



from the office of
Eugen Klein



The first quarter of 2008 has come with no real surprises in vacancy rates and rental rates across all asset classes.

In retail, high pressure on space is placing vacancy rates at around 2% for Q1 2008 in Vancouver. National tenants continue to be placed on waiting lists. New construction continues to be predominantly pre-leased prior to completion. Triple net rental rates are expected to increase at 3%-5% for 2008, with many leases escalating over the term. It looks to be a Landlord's market until at least 2011.

In the office market, for the first time in over 25 years, the Downtown Vancouver vacancy rate is hitting near records lows at just under 2.0% this quarter. Over half the vacancy in the downtown is Class C office space. No significant office supply for downtown delivered before 2010.

In the industrial market, 2006 and 2007 saw approximately 5,000,000 square feet constructed in Metro Vancouver each year. Markets continue to be very active. 2008 Lowermainland trend for vacancy to remain within the 2% range with continued limited supply of land and steady growth in the industrial sector. ■



A New Way Home

A Closer Look At Life Changes

- Eugen Klein, B.Comm(UREC), CRES, ARM®, RI, FRI, CCIM

Change.

It is the one thing that is inevitable in life, yet it seems to be the thing we least often plan for. In fact, most of us would rather ignore change than uproot the habits we have become accustomed to. The matter of growth and change can often be most apparent in the people and places we enjoy being associated with. At one juncture, those ideal people and places may have been accessible from the front door of your home. You most likely chose the home in part for this reason. But over time, the places and people that you enjoy may change, and you may find yourself traveling and commuting to find the fresh elements or experiences that contribute to your evolving lifestyle. Perhaps you have grown from being a single professional to become a working parent, or in another circumstance, watched your children become parents in their own right, and leave your nest empty. These are the gradual changes that affect all of us and our lifestyle needs.

What is important - is that we all realize that we are

not chained to our existing neighborhood and its associated way of living that may no longer suit us.

We are all very lucky to live in an environment as diverse as Metro Vancouver (which once again took the #1 spot as the most livable city according to the Economist Intelligence Unit), and need to sit up and take notice of all the distinct environments and lifestyles it offers. Unlike some other more homogeneous cities, we have the luxury of moving only a small distance to reap the benefits of a community that can be so much more tailored to a specific demographic. In a short car ride, you can easily journey from a teeming

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A New Way Home

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city vibrating with the energy of new art, culture and opportunity, to picturesque natural suburbs, full of safe and clean communities waiting to foster the first memories of your family.

You can see that many Vancouverites are taking more than a car ride to other communities – they're picking up and moving entirely. As a matter of fact, aggregate residential housing sales are up over 7% from 2006 – the second highest growth ever recorded. This illustrates the fact that residents are waking up to their lifestyle options – and making the move to other neighborhoods.

To better illustrate this point, let us look at what areas might best suit the three demographics mentioned above:

Single Professionals, Young Families, and Retirees.

The average single professional in Vancouver between the ages of 25 and 40 has an annual income of roughly \$60,000. Given that they have no dependants and little in the way of expenses at this dynamic time of their lives, professionals may choose to live in one of the more central areas of Vancouver such as Gastown, the West End, Yaletown, or

Coal Harbour. According to Statistics Canada, 50% of these areas are made up of residents between 20 & 39 - and offer opportunities to network with others living their own fast paced dreams. And - not to mention, form the core of Vancouver's restaurant, lounge and social club scenes.

Essentially, living downtown shortens the climb up corporate ladder, and the crawl home from the bar.

Depending on the personality of the individual, each section of downtown has its own appeal. For instance, a young creative professional (designer, architect, marketer, etc.) may choose the dualistic area of Gastown; featuring some of the most stark contrasts between art, culture, and hyper-urban city living. Gastown also boasts attractiveness as a sound investment. In 2007, Apartments in Vancouver East and the Gastown region saw an unprecedented 72.6% sales increase.

Gastown's rustic building facades and juxtaposed modern architecture are driven by the Gastown Heritage Management Plan. This City of Vancouver initiative promotes retaining and improving heritage buildings rather than destroying

them. Incentives include grants for building envelope improvements, and property tax relief.

You can see the results of the plan all over the area, where in some cases buildings constructed as early as 1912 have received close to \$10 million upgrades – resulting in the availability of highly original and central living spaces.

As city residents find their spouses and decide to begin families, the fast-paced gleaming glass and concrete skyline of downtown Vancouver may become a bit intense for their new-stroller bound lifestyle. Furthermore, the average couple with a child only brings in roughly \$20,000 more per annum than a single professional. With a new child and associated expenses (see diapers, organic pablum, hip baby ensembles, and more diapers) couples will most likely want to pull out any profit from their current investment(s) in favour of a lower mortgage, and more space for baby's play dates.

Area's like Langley, Richmond, Burnaby, and Coquitlam are

"Sometimes all it takes is a push in the right direction."

quickly being infused with new life and energy as many young families choose to build their lives there. This movement from urban centers' to rural areas brings with it the economic power to motivate entrepreneurs to open more attractive shops and businesses that will add to the lifestyle choices of these newer, hipper parents.

Burnaby for instance still has relatively accessible pricing for an attached family home at an average benchmark price of \$443,745.00. Compare the average square feet here to what you would be able to

get downtown for the same dollars, and you'll quickly realize you will be in need of more furniture in the near future. Seeing that downtown sales rates are rising at a much higher rate that places like Burnaby, you'll be able to take your sale profit into another market that is not (yet!) as inflated. Burnaby is also home to two large fresh water lakes surrounded by lush public park-grounds and trails. Both Burnaby lake and Deer lake are often also host to summer festivals and various family activities such as the Burnaby Discovery Day Festival, Symphony in the Park, and the Burnaby Blues + Roots Festival.

Although many Baby Boomers seem to think they can work forever, most are beginning to realize that their schedules will finally give way to time they can use freely. They finally have the time and money to enjoy life and their hobbies – but the question is, what to do, and where to do it?

Now that taking care of a full house is no longer a priority, why not down size? Take some equity out of the larger home and utilize it to purchase a recreation property. Whistler's median attached condo price of \$560,000.00 may not be practical for everyone, but look again at its more affordable neighbors; Squamish and Pemberton. Both areas are nestled along the Sea to Sky corridor and offer year round outdoor activities from hiking and biking, to skiing and canoeing - or simply enjoying the inspiring country views.

Regardless what stage you might be at in your life; remember that a change in your home or neighborhood can be a catalyst for achieving the lifestyle you strive for. Sometimes all it takes is a push in the right direction.

Call the Eugen Klein real estate team today, and take the first step to achieving that "Can't get this grin off my face" lifestyle. ■

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