

## REGIONAL ROUNDUP Condo and office towers, large retail projects and industrial strength define city

## Burnaby: Think big

## WI STAFF

## WESTERN INVESTOR

**B**urnaby, the third-largest municipality in B.C., has seen its population rise 10 per cent in the past five years with a parallel push of real estate development.

With the largest new office tower in Metro Vancouver underway, two large new shopping centres planned, towering condo projects breaking ground and industrial sales topping \$100 million a year, if you think of Burnaby you have to think big.

"Burnaby is the central location that feeds all of Metro Vancouver," said **Kyle Blyth**, an **Avision Young** associate who specializes in Burnaby's industrial market.

Last year, Burnaby posted \$127 million in industrial sales, with strata units – mostly small bays priced under \$10 million – dominating the action. The industrial vacancy rate in Burnaby, now around 2.2 per cent according to **DTZ Barnicke**, is expected to rise this year as some – you guessed it – big projects complete.

These include the 207,000-square-foot second phase of **Amakon's** New Haven development in the Marine Drive area; 98,000 square feet at the **Beedie Group's** North Fraser Pointe project; and **Tonka Realty Advisors Ltd.'s** Glenwood Building 6 on North Fraser Way, where 71,378 square feet will complete by the fourth quarter.

Most analysts expect industrial lease rates, vacancy rates and sales volume to be fairly flat this year in Burnaby in comparison with 2010 and 2011.

## Offices on spec

The office sector should provide some thrills over the next few years, however. Despite more than 900,000 square feet of vacant space and a vacancy rate in the 10 per cent range, Burnaby



**Solo District by Appia in Burnaby's Willingdon-Broadway area will be anchored by four highrise towers with more than 1,300 homes. It includes a shopping centre, and an office tower with 260,000 square feet of space.**

is host to the largest new office construction project underway in Metro Vancouver – and it is being built on speculation.

Toronto-based developer **Ivanhoe Cambridge** has restarted the first new Class AAA office tower in Metro since 2007 next to the Skytrain station at Metrotown.

The \$170 million Metrotower III is scheduled to finish in April 2014. "We have a one-year lead on the downtown projects," said **Gordon Wylie**, development manager for **Ivanhoe Cambridge**. He is referring to triple-A towers by **Oxford Properties**, **Bentall Kennedy** and **Telus** all of which are expected to complete by 2015 in the downtown core.

Wylie said Metrotower III, which was started and then stopped at the parking-level stage as the recession hit in 2008, is well placed to draw tenants, even from the downtown.

"There is a lot of lease roll-overs coming up in the period before 2014 so we think we are well positioned," Wylie said. While no preleases have been signed, Wylie said there has been interest for space that will come to market at around \$35 per square foot.

Metrotower III is being built to LEED platinum standards and boasts large floor plates of 16,200 square feet, which may help it attract high-end tenants.

In a look at the Burnaby office sector, **Avision Young** forecasts that "landlords will need to remain competitive" and that "a decline in rental rates may occur" as large blocks of sublease space (about 200,000 square feet) are absorbed.

Yet, also in the works is 260,000 square feet of office space in the mixed-used Solo District project, by **Appia Developments**.

## Solo bid

The Solo District, near the Brentwood Skytrain station, is much more than offices, however. As well as the 13-storey office tower, plans include a pedestrian-friendly high street for shopping, to be known as Sumas Street. Four highrise towers with more than 1,300 homes will anchor Solo. The residential towers would range in height from 39 storeys to 48 storeys, according to a report presented by Burnaby's planning director, **Basil Luksun**.

**Whole Foods** will be anchor tenant at Solo, confirmed **Jim Bosa**, president of **Appia Developments**. **Whole Foods**, a U.S.-based company that specializes in selling natural

and organic products, has proven to be a key anchor in such upscale malls as Park Royal in West Vancouver.

Nearby Brentwood Mall, which covers 500,000 square feet, was bought two years ago by **Shape Properties Corp.** and the **Healthcare of Ontario Pension Plan**. Plans are to add up to one million square feet of commercial space and a residential component, which would fit into the current municipal plan for the area.

Lougheed Mall, on the Burnaby-Coquitlam border, is also scheduled for redevelopment, as is Station Square on Kingsway Avenue, where an estimated 330,000-square-foot addition is planned, reports **Colliers International**.

Retail is also in the news at Burnaby's Metropolis – the biggest shopping centre in B.C. – where U.S.-based mega-retailer **Target** is moving in. **Target**, which is taking over former **Zellers** space, expects to open in 2013 after a multimillion-dollar retrofit.

## Home building

Meanwhile, **Polygon Developments** has submitted a rezoning application for a 37-storey apartment tower across from Central Park in Burnaby. The development on Patterson Avenue would also include three-storey townhouses, according to a report from the city's director of planning.

The development proposal has 242 apartment and about 81,000 square feet of additional floor space in exchange for an estimated \$7.5 million cash-in-lieu contribution to the city's community amenity bonus fund.

Two other highrise condo projects, the **Silver** and the **Met** by **Concord Developments**, have been postponed to the second half of this year according to **Colliers**, which recently completed a comprehensive survey of Burnaby's new-home market.

**Colliers** posted a mild caution on Burnaby's highrise condo sector due to the "substantial amount of new product" being launched this year, including the **Aviara** by **Ledingham McAllister** and **Appia's** Solo projects. In all

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there are 14 highrise condo towers and 15 low-rise condo buildings underway in Burnaby, Colliers reports.

Typical prices for highrise condos are in the \$460-to-\$600-per-square-foot range, with lowrises selling from \$385 to \$450 per square foot.

## Elephant in play

Residential and retail have both proved successful at perhaps Burnaby's best-known and most-awarded development, UniverCity surrounding **Simon Fraser University** atop Burnaby Mountain. Started in 2003, the area now boasts more than 3,000 residents and a thriving retail component, despite having the toughest environmental and societal rules in the province. (When the retail was started in 2004, **McDonalds**, **Starbucks** and fried-chicken outlets were banned and businesses were encouraged to buy only "green" products.)

The elephant in the room is the former **Canada Safeway** site – 48-acres in the Edmonds area – that was bought last year by Ledingham McAllister, primarily a residential developer, for \$125 million.

Safeway had marketed the property with concept plans showing up to seven towers and a variety of midrise properties on a site. "That bears no resemblance or relationship to anything that we're either envisioning or would come out of a planning process," according to company president **Ward McAllister**. "This is going to

## Quick facts



## Burnaby, B.C.

**Population** 227,400

**Population growth since 2006** 10 per cent

**Detached-house price** \$820,000

**Office vacancy rate** 10.2 per cent

**Industrial vacancy rate** 2.2 per cent

be a very consultive, inclusive, responsible process that's going to take a long time."

McAllister noted that the purchase price reflected a prime position in the heart of transit-oriented Edmonds. "It's a hell of a site," he said. "Everything's there."

Burnaby's overall housing market is ranked among the top Metro municipalities for sales and prices. The typical detached house price is \$820,000 but spikes to more than \$1 million in prime neighbourhoods, according to the **Real Estate Board of Greater Vancouver** ♦