

PROVINCIAL PROGRESS

Rocky Mountain Playground of Alberta, Canada, Offers Opportunities in Residential and Energy Management

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IT'S CALLED CANADA'S ROCKY MOUNTAIN PLAYGROUND FOR A REASON. Home to Calgary and Edmonton, the western province of Alberta offers a variety of tactile resources and outdoor adventures. As the world's second largest exporter of natural gas and the fourth largest producer, Alberta is highly dependent on prices for oil and gas, which dramatically affects its economy. The area hasn't been immune to the recession that has hit most of the world, but Canada's most prosperous province has survived better than most. While Canada's overall unemployment rate is 8.5 percent as of January, Alberta is at 6.7 percent, a decline from a 7.4

percentage a month earlier.

Due to social housing programs in Canada, which allow rental housing to be owned and managed by the state or not-for-profit organizations (or a combination of the two), foreclosure rates in Alberta have been lower and less public for those who paid prime rates in 2007, and the impact has been less dramatic than in the United States. However, the commercial real estate market—where property managers in Alberta have traditionally done well—has experienced higher vacancies in office buildings in the past year, as corporations consolidate, said Saadat Keshavjee, CPM®, CMOC, managing director of Amhurst Property Management, LTD.

Office rents in Alberta are now down as much as 30 percent, and industrial and residential property rents have dropped by 20 to 30 percent, Keshavjee said. Although Alberta went through a market boom in 2007, as the oil industry skyrocketed, property prices have rolled back to pre-2006 levels, especially in the commercial real estate industry.

"A property manager has to be resilient in this market," Keshavjee said. "He or she has to more progressively analyze rents for clients and adjust quickly to avoid losing a tenant."

Despite higher vacancies in commercial buildings, Keshavjee said Alberta does offer great opportunities in other areas. He said there is a dire shortage of property managers in the condominium, multifamily, and to some extent, the mixed-use property industries. And these areas are starting to grow again. According to thatscalgary.com more than 20,000 multifamily residential units are now in construction, approved, or are currently pending in Calgary,



LUNA, THE THIRD OF THREE CONDOMINIUM TOWERS IN THE DESIGN DISTRICT OF CALGARY, IS SCHEDULED TO BE COMPLETED IN SEPTEMBER 2011.

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the largest city in Alberta and the fifth largest city in all of Canada. Overall total starts in new construction are projected to hit 22,000 this year, up from 17,950 in 2009, but down from the 29,164 in 2008, according to Canada Mortgage and Housing Corporation. This new growth mirrors a steady population rise in the city in the past five years, from 988,193 in 2006 to 1.1 million people.

“Calgary’s residential [real estate market] is more active than its commercial [market] and condos have been extremely hot,” said Marlene Swinton of Real Estate Professional Inc., and the former president of Calgary Real Estate Board.

The Southwestern corridor of Calgary is where much of this growth is happening, along with the more blue collar Northeastern section. One example is the Luna, the third of three condominium towers that will stand 218 units high in the west side Beltline neighborhood of Connaught. The Qualex-Landmark property will be built in the Design District of Calgary, a prime urban area that includes a close proximity of restaurants, shops and galleries. Construction is scheduled to commence in March and be completed in September 2011.

Another major project is the Anthem Properties’ Waterfront Calgary, a decade-long project that began in 2006 and will eventually include four towers and 1,000 residential units by the time it is completed. Swinton said over 70 percent of the first complex is sold, with owners taking possession in late spring.

“There have never been condos in Calgary like this,” said Sylvia Yung, vice president of Communications at Anthem Properties. “Ten years ago, you got laughed at if you said you lived in a condo. It’s only been in the last five years that we’ve been building condos here because the business didn’t exist. So it’s a different scope and a different scale of management.”

ENERGY RESERVES

In order to ensure a continued economic recovery in the real estate market, Alberta is also offering property managers unique opportuni-



ties in energy management.

Scott Ullrich, president of Gateway Property Management with offices in Calgary and Alberta’s capital, Edmonton, said the current softness of the market has compelled property owners to offer performance fees to property managers who are able to reduce vacancies and keep buildings full. As a result, many property managers are finding ways to keep energy costs low, Ullrich said, so they can continue managing a well-maintained property without overspending in the current market. One of the ways property managers are reducing costs is by partnering with service companies that can help them achieve their goals, Ullrich said.

“Property managers who have an energy services manager have an edge,” Ullrich said. “We’re finding a one- to three-year payback with a digital off-site monitoring service that can monitor energy usage with real time readouts.”

Given the current economic pitfalls facing real estate markets around the world, the outlook for Alberta is encouraging. With steady growth in the residential sector and a revitalized focus on energy efficiency, motivated property managers in Canada’s Rocky Mountain Playground have many opportunities in 2010. ■

ANTHEM PROPERTIES’ WATERFRONT CALGARY, IS A DECADE-LONG PROJECT THAT WILL INCLUDE FOUR TOWERS AND 1,000 RESIDENTIAL UNITS.

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