



Dean Bicknell, Calgary Herald

Karen Barry, associate vice-president investment sales for Cushman & Wakefield LePage Inc., says operating costs in Calgary are still lower than in Vancouver and Toronto, allowing for a robust construction economy.

# Calgary construction soaking up investment

## City leads charge to record high national average

MARIO TONEGUZZI  
CALGARY HERALD

The burgeoning Alberta economy had investors sinking their money into Calgary construction projects in ever-increasing numbers during the third quarter of this year — a 40 per cent jump from a year ago and more than three times the national average.

Statistics Canada reported Thursday that Calgary's blistering pace of investment growth in commercial, institutional and industrial construction was partly responsible for pushing national investment in non-residential building construction to another record high between July and September.

The federal agency said Calgary investment rose 13.8 per cent to \$689 million from the second quarter (2006) when total investment was \$605 million. In the third quarter of 2005, total investment was \$493 million.

Commercial investment led the way in Calgary at \$468 million — a 33.6 per cent increase from a year ago. Institutional investment was \$154 million, up 48 per cent, while industrial investment was \$67 million, representing a 74.3 per cent hike from last year at the

the third quarter of 2006 was a whopping 39.8 per cent compared to the national average of 10.9 per cent.

Karen Barry, associate vice-president investment sales, capital markets group, **Cushman & Wakefield LePage Inc.**, said there are several reasons for Calgary's dynamic growth in investment.

She said "investment drivers of the Calgary economy continue to be robust retail sales growth and low unemployment rates.

"With respect to the office sector, average operating costs in Calgary are significantly lower than those of Vancouver and Toronto — this equates to higher net returns for owners with decreased exposure in the event of rising vacancy rates," said Barry.

She said many smaller investors are deciding commercial investment is "the way to go."

"And they're doing that through syndicates," said Barry. "Those companies are giving people a vehicle to participate in a very public manner... These guys are basically in some cases looking at an overall yield expectation for their investors to be able to let them participate and also are growing on the strength of the overall market."

Statistics Canada said "Western

"Other contributing factors included a strong labour market, strong consumer demand for durable goods and declining vacancy rates in large urban centres, which provided added incentive for office building construction," said the federal agency.

Nationally, investment hit \$8.9 billion, up 1.9 per cent from the second quarter, the 14th consecutive quarterly increase.

Investment reached record highs in two of three components — commercial and institutional. Investors pumped \$5.1 billion into commercial projects, up four per cent from the second quarter. In the institutional component, investment edged up 0.7 per cent to \$2.4 billion.

Spending in the industrial component declined 3.5 per cent to \$1.4 billion.

Statistics Canada said that provincially the biggest third-quarter increase (in dollars) occurred by far in Alberta where investment rose seven per cent to \$1.7 billion, a ninth straight quarterly gain.

In commercial investment, the largest contributions (in dollars) occurred in Alberta (6.7 per cent to \$1 billion) and in Ontario (3.3 per cent to \$1.9 billion), both all-time highs.

In institutional investment, Alberta experienced the largest investment growth for a sixth consecutive quarter as a result of significant spending on the construction of educational and health-care facilities. Investment rose 4.5 per cent to \$349 million.

And investment in the industrial sector provincially rose by 10.9 per cent to \$338 million.

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INVESTMENT  
EXPERT  
KAREN BARRY