Prime real estate conquers fears of a credit crunch

There may be a credit crunch grinding through global real estate markets, but Vancouver's prime property deals appear largely immune, local experts say.

For the few top assets that do come up for sale, lineups of prospective buyers create resistance against any downward pressure that lenders could have on prices.

"It's the lesser properties being affected," said **Eric Poon**, a realtor with Vancouver-based **Macdonald Commercial**.

"You're not going to find any issues with anything in downtown Vancouver."

Brade Wise, v.p. Churchill International Properties: deep pockets still open.

Poon, who specializes in retail commercial buildings and development sites in the $1 million to $20 million range, just sold a retail and office building in Yaletown that generated no shortage of interest from prospective buyers.

"We had multiple offers on it, and there was competition among the [bidders]."

Poon only has one other property on the market – a high-quality development site in the Broadway corridor. He said he would not be surprised to witness multiple bidders like he did when selling the Yaletown property.

"There are a lot of people with a lot of money right now that needs to be placed," said Poon. "There's more money than property."

Avtar Bains, executive vice-president of **Colliers International** Vancouver, noted that best-of-breed assets – those with a prime location and quality leasing space, and that are viewed as ideal long-term investments – are in some cases positioned to fetch a higher value today than a year ago.

"In the province, the deals are still getting done, more so than other jurisdictions in Canada," said Bains, adding that what's changed is the types of investors that are able to chase after quality real estate

"The debt markets have changed," he said. "They're taking people out of the marketplace, because [some buyers] rely on leverage or debt," he said.

Indeed, the credit meltdown has shaken the confidence of many lenders.

Loan-to-value ratios in Vancouver have decreased from between 70 per cent and 75 per cent a year ago, to between 60 per cent and 65 per cent today, requiring buyers to put up more cash at the time of purchase.

"The buyer profile is different now because not everybody can borrow under the same parameters that they used to be able to borrow under," said **Brade Wise**, executive vice-president of **Churchill International Properties.**

This has created opportunity, said Wise, for those with access to large pools of cash such as established real estate companies, well-financed private buyers and such institutional investors as pension funds and real estate investment trusts. *– Curt Cherewayko/BIV*