

NEXT STOP: COQUITLAM

TRANSIT IS KEY TO SUCCESSFUL OFFICE PROJECTS AND THE EVERGREEN LINE WILL BE NO EXCEPTION



BY FRANK O'BRIEN

There is a towering premium for office rents close to Metro Vancouver rapid transit stations: nearly 23 per cent, according to a study by Jones Lang Lasalle (JLL), a financial and professional services firm specializing in real estate.

The study found that even Class C buildings located within 500 metres of a SkyTrain or Canada Line station outperformed Class A buildings located farther away.

“Overall, vacancy rates are almost twice as high at buildings further than 500 metres away from a rapid-transit station, compared to those located closer,” says the company’s

Lincoln Station on Coquitlam’s Evergreen Line was partially paid through \$20 million in what the city calls “optional rezoning density bonus payments” | EVERGREEN

LINE RAPID TRANSIT PROJECT
OFFICE





Hani Lamam at MOne, the first residential tower in Cressey's three-tower Metropolitan Residences series in Coquitlam. A nine-storey office tower (right) – the tallest in Coquitlam – is planned for the third phase | KIM STALLKNECHT PHOTOGRAPHY



semi-annual Vancouver Rapid Transit Office Index survey.

The 2012 index discovered there is an average rental premium of 22.8 per cent for transit-oriented office space in municipalities served by SkyTrain or Canada Line.

“The trend for choosing proximity to transit over building quality is not abating,” says Norm Taylor, senior vice-president of James Lang Lasalle, adding, “Tenants are choosing location, location, location.”

The most dramatic difference was in New Westminster, where office buildings close to SkyTrain stations had a 4.2 per cent vacancy, while those farther away had a vacancy of 23.4 per cent.

David Munro, head of economic development with the City of Coquitlam, brandishes the JLL report as he asks the obvious question: “Why not Coquitlam?”

As Munro notes, with the development of the \$890 million Evergreen Line as the

next leg in Lower Mainland rapid transit and the opening of the expanded Port Mann Bridge – not to mention city-wide fibre optics – Coquitlam seems primed as the next office destination.

And, adds Jim McIntyre, Coquitlam’s general manager of planning and development, the city’s development charges are skewed to be commercial real estate friendly.

Coquitlam currently has very little office space, but the arrival of the \$1 billion Evergreen Line by 2016 could change that, according to Munro.

He notes that Cressey Development Group, as part of its three-phase Metropolitan complex in Coquitlam’s Town Centre, is planning a nine-storey office building, the tallest in the city. Bosa Properties also has sketched offices into its mixed-used Evergreen project and at least two other developers are considering blending offices into their residential-retail plans, McIntyre says.

“If it wasn’t for the Evergreen Line we would not be building the office tower,” says Hani Lamam, Cressey’s vice-president of development and acquisition, “Transit is crucial.” He expects the 65,000-square-foot M-Pro tower to break ground early in 2014.

Coquitlam, meanwhile, has leveraged its residential rezoning density bonus formula to pump millions of dollars into transit. Cressey, for example, was allowed maximum density on its site by paying the city a fee that helped build the Evergreen’s Lincoln transit station at Pinetree Way, just steps from the Millennium complex and valued at around \$27 million.

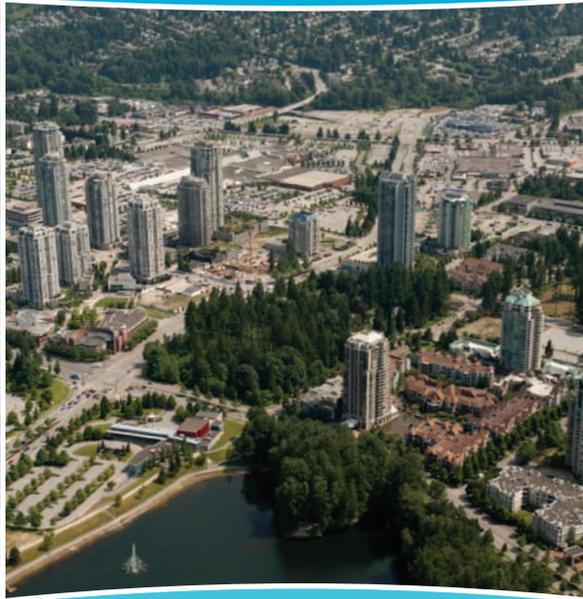
“We wrote a cheque for 50 per cent of the land lift [value],” Lamam said.

Coquitlam Mayor Richard Stewart says the density bonus payments are part of a transparent approach to development. “Developers know upfront exactly what their costs are.”

The kicker, though, is that density bonus payments are not charged for commercial projects. “We hope this incentive will

Coquitlam

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Coquitlam is the first stop at the southern end of the expanded Port Mann Bridge | TRANSPORTATION INVESTMENT CORPORATION

encourage more office buildings,” McIntyre says. “You need places for people to work as well as live.”

The suburban community is quickly clearing and wiring the stage for more commercial projects.

Coquitlam is the first city in North America with its own extensive fibre optic wiring, known as Q-Net, which allows businesses to link into super fast Internet and core networks. As well, the

city recently eased its requirements for industrial land. “Now you can use industrial land for just about anything,” Stewart says, suggesting some older industrial sites near Port Mann Bridge access could be bulldozed for mixed-use projects.

“There are a lot of potential office sites in Coquitlam,” Lam-mam agrees, “but it all hinges on the timing of the Evergreen Line.” ■

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