

LONDON PACIFIC QUARTERLY MARKET INSIGHT

Q3 - 2023

MACRO TIDES

CURATED EXPERT ECONOMIC COMMENTARY TO REVIEW THE MOST SIGNIFICANT
MACROECONOMIC STATISTICS AND TRENDS IMPACTING THE REAL ESTATE MARKET
FOR END OF Q3 2023.

"Regardless of current inverted bond yields and Canada's economic contraction of GDP in Q3, Metro Vancouver and the Fraser Valley continue to be a robust place for commercial real estate because of the need for housing and the opportunity for investment in performance assets such as multifamily rentals. With interest rates now flattening we will start to see Buyer/Developer confidence as they enter the market place to acquire new opportunities based on pent up demand for land.

Ari Gelmon PREC*
Associate Vice President

LP SELECT Q3 2023

INTEREST RATES

Wednesday, September 6th, 2023, The Bank of Canada announced that it will be holding its rate at 5%.

"Governor Tiff Macklem and his policymakers are finished hiking", according to the median response in a Bloomberg survey of economists. Many economists argue that it will take time to see the full impacts of the previous rate hikes. Currently, the market anticipates that the Bank of Canada will delay any rate cuts until the first half of 2025. The next Bank of Canada announcement is scheduled for October 25th.

Source 1: The Financial Post <https://financialpost.com/news/economy/bank-of-canada-hikes-done-interest-rates-high-economists>
Source 2: My Perch <https://myperch.io/canada-interest-rate-forecast/>

BOND RATE

RBC Financial Markets Monthly highlights that September end of Q3 marked another month of mixed economic data prints alongside sharp selloff in bond markets. The yield curve is still inverted less than it was after U.S. and Canadian 10-year government bond yields jumped ~50 basis points in September.

We will hold tight to see if the inverted yield curve is significant in its historical track record of accurately predicting recessions.

Source1: My Perch <https://myperch.io/canada-interest-rate-forecast/>
Source2: RBC <https://thoughtleadership.rbc.com/taking-the-long-way-home/>

GDP:

Statistics Canada just released GDP numbers which suggest that Canada's gross domestic product was essentially unchanged in July, as the service sector expanded slightly while goods-producing industries shrank.

Boudreau, a senior economist at Mackenzie Investments states, "I think it's pretty clear in Canada," he said. "Canada's economy contracted in the second quarter, and data next month may show it did the same in the third quarter, which would meet the technical definition of a recession."

Source 1: Statistics Canada: <https://www150.statcan.gc.ca/n1/daily-quotidien/230929/dq230929a-eng.htm>
Source 2: 'CBC: Canada's economy was flat in July, new GDP numbers from Statistics Canada show | CBC News

INFLATION

According to the latest Stats Canada report published on September 19, the Consumer Price Index rose 4.0% year over year in August, following a 3.3% increase in July. Higher gasoline prices were the main driver of Canada's inflation rate in August. Excluding gasoline, the CPI rose 4.1% in August, matching the 4.1% increase in July. The Bank of Canada doesn't expect inflation to reach its target of 2% until the middle of 2025, six months later than initially forecasted.

August did see slower price increases, attributed to reduced costs for travel tours and air transportation. Grocery prices also rose at a slower annual pace, increasing 6.9% year-on-year compared to 8.5% the previous month, with a slight 0.4% decrease between July and August.

Source 1: Statistics Canada The Daily — Consumer Price Index, August 2023 (statcan.gc.ca)

THE REAL ESTATE MARKET

Housing - The BC housing market has been more resilient than expected in 2023, with both home sales and prices holding up well in the face of sharply higher interest rates. We expected home sales to slow in this second half of the year with annual sales in the province to be just under 80,000 units, essentially flat compared to 2022.

Commercial - Multi-family real estate is currently the best performing asset class overall. There may be increases to operating and build costs in this changing environment, but the continued low vacancy rates afford multi-family owners and investors the ability to adjust rents upwards to account for market changes.

Source 1: Real Estate News Exchange: <https://renx.ca/fall-forecast-strong-fundamentals-set-this-cycle-apart-for-commercial-real-estate>
Source 2: BCREA <https://www.bcrea.bc.ca/economics/housing-forecast/>

DEEP DIVE

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

SEA TO SKY

North Vancouver (District & City)

West Vancouver

Squamish

NORTH VANCOUVER DISTRICT

5

OVERVIEW Q3 2023

Market:

Real estate market has experienced ongoing and significant growth mirroring the District's desirability and population expansion. A coveted area for families wanting access to natural amenities, great neighbourhoods and excellent public schools. With large single-family neighbourhoods still prevalent, the need for housing diversity is evident.

Planning Priorities:

The District is working through an OCP Action Plan (2021-2030) 8 priorities of focus include: the need for housing compactness & diversity in Town Centres, specifically prioritizing rental, social and supportive projects. There is acknowledgement of transportation issues and a desire to create a reliable rapid transit network.

Council:

Council maintains a "low and slow" approach to multifamily development approvals with a core focus on social and affordable housing types affecting both develop confidence and economic viability when underwriting sites.

Active Development Permit Applications

MAPLE WOOD
TOWN CENTRE

6

LYNN CREEK
TOWN CENTRE

7

EDGEMONT VILLAGE
TOWN CENTRE

4

LYNN VALLEY
TOWN CENTRE

3

LIONS GATE
TOWN CENTRE

6

Source: <https://www.dnv.org/building-development/map-significant-development-applications-being-considered>

Holland Row Phase II | Construction Ready Townhome Opportunity



- 22,782 SQFT residential development site
- Construction ready for 15 townhomes

Source: <https://londonpacific.ca/property/holland-row-development-land-townhouse-site/>

Past Success

NORTH VANCOUVER DISTRICT

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STATISTIC Q3 2023

The following data set provides benchmark pricing from the Real Estate Board of Greater Vancouver along with a deeper dive into new multifamily product; sales on product 5 years old or less, active pre-sale product as well as a look at contemplated projects in the pipeline for the **District of North Vancouver**.

BENCHMARK PRICES SEPTEMBER 2023 (REBGV combines all of North Vancouver)

Property Type	Benchmark Price	6 Month +/-
Townhouse	\$1,313,000	-3.1
Apartment	\$811,900	5.4
Single Family Detached	\$2,272,800	6

SALES ON PRODUCT 5 YEARS OLD OR LESS (MLS)

Q3 - 2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	5	\$1,110.82	6	\$911.30
Wood Frame Condo	6	\$1,016.22	6	\$988.48
Concrete Condo	7	\$1,110.11	26	\$1,188.87

ACTIVE PRE-SALE PROJECTS (ZONDA)

Q3 - 2023	# of Projects	Units Sold	Avg Price/Sqft	Units Available
Townhouse	4	116	\$1,013	6
Wood Frame Condo	3	193	\$1,047	6
Concrete Condo	2	474	\$1,089	26

CONTEMPLATED PROJECTS (ZONDA)

Q3-2023	# of Projects	Contemplated Units
Townhouse	8	262
Wood Frame Condo	10	515
Concrete Condo	7	1562

NORTH VANCOUVER CITY

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OVERVIEW Q3 2023

Market:

The City of North Vancouver is the urban heart of the North Shore. With densification and a range of housing options located along the Lonsdale corridor, the CNV is a walkable community with amenities and bustling business activity that overlooks Vancouver proper and is connected directly by sea bus transit from the Lonsdale Quay. The city's desirability is reflected in current housing data that demonstrates median days on the market for a home is only 20 days.

Council:

Council continues to be pro-active in supporting various housing initiatives and policies while standing behind fiscal and environmental sustainability.

Planning Priorities:

A "Balanced Housing Lab" commenced in 2021 with initiatives such as: a pilot permitting process to expedite permitting and a new inclusionary rental housing zone that provides incentives to protect and increase rental housing stock and development.

"The City of North Vancouver continues to lead the way in terms of development approvals and housing starts with a practical Planning application to development enquires and a City Council that provides reliable and consistently measured responses to development approvals."

Ben Williams, PREC*
Executive Vice President

Active Development Permit Applications

16

Major Applications
(6+ Residential Units)

4

Industrial
Commercial & Institutional

Source: <https://www.cnv.org/business-development/building/land-use-approvals/active-applications>

Lower Lonsdale Development Opportunity | North Vancouver



- Shovel ready townhouse designated development site
- AAA location
- Contact listing agent Ben Williams for CA and opportunity details

Contact: <https://londonpacific.ca/brokers/ben-williams/>

Active Listing

NORTH VANCOUVER CITY

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STATISTIC Q3 2023

The following data set provides benchmark pricing from the Real Estate Board of Greater Vancouver along with a deeper dive into new multifamily product; sales on product 5 years old or less, active pre-sale product as well as a look at contemplated projects in the pipeline for the **City of North Vancouver**.

BENCHMARK PRICES SEPTEMBER 2023 (REBGV combines all of North Vancouver)

Property Type	Benchmark Price	6 Month +/-
Townhouse	\$1,313,100	-3.1
Apartment	\$811,900	5.4
Single Family Detached	\$2,272,800	6

SALES ON PRODUCT 5 YEARS OLD OR LESS (MLS)

Q3 - 2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	6	\$978.59	18	\$936.68
Wood Frame Condo	6	\$1,054.01	4	\$1,115.71
Concrete Condo	14	\$1,417.44	23	\$1,656.13

ACTIVE PRE-SALE PROJECTS (ZONDA)

Q3 - 2023	# of Projects	Units Sold	Avg Price/Sqft	Units Available
Townhouse	2	18	\$925	7
Wood Frame Condo	2	77	\$1,244	22
Concrete Condo	4	739	\$1,342	56

CONTEMPLATED PROJECTS (ZONDA)

Q3-2023	# of Projects	Contemplated Units
Townhouse	7	419
Wood Frame Condo	8	350
Concrete Condo	8	1276

WEST VANCOUVER DISTRICT

OVERVIEW Q3 2023

Market:

West Vancouver has long garnered a reputation for being an affluent neighbourhood with the average benchmark home price coming in at \$3.2 M (September 2023). The community is nestled between the sea and the mountains and provides high-end shopping and eating, beautiful public beaches and a local ski hill.

Council:

Council has long been criticized for its low and slow policy and for ignoring the housing continuum and/or the need for rental & social housing. The "Ambelside LAP" is currently in stream with the recommendation of an expansion of apartment area boundaries with a policy guide for more diverse housing options including changes to RM1 and RM2 zoning for purpose built rental. *Council has rescheduled First Reading from September 11, 2023 (new date to be determined).*

Planning Priorities:

Through their last OCP adoption (2018) the municipality has defined the need for 5000 more housing units by 2041. They have created a number of LAPs (local area plans) in order to determine area specific built forms, heights and densities. Through this process West Van is wanting to address and expand options for the missing middle (eg triplex, townhome, mixed-use options) with an expected 300-350 new units along with an estimated 300- 400 new sensitive infill units (mostly coach house or duplex opportunities).

"It's an exciting time in West Vancouver. With new Local Area Plans like the Ambelside LAP in the works, we are going to start to see further densification along major corridors with a range of housing services infilling to suit the community."

Keath Williams
Principal & Managing Broker

Active Development Permit Applications

COACH
HOUSE

3

DUPLEX

3

TOWNHOME

5

MULTIFAMILY
OTHER

4

Source: <https://westvancouver.ca/business-development/development-applications/active-development-applications>

MAISON WEST | Multi-Family Development



- Gross Site Area: 71,414 SQFT
- Developed into a premier assisted living and memory care 91 unit residence
- Sold to Milliken Development

Source: <https://londonpacific.ca/property/west-van-development-site-707-keith-road-825-taylor-way/>

Past Success

WEST VANCOUVER DISTRICT

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STATISTIC Q3 2023

The following data set provides benchmark pricing from the Real Estate Board of Greater Vancouver along with a deeper dive into new multifamily product; sales on product 5 years old or less, active pre-sale product as well as a look at contemplated projects in the pipeline for the **District of West Vancouver**.

BENCHMARK PRICES SEPTEMBER 2023 (REBGV)		
Property Type	Benchmark Price	6 Month +/-
Townhouse	n/a	0
Apartment	\$1,331,600	9.8
Single Family Detached	\$3,281,800	7.8

SALES ON PRODUCT 5 YEARS OLD OR LESS (MLS)				
Q3 - 2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	0	-	1	\$1,005.63
Wood Frame Condo	0	-	0	-
Concrete Condo	14	\$1,571.79	20	\$1,987.68

ACTIVE PRE-SALE PROJECTS (ZONDA)				
Q3 - 2023	# of Projects	Units Sold	Avg Price/Sqft	Units Available
Townhouse	-	0	-	0
Wood Frame Condo	-	0	-	0
Concrete Condo	6	389	\$1.562	184

CONTEMPLATED PROJECTS (ZONDA)		
Q3-2023	# of Projects	Contemplated Units
Townhouse	5	261
Wood Frame Condo	1	36
Concrete Condo	4	790

OVERVIEW Q3 2023

Market:

Squamish is one of the fastest growing communities in BC. It is the gem of sea to sky country; an outdoor paradise for young and active families that enjoy hiking, mountain biking and ski day trips to Whistler. The largest segment of the population by age is 35-44 years old followed by those under 14 which emphasizes the family-oriented nature of the community.

Council:

Council is supportive of new developments and wants to address the demand for new housing in this growing community. Council however, is very focussed on the environment and applications that demonstrate smart and sustainable development practices will be looked upon favourably.

Planning Priorities:

Council finalized the Squamish Strategic Plan for 2023-2026 in June. The 6 overarching principles include housing initiatives to address the missing middle in both affordability and housing type: cottage cluster, multiplex, courtyard apartments, fee simple row home and townhomes are targeted as the most desirable. Both the Garibaldi Estates and North Crumpet Neighbourhood plans will assist with providing a vision for housing over the next 20 years. *The Proposed Land Use and Policy Plan (Stage 4) for Garibaldi is set to release this Fall and Adoption is slated for Winter 2023/2024.*

"The Squamish real estate market has historically been one of peaks and valleys, but in recent years I see a lot of rapid change in this due to the proximity to Vancouver and demand for a better location. For professional and knowledgeable guidance in this complicated market, lets open a conversation."

Mike Guinan-Browne PREC*
Vice President

Active Development Permit Applications

MULTIPLEX

2

TOWNHOME

4

LIGHT INDUSTRIAL

4

MEDIUM DENSITY
APARTMENT

3

MIXED-USE/
CREATIVE MIXED-USE

4

Source: <https://dos.apps.vertigisstudio.com/web/?app=05a11ea6eb424a2d82abe94bf23cab72>

37956 - 37970 Fourth Avenue | Squamish Development Site



- Designated as downtown residential with 2.0 FSR
- Lot Size: 18,042 SQFT
- Dimensions: 150' x 120' FT

Source: <https://londonpacific.ca/property/37956-37970-fourth-avenue-squamish-development-site/>

Active Listing

STATISTIC Q3 2023

The following data set provides benchmark pricing from the Real Estate Board of Greater Vancouver along with a deeper dive into new multifamily product; sales on product 5 years old or less, active pre-sale product as well as a look at contemplated projects in the pipeline for the **District of Squamish**.

BENCHMARK PRICES SEPTEMBER 2023 (REBGV)		
Property Type	Benchmark Price	6 Month +/-
Townhouse	\$1,028,500	2.5
Apartment	\$626,200	8
Single Family Detached	\$1,595,500	2.6

SALES ON PRODUCT 5 YEARS OLD OR LESS (MLS)				
Q3 - 2023	Units Sold	Avg Price/Sqft	Units Available	Avg List Price/Sqft
Townhouse	8	\$761.39	20	\$752.24
Wood Frame Condo	4	\$816.37	15	\$860.54
Concrete Condo	0	-	0	-

ACTIVE PRE-SALE PROJECTS (ZONDA)				
Q3 - 2023	# of Projects	Units Sold	Avg Price/Sqft	Units Available
Townhouse	5	136	\$639	65
Wood Frame Condo	1	16	\$691	0
Concrete Condo	0	0	-	0

CONTEMPLATED PROJECTS (ZONDA)		
Q3-2023	# of Projects	Contemplated Units
Townhouse	9	596
Wood Frame Condo	19	3867
Concrete Condo	0	0

LONDON PACIFIC

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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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