

REAL ESTATE ROUNDUP

Apartment building sales down, but investors still eyeing rental properties

City of Vancouver moratorium on condo conversions could throw cold water on the rental apartment investment market in the short term

Vancouver scores apartment sales record

Apartment brokers **David and Mark Goodman of Macdonald Commercial** report that the Lower Mainland saw 104 apartment buildings change hands in the first nine months of this year. The year-to-date volume suggests a decline in activity of about 18% from last year, when a total of 164 buildings sold across the region.

Still, a compression in cap rates highlights solid demand for good quality rental properties among investors, who recognize the assets as conservative investments. While the passage earlier this year of a 30-month moratorium on the conversion of rental properties to condos in Vancouver promises to chill the rental investment market, Goodman said many investors are taking a long-term view.

On the one hand, there's a demand for rental properties; on the other, even as the existing stock of assets ages, the moratorium on conversions prob-

ably won't be in place forever and there'll eventually be redevelopment opportunities.

The result is that competition for assets has pushed cap rates down significantly. Among the most notable examples is the recent

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- David Goodman, apartment broker
Macdonald Commercial

sale of 2001 Beach Avenue in Vancouver, which the Goodmans report sold for an estimated \$12.5 million and a cap rate somewhere below 3%. The regional average is between 4% and 4.5%.

A similar story could be told of 1350 Madison in Burnaby, a 36-unit build-

ing the Goodmans sold for \$4.6 million with a cap rate of 3.4%.

"They'll look a cap rates, but it's not the ultimate factor. That's why we're seeing buildings that are selling at these compressed rates," David Goodman said. "[Buyers] see a silver lining. ... They bite the bullet up front, but they'll get it out at the other end."

Mewha joins Concert

Former *BIV* columnist **Darren Mewha** is among the new faces at Vancouver-based **Concert Properties Ltd.**, which snagged the **Cushman & Wakefield LePage** alumnus from **LaSalle Investment Management** earlier this year.

A veteran researcher who joined LaSalle in 2003, Mewha was most recently the firm's Vancouver-based vice-president, research and strategy.

During his time with LaSalle he developed an expertise in the Toronto industrial market.

That made him an attractive candidate for Concert, which has been in-



Darren Mewha: former *BIV* columnist among the new faces at Vancouver-based Concert Properties Ltd.

creasing its holdings in Toronto and most recently picked up \$110.1 million worth of industrial properties in the Greater Toronto area from **CanFirst Industrial Realty Fund LP**. (See "Concert looks east," Real

estate Roundup, issue 935, September 25 - October 1, 2007.)

Appointed acquisitions manager at Concert in April, Mewha had a hand in the recent Toronto deal.

Mewha's skills in research will help him assess and identify investment properties, as well as their potential for redevelopment (which would be handled by Concert's development wing).

"I've always wanted to get into acquisitions, and I had done some in a small sense when I was at LaSalle," he said.

"When Concert decided they wanted to increase their Ontario portfolio, they came and knocked on my door for help."



PETER MITHAM

Striking impact

A vote by the city's inside workers in favour of a settlement to resolve a small portion of the three-month civic strike doesn't mean the end of woes for real estate and development ventures hit with permitting and inspections delays. With upwards of 1,300 development permit applications frozen in process, and as many as 600 reportedly ready for submission, a backlog of work awaits workers in the planning department who were already going flat out.

The fallout of the strike will likely be felt months into the future, with many of those this writer has spoken with not counting on any of their projects that require attention from city staff to be back on track until the new year. ■
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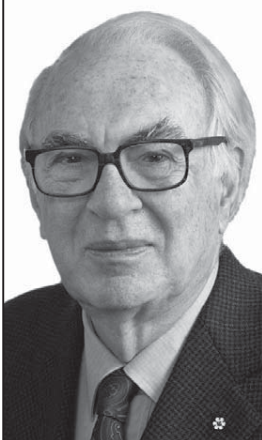
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