

UPDATE: Multi-family sites push \$25 million an acre

At \$25 million per acre for residential assemblies, the resulting strata units could be priced well above current market values

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— A 0.25-acre development site in East Vancouver sold for \$6.6 million.

The value of residential development land in the Lower Mainland is increasing much faster than the price of the strata homes the land is being bought for, recent sales suggest.

The appetite for development sites has remained strong despite a pandemic that has stalled new strata projects, industry data shows.

During the first three months of this year, total land sales in the Lower Mainland increased 11.7 per cent from the same period a year earlier. The dollar value of land sales soared to \$853 million, a 15.8 per cent increase from \$737 million in the first quarter of last year, according to transactions registered with the Land Title and Survey Authority of British Columbia.

Many of the land sales are comprised of residential lots assembled for multi-family development, primarily condominiums and townhouses.

Yet, while land prices for potential condo projects are increasing by an average of nearly 16 per cent, the median price of a Metro Vancouver condominium has fallen 0.4 per cent in the past year to \$633,241, according to a Re/Max Canada price survey released July 9.

Benchmark townhouse prices fell 0.8 per cent in June compared to a month earlier, but were up 3.6 per cent from June of last year, according to the Real Estate Board of Greater Vancouver.

Many new strata developments have been stopped or stalled due to COVID-19 uncertainty, according to a June survey of condo and townhouse projects by MLA Canada.

"Many projects have either extended or pushed back previews and are not committing to grand openings until the fall.

Moreover, projects that were sales ready in February or March have re-strategized," MLA Advisory stated.

It can take years for a development site to mature into a new strata project, but it appears developers are willing to invest for the long term.

On April 30, the final piece of a North Vancouver residential land assembly on East 3rd Street closed at \$17.5 million for a 0.66-acre site that currently contains two detached houses and two duplexes.

This represents a price per-square foot land price of \$600, according to Klein Group of Companies, Vancouver, brokers on the deal. This translates into a land value of

of \$26.1 million per acre,

The property had been bought two years ago this month at \$350 per square foot.

The April sale is the last section of the 1.36-acre assembly that sold for a total of \$30.8 million.

A proposed project for the site, by Cascadia Green Development, has not yet been approved by City of North Vancouver council. Council will consider the developer's application to amend the city's official community plan and zoning bylaw to permit the construction of a mixed-use (commercial and residential) development at the site during a virtual town hall on Tuesday, July 14.

In late February, before COVID-19 was declared a global pandemic, a quarter-acre residential site in Vancouver's Mount Pleasant neighbourhood sold for \$6.6 million, or the equivalent of more than \$25 million per acre.

The 11,094-square-foot lot in the 4600 block of Main Street has the potential to be developed into a six-storey residential building covering about 35,000 square foot.

In this case, the land costs equate to roughly \$188 per buildable square foot, according to Stanley Chiu, of Gammon International Real Estate Corp. which brokered the sale.

Fraser Valley residential land prices are also rising, but remain far below Metro Vancouver.

In late February, an investor paid \$4.26 million for a 28,100-square-foot (0.64-acre) site on 53 Avenue, Langley, or a land value of \$150 per square foot. This represents a per-acre price of around \$15 million.

The site is zoned at FSR 1.7, with the potential for 51 residential strata units.

In July, a 6.3-acre site with the potential for high-density residential in central Surrey was listed by HQ Commercial of Vancouver. The asking price is \$99 million, or about \$15.2 million per acre.

