

## 'Commercial real estate is king'

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The current economic boom has been having a spectacular effect on the province's commercial real estate sector, according to speakers at the Avison Young Commercial Real Estate conference in Regina on Thursday.

And Dale Griesser, president of Avison Young Commercial Real Estate Inc., believes things are going to keep improving for the province in that sector.

According to Griesser, commercial real estate accounts for 12 per cent of Saskatchewan's GDP.

"That's second only to mining and petroleum, and if you separate mining from petroleum, then commercial real estate is king," Griesser said enthusiastically.

In Saskatchewan, a province known for its agricultural production, agriculture makes up only 7.4 per cent of the GDP.

Commercial real estate pays \$114 million annually in property taxes in Regina. That's 38 per cent of the assessed tax value of land in the Queen City.

"There is higher investor interest in real estate in Regina," said Griesser.

However, with a vacancy rate of six per cent, second only to Calgary, it is becoming increasingly difficult to acquire land for commercial properties.

Griesser says that organizations seeking property are now looking at properties they would have never even considered in the past.

The assessed value of land in Regina in 2007 is approximately \$2.3 billion, and although it is increasing at a rate of roughly one per cent annually, Griesser still believes prices in Regina remain reasonable at \$5 to \$8 per square foot.

Investors are gobbling up existing structures quickly.

Sherwood Place in downtown Regina recently sold for \$31.8 million. The Victoria Square Mall sold for \$29.6 million. Other properties, such as Towers Mall, Sherwood Village Mall, Market Mall, and Parliament Place have also been recently purchased.

But the buying and selling of commercial properties is only one aspect. There is also



CREDIT: Don Healy, The Leader-Post  
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a major construction boom taking place.

The billion-dollar upgrade of the Consumers' Co-operative Refineries in Regina's industrial area, and the Broad Street Crossing office building being constructed in the old Army and Navy site in the city's downtown are two examples of new developments coming to Regina.

In addition, a new \$13-million, seven-storey, 118-room hotel, the Wingate Inn, also being constructed downtown, is set for completion later this fall.

Harbour Landing, a new residential and commercial development in southwest Regina, will include 2,500 single-family homes, 1,500 multiple-family housing units, as well as 83 acres of commercial land.

The new neighbourhood will be developed using a so-called "urban-village setting."

But it's not just commercial property that is on the rise, according to Griesser. He boasted that Regina recently broke a record in housing sales, with over 2,000 homes sold in the first six months of 2007.

And retail sales, which rose nine per cent provincially this year, seems to be rising lock-step with increased housing sales, with furniture stores and home centres seeing the majority of the increase in sales.

"Regina's retail market will continue to grow over the next few years," said Griesser.

Michael Levy, executive vice-president of Custom House Global Foreign Exchange, believes the boom in Saskatchewan, and in much of Canada, is due to the rising price of commodities, particularly in the energy and precious metals markets.

"Saskatchewan is Canada's hidden gem," Levy said.

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