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Winnipeg Free Press - PRINT EDITION

Banner year for commercial sales

Second-best showing in the past decade

By: Murray McNeill Posted: 11/1/2010 1:00 AM | Comm





This will be the second-best year in the last decade for sales of commercial investment properties in Winnipeg, according to the latest market report from Colliers International.

The real estate firm said \$507 million worth of office, industrial, retail and apartment properties changed hands during the first nine months of this year.

With three months worth of sales still to be accounted for, that already surpasses the total for every other year in the last decade except 2007, when \$750 million worth of sales were recorded, said Don White, an independent investment broker with Colliers Pratt McGarry in Winnipeg

White, who is also chair of the WinnipegREALTORS Commercial Division, said two key factors have helped to generate this year's impressive numbers.

One was several large, privately held property portfolios coming onto the market. Two examples were three highrise apartment towers GEM Equities/B & M Land Co. sold for \$100 million and a family-owned portfolio of 15 apartment blocks and 11 commercial buildings that sold for more than \$50

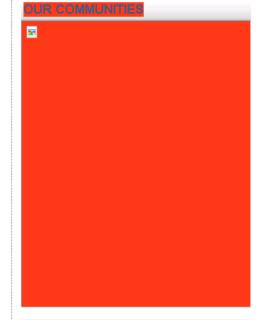
The second was the ongoing strong demand for investment properties from both local buyers and out-of-province investors who were impressed with the local economy's strong performance during last year's global recession.

That interest was evident earlier this year when 140 out-ofprovince investors attended a commercial real estate investment forum in Winnipeg to learn more about the market and the investment opportunities here.

A report this summer from The Real Estate Investment Network also ranked Winnipeg as one of the 10 best places in Canada to invest in the residential real estate market.

Other local Realtors have also been talking about the growing interest from out-of-province buyers. John Pearson and Michael Stronger of Shindico Realty Inc. recently said a vacant heritage building they have listed for sale -- the former National Typewriter building at 639 Portage Ave. -- has attracted inquiries from as far away as California and British Columbia.

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In light of recent reports of violence in Mexico, would you holiday there?

- O Yes, Hove Mexico.
- O No, I'd choose a different destination.
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White said even with a few large family portfolios becomennated bimos/TPDCRULAR at 1/19/2011 1:55:14 PM availant: http://www.winnipedirectress.com/opinion/columnists/banner-year-for-commercial-sales-106469528.html



demand. And that's the case in all four major asset classes.

"Everybody wants to keep them (their investment properties). They don't want to sell them because they don't see a lot of viable investment alternatives."

He said they also don't see any underlying weaknesses in the market that would prompt them to sell.

"They believe in the assets and they believe in their ability to perform."

White said it's difficult to predict if Winnipeg might even surpass 2007's total. It would likely depend on a couple of more big deals getting done.

He said all four asset classes saw some pretty big deals during the first nine months.

In the office class, there was Artis Real Estate Investment Trust's \$70.7-million acquisition of the remaining 62 per cent stake in the former Commodity Exchange Tower/Winnipeg Square complex (now called 360 Main St.). There was also the sale of the Canada Post building at 266 Graham Ave. to the City of Winnipeg for \$29.25 million. The city plans to spend another \$105 million to convert that building into the new downtown headquarters for the Winnipeg Police Service.

In the apartment category, there was GEM Equities/B & M Land Co.'s deal with Toronto-based Timbercreek Asset Management, which involved the Sheraton Suites apartment complex at Donald Street and York Avenue (formerly York the Hotel), the tower at 33 Hargrave St., and the one at 15 Arden Ave.

The Colliers report describes apartment blocks as "the hottest commodity in Winnipeg these days," having set a new record for the most sales in a single year at \$190 million.

White said the only things that would cool that demand would be a spike in interest rates or vacancy rates, or another major economic downturn.

"And I don't see any of those things happening."

The third most active asset class was retail, where just over \$109 million worth of properties changed hands in the first three quarters of the year.

"Community shopping centres represent the year's largest sales transactions," the Colliers report said, "with St. Vital Square, Pembina Village Shopping Centre and McIvor Mall all changing ownership."

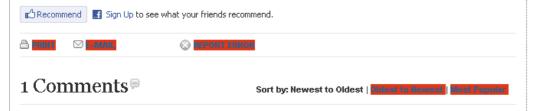
The asset class with the lowest dollar volume of sales so far this year is industrial. White said it's the only one that hadn't surpassed the previous year's total after the first nine months. And again, it wasn't because of a lack of buyers.

"We need more product," he said, particularly buildings priced at between \$2 million to \$10 million.

Know of any newsworthy or interesting trends or developments in the local office, retail, or industrial real estate sectors? Let real estate reporter Murray McNeill know at the e-mail address below, or at 697-7254.

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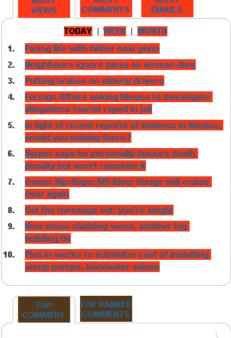
POSTED BY: Somewhat Concerned NOVEMBER 1, 2010 AT 10:41 PM

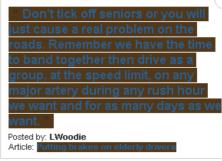
Volume does not necessarily indicate a healthy market. Stop trying to make this such a feel-good story. For all this story shows, business could be leaving the Winnipeg market in droves, and values could actually be down.

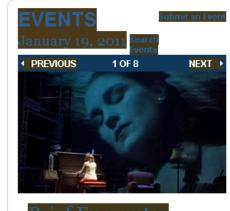
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Brief Encounter

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