

BC APARTMENT INSIDER

VANCOUVER 2050

Spring 2017 - Issue 9



BY THE NUMBERS

Greater Vancouver (2015 vs 2016)



Capitalization Rate
3.31%



Avg. Price Per Suite
\$323,154



Total Sales Volume
\$927 million



Vacancy Rate
0.7%

TOWERING TROUBLES

Why is Vancouver's rental housing crisis unsolvable?

LandlordBC's CEO Introduces
The Landlord Registry

2016 multi-unit comparatives &
market analysis



Dan Schulz

bcapartmentinsider.com
778.999.5758



18 New Strata-Titled Rental Condominiums

131 East 3rd Street, North Vancouver, BC

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NEW LISTING

THE ANCHOR

Urban Amenities. Boutique Seaside Charm.

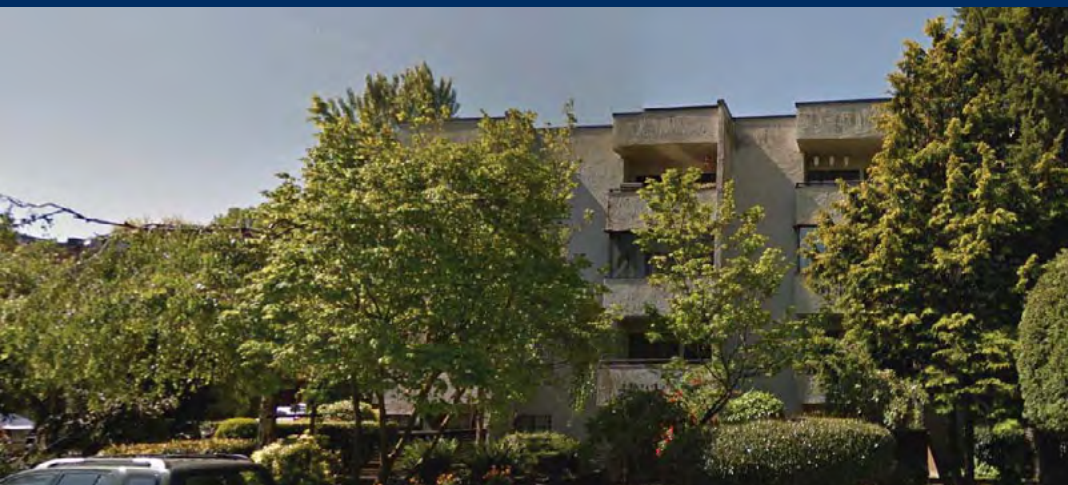
HIGHLIGHTS:

- Prime lower-Lonsdale location. **The Anchor** is the perfect opportunity to moor your investment.
- 18 brand new rented strata-titled condominiums with state-of-the-art amenities, in-suite laundry fitness facility and parking.
- Gorgeous West-Coast style architecture

ASKING PRICE: \$11,888,000

53 Unit Strata Titled Development Site

1830 Alberni Street, Vancouver, BC



HIGHLIGHTS:

- 53 rentable units in Prime West End location on Alberni Street, west of Denman Street.
- Potential for remarkable views of mountains, harbour and Stanley Park.
- 21,615 square foot site with 165 feet of frontage and 131 feet of depth.
- Four storey wood frame strata building constructed circa 1976.

BID DEADLINE: 4 PM: May 1st, 2017

High-Rise Designated Zoning

6688 Willingdon Avenue,
Burnaby, BC



HIGHLIGHTS:

- RM-4s designation: draft community plan.
- 34,761 sq. ft; 207 ft. frontage x 167 ft. depth.
- 45 suite apartment building.

BID DEADLINE: 4 PM: March 22nd, 2017

Sylvia Apartments - 23 Units

1315 Seventh Avenue
New Westminster, BC



HIGHLIGHTS:

- 10,890 square foot lot.
- 3.28 Cap Rate.
- Close to Justice Institute and transit.

ASKING PRICE: \$5,088,000

Dan Schulz

BC Apartment Insider



2016 was a year of division. Borders contracted, inspirational people left the world, countries became insular, and tribalism reigned on the Twittersphere.

But parse out the noise, and we realize just how fortunate Vancouver is to be so rich: culturally, environmentally and in business. These benefits don't just make the city a world class place to live, but to invest as well.

The world may be in for rocky times, but I believe Vancouver will weather pending financial storms fine.

But not all is well. Housing affordability continues dominating headlines. Tenants continue being squeezed by the lack of affordable, new apartment stock.

If we don't push for increased density, a slow brain-drain of young, entrepreneurial talent to surrounding cities will occur, turning dreamy 'Lotusland' into a nightmare.

For our city's well-being, I believe those of us in the real-estate, development and investor arenas should become louder advocates for development.

Finally, I invite you to visit the newly reworked, bcapartmentinsider.com website, newly optimized for mobile devices. I believe its clean, sensible appearance and navigation reflects my user-friendly approaches to multi-family investment.

Thank you so much for your continued support and business, and here's to a positive, inspirational 2017!

A handwritten signature of Dan Schulz in black ink.

13 Units - Stawamus Manor

1090 Wilson Crescent,
Squamish, BC



HIGHLIGHTS:

- Below market rents & extra density.
- RM-2 Zoning = 29,235 sq. foot site.
- BC's 'outdoor capital,' is growing fast!

SALE PRICE: \$1,915,100

28 Units - Stanley Manor

1101 Harwood Street,
Vancouver, BC



HIGHLIGHTS:

- Prime 66' x 131' corner lot.
- Newer plumbing, roof and windows.
- 3 neighbouring properties for sale.

ASKING PRICE: \$14,500,000

10 Units - Cheshire Place

9419 Woodbine Street,
Chilliwack, BC



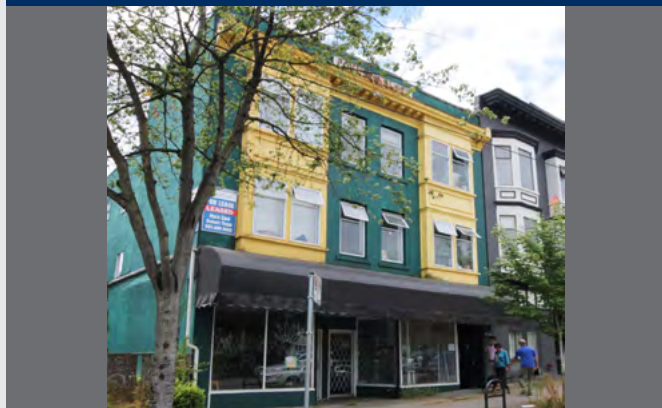
HIGHLIGHTS:

- Close downtown proximity.
- 101' x 130' lot in newer residential area.
- R5 residential zoning.

SALE PRICE: \$1,175,000

Mixed Use, Residential/Comm.

866 East Broadway,
Vancouver, BC



HIGHLIGHTS:

- 6 character rental units & commercial.
- 33' x 122' lot with RM-4N zoning.
- Huge rental upside!

ASKING PRICE: \$3,688,000

Meet Chris Winckers: BCAI's New Team Member

By BC Apartment Insider

On the ice or on a deal, Chris shoots to score

BC's multi-family rental industry is growing, and so is the BC Apartment Insider team. We're proud to introduce Chris Winckers, who has been learning commercial real estate from the ground-up at Macdonald Commercial Realty.

"When I started my career, I interviewed with a few other commercial brokerages. While impressive, I wasn't entirely sold on their mentalities," says Chris.

Upon visiting Macdonald Commercial, he immediately knew that he'd found the right brokerage, where he's worked since the fall of 2016.

"Sitting down with managing director Tony Letvinchuk, I noticed was no pretension or showboating — nobody set out to impress or dazzle me," says Chris. "It was a professional, yet welcoming vibe that I didn't get from other companies."

Growing up in North Vancouver, Chris noticed his city grew along with him; towers rose on the faces of the north shore mountains, and the pace of development accelerated.

Graduating Simon Fraser University with a communications degree in 2014, Chris couldn't help notice the rapidly changing environment, as he considered his future career.

"Real estate piqued my interest, because I lived with in a burgeoning city for much of my life," says Chris. "Later down the line, a number of friends entered the industry too, which they've found to be a fulfilling, rewarding career. Their enthusiasm was infectious, and I was bitten."

After joining Macdonald Commercial, Chris was recommended to assist Dan Schulz, and become part of the BC Apartment Insider team.

"I was struck by how he was similarly enthusiastic for real estate as my friends were," says Chris. "I knew

this was a perfect opportunity to learn the in's-and-out's of BC's multi-family market."

Though times have changed, Chris quickly learned that "old school" values remain the industry's most important.

"Don't mislead or waste time pointing fingers," says Chris. "Dan made that apparent right away. If there's a problem: lay out the scenario, don't pass the buck, take responsibility and work towards a fix."

When Chris isn't hitting the phones, he's hitting the ice. An avid hockey player, he's used to stick-handling through tough situations and keeping his eyes on the goal.

"Chris has this mild personality which isn't common in this industry, yet it belies a latent drive," says Dan Schulz. "When a task is ahead of him, he hunkers down and gets it done, in a professional, no-nonsense manner."



TOWER TROUBLES: WE NEED TO RISE UP & SUPPORT DENSITY

Amidst 2016's dying days, Vancouver's City Hall offered a slight bit of good news to cap off a famously dour year. Termed a "rental spree" in one local media outlet, Vancouver approved 1,800 new rental units during the year, an escalation over 2015's 1,164.

In one of the world's most famously expensive cities, this post-Christmas news elicited cheer. But like some of Vancouver's homes, the city's rental figure seems empty. Neighbouring Seattle, approved 14,000 units in 2016 - 800 percent more than our 'banner year.'

Experts quickly chastised City Hall, capping off a year of tone-deaf failures by our governments to build sorely needed rental housing.

The demonization of developers, within City Hall's walls and parroted by Vancouver's famously vocal NIMBY groups, has made new multi-family projects thinner than a pair of Lululemon's yoga pants. This means even well-to-do renters end up feeling stretched by high rents.

It also makes it tougher for landlords to let go of bad tenants, as the tenants are more likely to stay and fight, instead of relocating.

By Dan Schulz

My recent Thurlow and Harwood listing is just one victim of Vancouver's byzantine zoning. Located nearby English Bay in Vancouver's West End, this land assembly would have made perfect sense for a multi-family rental re-development due to its closeness to workplaces and transit.

Imagine my surprise learning that the maximum floor space ratio (FSR) is a meager 1.5, and the only hope of increased densification is to designate the development as 100% social housing.

Not only has this eliminated any profit motive for redevelopment, but the city's dogmatic stance sends a message to productive, middle-class renters in Vancouver's workforce that their presence is unimportant to the city.

We could take our case to City Hall, spending time, money and effort to attempt a zoning exception.

But solving our rental crisis cannot be done in fits and starts, whether it's spot rezoning, toothless 'community plans' and consultations.



We aspire to be a world class metropolis, yet don't act like one.

Our voters are decidedly suburban in their mindset, putting the interests of their one city block ahead of everything else. This attitude is fostered by both sides of the political aisle, at least publicly.

Privately, I've been surprised to learn that there's an enormous amount of agreement from unexpected quarters on the need to increase density, remove barriers to development and champion increased stimulus spending or tax measures to jumpstart rental housing.

Cynically, this means our politicians are more concerned with entrenching themselves in the system, building long-term livelihoods as public servants rather than build rental housing.

Instead of heeding words from Ryan Holmes, CEO of social media powerhouse Hootsuite, who believes Vancouver will become an economic ghost town, we prefer to trivialize and berate our young, millennial population's housing woes, sending them to the arms of surrounding municipalities hungry for their talents and taxes.

I believe we're on the cusp of making critical decisions on the future of our city, and it's why

those of us in Vancouver's rental housing market must become loud, vocal supporters of increased density.

We must attend development consultations, publicly debate and make the case for multi-family units in media, online and in-person.

We need to do this not out of self-interest for our own incomes, but for the public good that accompanies well-established cities such as social safety nets for the needy, world-class school districts, and community facilities that people of all ages can participate in.

We must vocally demand that our politicians put their party allegiances aside, working to a shared goal that treats rental housing as necessary to house our essential service providers in our own cities.

It's unacceptable for many within our emergency services to live in outlying communities such as Maple Ridge and Langley.

How soon will it be before our diminishing cohort of general practitioners abandons Vancouver due to costs, or our nurses opt for cheaper locales? We must also push for a re-evaluation of neighbourhood 'character,' and consider just who is this 'character' catering to.

Many people of a certain demographic argue that towers will prevent them from seeing the mountains, yet they seem unable to see the forest from the trees when considering that in the not-too-distant future, the quality and expertise of their end-of-life-care will depend on housing affordability.

Importantly, we must cease to portray renters as 'homeowners in waiting,' a patronizing trope that views grown adults as being in an adolescent stage.

This view permeates North American culture, attaching success only to homeowners, treating them as the only voters that matter and skewing perks accordingly.

Renters must be recognized as vital cells of our city's industrial and commercial organs, instead of an appendix that only warrants attention when tempers flare.



LandlordBC begins North America's 1st landlord registry

By David Hutniak - CEO LandlordBC

Voluntary registry rewards good, honest landlords

LandlordBC will be launching a voluntary Landlord Registry in British Columbia January, 2017. This would be the first registry of its kind in Canada and North America!

The objective of the LandlordBC Landlord Registry is to create a comprehensive database and education platform for the rental housing industry in British Columbia, to be operated and managed by LandlordBC. The goal of the proposed registry is to enhance the professionalism and accountability of landlords across British Columbia.

The proposed LandlordBC Registry will:

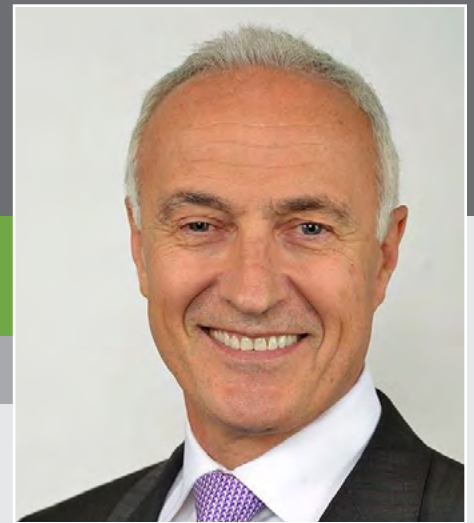
- *Collect and maintain up-to-date and accurate information on all registered landlords and their properties across the province. The Landlord Registry will be open to all landlords. Landlords enrolled in LandlordBC's Certified Rental Building Program and licensed rental housing property managers are eligible to participate but are not a target audience for the registry.*
- *Require all landlords to complete a mandatory, comprehensive, legislative education module with the opportunity for more expansive, continuing education, via a robust proprietary LandlordBC online e-learning platform. Landlords will be tested for their knowledge comprehension and, upon successful completion, will receive the "I Rent It Right™" certificate and the right to be listed on the Landlord Registry. Education is the key to increasing the professionalism of our industry and to significantly reduce the number of landlord/tenant disputes and to reducing the cost associated with disputes for all stakeholders - landlords, tenants and, the provincial government. Tenants will be able to rent with increased confidence because they will be able to access the Landlord Registry (landlordregistry.ca) website, enter the name of their landlord and, in seconds, confirm that the landlord is registered and that they have secured the "I Rent It Right™" certificate.*
- *Encourage all landlords to use a standardized set of industry forms including tenant application, tenancy agreement, and rental condition inspection, developed by LandlordBC to meet all RTB requirements;*

Benefits of the Landlord Registry

The LandlordBC Registry will:

1. *Create the first comprehensive landlord/rental housing database in BC.*
2. *Provide an education platform to landlords so that they understand their rights and responsibilities in accordance with the Residential Tenancy Act, with the goal of enhancing the standard of rental housing in BC and mitigating the number of landlord/tenant disputes (currently a significant cost-driver for all stakeholders, particularly government and landlords).*
3. *Provide an efficient means of distribution to disseminate information and continuing education to landlords regarding updates on the duties and responsibilities of landlords and tenants in British Columbia.*
4. *Provide tenants with easy access to confirm that the rental housing provider/landlord they are considering for their next home understands and is committed to abiding by the Residential Tenancy Act and is committed to the principles of "I Rent It Right™!" Registered landlords will have an amazing new marketing tool to differentiate themselves in the market place and demonstrate to prospective renters that they are committed to delivering safe, secure, sustainable rental housing to all British Columbians.*
5. *Support the BC Government's efforts to protect the rights of consumers.*

To learn more about the Landlord Registry contact LandlordBC at 1-855-707-2366



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and **leave the management to us.**



Property Management Services

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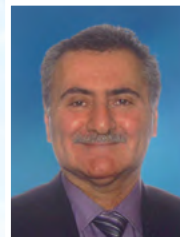
For a no obligation management
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and expense review please contact:

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INSIDER INFORMATION

2016: Sold for Greater than \$400K/Unit

Units \$5M and Above, Vancouver

| Address | Sale Price | Number Of Units | Price Per Unit | Date Of Sale |
|---------------------|--------------|-----------------|----------------|--------------|
| 5506 KINGS RD (UBC) | \$36,883,498 | 30 | \$1,229,450 | 6/14/2016 |
| 815 W 15TH** | \$6,000,000 | 5 | \$1,200,000 | 8/18/2016 |
| 1520 AVERY | \$6,380,000 | 8 | \$797,500 | 9/30/2016 |
| 1770 DAVIE | \$43,000,000 | 58 | \$741,379 | 6/1/2016 |
| 2565 CORNWALL | \$5,765,000 | 8 | \$720,625 | 6/15/2016 |
| 1557 W 12TH | \$7,000,000 | 10 | \$700,000 | 6/30/2016 |
| 1530 W 13TH | \$10,850,000 | 16 | \$678,125 | 7/28/2016 |
| 1531 BARCLAY | \$15,080,000 | 27 | \$558,519 | 9/15/2016 |
| 2475 W 1ST | \$6,050,000 | 12 | \$504,167 | 8/2/2016 |
| 5343 YEW | \$13,180,000 | 27 | \$488,148 | 7/29/2016 |
| 1225 W 13TH | \$6,500,000 | 14 | \$464,285 | 6/20/2016 |
| 2272 W 7TH | \$9,000,000 | 20 | \$450,000 | 8/31/2016 |

2016: Sold With Cap Rate Below 3%

Units \$5M and Above, Vancouver

| Address | Sale Price | Cap Rate | Date Of Sale |
|-------------|--------------|----------|--------------|
| 8615 LAUREL | \$6,250,000 | 2.9 | 3/31/2016 |
| 1557 W 12TH | \$7,000,000 | 2.85 | 6/30/2016 |
| 1929 W 3RD | \$19,800,000 | 2.84 | 5/31/2016 |
| 2272 W 7TH | \$9,000,000 | 2.83 | 8/31/2016 |
| 8635 HUDSON | \$5,600,000 | 2.78 | 2/29/2016 |
| 1190 W 10TH | \$12,000,000 | 2.61 | 2/22/2016 |
| 1396 W 11TH | \$7,050,000 | 2.52 | 7/4/2016 |
| 2116 W 39TH | \$17,500,000 | 2.46 | 3/17/2016 |
| 2475 W 1ST | \$6,050,000 | 2.38 | 8/2/2016 |
| 2910 ALDER | \$12,400,000 | 2.31 | 5/20/2016 |
| 1875 W 7TH | \$13,500,000 | 2.29 | 5/30/2016 |
| 5343 YEW | \$13,180,000 | 2.11 | 7/29/2016 |
| 1455 W 8TH | \$7,100,000 | 2.1 | 9/22/2016 |

Multi-Family Sales - Total Price by Quarter

Vancouver - Lo/Hi-Rise; Townhome; 4,5,6,8-plex

| Quarter | 2013 | 2014 | 2015 | 2016 |
|---------|--------------|--------------|---------------|---------------|
| Q1 | \$62,311,332 | \$59,943,000 | \$173,939,500 | \$128,063,000 |
| Q2 | \$45,940,000 | \$70,174,700 | \$122,455,001 | \$288,467,822 |
| Q3 | \$81,181,666 | \$35,830,000 | \$158,601,000 | \$209,628,000 |
| Q4 | \$42,263,588 | \$13,103,000 | \$107,857,000 | |

Avg Cap Rate Vs Avg Price Per Unit

Compared to Interest Rate

| Year | Average Cap Rate | Avg. Price Per Unit | Bank Interest Rate |
|------|------------------|---------------------|--------------------|
| 2006 | 4.75 | 125000 | 4.25 |
| 2007 | 4.2 | 140000 | 4.5 |
| 2008 | 4.3 | 150000 | 3.25 |
| 2009 | 4.7 | 150000 | 0.5 |
| 2010 | 4.45 | 160000 | 1 |
| 2011 | 4.55 | 185000 | 1.25 |
| 2012 | 4.2 | 175000 | 1.25 |
| 2013 | 4.2 | 220000 | 1.25 |
| 2014 | 3.8 | 245000 | 1.25 |
| 2015 | 3.5 | 250000 | 1 |
| 2016 | 3.25 | 320000 | 0.75 |

2015 v. 2016 Vacancy Rates & Rents

**Average rents based on 2-bedroom pricing*

| Neighbourhood | 2015 Vac Rate | 2016 Vac Rate | Avg Rent 2015 | Avg Rent 2016 | Rental Income Change |
|----------------------------|---------------|---------------|---------------|---------------|----------------------|
| Downtown | 0.6% | 0.5% | \$1,968 | \$2,222 | 13% |
| English Bay | 0.3% | 0.8% | \$1,908 | \$2,110 | 11% |
| West End/Stanley Park | 0.5% | 0.6% | \$1,975 | \$2,109 | 7% |
| East Hastings | 0.6% | 0.8% | \$1,268 | \$1,305 | 3% |
| Mt. Pleasant/Renfrew Hts. | 0.4% | 0.8% | \$1,367 | \$1,459 | 7% |
| South Granville/Oak | 0.6% | 0.7% | \$1,698 | \$1,779 | 5% |
| Kitsilano/Point Grey | 0.6% | 1.2% | \$1,732 | \$1,818 | 5% |
| Westside/Kerrisdale | 1.6% | 2.0% | \$1,824 | \$1,885 | 3% |
| University Endowment Lands | 0.1% | 0.0% | \$1,986 | \$2,058 | 4% |
| Marpole | 1.0% | 0.6% | \$1,157 | \$1,200 | 4% |
| Southeast Vancouver | 1.0% | 0.8% | \$1,327 | \$1,425 | 7% |

VANCOUVER 2050

Build, Broker, Buy, Insure, Roof, Plumb,
Wire, Glaze and Property Manage This:



Our Great City Needs New, Energy Efficient
Rental Buildings. Lots of Them.

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