



# PROSPERITAS

THIRD QUARTER 2008    FEATURE: ON TRACK TO 2010    COMMERCIAL REAL ESTATE INVESTMENT



## On Track to 2010 BUILDING VANCOUVER:

Rapid Transit Impacts on Commercial Real Estate

- Eugen Klein, B.Comm(UREC), CRES, ARM®, RI, FRI, CCIM

Will new transit being completed in time for the \$1.4 billion 2010 Olympic and Paralympic Winter Games spur commercial real estate market activity?

A new report released by Landcor Data Corporation, Lessons from Expo 86 for the 2010 Olympic Games focuses on residential market activities, but its findings are very relevant to the commercial market.

The report evaluates the potential for development around the Canada Line being built in time for the 2010 Winter Games, by comparing what happened during Expo 86, another international

event held in Vancouver which also saw new rapid transit built.

The report concludes that the Expo Line changed the face of Metro Vancouver and had a big impact on real estate construction and prices. The Canada Line has the potential to do the same.

Landcor found that in the ten years following the Expo Line completion, 1986-1996, residential construction took off within 500 metres of some Expo Line stations in Burnaby, New Westminister, and Vancouver. The largest construction gains included the Edmonds station with 1,137 units

built, a 414% increase from the 1975-1985 period, the New Westminister station with 1,378 units built, a 644% increase, and the Joyce station with 1,211 units built, a 909% increase.

Landcor also found that vacant land prices within 500 metres of Expo Line stations increased 251% between 1986 and 1996, compared to 133% for overall housing prices within the same area.

Between 1986 and 2007, vacant land prices increased 628% compared to 352% for housing prices overall in Expo Line cities.

In some areas along the Expo Line, there was no residential activity. These included the 29th Avenue, the Broadway, the Nanaimo and Surrey's Whalley area stations.

Why did development not occur around these stations?

In some cases – the 29th Avenue and

*(continued on page 2)*

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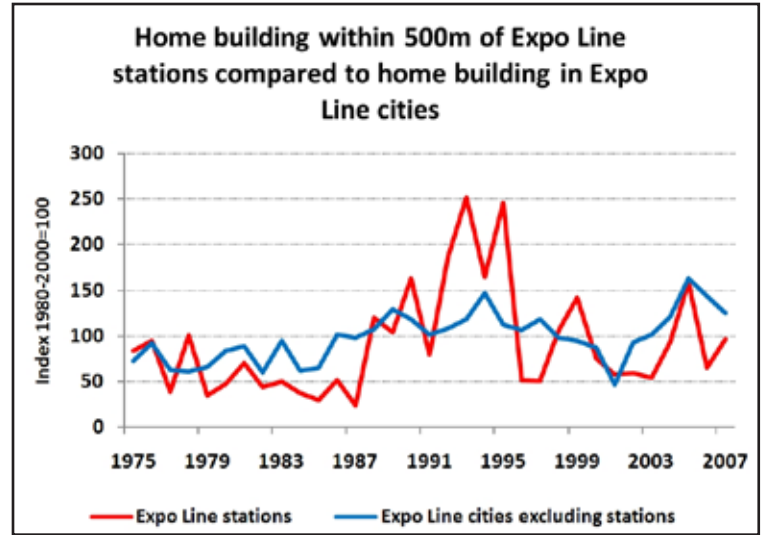
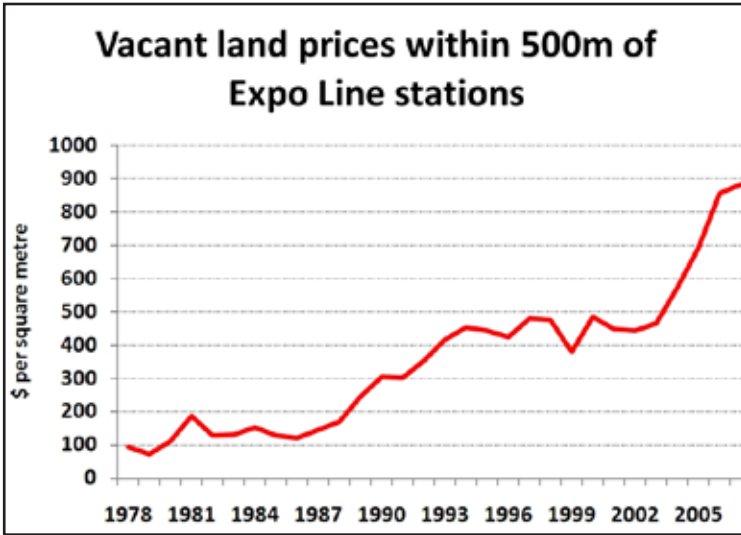
Mr. Axel Christiansen  
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### EXCELLENCE



# The Line of Rising Values

(continued from page 1)



the Nanaimo stations – longstanding single family neighbourhoods prevented development. However, overall, the key ingredient was land use zoning decisions. Where zoning allowed for high density development, activity occurred.

What does this mean for commercial developers? Will new RAV line and transit, drive commercial development?

## Richmond

In the case of the City of Richmond, yes.

Richmond has been planning for an “urban-riverfront community” for some time, says Terry Crowe, the City’s Manager of Policy and Planning.

“Transit-oriented, high density complete urban villages are being

built at three of five Canada Line stations – Capstan, Lansdowne and Richmond Brighthouse.

Building economic vitality is a priority and jobs and business are a key focus in what Richmond calls its “Areotropolis community” – a world class business centre that builds on Richmond’s gateway location.

“The Capstan station will see the surrounding 14 acres developed into

10 residential towers with multiple amenities,” says Crowe. Plans include offices, medical clinics, shopping centres, coffee shops and more.

The Lansdowne Station will serve the nearby Oval Village, a 300-acre site that will be a complete community, green and economically viable and eventually home to more than 30,000 residents and services to serve them.

## Vancouver and Beyond

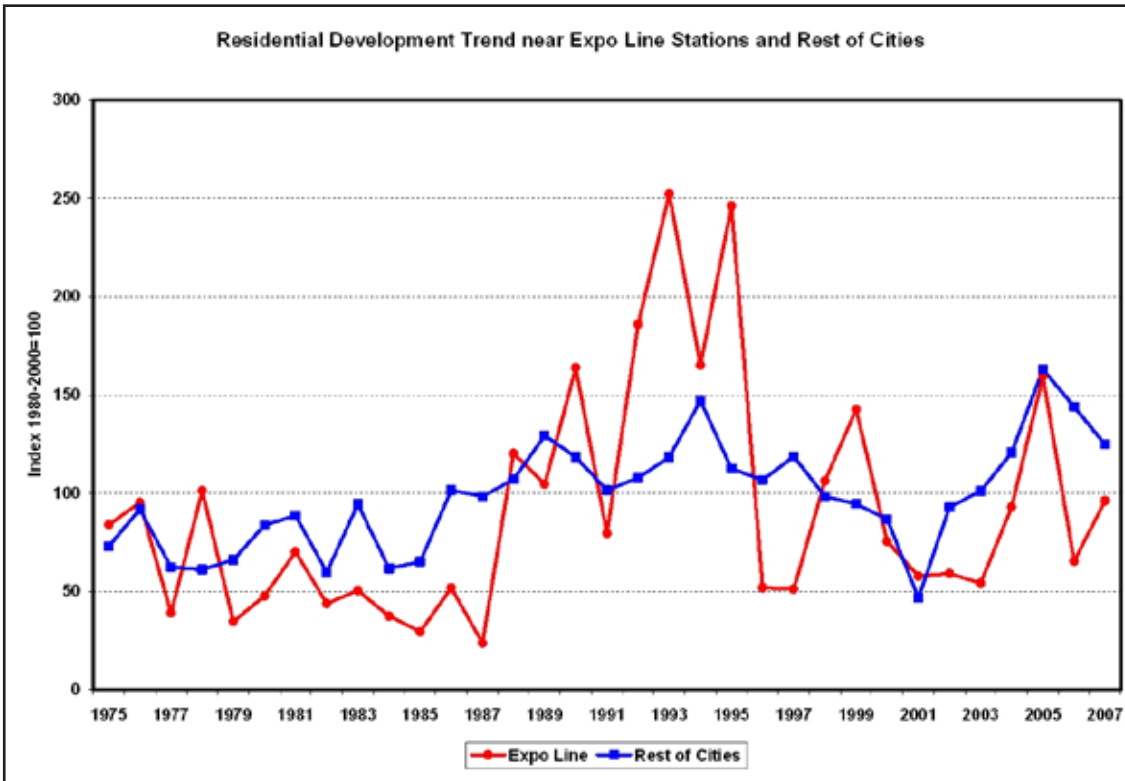
Planning is also well underway in municipalities along the new SkyTrain lines including the Millennium Line west along Broadway toward UBC, the Evergreen Line to Port Moody and Coquitlam, and the extension of the Expo Line further into Surrey and eventually to Langley.

This is all good news for commercial development. And although construction is forecast to continue to soften through 2009 and 2010, it is expected to begin to recover in 2011.

## The Inside Track

TransLink has created a real estate division to help pay for new transit.

The new division will sell key surplus



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properties, lease and license holding properties and arrange partnerships and joint venture agreements.

The first properties up for sale are worth \$100 million and include the 14-acre Oakridge transit centre, the 12-acre Coquitlam park-and-ride lot and two False Creek properties: one at 95 East First Avenue and another at 1551 Quebec Street.

Funds generated from the sale will finance the purchase of property around future rapid transit stations, starting with the Evergreen SkyTrain and the UBC expansions.

TransLink has made clear that is not a real estate developer. Instead it will work in partnership with developers and municipalities.

The Evergreen Line will be the first opportunity. TransLink will buy property along the line and around stations and investors will build the infrastructure.

TransLink will also give municipalities more amenities around new station areas and in exchange municipalities will be encouraged to rezone to higher density. Developers will then build new higher-density communities such as mixed use towers above and around stations.

This activity is expected to generate as much as \$1.5 billion in revenue for TransLink over the next decade.

#### Zoned for success

Land use decisions play a major role in shaping neighbourhoods near transit stations. Where zoning allows for high density, development occurs at a brisk pace, so long as good market conditions exist. ■

| Residential Properties by Year Built<br>Within 500m Radius of Expo Line Stations |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| City/Station   | 1975-1985 | 1986-1996 | 1997-2007 | 1975-2007 |
| <b>Burnaby</b>   |           |           |           |           |
| Edmonds  | 221       | 1,137     | 1,196     | 2,554     |
| Metrotown  | 206       | 550       | 223       | 979       |
| Patterson  | 738       | 1,232     | 270       | 2,240     |
| Royal Oak  | 410       | 281       | 507       | 1,198     |

| Residential Properties by Year Built<br>Within 500m Radius of Expo Line Stations |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| City/Station   | 1975-1985 | 1986-1996 | 1997-2007 | 1975-2007 |
| <b>New Westminister</b>  |           |           |           |           |
| 22 <sup>nd</sup> Street  | 25        | 37        | 39        | 101       |
| Columbia   | 480       | 449       | 234       | 1,163     |
| New Westminister   | 185       | 1,378     | 510       | 2,073     |

| Residential Properties by Year Built<br>Within 500m Radius of Expo Line Stations |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| City/Station   | 1975-1985 | 1986-1996 | 1997-2007 | 1975-2007 |
| <b>Surrey</b>  |           |           |           |           |
| Gateway  | 41        | 293       | 257       | 591       |
| King George  | 138       | 31        | 24        | 193       |
| Scott Road   | 12        | 32        | 3         | 47        |
| Surrey Central   | 233       | 129       | 69        | 431       |

| Residential Properties by Year Built<br>Within 500m Radius of Expo Line Stations |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| City/Station   | 1975-1985 | 1986-1996 | 1997-2007 | 1975-2007 |
| <b>Vancouver*</b>  |           |           |           |           |
| 29 <sup>th</sup> Avenue  | 139       | 224       | 113       | 476       |
| Broadway   | 359       | 281       | 170       | 810       |
| Joyce  | 120       | 1,211     | 1,158     | 2,489     |
| Main   | 2         | 471       | 356       | 829       |
| Nanaimo  | 141       | 134       | 103       | 378       |

Source: Landcor Data Corp. \* Excludes downtown stations

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