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BUSINESS THIS MORNING

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## Commercial holds charge

**REAL ESTATE:** Private investors and pension funds big buyers

Healthy demand continues to push B.C.'s commercial real-estate market ahead, according to a new survey.

The total value of office, industrial and retail-investment transactions in the province came to \$535 million in the first half of 2008, Avison Young Commercial Real Estate said yesterday in a mid-year review.

That's up from \$316 million in the first half of 2007 and is on pace to meet the \$967 million posted for all of last year, Avison Young said.

The number of transactions valued at more than \$5 million rose to 38 during the first half of this year from 24 in the same period in 2007, Avison Young said.

"Despite the economic downturn in the U.S. and turbulence in global financial markets, the B.C. economy continues to trend above the national average and demonstrate resilience, with solid economic fundamentals continuing to drive demand," Avison Young spokesman Bob Levine said.

The average sale price fell to \$14.1 million from \$20.6 million in 2007, Avison Young said.

Industrial properties were the most active asset class sold



Prices for well-located prime properties, such as those within sight of downtown Vancouver's Howe Street, have held their own during the past six months. JON MURRAY FILE PHOTO — THE PROVINCE

between Jan. 1 and June 30. That strength was powered by the disposal of Versacold Canada Corp.'s portfolio to Kingsett Capital in six trades amounting to \$103 million, Avison Young said.

Prices for well-located prime properties have held their own during the past six months, but the number of deals in secondary and third-tier markets is declin-

ing, the firm said. "Properties in weaker locations or with vacancy-tenant covenant issues, especially in the B.C. interior and on Vancouver Island, as well as development sites in inferior locations are witnessing a decline in value," Levine said.

Stricter lending practices in terms of debt-service coverage and loan-to-value ratios may side-

line investors needing high leverage, Levine said.

Private investors were the chief buyers in the first half of this year, accounting for \$319 million worth of properties, or 59 per cent of dollar volume.

Large pension funds accounted for \$179 million, or 33 per cent of the dollar volume.

— Business Reporter

### BUSINESS BRIEFS

#### AGRICULTURE

## B.C.'s farmers growing cash

B.C. farmers' cash receipts reached \$1.21 billion during the first half of the year, up 4.1 per cent from the same period last year, according to Statistics Canada. Nationally, farm-cash receipts rose 10.7 per cent to \$22 billion during the first six months of the year from \$19.9 billion a year earlier, StatsCan said.

Across the country, crop receipts hit \$11 billion, up 30.8 per cent from the same period last year as tight global grain supplies and strong demand triggered higher prices, StatsCan said. Saskatchewan farmers reaped the country's largest increase, with farm-cash receipts bounding 23.5 per cent to \$4.6 billion, the board said.

#### INTEREST RATE

## Bank cuts forecast

OTTAWA — It may be odd for a rise in inflation to prompt calls for interest-rate cuts, but that paradoxical view prevails in Canada after inflation stayed above the central bank's target range for two straight months. Canadians saw the value of their money shrink in July as soaring gasoline prices drove inflation to a five-year high of 3.4 per cent. But many declared July as the peak for inflation, pointing to an ebb in oil prices since then. Some analysts now expect the Bank of Canada to cut interest rates sooner than previously expected to