

FEATURE Vancouver downtown land prices set new — and somewhat shocking — records for price and volume

\$100 per buildable benchmark broken

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All real estate comes down to land values and in Greater Vancouver, indeed across all of British Columbia, it is coming down to the highest values — and highest demand — in history.

"British Columbia now has the hottest land market I have ever seen," said **Rudy Nielsen**, president of **Niho Land and Cattle Company Ltd.** and the largest individual landowner in the province.

Nielsen, who has been buying and selling land for 32 years, said he is seeing unprecedented demand for everything from farmland to recreational property. "Buyers are coming into B.C. from all over the world," Nielsen said.

The defining rural land deal in B.C. over the past year was the sale of the 500,000-acre Douglas Lake ranch near Merritt to U.S. billionaire **Stanley Kroenke** for \$88 million.

Based on a survey of the approximately 300,000 rural properties in B.C., Nielsen said the average price for an acre of raw rural land is now \$1,916. While this is the highest in Western Canada, it pales beside the prices now being paid for prime recreational sites or for land anywhere in Greater Vancouver.

Downtown

Last year, according to a study done by **Colliers International**, \$700-million-worth of land was sold in Greater Vancouver, which was up 30 per cent from 2002. This year, however, is on track to smash that record.

As of mid-year, Greater Vancouver land sales



The Shell station at Burrard and Davie has sold for \$102 per buildable square foot. A mixed-use retail and residential development is planned by buyer Prima Properties

found. In the downtown peninsula, the price per buildable square foot is now averaging \$100, well beyond the \$60 per buildable square foot that had been the benchmark. (At \$100 per buildable square

feet, it works out to more than \$4.6 million an acre.)

Demand is strongest for downtown land with residential opportunities, **Colliers** notes. The land values dictate the price of new condominiums, which have moved from an average of \$325 per square foot last

year to \$425 per square foot today.

Notable recent downtown deals in the past year include the corner of Burrard and Davie St. where the former Shell station sold for \$102 per square foot, once bonus density was fac-

tored in; and 788 Richards St., which sold for \$98 per buildable square foot.

Last year the province paid \$27.5 million for the 21.2-acre site that will house the new **Vancouver Convention Centre**, and **London Drugs** paid nearly \$15 million for a 1.29-acre site on West Broadway.

Some developers are purchasing City of Vancouver's Heritage Density, which can be transferred from developments in Gastown, Chinatown and parts of the Downtown Eastside. Heritage Density currently trades between \$45-\$65 per buildable square foot.

However, the Heritage incentives have helped to push values of old buildings skyhigh in Gastown. Recently, an old Water Street office building with residential potential was listed for sale at \$400 per square foot. And when the 35-year old **Duke Energy** office building on West Georgia was converted to condos, the suites sold for an average price of almost \$500 per square foot.

Indeed, the potential for conversion to residential has made the price of older office property unreasonable for commercial tenants and forced the City of Vancouver to limit residential conversions in parts of the central business district.

A similar situation is happening in Victoria, where a prime downtown conversion site has been listed this year at a record price of \$40 per buildable square foot, according to **JJ Barnicke Victoria Ltd.**

Suburban

Land values in suburban Greater Vancouver have increased from 10 per cent to 15 per cent, based on the municipality, over the past year. Hot areas include the Lower Lonsdale and Marine Drive areas of North Vancouver, **Brentwood Mall** area in Burnaby, Garden City in Richmond and the 104th Avenue corridor in Surrey.

An indication of the action in Surrey is the recent sale of 15357 Guildford Drive, where the **Jim Pattison Group** paid \$15.9 million for an 18.3-acre retail site, reports **Colliers International**. ♦

Major land transactions 2003-2004

Municipality	Address	Acres	Price
Vancouver	175 Thurlow St.	21.28	\$27.5 million
Vancouver	Kings Road	1.5	\$13.5 million
Vancouver	1157 Burrard St.	.6	\$13.6 million
Burnaby	4250 Marine Dr.	57.04	\$13.5 million
Burnaby	Glenwood Dr.	78.7	\$22.7 million
Richmond	Eburne Way	66.93	\$17.6 million
Surrey	12587 88th Ave.	23.7	\$17.8 million
Surrey	Nordel Way	13.36	\$12.0 million
North Van	2177 Dollarton	23.96	\$12.1 million
Port Moody	3275 Murray	22	\$11.5 million
New West	350 Gifford St.	19.09	\$9.7 million

Selected transactions courtesy: RealNet and Colliers Research

had already topped \$300 million, 20 per cent higher than through the first six months of 2003.

And the prices being paid are simply astounding. Land values in the central business district have shot up 50 per cent in the last year, **Colliers**