

COVER Transportation network vital to business as population shifts to south of the Fraser Valley in motion

SANDOR GYARMATI / JEN ST.DENIS

BIV/ WESTERN INVESTOR

Don Coulter stands in front of piles of rebar and a construction tower crane, which pokes high into the Surrey sky.

The site, located near the end of the SkyTrain line at King George Boulevard and Fraser Highway, will be **Coast Capital Savings'** new 180,000-square-foot headquarters and will house 700 employees when completed.

The credit union chose the location over 35 others throughout Metro Vancouver. It wanted to keep its administrative operations in Surrey, but there was another huge plus to this particular location.

"Being in close proximity to transit facilities ... was a real pivotal factor in where we decided to go," said Coulter, Coast Capital's chief financial officer.

He said shorter commute times will improve the quality of life for his company's employees, many of whom have young families (the new building will include a daycare).

"It helps our brand and gets the word out that Coast is a great place to work for even more reasons than it already is."

Coulter added that a Surrey light-rail system would make it even easier for employees to get to work.

Funds stalled

But Surrey's rapid transit dreams are on hold as the province and Metro Vancouver municipalities continue to wrangle over transit funding.



Dan Coulter, Coast Capital's chief financial officer: transit helped close deal for new Surrey Central headquarters.

Over the past three years, the province has rejected several proposals from the region's mayors, including a vehicle levy and fare increase.

A transit funding referendum promised by Premier **Christy Clark** during the 2013 election is now rolling full steam ahead, over the objections of the region's mayors, who warn that a "No" vote could spell economic disaster for the region.

A recent study **Jonathan Arnold** completed at the **Business Council of BC**, estimates that the economy is losing between \$1.65 billion and \$2.25 billion a year due to wasted fuel, increased greenhouse gas emissions and lost time and productivity because of the region's congested roads.

Hit hardest by the economic consequenc-

es has been the region's trucking industry, which transports 90 per cent of all food and consumer goods traded in Metro Vancouver. According to a **BC Trucking Association** (BCTA) study, truckers have had to spend 30 per cent more time to complete each trip. That has cost the economy \$750 million a year.

But every sector of the economy suffers, from professionals losing productivity by getting stuck in traffic to exporters who face lower profit margins as goods delivery is slowed on crowded roads. Arnold also noted that congestion reduces long-term employment. A 10 per cent reduction in congestion could boost job growth by as much as 4 per cent.

Most growth

The provincial and federal governments have spent billions in the Fraser Valley

expanding the road network in part to alleviate the congestion. The new \$3.3 billion Port Mann Bridge and Highway 1 improvement project, for example, has eliminated, for now, a major transportation choke point and improved transit service between Langley and Coquitlam. The \$1.3 billion South Fraser Perimeter Road has created a new trucking route that directly connects Roberts Bank Deltaport to Canadian National's intermodal terminal near the Trans-Canada Highway's 176 Street exit.

But as the region's population growth shifts to south of the Fraser River, more transit will be needed to relieve congestion in the region's fastest-growing communities.

"The movement of people and goods is absolutely key to the expansion of economic development," said Surrey's mayor, **Dianne Watts**.

She added that infrastructure is already stretched thin in her municipality.

"You don't service [the population south of the] Fraser with four stops of rapid transit



BC Transportation and Infrastructure Minister Todd Stone and the Kerry-Lynne Findlay - Member of Parliament for Delta-Richmond at the official opening of the South Fraser Perimeter Road in December.

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that was undertaken in the late '80s."

Surrey faces two key major transportation challenges: it's in the path of a major trucking route from the United States, and its population is growing rapidly. Approximately 48 per cent of Metro Vancouver's growth is projected to be centred south of the Fraser.

And, according to the 2011 National Household Survey, 45 per cent of Surrey residents work within the city limits with only 13 per cent commuting to Vancouver.

"Within Innovation Boulevard, which is about one square mile, we've got 180 health-related businesses, four universities, a regional hospital, a cancer centre, a diabetes centre," Watts said.

Michael Heeney, principal at **Bing Thom Architects**, noted that the centre of gravity of the region's population has migrated east over the past 50 years.

"Back in the '60s, the centre point of the population was on the East Vancouver-Burnaby border. Today, it's in New Westminster, and it won't

be long for it to hop the river and settle where Surrey City Centre is."

While Vancouver-area politicians argue for expanded transit along the Broadway corridor, Heene>y said some of the biggest gains in reducing congestion and improving the region's livability could come from realizing Surrey's light-rail plans.

"Both are really important. But you have to look at where the growth is, too. That has got to be Surrey, and right now, they don't have alternatives. There are alternatives [to driving] to UBC. But there is a lot of Surrey that is, frankly, so poorly serviced by transit that you're forced to drive a car."

A world-class transit system is key to realizing British Columbia's economic potential, said **Michael Goldberg**, a former dean

of the **University of British Columbia's** (UBC) Sauder School of Business.

"If you're a regional headquarters, you have all these people coming in to do business with you, whether it's finance or you need lawyers or accountants, or, in mining, engineers or geologists," Goldberg said.

"You don't want to send these very expensive people to a place and then have them sit in traffic."

Goldberg also ties B.C.'s resource-heavy north with the urban south, where much of the support work for those industries gets done.

"All of what [Christy Clark] wants to do in the north needs a really, really well-functioning Metro Vancouver," he said.

Goldberg pointed to Surrey as an example of a fast-growing region that has recently seen a "stagflation" amount of both office and residential development around transit stations.

Light rail in Surrey would promote densification in the city, but Heene>y said it would also create new opportunities for local businesses to grow and tap new clientele –but he noted that transit flows both ways.

Freeway links mall

"When the SkyTrain first went in around what is now Central City, they thought it would be a panacea and they would be able to get all these customers that would be coming on SkyTrain," Heene>y said. "But in fact, it backfired, because a lot of customers they used to get went to [Burnaby's] Metrotown. That's changed now, and they're growing by leaps and bounds, because of the university and the tower. But you have to be looking at the positive and negative effect."

"48 per cent of Metro Vancouver's growth is projected to be centred in the Fraser Valley."



Tsawwassen Mills and Tsawwassen Commons complex planned for South Delta.

The opening of the South Fraser Perimeter Road that will speed traffic links across the Metro Region and into and out of Delta will prove a benefit to biggest retail development in the Fraser Valley.

Tsawwassen Mills, a venture from **Ivanhoe Cambridge** and **Tsawwassen First Nation (TFN) Economic Development Corporation** will cover 1.8 million square feet of shopping and office space near Highway 17 and 52 Street. **Property Development Group (PDG)** is to develop an outdoor retail mall comprising 550,000 square feet called Tsawwassen Commons adjacent to the Mills site.

Together, the footprint will represent the second largest retail centre in B.C., just slightly smaller than the Metrotown complex in Burnaby.

The TFN membership voted in 2011 in favour of the partnerships, but at that time those deals were based on 49-year leases. Following a "due diligence exercise" looking at the feasibility of the projects, those deals were changed to offer more land on 99-year leases, which were subsequently endorsed by TFN members.

Site preparation began in early 2013 and the malls were originally scheduled to open in 2015, but last year the TFN, without explanation, changed that to 2016.

In late January – after the *Western Investor*

press deadline – a "construction start event" was scheduled for the site. The event was expected to clear up questions about the timing and scope of the project and confirmed tenants.

TFN CAO **Tom McCarthy** recently said the First Nation couldn't comment on the status of the mall development or any confirmed tenants, other than directing inquiries to Ivanhoe Cambridge and PDG. He did confirm the developers are financing site preparation and construction. A representative with **National Public Relations**, representing Ivanhoe Cambridge, said none from the development company was available for comment until the construction start meeting.

Form Retail Advisors, the leasing agent for Tsawwassen Commons, referred all questions to PDG. **Keith McRae** of PDG noted that details would be released at the January media briefing, but told *Western Investor*, "Things are going extremely well."

Tsawwassen Mills would follow the model of the Ivanhoe Cambridge's huge CrossIron Mills shopping mall north of Calgary and Vaughan Mills north of Toronto. ♦

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