

WILLIAM | WRIGHT *Report*

INTEREST RATES

WHERE WE'VE BEEN
AND WHERE WE'RE
GOING NEXT

**INFLATION CONTINUES TO FALL WITH
THE DECLINE IN THE PRICE OF OIL AND
THE HOUSING MARKET ACROSS CANADA.**

Q1 2023

Vancouver Office
430-605 Robson St
Vancouver, BC
604.428.5255

New Westminster Office
350-522 7th St
New Westminster, BC
604.545.0636

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

Victoria Office
843 Johnson St
Victoria, BC
250.590.5797

Central Island Office
100B-154 Memorial Ave
Parksville, BC
250.586.1226

Kelowna Office
205-478 Bernard Ave
Kelowna, BC
236.420.3558

Kamloops Office
406-121 5th Ave
Kamloops, BC
236.425.1617

INTEREST RATES



WRITTEN BY



PATRICK WOOD, BROKER
PERSONAL REAL ESTATE CORPORATION
VICTORIA OFFICE

WHERE WE'VE BEEN

The Bank of Canada (BoC) sets the key interest rate, also known as the overnight rate, which influences other interest rates in the Canadian economy. This rate affects borrowing and lending rates for consumers, businesses, and governments. The BoC adjusts the rate in response to economic conditions, aiming to achieve price stability and sustainable economic growth. The BoC has an inflation target of 2% and works to achieve this target by either raising or lowering the key interest rate along with other monetary policy measures.

In 2020, due to the COVID-19 pandemic, the Bank of Canada reduced the overnight rate to a historic low of 0.25% to stimulate economic recovery. In early 2022, inflation in Canada started rapidly increasing due to the historically low interest rates as well as the enormous amount of Government stimulus that was pumped into the economy as a response to the Covid-19 Pandemic. Inflation in Canada peaked in June of 2022 at just over 8%.

The Bank of Canada seeing rising inflation started hiking its key interest rate in March of 2022. The BoC then continued to raise interest rates to 4.5% in January of 2023. This pace of rate increases was historic in its pace however Canada did see larger overall rate increases in the 1980's (BoC key rates peaked at over 20% in 1981).

WHERE WE ARE

In January 2023 with inflation cooling, the BoC paused rate increases for the time being. Inflation had fallen from its high in June of 2022 (8.14%) down to 5.92% in January. The inflation rate for March 2023 has fallen further to 4.30%.

WHERE WE'RE GOING

After the last BoC meeting they indicated that the plan at present was to pause rate hikes for the foreseeable future. It was indicated in the press release from the BoC that this pause was temporary and if inflation began to increase again, they may be forced to restart rate increases.

There are a few things that could also force the BoC into action to either restart increases or begin to cut rates. As of May 3rd 2023, the US federal reserve has increased their overnight lending rate to 5.00-5.25% which could internally cause outflows of capital from Canada causing a fall in the



Canadian Dollar. This would then cause inflation to increase and could force a restart to rate increases in Canada. Thankfully after the May 3rd rate increase the US fed indicated a pause to their increases as well.

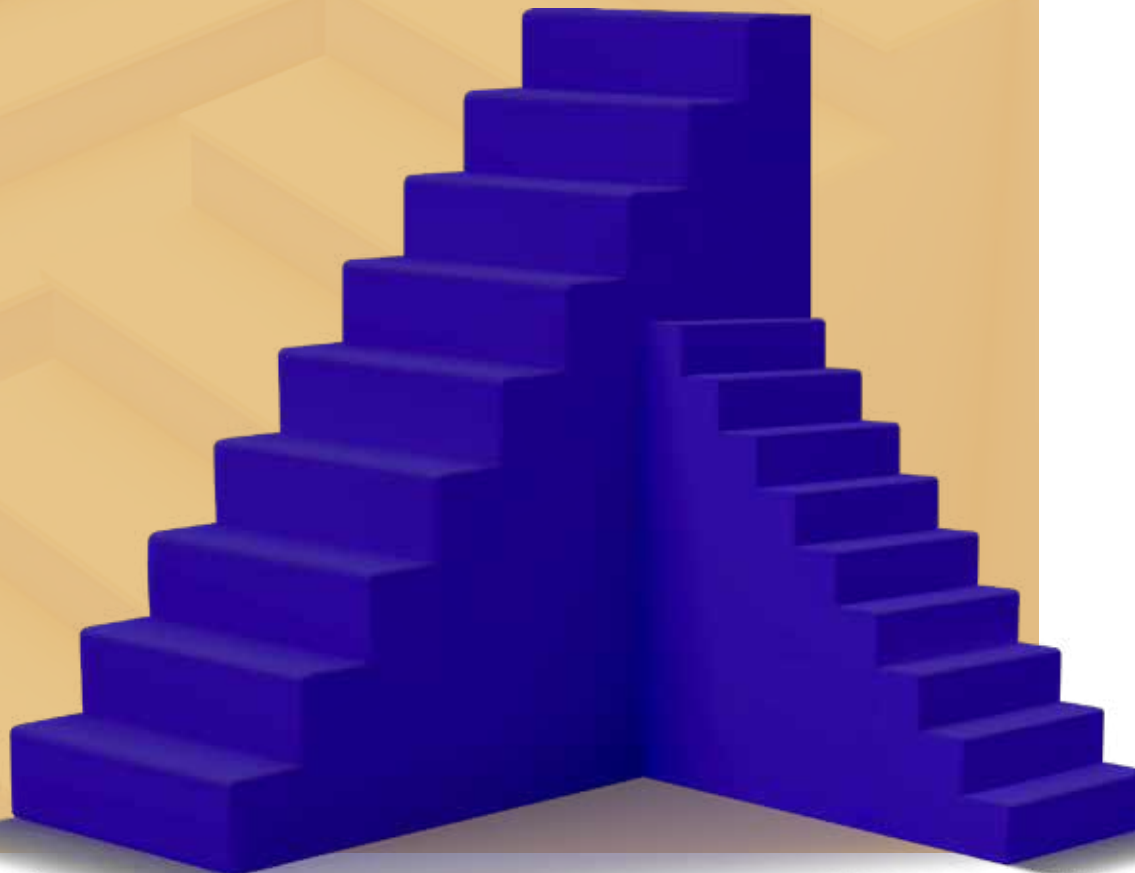
There is also a chance that inflation remains sticky due to continued high levels of both consumer and governmental spending in Canada and this would force the BoC to act and increase rates to once again combat inflation.

Scenarios that would result in an interest rate cut are also present. A continued decline in the inflation rate in Canada would allow the BoC to slowly start to cut their key interest rate. This is the most likely scenario with predictions ranging from cuts starting in Q4 2023 or Q1 2024. Additionally, some external shock such as a resurgence in Covid 19 or some other world-wide event that causes large economic shocks would force the BoC to act with interest rate cuts and other monetary stimulus.

The scenario that sees rates cuts starting in Q4 2023 is most likely. Inflation seems to continue to fall and with the recent declines in the price of oil (one of the major inflation drivers in the past few years) as well as overall declines in the housing market across Canada, this continued decline in the inflation rate should continue.

Rates cuts will more than likely be slower and smaller than the increases we saw in 2022 however any decrease will be welcomed by the real estate community. •

*Disclaimer: The writer studied Economics as his major in university, but would not consider himself an Economist.



WILLIAM | WRIGHT

EXPANSION TO CENTRAL ISLAND

20
23



William Wright Commercial is excited to officially announce our expansion to Central Vancouver Island. As a firm believer in BC's secondary markets, we are thrilled to join the community and connect investors, landlords, and tenants across Vancouver Island.

The opening of our office in Parksville will be our seventh commercial real estate office in BC. With more dedicated brokerage offices throughout the province than anyone else, William Wright Commercial has quickly become one of the fastest growing commercial brokerages in BC and continues to set the benchmark as a leader in customer service in the real estate industry.

The William Wright Commercial Central Island office will be located at 100B-154 Memorial Avenue in the beautiful Parksville Professional Centre.

FEATURED LISTINGS Q1 2023

FOR LEASE



6822 VEYANESS ROAD, SAANICH
Connor Braid*, Patrick Wood*
 1 acre, I-1 industrial zoned, secured lot located within the Keating Business District. +/- 43,560 SQFT.

FOR LEASE



200-412 W HASTINGS ST, VANCOUVER
Seamus Bailey
 Large open plan office space in Central downtown with excellent ceiling height and exposed brick walls. +/- 9,000 SQFT.

FOR LEASE



2333 HUNTER ROAD, KELOWNA
Shelby Kostyshen, Jeff Hancock*
 Main floor industrial/retail opportunity with ample on-site parking and excellent signage exposure. +/- 1,488-3,260 SQFT.

FOR LEASE



CRU 7 & 203-1526 FINLAY ST, WHITE ROCK
Liam Simpson, Meg Cooney, Matthew Ho
 Two brand new retail office units in Altus, a mixed-use high rise building by Oviedo Developments. +/- 1,596-1,927 SQFT.

FOR LEASE



8580 GREENALL AVENUE, BURNABY
Zuber Jamal
 Freestanding industrial building over 1 AC of land in the big bend area with ample parking & gated rear yard. +/- 17,063 SQFT.

FOR LEASE



3 & 6-1611 BOWEN ROAD, NANAIMO
Theo Kefalas
 Offices at Bowen Professional Center, featuring heat pumps, modern bathrooms, new flooring, & doors. ± 850-2,282 SQFT.

FOR LEASE



102 & 103-8999 JIM BAILEY RD, KELOWNA
Jeff Brown, Victoria Mitchell
 Brand new small bay industrial units with functional open floorplans, overhead doors, and parking. +/- 1,440-2,251 SQFT.

FOR LEASE



LOT 1-12543 OLD YALE ROAD, SURREY
Liam Simpson, Meg Cooney, Matthew Ho
 This rare property is levelled, gravelled, and fully fenced with LED lighting and security cameras installed. +/- 3.5-4.5 acres.

FOR SALE



\$5,445,000

2895 E 22ND AVENUE, VANCOUVER
Nathan Armour*
 +/- 8,582 SQFT freestanding building on a corner lot with future development potential. Automotive end user opportunity.

FOR SALE



\$6,495,000

2850 MCCURDY ROAD, KELOWNA
Jeff Brown, Jeff Hancock*
 This centrally located, flat greenfield site is a prime agricultural opportunity with long-term potential. +/- 15.4 acres.

FOR SALE



\$3,550,000

THIRD FLOOR 8378 120TH ST, SURREY
Chris van Vliet*
 Simplex Professional Centre is a brand new mixed use building with 3 retail units and 2 level levels of office space. +/- 3,550 SQFT.

FOR SALE



\$5,490,000

660 CAMPBELL STREET, TOFINO
Marianne DeCotiis*, Harry Jones*
 Stunning property outside downtown and one of the last remaining vacant waterfront acreages in the area. ± 2.74 acres.

FOR SALE



\$1,112,000

SL54-2992 GLEN DRIVE, COQUITLAM
Stathis Michael Savvis*
 13th floor class "A" strata office space in a new 15-storey tower with customizable interiors and flexible layouts. +/- 1,112 SQFT.

FOR SALE



Price: Contact Listing Agents

3619 E HASTINGS STREET, VANCOUVER
Steven Lam, Matthew Ho
 Warm shell retail space with a built out washroom in a prime transit oriented location. +/- 590 SQFT.

FOR SALE



\$9,000,000

11558 132A STREET, SURREY
Liam Simpson, Meg Cooney, Matthew Ho
 Fully month to month tenanted industrial building, presenting a repositioning opportunity for investment. ± 15,878 SQFT.

FOR SALE



\$2,115,000

SL 6 & 7-2522 GUELPH ST, VANCOUVER
Meg Cooney, Liam Simpson, Matthew Ho
 Assignment opportunity in the brand new "Habitat" Development by Porte, Fabric Living, and Hudson. +/- 1,631 SQFT.

*PERSONAL REAL ESTATE CORPORATION



335 WESLEY SQUARE, NANAIMO

Wesley Square is situated on the premier street of Nanaimo's well-known "Old City Quarter". Offices and retail units are situated around a central courtyard in a unique building designed with old city charm and architectural detail. Wesley Square is conveniently located among alluring shops and many of the city's finest restaurants. Boasting a well treed, beautifully landscaped courtyard, and secured underground parkade, the ambiance provides for a pleasant and secure working and shopping experience. Wesley Square features modern heating and air conditioning and many offices have opening windows for extra comfort. Wesley Square is very well connected as it's a short five minute walk to the Seaplane Terminal and City Hall just 1/2 a block away.



Size: +/- 1,177 SQFT

Basic Rent: \$16/FT

Additional Rent: \$11.52/FT

Type: Office

Agent: Theo Kefalas / 250-801-0605



Parksville
PROFESSIONAL CENTRE



MOVE IN READY OFFICE UNITS FOR LEASE

Parksville Professional Centre

154 Memorial Avenue, Parksville

The Parksville Professional Centre (the "Property") is made up of 24,209 SQFT of office and retail spread over two buildings with a large surface parking lot containing 65 stalls for both tenants and visitors.

The Property is home to 10 tenants including Shopper's Drug Mart, Lisa Kerwin Law Corporation, Dr. Louis Beaudoin Inc., Drs. Sulz, Fridricksson and Bell, Drs. Morris, Szachnowska & Hickey-Somerville, and Ministry of Citizen Services amongst others. This fully air-conditioned building is ideal for medical and professional services alike and is located in the heart of downtown Parksville.



SIZES

+/- 707 - 1,649 SQFT

TYPE

Office

LEASING RATES

Basic Rent: \$15-\$16/FT / Additional Rent: \$11.20/FT

AGENT

Santanna Portman / 431-588-8747

RECENT TRANSACTIONS Q1 2023

SUBLEASED



101-524 YATES STREET, VICTORIA
Connor Braid*, Harry Jones*
 Premium retail/office space in an iconic three-storey brick building in the Old Town District. +/- 7,466 SQFT.

SUBLEASED



2621-2623 GRANVILLE ST, VANCOUVER
Chris van Vliet*
 Beautifully improved +/- 3,240 SQFT retail space located between West 10th and 11th Avenue, currently occupied by NESTING'S.

LEASED



3077 SEXSMITH ROAD, KELOWNA
Nick Renton
 +/- 12,840 SQFT clear span warehouse with two large grade doors and 4 dock loading doors. Leased on behalf of the Tenant.

LEASED



4827 MAIN STREET, VANCOUVER
Steven Lam, Matthew Ho, Meg Cooney
 +/- 2,129 SQFT of high exposure retail space that's currently occupied by a gym with floor to ceiling windows.

LEASED



C1105-32366 S FRASER WAY, ABBOTSFORD
Harry Jones*, Connor Braid*
 +/- 2,560 SQFT unit is part of a high-profile and high exposure retail plaza in the heart of Abbotsford's City Centre neighbourhood.

SUBLEASED



603-1515 BROADWAY ST, COQUITLAM
Josh Jawanda
 This Business Park located adjacent to the Mary Hill By-Pass just minutes from the TransCanada Highway. +/- 2,666 SQFT.

LEASED



202-610 SIXTH ST, NEW WESTMINSTER
Mark Nemish, Bikram Singh
 +/- 3,840 SQFT office space located at Royal City Centre. C-3 zoning allows for a wide range of uses.

LEASED



208-335 WESLEY STREET, NANAIMO
Jeff Hassler, Harry Jones*
 Wesley Square is situated on the premier street of Nanaimo's well-known "Old City Quarter". +/- 1,475 SQFT.

SOLD



\$7,300,000

9340 & 9360 BALSER COURT, KELOWNA
Shelby Kostyshen
 Represented the Buyer in the sale of 3.33 acres of industrial land, sold as a sale leaseback. +/- 3.33 acres.

SOLD



\$3,732,500

32559 LOGAN AVENUE, MISSION
William Wright Commercial
 Logan Crossing is made up of 10,885 SQFT of retail within 2 buildings over 1.13 acres of land and is 100% leased to 6 tenants.

SOLD



Price: Contact Listing Agents

1104-1139 LAWSON AVENUE, KELOWNA
Jeff Brown, Victoria Mitchell
 Gordon and Lawson is a corner lot assembly that consists of 5 single family RU6 lots totalling +/- 0.98 acres.

SOLD



\$8,100,000

125-11400 TWIGG PLACE, RICHMOND
Liam Simpson, Meg Cooney, Matthew Ho
 William Wright Commercial represented the Purchaser for the +/- 3,751 SQFT strata unit featuring 26 foot clear ceilings.

SOLD



Price: Contact Listing Agent

2020 84TH AVENUE, LANGLEY
Mark Nemish
 This ground level location is two units combined for a total of over +/- 2,100 SQFT, with great exposure to 200th Street.

SOLD



\$4,067,000

SL 5 1751 HARVEY AVENUE, KELOWNA
Jeff Brown, Victoria Mitchell
 +/- 10,284 SQFT commercial strata unit with Hwy 97 frontage. SL 5 represents just over 70% ownership of the entire development.

SOLD



\$2,500,000

715 EVANS COURT, KELOWNA
Shelby Kostyshen
 715 Evans Court is a two storey, +/- 11,236 SQFT industrial building located in one of Kelowna's industrial corridors.

SOLD



Price: Contact Listing Agents

1750 DUFFERIN CRESCENT, NANAIMO
Matthew Ho, Meg Cooney, Steven Lam, Liam Simpson
 Single-story, 11,422 square-foot retail building, currently anchored by Rexall, situated on a 1.36-acre lot.

***PERSONAL REAL ESTATE CORPORATION**



VANCOUVER COMMERCIAL REAL ESTATE PODCAST

For all the curious minds interested in commercial real estate investing, grab a coffee and pull up a chair because we have exclusive stories and tips from commercial real estate brokers, investors, developers, economists, urban planners, and everyone in-between. From the successes and failures to the motivations and lessons learned, the Vancouver Commercial Real Estate Podcast is your insight into commercial real estate in Vancouver, Victoria, Kelowna, and beyond.

Hosted by Cory Wright, founder of William Wright Commercial, and co-hosts Adam and Matt Scalena of the Vancouver Real Estate Podcast, our podcast opens the door to real estate investing.

A Top 20 Apple Business Podcast as of May 2021



FEATURED EPISODE

VCREP #83: 2023 GIFT WRAPPED WITH BMO CHIEF ECONOMIST DOUG PORTER

With the Bank of Canada's latest rate increase of 0.25% and what could be the last rate increase for 2023, what does this all mean? Don't worry, we have one of the best in the business to tell us.

Cory and Melisa welcome BMO's Chief Economist Doug Porter to give us his thoughts on interest rates, inflation, the overall Canadian economy, our neighbours to the south, and everything else you need to know for 2023. As one of VCREP's most requested guests, Doug doesn't disappoint and makes us a little more optimistic for what 2023 has in store. This will be one you will want to listen to over and over!

PROVIDING REAL-TIME INSIGHT INTO TODAY'S COMMERCIAL REAL ESTATE INDUSTRY.

FEATURED EPISODE

VCREP #67: AS INTEREST RATES CONTINUE TO RISE, WHAT WILL HAPPEN NEXT? WITH ALAN HAIGH

The VCREP community has spoken and they want to know what will happen next as interest rates continue to rise. VCREP is a podcast for the people, and who better to bring back to see what's around the corner than Impact Commercial's very own Co-founder and Managing Partner, Alan Haigh!

Alan unpacks what has happened over the past couple of months in both Canada and the US, how the bond market could predict what will happen to interest rates, and when this madness will end. Alan also unveils what markets he buys into and what markets you'll want to keep an eye on into 2023. One of the best in the business provides his insight on interest rates and what's next in the mortgage world, so this is an episode you have to listen to more than once!



WILLIAM | WRIGHT

Commercial Real Estate Services

williamwright.ca



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