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REAL ESTATE ROUNDUP

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Property sales roar back to life in buoyant B.C. market

TransLink readies properties
TransLink is preparing to market several properties as part of its plans to sell or lease parcels to developers to bolster its finances.

A three-acre parcel at Brighouse Station in Richmond, a half-acre tract at King Edward Station in Vancouver and a three-acre parcel neighbouring the Olympic Village on False Creek are among the properties the regional transportation authority plans to bring to market this fall. The bus barns at Oak and West 41st in Vancouver, vacated in 2006, are also being readied for listing within the next two years.

Proceeds from the sales will flow into the revolving land account that **Phil Christie**, vice-president, real estate, with TransLink, is establishing. The funds in the account will be earmarked for real estate acquisitions that support the future development of the region's transit system.

"I could use that to buy [property] where I think there's a future station going in, or where there's a station and we need to expand," Christie said. "[The] money goes back into the capital needs of the company, not operational needs."

Sale on: Grosvenor Americas sold its South Point Exchange retail development in Surrey for $91 million as investment property sales in B.C. roared over the billion-dollar mark in the first half of 2010

Property investments soar
TransLink's move to market its properties follows a banner six months for investment sales in B.C.

Avison Young's report on investment transactions for the first half of 2010 points to a record tally for sales.

Driven largely by an uptick in sales of retail properties, total investment sales of properties worth $5 million and more in B.C. topped $1 billion in the first half of 2010 – at least 40% above sales values in each of the previous three half-year periods.

"Not too long ago, we were celebrating the rare achievement of $1 billion in *annual* investment," quipped Avison Young broker **Michael Keenan**, who specializes in investment properties, in a statement accompanying the figures.

But investment sales remain constrained by a lack of supply, as the modest increase in office and industrial sales indicates. There were 45 investment transactions in the first half of 2010, up from 37 in the latter half of 2009, driven almost entirely by five additional sales of retail properties. A lack of supply stymied deals of other types of assets.

Despite the buoyant environment, the report ends on a cautious note.

"B.C. commercial real estate activity shows no sign of letting up in the second half of 2010," it states. "But it will be difficult to match the record first half in the second half of 2010." Still, the second half is off to a good start with **Grosvenor Americas** recently selling its South Point Exchange shopping complex in Surrey to a private investor for $91 million.

Le Soleil decision
Reading the latest decision regarding Vancouver's **Le Soleil Hotel** is a trip down memory lane.

Developed in 1999 as a **Sheraton**-flagged hotel by **American Corporate Suites (Canada) Inc.**, a venture of partners **Barry Hong** and **Julius Pataki**, the 128-suite Le Soleil enjoys one of the most convoluted stories this columnist has covered. While the names of Hong and Pataki don't figure in the summary, **B.C. Supreme Court** Justice **Gail Dickson** offers in the reasons for judgment she delivered last week the names of many others met during the past nine years.

> **"Not too long ago, we were celebrating the rare achievement of $1 billion in annual investment"**
>
> – Michael Keenan, investment property broker, Avison Young

The crux of the current judgment is a letter of intent signed in October 2005 between the majority owner of the hotel's units, **Le Soleil Hospitality Inc.** and **Le Soleil Restaurant Inc.**, and **Andrew Louie**, who controlled 30 strata units and with adviser **Jewel Nomani** began operating a competing hotel within the property in summer 2005. The competing hotel received mention in this column as a unique venture – "uncommon in North America but less so in Europe" – that aimed to garner suite owners a return on their investments. Nomani claimed during a tour of the property at the time that Louie's suites had been empty for a year prior to the launch of the hotel within a hotel.

The letter of intent signed in October 2005 was designed, in the words of last week's judgment, "to end potentially expensive, disruptive court proceedings and restore productive, predictable commercial peace" – one symptom of the need being the competing hotel venture.

Alas, the letter of intent was not fulfilled, and Dickson (among other colourful language) declares in her judgment that Louie and Nomani acted "utterly outrageously" over the course of the ensuing three years. Their conduct contributed to "one of the exceptionally rare commercial cases in which punitive damages are appropriate," Dickson said, while adding the zinger: "I exclude from my consideration their conduct in the litigation itself in order to avoid imposing a double penalty."

The judgment includes, among other things, an order for Le Soleil Hospitality's purchase of strata lots owned by Louie and associated parties for approximately $4.9 million, as well as punitive damages of $100,000 each against Louie and Nomani. For the full text of the judgment: *http://courts.gov.bc.ca/jdb-txt/SC/10/11/2010BCSC1183.htm.* ■

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