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First the homes, then offices

Commercial spaces boom in southwest Some new office and mixed-use developments planned for the southwest quadrant of the city

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Martin McGarry, president of DTZ Barnicke Winnipeg, in front of the office building portion of an office/warehouse complex on Lorimer Boulevard.

It's been overshadowed by a deluge of retail and residential development, but there's a new wave of office development that's also washing through the southwest quadrant of Winnipeg.

Commercial real estate officials say a number of new office and office/warehouse/industrial projects are being planned for the area over the next few years.

A & S Homes and DTZ Barnicke Winnipeg Ltd. plan to begin construction next April on the

second phase of their Sterling Lyon Business Park development on Lorimer Boulevard. Although it will be built as "flex" space -- space that can be developed for either office, warehouse or light manufacturing uses -- DTZ Barnicke Winnipeg president Martin McGarry said he expects 60 to 70 per cent of it will wind up being office space.

Winnipeg businessman Albert Friesen also plans to build a new three-storey office building on a 2.6-acre parcel of land he owns at Waverley Street and McGillivray Boulevard.

Wes Schollenberg, managing partner of the real estate firm that's marketing space in the proposed building -- the Winnipeg office of **Avison Young** -- said construction will begin as soon as some tenants are signed up.

Another **Avison Young** agent -- **Bob Antyminiuk** -- is also working with a Vancouver developer who plans to build a new mixed-use complex in the area next year. And Terracon Development Ltd. hopes to add at least one more mixed-use building to its Tuxedo Business Park development on Kenaston.

"We've got our drawings done and we're ready to go," said Terracon spokesman Norbert Hansch. "But it all depends on what the market's like, because right now it's very quiet. Everybody's kind of just waiting for the (global) economy to pick up again."

Schollenberg and McGarry said the new office developments are part of the evolutionary process for the area, which at one time consisted mainly of industrial properties and farmland.

First came the residential developments such as Linden Woods and White Ridge. Then came a flood of new big-box retail developments over the last 10 years along Kenaston and McGillivray, as well as a smattering of office and mixed-use developments.

"It's follow-the-leader, if you will," Schollenberg said.

"But the residential is the key component," McGarry said. "The people have to be there first before the retail (and office development) comes."

McGarry said demand for office space is picking up because a growing number of business owners and executives now live in the area and want their businesses there, as well.

"People want to live, work and play in close proximity."

Businesses and developers also realize residents want more non-retail amenities in the area -- things like doctor's offices, dental clinics, and financial-service outlets. And they all require office-type space.

"There are a whole bunch of developers floating around looking to score medical centres (in the area)," McGarry said. "The whole health-care gambit is lacking in the southwest."

Those are the kinds of tenants Schollenberg hopes to attract to the new Waverley Professional

Centre. And he agrees the abundance of residents and retailers in the area should help draw them there.

"The amenities are out there now... and it's easier to hire staff if there are amenities around there."

Not only are there new buildings going up, but existing industrial buildings and land are being converted to office or commercial use, according to John Wintrup, principal planner for the City of Winnipeg.

Wintrup cited National Leasing's recent conversion of a 56,000-square-foot warehouse on Buffalo Place into its new high-tech corporate headquarters as one example of that. Another is the plan by Idea Canada and Fairweather Properties to convert CN's former inter-modal yards at Kenaston and Sterling Lyon Parkway into a massive new retail/office/residential development.

He and Schollenberg said the shift from industrial to office or mixed-use developments is driven in part by escalating property values in the area. Schollenberg said land values have doubled in the last five years to between \$800,000 and \$1 million an acre, and that's too expensive for warehouse or industrial use.

While there's a strong demand for land in the area, McGarry said any businesses hoping to buy a small parcel of vacant to build on are likely out of luck.

"There's zero inventory of vacant land to buy. The developers own it all," he said. "So they'll likely have to lease (space)."