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THE GLOBE AND MAIL

MONDAY, NOVEMBER 8, 2010

Globe and Mail  
national daily newspaper  
Toronto, ON  
November 8, 2010

SECTION B

# Report on Business

"Don't be a bull or a bear. Just be right."

Watch the video at [www.cumberlandprivate.com](http://www.cumberlandprivate.com) CUMBERLAND

EDITOR: ELENA CHERNEY

THE GLOBE AND MAIL • MONDAY, NOVEMBER 8, 2010

FROM PAGE 1

## Telus: Skyline set to be redrawn

» For Telus, the company is leveraging its real estate assets on a block of downtown Vancouver where it has a small head office, its central telecom network hub and other holdings. The company, which this year opened a \$250-million building in Toronto, doesn't plan to use operating cash flow for the Vancouver project, according to second source, close to the company.

There had been a shadow over commercial real estate on the crowded downtown peninsula, where developers have been able to fetch far more money per square foot from condominiums as buyers paid big dollars for views of mountains and ocean.

The fear for politicians was too many residents in an area where eventually there wouldn't be enough jobs, a situation that could have seen downtown dwellers actually commuting to the suburbs to work.

But because Vancouver City Council two years ago made zoning changes to prevent condos from completely taking over, market dynamics have persuaded builders to pursue office towers.

"The [Telus] application shows a strong confidence in the direction this council has been taking for business," said city councillor Raymond Louie.

Avison Young, a commercial real estate brokerage firm, said recently "the race is on" to build new office towers in Vancouver. Among the firms is Oxford Properties Group Inc., looking to build two buildings. Bentall Corp. awaits a development permit for a large tower. The Aquilini family,

a local real estate player and owner of the Vancouver Canucks, want to build a 22-storey office tower across from their arena.

Despite the ambitious plans, doubts still course through the commercial property scene. "All bets are on hold until cranes start swinging," Avison Young said.

Behind the Telus project is a leading Vancouver development team, Westbank Holdings Ltd., led by the flamboyant Ian Gillespie, and the reclusive Ben Yeung of Peterson Investment Group Inc. The two have built several downtown Vancouver landmarks in recent years, including the tallest building in town, the 61-storey Shangri-La condo/hotel.

The architect on the Telus project is the celebrated Gregory Henriquez, noted most recently for his Westbank-backed Woodward's project, an internationally respected \$375-million development on the city's recovering Downtown Eastside, where the group built an elaborate mixed-use facility - expensive condos and social housing, retail space and a university art school.

For Vancouver, the Telus plan is a significant endorsement. The city is home to only three of the top 30 public companies on the Toronto Stock Exchange. Goldcorp, No. 9, occupies space in an anonymous tower. Teck Resources, No. 14, has its nameplate on the ground floor of Bentall V, the last tower completed in 2007. Telus stands at No. 29 on the TSX.

"[The Telus project] is really a vote for the City of Vancouver," said Bernie Magnan, chief economist at the local board of trade.

REAL ESTATE

## Telus tower brings new life to Vancouver office market

DAVID EBNER  
FRANCES BULA VANCOUVER

The downtown Vancouver peninsula - which appeared headed for resort-town status, crowded only with residential condos - is poised for a commercial office building renaissance, as Telus Corp. prepares to unveil a new headquarters.

The \$500-million-plus project expected to be announced this week joins a similarly large proposal two weeks ago from a group that includes Vancouver billionaire Jimmy Pattison. Three other real estate companies are close to building significant new office space as well.

It is a major reversal from the seemingly entrenched trend of the past several years, where the last notable office space was completed in 2007 and nothing had been started since then. In the intervening years there have been office building booms in Toronto and Calgary.

Now, with an office vacancy rate in Vancouver that is almost half the national figure - and rental rates near the highest in the country - downtown office building is about to come alive again. The signs of new buildings in the works will likely allay fears that a large city without many big corporate head offices was going to see its economic vibrancy wither.

Telus aims to make its new 22-storey headquarters at 520 West Georgia Street - coupled with a 43-storey residential tower on the same large downtown block - a civic icon.

"It's stunning," said one person closely involved in the project. "It doesn't look like any office building you've seen."

Telus, Page 4

## ed an inflection point'



working at the New York Stock Exchange. SPENCER PLATT/GETTY IMAGES

uring into bond funds, has to be invested. "What done is cut the duration of portfolio. We've become conservative."

Philadelphia-based Brandy-an arm of Legg Mason, ges about \$22-billion (U.S.) of bond assets and about lliion in equities. Mr. Smith, rew up in Pennsylvania country, talks in a folksy er and displays his Reagan-American values proudly. es the mid-term election es yet another reason for his ism.

ertainty over Obama ad- ration policies and regula- nges has kept investment ck in two crucial sectors of onomy, financial services ealth care, he says. "Now ections are over. You're not to have all this negative igning. God forbid people l get slightly more optimis- ll it would take, he insists, or two good months of

employment growth, say 400,000 net new jobs a month.

He acknowledges this sounds a bit far-fetched, given recent numbers. The U.S. posted a gain of 151,000 jobs last month. The first increase in five months triggered an enthusiastic market response. But economist Paul Krugman put it in perspective, noting that employment is still 7.5 million below what it was before the meltdown. "At this rate we'll return to full employment around 2030 or so," he wrote on his blog.

Needless to say, Mr. Smith does not share the bearish view.

"People now know what they need to do. And the corporate sector has all this cash. Are they going to spend it or are they not? The cash just keeps building up and there are projects that need to be done. There are competitive things that they [industries] need to do. And I'm thinking that we are getting to the point where we're going to get that [resumption of spending]."

## LAST CALL!



# Canada's Top 40 Under 40

## London Health Sciences Centre



Bonnie Adamson  
London Health Sciences Centre is pleased to announce the appointment of Bonnie Adamson as President and Chief Executive Officer.

Mrs. Adamson is a health-care



its \$1-trillion

reased through the recession, e Canadian residential mortgage market or the first time this year.

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