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REAL ESTATE

Business in Vancouver November 3-9, 2009

**REAL ESTATE ROUNDUP****PETER MITHAM***Stimulus funds help finance Tsawwassen**First Nation's industrial development ambitions*

New development member Tsawwassen First Nation Economic Development Corp. is among the newest members of the Urban Development Institute, signalling its plans to pursue development opportunities on some of the 1,789 acres controlled through its treaty settlement with Victoria.

The treaty came into effect April 3, 2009, and the Tsawwassen recently secured \$6 million in federal infrastructure monies to support servicing to approximately a third of the land tagged for industrial development north of its former reserve (which ceased to exist when the Tsawwassen assumed self-government).

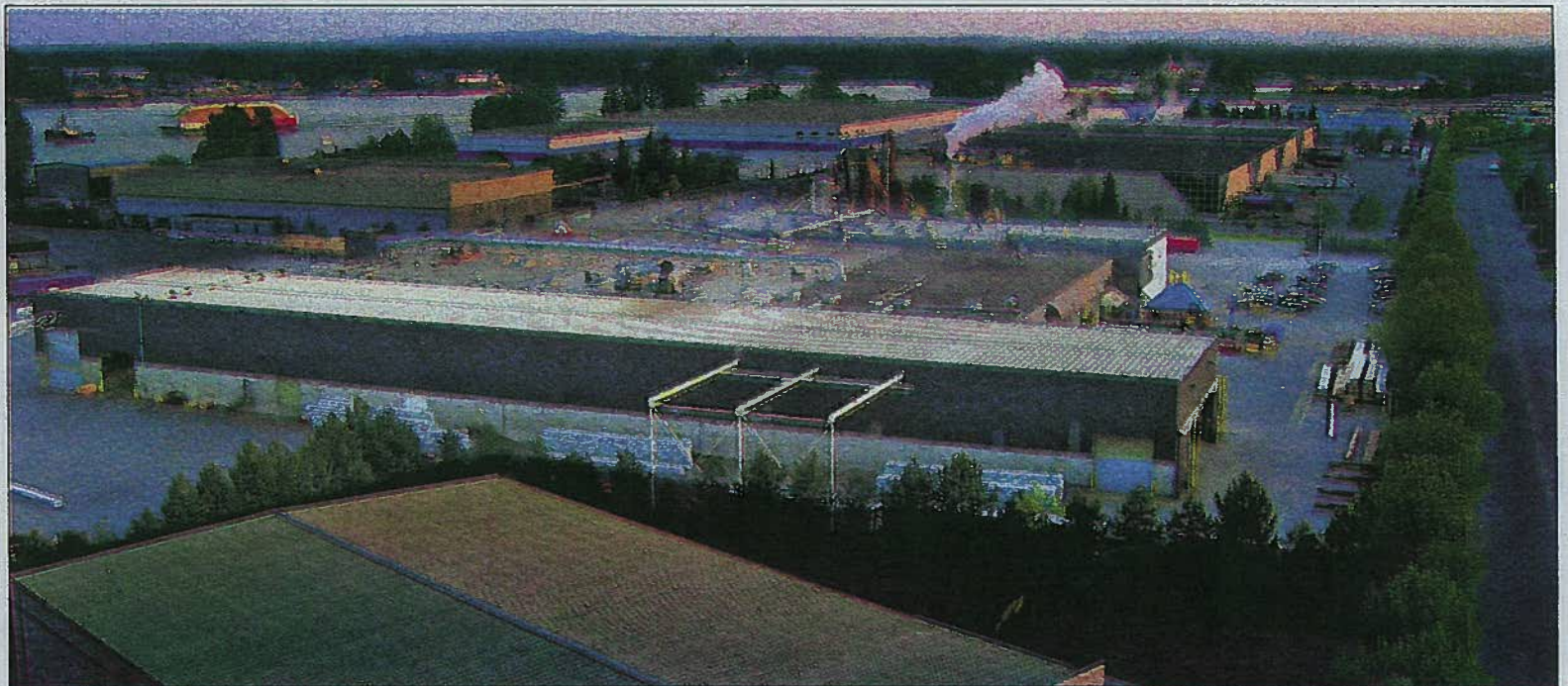
Tsawwassen is contributing \$3 million to the project, which will include development of a road and services

"The development that we want to do ... will really strengthen Canada's import-export capacity"

- Tom McCarthy, treaty implementation manager, Tsawwassen First Nation

for approximately 100 acres of land by March 31, 2011 (the deadline for spending of the federal funds).

Tom McCarthy, treaty implementation manager with Tsawwassen, said the First Nation is in discussion with potential partners in development of the first phase of a planned industrial park, which is slated to have strata-titled industrial



Making space: Richmond Holdings Ltd. has scooped up Weyerhaeuser Canada's facility at 1272 Derwent Way on Annacis Island in one of the biggest single industrial sales of the year

space.

Pointing to the expansion of container-handling capacity at Deltaport, improvements by CN Railway Co. to the Roberts Bank rail corridor and the start of work on the South Fraser Perimeter Road, McCarthy said the Tsawwassen's plans for its property promise to dovetail with the larger infrastructure investments.

"The industrial land there has tremendous potential to benefit both the federal and provincial governments' Pacific Gateway investments," he said.

"The development that we want to do fits perfectly with that and will really strengthen Canada's import-export capacity."

New property owner

It may not be a trend, but one of the year's biggest

industrial property sales points to strength in the local market.

Richmond Holdings Ltd. recently acquired 1272 Derwent Way on Annacis Island from Canadian Urban Venture Properties for \$13.8 million. Weyerhaeuser Canada is the sole tenant of the 148,000-square-foot property.

"This is the most significant single-building sale in the marketplace," said Michael Gill of Avison Young's Vancouver office, who with Bob Levine represented Canadian Urban Ventures in the deal. "I think this is a testament to improving conditions."

A lack of listings has made deals difficult to achieve, however.

"Generally there's a confidence in the marketplace for industrial," Gill said.

"We would have seen more transactions being completed if there was more product available."

Gill said Weyerhaeuser's long-term lease (it expires in 2018) and an eight-acre site made the property attractive to Richmond Holdings. The building was built in 1981, but the site size – and the fact it's adjacent to a six-acre property Weyerhaeuser owns next door – make it a strategic acquisition.

Adding to the site's strategic value is a new barging facility that Southern Railway of British Columbia plans to build west of the Weyerhaeuser facilities as part of the federal Asia-Pacific Gateway initiative.

The deal occurred as industrial availability in the Metro Vancouver market posted its first drop in 15 months, according to CB Ri-

chard Ellis stats. Regionally, availability fell from 7.4% to 7.2% in the quarter ended September 30, 2009.

New good old days

Whether the past year has made any difference to the fortunes of local real estate markets is up for debate. By the time this column appears, another batch of statistics from the Real Estate Board of Greater Vancouver may indicate that the region's benchmark home price has taken another step toward the high set in May 2008.

Prices were just 3.8% off the peak of \$568,411 in September, and with sales continuing strong, there's a good chance this important threshold could be reached.

Crossing that threshold will be important not just for the attitude of the market

but also for new-home builders. Jennifer Podmore Russell of Deloitte & Touche told developers attending the most recent Urban Development Institute luncheon that resale home prices have been setting the pace for new developments for much of 2009.

"The most successful pre-sale campaigns have been those able to offer future construction product at values equivalent to the current resale market, if not below today's comparable values," Podmore Russell said.

The phenomenon has driven pricing both downtown and in Mount Pleasant, where square-foot prices are running in the low \$500s.

This has helped boost consumer confidence, fueling presale activity and housing starts. ■ pmitham@telus.net