

REAL ESTATE ROUNDUP

We're not immune to fallout from U.S.

Commercial investors may not be as lucky as consumers following bank's cut in rates

It's good news, really

Depending how you look at it, the **Bank of Canada's** cut to its target interest rate last week and parallel moves to trim prime lending rates at banks across Canada offered the good news that speakers at the **Urban Development Institute's** (UDI) annual industry outlook luncheon discussed just a few days before.

First, the good news: So far as the Bank of Canada's 25-basis point cut to its target lending rate – now 4% – sets the pace for prime rates at retail banks across the country, it's good news for consumers and the residential developers seeking to serve them. **Parklane Homes Ltd.** president **Peeter Wesik**, discounting the impact of the U.S. subprime mess in B.C., told the UDI audience that he expects interest rates to stay lower for the next 12 to 18 months. This certainly won't dampen sales, he argued.

But don't think the real



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estate market in B.C. is immune to fallout from the U.S. crisis, cautioned **David Podmore**, president and CEO of **Concert Properties Ltd.**

The bad news, as **Avtar Bains**, senior vice-president of **Colliers International**, explained, lies in the fact that commercial investors don't stand to be as lucky as consumers. While interest rate cuts may buoy the hopes of home buyers, Bains said lenders are being more discriminating and paying close attention to the fundamentals of deals. In short, a cut to target



Shifting capital: at Bear Mountain on Vancouver Island, sales to international buyers are strong, as many seek an alternative to softening asset values in the U.S. Buyers feel real estate markets in Canada may be more resilient than those further south

interest rates won't necessarily get passed along to investors seeking financing.

Spreads on bond rates mean properties such as the site of the Marketplace IGA in the 2000-block of West

Broadway in Vancouver didn't attract the dozen offers it might have a year ago. Six bids were on the table when the deadline for offers passed in early December. Still nice, but it's not 2006 anymore – or 2005, 2004 or 2003.

"We're going to be treating real estate assets on their own merits going forward," Bains said. "We're back to cash flow, back to fundamentals – and that's a good thing."

B.C. Place recommendation

More than a few ears perked up at the recent UDI luncheon when moderator **David Negrin** introduced **David Podmore** as the man with the keys to B.C. Place, someone people in the audience would want to talk to in the near future.

A rustle of voices swept through the room at the prospect, but Podmore, who serves as chair of **B.C. Pavilion Corp.** in addition to heading up **Concert Properties Ltd.**, said that prospective buyers aren't about to be invited to submit bids on the landmark stadium. "They might be eager to, but I won't be talking with them," Podmore said after the luncheon.

He added that recommen-

dations on the future of the stadium, including whether or not it should be sold, aren't about to be released.

"Not immediately, that's for sure. We're just evaluating all of the options," he said. That's not to say that a

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senior vice-president,
Colliers International

heightened sense of anticipation doesn't exist. The property would be a lucrative development site, but Podmore wasn't about to give away any secrets. "Just stay tuned!" he advised.

Courting buyers

One of the themes running through the various UDI outlook presentations was the presence of opportunities, regardless of market circumstances.

It's something B.C. resort developers have seen. While the much-publicized woes of the U.S. housing market have dominated headlines, U.S. buyers are still buying resort

properties in Canada. The new **Revelstoke Mountain Resort**, for example, has seen approximately half its condo units sell to U.S. buyers. Meanwhile, at Bear Mountain on Vancouver Island, sales to international buyers are strong, as many seek an alternative to softening asset values in the U.S. The real estate markets in Canada may not be entirely independent of markets south of the border, but buyers do feel they're more resilient.

"We've seen a marked spike in interest in U.S. investors. They view Canada as a safe economic, safe lifestyle purchase – safe in many ways," said **Dale Sproule**, director of real estate for **Bear Mountain Master Partnership**.

While U.S. buyers account for no more than 7% of buyers at Bear Mountain, Sproule expects to see more. A new marketing centre that opened in Arizona on January 11 has boosted inquiries from the U.S. by 42%.

Approximately 90% of the units Bear Mountain has offered to the market have sold, Sproule said, with a further 3,000 units set for release over the next 10 years. ■
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