

WILLIAM | WRIGHT *Report*

KELOWNA CANADA'S 4TH FASTEST GROWING CITY + THE MARKET FORECAST

COVID: WHAT WILL OUR MARKETPLACE
LOOK LIKE AS WE SLOWLY LOOK TO
REBUILD POST PANDEMIC

WILLIAM
WRIGHT'S
#1 PICK
FOR 2021



Q4 2020

Vancouver Office
430-605 Robson Street
Vancouver, BC
604.428.5255

New Westminister Office
350-522 7th Street
New Westminister, BC
604.545.0636

Fraser Valley Office
210-8029 199th Street
Langley, BC
604.546.5555

Victoria Office
403-535 Yates Street
Victoria, BC
250.590.5797

Kelowna Office
535-460 Doyle Avenue
Kelowna, BC
236.420.3558

Property Management Office
200-808 W Hastings Street
Vancouver, BC
604.330.8295

SCOUTED — NO LONGER A HIDDEN GEM

KELOWNA

HOW DOES THE MARKET LOOK FOR
KELOWNA AND THE BC INTERIOR
FOR 2021 AND BEYOND?

WRITTEN BY JEFF BROWN







HOW DOES THE MARKET LOOK FOR KELOWNA AND THE BC INTERIOR FOR 2021 AND BEYOND?

With 2020 in the review mirror, and the economy still in the throws of the COVID-19 pandemic, it begs the question, what can we expect for 2021 in commercial real estate? While some of the larger commercial markets have faced significant challenges across the Country, it seems as though Kelowna has been able to not only weather the storm but find the silver lining in the clouds with increased interest and activity on all real estate fronts.

Kelowna is no longer a hidden gem as it was reported to be the 4th fastest growing City in the Country for 2020 (Stats Canada). A place where local provincial visitors, and interprovincial visitors were able to experience the features, advantages and benefits the region has to offer while they could not travel outside the Country. Kelowna was able to showcase itself to a National audience during the past 9 months, and as businesses pivot, and look to the other side of the pandemic, Kelowna becomes more than just a seasonal destination, and now is a year-round business and lifestyle opportunity.

Residential sales in the Central Okanagan were up 117% in December alone (Association of Interior Realtors),

and in the downtown Kelowna area there are over 2500 residential units that will be completed and/or constructed over the next 2-3 years. The majority of these include mixed use developments allowing for commercial businesses and services to also take advantage of the growing number of new residents. This increased density has been the vision set forth by the local government and has encouraged the growth opportunity we see taking place today.

Commercial sales have followed suit most notably with the recent sale of the BC Tree Fruits building located at 1723 Water St which sold for over 7.5 million dollars, which also happens to be over 2.3 million dollars above the asking price. This level of interest and activity continues to span across the City attributed to record low interest rates provided by lenders, and a lack inventory given Kelowna's landlocked geographical makeup, similar to that of Victoria and Vancouver.

UBCO recently announced it's plans to build a Downtown Kelowna Campus consisting of 80-100 thousand square feet of academic, office, and university housing space, providing further cultural, societal,



WRITTEN BY
JEFF BROWN, TEAM LEADER
KELOWNA OFFICE

and economic growth in Kelowna's downtown core. The Kelowna International Airport also has plans for expansion and will see an investment of approximately 240 million dollars over the next 10 years to help meet "unprecedented levels of passenger growth". The City is also planning to expand the Health District around Kelowna General hospital which is already the largest of its kind in interior BC.

This is great news for all investors and stakeholders in the Kelowna area, and will likely expand to benefit the tertiary markets in the South Okanagan like Penticton, and markets to the North like Vernon and Salmon Arm. Combine all these economic and infrastructure growth factors along with the City of Kelowna planning for an additional 60,000 new residents over the next 20 years, and its not hard to see what all the buzz is about. ■





MARKET OUTLOOK 2021

Entering 2020 the Greater Vancouver market has record low vacancy rates in many asset classes and in some cases the lowest vacancy rate in North America. This was driven by lack of supply and extremely high demand across the board.

Where do we stand entering 2021? The Greater Vancouver commercial marketplace has been resilient as the macroeconomics and key fundamentals mentioned above remain in place. The first of these fundamentals is we operate within a supply constraint market. Although constructions continue, we suffer from geographical restraints and the red tape as timelines develop make it still very challenging to build thus keeping demand high while supply is slow to enter the market. In doing so, this keeps vacancy rates low across all asset classes. Downtown Vancouver is landlocked as there is only

so much land available to develop which will continue to keep land prices high as companies slowly re-enter the workplace in 2021. Lease rates will remain high due to lack of supply available and coming to market into 2022. Similar geographic challenges are found in Victoria, Kelowna and Nanaimo, with these cities downtown hubs boarding water coupled with heritage and zoning restrictions in their respective markets will also keep demand high in certain asset classes and these markets should see continued growth into 2022.

The second; the Greater Vancouver marketplace is fortunate to have a truly diverse tenant pool. Although some industries have been impacted more than others, industries such as firm, tech, construction and industrials remain active and growing. The tech industry has turned Vancouver into the Silicon Valley of the North and



remain one of the largest office tenants absorbing what little office space is available in downtown Vancouver. This trend is also seen in both Kelowna and Victoria and the livability, costs of living and proximity to California make BC an attractive option for both workers within this space and employers looking to add top talent to their companies. Tech company's that have expanded into BC over the years include Amazon, Sony, Microsoft, Samsung, and Apple to just name a few.

Lastly, look for continued population growth once the

boarders reopen within Greater Vancouver. The Federal Government announced their vision to welcome 1.1 million new immigrants to Canada by the end of 2022 and livability, jobs and access to the Asian Pacific market will make BC one of the top destination for new people looking to call Canada home in 2021 and 2022.

Lets not kid ourselves, Vancouver was impacted heavily by the pandemic along with most cities and countries but, entering this year we were well positioned to overcome any challenges presented by our historical

low vacancy rates in most asset classes. Hotels won't remain empty forever, people will return to their offices, employers want to maintain staffing levels and retain staff long term and the office culture will be a key contributor to this. The industrial market will continue to see tightening as more businesses have been forced to think of a digital platform for their business and retail was already seeing a shift in the types of tenants occupying spaces. This pandemic will accelerate that shift creating opportunities for some and unfortunate challenges for others. ■



LOOKING BACK AT CRISES IN THE PAST WITH RESPECT TO THE OFFICE MARKET

THE .COM BUBBLE

When most of the .com companies of the early 2000's blew up in a ball of flames everyone was saying that was the end of the office market as we knew it - never came to fruition.

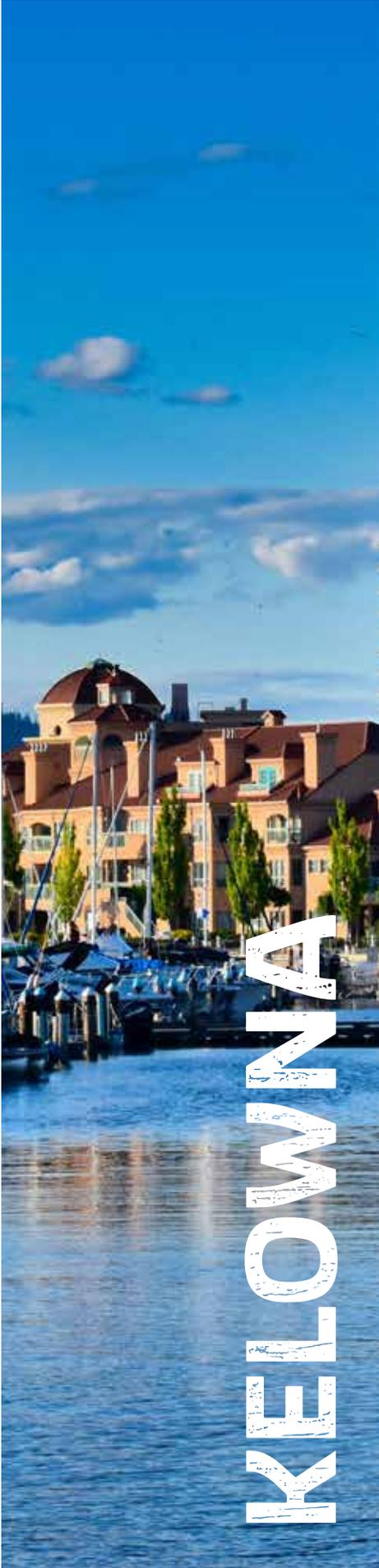
9/11

After this horrific terrorist attack people said no one would ever go back into high rise office towers ever again - didn't happen.

FINANCIAL MELTDOWN IN 2008/2009

After the financial crash in the USA everyone said there goes your office market good luck finding office tenants - this again ended up being incorrect.

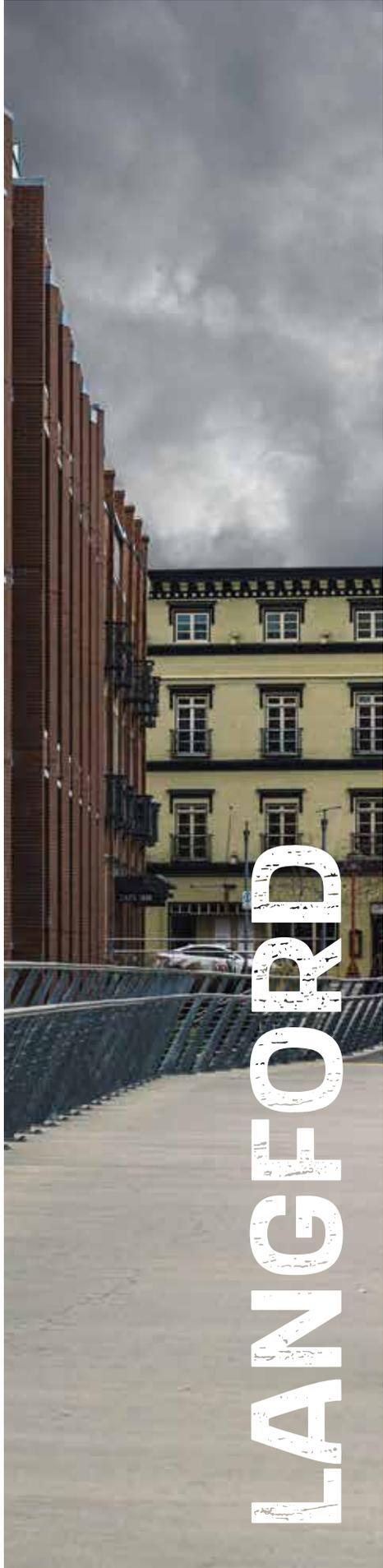
You can see how at the times above, these thoughts could have been a reality after these events, but years later we can see how over and over again statements made during the midst of a crisis and how things played out in future years didn't align.



KELOWNA



VICTORIA



LANGFORD



WHERE TO INVEST IN 2021?

KELOWNA: Canada's 4th fastest growing city tops our investment list for 2021. All asset classes are driving forward led by industrial and development land sales. Kelowna allows investors to still find affordable investment opportunities with attractive returns making Kelowna our #1 pick for 2021. As the downtown core continues to regenerate new development opportunities for developers and the acceptance of condo owners to live downtown Kelowna and enjoy everything that Kelowna has to offer will push up the high demand for commercial real estate well into late 2021 and into 2022.

THE HARRIS GREEN DISTRICT IN VICTORIA: Soon to be Victoria's most populated area, the Harris Green District sits just on the perimeter of downtown and will soon have more holes in ground than towers making this area sure bet for investors. As the population filters in over the next 5 years, this already attractive area will become the "Yaletown" of Victoria complete with thriving local and international shops, trendy restaurants and world class condo towers. The walkability of the neighbourhood will create a great opportunity for retail investors to purchase strata units which will see increased lease rates and lowered vacancy rates as the area populates and still achieve a solid return in the short term.

LANGFORD: Formerly Canada's fastest growing city, Langford continues to boom in both population and job opportunities making it our #3 investment market for 2021. Small bay industrial strata units have had a great run in late 2020 and continuing into 2021 making it the asset class of choice for investors. The access to highways and short drive from Victoria makes Langford an upcoming industrial hub that still offers affordable purchase opportunities for the foreseeable future. Major industrial developers such as the Beedie Group and PC Urban have entered the Langford and Colwood markets which shows the future is bright for industrial investors.

Featured Listings



201-310 Hudson Avenue, Salmon Arm

Jeff Brown

+/- 4,237 SQFT



475 Clark Drive, Vancouver

David Hemmings

+/- 4,773 SQFT



1305 Odlum Drive, Vancouver

David Hemmings

+/- 10,800 SQFT



120-55 W 8th Avenue, Vancouver

David Hemmings

+/- 6,773 SQFT



777 Royal Oak Drive, Victoria

Connor Braid, Harry Jones

+/- 1,210 SQFT — 4,108 SQFT



100-22471 Lougheed Hwy, Maple Ridge

Stathis Savvis

+/- 5,333 SQFT



1650 Pandora Street, Vancouver
Nathan Armour, Stathis Savvis
+/- 2,000 SQFT



212 E Georgia Street, Vancouver
Chris van Vliet
+/- 2,220 SQFT



200 & 300 - 319 W Hastings Street, Vancouver
Seamus Bailey, Liam Simpson
+/- 3,000 SQFT/unit



8131 Main Street, Osoyoos
Jeff Brown
+/- 3,205 SQFT



1295 Johnston Street, Vancouver
Amrita Guram
+/- 2,308 SQFT



202-26 Lorne Mews, New Westminister
Mark Nemish
+/- 1,100 SQFT

Featured Listings



1450 St Paul Street, Kelowna

Jeff Brown

+/- 3,670 SQFT ■ \$1,490,000



2060 Summit Drive, Kelowna

Jeff Brown

+/- 5.65 Acres ■ \$1,750,000



250-8029 199th Street, Langley

Chris van Vliet, Zuber Jamal

+/- 1,542 SQFT ■ \$2,365,000



1201 Kennedy Rd, Harrison Mills

Marianne DeCotiis

+/- 34.71 Acres ■ \$8,200,000



101-989 Johnson Street, Victoria

Harry Jones, Matthew Everitt

+/- 3,570 SQFT ■ \$ 2,100,000



1-595 Pandora Ave, Victoria

Matthew Everitt, Harry Jones

+/- 2,236 SQFT ■ \$1,350,000



FOR SALE

4235-4237 Sardis Street, Burnaby
 Meg Cooney, Liam Simpson, Seamus Bailey
 +/- 17,235 SQFT ■ Contact Listing Agents for Price



FOR SALE

951 & 961 Cedar Street, Campbell River
 Marianne DeCotiis
 +/- 39,450 SQFT ■ Contact Listing Agent for Price



FOR SALE

Lot 11-13, Harrison Mills
 Marianne DeCotiis
 +/- 89.975 Acres ■ \$3,900,000



FOR SALE

2406 E Broadway, Vancouver
 Bikram Singh, Nathan Armour
 +/- 1,116 SQFT ■ \$1,100,000



FOR SALE

1250 Hornby Street, Vancouver
 Cory Wright, Nathan Armour
 +/- 1,321 SQFT ■ \$2,298,000



FOR SALE

538 Sixth Street, New Westminster
 Nathan Armour, Cory Wright
 +/- 2,170 SQFT ■ \$1,879,000

Recent Transactions



8599 Fraser Street, Vancouver

Marianne DeCotiis
+/- 20,629 SQFT



104-8988 Fraserton Court, Burnaby

Trideep Chakraborty*
+/- 3,066 SQFT



8410 Ontario Street, Vancouver

Nathan Armour
+/- 2,928 SQFT



12204 86th Avenue, Surrey

Trideep Chakraborty*
+/- 2,750 SQFT



3-8555 Greenall Avenue, Burnaby

Zuber Jamal
+/- 8,913 SQFT



2220-1050 W Pender Street, Vancouver

Nathan Armour, Stathis Sawis
+/- 2,737 SQFT

*PERSONAL REAL ESTATE CORPORATION



3401 E Hastings Street, Vancouver
 Amrita Guram
 \$1,800,000



2320 King George Blvd, Surrey
 Chris van Vliet, Zuber Jamal
 \$8,100,000



478 Bernard Avenue, Kelowna
 Marianne DeCotiis
 \$6,450,000



150-2268 No 5 Road, Richmond
 Meg Cooney, Steven Lam
 \$1,170,000



750 Powell Street, Vancouver
 Cory Wright, David Hemmings
 \$1,400,000



104-338 W 8th Avenue, Vancouver
 Meg Cooney, Liam Simpson
 Contact Listing Agents for Sold Price

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Commercial Real Estate Services

williamwright.ca



For more information please contact our Vancouver office.
sales@williamwright.ca | 604.428.5255