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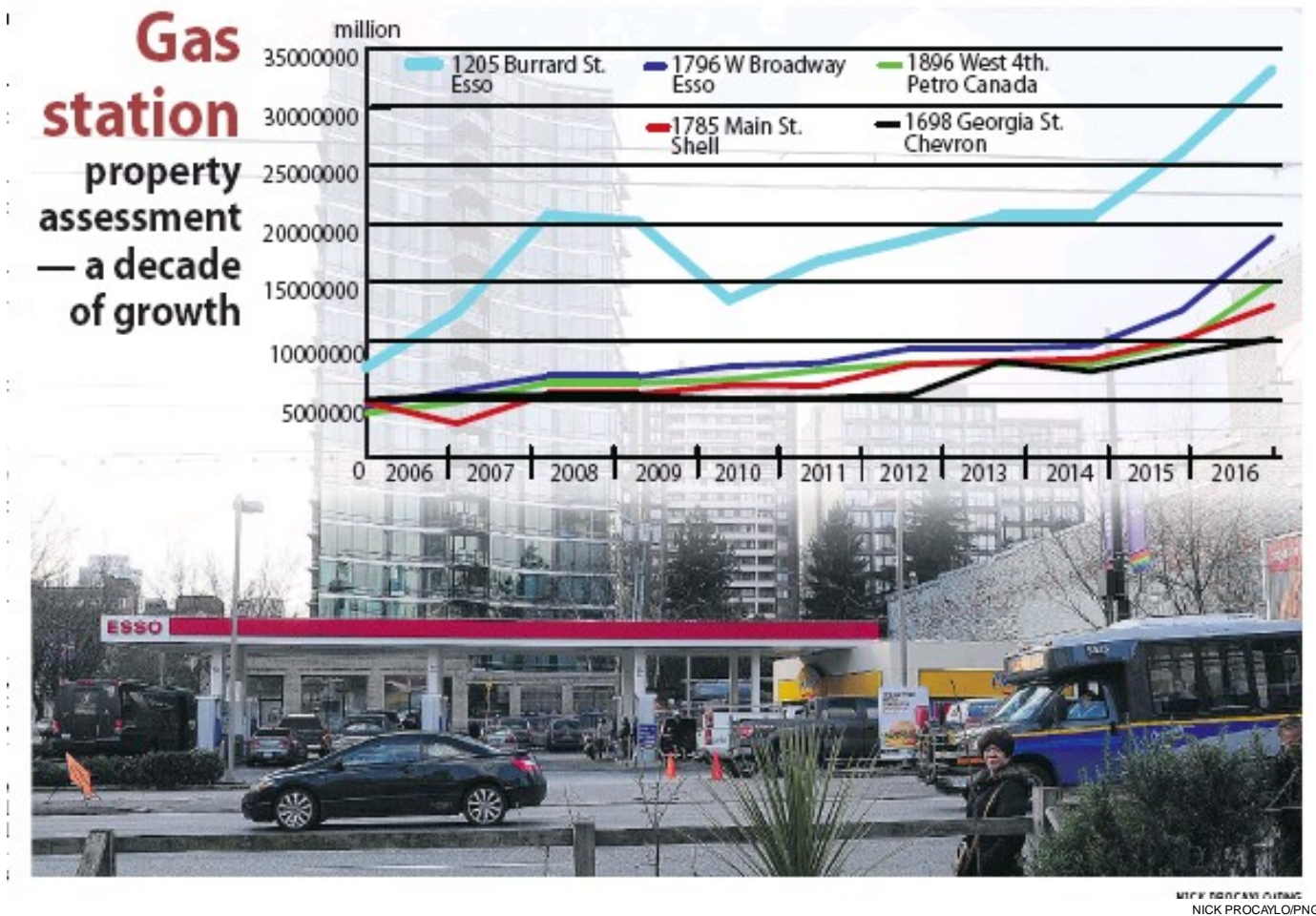
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Air value sends gas station assessments soaring 16

Esso at Burrard and Davie has land value of \$33.2 million

Drivers filling up at the Esso gas station at Burrard and Davie in Vancouver's West End likely don't realize it, but they're standing on a prime piece of commercial real estate.



Gas stations like the Esso at Burrard and Davie, above, are assessed for the space above them that could one day be a residential tower.

The lot is worth \$33.2 million, according to the latest figures from B.C. Assessment, almost five times its value a decade ago. The Chevron station on West Georgia Street at Bidwell Street, the only other gas station downtown, is valued at \$10 million.

The reason for the stratospheric values? Partly location, but also because of this city's hot residential real estate market, said Michael Geller, a Vancouver property consultant.

As communities become denser, with more residential towers, the value of commercial properties placed amid the rapidly densifying residential zones is soaring.

Gas stations are on commercial land and tend to sprawl over large parcels, with pumps and parking and perhaps a convenience store. Yet they're being assessed for the vacant air above the pumps — air that could one day be filled with a commercial base and a tower of residential units — depending on what their precise zoning allows.

"That particular site is expected to redevelop with a mixed-use development. The way our assessment system works is even though it's used as just a gas station, it's still valued as if it was a 24-storey tower with a commercial base," Geller said. "Certainly my understanding in this case is that Imperial Oil is keeping that gas station as a service to its customers, but it is a very expensive form of advertising."

The Esso station has the highest property values of all the gas stations closest to the downtown core, with the assessment a significant jump over those even in nearby Kitsilano. The Esso at Burrard and West Broadway, for instance, is valued at \$18 million, while the Petro Canada at West Fourth Avenue and Burrard Street is valued at \$14.9 million.

At Main Street and 2nd Avenue, the value drops to \$13 million, while stations along East Hastings and the Husky on Powell Street are

assessed at about \$4 million — a little more than double their value in 2006.

Geller said there's no indication those gas stations will be edged out for redevelopment. But many stations have already left over the past few decades, not only in Metro Vancouver but across Canada, according to Jason Parent, vice-president of Kent Group, which monitors trends in the petroleum industry.

He said a number of gas stations, mostly small and lessefficient ones, have shut down across the country because of dropping demand for gas. At the end of December, there were 12,000 retail gas stations, or 3.3 outlets for every 10,000 people, in Canada, according the latest gas station census.

Larger stations with significant volumes at the pumps, or those with additional backstops such as car washes, tend to survive because they are more profitable, Parent said. In Metro Vancouver, there are 431 gas stations, with just 71 of those in Vancouver proper.

"Three or four small sites are replaced by one larger site," Parent said. "The sites that continue to exist end up selling more volume so they're in a better position. We're seeing that trend everywhere not just where land values are high."

Many gas stations are independently owned, so it's up to the owners to decide if they want to sell the property.

That decision must factor in the cost of remediating the site for any potential contamination, said Brian Ahearn, vicepresident of the western division of the Canadian Fuels Association. He said a sale decision usually comes down to economics.

Geller said several local sites have already been shut down, such as one at 41st Avenue and Larch in Vancouver, but are still vacant. However, that property has likely tripled in value since it was closed, he added.

"It's not necessarily an expensive proposition to wait," he said.

Geller said that rather than shutting down gas stations, owners and developers should look at incorporating them into residential and commercial developments, similar to what is done in Europe.

"As planners we used to joke amongst ourselves that while we encourage housing to be built in urban areas so people could be close to where they work, we were often forcing their jobs away," Geller said. "At what point do we say 'it's not in the public interest to lose more of these?' "

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