



REAL ESTATE ROUNDUP

PETER MITHAM

2009's downtown Vancouver office property sales boom unlikely to be repeated in 2010

Office space sells

Vancouver's traditionally tight downtown market saw a whopping eight office transactions in 2009 of more than \$5 million with an aggregate value of approximately \$520 million.

"It's probably the biggest year we've had, period, in at least seven years," said Robert Levine, principal in the Vancouver office of Avison Young (Canada) Ltd.

The most recent sale was 900 Howe Street, a \$30 million deal brokered by Levine and colleagues Michael Gill and Bal Atwal (the biggest deal of the year, by contrast was Bentall 5, which sold to Germany's Deka Immobilien Investment GmbH for \$300 million). The 10-storey, 103,000-square-foot building is fully leased to insurance firm Aon Canada, lawyers and other businesses keen on having offices kitty-corner to the law courts.

GWL Realty Advisors Ltd. sold it to a private buyer that had been scouting properties for a while. The property wasn't on the market, but GWL was selling other properties in Canada. Avison Young approached GWL about the Vancouver tower and a deal was struck.

Levine said the scenario wasn't uncommon this year. Half the transactions involved A-class properties as institutional investors rejigged their portfolios, creating opportunities for private investors.

"A number of buyers who have been looking to buy top-quality office buildings for years had an opportunity to buy them because they were available," he said.

But Levine added that the high volume of deals in



Block rocker: 900 Howe Street closed a banner year for office transactions in downtown Vancouver, with eight properties valued at approximately \$520 million changing hands

2009 is unlikely to continue in 2010. There were just two transactions in the previous seven years, making 2009 anomalous. Moreover, there's only so many office buildings available to trade.

On the other hand, there are buyers in the wings awaiting opportunities.

"There's definitely a lot of money there to buy them if they're available," Levine said.

Rental rates up

Canada Mortgage and Housing Corp.'s (CMHC) latest review of B.C. rental markets tags Vancouver as having the biggest increase in

new rental units over the past year, with 890 units added to local rental stocks.

Among the units were 187 upper-end suites in the Onni Group's project Level at 1022 Seymour Street in Vancouver. The furnished suites offer living that Onni bills as being on par with New York or London. Rents start at \$2,500 a month. Demand for them has been steady, however, which underscores the market opportunities for rental accommodation.

Still, if the rents reflect what newly built furnished units downtown can fetch, it's small wonder that CMHC is also reporting that rents in

the metropolitan area now average \$975 a month in purpose-built rentals, while secondary suites rent for an average of \$1,101 a month.

Both are increases over last year of 4.1% and 3%, respectively.

On the other hand, the average rent for condo units dropped from \$1,334 a month to \$1,308 a month in the face of vacancies of 1.7%, nearly triple last year's rate.

Resort looks ahead

The downturn in Okanagan real estate during the great crash and bounce of the past 21 months hasn't quite faded, but Wesbild Holdings Ltd.

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- Robert Levine, principal, Vancouver office of Avison Young (Canada) Ltd.

president and CEO Kevin Layden (who headed Best Buy Canada prior to moving to Wesbild) is looking forward to 2010.

Predator Ridge, a 1,200-acre property just outside Vernon that Wesbild acquired in August 2007, saw robust sales in 2009 thanks in large part to greater awareness cultivated through deals at the resort portion of the project.

"We doubled the number of people who stayed

at the resort this summer [2009]," Layden said in a recent interview. "It took until August, September until it really started to take off, but our numbers will be close to 80% of where we were [in 2008]."

Given the downturn, Layden considered the sales figures, "fairly respectable."

The development was proceeding with its fourth phase when Wesbild acquired Predator Ridge two years ago, and Layden affirmed Wesbild's intention to pursue the remaining phases of the 2,100-home project. The depth of the downturn dampened development activity, but not Wesbild's optimism.

A new 18-hole Doug Carrick-designed golf course will debut in July 2010, which will create a new anchor for development on a portion of the property offering views of Okanagan Lake.

"[It] gives us incredible lake views, where most people have always thought of Predator as being without lake views and without water views," Layden said. "There's no doubt that when people buy in the Okanagan, they do like water access."

Predator Ridge has approximately 450 residences, up from 291 when Wesbild acquired the project. Home starts for 2010 have yet to be determined. ■ pmitham@telus.net

BRIEFS

PavCo awards European firm contract to build temporary stadium

BC Lions and Vancouver Whitecaps fans will soon get to watch their teams at a new temporary stadium at the east end of the PNE grounds near East Hastings and Cassiar streets.

PavCo, which owns and operates BC Place and the Vancouver Convention Centre, signed a contract in December with Nussli to build the \$14 million, 27,500-seat structure on the site of the old Empire Stadium. Nussli is a Europe-based builder of temporary modular structures.

PavCo plans to pay for the new structure by

using part of BC Place's operations budget. BC Place will be closed from spring of 2010 until summer of 2011 to have a new retractable roof built.

The Lions will play all 2010 home games at the so-far unnamed temporary stadium. The Whitecaps will start playing in the new stadium in 2011, when the team joins Major League Soccer.

"We started working on a temporary stadium plan and public bid process once it became clear the closure of BC Place would be necessary for safety reasons during roof construction," said PavCo chair David Podmore.

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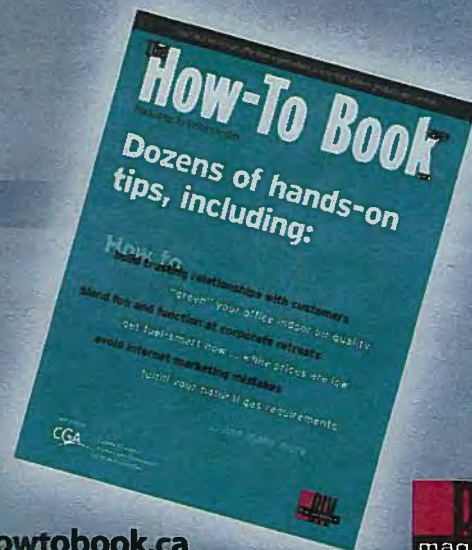
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