

Out of the Norm

B.C. commercial real estate investments reach \$2B

Business Edge

When Avison and Young released its recent year-end “2010 BC Real Estate Investment Review,” it reported that commercial real estate investments had reached almost \$2 billion.

According to the report, “For the first time in the province’s history, commercial real estate investment volume approached \$2 billion in a 12-month period as 99 sales transactions were completed. In the second half of 2010, the total volume of office, retail and industrial property sales was \$920 million, almost matching the record dollar volume of \$1.026 billion set in the first half. Total 2010 dollar volume easily surpassed 2009 and 2008 dollar volumes of \$1.36 billion and \$1.27 billion, respectively. The previous record was \$1.53 billion in 2004.”

“All-time high dollar volume and transaction levels were indicative of the low cost of debt and redeployment of capital accumulated in the wake of the financial downturn of 2008,” commented Avison Young principal Robert Levine.

“Improved debt markets with fewer restrictions and reallocation of capital to targeted asset type investments propelled 2010 to new heights of commercial real estate activity in B.C.,” he said. “Private purchasers were dominant in

all asset classes, more so than cash buyers such as pension funds, life insurance companies and REITs.”

According to the review, there were a number of highlights in the B.C. real estate market:

- Office acquisitions accounted for 26 per cent (26 of 99) of total transactions. While the number of deals in 2010



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exceeded the year-end 2009 total of 11, office transaction dollar volume moderated to \$484 million in 2009, which was skewed by the \$297-million purchase of Bentall V.

- The largest office deal in 2010 occurred in suburban Burnaby in the first half of 2010, as Artis REIT acquired Production Court for \$64 million from Great West Life.
- The total value of retail investment in B.C. in 2010 (\$1.148 billion) was more than double that in 2009 (\$499 million).

TranCanada makes grand donation

The School of Public Policy at the University of Calgary was recently the recipient of a very generous donation from TranCanada Pipelines Ltd.

– a \$1 million donation.

According to a School of Public Policy media release, “This gift will establish the TranCanada Corporation Program in Energy Policy & Regulatory Frameworks, a five-year program that will

look to create a more efficient and predictable regulatory environment for businesses across North America. The program is designed to create a bridge between policy makers, regulators, industry, consumers, community leaders and research organizations.”

“TransCanada has demonstrated its leadership with its willingness to build public policy horsepower in a field that affects all Canadians that do business across multiple jurisdictions,” said Jack Mintz, director of The School of Public Policy. “An unpredictable regulatory environment costs investment, costs jobs and costs opportunity.”

Russ Girling, president and CEO of TranCanada, discussed the impact regulatory decisions have on energy and pipeline development in North America. “We feel this new program will provide an opportunity to further develop and enhance regulatory frameworks and energy policy,” explained Girling. “By collaborating with policy makers, regulators, industry, consumers, community leaders and researchers, we can develop innovative solutions to complex issues.”

Pension fund achieves excellent results

OMERS, one of Canada’s largest pension funds with over \$53 billion in net assets, announced in late February that “assets rose to \$53.3 billion as of December 31, 2010, up from \$47.8 billion the year before. The total rate of return

in 2010 was 12.01 per cent, compared to 10.6 per cent in 2009. The plan’s growth in net assets for 2009 and 2010 combined was \$9.9 billion.”

“OMERS achieved excellent investment results in 2010, supporting our mission of creating surplus wealth for plan members and sponsors,” said John Sabo, chair of the OMERS Administration Corporation board of directors.

“Our performance, which stems from our asset mix shift to world-class private market investments and strong market investment returns driven by the recovery of the global financial markets, reflects our focus on risk-adjusted returns, which is designed to manage volatility and respond to our long-term liability profile.”

Approximately one in every 20 employees working in the province of Ontario is an OMERS member. According to an OMERS media release, the organization was named 2010 and 2011 Global Pension Fund of the Year, Canada, by World Finance magazine. This award is based on excellence in member service, innovation, risk management and investment performance. OMERS was also named one of the country’s best employers for the third year in a row, ranking 13th on Aon Hewitt’s 2011 list of the 50 Best Employers in Canada.

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