

## REAL ESTATE ROUNDUP

## PETER MITHAM

## Industrial properties adopt consumer focus; B.C. developers grapple with NDP power surge



### Consumer-driven logistics

The outlook for Lower Mainland industrial markets in the year ahead is generally positive, as absorption eliminates excess space and competition for new development increases.

But what stood out at as panelists worked over the market during the recent breakfast meeting of commercial real estate association NAIOP was a shift in how North America's industrial markets operate.

Warehouse space is no longer focused on serving U.S. markets but rather on serving population centres, observed **Kevan Gorrie**, vice-president, industrial with **Oxford Properties Group** in Toronto.

Speaking from a perspective of having seen Ontario's manufacturing sector slide as the forces of globalization made offshore production a sensible option, Gorrie said Oxford's investments have been steadily shifting into distribution space – but not necessarily U.S.-oriented import-export space.

"In the last decade, the real estate that we've looked for or have owned has changed," he said. "You want to be near large urban centres, and urban centres that have good demographics for purchasing, for consumer demand."

The shift has aligned industrial space with retail space, with warehouses located in markets with strong population growth. This makes Toronto and Vancouver the country's strongest industrial markets, in Gorrie's opinion.

"Toronto gets 100,000 new Canadians every year, and Vancouver is probably a close second at 40,000 to 50,000 people," Gorrie said. "So even if you're in the U.S. and you're making decisions about where you want to have a footing, you're going to be looking to those markets."

Unless, of course, you're factoring in political risk.

Gorrie pointed to **Target** as one retailer that's serving the country's major population centres from

central locations that maximize efficiencies while minimizing political risk. Target has two major distribution centres in Canada: one in Cornwall, Ontario, and the other in Calgary.

Cornwall, near the U.S. and Quebec borders a 90-minute drive from Montreal, will be serving *la belle province* from the outside due to ongoing worries about separation, Gorrie said, and the volatile political environment in B.C. gave Calgary an edge over Vancouver.

"We're sure one of the main reasons they had for Calgary and not Vancouver ... was the political environment," Gorrie said, encouraging his audience to vote during the next provincial election.

### NDP = No Dramatic Problem

NAIOP panellists weren't the only ones getting political recently.

Panellists during the **Urban Development Institute's** annual (and sold out) development industry forecast luncheon on January 19 weighed in on the impact a Premier **Adrian Dix** might have on real estate development in B.C.

"Adrian Dix is going to waltz into government with 35% of the popular vote," the always colourful **Rob Macdonald** of **Macdonald Development Corp.** predicted in a note moderator **Diana McMeekin**, president of **Artemis Marketing Group**, read to kick-start the discussion. "The business community will lose confidence and everything we have worked hard for over the last 12 years is likely to go to (something unrepeatable beginning with 's') all over again."

But veterans of local real estate said the world economy was a bigger concern than the **BC NDP**.

"Right now, it doesn't matter what government we have in power, we're not going to have 8% GDP relative to what's going on in the rest of the world," observed **Tony Astles**, executive vice-president of **Bentall Kennedy LP**. "We've got problems out there."



Trading places: Vancouver's Nicola Crosby Group picked up the Maynard building and two other properties in Seattle's Pioneer Square formerly owned by Intracorp through a court-ordered sale in December

For **Eric Carlson** of **Anthem Properties Group**, NDP rhetoric is sound and fury signifying little.

"We'll be uncomfortable, but that's not necessarily bad – that's just uncomfortable," he said.

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– Tony Astles,  
executive vice-president,  
Bentall Kennedy LP

And perhaps attitudes are changing, memories of 20th-century state-sponsored socialism a fading memory. **Onni** president **Rossano DeCotiis'** comments were illuminating in this regard.

"I'm trying to think back to when the NDP were in power, but I'm quite a young guy and I don't remember how bad it was," he said.

"Most of my career was with the Liberals, so you kinda run your

business and the government changes, you gotta deal with it."

### All in the city

**Intracorp Development Group's** loss is **Nicola Crosby Group's** gain.

Vancouver-based Nicola Crosby recently picked up three buildings with a total area of 140,500 square feet in Seattle's Pioneer Square district for \$19.1 million. The buildings are primarily commercial, with one including a few storeys of residential.

Intracorp bought the properties from Seattle's **Goodman Real Estate Inc.** in October 2007 as part of a portfolio of four properties valued at \$53 million.

It owned one of the buildings outright, but defaulted on a loan from **GE Capital** for the remaining properties.

GE stepped in last September, and Nicola Crosby was able to pick up the properties in January through a court-ordered sale when the properties went under the gavel in December.

Nicola Crosby CEO **Wayman Crosby** was out of town last week and unavailable for interviews. ■  
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## BUSINESS TODAY

### Vancouver property firm fined for overuse of software

A Vancouver property management company and a school district in northern B.C. have been fined for overuse of software.

**Unique Real Estate**, a Vancouver accommodation and property management company, was fined \$20,000 for the overuse of Adobe and Microsoft software and the **Coast Mountain Board of Education** was fined \$15,750 for Adobe and Corel programs, according to a **Software Business Alliance (BSA)** spokesman. The BSA publicized the fines Monday.

Both admitted to under-licensing and voluntarily agreed to pay the fines for the use of software on more computers than it had licensed.

According to the BSA, the organization was alerted to the unauthorized use of multiple iterations of software programs through confidential reports made on its website, [www.nopiracy.ca](http://www.nopiracy.ca).

The BSA is a global organization that represents the software industry and investigates and prosecutes licensing infractions. Many of the reported violations come from within an organization's own IT department, BSA compliance marketing director **Rodger Correa** told *Business in Vancouver*.

Correa said the BSA could prosecute through the courts in the countries where the infractions occur, but usually doesn't have to.

"Almost all of our cases are settled out of court," he said.

Under-licensing is a common form of piracy, the BSA said. Correa said there have been instances where a business or organization has installed software for which it has a single licence on 50 to 60 computers.

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