategy to attract business investment.

The area's natural beauty, strategic location, and supportive business environment have helped to attract new investment and support the growth of existing businesses. Key neighbourhood amenities include:

- Mission Leisure Centre
- Mission Raceway Park
- The Junction Shopping Centre
- Hayward Lake Reservoir
- Jack Poole Harbourside Park
- West Coast Express Skytrain Station (Mission City)

Mission's real estate market has experienced significant growth and transformation in recent years, mirroring the city's ongoing economic development and population expansion. Several factors have contributed to the increasing demand for housing in Mission, including its desirable location, relative affordability, and the availability of new housing developments.

Q2-2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	12	\$672	14	\$469
Wood Frame Condo	4	\$423	36	\$732
Concrete Condo	0	-	-	-

Active Pre-Sale Projects:

Q2-2023	Units Sold	Avg Price/Sqft	Units Available
Townhouse	0	-	10
Wood Frame Condo	24	\$673	24
Concrete Condo	0	-	-

Mission currently has 4 active pre-sale projects, consisting of 1 wood frame condo project and 3 townhome projects. Additionally, there are 34 contemplated development projects, with 16 applications for townhomes and 18 applications for condos. A notable project is Westminster Plateau Vista, a five-storey wood frame condo project by Pacific Hills. Sales started in May, and 50% of the 24 units have been sold at an average price of \$673 per square foot, drawing both investors and end-users.

ABBOTSFORD

Known for its scenic beauty, agricultural lands, and growing economy, Abbotsford is a vibrant city that offers a unique blend of urban amenities and natural beauty. Key neighbourhood amenities include:

- Clayburn Village
- Mill Lake
- Castle Fun Park
- Highstreet Shopping Centre
- Abbotsford International Airport
- University of the Fraser Valley

Abbotsford has experienced substantial economic growth, driven by a diverse range of sectors that contribute to the city's overall economic growth. The primary economic drivers are:

- Agriculture – The city has a strong agricultural sector and is known as the "Raspberry Capital of Canada" due to its significant berry production. The city's fertile land supports a wide range of agricultural activities.
- Manufacturing – The city has a diverse manufacturing sector, encompassing industries such as aerospace, food processing, and automotive.
- Technology and Innovation – The city has been investing in initiatives to support technology startups. This includes the development of technology parks such as the Abbotsford Tech District on Sumas Mountain.

Abbotsford saw significant growth in the sales of newly built condos and townhomes compared to the first quarter. In June 2023, Abbotsford's apartment market showed upward price trends, while townhomes experienced growth despite a lower Home Price Index than the benchmark.

Townhomes	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
West	18	\$547	8	\$519
East	13	\$480	3	\$475
Aberdeen	5	\$562	1	\$553
Central	3	\$524	4	\$514
Poplar	3	\$424	5	\$533

Wood Frame Condo	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Central	34	\$627	24	\$663
West	5	\$555	10	\$624
East	2	\$759	1	\$613
Poplar	2	\$650	4	\$719

Active Pre-Sale Projects

Q2-2023	Units Sold	Avg Price/Sqft	Units Available
Townhouse	32	\$542	5
Wood Frame Condo	75	\$722	31
Concrete Condo	0	-	-

In Abbotsford, there are 7 active pre-sale projects available for purchase, comprising 3 wood frame condo projects and 4 townhome projects. Additionally, there are 64 development projects under consideration, with 17 applications for townhomes and 47 applications for condos. One notable project, Jacob by Redekop Faye, is a six-storey wood frame condo situated in Abbotsford's Historic Downtown. During the second quarter, this project successfully sold 75 units, achieving an average price per square foot of \$722. The project attracted local young couples, first-time homebuyers, and many local investors.

MAPLE RIDGE

Maple Ridge is a charming city nestled amidst the beautiful landscapes of mountains, forests, and rivers. It offers a captivating blend of natural beauty, suburban lifestyle, and community spirit. Key neighbourhood amenities include:

- Golden Ears Provincial Park
- Kanaka Creek Regional Park
- Maple Ridge Square
- Maple Ridge Park
- Maple Ridge Public Library
- West Coast Express Skytrain Station (Port Haney & Maple Meadows)

Maple Ridge has experienced notable economic growth and development in recent years. The city has actively pursued initiatives to attract investment, diversify its economy, and create a favorable business environment. The primary economic driver in Maple Ridge is its manufacturing sector. This sector is led by wood product, pharmaceuticals, and electronics but is diverse – including metal fabrication, boatbuilding, food products, and furniture. Manufacturing is a dynamic core of the Maple Ridge economy:

- #1 export sector - \$1B per year
- #8 average sector wages out of 20
- #1 job growth of Top 10 industries in the last 10 years

The real estate development in Maple Ridge is thriving, driven by affordable housing, its proximity to Vancouver, and improved transportation options. The city's natural beauty, with mountains, rivers, and green spaces, offers a fantastic quality of life and ample opportunities for outdoor activities, making it an attractive choice for homebuyers and investors.

During the second quarter of 2023, Maple Ridge saw significant growth in the sale of newly built condos and townhomes compared to the first quarter. In June 2023, the housing market in Maple Ridge showed positive trends for townhomes and apartments, despite prices being below the benchmarks. Townhome prices exhibited significant growth, while apartment prices demonstrated steady upward movements.

Q2-2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	37	\$560	31	\$589
Wood Frame Condo	30	\$682	50	\$719
Concrete Condo	0	-	0	-

Active Pre-Sale Projects

Q2-2023	Units Sold	Avg Price/Sqft	Units Available
Townhouse	4	\$549	40
Wood Frame Condo	58	\$737	140
Concrete Condo	0	-	0

In Maple Ridge, there are 11 active pre-sale projects, including 5 wood frame condo projects and 6 townhome projects. Additionally, the city has 57 contemplated development projects, with 7 applications for concrete condos, 24 applications for wood frame condos, and 26 for townhomes. A notable project is Podium by Whitetail Homes, a six-storey wood frame condo located near the West Coast Express Port Haney Station. During the second quarter, 26 out of 27 units were sold at an average price of \$698 per square foot, attracting a mix of investors and young end-users due to its appealing lower price entry point.

PITT MEADOWS

Pitt Meadows is nestled between the Fraser River and the Golden Ears Mountains, and neighbours with Maple Ridge. With abundant parks, and trails, outdoor enthusiasts can indulge in activities like hiking, biking, fishing, and boating. Key neighbourhood amenities include:

- Meadowtown Shopping Centre
- Pitt Meadows Regional Airport
- Pitt Meadows Athletic Park
- Pitt Lake
- West Coast Express Skytrain Station (Pitt Meadows)

The strategic directions for Pitt Meadows focus on improving the local economy, supporting businesses, agriculture, and enhancing tourism. Here are the key points:

- Improve economy's building blocks: Increase commercial space, match local labor supply and demand, upgrade telecom infrastructure, advocate for better public transit, enhance road network.
- Support local businesses: Raise awareness of local businesses, improve linkages to commercial areas, enhance visitor amenities, expand airport, remove unnecessary bylaw limitations.
- Support viable and growing agriculture sector.
- Boost tourism growth and value: Provide communication and marketing support, improve linkages to commercial areas, support events, prioritize amenities for residents.

Pitt Meadows has experienced a growing demand for real estate due to its desirable location, natural beauty, and access to amenities. The city's proximity to Vancouver and major highways, combined with its peaceful atmosphere and recreational opportunities, attracts both homebuyers and investors.

Pitt Meadows had a slow start at the beginning of the year but saw an increase in the sales in the second quarter. In June 2023, Pitt Meadows saw positive trends in its housing market for both apartments and townhomes. The benchmark prices were relatively higher, but the Home Price Index showed positive changes over the one-month and three-month periods.

Q2-2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	4	\$663	2	\$711
Wood Frame Condo	4	\$693	0	-
Concrete Condo	0	-	0	-

Active Pre-Sale Projects:

Q2-2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	0	-	8	\$525
Wood Frame Condo	0	-	0	-
Concrete Condo	0	-	0	-

Pitt Meadows currently has two contemplated development projects, one for a townhome project and another for a wood frame condo project. There is also one active pre-sale project, Nature's Walk by Onni, offering three-storey townhomes. The project is situated in a family-oriented neighbourhood with access to amenities such as a community centre, arena complex, community garden, parks, local market, and cafes. It is reported that there have been no new sales over the quarter with 8 units remaining at an average price per square foot of \$525. The initial buyers consist of a mix of downsizers and various family types from the Tri-Cities area.

RESIDENTIAL LAND TRANSACTIONS

MISSION

8423 CEDAR STREET, MISSION

Lot Size:	38,703 Sqft
Current Zoning:	S20 – Single Family Dwelling
OCP Designation:	Mid Rise Multi-Unit Residential
Potential FSR:	1.0 - 2.0 FSR
Potential Buildable:	77,406 Sqft
Price/Buildable (Sqft):	\$70.34
Date Sold:	April 2023
Selling Price:	\$5,445,000

31958 RAVEN AVENUE, MISSION

Lot Size:	14,375 Sqft
Current Zoning:	R558 - Urban Residential
OCP Designation:	Commercial
Potential FSR:	2.0 FSR
Potential Buildable:	28,750 Sqft
Price/Buildable (Sqft):	\$41.22
Date Sold:	May 2023
Selling Price:	\$1,185,000

8467 & 8471 JENNINGS STREET, MISSION

Lot Size:	1.88 acres (81,893 Sqft)
Current Zoning:	S20 – Single Family Dwelling
OCP Designation:	Attached Multi-Unit Residential
Potential FSR:	0.5 – 1.0 FSR
Potential Buildable:	81,893 Sqft
Price/Buildable (Sqft):	\$84.32
Date Sold:	April 2023
Selling Price:	\$6,905,000

33070 11TH AVENUE, MISSION

Lot Size:	11,326 Sqft
Current Zoning:	R558 - Urban Residential
OCP Designation:	Attached Multi-Unit Residential
Potential FSR:	1.0 FSR
Potential Buildable:	11,326 Sqft
Price/Buildable (Sqft):	\$80.79
Date Sold:	May 2023
Selling Price:	\$915,000

ABBOTSFORD

33511 HOLLAND AVENUE, ABBOTSFORD

Lot Size:	9,583 Sqft
Current Zoning:	RS3 - Urban Residential Zone
OCP Designation:	Urban 1 - Midrise
Potential FSR:	2.0 FSR
Potential Buildable:	19,166 Sqft
Price/Buildable (Sqft):	\$80.87
Date Sold:	April 2023
Selling Price:	\$1,550,000

2054 CHERRY STREET, ABBOTSFORD

Lot Size:	7,456 Sqft
Current Zoning:	P2 – Parks, Open Space & School Zone
OCP Designation:	Urban 3 - Infill
Potential FSR:	0.45 - 0.65 FSR
Potential Buildable:	4,840 Sqft
Price/Buildable (Sqft):	\$195.25
Date Sold:	April 20, 2023
Selling Price:	\$945,000

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The information in this report is based on data available as of July 31, 2023, obtained from sources deemed reliable. While efforts were made to ensure accuracy and completeness, we cannot guarantee its current accuracy or reliability. Circumstances may have changed since the data was last updated. This information is for reference and general purposes only. The term "newly built" refers to units that are no older than 5 years. This is not intended to be a forecast of future events, and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Altus Data Solutions; Bank of Canada; Paragon; Zonda Urban; RBC; CPA Canada, Real Estate Magazine, Impact Commercial

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