

# British Columbia

## "Boring" is good

Victoria's stable real estate market may not be as exciting as markets with greater risk, but it's appealing to investors during the tumultuous economic times.

At a session of the recent Vancouver Real Estate Forum, panellists that included **David Ganong of Canada ICI Capital (Victoria) Corp.**, **Robert Jawl of Jawl Properties Ltd.**, **Concert Properties Ltd.** senior vice-president **Andrew Tong** and **Colliers International** vice-president **Ty Whittaker** said the government-anchored office market is a plus for Victoria.

A lack of new construction and steady demand has helped lift lease rates to \$12 a square foot in a market where office vacancies are running at approximately 4.5 per cent.

Tong noted that investors have been cautious about new investments in the key downtown Toronto and Calgary office markets because of concerns about excess supply. Victoria, by contrast, isn't overbuilt and has the added advantage of a strong government presence to maintain stability.

"Boring is nice," Tong told *Western Investor*. "Boring is very nice in a market where people are looking for certainty."

Residential development offers more excitement, with one of the greatest number of foreclosure opportunities in Canada thanks to developers who haven't delivered what they promised. This creates opportunities for experienced developers, the panel agreed, but it has also made buyers cautious about the kind of product they're willing to buy.

## Metro Vancouver strategy blasted

Metro Vancouver's regional growth strategy, which is set for completion later this year, has yet to fly with developers.

**Bentall LP** executive vice-president **Tony**

**Astles** gave metro Vancouver chief administrative during a development NAIOP July 2010 Mainland's development community harbour concerns that the strategy Metro Vancouver plans to adopt leaves it open to applications that run counter to the larger sustainable region initiative of which it's a part. Slippage between regional policies and praxis may nix future developments that attempt to follow in the steps of the successful Broadway Tech Centre office development.

Broadway Tech Centre doesn't mesh with the land use designated for its site under the regional growth strategy Metro Vancouver has drafted, Astles said, because the strategy encourages office development in the downtown core rather than locations outside the core – even transit lines, where Metro Vancouver would like to see densification supporting transit use.

The disconnect, and the potential requirement for site-specific approvals to allow non-conforming projects to proceed, fills Astles with fear – and more so because the dangers seem to be unacknowledged.

"Your uses suggest that if an office use can be accommodated in an urban centre, then it can't go into a frequent transit development corridor," Astles said. "The implications of the language of your policy is going to put us in conflict for years, and is going to unravel this thing."

## Industrial rebounds

Vancouver industrial property sales and leasing activity increased during the first half of 2010, but the market remains tight for available product, **Avison Young** reports in a review of the Vancouver-industrial property market.

A lack of suitable product kept investors on the sidelines through the latter half of 2009, but buying rebounded this spring with a dozen properties worth \$22 million changing hands in the first four months of the year. Two of those deals alone accounted for \$14 million in sales value as each property sold

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# Prince George makeover

ge investors, consultants, government and a former premier are injecting new life into what some call the northern counterpart of Vancouver's notorious Downtown Eastside, complete with drug abuse, violence and crime.

**Dan McLaren** of Prince George-based **Commonwealth Financial** and a team of investors have snatched up 36 lots in downtown Prince George over the past year with an eye to rejuvenation. Backing the initiative are advisers from the Vancouver office of real estate brokerage **Colliers International** and former premier **Mike Harcourt**, who is serving as a consultant.

The revitalization began with a \$9 million deal to buy a former bingo hall for redevelopment as a medical centre. The project includes \$1 million of federal funding and is scheduled for completion this summer.

The Ramada Hotel on George Street is in the midst of a \$5 million renovation that includes the city's first **Starbucks**, and **Terasen Gas** recently announced a new call centre that will create 100 jobs downtown.

Other plans include a 40- to 60-unit seniors housing complex, and hopes the province will locate its proposed wood innovation-design centre on the current site of the **Prince George Hotel**, now shut. The innovation centre would have direct ties with the nearby **University of Northern British Columbia**, and feed a constant stream of students into the area, helping transform the area much as **Woodward's** is intended to do for its troubled patch of Vancouver.

**Garth Frizzell**, the city's acting mayor, believes the business community's involvement means the project is more likely to succeed than past downtown revitalization efforts.

He said the city's acquisition and closure of the Prince George Hotel has already had an effect. "What that meant for me was, first of all, I chose downtown to go for dinner with my wife on our anniversary," Frizzell said. "And then we did something crazy – we went strolling, and strolling hasn't been something that's been a fun thing to do in downtown Prince George for a while."

– Joel McKay/BIV



Downtown upgrade: an artist's rendering of the refurbished medical centre in the heart of Prince George.

for approximately \$7 million. By comparison, no industrial sale transaction exceeded \$3 million in the first half of 2009.

"Sales transactions and dollar volume are expected to increase during the next six months as owner-users and other operators attempt to secure quality opportunities on Vancouver's east and south sides," said **John Lecky**, a principal with **Avison Young** and an industrial sales and leasing specialist.

On the development front, demand for strata ownership is increasing as a result of aging and obsolete buildings, a greater need

for high-ceiling bays and higher floor-load capacity, and owner-users' desire to be close to the metropolitan region's core.

**Burnaby's Beedie Group** is active in South Vancouver with plans for two buildings on South Kent Avenue at the 300,000-square-foot Shoreline Business Centre. The first phase will have eight units and could be ready by spring 2011. **Spire Development Corp.** is also scouting sites, building on success at projects in Burnaby and an improving economy. ♦

– Peter Mitham/BIV