



**BC ASSESSMENT**

# 2018 BCA/CPTA Market Value Forum

Thursday, October 26, 2017  
Four Seasons Hotel Vancouver

# Agenda

## Market Value Discussion & External Presentations

2:30pm – 4:30pm

<b>Welcome - Summary of Event</b>	<b>Dharmesh Sisodraker and Ryan Tung</b>
<b>Strata Wind-ups</b>	Hart Buck
<b>e-valueBC</b>	John Yannacopoulos
<b>Office Buildings</b>	Mandy Zhao and Brian Keenan
<b>Downtown Commercial Land</b>	Simone Simpson
<b>Industrial</b>	Terry Yee and Ryan Tung
<b>Hotels</b>	Jimmy Yip and Phil Gertsman
<b>Major Retail</b>	Geoff Radtke and Scott Bowden

## Networking Meet & Greet

4:30pm – 7:30pm

# Strata Wind-Ups

*Overview, Considerations and Market Trends*

# Colliers Introduction



**Hart Buck**

*Vice President*

# Considerations in a Wind-Up

As Strata Corporations plan for the future, they have three alternatives to consider:

**Option 1:**  
Individual  
Residential  
Sale

**Option 2:**  
Maintenance  
and Repairs  
(Special  
Levies)

**Option 3:**  
Wind-Up and  
Sale on  
Redevelopmen  
t Value



It is in every owners' best interest to be educated about the alternatives and be able to make an informed decision.

# Determining Value

## Redevelopment Value:

- Developers assess value based on what can be built on the site
  - Area plans help establish future density and building form
- FSR (Floor Space Ratio) establishes the Buildable Square Footage from the site size

$$\text{Price} = (\text{Price/Buildable SF}) \times (\text{Lot Size} \times \text{FSR}^*)$$

\*less required City contributions

## Investment Value:

- Investors assess value based on the future cash flow of the property
- Market rental rates and unit mix establish the expected annual income
- Utilize Capitalization Rate as a measure of ROI

$$\text{Price} = (\text{Annual Income} - \text{Expenses}) / (\text{Cap. Rate})$$

# Initial Steps

If a Strata Corporation is interested in learning about the Wind-Up Process:

- 1) Broker and/or legal team is introduced to provide overview and value potential
  - Initial range of value based on redevelopment or investment potential
    - Value range used to determine level on interest among owners
- 2) Property taken to market to establish true market value
  - At least 80% of the owners approve the best offer by special resolution
- 3) Successful Special Resolution vote leads to court application to approve sale

# How Do We Maximize Value?

## *Initial Due Diligence:*

- Strong commitment from the owners to “test” the market
- Phase 1 Environmental Study
- Confirmation from City of future land use

## *Sales and Marketing Strategy:*

- Targeted marketing – local and offshore, developers and investors
- Bid date with no asking price
  - Increase competitive tension, does not limit the upside

***Reduced Risk + Greater Competition = Higher Price***





# Methods of Distribution

## *Post November 1974:*

- Schedule of Interest upon Destruction
- Legislation states clearly that this schedule is to be used

## *Pre November 1974:*

- No Interest upon Destruction schedule
- Unit Entitlement vs. Assessed Value
  - Assessed Value thought to be more equitable
  - Unit Entitlement generally does not take into account the relative value of the units

# Beyond the Purchase Price

## *Additional Deal Terms:*

- “Free Rent” Period for owners
- Additional Rent Period
  - Pre-determined market or below market rental rate
- Reduction or removal of Purchaser Subjects
- Increased Deposit
- 100% Approval Incentives

# Case Study

## 6450 – 6508 Telford Avenue, Burnaby, BC

**Purchase Price:** \$51,240,000

**Site Size:** 52,663 SF

**Purchaser:** Westland Investments Ltd.

*33-Unit Strata assembled with adjacent sites*



- Multiple offers received – *value based on redevelopment potential*
  - Property included in the new Metrotown Community Plan
- Multiple rounds of bidding – *increased competition*
- Negotiate deal terms to ensure owners' needs are met
  - Free rent period, additional rental period, subject free offer, increased deposit

# Sample of Current Listings



**VAS 1437** - 1318 Thurlow Street, Vancouver, BC

- > 14 Unit Residential Strata
- > 17,289 SF site
- > Included in the West End Community Plan
- > Site assembled with neighbouring properties to maximize value for



**VR 120** - 2202-2298 McBain Ave, Vancouver, BC

- > 76 Unit Residential Strata
- > 185,974 SF (4.27 acre) site
- > Large scale wind-up on Vancouver's West Side
- > Bid date set for April 5, 2017



**TWELVE OAKS** - 2777 Oak Street, Vancouver, BC

- > 30 Unit Residential Strata
- > 18,754 SF site
- > Received over 90% approval by the owners, will likely be the first Strata Wind-Up sale to be confirmed by the Court under the new



**SOMERSET** - 1140 Pendrell Street, Vancouver, BC

- > 44 Unit Residential Strata
- > 21,590 SF site
- > RM-5B zoning in Vancouver's West End

# Potential Pitfalls

## 1) Lengthy Closing and Court Delays

- Owner's vote to approve based on value of offer as compared to market fundamentals at the time of the vote
- Longer process = Erosion of Value and Decrease of Support

## 2) Outspoken Opponents to the Sale

- Owners, family members or tenants attempt to create confusion and unease amongst other owners
- Both prior to and after the 80% Resolution vote

# The Strata Effect?

- Changes to legislation open the possibility of a Wind-Up to many Strata Corporations
- 100% approval was effectively impossible for larger ownership groups
- Opens up new land acquisition possibilities
  - Close to Transit
  - Central city locations
- Many new opportunities for purchasers to explore

# Thank You

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**Presented By:**

Hart Buck, *Vice President*





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## e-valueBC

Presenter: John Yannacopoulos, Vice President, Customer, BC Assessment





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# Office Properties 2018 Roll

Presenters: Mandy Zhao - Senior Appraiser, BC Assessment  
Brian Keenan - Partner, Burgess Cawley Sullivan & Associates

October 26<sup>th</sup>, 2017

# Agenda

- Recent Office Transactions
- 2018 Assessment Preview Roll Summary
- Discussion and Questions

# Lower Mainland Office Market Synopsis

Building	Address	City	Sale Date	Sale Price	GLA (SF)	\$/SF
Law Society	1148 Hornby	Vancouver	Jan 2017	\$20,800,000	31,000	\$677
Bank of Montreal	2609 Granville St & 1540 W 10 <sup>th</sup> Ave	Vancouver	March 2017	\$59,000,000	45,500	\$1297
Telus-William Farrell	555 Robson St	Vancouver	May 2017	\$107,500,000	135,000	\$796
Wawanesa	1985 W Broadway	Vancouver	June 2017	\$39,000,000	51,000	\$765
Willingdon Park	4190-4260 Still Creek Dr	Burnaby	April 2017	\$110,000,000	281,000	\$391
Metrotower I & II	4710-4720 Kingsway	Burnaby	April 2017	\$274,420,388	611,000	\$449
Modello (CUPE)	6222 Willingdon	Burnaby	June 2017	\$22,518,000	45,000	\$499
Willingdon Park	4350 Still Creek Dr	Burnaby	Aug 2017	TBD	184,000	

# Cadillac Fairview Portfolio, Vancouver

## November 2016 – 50% Interest

- Vendor: Cadillac Fairview (50%)
- Purchaser: Workplace Safety and Insurance Board (25%)  
& Ontario Pension Board (25%)
- 14 properties
  - 3.2 million SF leasable office
  - Pacific Mall Shopping Centre
  - Four Seasons Hotel
  - **Est. Econ. Cap Rate: 3.75% - 4.00%**



# 2609 Granville St., Vancouver

**March 2017 – est. \$59,000,000 (\$1,297/SF)**

- Vendor: Peterson Group
- Purchaser: Reliance Holdings
- 5 sty “B” Class Office (c. 1973) & RM3 zoned lot
- 45,500 SF leasable area
- Redevelopment potential
- Previous sale price: \$41,000,000 (July 2015)
- **Est. Econ. Cap Rate  $\approx$  2.00%**
- 2017 Assessed Value : \$38,936,000



# The Telus-William Farrel Building: 555 Robson St. Vancouver

## May 2017 – est. \$107,500,000 (\$796/SF)

- Vendor: Avigilon
- Purchaser: TBA
- 9 sty “B” Class Office (c. 1948)
- 135,000 SF leasable
- 100% Vendor lease-back
- Previous sale price: \$42,000,000 (Nov. 2015)
- **Est. Econ. Cap Rate: 3.75% - 4.00%**
- 2017 Assessed Value: \$46,828,000 (under construction)



# 1985 W Broadway, Vancouver

**June 2017 – \$39,000,000 (\$765/SF)**

- Vendor: Wawanesa Mutual Insurance
- Purchaser: Transworld Management Ltd
  
- 5 sty “A” Class Office (c. 1973)
- 51,000 SF leasable
- Partial vendor leaseback
  
- **Est. Econ. Cap Rate: 3.00-3.25%**
  
- 2017 Assessed Value: \$24,719,000



# Willingdon Park: 4260 & 4190 Still Creek Dr., Burnaby

## April 2017 - \$110,000,000 (\$391/SF)

- Vendor: Healthcare of Ontario Pension Plan
- Purchaser: ULC Fortinet Technologies (Canada)
- Two “A” Class Office Buildings (c. 1991, 1999)
- 281,000 SF leasable area
- Fortinet is a tenant in 4190 Still Creek
- **Est. Econ. Cap. Rate  $\approx$  4.75 %**
- 2017 Assessed Value: \$99,678,000





# Metrotower I & II: 4710 Kingsway & 4720 Kingsway, Burnaby

April 2017- \$ 274,420,388 (\$449/SF)

- Vendor: Ivanhoe Cambridge
- Purchaser: Private Investor
- 28 & 30 sty “A” Class Office (c. 1989 & 1991)
- Total of 611,000 SF leasable
- **Est. Econ. Cap. Rate  $\approx$  4.8%**
- 2017 Assessed Value
  - Metro I: \$105,363,000
  - Metro II: \$144,633,000



# 2018 Roll Preliminary Value Direction

## Vancouver Core

- **Rental Rate**
- **Cap Rates**
- **Assessed Values**  
**(10%-15% increase)**



# 2018 Roll Preliminary Value Direction

## Vancouver Core

Class	Rent	Vacancy	Expense	Cap Rate
AAA	\$ 31 - \$37	5%	5%	3.50 - 4.00 %
A	\$ 26 - \$33	5%	5%	3.50 - 4.00 %
B	\$ 21 - \$26	6%	5%	3.50 - 4.00 %
C	\$ 17 to \$23	7%	6%	3.50 - 4.00 %

### Notes:

- Rental ranges are typical for the majority blended space over the entire building.
- Rents reflect typical lease terms for the different building classes.
- Rent analyzed on as is turnkey basis, averaged over the term, less free rent.
- Space standards consistently applied for local markets (generally BOMA).
- Cap rates are analyzed based on adjusted actual and economic.

# 2017 Roll Preliminary Value Direction

## Suburbs

- **Rental Rate**
- **Cap Rates**
- **Assessed Values**  
**(5 - 10% increase)**



# BC Assessment Office

## Property Contacts:

REGION	CONTACT	EXT
Vancouver Island	Lisa Pynn	01239
Vancouver North Shore	Simone (D'Souza) Simpson	09503
North Fraser	Mandy Zhao	09536
South Fraser	Darren Jerke	14324
Kootenay Columbia	Sean McGinnis	21227
Northern BC	Adam Belyea	26237



**Thank you**  
**Discussion & Questions**



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# Downtown Commercial Land 2018 Roll

Presenter: Simone Simpson - Senior Appraiser, BC Assessment

October 26<sup>th</sup>, 2017

# Agenda

- Recent Land Transactions
- 2018 Assessment Preview Roll
- Discussion and Questions



# Downtown Commercial Land Market Synopsis

Address	Sale Date	Sale Price	Area (sf)	Zoning	\$/SF	\$/PBA*
833 W Pender	Jun-16	19,000,000	6,240	DDB	\$3,045	\$338
320 Granville	Jul-16	75,000,000	15,600	DDB	\$4,808	\$534
400 W Georgia	Mar-17	61,500,000	20,996	DDC1	\$2,929	\$418

\*Based on existing zoning

# 833 W Pender St., Vancouver

June 2016 - \$19,000,000 (\$3,045/SF )

- Vendor: Edward Chapman
- Purchaser: Executive Group Development
- Lot size: 6,240 SF (52 x 120)
- Current zoning: DDB (9.00 FSR)
- **\$338/PBA**
- Proposed 13-sty hotel (Est. 63,865 SF)
- \$298/SF proposed
- 2017 Assessed Value: \$7,335,800



# 320 Granville St., Vancouver

July 2016 - \$75,000,000 (\$4,808/SF)

- Vendor: Granco Holdings Ltd.
- Purchaser: Bosa Development
- Lot size: 15,600 SF (130 x120)
- Current zoning: DDB (9.00 FSR)
- **\$534/PBA**
- Rezoning approved in June 2014 (CD-1)
- Proposed 32-sty office (24.1 FSR)
- \$200/SF proposed
- 2017 Assessed Value: \$21,152,000



# 400 W Georgia St., 725-731 Homer St., Vancouver

March 2017- \$61,500,000 (\$2,929/SF)

- Vendor: Sea Gull Leasing Ltd.
- Purchaser: Westbank Projects
- Lot size: 20,996 SF (175 x 120)
- Current zoning: DDC1 (7 FSR)
- **\$418/PBA**
- Rezoning application April 2017
- Proposed 24 sty office building (17.51 FSR)
- \$167/SF proposed
- 2017 Assessed Value: 19,752,300



# 2018 Roll Preliminary Value Direction

## Downtown Commercial Land

Zoning	\$/PBA
DDA, DDB, DDC1, DDF	\$300 - \$450

**Thank you**  
**Discussion & Questions**



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# Industrial Market Synopsis 2018 Roll

Presenter: Terry Yee - Appraiser II, BC Assessment

Ryan Tung - Principal, Burgess Cawley Sullivan & Associates LTD.

October 26, 2017

# Agenda

- Benchmark Industrial Transactions
  - Land
  - Improved
  
- 2018 Industrial Assessment Roll Preview Summary
  
- Discussion and Questions





# Industrial Land Transactions

2018 Lower Mainland Industrial Land Benchmark Sales



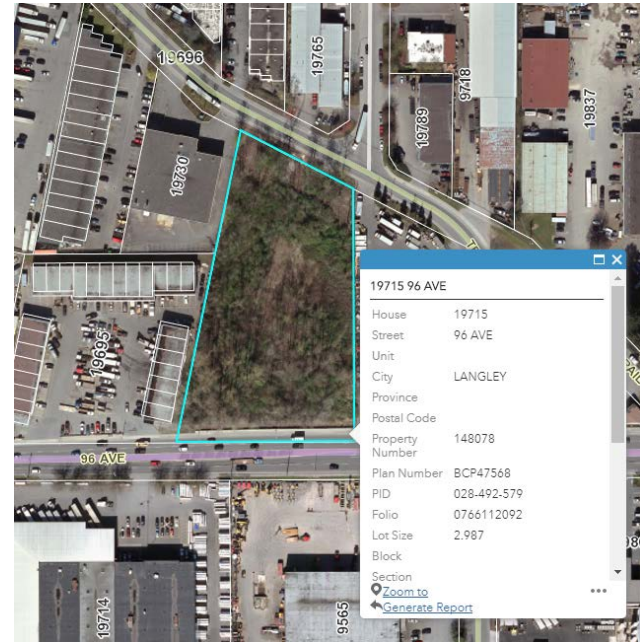
# Vancouver Industrial Land

- 830 Clark Drive
- Sale Price: \$7,600,000
- \$413/ SF
  - Sale Date: Feb 2017
    - Land Area: 18,391 SF
    - Zoning: I-2 Industrial
- 2017 ASR: 94%
- Comments:
  - Improved with 6,600 SF (Approx.) 1960's service garage building.
  - Purchasers intend to hold building and redevelop in two years into 5 storey industrial/office strata building



# Langley Industrial Land

- 19715 96 Ave
- Sale Price: \$5,869,825
- \$45/ SF
  - Sale Date: - Sept 2016
    - Land area: 130,123 sf
    - Zoning: M2/M1A Industrial
- 2017 ASR: 76%
- Comments:
  - Raw unprepped land
  - Purchaser is developing into industrial strata warehouses



# Improved Industrial Transactions

2018 Lower Mainland Improved Industrial Benchmark Sales



# Burnaby Improved Industrial

- 5371 Regent Street
- Sale Price: \$8,316,000 (\$204/SF)
  - Sale Date: July 2017
  - GLA: 40,669 sf
  - Year Built: 1969
  - Site coverage: 45%
- Economic CAP Rate: 4.25%
- 2017 ASR: 97%
- Comments
  - Undergone major renovation in 2014-2015



# Coquitlam Improved Industrial

- 63 Fawcett Road
- Sale Price: \$7,650,000 (\$199/SF)
  - Sale Date: January 2017
  - GLA: 38,375
  - Year Built: 1992
  - FSR: 33%
- Economic CAP Rate: 4.13%
- 2017 ASR: 81%
- Comments
  - Purchased with leasing contract



# Surrey Improved Industrial

- 5245 185A St
- Sale Price: \$4,220,000 (\$260/SF)
  - Sale Date: March 2017
  - GLA: 16,225 sf
  - Year Built: 2007
  - Site coverage: 28%
- Economic CAP Rate: 3.62%
- 2017 ASR: 72%
- Comments
  - Purchased for owner occupancy
  - Sold with surplus land



# Delta Improved Industrial

- 7237 Wilson Ave
- Sale Price: \$4,950,000 (\$254/SF)
  - Sale Date: April 2017
  - GLA: 19,493 sf
  - Year Built: 1995
  - Site coverage: 44%
- Economic CAP Rate: 3.09%
- 2017 ASR: 73%
- Comments
  - Purchased for owner occupancy
  - Price included 30k-50k of office equipment





# Metro Vancouver Region Industrial

## Industrial Trends

- Rents increasing
- Vacancy low
- CAP Rates dropping



# BC Assessment Lower Mainland Industrial Contacts:

REGION	CONTACT	Ext.
Greater Vancouver	Keith MacLean	09516
Fraser Valley (Surrey)	Brent Sear	14236
Fraser Valley (Abbotsford)	Rupi Rai	15223



**Thank you**  
**Discussion & Questions**



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# Hotel Property Sales 2018 Roll

Presenters: Jimmy Yip - Appraiser, BC Assessment

Phil Gertsman - Executive Vice President, Altus Group

October 26<sup>th</sup>, 2017

# Agenda

- Recent Hotel Transactions
- 2018 Assessment Value Trend Summary
- Discussion and Questions

# Recent Hotel Transactions

## Rosewood Hotel Georgia

801 W Georgia Street, Vancouver

- Downtown Vancouver
- 155 Rooms - Full Service Hotel
- Sale Date May 2017
- Sale Price \$145,000,000
- \$935,000 per room
- 2017 Roll value \$58,600,000
  
- Purchaser: Pacific Reach Properties
- Vendor: Delta Land Development Ltd.



# Recent Hotel Transactions

## Comfort Inn Downtown Vancouver

654 Nelson Street, Vancouver

- Downtown Vancouver
- 82 Rooms - Limited Service Hotel
- Sale Date April 2017
- Sale Price \$31,800,000
- \$464,000 per room
- 2017 Roll value \$14,761,000
  
- Purchaser: Pacific Reach Properties
- Vendor: 0746115 BC Ltd.



# Recent Hotel Transactions

## Ramanda Inn

19229 Langley Bypass, Surrey

- Langley City Center
- 85 Rooms - Limited Service Hotel
- Sale Date June 2017
- Sale Price \$14,900,000
- Economic Cap rate of the sale is 6.00%
- \$175,000 per room
- 2017 Roll value \$7,056,000
  
- Purchaser: Pleasant Ville Investment Ltd.
- Vendor: Johnrose Hospitality (Langley) Inc.





# Recent Hotel Transactions

## Best Western Bakerview Inn

1821 Sumas Way, Abbotsford

- Abbotsford City Center
- 61 Rooms - Limited Service Hotel
- Sale Date July 2017
- Sale Price \$6,290,000
- Economic Cap rate of the sale is 5.40%
- \$103,000 per room
- 2017 Roll value \$4,888,000
  
- Purchaser: 1124896 BC Ltd.
- Vendor: Trico Capital Corp.



# Recent Hotel Transactions

## Best Western Hotel

2402 Highway 97 N, Kelowna

- Kelowna City Center
  - 176 Rooms - Limited Service Hotel
  - Sale Date August 2017
  - Sale Price \$18,637,000
  - \$105,000 per room
  - 2017 Roll value \$16,843,000
- 
- Purchaser: Kelowna 97 Property Ltd.
  - Vendor: Salco Management Ltd.



# 2018 Roll Preliminary Value Direction

## Greater Vancouver Region

- **RevPAR**
  - 10-15% increase
- **Cap Rates**
  - 0.5% decrease
- **Assessed Values**
  - 20-30% increase



# 2018 Roll Preliminary Value Direction

## Fraser Valley Region

- **RevPAR**
  - No change
- **Cap Rates**
  - 0.5-0.75% decrease
- **Assessed Values**
  - 10-20% increase



# 2018 Roll Preliminary Value Direction

## Vancouver Island Region

- **RevPAR**
  - 5-10% increase



- **Cap Rates**
  - No change

- **Assessed Values**
  - 5-10% increase



# 2018 Roll Preliminary Value Direction

## Northern BC Region

- **RevPAR**
  - 15% decrease to 10% increase
- **Cap Rates**
  - 0-0.25% decrease
- **Assessed Values**
  - 10% decrease to 5% increase



# 2018 Roll Preliminary Value Direction

## Kootenay Columbia Region

- **RevPAR**
  - 0-5% increase



- **Cap Rates**
  - No change

- **Assessed Values**
  - 0-5% increase



# BC Assessment Hotel Property Contacts:

REGION	CONTACT	EXT.
Vancouver Island	Mats Pearson	01249
Greater Vancouver	David Deng	09573
Fraser Valley	Gina Li	14364
Thompson Okanagan	Boris Warkentin	19254
Kootenay Columbia	Dave Robertson	22240
Northern BC	Fran Berry	26247





# Thank you

## Discussion and Questions



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# Major Retail Properties Market Synopsis 2018 Roll

Presenters: Geoff Radtke - Deputy Assessor, BC Assessment  
Scott Bowden - Director, Property Tax, BC, Colliers International

October 26, 2017

# Agenda

- Recent Retail Transactions
- 2018 Assessment Preview Roll Summary
- Discussion and Questions

# Recent Retail Transactions

## Vancouver - Canadian Tire/Best Buy (2290 Cambie St)

- Sale Price: \$94,200,000 (\$635/SF)
- Sale Date: June 2017
- GLA: 148,215 square feet
- Lot Size: 80,272 square feet
- Estimated Cap: 3.25% - 3.50%



# Recent Retail Transactions

## Abbotsford – Seven Oaks Mall (32900 South Fraser Way)

- Sale Price: \$214,000,000 (\$377/SF)
- Sale Date: February 2017
- GLA: 568,317 square feet
- Lot Size: 1,522,100 square feet
- Estimated Cap: 4.75% – 5.00%



# Recent Retail Transactions

## Abbotsford – Sumas Way (1379 Sumas Way)

- Sale Price: \$35,000,000 (\$341/SF)
- Sale Date: February 2017
- GLA: 102,708 square feet
- Lot Size: 368,498 square feet
- Estimated Cap: 4.75% – 5.00%



# Recent Retail Transactions

## Victoria - Harris Green Village (911 Yates St)

- Sale Price: \$43,753,000 (\$473/SF)
- Sale Date: December 2016
- GLA: 92,500 square feet
- Lot Size: 101,973 square feet
- Estimated Cap: 4.25% - 4.50%



# Recent Retail Transactions

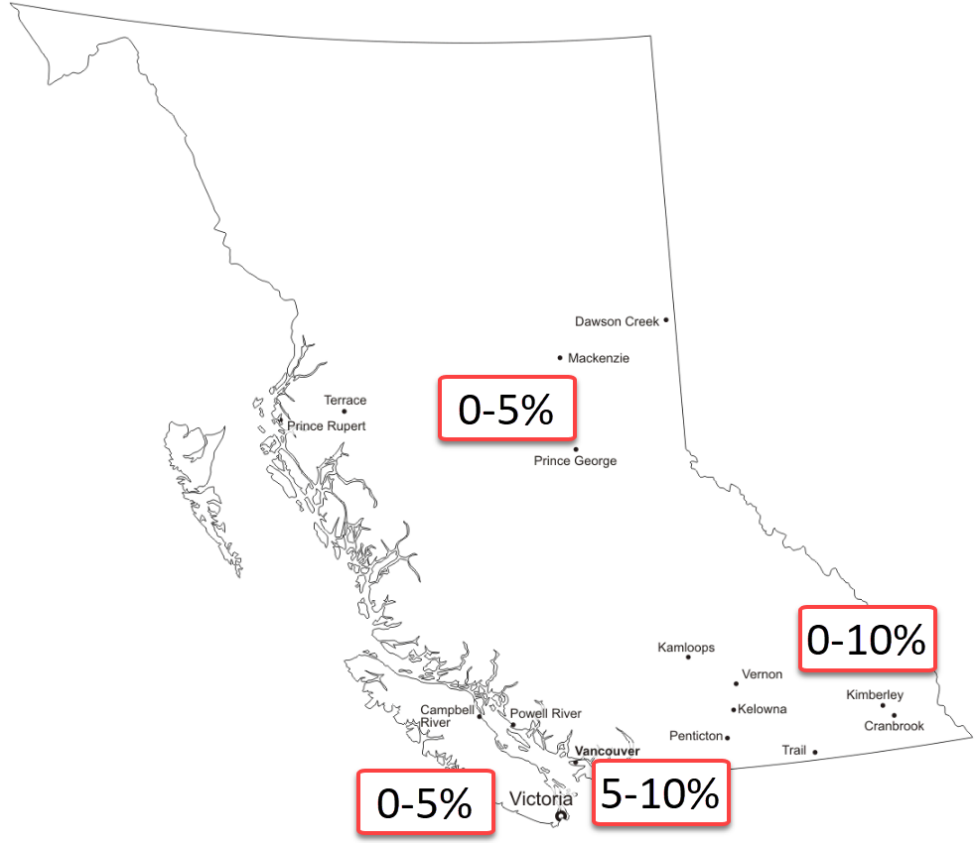
## Cranbrook - Tamarac Centre (1500 Cranbrook St N)

- Sale Price: \$41,500,000 (\$144/SF)
- Sale Date: April 2016
- GLA: 287,969 square feet
- Lot Size: 1,281,535 square feet
- Anchored by Canadian Tire
- Estimated Cap: 6.00% - 6.50%





# 2018 Roll Preliminary Value Direction Major Retail



# BC Assessment Major Retail Property Contacts:

REGION	CONTACT	EXT.
Vancouver Island	Kent Boag	01242
Greater Vancouver	Clayton Olson	10262
Fraser Valley	Darren Jerke Rav Punia	14324 15235
Thompson Okanagan	Boris Warkentin	19254
Kootenay Columbia	Dave Robertson	22240
Northern BC	Kerry Gobbi	26236



**Thank you**  
**Discussion & Questions**