

TRENDS TO WATCH

Eagerly anticipated new commercial inventory is still years away, but there is a lot going on in commercial real estate in Kelowna. These are some of the trends we are watching:

- Continued pressure on inventory will see prices slowly increase
- Rising assessments will translate to higher costs for tenants, threatening local businesses
- Revitalization and densification of existing underutilized space will continue especially in Kelowna's main Urban Centres
- Mixed-use, combined commercial and residential use, will dominate the local development scene maximizing potential value of property for developers
- Increased demand for food services (restaurants, coffee shops, craft breweries) and personal service retail as population concentrates in Urban Centres
- Need for health and personal care services will continue to grow, now starting to occupy prime retail space in strip centres
- Introduction of micro-commercial spaces, as businesses evaluate space requirements
- Combining of businesses into shared commercial units (Hyba into Reitmans)
- Growth of ordering on-line and in-store pick-up as a method of purchase fulfillment



Mounting Pressure Continues As commercial market waits for new inventory

2018 is in the books and it proved to be another busy year for the MCL Real Estate Group.

The Kelowna commercial real estate marketplace continues to evolve, driven by higher demand, higher competition and reduced available inventories. Add a high appetite for commercial property from the cannabis industry, Canada's new green sector, for both large industrial buildings and land, as well as prominent retail locations for the establishment of retail or dispensary locations, and you get a somewhat volatile marketplace.

We have seen several large companies in Kelowna vacate commercial spaces in 2018, including Sears, Greyhound, OK Builders & Home Outfitters creating large holes of available space in the local marketplace. Some of these large opportunities have been sold or have deals pending, although a few larger retail opportunities remain available at Orchard Park Mall and Central Park, as larger anchor tenants are not easily secured in this market.

The increased demand and limited inventories have caused the lease rates in Kelowna to start to climb. This is especially noticeable on the new mixed-use properties around town. New commercial space is slowly becoming available but at a price: The Shore - \$37/SF, ELLA - \$32/SF, 1810 Gordon Dr - \$30/SF, 1189 Ethel St - \$30/SF, Cambridge House - \$29/SF, Brooklyn - \$28/SF, The District - \$26/SF.

Cannabis dispensaries are also adding upward pressure on retail space as many prominent locations were leased at a premium prior to licensing. The City of Kelowna had applications for 41 dispensary locations and are currently nearing the approval of seven of them for opening this summer.

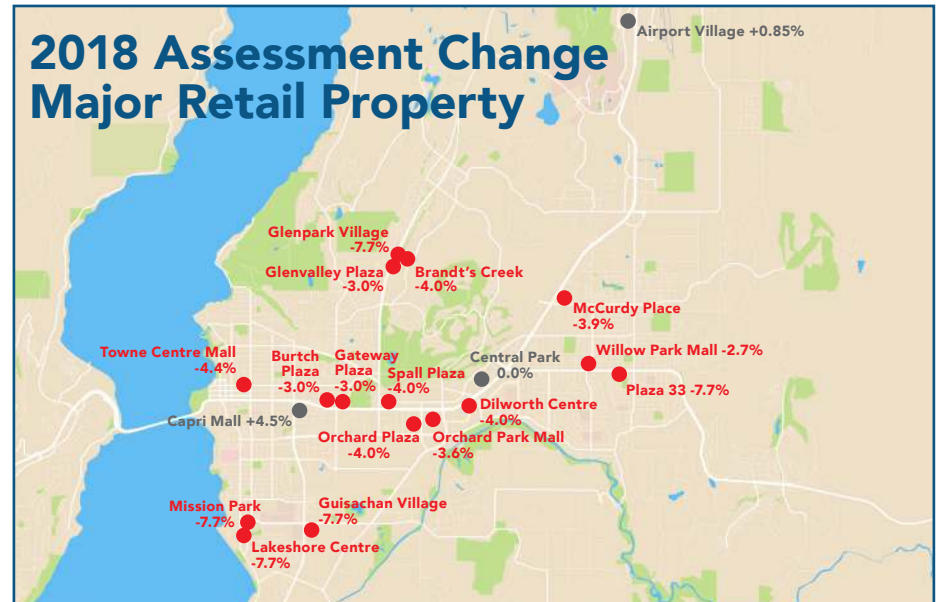
KEY FACTS

Top 20 Highest Assessed Commercial Properties in Kelowna

1) Orchard Park Mall	\$296,202,000	Down 3.6%
2) Delta Grand	\$79,761,000	Up 6.0%
3) Orchard Plaza	\$70,653,000	Down 4.0%
4) Spall Plaza	\$54,201,000	Down 4.0%
5) Baron Centre	\$53,337,000	Unchanged
6) Capri Centre Mall	\$51,121,000	Up 4.5%
7) Landmark 6	\$48,025,000	Up 9.5%
8) IHA Building	\$46,911,000	Up 2.1%
9) Central Park East - Walmart	\$45,567,000	Unchanged
10) Dilworth Centre	\$44,871,000	Down 4.0%
11) Landmark 3 & 4 (same property)	\$39,824,000	Up 2.1%
12) Landmark 1 & 2 (same property)	\$39,363,000	Up 2.1%
13) Mission Park Shopping Centre	\$36,739,000	Down 7.7%
14) Costco	\$32,626,000	Unchanged
15) Springfield Centre	\$29,563,000	Up 11%
16) Central Park West - Home Depot	\$27,855,000	Unchanged
17) Rona	\$26,065,000	Unchanged
18) McCurdy Place	\$25,475,300	Down 3.9%
19) Landmark 5	\$25,421,000	Up 2.1%
20) Capri Hotel	\$23,202,000	Up 8.8%

Source: BC Assessment

Commercial Assessments Are Up or Are They?



Source: BC Assessment

Retail dominates Commercial Assessments in Kelowna

Retail properties continue to dominate the top 20 list of highest assessed commercial properties in Kelowna, based on information from BC Assessment. Orchard Park Mall, the largest commercial building at 712,894 SF is also Kelowna's highest assessed commercial property at \$296,202,000. Retail properties occupy 13 spots on the top 20 list, while only accounting for 31% of all commercial space in Kelowna.

Large Retail Assessments are Down in Kelowna

2018 assessments for a majority of larger multi tenanted retail properties in Kelowna are down by between 4% - 7%. These reductions in assessed values seem to buck the trend as most other commercial properties and residential properties have experienced increases in their assessed values.

Shuffling of Assessed Values

Another trend that became apparent is the shuffling of assessed values. There were at least 5 high profile retail properties whose assessed building value went down by the same amount that the assessed land value went up, as a result the overall assessed value of the properties did not change from last year. Those properties included Costco, Walmart, Home Depot, Canadian Tire and Rona.

High Profile Office Properties

There were two high profile office properties that made it into the top 10 list of highest assessed commercial properties in Kelowna. Landmark 6 was seventh on the list at \$48,025,000 for its 195,640 SF of office space and the new Interior Health Building at \$46,911,000 for its 141,250 SF.

Pressure Continues on Vacancy Rate

The Landmark Buildings combined for an overall assessed value of \$152,633,000 for all of the reported 641,416 SF. It was announced earlier in 2018 that Al Stober Construction has plans for Landmark 7, a new 23-storey office tower that would add an additional 224,000 SF of retail and office space.

High Pressures on Industrial Properties

The assessed value of industrial properties has increased significantly in Kelowna. With higher demand from the cannabis industry and low levels of inventory have led to increases ranging between 10 – 15%. The highest assessed value for an industrial property this year was the UHaul Centre at 2076 Enterprise Way at \$23,015,000 for its 272,146 SF, a 16% increase over last year's assessment. The completion of a new building adding 46,280 sf to the property at 2120-2130 Leckie Place bumped the property into second place for industrial properties at \$19,781,000 for its now 133,938 SF.

2018 Commercial Activity in Kelowna

According to information obtained from the Okanagan Mainline Real Estate Board (OMREB), there were 35 sales of commercial properties in Kelowna last year, 23 industrial properties, 7 retail properties and 5 office properties. There were also 16 businesses that sold in 2018.

On the leasing side in Kelowna, OMREB recorded 100 leasing transactions in 2018, 39 office leases, 30 retail leases, 23 industrial leases and 8 service commercial leases.

New Developments in Commercial Real Estate

New commercial developments are poised to have a large impact on Kelowna's commercial real estate market over the next few years.

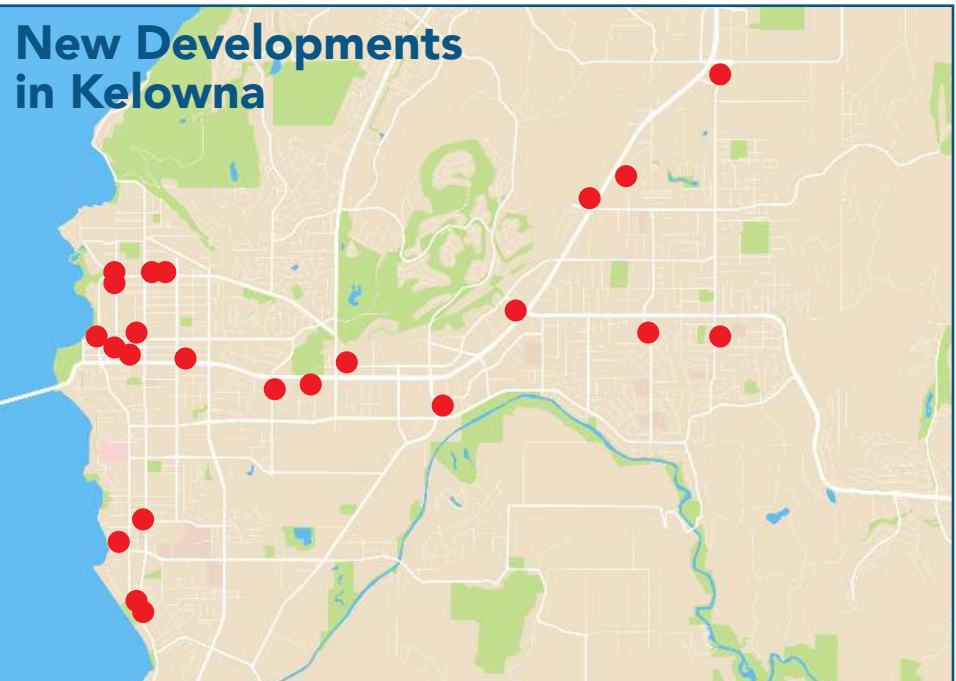
It is estimated that over 2,000,000 SF of new commercial space is either under-construction or has been proposed to be built in Kelowna over the next several years. That will add about 10% to the total commercial space available in Kelowna.

Office – Kelowna's office inventory is set to grow by about 470,000 SF (based on developments under construction and those proposed). That would represent a 7.5% increase to the existing inventory. Landmark 7 will add 224,000 SF or 48% of the increase.

Retail – The retail inventory is estimated to grow by 363,037 SF or

an additional 5.8% over the next several years. Main floor levels of large mixed-use buildings will add significantly as will the 50,295 SF commercial node at 150 Old Vernon Road in the Reid's Corner area of Kelowna.

Industrial – It is estimated that the industrial marketplace will add almost 1,252,396 SF to the City's industrial inventory. There are several larger industrial complexes being proposed in the North End of Downtown including a large self-storage complex (EcoLock Kelowna), at the corner of Ellis St and Bay Ave, of over 110,000 SF and almost 48,000 SF at the proposed Clement Business Park. There is also over 110,000 SF proposed for the old Enterprise Steel site at the corner of Dilworth Dr and Enterprise Way.



Source: City of Kelowna

Industrial Market Outlook



Tight Industrial Market Continues - Vacancy Rates Settling Near 1.5%

The industrial market in Kelowna remains hot, pressured by increased demand, low vacancy rates and limited supply. Both small bay industrial units and larger warehouse/manufacturing/distribution centres are in high demand.

The industrial vacancy rate continues to drop as Kelowna struggles to keep pace with demand for industrial properties. The industrial

vacancy rate is now near 1.5% with little change expected in the upcoming year.

Trends we are seeing in the industrial market place include:

Development Creeps Northward

With limited amounts of industrial land available in the city, new industrial developments are being concentrated in the North Kelowna Industrial area near Beaver Lake Road and Jim Bailey Rd, in the northern-most part of Kelowna at the border with Lake Country.

Industrial Densification and Infill

The North End of downtown is seeing a resurgence of redevelopment, adding density and infill to the area. As there is little land available in this area, landlords are looking at options to redevelop older assets to meet the changing demands.

Active Listing Prices for Industrial Land

North Kelowna Industrial Area

\$850,000/acre or \$20/SF

Airport Business Park

\$1,500,000/acre or \$35/SF

McCurdy Industrial Area

\$1,600,000/acre or \$37/SF

Strong Pre-Leasing and Pre-Sales

Throughout Kelowna, industrial properties are experiencing robust pre-lease and pre-sale activity, often seeing as much as 85% of the new inventory being occupied upon completion.

Cost of Build-To-Suit Increasing

As the market for leasable industrial units tightens, companies are building or looking to build-to-suit

2018 Kelowna Industrial Property Statistics

Total Industrial Sales \$19M	Total Industrial Land Sales \$14.8M	Total Industrial Space Leased 88,518/SF
Median Industrial Strata Price \$210/SF	Median Industrial Land Price \$771,144/Acre	Industrial Lease Rate Range \$10 - \$15/SF
Total New Industrial Listings For Sale 19	Total New Industrial Listings - Land 14	Total New Industrial Listings - Lease 30
Average DOM - Industrial Strata Units 100 Days	Average DOM - Industrial Land 187 Days	Average DOM - Industrial Leases 151 Days

Based on information derived from data obtained from the Okanagan Mainline Real Estate Board

lease deals as options to finding suitable space. Build-to-suit lease rates are approaching \$15/SF for a base building. Landlords are now often requiring tenants to compete improvements at their own cost.

Strata Units on the Increase

With the higher demand for industrial units, there is an increase in the number of small bay industrial units being sold as strata units. Strata units in the north end are asking in the range of \$215/SF and closer to town we are seeing prices starting to creep closer to the \$300/SF mark.

Cannabis Adds More Pressure

The emerging cannabis sector has shown a voracious appetite for industrial space, for larger format growing operations, processing facilities (concentration), and research & development space. City of Kelowna only allows the growing and processing of cannabis in industrial zones.

Economic Migration to Kelowna & the Okanagan

Space is becoming so tight and rents so high in Vancouver (to levels making Vancouver's market the priciest in the country), Kelowna and the Okanagan have become viable options in an economic migration out of Vancouver.

Changing Building Requirements

Industrial building requirements are set to change as more fulfillment, manufacturing and warehousing make use of automated systems. As businesses continue to make greater use of automation and machine robotics, buildings will need higher ceiling clearances and increased electrical systems.

Industrial Development - Under Construction & Proposed

Address	SF	Use	Status
437 Bay Ave - EcoLock	110,545	Self Storage	Proposed
907 Ethel St	8,351	Mixed - 3 Bays	Proposed
889 Vaughan - Clement Business Park	47,983	Small Bay - 22 Bays	Proposed
1655 Dilworth - Interurban Enterprise	65,780	Business Park - 23 Bays	In Progress
1625 Dilworth - Kelowna Ford	45,972	Car Dealership	In Progress
2120 Leckie Pl	46,280	Small Bay - 16 Bays	Complete
205 Lougheed Rd - Mission Group	27,244	Small Bay - 16 Bays	Proposed
252 -278 Old Vernon Road - Callahan	29,630	Large Bay	Proposed
2800 Hwy 97 - August Motors	24,477	Car Dealership	Proposed
820 Finns Road - Audi	30,230	Car Dealership	Proposed
839 Finns Rd - Kelowna JLR - Volvo	28,360	Car Dealership	Complete
730 McCurdy RD	11,500	Small Bay - 2 Bays	Complete
1990 Lansdowne Place	6,452	Small Bay - 4 Bays	Complete
2350 Norris Rd S - Ply Gem	31,800	Build-to-Suit	In Progress
1965 Pier Mac Way	22,209	Warehouse - 3 Bays	Complete
1545 Innovation Drive	30,000	Small Bay	Proposed
3485 Velocity Ave - Laing Roofing	12,485	Small Bay - 4 Bays	In Progress
1945 Pier Mac Way - Airport Link	23,572	Small Bay - 10 Bays	Proposed
1985 & 2025 Pier Mac Way	32,536	Small Bay - 8 Bays	Proposed
2050 Pier Mac Way - The Vaults	19,000	Storage Centre	Proposed
2175-2185 Optic Crt	41,463	Small Bay - 17 Bays	Proposed
6220 LaPointe Dr	16,750	Airport Building - 2 Bays	Proposed
3042 - 3050 Sexsmith	28,380	Small Bay - 20 Bays	In Progress
150 Potterton Rd - Rayburne Marine	79,200	Build-to-Suit	Complete
9670 & 9640 McCarthy Rd - Flowr	315,363	Cannabis Facilities	In Progress
9570 - 9580 McCarthy Rd - Flowr	56,834	Cannabis Facilities	In Progress
8975 Jim Bailey Cr - GTEC	60,000	Cannabis Facilities	In Progress

Total New Industrial 1,252,396

Featured Commercial Listing



FOR SALE: Capital News Building 2363 - 2495 Enterprise Way

1.147 acre, stand-alone commercial property with over 20,000 SF of gross building area. Building features a main footprint of 16,123 SF made up of 8,823 SF of offices and 7,300 SF of warehouse space. Second floor office space comprises 4,544 SF. Flexible C4 zoning allows flexibility of use.

List Price: \$5,495,000 + GST

Retail Market Outlook



Retail in Kelowna is changing, and local businesses are starting to feel the pinch. Property assessments are up, taxes are up and growing competition from both on-line and new competitive businesses entering the Kelowna market are adding pressures to the viability of some existing retailers.

Trends we are seeing in the retail market place include:

New Development Pulling Lease Rates Higher

Costs of retail space in the numerous, new mixed-use developments are starting to pull retail lease rates higher. Not just in the downtown but all over Kelowna, new space is being listed and

preleased at some of the highest rates we have seen in Kelowna. The Shores, with rates pushing \$37/SF is leading the way, with Ella, 1810 Gordon Dr, 1189 Ethel St, Cambridge House and Brooklyn all climbing close to the \$30/SF level. This is causing a ripple effect as lease rates start to climb throughout the city.

Downtown in Transition

The Downtown is starting to grow into a core residential area in Kelowna. New mixed-use developments have broken ground and are expected to add close to 4,000 new residents to the downtown core. These developments will bring a further 160,000 SF of commercial space to the downtown, adding employment opportunities on top of the jobs the recently completed IHA Building and Okanagan Centre for Innovation added in the downtown core. However, the process is slow as some of the towers will reach up to 36 floors and will take several years to complete.

Retailers Looking for Value

As the costs of operating a retail outlet continue to rise, retailers are now looking to secondary retail areas for value. These areas are considered to offer cheaper lease rates, more space for the money and are closer to residential populations. This is reflected in the popularity of newer boutique shopping centres such as Airport Village, Hillside Plaza, The Shore and SoHo Kelowna.

2018 Kelowna Retail Property Statistics		
Total Retail Sales \$8.8M	Total Retail Land Sales \$400K	Total Retail Space Leased 58,902/SF
Median Retail Strata Price \$210/SF	Median Retail Land Price \$1,319,865/Acre	Retail Lease Rate Range \$10 - \$37/SF
Total New Retail Listings For Sale 29	Total New Retail Listings - Land 1	Total New Retail Listings - Lease 74
Average DOM - Retail Strata Units 101 Days	Average DOM - Retail Land 145 Days	Average DOM - Retail Leases 245 Days

Based on information derived from data obtained from the Okanagan Mainline Real Estate Board

Some Big Spaces to Fill

We have seen some large retailers close their doors around town and as a result there are some large spaces to fill. Larger spaces include:

- **Home Outfitters** - 20,000 SF (closing) in Central Park
- **PayLess ShoeSource** - 3,000 SF (closed) in Central Park
- **Mark's** - 14,790 SF (for sublease) Central Park Power Centre
- **Sears Home** - 84,000 SF (closed) in Orchard Park Mall

Sears - A Plan is in Motion

There seems to be a new plan that has been proposed for the vacated Sears space at Orchard Park Mall. Development documents submitted for consideration indicate that Mark's could potentially be relocating from its existing location at the Kelowna Central Park Power Centre on Banks Rd. Mark's would occupy approximately 24,667 SF of the new configuration. Documents indicate that about 38,880 SF of the existing space will be demolished making way for more parking and a new entrance to the mall. The remaining space in the new configuration will be demised for two smaller stores.

Polarization of Retail

In the past several years, Kelowna and the Okanagan have experienced polarization in the retail marketplace. There has been a proliferation of "dollar" stores (Dollarama, Dollar Tree, Your Dollar Store, Great Canadian Dollar) and the opening of some higher end boutique retail stores. With new retail space becoming available in the downtown core we could see more higher-end retail come to Kelowna.

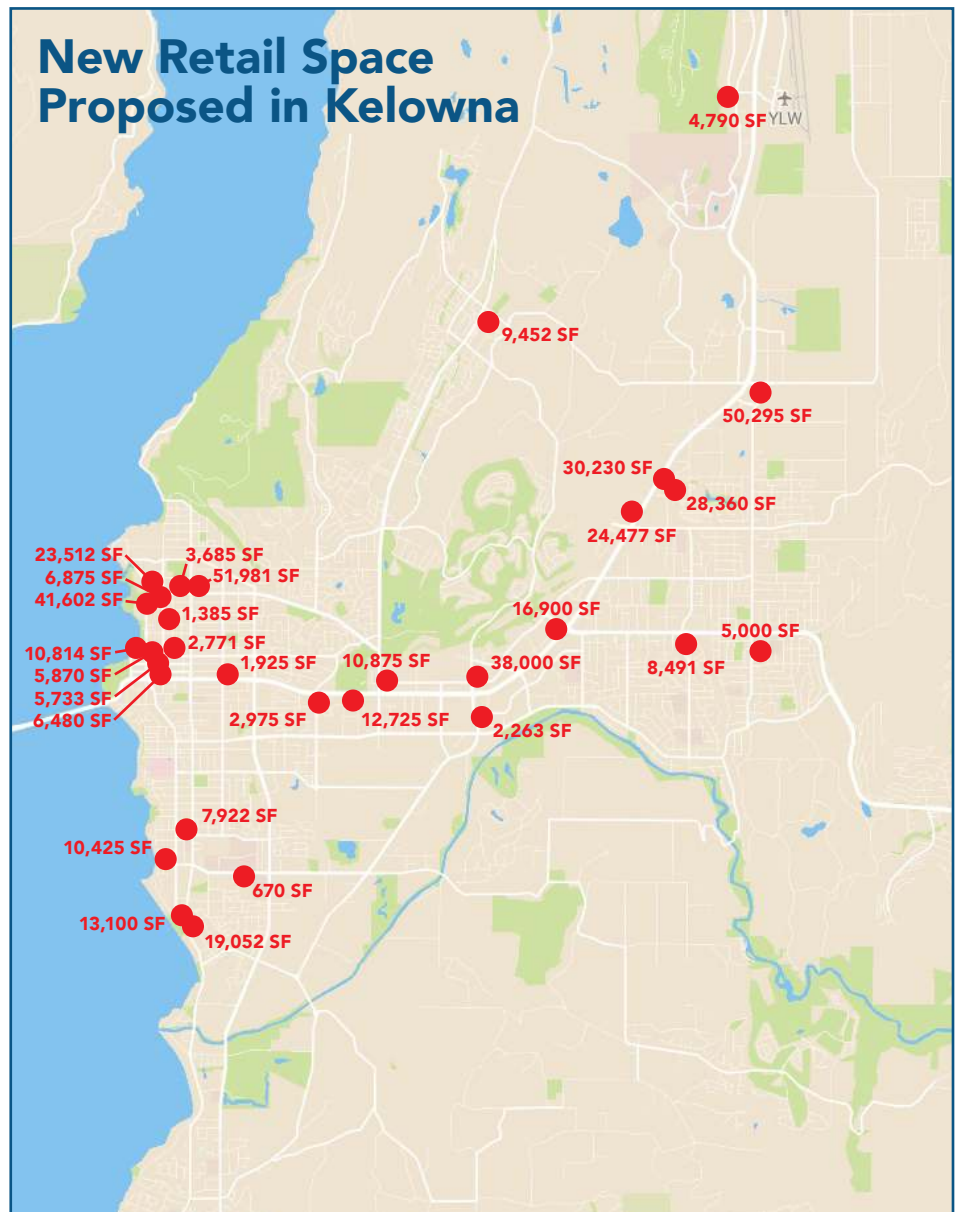
Kelowna Loves Coffee

Kelowna's thirst for coffee did not slow down in the past year. Starbucks is set to open at Spall Plaza, their 16th location in Kelowna. Tim Hortons is planning a new drive-thru near Canadian Tire which will also be their 16th location in Kelowna. There are also a growing number of local coffee roasters including Kootenay Coffee, Canoe Coffee, Cherry Hill Coffee & Pioneer Gourmet Coffee.

Mixed-Use Hotel Properties

Kelowna has a number of new hotel properties in various stages of development and a majority of them are now including retail space.

- **Holiday Inn Express:** Powick Rd 120 rooms - 16,900 SF Retail Space
- **Hyatt Hotel:** Spall & Enterprise 161 Rooms - 10,875 SF Retail Space
- **Westcorp Hotel:** Downtown (planned) 174 Rooms - 10,814 SF Retail Space



Source: City of Kelowna

Office Market Outlook



Leasing of current office inventory in Kelowna continues to be strong, resulting in downwards pressure on the office vacancy rate. The vacancy rate now sits at just under 5%. Tech continues to lead the rush for office space, as “booming” is often used to describe the local tech sector.

Trends we are seeing in the office market place include:

High Demand for Class A Space

Class A office space is in high demand and continues to be in short supply in Kelowna. The newest office buildings in the downtown area, the IHA Building and the Okanagan Centre for Innovation are now fully occupied. The same is found at the

Shores in South Padosy, where its almost 20,000 SF of office space has been fully pre-leased.

New Office Space on Bernard

It was recently announced by the Mission Group that the redevelopment of the Bernard Block will include a 13-storey office building. This will be the first office development on Bernard in a long

time. The building will add 80,000 SF of Class A office space above 18,000 SF of street level retail space. It is anticipated that the Bernard Block will help anchor upper Bernard and help to reignite commercial activity in this area.

Landmark Centre is Fully Leased

Landmark Centre continues to be the gold standard for desirable business location. Over the past year Landmark Centre has experienced strong absorption, with over 20 new businesses moving into the area and 15 business expanding to take additional space. The buildings at Landmark Centre are now almost 100% leased.

Landmark 7 will Add Capacity

As a result of the Landmark Centre nearing 100% lease-up, the highly anticipated Landmark 7 has been announced. Landmark 7 will be a new 24-storey, 224,000 SF office building feature retail and restaurants at street level and a 11,000 SF events centre on the 5th floor. Construction is to begin in the coming months and completion has been estimated at spring 2022.

2018 Kelowna Office Property Statistics

Total Office Sales \$4.0M	Total Office Building Sales \$2.15M	Total Office Space Leased 104,730/SF
Average Office Strata Price \$324/SF	Stand-Alone Office Building Price \$472/SF	Office Lease Rate Range \$9 - \$26.50/SF
Total New Office Strata Listings 21	Total New Office Building Listings 6	Total New Office Listings - Lease 76
Median DOM - Office Strata Units 55 Days	Median DOM - Office Building 70 Days	Median DOM - Office Leases 147 Days

Based on information derived from data obtained from the Okanagan Mainline Real Estate Board

Downward Pressure Continues on Vacancy Rate in the Short Term

Kelowna's office inventory is set to grow by about 470,000 SF or an increase of 12% over existing inventories, based on developments that are under construction and those that are proposed. The majority of that space, 65% of the new inventory, will come from Landmark 7 and the office building in the Bernard Block which are several years away from completion. Until they are completed there will be continued downward pressure on vacancy rates especially with Class A office space.

Upward Pressure on Lease Rates

As the office vacancy rate continues to decrease, and the competition increases for office space, especially Class A which is in limited supply, we will see lease rates start to rise. The median lease rate for office space in Kelowna last year was \$16.75/SF and 76% of the office space reported by OMREB was leased at a rate above \$14/SF. We expect to see the average lease rates for office space continue to creep higher.

New Supply Will Come with a Price

We are currently seeing lease rates in the mid \$20s/SF for Class A office space that is now coming to market. The newer space, which will not be available for a few years, is anticipated to push lease rates closer to the high \$20s or low \$30s/SF. The ability to attract new office tenants from the Lower Mainland and outside the Okanagan area will be key in filling the new space in projects like Landmark 7 and the Bernard Block at these new highs. The good news is that there will also be some migration from within Kelowna to these new office spaces, leaving good spaces in good buildings for others to upgrade into.



What Entices Tech Firms to Lease Space

If you want to entice tech companies to lease office space in your building then you need to create features, terms, & office space amenities that matter most. Here are a few things that tech companies want when leasing office space.

Scalable Office Space

When tech companies succeed, they grow quickly which means hiring a lot of people in a short amount of time. They look for office space that can accommodate their current and future needs. Many of them ideally want shorter lease terms (3 years or less), however If a landlord requires a longer lease then it's important that there be an option to grow in the building in the future or the ability to break the lease in the event there is no additional space to grow into.

Flexible Office Layout

Tech companies typically like open office layouts with a few private offices and/or conference rooms. Sometimes they like to build smaller rooms so the employees can make private phone calls. Break rooms, coffee/drink bars, and recreational areas are also nice to have for the

employees to enjoy and get to know one another on a personal level.

Nearby Amenities

Close proximity or walking distance to restaurants is nice to have. Fitness centers, on-site cafes, and dry cleaning services are also preferred so employees don't always have to go off site to get what they need.

Speed

Tech companies need speed! They want fiber & gigabyte speeds. Transferring data takes up a lot of bandwidth and the more they grow their bandwidth needs grow.

Location

Tech companies attract a lot of young employees who like to live, work, and play in trendy areas. Office buildings in close proximity to downtown areas and/or hike and bike areas, restaurants, bars are ideal. Many employees these days don't like long commutes and would rather bike to work so being located close to the office is ideal. This allows employees to take much needed breaks and get back to the office quickly.

Kelowna Tops \$1.1 Billion in Single Family Home Sales in 2018

2018 was another busy year for residential real estate in Kelowna with \$1,124,624,425 in total sales of 1,404 single family homes. As high as those numbers seem, they actually represent a decrease from the 2017 values of \$1,297,348,387 in total sales (13% reduction) of 1,753 single family homes (20% reduction).

Turning to a Buyer's Market

As the market slows, due to various changes in government policy at both the federal and provincial level, higher interest rates, stricter "stress test" rules, and introduction of a Foreign Buyer's Tax & Provincial Speculation Tax, we are finding the market shifting from a seller's market to a buyer's market. The average days on market in 2018 was 60 days, compared to 50 days in 2017 or an increase of 20%. With a large number of properties continuing to

be listed and staying on the market longer, buyers can typically take more time and consider all options before making a decision to buy.

Median & Average Sale Price Up

Although the total number of sales are down, the median sale price has increased 6% for Kelowna single family homes from \$645,283 in 2017 to \$684,346 in 2018. The average single-family home price per square foot has also risen to \$309/SF in 2018, up 6% from \$291/SF in 2017.

Caution and Nervousness in the Market, It's a Confusing Time

As the overall residential market in Kelowna starts to slow, both buyers and sellers seem confused about what to do. Buyers don't know if they should wait it out to see if prices continue to drop and sellers are not sure they want to drop their prices or wait it out and see what happens in the spring. But the market conditions in Kelowna do not seem to adjust as severely as in other parts of the country.

KELOWNA SINGLE FAMILY HOME SALES BY THE NUMBERS

	2018	2017	% CHANGE
Total Number of Sales	1,404	1,753	Down 20%
Total Sales Volume	\$1,124,624,425	\$1,297,348,387	Down 13%
Average Sale Price	\$801,015	\$740,073	Up 8%
Average Days On Market	60	50	Up 20%
Median Sale Price	\$684,346	\$645,283	Up 6%
Average Price Per Square Foot	\$312.60	\$291.14	Up 7.5%
Homes Sold Over \$1M	189	236	Down 20%
Homes Sold \$500K - \$1M	1,043	1,187	Down 12%
Homes Sold Under \$500K	172	330	Down 42%
Total New Listings	3,117	3,086	Up 1%
Homes Listed Over \$1M	775	667	Up 16%
Homes Listed \$500K - \$1M	2,051	2,013	Up 2%
Homes Listed Under \$500K	291	406	Down 28%

Information is derived from data obtained from the Okanagan Mainline Real Estate Board

Benefits from In-Migration

People want to live in Kelowna and in-migration into Kelowna and the Okanagan continues to play a large role in the area's growth. Sources of in-migration to Kelowna include those looking for alternatives to high priced living space in Vancouver & the Lower Mainland, Alberta and across the country, those who have chosen Kelowna as a retirement destination and a growing number of a younger demographic moving to Kelowna for employment, especially in the tech sector.

New Buyers Still Entering the Kelowna Marketplace

Through in-migration Kelowna will continue to have a number of buyers who are ready to make a purchase, and that will still shop for homes. The biggest wave of which will be millennials, who are mostly first-time home buyers. As a result it is expected to see a growing demand for mid to lower priced homes over the next several years.

Mortgage Helpers in Demand

As the prices of single-family homes continue to rise, year over year, a commonality of demand is the desire for a rental suite. Whether first-time buyers or those moving up in the marketplace, a rental suite gives an opportunity to make the financial realities of a purchase more obtainable. Given the current shortage of rental accommodation in Kelowna, makes these homes with rental suites highly desirable.

Kelowna Limiting Single-Family House Construction

Kelowna's City Council is moving to limit the amount of new single family homes, especially in or near the five urban centres. Council favours 75% of new housing to be in multi-family buildings in those areas. As a result some areas long designated for future residential development under the OCP will be re-evaluated. It's to be seen if limiting new single-family home construction will push housing prices up in the long run.

Looking to 2020

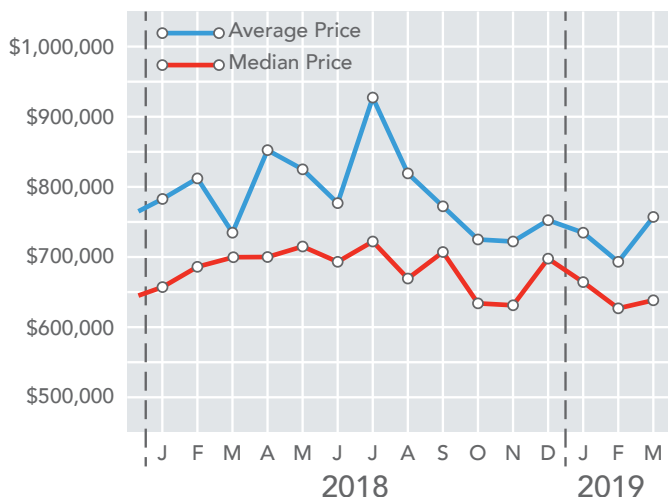
We anticipate a moderation of price in the coming years, although not to the same extremes as other markets in the country. As prices settle we do not anticipate a sudden upswing in activity or prices in the near future. The Okanagan Lifestyle and attractive home values (in comparison to the Lower Mainland) work together to promote in-migration into the area. There will always be a demand for the right house, in the right location, for the right price.

Continued Demand

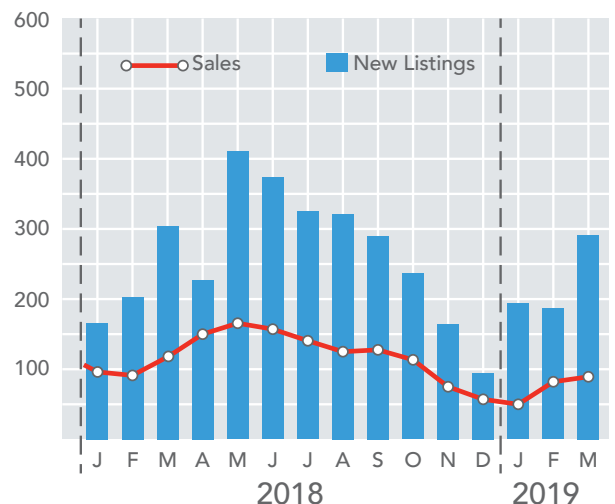
There will be a continued demand for single-family homes in Kelowna. We continue to see increasing numbers of young families & millennials looking to purchase their first home, people relocating to Kelowna from the Lower Mainland & Alberta, and those interested in investing in the Kelowna marketplace.

Kelowna Single Family - Statistics

Kelowna Single-Family Home Prices



Kelowna Listings and Sales



Information is derived from data obtained from the Okanagan Mainline Real Estate Board

MCL Real Estate Group

The McLaughlin name has been synonymous with commercial real estate in Kelowna and the Okanagan Valley for decades. The **MCL Real Estate Group** is a dedicated and trustworthy team built on our awareness of current market conditions and opportunities. Our highly skilled brokerage team has successfully completed hundreds of new leases & lease renewals and we have sold over \$300,000,000 in commercial property. We utilize our passion, experience, creativity and insight to maximize the goals of our clients throughout the Okanagan.

The specialists at the **MCL Real Estate Group** understand that every client, property and real estate transaction is unique, and we tailor our services to meet your business or your personal goals and objectives. When you choose the **MCL Real Estate Group** you get a real estate team, dedicated to providing exceptional customer service throughout your real estate transaction. The **MCL Real Estate Group** is a full service real estate team, operating as part of the RE/MAX network and RE/MAX Kelowna. We provide commercial and residential real estate services including acquisition, disposition, landlord advisory, tenant advisory, property marketing and valuation services in Kelowna and throughout the Okanagan.

We Are Here To Help Real Estate Services You Can Trust

Commercial Services

- **Buyer Representation**
 - Owner-Occupier Services
 - Commercial Investment Services
- **Seller Representation**
 - Maximizing Value
 - Listing It Right and Pricing It Right
- **Landlord Representation & Leasing Services**
- **Tenant Representation**
- **Commercial Property Valuation**
 - Canadian Certified Investment Member (CCIM)
 - Comparative Market Analysis
 - Opinions of Value
- **Commercial Property Marketing**

Residential Services

- **Home Buyer Services**
 - First-Time Buyer Services
 - Seniors Real Estate Services
 - Certified Luxury Home Marketing Services
 - Relocation Services
 - Residential Investment Services
- **Home Seller Services**
 - Maximizing Value
 - Listing It Right and Pricing It Right
- **Developers Services**
- **Residential Property Valuation**
 - Comparative Market Analysis
 - Opinions of Value
- **Residential Property Marketing**

Call Now and Talk to Our Real Estate Specialists... 250 870 2165

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