



THE MERRICK SPITTERS RESET REPORT

THE REAL ESTATE WEALTH ILLUSION

A Capital-Redeployment
Analysis for a Rental
Condominium Investor

ILLUSTRATIVE CASE STUDY



BEYOND OWNERSHIP.
TOWARD OWNERSHIP OF REAL ESTATE.

From Concentration Risk
to Diversified Ownership
and Long-Term Wealth.

The Real Estate Wealth Illusion

A Capital-Redeployment Analysis Using a Confidential Burnaby Rental Condominium Case |
Pre-Tax Illustrative White Paper

RESEARCH WHITE PAPER | AUGUST 2026

By Peter J. Merrick, TEP® and Adrian C. Spitters, CFP®, FCSI®, CEA

The Merrick Spitters Reset Report™

Executive Summary

This paper tests a capital-allocation decision, not a Burnaby-to-Burnaby property comparison. The investor owns one leveraged Burnaby rental condominium in a weakening resale market. The decision is whether to keep accepting the property's operating losses and concentrated price exposure or sell now and reposition the net proceeds into an illustrative, professionally managed private real estate portfolio. All core capital-path comparisons in this paper are presented before investor-specific income tax and capital-gains tax.

The redeployment path is not limited to multifamily apartments. It uses eight equal allocations across residential rental, self-storage, industrial, mixed-use, development and real-estate debt or equity strategies. Each vehicle receives 12.5% of the \$560,000 net sale proceeds, or \$70,000. This design follows a diversification philosophy within private real estate rather than concentrating the entire amount in one property, one manager or one narrow real estate category.

Bill Coughlin's June 2026 data show that Burnaby's higher-priced condo segment declined 6.8% over twelve months and 11.7% from the February 2022 peak. His lower-priced segment declined 12.3% over twelve months and 18.2% from the peak. The 18.2% lower-priced peak-to-June drawdown is carried throughout this paper as Bill's worst-case research scenario for stress-testing purposes. Greater Vancouver REALTORS' July 2026 Home Price Index independently reports one-year apartment declines of 6.4% to 7.4% across Burnaby East, North and South, and three-year declines of 11.3% to 12.2%.

At an 8.0% annual decline, the \$1 million sample falls to \$659,082 after five years and loses \$340,918 of property value, equal to 56.8% of the opening \$600,000 equity. If the documented 12.3% adverse pace persists, the sample falls to \$518,798 and the value loss consumes 80.2% of opening equity. For fairness, Bill's 18.2% worst-case research scenario is also carried through the one-year wealth, sale-proceeds and gap-analysis tables. Applied to the current \$1 million sample as a one-year stress test, it leaves approximately \$393,565 of pre-tax capital after the modelled mortgage balance, pre-tax rental cash flow, repair reserve and 4% selling allowance. The 18.2% stress row is not presented as Bill's annual forecast and is not compounded over three or five years.

To keep the alternative-investment side generic rather than issuer-specific, this paper models two clearly separated annual net total-return outcomes, both with distributions reinvested: a 5% base case and a 9% illustrative best case.

At the 5% base case, \$560,000 compounds to \$714,718 after five years, a modelled gain of \$154,718. On the same pre-tax basis, the resulting five-year capital gap is \$434,861 against Bill's 8.0% path and \$569,534 against the 12.3% adverse continuation. At the 9% illustrative best case, the same \$560,000 compounds to \$861,629 after five years, a modelled gain of \$301,629. The resulting five-year capital gap is \$581,772 against Bill's 8.0% path and \$716,445 against the 12.3% adverse continuation. In the one-year stress comparison using Bill's 18.2% worst-case research scenario, the pre-tax gap is \$194,435 at the 5% base case and \$216,835 at the 9% illustrative best case.

The 5% rate is the base-case annual net total-return assumption and 9% is the illustrative best-case annual net total-return assumption. Both are presented before investor-specific income tax and capital-gains tax. A source note used '5% cash flow with a total annual return of 9%' as an example. To avoid double counting, this model does not add a separate 5% cash yield on top of

either total-return rate. If cash distributions are withdrawn rather than reinvested, ending capital will be lower than shown and a separate cash-flow schedule should be used.

Evidence layer	What it establishes	Role in analysis
Confidential Burnaby case study	Actual operating experience reported for one property	Case-study property inputs
Bill Coughlin's Burnaby series	Segment direction, magnitude and five-year outlook	Market evidence
Greater Vancouver REALTORS	Benchmark-price, sales and inventory evidence	Public corroboration
Eight-vehicle private real estate model	Equal-weighted diversification within private real estate	Alternative-investment illustration

The Decision This Paper Is Testing

The correct question is not whether a Burnaby condominium and a diversified private real estate portfolio are identical assets. They are not. The question is whether the investor's pre-tax, deployable capital is likely to work more effectively in the existing concentrated property or across a specified portfolio of professionally managed private real estate vehicles after income, expenses, leverage and the modelled transaction costs are quantified, with investor-specific taxes, product fees, liquidity and other risks considered separately where individualized information is required.

This is a comparison of two capital paths:

Hold Path - continue owning the Burnaby condominium, accepting its cash flow, mortgage amortization, property-specific costs and exposure to Burnaby condo prices.

Redeployment Path - sell the condominium, calculate the pre-tax proceeds after the mortgage and modelled selling costs, and place only that amount into eight equal private real estate allocations. Each investor must separately determine the actual tax consequences of selling, holding or redeploying capital.

The alternative portfolio does not need to own Burnaby assets. Its purpose is to replace one leveraged, locally concentrated rental property with multiple managers, property types, operating models and markets.

Who Bill Coughlin Is and Why His Data Matters

Identity and track record

William Curtis (Bill) Coughlin is a British Columbia real estate professional. As of August 12, 2026, the BC Financial Services Authority's public registry lists him as a licensed representative for trading with eXp Realty, with the current licence expiring May 8, 2027. An About page on his own site identifies him as founder and CEO of Vancouver Real Estate Investments and states that he has worked in real estate since 1982.

Bill is the publisher and market analyst behind VancouverMarketReports.com. His continuing report archive, long-cycle perspective, local segmentation and current agreement with official Greater Vancouver REALTORS data make his work directly relevant to this Burnaby analysis.

Bill Coughlin has confirmed the accuracy of the market data and analysis attributed to him in this paper. Certain historical charts and analytical observations referenced here are part of his non-public research and are used by him for illustrative purposes in prospective-client discussions rather than routinely published. They represent his professional market analysis and should not be interpreted as guarantees, unit-specific appraisals or predictions of future results.

What the record contributes

Bill's archive places current conditions beside earlier cycles. His Burnaby series separates higher- and lower-priced halves, while his sell-through reporting uses consistent four-week Saturday-to-Friday periods. Greater Vancouver REALTORS' Home Price Index, sales and inventory statistics provide a separate official evidence layer. Their close alignment confirms the current direction and severity.

What the Burnaby Market Data Says

Bill Coughlin's current segment data

Bill's charts divide attached-condominium sales into the higher-priced and lower-priced halves. The segmentation exposes the range of losses that a citywide average can conceal.

Burnaby condo segment	Measurement period	Price change	Average dollar change
Higher-priced 50%	June 2025 to June 2026	-6.8%	-\$54,253
Lower-priced 50%	June 2025 to June 2026	-12.3%	-\$66,387
Higher-priced 50%	Feb. 2022 peak to June 2026	-11.7%	-\$98,226
Lower-priced 50%	Feb. 2022 peak to June 2026	-18.2%	-\$106,117

The percentages are applied to the \$1 million case so the market decline can be expressed as an investor-level loss of capital.

Official MLS Home Price Index corroboration

Apartment area	July 2026 benchmark	1-year change	3-year change	5-year change
Burnaby East	\$713,100	-7.0%	-11.7%	+0.4%
Burnaby North	\$673,400	-6.4%	-11.3%	+2.2%
Burnaby South	\$741,600	-7.4%	-12.2%	+1.5%

The official series and Bill's higher-priced series are closely aligned in direction and magnitude. Bill reports -6.8% over one year and -11.7% from the peak for higher-priced Burnaby condos. The official Burnaby apartment series reports -6.4% to -7.4% over one year and -11.3% to -12.2% over three years.

Sales and inventory confirm the weakness

Burnaby recorded 171 apartment sales in July 2026, down 24.7% from 227 in July 2025. The July median apartment selling price was \$608,000, down 10.6% from \$680,000. GVR Statcentre's Burnaby submarket reports show 1,103 active condo listings and 171 sales, a citywide sales-to-active ratio of approximately 15.5%. Active condo inventory was approximately 19% higher than one year earlier, driven by a reported 211.4% increase in Burnaby South.

Conclusion: Burnaby condos were in a serious, persistent, buyer-favouring downturn as of July 2026. Sales were contracting, benchmark prices were lower across every Burnaby submarket, and inventory stress was especially pronounced in Burnaby South.

Structural Demand Risk Beyond Current Prices

Additional research published August 10, 2026 in [What If the Buyers Don't Come Back?](#) adds a demand-side layer to the current Burnaby evidence. The article reviews Bill Coughlin's long historical record and his interpretation of Lower Mainland sales cycles. His chart shows a marked break in activity after periods he associates with Hong Kong and mainland Chinese capital. The relevance to this case study is that local resale prices ultimately require enough purchasing power to clear available inventory, and an important source of demand appears to be operating with less force than in earlier cycles. Bill's historical chart does not identify individual buyer nationality, establish the source of funds for individual transactions or prove cause and effect. The capital periods represent his interpretation of the historical market record and are used here as contextual evidence rather than transaction-level attribution.

The article identifies three forces that may make this shift more structural than a normal interest-rate cycle: substantial erosion of Chinese household property wealth, tighter controls on certain outbound-capital channels, and Canadian restrictions on foreign residential purchases. Canada has extended its federal prohibition on purchases by many non-Canadians to January 1, 2027. China's State Administration of Foreign Exchange also maintains specific limits on large overseas cash withdrawals using domestic bank cards, illustrating the broader policy framework governing cross-border household capital movements.

The weakness inside China reinforces that demand-side risk. The World Bank reported in December 2025 that housing accounted for about 47% of Chinese household assets in 2022 and that falling home prices were weighing on household behaviour. The same report described renewed property-sector weakness and cautious household spending. The August 2026 article also cites S&P Global Ratings, IMF analysis and a May 2026 Reuters poll as evidence that the Chinese property adjustment remains unresolved.

For the Burnaby decision tested here, the implication is straightforward: lower interest rates or improved domestic affordability may support buyers, but they do not automatically replace cross-border purchasing power that has weakened. This adds a structural-demand rationale to Bill's five-year downside view rather than relying only on recent price declines. It also strengthens the case for testing whether a leveraged single-property position should remain concentrated in one local resale market when the investor has the option to diversify the surviving capital across multiple property types, managers and markets.

Confidential \$1 Million Burnaby Case Study - Corrected Economics

This analysis uses a real Burnaby rental condominium case while keeping the investor's identity confidential. The source records describe a 2 1/2-bedroom, two-bathroom, 920-square-foot condominium with a 385-square-foot patio and provide a \$1,000,000 market value, a \$400,000 mortgage, \$600,000 of gross owner equity, monthly rent of \$3,500, annual strata fees of \$6,216, insurance of \$1,300, utilities of \$700, property tax of \$2,988, a 4.33% mortgage rate and weekly mortgage payments of \$565. These are sample operating inputs from a real case, not Burnaby averages.

Corrections and added provisions

Property tax uses the case-study reported annual amount of \$2,988.

A 1.5% vacancy allowance is added using CMHC's 2025 Vancouver condominium-apartment vacancy rate.

Mortgage interest and principal use a 4.33% nominal rate compounded semi-annually, weekly payments of \$565 and a \$400,000 opening balance.

Repairs, replacements, special assessments, property management, leasing costs, selling costs and owner time remain outside the core cash-flow table and are tested separately where possible. Investor-specific income tax and capital-gains tax are intentionally excluded from the core comparison.

First-year item	Calculation	Amount
Gross rent	Case-study input: \$3,500 x 12	\$42,000
Vacancy allowance	1.5% of gross rent	-\$630
Strata fees	Case-study reported amount	-\$6,216
Insurance	Case-study reported amount	-\$1,300
Property tax	Case-study reported amount	-\$2,988
Utilities	Case-study reported amount	-\$700
Net operating income	Before financing and investor-specific tax	\$30,166
Mortgage payments	\$565 x 52 weeks	-\$29,380
Pre-tax cash flow	NOI less mortgage payments	\$786
First-year mortgage interest	Canadian conventional weekly calculation	\$16,881
Mortgage principal reduction	First-year calculated principal	+\$12,499
Pre-tax operating contribution before market decline	Principal reduction plus pre-tax cash flow	+\$13,285

The gross rental yield is 4.20%. The corrected net operating income implies a 3.02% cap rate before financing. Pre-tax cash flow after the stated mortgage payment is \$786. First-year principal reduction of approximately \$12,499 brings the pre-tax operating contribution before

repairs and market losses to approximately \$13,285. That operating contribution is not the investor's total return.

Repair and capital-cost impact

Annual reserve assumption	Reserve amount	Wealth change before price movement
0.25% of property value	\$2,500	+\$10,785
0.50% of property value	\$5,000	+\$8,285
1.00% of property value	\$10,000	+\$3,285

After pre-tax cash flow and principal reduction, a 0.50% repair reserve leaves approximately \$8,285 of positive wealth contribution before any market decline is applied.

Pre-Tax Vacancy Sensitivity

Because vacancy can vary by property and year, the table below tests the first-year operating result at 1.5%, 3.0% and 5.0% vacancy while holding the other sample inputs constant. It is a pre-tax operating sensitivity only and does not change Bill's market-loss assumptions.

Vacancy assumption	Vacancy allowance	NOI	Pre-tax cash flow	Pre-tax wealth contribution after principal and 0.50% reserve
1.5%	-\$630	\$30,166	+\$786	+\$8,285
3.0%	-\$1,260	\$29,536	+\$156	+\$7,655
5.0%	-\$2,100	\$28,696	-\$684	+\$6,815

Even at a 5% vacancy assumption, the model still produces a modest positive pre-tax wealth contribution before property-price movement because mortgage principal reduction offsets the negative cash flow. The market-price path remains the dominant driver of the tested downside outcomes.

Total first-year wealth impact after market losses

Bill market-loss case	Property-value loss	Operating contribution	0.50% repair reserve	Net wealth change	% of \$600K equity
Higher-priced documented decline: -6.8%	-\$68,000	+\$13,285	-\$5,000	-\$59,715	-10.0%
Five-year projection rate: -8.0%	-\$80,000	+\$13,285	-\$5,000	-\$71,715	-12.0%
Lower-priced adverse decline: -12.3%	-\$123,000	+\$13,285	-\$5,000	-\$114,715	-19.1%
Bill worst-case research stress: -18.2%	-\$182,000	+\$13,285	-\$5,000	-\$173,715	-29.0%

The investor moves backward in every documented market-loss case even on the more favourable pre-tax basis. Carrying Bill's 18.2% worst-case research scenario into the same first-year wealth test produces a pre-tax net wealth change of approximately -\$173,715, or -29.0% of the opening \$600,000 equity, after the operating contribution and 0.50% repair reserve. Rental

operations and mortgage principal reduction offset only a small fraction of the lost property value.

Applying Bill's Adverse Burnaby Scenarios

The first four rows translate Bill's documented percentage changes to a \$1 million property. The 18.2% row is the lower-priced segment's worst documented peak-to-June drawdown and is treated in this case study as Bill's worst-case research scenario. The next rows extend selected rates across the stated horizon. The 8.0% row implements the recent rounded rate identified in his working-session analysis. The 12.3% row shows the result if the weakest documented one-year Burnaby segment sets the continuing pace. The 18.2% case is not compounded as an annual forecast; where it appears in later one-year tables it is explicitly a stress-test translation so the most adverse research case is carried through the same comparison arithmetic.

Scenario	Price change	Property value	Value loss	Loss as % of \$600K equity
Higher-priced one-year reference	-6.8%	\$932,000	-\$68,000	-11.3%
Lower-priced one-year adverse case	-12.3%	\$877,000	-\$123,000	-20.5%
Higher-priced peak-to-June drawdown	-11.7%	\$883,000	-\$117,000	-19.5%
Bill worst-case research case: lower-priced peak-to-June drawdown	-18.2%	\$818,000	-\$182,000	-30.3%
Three-year continuation at -12.3% p.a.	-32.5%	\$674,526	-\$325,474	-54.2%
Bill expert five-year projection: -8.0% p.a.	-34.1%	\$659,082	-\$340,918	-56.8%
Five-year adverse continuation: -12.3% p.a.	-48.1%	\$518,798	-\$481,202	-80.2%

Leverage amplifies the owner's experience. A 12.3% fall in the property consumes 20.5% of the opening \$600,000 equity before principal reduction, cash flow and selling costs. An 18.2% fall consumes 30.3%. The property does not need to fall 20% for the owner's equity to fall approximately 20%.

What Is Actually Available to Redeploy

Gross owner equity is not investable cash. A sale must repay the mortgage and absorb transaction costs. The model applies a 4% selling-cost allowance consistently so the pre-tax capital remaining after each decline path can be measured on the same basis. Investor-specific capital-gains tax and other personal tax consequences are not deducted in this case study.

Capital path	Property value	Mortgage balance	4% selling allowance	Pre-tax capital after sale, cash flow and reserve
Sell now	\$1,000,000	\$400,000	-\$40,000	\$560,000
Hold 1 year at -6.8%, then sell	\$932,000	\$387,501	-\$37,280	\$503,005
Hold 1 year at -8.0%, then sell	\$920,000	\$387,501	-\$36,800	\$491,485
Hold 1 year at -12.3%, then sell	\$877,000	\$387,501	-\$35,080	\$450,205

Capital path	Property value	Mortgage balance	4% selling allowance	Pre-tax capital after sale, cash flow and reserve
1-year stress test using Bill's -18.2% worst documented drawdown	\$818,000	\$387,501	-\$32,720	\$393,565
Hold 3 years at -12.3% annually, then sell	\$674,526	\$360,839	-\$26,981	\$274,064
Hold 5 years at -8.0%, then sell	\$659,082	\$331,792	-\$26,363	\$279,857
Hold 5 years at -12.3%, then sell	\$518,798	\$331,792	-\$20,752	\$145,184

The table includes market-value loss, mortgage amortization, pre-tax rental cash flow, a 4% selling-cost allowance and a 0.50% annual repair reserve. In the one-year stress test using Bill's 18.2% worst-case research scenario, pre-tax capital after sale falls to approximately \$393,565. Bill's 8.0% five-year projection leaves approximately \$279,857. The 12.3% adverse continuation leaves approximately \$145,184.

Hold path	Pre-tax net capital remaining	Loss versus selling now	Erosion of current \$560K net capital
1 year at -6.8%	\$503,005	-\$56,995	-10.2%
1 year at -8.0%	\$491,485	-\$68,515	-12.2%
1 year at -12.3%	\$450,205	-\$109,795	-19.6%
1-year Bill worst-case research stress: -18.2%	\$393,565	-\$166,435	-29.7%
3 years at -12.3% p.a.	\$274,064	-\$285,936	-51.1%
5 years at -8.0% p.a.	\$279,857	-\$280,143	-50.0%
5 years at -12.3% p.a.	\$145,184	-\$414,816	-74.1%

Positive principal repayment does not reverse the loss. In the one-year stress test using Bill's 18.2% worst-case research scenario, the investor has approximately \$393,565 of pre-tax capital remaining, or \$166,435 less than selling now on the same modelled basis. Under Bill's 8.0% five-year path, the investor has approximately \$280,143 less than selling now. Under the 12.3% adverse continuation, the loss reaches approximately \$414,816.

Why the Alternative Comparison Is Generic

The purpose of this paper is to compare direct property ownership with a diversified private-real-estate approach using reasonable case-study assumptions without promoting or comparing individual issuers.

The 5% base case and 9% illustrative best case are used as generic sensitivity assumptions rather than claims about any specific manager, fund or product.

The manager sources later in this paper are retained only to test the reasonableness of the illustrative assumptions and to show the range of private-real-estate strategies that may be available.

The Diversified Private Real Estate Alternative

The redeployment model spreads capital across eight separate vehicles rather than placing the full amount into one multifamily fund. It adds exposure to self-storage, modern industrial, mixed-use urban real estate, residential development, purpose-built rental, student housing and real-estate debt or equity alongside apartment portfolios. The result is a diversified private real estate sleeve, not a broadly diversified portfolio across all asset classes.

Equal weighting is explicit: 12.5% of the \$560,000 pre-tax deployable capital after the modelled 4% selling allowance is allocated to each vehicle. Each illustrative allocation is \$70,000. Actual investor-specific taxes on a property sale are excluded and must be determined separately.

Base-case and illustrative best-case assumptions

The 5% figure is the annual net total-return base case with distributions reinvested. It compounds the entire return because cash distributions are assumed to stay invested. In this paper, 'net total return' means the illustrative return after the assumed investment-level fees and expenses embedded in the case-study rate, but before investor-specific income tax or capital-gains tax.

The 9% figure is the illustrative annual net total-return best case, also with distributions reinvested and before investor-specific tax.

Illustrative portfolio case	Annual net total-return assumption	Capital after 1 year	Capital after 3 years	Capital after 5 years
Base-case model used in this paper	5%	\$588,000	\$648,270	\$714,718
Illustrative best case	9%	\$610,400	\$725,216	\$861,629

At the 5% base case, each \$70,000 sleeve grows to approximately \$73,500 after one year, \$81,034 after three years and \$89,340 after five years. Across eight equal sleeves, the five-year ending value is \$714,718 and the modelled gain is \$154,718.

At the 9% illustrative best case, each \$70,000 sleeve grows to approximately \$76,300 after one year, \$90,652 after three years and \$107,704 after five years. Across eight equal sleeves, the five-year ending value is \$861,629 and the modelled gain is \$301,629. That is \$146,911 more ending capital than the 5% base case. Equal weighting changes the portfolio's diversification, not the arithmetic of either assumption.

Net loss-versus-gain gap analysis

Comparison path	Burnaby pre-tax net capital	Base case at 5%	Base-case gap	Best case at 9%	Best-case gap
1 year: documented -6.8%	\$503,005	\$588,000	+\$84,995	\$610,400	+\$107,395
1 year: projected -8.0%	\$491,485	\$588,000	+\$96,515	\$610,400	+\$118,915
1 year: adverse -12.3%	\$450,205	\$588,000	+\$137,795	\$610,400	+\$160,195
1 year: Bill worst-case research stress -18.2%	\$393,565	\$588,000	+\$194,435	\$610,400	+\$216,835

Comparison path	Burnaby pre-tax net capital	Base case at 5%	Base-case gap	Best case at 9%	Best-case gap
3 years: adverse -12.3% p.a.	\$274,064	\$648,270	+\$374,206	\$725,216	+\$451,152
5 years: Bill -8.0% p.a.	\$279,857	\$714,718	+\$434,861	\$861,629	+\$581,772
5 years: adverse -12.3% p.a.	\$145,184	\$714,718	+\$569,534	\$861,629	+\$716,445

Each gap compares the Burnaby pre-tax net-capital path with one of the two private real estate illustrations on the same before-investor-tax basis. The table carries Bill's 18.2% worst-case research scenario through the same one-year arithmetic as the 5% and 9% alternatives. That 18.2% row is a stress test derived from the worst documented lower-priced peak-to-June drawdown, not an annual forecast, and it is not compounded over three or five years. The table shows only the capital outcomes produced by the stated pre-tax assumptions.

Diversification does not remove risk

All eight vehicles remain exposed to real estate values, interest rates, refinancing conditions and operating execution.

Private valuations may rely on appraisals and may adjust more slowly than public-market prices.

Redemptions may be limited by notice periods, gates, queues, discounts, suspension rights or available cash.

Distribution rates may vary, may include return of capital and may be reduced or suspended.

Manager, geography and property-type diversification can reduce single-asset concentration, but correlated losses remain possible.

The Decision Standard

The Burnaby evidence establishes the capital-allocation problem. Bill's market data, the official GVR confirmation and the confidential case-study operating experience point in the same direction: rental income and mortgage paydown are too small to absorb the modelled market-value loss. This conclusion remains true on a pre-tax basis across the 6.8%, 8.0%, 12.3% and Bill 18.2% worst-case research stress scenarios tested in the one-year tables, as well as the longer 8.0% and 12.3% paths.

The purpose of redeployment is to stop concentrating the investor's future in one losing path and place the surviving capital across multiple professionally managed private real estate strategies. Redeployment changes the risk profile rather than eliminating risk.

The 5% base case is the conservative decision standard in the alternative-investment comparison. The 9% case shows the additional outcome if that illustrative best-case total return is achieved.

Methodology

The model separates sample-property evidence from market evidence. The confidential case-study operating inputs describe one real Burnaby property. Bill Coughlin's and Greater

Vancouver REALTORS' statistics describe broader market behaviour. Applying those market percentages to the sample produces the investor-level wealth paths shown in the tables.

The condo calculations use the reported sample inputs, CMHC's Vancouver condominium vacancy rate and Canadian conventional mortgage compounding. Values are rounded to the nearest dollar. Total-wealth tables combine market loss, pre-tax rental cash flow, principal reduction, a 4% selling-cost allowance and a 0.50% annual repair reserve. For the 18.2% worst-case research row, the model applies that documented drawdown to the current \$1 million sample as a one-year stress test solely to keep the downstream wealth, sale-proceeds and gap comparisons on the same one-year frame. It is not treated as Bill's annual forecast and is not compounded. For the three- and five-year illustrative property paths, the model holds gross rent, the vacancy assumption, strata fees, insurance, property tax, utilities, the weekly mortgage payment and the \$5,000 annual repair reserve constant unless otherwise stated; dollar-denominated inputs are held flat in nominal dollars. Actual future rents and operating costs may differ. Mortgage-renewal sensitivity is not modelled because the renewal date, remaining amortization and future rate are not supplied; those inputs should be updated for an individual client analysis.

The three-year adverse path compounds a 12.3% annual decline: $\$1,000,000 \times 0.877$ cubed equals \$674,526, a cumulative decline of 32.5%. Bill's five-year projection compounds an 8.0% annual decline: $\$1,000,000 \times 0.92$ to the fifth power equals \$659,082, a cumulative decline of 34.1%. The five-year adverse continuation compounds 12.3% annually, leaving \$518,798 and producing a cumulative property-value loss of 48.1%.

The private real estate model starts with \$560,000 of pre-tax deployable capital after the modelled selling allowance and allocates \$70,000 to each of eight illustrative sleeves. It compounds the entire portfolio for five years at 5% for the base case and 9% for the illustrative best case. Both assumptions represent annual net total return with distributions reinvested before investor-specific tax. The model does not treat either rate as a cash yield and does not add a separate 5% distribution on top of the 9% total return.

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Additional Structural-Demand Research

The following sources provide the additional demand-side and China-property context used in the Burnaby analysis above.

Spitters, Adrian C. [What If the Buyers Don't Come Back?](#) August 10, 2026. Research article connecting Bill Coughlin's Lower Mainland historical sales work with changes in cross-border capital, Chinese property wealth and Canadian policy.

Department of Finance Canada. [Government announces two-year extension to ban on foreign ownership of Canadian housing](#). February 4, 2024. Confirms extension to January 1, 2027.

State Administration of Foreign Exchange. [Rules governing large-sum overseas cash withdrawals with bank cards](#). December 30, 2017. Official source on limits applying to overseas cash withdrawals using domestic bank cards.

Federal Reserve Bank of New York, Liberty Street Economics. [Why Are China's Households in the Doldrums?](#). September 27, 2023. Household-balance-sheet and property-wealth context.

World Bank. [China Economic Update: Advancing Reforms, Enhancing Prospects](#). December 2025. Reports renewed property-sector weakness and housing at about 47% of household assets in 2022.

International Monetary Fund. [IMF Executive Board Concludes 2025 Article IV Consultation with China](#). February 18, 2026. Macroeconomic and balance-sheet context.

S&P Global Ratings. [China Property Watch: Supply Glut to Impede Recovery](#). February 8, 2026. Property-sector outlook cited in the August 2026 article.

Reuters. [China home prices likely to fall at slower pace this year; seen rising in 2027: Reuters poll](#). May 29, 2026. Survey-based housing-price outlook cited in the article.

Bank for International Settlements / FRED. [Real Residential Property Prices for China](#). Selected Property Price Series used in the article to place the Chinese housing adjustment in long-run context.

Official Alternative-Investment Manager Sources

The following official manager pages and current public documents were reviewed on August 14, 2026 as supporting sources for the reasonableness review of the generic private-real-estate assumptions used in this case study.

Equiton Residential Income Fund Trust (Apartment Fund): [Official fund page](#); [Class A Fund Summary, August 1, 2026](#).

Forum Make Space Storage Fund: [Forum real estate funds page](#); [Official fund launch and strategy announcement](#).

Nearctic Industrial REIT: [Nearctic company and REIT history](#); [Official Nearctic Industrial REIT update, July 30, 2026](#).

Pier 4 REIT: [Official fund page and fund reports](#); [Class A DSC Fund Fact Sheet, Q3 2026](#); [Know Your Product, Q3 2026, all classes](#).

Avenue Living Real Estate Core Trust: [Official Core Trust page](#); [Strategic review announcement, March 6, 2026](#).

CCH Real Estate Mutual Fund Trust: [Official fund and Class A offering page](#); [Official investor information page](#).

Centurion Apartment Real Estate Investment Trust: [Official Apartment REIT page](#); [Q1 2026 Financial Statements and MD&A](#).

Clifton Blake Private REIT: [Official Private REIT page](#); [Official Private REIT Fund Fact Sheet, Q3 2025](#).

Tax-Character Reference for Supporting Manager Sources

The core case study does not use these tax characteristics in its return calculations. They are included only to show why a single after-tax portfolio average would be misleading. Distribution character can vary by issuer, class, year, account type and investor. No portfolio tax average is calculated.

Supporting manager source	Observed distribution characterization	Evidence status	Treatment in this case study
Equiton Residential Income Fund Trust	Current public materials state distributions are currently 100% return of capital, subject to change.	Official public manager source, reviewed Aug. 14, 2026	Not used in core return arithmetic
Pier 4 REIT	Supplied manager materials report distributions historically treated as 100% return of capital to date; annual treatment can change.	Manager materials supplied for review; current tax slip controls	Not used in core return arithmetic

Supporting manager source	Observed distribution characterization	Evidence status	Treatment in this case study
Avenue Living Real Estate Core Trust	Supplied materials report distributions historically 100% return of capital to date; its offering documents allow distributions to be ROC, income or gains.	Manager materials plus official offering-document framework	Not used in core return arithmetic
CCH Real Estate Mutual Fund Trust	Supplied 2026 overview describes target distributions as primarily return of capital.	Manager materials supplied for review; current annual characterization must be confirmed	Not used in core return arithmetic
Centurion Apartment REIT	Current Class A material states that a portion of distributions may be treated as return of capital.	Official Class A Q1 2026 manager source	Not used in core return arithmetic
Nearctic Industrial REIT	No sufficiently current public tax-character split was located for this review.	Not quantified for publication	Assume no tax advantage in core model
Forum Make Space Storage Fund	Public materials state returns are before investor income taxes, but a current distribution tax-character split was not located.	Official public disclaimer; tax mix not quantified	Assume no tax advantage in core model
Clifton Blake Private REIT	No sufficiently current public tax-character split was located for this review.	Not quantified for publication	Assume no tax advantage in core model

The range above supports only a tax-character discussion, not a portfolio tax forecast. For a non-registered investor, return of capital generally reduces adjusted cost base rather than being included as current income; capital-gain distributions or gains on disposition are taxed under the capital-gains rules; and ordinary income is generally included in income. Actual T3/T5 reporting and the investor's own circumstances control.

Illustrative Non-Registered Tax-Character Scenarios

The following table shows income-inclusion mechanics only. It is not a tax-rate forecast. As of August 2026, the federal government has cancelled the previously proposed increase in the capital-gains inclusion rate, so the general inclusion rate remains one-half. Tax law can change, and provincial tax, losses, deductions and investor-specific circumstances are not modelled.

Illustrative distribution character	Current income inclusion from \$1 of distribution	ACB effect	Interpretation
100% return of capital	\$0.00 of current income	\$1.00 reduction in ACB	Tax is generally deferred; future capital gain can be larger, and negative ACB can trigger a gain
75% ROC / 25% ordinary income	\$0.25 of current income	\$0.75 reduction in ACB	Mixed current income and tax deferral
50% ROC / 50% capital-gain allocation	\$0.25 included in taxable income under a 50% capital-gain inclusion rate	\$0.50 reduction in ACB	Mix of deferred ROC and capital-gain treatment
100% capital-gain allocation	\$0.50 included in taxable income under a 50% capital-gain inclusion rate	No ROC reduction from this distribution	Capital-gain treatment before the investor marginal rate

Illustrative distribution character	Current income inclusion from \$1 of distribution	ACB effect	Interpretation
100% ordinary income	\$1.00 of current income	No ROC reduction from this distribution	Fully included before the investor marginal rate

Tax framework sources: [Canada Revenue Agency - Tax treatment of mutual funds](#); [Government of Canada - Spring Economic Update 2026](#); [Equiton Apartment Fund](#); [Centurion Apartment REIT Class A Q1 2026 Fact Sheet](#)

Disclosure

Purpose / No Advice. This document is for general information and discussion. It is not legal, tax, accounting, investment, insurance, real estate, mortgage or lending advice, an offer, a solicitation, or a recommendation regarding any property, security, loan or strategy. The case study is not an individualized recommendation and does not replace investor-specific eligibility, suitability, tax, legal or other professional review.

Before-Tax Basis and Individual Tax Review. All core capital-path and gap-analysis calculations in this case study are before investor-specific tax. No attempt is made to calculate the confidential case-study investor's personal capital gain, adjusted cost base, prior tax elections or other personal tax attributes because those facts would not apply to another investor. A prospective investor must determine, with their own tax professional where appropriate, the actual tax consequences of retaining or selling a property, receiving investment distributions, return of capital, capital-gain allocations, redemptions and eventual dispositions. The tax-character tables are educational sensitivity references only and are not used to increase the 5% or 9% modelled returns.

Case Study and Model Inputs. Confidential case-study records are treated as the working source for the \$1 million value, \$400,000 mortgage, \$3,500 monthly rent, \$565 weekly payment, \$2,988 property tax and operating costs. Supporting appraisal, lease, assessment, strata, mortgage and actual sale-cost records are not publicly available. Market averages do not appraise a specific unit. The 4% selling allowance and 0.50% repair reserve are model assumptions. The core comparison is deliberately before investor-specific income tax and capital-gains tax. It does not attempt to calculate the case-study investor's personal capital gain, cost base or tax history, because those items are not transferable to another investor. The illustrative equal-weight model does not adjust for product minimums, investor eligibility, liquidity needs, personal tax treatment, risk tolerance or concentration elsewhere in an investor's holdings. Individual product cash yields, class-specific fees, sales charges, redemption costs and different return paths are not separately modelled in the core comparison.

Forecasts and Market Data. Bill Coughlin's five-year outlook is his expert opinion, not a guarantee or unit-specific appraisal. Market conditions and forecasts can change. Bill's segmented averages, the GVR HPI and median prices use different methodologies and are presented as corroborating evidence rather than merged into one series. The 18.2% case used in the one-year comparison tables is derived from Bill's worst documented lower-priced peak-to-June drawdown and is presented as a worst-case research stress scenario, not as an 18.2% annual forecast. It is not compounded over three or five years. Past market movements do not guarantee

future results. Bill Coughlin has confirmed the accuracy of the market figures and outlook attributed to him in this paper for public use.

Illustrative Private Real Estate Assumptions. This proposal is for illustrative purposes only. The 5% annual net total-return base case and the 9% illustrative annual net total-return best case are generic sensitivity assumptions with distributions reinvested and are presented before investor-specific tax. Neither figure is a cash yield, promised return, guarantee, verified historical portfolio average, manager forecast or projection for any specific investment. Actual results may be higher or lower, and capital may be lost. The model does not add a separate 5% cash distribution on top of the 9% total-return assumption. If distributions are withdrawn rather than reinvested, ending capital will be lower than shown and a separate cash-flow schedule should be used.

Product Disclosure and Verification. The specific investments used for any prospective investor are not identified as a recommended or model portfolio in the body of this case study. Named managers appear in the References and tax-character sections solely as public or supplied sources used to test the reasonableness of the generic assumptions. Their inclusion is not a recommendation, endorsement, portfolio allocation or representation that any investment will be available or suitable for a prospective investor. If a prospective investor expresses interest in learning more or considering an investment, the applicable registered dealer should provide or review the current supporting information available at that time, including relevant offering documents, class or series, manager-stated return targets and distribution terms, fees, liquidity and redemption provisions, material risks, eligibility requirements and current availability. Product-specific information and registered-dealer details should be disclosed and verified before any recommendation or transaction is considered. Any implementation remains subject to the specific investment's current terms, availability, fees, liquidity, risks, eligibility and suitability requirements.

Registration, Eligibility and Risk. Any specific exempt-market investment may be offered only through the applicable registered dealer and current offering documents, subject to investor eligibility, know-your-client information, suitability requirements and the applicable compliance process. Private investments may be illiquid, may restrict or suspend subscriptions or redemptions, may reduce distributions and may lose capital. Diversification cannot assure a profit or protect against loss.

Data Review and Publication Use. Bill Coughlin has confirmed the accuracy of the market figures and outlook attributed to him in this paper for public use. Product-specific verification is deferred until a prospective investor requests information about implementation. At that stage, current primary documents, current tax-character information and product-level terms should be reviewed before any recommendation or transaction is considered.