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Investment-property sales hot

First-half deals totalling \$269M signal third-best year in decade

By: **Murray McNeill**

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KEN GIGLIOTTI / WINNIPEG FREE PRESS ARCHIVES MTS Place was sold to Artis REIT for \$55.8 million this year.



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Artist's conception of Arrowwood Plaza, a nine-unit strip mall under construction at 925 Headmaster Row. (HANDOUT PHOTO)

Some other acquisitions

Here are some of the other notable investment-property sales recorded during the first half of 2011:

Niakwa Park Plaza, a 216-suite apartment block at 1310 Archibald St., to a local private investor for about \$26 million.

A multi-tenant industrial building at 1725 Inkster Blvd. to Vancouver-based Pure Industrial Real Estate Trust for \$15.1 million.

Cinema City retail complex at 2190 McGillivray Blvd. to Winnipeg-based Artis Real Estate Investment Trust for \$13 million.

-- Source: Colliers International

Winnipeg is on track to post its third-best year in a decade for sales of investment properties, according to data compiled by Colliers International.

The commercial real estate firm's Winnipeg office says in its latest investment market report that 62 properties were sold during the first six months of this year, for a total of \$269 million.

If there's a similar dollar volume of sales in the second half of 2011, this year's projected total of \$538 million would be the third highest in the past 10 years after 2007's \$762 million and last year's \$575 million.

"With roughly six months of sales data now formally available, it appears that 2011 is on track to become another very busy year for the sale of major commercial and apartment assets..." said the report's author, Don White, executive vice-president of national investment services for Colliers' Winnipeg office.

White said one thing the market hasn't had this year that it had in 2007 and 2010 was the sale of a portfolio of properties or a really big single-property transaction.

In 2007, for example, the Sun-X industrial portfolio sold for an estimated \$180 million to \$200 million, and the Commodity Exchange Tower/Winnipeg Square complex sold for more than \$100 million.

He said the biggest deal in the first half of this year was Artis Real Estate Investment Trust's purchase of the MTS Place office buildings at Main Street and Pioneer Avenue for \$55.8 million.

White said the biggest challenge the local market faces this year is not enough properties for sale to meet the burgeoning demand from both local and out-of-province investors.

With ongoing stock-market volatility and lower bond yields, White said there is a growing interest in all types of real estate properties -- office, retail, industrial and multi-family residential. In fact, Winnipeg has already recorded more apartment-block sales this year -- \$88 million worth -- than in all but two other years in the past decade, the report notes.

"There's no question that if we had more product that was priced according to market fundamentals, we would have more sales."

He said the uncertainty in the stock and bond markets is one of the reasons there aren't more investment properties for sale. The owners don't know where they'd reinvest their money if they did sell.

"They have to put that money back to work... and the alternatives are few and far between."

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Fans of the the Bay's iconic Paddlewheel Restaurant can relax for at least a few more months.

Although its been about eight months since Hudson's Bay Co. said it planned to extensively renovate all 24 of its in-store restaurants in Canada, nothing has changed at the Paddlewheel Restaurant in its historic downtown department store. And the store's manager said there won't be any changes until sometime in the new year.

Desiree Blackmore said the firm that recently took over management of all the Bay's in-store restaurants -- Compass Group Canada -- didn't take control of the Paddlewheel until the beginning of this month.

"They're still trying to figure out where the business is coming from and who is eating there. It's a new learning curve for them," she said.

It's not known what kind of changes the Bay and Compass will make to the sixth-floor eatery. The original plan had been to renovate and rebrand all f the company's restaurants. But when nostalgic Winnipeggers began sending emails saying how much the Paddlewheel meant to them, the Bay issued a statement saying although the restaurant will be "renovated and improved... we intend to honour the history and tradition of the Paddlewheel."

It's also not known what will become of the two-and-a-half vacant floors in the downtown store that the Bay no longer needs for its retail operation. Bay officials have offered the space to the University of Winnipeg, and U of W president Lloyd Axworthy said discussions are continuing.

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A \$3.5-million retail strip mall is under construction on Lagimodiere Boulevard just inside the north Perimeter Highway.

There will be nine units in the one-storey, 18,870-square-foot Arrowwood Plaza that Winnipeg-based North Grassie Properties Inc. is building on the northwest corner of Lagimodiere and Headmaster Row.

The project's leasing agent, Georges Bohemier of Century 21 Carrie.com, said the units will range from 1,500 to 2,150 square feet. Most will be retail units, although a few could become medical or insurance offices.

Bohemier said there's also room for a stand-alone retail outlet on the property.

Although none of the units has been leased yet, Bohemier said he has received letters of intent from three prospective tenants and has fielded more than 70 inquiries. He said he expects most of the units to be leased by the time the mall is finished in late December or early January.

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 email address below or at 697-7254.

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