

INSIDER bcapartment*

Spring 2011 Issue 3

*DAN'S GVRD & BC MULTI-FAMILY AND LAND REPORT

GREAT WESTERN CAP RATES?

BC Multi-Family & Mobile Home Park Portfolio For Sale

What's Happening at BCAOMA?

BC Apartment Owners &
Managers Association

How Do Landlords Protect Themselves from Scam Artists?

Lynda Pasacreta of the Better
Business Bureau Tells Us How

Dan Schulz

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Swan River, Manitoba



Fort St. John, BC



Houston, BC



Cache Creek, BC

Campbell River, BC

Summerland, BC
Winery For Sale

Vancouver, BC

Fernie, BC



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The Marketing Team



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Creator and Writer of BC Apartment Insider.

15 Years of Experience: Marketed and sold over \$350 Million in multi-family real estate in 20 cities and towns in the Greater Vancouver Regional District and throughout Western Canada.

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Designer, Editor, Translator and Financial Analyst for BC Apartment Insider.

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Real Estate Services in Cantonese.

我可以翻譯廣東話。

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Visit us on the web at
www.bcapartmentinsider.com

What's Happening at BC Apartment Insider?

Welcome to another edition of BC Apartment Insider, your guide to the Greater Vancouver Regional District and British Columbia multi-family real estate and land investment market. The first quarter of 2011 is behind us already. Patricia Wong Chong has been relentless in her hard work and contribution to the growth of our brand and has been so immensely valuable to the team. We have occupied brand new office space, our office has grown considerably with more quality colleagues joining us, and BC Apartment Insider is well entrenched in the marketplace.

It is with great pleasure that we present to you the Willment Management Portfolio comprised of a multitude of multi-family apartment buildings, townhouse projects, mobile home parks and development sites located in four cities and towns throughout Western Canada. It has been a long time since we have seen multi-family investments with such incredible capitalization rates: 18% and 10% in Houston, BC and 9% in Cache Creek! These outrageous returns are based on actual rental revenue and actual vacancy rates and there is still room for further investment upside!

The BC apartment market is very active, but supply is at an all time low. Many of my clients are asking me to make 'warm' and 'cold' calls with the object of securing an off-market deal. With the supply of product reading so low on the barometer, this has proven to be an effective strategy over my 15 years in the business. Through tenacity and diligence and effective marketing I have been able to secure choice investments for many clients over the years. Call me with your list of choice buildings today! I will report back to you within 7 days of the order.

We look forward to being of service to you and your company, we are proud of our work and greatly appreciate your business.

Yours Sincerely,



Dan Schulz
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34-Suite West End Apartment Building One Block off Robson

New Listing
Le Guernesey
859 Thurlow Street, Vancouver, BC


Built in 1912, the subject property is improved with a five-storey plus basement apartment building. This newly renovated apartment building contains 34 units (22 studios and 12 1-bedrooms) and has a gross area of approximately 21,000 square feet. Hardwood floors, fully marbled entrance way, high ceilings, bay windows, red brick, clawfoot bathtubs, expansive windows - all contribute to this West End building's classic appeal. Access and egress through the building is assisted by an eight person elevator and wide hallways. Heat is provided by electric baseboards, and each unit has its own domestic hot water tank, and tenants are billed directly for Hydro. Each suite has a gasfired stove, fridge, microwave, and the use of a full-size locker in the basement. The building is fully sprinklered. This building is one of the West End's landmarks - well built, well designed and always in demand as "funky" is. Coupled with its location, it is easy to see why this is truly a West End classic.

ASKING: \$7,880,000 (\$231,764/Suite; 3.74% CAP RATE)

26 Strata-Titled Residential Townhomes, Campbell River, BC

New Listing
Cobble Stone Village
678 7th Avenue, Campbell River, BC


Built in 1974, Cobble Stone Village offers 26 fully occupied, strata-titled townhomes in three woodframe complexes that have recently been completely renovated with over \$2,000,000 in upgrades including, plumbing, electrical, roof, windows, appliances, everything! Each townhouse has 3-bedrooms with a living/dining room, full kitchen, and 1.5 bathrooms, electric heat, private fenced yards, and separate entrances. All new improvements include: fridges, stoves, and in-suite laundry equipment. 40 grade parking spaces are provided in the center courtyard.

ASKING \$4,400,000, (\$169,230/Townhome)

48-Unit Mountainview Townhome Investment Portfolio

New Listing

Hagman Crescent Townhomes

Hagman Crescent and Pearson Road, Houston, BC
16 Strata-titled Townhomes



Hillside Townhomes

2891 Nadina Way, Houston, BC
32 Townhomes



ASKING: \$648,000 (\$13,500/Townhome; 18% CAP RATE)

69-Suite Multi-Family Investment Portfolio

New Listing

Nadina Manor

2035 Sullivan Way, Houston, BC
36 Suites



Pinecrest Apartments

2350 Copeland Avenue, Houston, BC
15 Suites



Crest Manor Apartments

2251 Butler Avenue, Houston, BC
18 Suites



ASKING: \$1,780,000 (\$25,797/SUITE; 10% CAP RATE)

49-Suite Multi-Family Investment Portfolio, Cache Creek, BC

New Listing

The Ponderosa

1040 Collins Road, Cache Creek, BC
26 Suites



Canyon Heights

1571 Stage Road, Cache Creek, BC
23 Suites



ASKING: \$1,500,000 (\$30,612/SUITE; 9.5% CAP RATE)

35-Pad Mobile Home Park & Prime Development Site

New Listing

City Centre Mobile Home Park

10420 96th Avenue, Fort St. John, BC



The Opportunity:

To acquire a 100% interest in a prime high density, 3.85 acre multi-family residential development site located directly in the heart of Fort St. John, BC. The site is currently generating income from a well maintained 35-pad mobile home park that is fully occupied and connected to the municipal sanitary sewage system.

Rezoning the subject property to favorable RM-2 residential zoning would allow for the construction of 200 residential units.

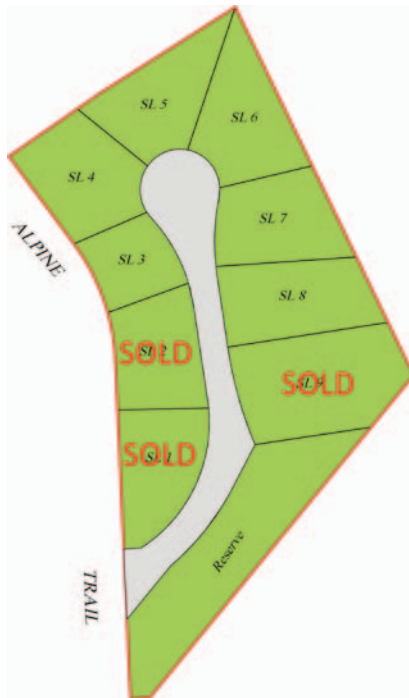
ASKING: \$2,490,000 (\$71,142/PAD; 2.93% CAP RATE)

6 Residential Multi-Family Development Lots

New Listing

Alpine Trail Family Lots

4, 5, 6, 7, 8 & 9 Alpine Trail Place, Fernie, BC



The Opportunity:

To acquire a 100% interest in one or more of 6 multi-family residential development lots located in an ideal 'supernatural' British Columbia setting overlooking the picturesque City of Fernie, BC, renowned for its world class recreation and outstanding mountain environment.

For 6 remaining lots the R3 Zone is to provide for dwelling forms including triplexes, fourplexes, and row/town housing dwelling units.

BUILD YOUR FAMILY'S DESTINATION GETAWAY:



ASKING: \$1,769,000

95-Pad Mobile Home Park & Development Site

New Listing

Empress Villas & Empress Estates

1505 3rd Street South & Empress Drive, Swan River, Manitoba



The Opportunity:

To acquire a 100% interest in a prime multi-family residential commercial development site located directly in Swan River, Manitoba. The site has been rezoned R1-6 and R3 residential lots as well as C3 commercial lots, 172 lots to be developed in total.

The site is currently generating a small holding income from a 95-pad mobile home park that is not fully occupied and not fully serviced – please see attached valuation and proforma values.

ASKING: \$849,000 (\$4,936/LOT)

Okanagan Winery and Prime Waterfront Land For Sale

New Listing

20623 McDougald Road, Summerland, BC



Live the Okanagan Dream!

The Opportunity:

To acquire an Okanagan Winery, ideally situated on 13.25 acres of prime waterfront land in British Columbia's Okanagan Valley, internationally renowned for and producing some of the world's best wines. Enjoy award winning wines from the sun drenched patios of your Mediterranean-style Villa.

The Property:

Built in 2008, this Winery offers the most spectacular view of Okanagan Lake and embraces the ambience of a Mediterranean style winery. The estate is equipped with a helicopter landing pad, a 5,500 square foot winery with a 120-seat restaurant and a one-bedroom suite as well as a 3,600 square foot villa (plus 3-car garage). This rare property also offers the Okanagan's only heli-wine tour. If you prefer to arrive by boat, this waterfront estate also offers a full sized dock. The tropical atmosphere and exceptional hospitality of the winery will have patrons convinced they are on vacation. This must-see destination is also the perfect venue to hold weddings, birthdays, anniversaries, or other special events.

The Grapes:

The award winning Vintner currently cultivates approximately 8 acres of the 13.25 acre site, comprised of 1.5 acres of Merlot, 4.0 acres of Pinot Gris and 2.5 acres of Gewürztraminer, producing approximately 4,000 cases of wine per year.

ASKING \$10,500,000





Better Business Bureau Announces Top Ten Scams For 2011

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VANCOUVER—This year's Top Ten Scams looks at not only those scams that affected us in 2010, but what to watch out for in 2011. One of the biggest trends is in scam

artists taking advantage of the public's eagerness to embrace new technologies and services, like social media and online commerce, which allows them to cast a net over countless victims from a safe distance.

"Many people view their online personas as separate from their real-life ones, and don't take the same precautions to protect their identities, their computers, or their money" says Lynda Pasacrete, BBB President and CEO. "They differentiate their online experience from their non-virtual environment, and as a result are particularly vulnerable to scams. Scam artists are savvy to consumers who click first and ask questions later."

While some scammers have gone online to search for victims, many others are relying on some tried-and-true low tech methods to take advantage of vulnerable people, like senior citizens and the unemployed.

The following Top Ten Scams list, themed "How to Spot Them and How to Stop Them", is developed jointly by BBB, Consumer Protection BC, and Competition Bureau of Canada. In no specific order, here are the Top Ten Scams to be on the lookout for in 2011:

1. Door-to-Door Scams

Every new season seems to attract a new door-to-door scammer offering unbelievable deals: roofing contractors in the spring, paving contractors in the summer, and heating contractors in the fall. These fraudulent contractors use high pressure sales tactics to frighten people into expensive yet substandard—and often unnecessary—work, with no way to contact them when the product fails.

QUICK TIP: Don't give in to high pressure sales tactics. Take the time to do your due diligence, getting the name and location of the company and ensuring all details and verbal promises are included in a contract. If you did sign a contract and would like change your mind, BC law states that if it was a door-to-door sales contract then you have 10 days to cancel by advising the company. Suspicious door-to-door sales should be reported to Consumer Protection BC at 1 (888) 564-9963 or www.consumerprotectionbc.ca

2. Not-so-Free Trial Offers

Online ads may tempt you to try out a diet product, acne cream, or teeth whitener, but be careful about signing up for so-called 'free' trial offers. Many websites that offer a free trial for products do not disclose the billing terms and conditions on their website. Before giving the company any credit or debit card information, review the website fully and be aware that free trials may result in repeated billing.

QUICK TIP: Consumers considering trial offers are urged to determine whether they are enrolling in a membership, subscription, or service contract that allows the company to charge fees to credit cards. Check with BBB to find a company reliability report at bbb.org.

3. Anti-Social Network

Social networks like Facebook and Twitter are becoming more and more popular. Users are often subject to targeted advertising and direct messages, and scams of all colours use social networks to operate. Fraudulent work-at-home job offers are sent through Tweets and Facebook messages, deceptive "free" trials are advertised, and "clickjacking" on Facebook convinces users to post malicious links on their status updates.

QUICK TIP: Your computer should always have the most recent updates installed for spam filters, anti-virus and anti-spyware software, and a secure firewall. Use the most up-to-date versions of your web browser to offer further protection. Be wary of messages from friends and especially strangers that direct you to another website via a hyperlink. To learn more about how to protect yourself from false or misleading advertising, contact the Competition Bureau at

competitionbureau.gc.ca or 1 (800) 348-5358.

4. Advance Fee Loans

Consumers have reported losing substantial sums of money responding to advertisements that “guarantee” loans to people, often online. Consumers complete credit applications and are told the loan (from \$5,000 to \$100,000) has been approved and the promised funds will be received once a fee is paid. After payment, the loan is never received as promised.

QUICK TIP: It is illegal for a company to charge a fee in advance to obtain a loan, even if that fee is disguised as the first or last month’s payment. Watch for claims of “guaranteed” loans even if you have bad credit, no credit, or a bankruptcy, and demands that you wire or send money before you can have a loan offer confirmed in writing. Report any suspected fraudulent schemes to your local police and the Canadian Anti-Fraud Centre (CAFC) at 1 (888) 495-8501 or antifraudcentre-centreantifraude.ca

5. Phishing, Vishing, and Smishing

Identity thieves are always looking for new ways to strike, and taking advantage of new technologies is a boon for scamming unsuspecting users. “Phishing” scams send emails that look legitimate, requesting that your “account information needs to be updated.” Recipients are sent to a phony, but legitimate looking website and prompted to enter their information details. “Vishing” attacks come via telephone, usually through a recorded message that tells users to call a toll-free number. The caller is then typically asked to punch in a credit card number or other personal information. “Smishing” scams target mobile device users, sending text messages that might ask a recipient to register for a service that downloads a virus or warn that the consumer will be charged unless he cancels his supposed order by going to a website that then extracts such credit card numbers and other private data. These are all tactics to get you to reveal personal or financial information.

QUICK TIP: If you receive these messages just delete them and do not click on any links, and hang up on callers you aren’t familiar with. Never give credit information online or over the phone unless you are sure of the identity of the caller. If you are a victim of ID theft, call your financial institutions to have them cancel your cards and re-issue new ones. Contact your local police and Canada’s main credit reporting agencies: TransUnion Canada at tuc.ca (1-800-663-9980) and Equifax Canada at equifax.ca (1-800-465-7166).

6. Relative Scam

This phone scam targets grandparents who think they are aiding their grandchildren by sending money for an emergency situation, but are in fact giving thousands of dollars to con artists. The victim receives a distressed phone call from someone he believes is his grandchild, who typically explains that he has been arrested or involved in an auto accident and need the grandparent to wire money to post bail or pay for damages—usually amounting to a few thousand dollars.

QUICK TIP: Watch for the common tactics. The scam caller might say, “It’s me, your favorite grandchild” or “Grandma, do you know who this is?”, to which the grandparent will guess the name of the grandchild it sounds the most like, and then the call proceeds from there. Other scammers search Facebook profiles to find out when grandchildren and other family members are out of town before placing their well-timed phone calls. Seniors should always confirm the status of the individual by verifying the story with other family members before taking any further action like wiring money. Victims should report any suspected fraudulent schemes to the Canadian Anti-Fraud Centre (CAFC) at 1 (888) 495-8501 or antifraudcentre-centreantifraude.ca.

7. Job Scams

In tough economic times, scammers target the unemployed and others through work-at-home, online, and mystery shopper job scams. Online job-hunters are told they will be paid to work from home once payment is sent for a start-up kit that never arrives. Mystery shoppers are hired to secret shop a wire-transfer service; they’re sent a cheque, told to deposit it, keep a small percentage of the money as their wage, wire the rest, and then complete the survey on the service you encounter. The so-called business address often turns out to be fake, with the money wire-transferred to another unknown location. In the end, the cheque received is a counterfeit or bogus, which the victim finds out only days later when it’s returned by their bank and they are out the money transferred.

QUICK TIP: Be skeptical of work-at-home and mystery shopper ads in newspapers or online job listings. In most cases, these are bogus services requiring you to pay money upfront. Avoid companies that promise guaranteed jobs and that sell directories of companies that provide mystery shoppers. Check with the BBB first.

8. Business Opportunities

You may have heard about a new investment opportunity presentation in your neighbourhood. Perhaps a good friend or family member has invited you to attend a presentation. These investments appear lucrative, but often are more hype than substance. Attendees don't know anything about the company and are desperate to hear that it is legit. The promoter convinces investors that they can be part owners of investment portfolios if they enlisted new recruits, often promising commissions.

QUICK TIP: In reality, this is most likely a pyramid scheme. The new capital brought on by new investors is keeping this imaginary investment afloat. Get the facts. If you do go to an information session, collect business cards, promotional materials, and ask questions: Who are the principals of the company? What are the average earnings for a "typical" participant? What is the start-up cost? Gather as much information as possible before agreeing to anything. To report misleading advertising and deceptive marketing practices contact the Competition Bureau at competitionbureau.gc.ca or 1 (800) 348-5358. Visit BC Securities Commission at investright.org for information on how to select an advisor and what to look out for when choosing to invest.

9. Business Directory Scams

Small business owners are often targets of scammers. Unauthorized invoices, unordered packages, and phony business directories are all common tactics used to bilk businesses out of money. Many businesses have received lookalike, or phony, invoices for advertising space in the familiar, locally distributed yellow page directories. These invoices are actually solicitations for listings in alternative business directories that differ from the well-known yellow pages. In fact, the different directory may not be that widely distributed, can be of little or no value to advertisers, or may never be published at all.

QUICK TIP: Businesses can protect themselves by alerting their accounting department or bill-payers to be on the look-out for disguised solicitations and carefully check suspicious bills from companies with which they don't normally do business. To check the reliability of the company that is sending the solicitation, businesses should contact the BBB.

10. Overpayment Scams

Online buyers and sellers, particularly those that use websites like Craigslist and Kijiji, are potential targets for overpayment scams. A person selling merchandise is contacted by someone claiming to be interested in buying the product. The purchaser arranges to make the payment by cheque and even offers more than the value of the product, asking for the extra money to be sent back to them by cheque or wired to an account. The cheque turns out to be fraudulent, leaving the shipper out of both funds and product.

QUICK TIP: If you sell a product and the purchaser agrees to pay by cheque for more than the asking price, stop right there. The money being wired back will be lost, and the person who cashed the bogus cheque will be on the hook for the whole sum. Online buyers should watch out for deals that appear too good to be true, like items selling for below market value. Sellers of these items claim to reside out of town and will ask for shipping costs to be wired to them, when in fact the goods listed don't even exist.

FREE ADVERTISING !!!

PLUMBERS, ROOFERS, ELECTRICIANS ETC.:

We are offering free advertising for you or your company on the INDUSTRY LINKS page of www.bcapartmentinsider.com.

This online apartment building trade directory is a resource for apartment owners in connecting to plumbers, electricians, roofers, boiler companies etc.

Call Dan Schulz at 778.999.5758 and improve your 'link' to the Industry Now!

WHAT'S HAPPENING AT **BCAOMA**?

Dinner Cruise

July 6th, 2011, Indian Arm Paddle Wheeler

The 2010 Cruise was fabulous as everyone enjoyed cruising Indian Arm on the Constitution Paddle Wheeler on a beautiful summer evening. For the 2011 cruise we will again be boarding the Constitution. Space is limited to 135 and this will sell out fast as most who were on last year's cruise are ready to sign up for 2011!

UBC Golf Tournament

August 25th, 2011, UBC Golf Course

Maximum 144 Golfers. Put your name in to be 'ADOPTED' and have your round of golf and dinner at N/C. There is room for those who do not golf and would like to attend the Dinner & Silent Auction.

SAGM – Semi Annual General Meeting

October 12th, 2011, Westin Bayshore

Trade Show with 35 Associate Members. Minimum of 2 Seminars. Provides another great opportunity to network with other members. This event is very well attended.

Associate Forum and Social

TBA, TBA

Meet and greet your fellow members and the associates.

BCAOMA SEMINAR SERIES

2011 Schedule, April to May:

April

Allan Pasacreta & Chris Sui	Best Practices 102 – Evictions	Tuesday, April 5	12pm -2:30pm	\$45
Gagan Dhaliwal	Employment Standards	Tuesday, April 12	10am – 12pm	\$35
Jason Schlackl	Preparing for Water Damage	Tuesday, April 19	10am – 12pm	\$35

May

Jocelyn Lu & Len Horvath	Energy Efficiency Makes Business Sense	Tuesday, May 17	10am – 12pm	\$35
David Badalucco & Bob Sanghera	Integration & Tax and Estate Planning	Tuesday, May 24	10am – 12pm	\$35

Location: All Seminars are held at **BCAOMA Office #203 – 1847 West Broadway**

Dan Schulz

Vice President, HQ Real Estate Services Inc.

T 778.999.5758

Dan Schulz is an apartment building specialist with 15 years of experience in facilitating major multi-family investment transactions. He has developed a targeted approach to multi-family investment marketing and sales through employing the best use of e-brochures and electronic media and the quarterly publication of BC Apartment Insider.

Dan has cultivated an extensive network of relationships with local, national and global investors who turn to him for superior insight into Greater Vancouver's commercial investment climate and accurate assessment of an asset's cash flow potential. He is proud to have had the opportunity to provide service for such valued clients such as Mainstreet Equity Corp, Empire Group, Abacus Capital, TransGlobe Property Management Services, Western Income Properties, Aquilini Group, Hollyburn Group, PCI Group, BC Housing. Dan is also well versed in British Columbia's Mobile Home Park Market and has access to a complete database of all owners in British Columbia.

Originally from Düsseldorf, Dan also provides real estate services in German. For the past 10 years, Dan was the Coordinator for European Investments at a leading international real estate brokerage where he forged relationships with key players of the German open-ended and closed-ended investment funds, as well as private individuals representing large pools of capital.

In 2010, Dan joined HQ Real Estate Services Inc. as Vice President and created BC Apartment Insider.

Professional Accomplishments

- Rookie of the Year 2001, Colliers International
- Appointed Senior Associate (2004); Appointed Associate VP (2008), Colliers International
- Consistently among the Top Sales People in the Multi-Family Investment Industry
- Over \$60 Million in Sales in 2007
- Marketed and sold over \$350 Million in real estate in 20 cities and towns located throughout Western Canada, since 1998

Education

- BAH, Queen's University, Bachelor of Arts, Honours Economics, Class of 1996
- Graduate Program, Urban Planning Issues & Concepts, University of British Columbia
- Canadian Securities Course 1997

Affiliations

- Associate Member BC Apartment Owners and Managers Association (BCAOMA)
- Full Commercial Member of the Real Estate Board of Greater Vancouver
- Associate Member Mobile Home Park Owners' Alliance of BC (MHOPABC)



WHAT'S HAPPENING IN THE B.C. APARTMENT MARKET?

B.C. Apartment Market Density

British Columbia's apartment market is led by Vancouver with over 100,000 apartments, trailed by Victoria with 23,335 apartments. The remaining cities in British Columbia (not including suburbs of Vancouver) have very small apartment markets at best. Ratios of apartments to population also show considerable variation from city to city; Vancouver is in the middle of the province with 4.9 apartments per 100 people, while New Westminster and North Vancouver have 13.9 and 13.0 apartments per 100 people respectively. The lowest is in Richmond and Surrey, areas south of Vancouver, with only 1.3 apartments per 100 people.

B.C. Rental Vacancy and Rents

The apartment market vacancy rate in the GVRD (Greater Vancouver Regional District) is 2.2% in 2010 slightly up from 1.9% in the spring of 2009 and 2.1% in the fall of 2009. The increase represented opposing forces of higher levels of first-time home ownership and job cuts during the recession resulting in young tenants doubling up or moving back home. Both trends helped take renters out of the market, according to, Robyn Adamache, CMHC's market analyst for Metro Vancouver.

Adamache added that an increase in the supply of rental housing in 2009 saw 915 new rental units added to the overall stock also helped raise the vacancy rate. For Metro Vancouver, the rate is a far cry from recent years when apartment vacancy slipped below one per cent.

For some apartment owners, the shift in vacancies has meant more aggressive advertising and creativity in attracting tenants.

Adamache also added that the rise in vacancies has helped keep rent increases in check, with payments in Metro Vancouver edging up 2.3% over a year ago, which is the mark with the province's cap on annual rent increases. *(Source: D.Penner, Vancouver Sun)*

All surveyed centres in British Columbia and the Prairies saw vacancy rates rise with Abbotsford and Prince George being

among the highest vacancy rates in the country both being at 6.6%, with Windsor, Ontario being the highest in the country at 12.4%.

City	Vacancy Rate	2-Bdrm Avg.
Vancouver	2.2%	\$1,150
Victoria	2.5%	\$999
Nanaimo	4.3%	\$773
Prince George	6.6%	\$697
Kamloops	2.3%	\$830
Kelowna	3.7%	\$896
B.C. Avg.	3.2%	\$983

(Source: CMHC Rental Market Report, Spring 2010)

Average Monthly Rents

The highest average monthly rents for two-bedroom apartments in new and existing structures in Canada's centres were in Vancouver at \$1,150 per month. The only other major centres in Canada that displayed monthly rents at or above \$1,000 per month were Toronto (\$1,134), Calgary (\$1,082) and Ottawa (\$1,061). Victoria and Edmonton were very close at \$999 and \$994 per month respectively. For comparisons sake, the lowest average monthly rents for two-bedroom apartments were in Saguenay (\$522), Trois-Rivières (\$531) and Sherbrooke (\$556). All in all, Vancouver apartments are still a bargain when you think about markets like New York, Toronto and Montreal. As a world city in the spotlight of the world, Vancouver has room to grow.

New Rules and Regulations

The (HST) Harmonized Sales Tax, is a consumer tax resulting from the combination of the Canadian Goods and Services Tax (GST - 5%) and Provincial Sales Tax (PST-7%). The HST which totals 12% on a purchase is collected by the Canada Revenue Agency (CRA) which then remits the appropriate amounts to the participating provinces. Prior to the implementation of this tax only the GST of 5% was applied to the purchase. Ontario and B.C. implemented Harmonized Sales Tax (HST) July 1, 2010, joining Nova Scotia, New Brunswick, and Newfoundland and Labrador where HST has already been in

effect since 1997. Landlords carry the brunt of the increased cost as they face higher costs to manage their real estate with no opportunity to recover these losses from tenants.

New Financing Rules – applying to CMHC (Canada Mortgage and Housing Corp.) insured mortgage financing, mean that buyers must qualify at the five-year mortgage rate, even if they take a lower-rate mortgage, and buyers of investment homes must put down 20 per cent minimum, compared with 5 per cent in the past. The new rules have minor impact on buyers of apartment buildings. *(Source: Frank O'Brien of Western Investor and Peter Kinch of Dominion Lending Centres)*

Five Year Bond Rate **3.30%**

Bank Prime Rate **3.00%**

Rent Increase Limit 2011 **2.30%***

**as determined annually under B.C. Rent Control Legislation. Please note that upon turnover of tenancies, B.C. landlords may set the rent at market rates regardless of the previous rent level. B.C. Rent Control only affects long term tenancies.*

2011 MARKET OUTLOOK

- Stable Prices for Multi-family Assets
- Continued Low Vacancy Rates
- Increased Buyer Competition with Local Players continuing to dominate, but more national institutions making aggressive pushes to be in the market
- Increased Interest from National and Foreign Investors
- Increased Developer interest for rental housing

TIPS FOR FOREIGN INVESTORS

The demand for multi-family investments in Greater Vancouver has been larger than the supply going back several decades and the ownership in our market is for the most part private as opposed to institutional as is the case in markets such as Calgary or Toronto.

As a result, new investments that come up for sale in our marketplace are highly sought after and it is the investor that not only offers the best price and terms, but also has the ability to move the most quickly that will prevail.

In order for a new investor to enter the marketplace to be competitive with the local and well-seasoned investor, here are some important tips:

- Secure a salesperson that specializes in your desired asset class
- Spend some time getting to know the market by touring various properties with your salesperson in order to gain familiarity with Canadian building and architectural standards
- Secure a good lawyer in advance
- Secure a good accountant in advance
- Secure a good building inspector in advance
- If your funding source is overseas ensure that the funds are readily available
- Incorporate in advance
- Familiarize yourself with the Offer to Purchase in advance

In short, in order to be competitive with active local investors it is necessary for the new investor to have the ability to move quickly when the right investment comes along.

WANT TO TRADE UP?

Have you accumulated enough equity in your residential real estate holdings in order to be able to trade up to a bigger commercial apartment building? Because of the current investment climate it is advisable to do so. Not only because you can realize the benefits of greater economies of scale and increased revenues, but also because we predict that as the residential market adjusts in the medium term, rental buildings will hold their value.

It has never been inexpensive to get into the multi-family market, but your rents will grow as Vancouver continues to be the world's "sweetheart" destination, and more importantly the value of your real estate will hold enough to offset a potential depreciation in the residential sector.

For more information on the BC Apartment Market call Daniel M. Schulz at 778.999.5758

WANTED

STRATA UNITS

Preferred Client is looking for the following:

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