

COMMERCIAL REAL ESTATE

Vancouver boom irks suburban mayors

Increased office space downtown could hurt regions trying to attract tenants

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VANCOUVER SUN

Suburban mayors say Vancouver's ambitious plans to increase office space in its downtown core could hurt the regional growth strategy because it will create an oversupply and stop developers from building in neighbouring cities.

Vancouver is experiencing one of its biggest booms in commercial development in decades, with 2.2 million square feet of office space being built downtown right now, and with potentially another 2.4 million sq. ft. to be constructed between 2017 and 2020, said Andrew Petrozzi, vice-president of research for Avison Young.

The move is expected to boost the downtown office vacancy rate from about seven per cent to 12 per cent, Petrozzi said, which is "a bit higher than we'd like to see" but comes as a relief to businesses that have faced a significantly tight vacancy rate in Vancouver's downtown core in the past 15 years.

A balanced market typically sees a vacancy rate of between eight and 10 per cent.

"What is being delivered downtown is the most we've seen in decades," Petrozzi told Metro Vancouver's regional planning committee Friday. But neighbouring mayors say they are having trouble attracting commercial developments because of all the construction in downtown Vancouver. Coquitlam Mayor Richard Stewart said his city has been unsuccessful in getting one commercial tower in its new town centre, which will be the focal point of the Evergreen Line when it opens next year. An oversupply of commercial space downtown, he said, will make it even harder for his city to attract office towers.

"We can't build a suburban (commercial) centre in



NICK PROCAILO/PNG

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Coquitlam, it will simply be residential towers," Stewart said. "(The residents) will all climb on SkyTrain and go downtown where the office towers are. We'll wind up being a bedroom community with highrises instead of single-family homes."

Burnaby Mayor Derek Corrigan said it's irresponsible that Vancouver is aggressively building office space when other cities are trying to develop their town centres so their residents can work closer to home.

The move runs contrary to the region's growth strategy, he said, which is intended to spread out residential and office towers around transit stops to encourage more livability and fewer commutes into downtown.

"With the increase in office space in downtown Vancouver it's going to suck up the aspirations of suburban communities to build up office space and create jobs," Corrigan said. "I find it frustrating. In Metrotown we're trying to build a complete community. The downtown core in Vancouver has become massively crowded and we can't create office space in the suburban areas. It's a situation in which we have to have an effort made to spread the opportunities for office development around the region."

Eric Aderneck, a senior regional planner with Metro, noted the region has a diversity of tenants who are looking for different types of buildings and locations

to serve their purposes.

A Metro staff report noted that in the 15 years before 2010 few new office towers were built in downtown Vancouver. Several towers have since sprung up downtown, as well as in major centres such as Burnaby, with its Metrotown III and Solo buildings, and New Westminster, which has the Anvil Centre and the Brewery District.

In Surrey, Coun. Barbara Steele said her city isn't facing any major problems attracting commercial developers because it has a strong base among the Asian and South Asian communities.

Vancouver Coun. Andrea Reimer said her city is doing what is required under the regional growth strategy, noting

it was criticized five years ago for its tight vacancy rate when it was at three to four per cent, and businesses are excited about the growth. If Vancouver stopped building, she added, it wouldn't necessarily mean the commercial towers would move to other parts of the region — they would leave B.C., as they did previously when prospective tenants couldn't get a lease.

"Businesses weren't leaving Vancouver, they were leaving the region," she said. "They aren't going to Coquitlam. They are going to Calgary, to Seattle or Portland. This is the plan you wanted for Vancouver and what you wanted us to do."

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