

INVESTMENT FORECAST

Apartments
Vancouver

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2022

Immigration, Tourism Recovery and Housing Landscape Spell Promising Outlook

Sky-high home prices push potential buyers toward rentals. Demand for housing in the metro is robust, due to the presence of top tech firms and a high rate of immigration – an economic driver that should strengthen as the nation raises its immigration targets for 2022 and 2023. Meanwhile, single-family housing and apartment construction has lagged population growth, leading to a housing shortage. This has created an environment where ownership is very challenging in the GVA for many mid-to-high-income residents, as a record-low inventory of homes available for purchase is driving up prices at a hasty pace. With ownership out of reach, many prospective buyers are choosing to rent, which is fuelling apartment absorption. The return of international tourism should help the service sector add jobs in 2022 as well, further boosting demand for lower-tier rentals. While the overall GVA vacancy rate has yet to realign with the 2019 level, availability in Downtown Vancouver is already tighter than it was prior to the onset of the pandemic.

Vancouver Apartment Investment Trends

- Competitive bidding has led to high pricing for the market's best offerings, prompting many local investors to sell. Many institutions and REITs are eager to acquire listings in the GVA.
- At \$376,000 per unit last year, the average sale price for apartment assets was the highest in the nation, resulting in Vancouver claiming the lowest average cap rate at 2.8 per cent.

2022 Apartment Trends



3,140
UNITS

will be completed

CONSTRUCTION:

Developers will deliver roughly 500 fewer units than in 2021. This should be beneficial for existing apartments, as the housing shortage in B.C. will lead residents to sift through available options.



20
BASIS POINT

decrease in vacancy

VACANCY:

Vacancy remains slightly elevated relative to the pre-pandemic trough, but rising immigration will help tighten vacancy to 1.0 per cent in 2022, just 30 basis points above the 2016 rate.



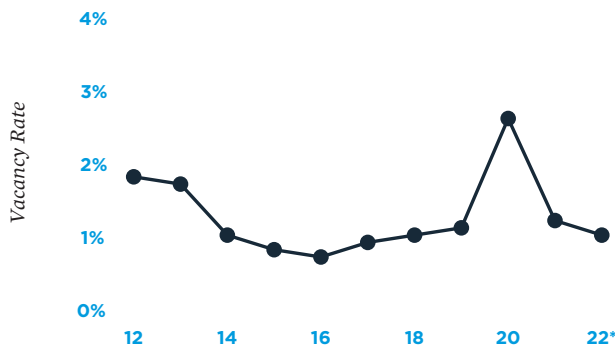
4.6%
INCREASE

in effective rent

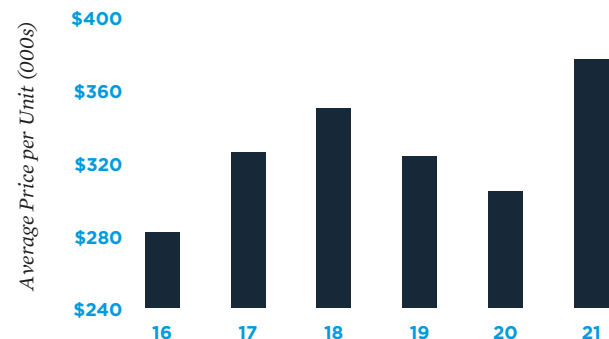
RENT:

Annual rent growth measures above 4 per cent for the first time since 2019. Average monthly rent will reach \$1,840, keeping Vancouver as the priciest rental market in Canada.

Vacancy Trend



Sales Trends



Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. 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.

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