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# Apartments pay the rent again

## Edison building three blocks as vacancy rate stays low

By: **Murray McNeill**

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*An artist's rendering of the Edison Rental Agency development in North Kildonan.*

One of the city's most active apartment-block developers in the 1960s, '70s and '80s is jumping back into the game after more than two decades on the sidelines.

The Edison Rental Agency, which will be changing its name to Edison Properties this fall to reflect its

re-entry into the development business, plans to build three new apartment blocks -- 215 suites in all -- on the site of the Springfield Heights retail mall on Rothesay Street.



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*Michael Acht of MMP Architects (left), Frank Koch-Schulte, general manager of the Edison Rental Agency, and Miriam Bergen, president of Edison, stand in front of the strip mall that will be demolished to make way for the development rendered above. (COLE BREILAND / WINNIPEG FREE PRESS)*

The apartment blocks will be part of a \$50-million, 350,000-square-foot residential/retail complex planned for the site. The complex will include a four-storey base structure, with roughly 10,400 square feet of retail space on the ground floor and three floors of apartments. Above that will be the three apartment buildings, with another seven floors of suites in each.

It will be Edison's first new residential development since the late 1980s, when it completed the Fort Garry Place apartment/commercial complex on Garry and Fort streets between Broadway and Assiniboine Avenue.

Edison general manager Frank Koch-Schulte said in an interview the Rothesay project hopefully will be the first of many new mixed-use residential/commercial complexes they will be building.

"It seems like the right time to get back into it," he said, noting the apartment vacancy rate in Winnipeg is at a historic low (1.1 per cent). Also, the gap between rental rates for new and

existing apartments has narrowed enough for developers to build and be reasonably confident they'll find renters for their new units, which wasn't the case in the 1990s and the early part of the new millennium.

Local developers and property managers had complained for years that decades of provincial rent controls had discouraged new apartment construction because they kept rents in existing units artificially low. They said in an era of soaring construction costs, they couldn't keep rents for newly built units low enough to compete with existing ones, and they couldn't afford to have them sit vacant.

But after a decade and a half of limited new construction and with more than 5,000 apartments having been converted into condominiums since the early 1990s, the supply of rental units has dwindled to the point where tenants now have little choice but to pay higher rents. That has led to a growing number of landlords substantially upgrading their suites, which exempts them from rent controls, and imposing rent increases well above the provincial guidelines. That, in turn, has significantly reduced the rental-rate gap between new and refurbished apartments.

The Edison development is one of at least two major new apartment projects planned for North Kildonan. Vancouver-based Devonshire Properties Inc. received the go-ahead last year for a 400-suite expansion of its Edgewood Estates development on Whellams Lane. Work on the first of two new 22-storey buildings was originally expected to get underway last summer. However, a company official recently said it's been postponed for a year. He didn't say why.

But Koch-Schulte and the principal of MMP Architects, the city firm that designed the Rothesay Street complex, said there's plenty of room in the market for both new developments.

"The city needs a lot more of these," Christopher Daly said in an interview. "We could put up four in every neighbourhood, and it still wouldn't be enough to meet the demand."

Koch-Schulte said the monthly rental rates for the new suites won't be determined for a while yet

because Edison is still awaiting final cost estimates.

The plan is to include features more often found in condos than in rental apartments -- things like two washrooms and in-suite washers, dryers and temperature-control systems.

"The space will be more like a condo," Koch-Schulte said, and will be targeted mainly at the 55-plus age group, whose members are making the transition from houses to apartment-style living and would rather rent apartments than buy condos.

Koch-Schulte said Edison decided to build in North Kildonan because many of the 24 highrise towers it already owns and manages are in that part of the city.

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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Agency owns highrises

HERE are facts about the Edison Rental Agency and its new development at 1155-1157 Rothesay St.:

Edison is one of the city's largest privately owned property-management firms. It owns and manages 24 highrise apartment blocks with about 4,500 suites.

The Rothesay Street complex will include a 4,500-square-foot stand-alone Scotiabank building, 261 parking stalls and an enclosed bicycle-parking facility.

The apartments will range in size from 750 to 1,050 square feet. Most will be two-bedroom suites, with a handful of one-bedroom units.

Demolition of half of the existing strip mall is expected to begin within the next couple of weeks to make room for construction of the bank building. Demolition of the other half of the strip mall and construction of the main complex is expected to take 26 to 28 months to complete.

Scotiabank is the only tenant left in the strip mall. No new retail tenants have been signed yet for the main complex. Edison officials said they will include a pharmacy and a café or restaurant.

-- source: Edison Rental Agency

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