

REAL ESTATE ROUNDUP

Business parks blooming in Sooke and Surrey as low industrial vacancy rates drive demand

Vancouver developer continues to be bullish on southern California



PETER MITHAM

Park demand here

Sooke and Surrey will soon be home to new business parks.

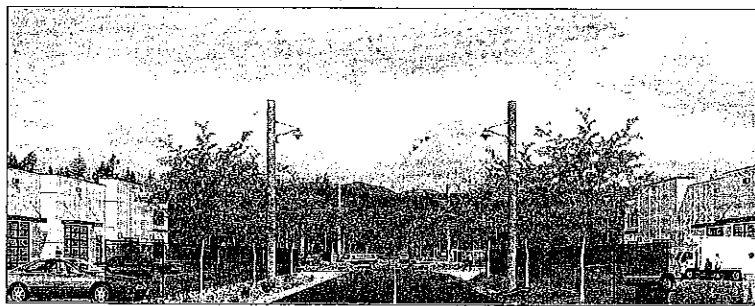
This past weekend saw the opening of the presentation centre for the Sooke Business Park, a venture of Victoria-based Three Point Properties Ltd. in partnership with Island View Construction Ltd. Situated on the former TimberWest sorting lot in Otter Point, the 47-acre site will accommodate up to 70 businesses.

Three Point project manager Joanna Bateson said the site has been divided into 70 strata lots of between a quarter and 1.1 acres. Prices start at \$195,000 apiece. Servicing is underway, and prospective owners can register title beginning early in 2009.

Bateson expects demand for lots to be significant, given a chronic shortage of industrial space in the Greater Victoria area and a vacancy rate in the 0.2% range.

"Over the past couple of years, we've seen the industrial vacancy rates reach an all-time low," Bateson said. "With the huge growth success evidenced in outlying communities such as Langford, we're hopeful that we can encourage people to extend just 20 minutes farther up the road."

The zoning for the park



Sooke nook: Victoria's Three Point Properties is transforming TimberWest's former log sorting lot into an industrial park that will be able to accommodate up to 70 businesses

allows all manner of industrial uses. Queries to date have come from a granite company, a sawmill operator, logistics companies and a distillery.

Meanwhile, Dundee REIT and GE Capital Real Estate Canada are planning a 650,000-square-foot office development adjacent to the Gateway SkyTrain station in Surrey. Currently, the most prominent office development at the site is Station Tower, also a Dundee holding.

Avison Young Commercial Real Estate (B.C.) Inc. was named broker for the development last fall. Plans call for five phases to the park, with the first phase scheduled for completion by mid-2010. A mix of floor sizes are planned to accommodate a diversity of companies and provide opportunities for expansion on site.

Emri continues expansion

A year after picking up a handful of properties in Silicon Valley and completing the sale of 70 acres in the Moreno Valley to a local developer, the Vancouver-based Emri Group is buying again in southern California.

The company recently picked up US\$37 million worth of office space in the San Diego area, adding 201,200 square feet to its office holdings.

"Both of these properties were acquired in off-market transactions at prices that we feel are below the current market and certainly well below their replacement cost," Emri Group principal Bob Emri said in a statement.

The purchase involved two buildings, both of which are occupied by life science companies. One is half empty, but it's expected to lease up quickly.

Said Emri, "Given the con-

tinued strength in leasing activity in the submarkets where these properties are located, and the fact that there is little comparable, competing space available, we are confident that we will attract solid tenants and add significant value."

Emri has also been active in Canada, adding property in Kamloops to its portfolio last fall and enjoying strong lease activity on its properties in Prince George.

The group also added Yaletown's Kolachy Co. to its holdings, expanding it from Beatty Street to Bentall Centre and

Kingsgate Mall. Additional locations are planned for this year, but lease deals have yet to be signed.

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- Joanna Bateson
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Three Point Properties Ltd.

Bulls and bears

The best news gleaned from ploughing through the latest crop of local construction industry stats was surging employee counts.

The latest Statistics Canada figures indicate an 11.2% gain in people employed in the Lower Mainland-Southwest construction sector in the first three months of this year versus the first three months of 2007.

That works out to 123,800 workers, or a gain of 12,300 people.

The news was slightly less bullish for building permits. Permit values in the Lower Mainland-Southwest region rose just 6% in February 2008 versus the same month in 2007. A strong increase in residential permit values offset a sharp decline in non-residential permits. However, total permit values in the first two months of this year dropped to \$983.7 million from \$1.2 billion, an 18% decline.

However, the drop in activity is good news to Philip Hochstein.

"[The] B.C. construction market has been overheated for several years, so a decline in building permits isn't necessarily a bad thing," said the president of the Independent Contractors' and Business' Association. "The overheated construction market meant sharply rising costs for labour and materials, so a moderation in activity will bring back some certainty to the construction sector and its clients." ■
pmitham@telus.net