



REAL ESTATE ROUNDUP

PETER MITHAM

Vancouver's "solid market" leaves little room for investors, new development



Close tabs: real estate investors are demanding better management of assets during the current downturn; ownership at Whistler's Adara Hotel recently awarded management of the 41-room boutique property to Calgary-based Bellstar Hotels and Resorts Ltd.



Top marks for Vancouver
The **Urban Land Institute's** (ULI) annual *Emerging Trends in Real Estate* report, which was released this week, again gave Vancouver top marks as a place for real estate investment in Canada and rated it second only to Washington, D.C., in North America.

While forecasting a winter for U.S. commercial real estate in 2010, report author **Jonathan Miller of Price-waterhouseCoopers** said the cities best positioned to weather the storm have a variety of factors in their favour, including being on a path to global markets, having high barriers to entry

and public amenities that make them livable.

Vancouver has most of these characteristics, Miller said.

"It's a site-constrained market, there's a lot of interest because of the Olympics, it's always been favoured by the investors who invest there. It's a small market, it's got barriers to entry, it's got 24-hour dynamics," he said "It's got the key elements that make markets work."

While there's some concern as to whether there'll be a post-Olympic letdown in Vancouver, Miller said most sources contacted for the study think not.

"Vancouver holds up very

well," Miller said. "It's a very solid real estate market."

The downside of being a solid market is that there are few opportunities for entry, and access to land will be difficult for those seeking commercial development sites.

While one source told ULI that Vancouver "does bloody well under any circumstances," the colourful language masks the darker conclusion ULI makes that office development is "shut down."

Meanwhile, banks and developers are bracing for a slowdown in condo demand following the 2010 Winter Olympic Games, putting the brakes on residential development.

Cameron Muir, chief economist with the **B.C. Real Estate Association**, pointed to the exhaustion of pent-up demand and eroding affordability as contributing to the deceleration in his recent statement on October housing sales.

U.S. opportunities abound
Real estate investors from Canada have been heading south to Arizona and other states in recent months, snapping up bargains as U.S. real estate markets continue to writhe under the weight of financial woes.

The buying opportunities are likely to continue for some time, too, if the

time," Miller opined.
But buyers of U.S. properties had better be ready for a long-term hold.

Development is stalled for 2010, Miller said, "and maybe not much better for 2011" (or beyond), while commercial assets will fare best in the hands of keen property managers.

Speaking of hotels ...
Colliers International Hotels finally recorded its first B.C. transaction of the year with the \$11.8 million trade in September of the 91-room **Holiday Inn Express & Suites Courtenay-Comox Valley** in Courtenay.

The lack of trades doesn't surprise **Angus Wilkinson** of **Tyne Hospitality Services Ltd.** in West Vancouver.

"I don't expect hotels to be listed for sale in the current economy when banks are not prepared to provide mortgages for this industry," he said recently.
With hotels going into receivership and other deals faltering, many owners are refocusing on management.

The shift is good news for Calgary-based **Bellstar Hotels & Resorts Ltd.**, which has added three B.C. properties to its portfolio since April. The most recent addition was Whistler's **Adara Hotel**, which owners approached Bellstar to manage in view of the opportunities a larger company could offer. Vancouver-based **Trilogy Properties Corp.**, the hotel's developer, formerly managed the three-year-old property. ■

pmitham@telus.net

"[Vancouver's] got the key elements that make markets work"

— Jonathan Miller, author, *Emerging Trends in Real Estate 2010*

The sad saga of U.S. real estate would not only include a continuing decline in commercial asset values but also shrinking tenancies as the U.S. economy continues to retrench. The good news — for those with cash — is that 2010 would be a prime buying opportunity.

Report author Miller highlighted the select types of real estate that would draw that interest.

While office properties seem destined to languish as a sluggish economic recovery takes shape, hotel properties, vacation homes and bare land will offer great bargains. Miller pointed to hotels as the properties most likely to change hands in 2010, while land prices would be the lowest seen in a generation.

"We may not see prices this low again in our life-

AVAILABLE FOR LEASE

OFFICE SPACE



AIRPORT EXECUTIVE PARK, RICHMOND
615 - 66,023 SQ. FT. AVAILABLE.

- AWARD WINNING 35 ACRE LANDSCAPED PARK.
- CONVENIENT NORTH RICHMOND LOCATION.
- ON-SITE PROPERTY MANAGEMENT.

FLEX OFFICE/WAREHOUSE SPACE



CRESTWOOD AREA, RICHMOND
3,133 - 11,050 SQ.FT. AVAILABLE.

- FLEXIBLE MIX OF OFFICE AND WAREHOUSE SPACE.
- GRADE AND DOCK LEVEL LOADING.
- AMPLE PARKING.

INDUSTRIAL / WAREHOUSE SPACE



NORTH RICHMOND
16,000 - 48,000 SQ.FT. AVAILABLE.

- NEW ROOF AND METAL SIDING.
- 200 FT. MARSHALLING AREA.
- GRADE AND DOCK LEVEL LOADING.

INDUSTRIAL / WAREHOUSE SPACE



ANNACIS ISLAND
26,052 AND 26,427 SQ.FT. AVAILABLE.

- 26' CEILING HEIGHT.
- PRIME ANNACIS ISLAND LOCATION.
- AMPLE PARKING.



FOR INFORMATION PLEASE CONTACT:
TIM EVANS
TEVANS@BENTALL.COM
TEL: 604.233.1009

