

## Property managers like Winnipeg Newcomers challenge top 3 players

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By Murray McNeill



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**Lund says clients like stability of Winnipeg market, the diversity of local economy and low unemployment rate.**

THEY'RE the heavy-hitters in Winnipeg's commercial property management field, and they include two local sluggers and one out-of-province heavyweight.

While there is no shortage of property management firms in Winnipeg -- the MTS Yellow Pages lists 81 of them under the heading: real estate management -- an informal survey indicates the top three players in terms of square feet of space under management are Winnipeg-based Shelter Canadian Properties (4.8 million), Winnipeg-based Shindico, (three million), and Toronto-based Morguard Investments Ltd. (2.8 million).

But there are also two relative newcomers which could be challenging for a top-three ranking in the not too distant future.

One is Bentall Real Estate Services LP, which came out of nowhere earlier this year to become the city's biggest industrial property manager when the B.C. investment firm it manages properties on behalf of won the bidding war for Sun-X Properties' 2.2 million square feet of industrial space. The other is Artis Real Estate Investment Trust, a three-year-old Winnipeg-based REIT which two weeks ago leap-frogged into contention with the acquisition of 950,000 square feet of industrial space in the Ada Holding Co. Ltd. portfolio.

Spokesmen for both contenders said they plan continue bulking up in the months ahead.

"We like the Winnipeg market," said Doug McGregor, Artis Reit's vice-president of leasing. "So absolutely. We are constantly sourcing products and properties and pursuing them as opportunities present themselves."

It's much the same story with Bentall, which has dual headquarters in Vancouver and Toronto.

Darcy Payne, general manager of Bentall's Winnipeg office, said the Victoria-based investment firm that bought the Sun-X properties -- British Columbia Investment Management Corporation (bcIMC) -- is very high on the Winnipeg market and is

keen to add more industrial and retail properties to its investment portfolio. So it has Bentall beating the bushes for investment opportunities.

He said bcIMC officials like the Winnipeg market because properties here are more affordable than in most other major Canadian cities and the city is business friendly.

"The economy here is also steady, and that's attractive to investors," Payne said. "They (bcIMC officials) are looking for long-term security. You may not have the big returns of some cities, but you're also not going to lose your shirt."

While both contenders are intent on becoming bigger players in the local market, they'll have their work cut out for them if they want to gain ground on Shelter Canadian Properties.

Shelter has more than doubled its property-management portfolio in the last two years, thanks in large part to the rapid growth of Huntingdon Real Estate Investment Trust, one of three REITs Shelter president Arni Thorsteinson heads up and that Shelter manages properties on behalf of.

Thorsteinson said Shelter's Winnipeg property-management portfolio includes 1.6 million square feet of commercial space it owns itself, and 3.2 million square feet Huntingdon owns. They include a mix of office, retail and industrial space.

"It (Shelter's own property portfolio) hasn't grown as much (as Huntingdon's) because most of the new acquisitions in the last two years have been with Huntingdon," Thorsteinson said. "We have an arrangement with them that we give them first chance (at any new properties that become available)."

He said Shelter and Huntingdon officials like acquiring Winnipeg investment properties for many of the same reasons cited by Payne, and will continue to aggressively pursue new opportunities.

The other two members in the Top Three club also plan to continue growing their Winnipeg portfolios.

"We're not sitting still," Shindico president Sandy Shindleman said in an interview, noting Shindico owns about two-thirds of the space it manages. "We would like to be at 10 million square feet within the next seven or eight years."

Karen Lund, general manager of Morguard's Winnipeg office, said the Canadian pension funds it represents also in an acquisition mode.

"So we're always looking (for investment opportunities) on behalf of our clients."

She said its clients like the stability of the Winnipeg market, the diversity of the local economy, the low unemployment rate and the fact outmigration numbers are expected to decline over the next five years.

The more than 2.5 million square feet of space Morguard manages for them, as well as the ones it manages for Morguard Real Estate Investment Trust, also include a healthy mix of office, retail and industrial space.

Lund and Shindleman both described the Winnipeg property-management industry as competitive. Shindleman even went so far as to describe it as one of the most competitive in the country.

He said not only are there are a lot of firms fighting for a share of the market, but a lot of local property owners still managing their own properties. So that leaves fewer properties for the property management firms to fight over.

To add to the fun, a few new players have also entered the market in the last year, according to Ken Jones, chair of the Winnipeg REALTORS Association's commercial division.

They include Crown Realty Partners, the Toronto-based real estate firm which this past summer joined with Artis REIT and a European company to acquire the Commodity Exchange Tower/Winnipeg Square complex at the corner of Portage Avenue and Main Street. Crown manages that property on behalf of the three partners, as well as two other nearby office towers it acquired late last year from Manitoba Telecom Services and now leases back to the telecommunications firm.

Wayne Johnson, a commercial and leasing representative with Royal LePage Dynamic Real Estate who twice a year issues reports on commercial vacancy and rental rates in Winnipeg, said some people might wonder why it matters who's on the Top Three list.

"But if they're big, any decision they make has more of an effect on the marketplace," he said.

*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 e-mail address below, or at 697-7254.*

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## The Big Three

### Shelter Canadian Properties

Shelter owns and/or manages mainly office and industrial properties, although it also has some retail space. It is Winnipeg's biggest property manager in terms of square feet of space under management. Here are some of its holdings:

#### **ADDRESS TYPE OF PROPERTY**

*Cityplace, 333 St. Mary's Ave. Office/retail*

*Newport Centre, 330/340 Portage Ave. Office/retail*

*Kenaston Village Mall, 1853-1895 Grant Ave. Retail*

*Northgate Shopping Centre, 1399 McPhillips St. Retail*

*Purolator Sorting Facility, 1935 Sargent Ave. Warehouse*

*Winnipeg Medical Arts Building, 233 Kennedy St. Office/retail*

*Number Five Donald, 5 Donald St. Office*

*136 Market Ave. Office*

*Carlton Call Centre, 300 Carlton St. Office*

### Shindico

*Shindico is No. 2 in the city, but probably the largest retail landlord, with 80 per cent of its property-management portfolio consisting of retail properties. The remainder is mainly office space, with a smattering of industrial space. Here are some examples:*

#### **ADDRESS TYPE OF PROPERTY**

*Kenaston Crossing, Kenaston and McGillivray Retail*

*St. James Station, Ness and St. James Retail*

*Polo Festival, Empress and Maroons Retail*

*Grant Park Festival, Taylor and Nathaniel Retail*

*Pembina Crossing, Pembina and Bishop Grandin Retail*

*Lakeview Square, 175 and 185 Carlton St. Office*

*Royal Bank Customer Service Centre, 1260 Taylor Office*

*Confederation Building, 457 Main St. Office*

*1170 St. James St. Industrial*

## **MORGUARD INVESTMENT LTD.**

*No. 3, Morguard Investment Ltd., is the most diversified among the Top Three, with 39 per cent of the properties in its management portfolio being industrial, 33 per cent retail and 28 per cent office. Here are some examples:*

### **ADDRESS TYPE OF PROPERTY**

*363 Broadway Office*

*444 St. Mary Ave. Office*

*Crossroads Shopping Centre, 1580 Regent Ave. W. Retail*

*155 Carlton St. Office*

*325 Broadway Office*

*Airport Executive Centre, 1780 Wellington Ave. Office*

*Sherwin Industrial Park Industrial*

*Westview Place Industrial*