

Universities cashing in on real estate bonanza

UBC, SFU rolling in property revenue as rising land prices pour millions into post-secondary coffers

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Universities across B.C. are reaping the rewards of residential development on and around their campuses, and homeowners are also seeing healthy gains in the price of their purchases.

At UBC, 2,000 units are planned for its Wesbrook Place neighbourhood, a village-style development on the south side of the 1,000-acre campus that will have retailers (including a 32,000-square-foot Save-On Foods), office space and an elementary school. The campus already has 2,200 market residential units in three neighbourhoods.

SFU's UniverCity development adjacent to its Burnaby Mountain campus will increase the current population of 1,100 to 10,000 residents on its 160-acre site, while University Heights Development Corp., a joint-venture of First Cambridge Capital Inc. and Vancouver's Holborn Group, is developing 200 units in Squamish on a 47-acre tract acquired from Quest University in 2004.

"[Universities] want to capture the value of the undeveloped land," said Gordon Harris, president of SFU Community Trust, which is overseeing the Burnaby Mountain project.

While universities typically retain control over the properties that are developed, development proceeds and lease payments return to the university as endowment funds that support teaching, research and the university's core mission.

In the case of UBC, residential developments have generated \$150 million.

Developers such as Polygon Homes Ltd., Millennium Group and VanCity Enterprises Ltd. have been active at SFU, while UBC has attracted the likes of the Ledingham McAllister Group, Adera Development Corp. and Bastion Development Corp.



Kim Maust
Bastion vice-president

For Bastion, which has developed projects in the Arbutus corridor, as well as Southeast False Creek and other locales, UBC constitutes what Bastion vice-president Kim Maust describes as "one of the most prestigious and elegant locations in Canada."

"This setting is right on the edge of the water and gives us the opportunity to put together some of the most desirable real estate in all of Canada," she said, noting the proximity to Pacific Spirit Regional Park, beaches and campus amenities.

While not in the heart of the city like McGill University or the University of Toronto, UBC is seeing a growing amount of commercial development along University Boulevard that Maust believes is helping create a genuine neighbourhood atmosphere.

Corus, a 64-unit development Bastion began building last year, is sold out. The company's latest project, Coast, has seen half its 75 apartment condos and 10 duplexes sell. Both are in the Chancellor Place neighbourhood on the UBC campus' north side and feature views of Howe Sound.

On the campus' south side, Adera is building Pathways, a 109-unit development with a sustainable bent that Adera vice-president of marketing Howard Steiss said fills a need in the Vancouver west side market.

"I think the market appreciates the thought that goes into some of these developments that we're doing," he said.

A shortage of apartment condos for sale in the Point Grey area has also helped the fortunes of the project, which has attracted a mix of university types and those who simply want to be near campus amenities.

The demand has helped push up home values, which aren't suffering from being on land developed under 99-year leases.

The Real Estate Board of Greater Vancouver reports that the average sale price of a detached home in the UBC area has increased upwards of 148% since 2002, while the increase elsewhere on the west side has been 94.2%.

REBGV president Brian Naphtali said the increases reflect trends for other forms of housing, too, all of which have appreciated faster than those of other west side properties.

"There's been a huge acceptance of the new construction out at UBC," Naphtali said.

Steiss estimated that units in Adera's projects have posted a 30% rise in value since 2004, when it offered the Journey in the Hawthorn Place neighbourhood. Meanwhile, Maust said the average price of Bastion's projects has risen to \$680 a square foot over the past year, a per-square-foot increase of \$50.

Consistent with the overall lift in real estate values, SFU has enjoyed similar increases.

But the real value of the developments, from the perspective of university planners, lies in the diversity they bring to campuses.

"The university could have chosen to do it so that you had to be faculty, staff or a student to live on campus lands. But then you'd have a very one-dimensional community," said Joe Stott, director of planning for UBC.

"If we didn't allow that kind of development in the neighbourhoods, then we'd have a company town. ... We don't want to be a company town; we want to be a multifaceted diverse community."