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## REAL ESTATE

# Recession takes bite out of Lower Mainland industrial land values

Hit is 20 to 30 per cent in 2009 compared with values in '08, report says

BY DERRICK PENNER  
VANCOUVER SUN

The recession took a 20- to 30-per cent bite out of Lower Mainland industrial land values in 2009 compared with a year ago, according to a report released Tuesday by commercial realtor Avison Young.

Rob Gritten, a principal in Avison Young's Vancouver office, said the statement is based on some sales in the past year compared to current asking prices, although there have been few industrial-land sales due to the contraction of B.C.'s economy.

"Part of our dilemma has been that there has not been very much [volume of sales]," Gritten said in an interview.

However, he said the evidence market players do have points to a trend of declining asking prices, with few buyers in the market.

The completion of new industrial properties and firms cutting back on their own space and subleasing some of it out are helping drive up vacancy rates and giving users options to lease, which curbs demand for new development, he said.

The Avison Young report noted that Metro Vancouver's industrial-property vacancy rate rose to 4.4 per cent in the third quarter of 2009 from 3.2 per

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AVISON YOUNG

cent in the spring, and an absolute low of two per cent between early 2006 and mid-2008.

Gritten said he has looked at a couple of particular examples. In one, at the Campbell Heights industrial development in Surrey, there is a parcel of unserviced land for sale with an asking price of \$480,000 an acre, right next to a property bought for about \$704,000 an acre in 2008.

"This [situation] needs to be tempered against the fact that values significantly increased in the 36 months prior to the collapse," Gritten added.

Values doubled between 2003 and 2008, he said, so values now are still significantly ahead of the pre-peak period.

"So a lot of [buyers] are still ahead of the game," Gritten said. "The [buyers] who got caught are the speculators, guys who went in and thought they could flip land, or buy land, service it and have someone come along and pay more."

Paul Richter, an analyst at the real estate research firm RealNet Canada Inc., agreed that industrial land prices have come down, but was hesitant to estimate to what degree given the low number of sale transactions.

The reasons for the drop in demand, Richter said, include the general contraction of the economy that has forced companies to reassess their plans, but the difficulty in financing such projects is still part of the situation.

"Lending is probably one of the biggest issues," Richter said.

However, Gritten said the industrial market does appear to be stabilizing. In its report, Avison Young said the perception is increasing that "the worst of the economic contraction is over and the marketplace is beginning to witness incremental improvements."

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...a sluggish home market warned the soft housing market on Canada's biggest home chain for some time. The company with about 100 stores in the country, said earnings rose 45 cents a share, a year-over-year increase of 4.4 per cent to \$1.32 billion. The company's sales, a measure of the health of the stores open for at least a year, rose 10 per cent due to the sluggish home market and the soft Canadian

TORONTO

## Cineplex packs top Harry Potter, Transformers

A string of box-office hits has pushed Cineplex toward "affordable" entertainment to a record at Cineplex. The company's come Fund in the third quarter, ending the strong turnaround when its predecessor filed for bankruptcy protection. Cineplex-based fund said profit ended Sept. 30 rose 11 per cent to \$18.4 million from \$16.6 million in the quarter of 2008, while revenue jumped 7.7 per cent to \$44 million from \$40.8 million in 2008, while revenues were up 11 per cent to \$717.2 million. Cineplex reported a straight quarter, Cineplex reported for box office revenue. Top movie earners in the third quarter were Harry Potter and the Half-Blood Prince and the Transformers. The current quarter formed last year's despite dominating the box office, likely because while the successful Batman vehicle was down 10 per cent of total box-office revenue, last year's third quarter had a string of solid hits including Harry Potter and