

Terminal Avenue Greyhound bus property deal reached

Cap rates buoy Lower Mainland market for local property investment companies

Terminal property sold
Arten Developments Inc. has gone firm on a deal for the site of the Greyhound bus stances on Terminal Avenue. The deal is set to close April 9. A purchase price has not been disclosed.

North Vancouver broker Ross Forman of Re/Max Commercial said Arten has made similar investments in the past and plans to hold the property for at least 10 years. The site generates annual revenue of \$787,435. Previously owned by BCR Properties Ltd., the 6.3-acre property went on the market last fall. Bids were accepted until October and the property went under contract soon after, Forman said.

Meanwhile, in North Vancouver, a deal for the Esplanade Centre is approaching completion. The property, which is owned by a Toronto family through 260 Esplanade Holdings Ltd., has been under contract since late last year. Forman expects news on the outcome of the negotiations by the end of this month.

Profit taking, profit making

Two local property investment firms are bearing out talk earlier this year predicting good times for profit-making and profit-taking.

A general compression in cap rates, main indicators of the return investors can expect to see from their properties, is behind the shift.

"We're seeing a considerable opportunity"

- Brad Wise, executive VP, Churchill Investment Property Corp.

"We're seeing a considerable opportunity on the disposition side of assets we've acquired in the last two to four years," said Brad Wise, executive vice-president of Churchill Investment Property Corp. "There's a great opportunity to experience an increase in value not only as a result of a compression in cap rates but also a repositioning of properties in the robust economy we're in."

Though Churchill is seeing several opportunities to dispose of the dozen properties in its portfolio, Wise also sees opportunities to acquire assets.

"We've continued to explore opportunities in the secondary markets," he said, noting recent purchases of a small multi-tenant industrial property in Prince George and retail plazas in Nanaimo and Victoria.

The Prince George deal, for example, was an income-driven opportunity with good long-term potential.

"We were comfortable enough with the economic forecast for Prince George to

warrant the investment," Wise said.

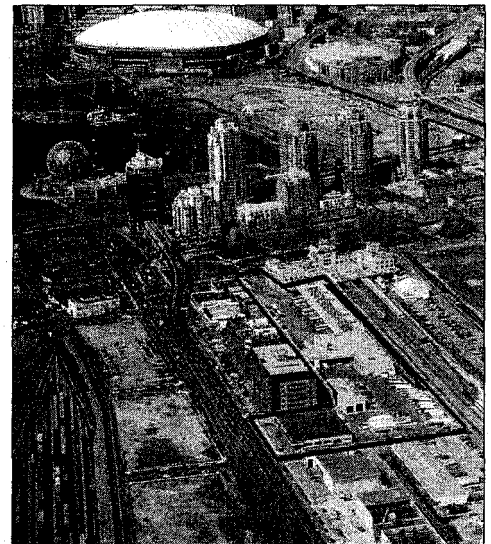
The Vancouver-based England Group streamlined its stable of residential investment properties over the past four years as cap rates dropped. It's now looking towards appreciation in values as revenues improve at its 15 multi-family properties in Dallas, Houston and southern Ontario.

"It looks like the income is going to go up quite significantly over the next two or three years," said England Group co-principal and asset manager Garry England.

Whereas income decreased at three to four per cent a year between 2001 and 2005, England said strengthening in January and February puts it on track to rise at three to five per cent a year.

"It may even be more than that," he said. "I'm expecting about a four per cent increase this year, and then it will likely accelerate next year."

The England Group's portfolio includes 15 syndicated properties, down from a peak of 22 properties.



Bus stop: Arten Developments' deal to acquire the Terminal Avenue site is set to close April 9

tion sector experienced one of the largest decreases in overall liabilities, with bankruptcies declining from 167 to 158 cases between 2004 and 2005. Liabilities for the sector fell from \$101.7 million in 2004 to \$41.8 million in 2005. Similarly, bankruptcy cases in the real estate, rental and leasing sectors dropped from 21 in 2004 to 18 in 2005, with a corresponding slip in liabilities from \$17.5 million to \$13.2 million.

The OSB attributes the decrease in business bankruptcies in B.C. to better economic times, with the province posting just 2.7 bankruptcies per thousand businesses - the lowest rate of any region in Canada. The national average was 4.1 bankruptcies per thousand businesses.

Business bankruptcies drop

Business bankruptcies in B.C. dropped 15.6 per cent last year relative to 2004, reports the federal Office of the Superintendent of Bankruptcy Canada. B.C. was the only area besides Alberta and Quebec to post a decline. Alberta recorded the greatest decrease, with 22.4 per cent fewer business bankruptcies last year than in 2004.

Preliminary figures indicate the construc-

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Construction and real estate company bankruptcies

Year	2000	2001	2002	2003	2004	2005
Construction	174	150	151	191	167	158