

Local trust cashing in REIT profits selling city properties

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By: Murray McNeill



Winnipeg's real estate investment market is cooking and one local investment trust is using that to sweeten its own financial pot.

Selling prices in the city are up, and sellers are getting multiple offers for their properties. In a few cases, buildings are even selling for more than the asking price.

"Five years ago you still might have gotten at or near list, but not above list," said Don White, an investment broker with Colliers Pratt McGarry and chairman of the WinnipegREALTORS' Commercial Division. "What is different now is that prices are trending up. People are prepared to pay more for some of these properties."

That's why Winnipeg-based Lanesborough Real Estate Investment Trust put all four of its local investment properties on the auction block, including the landmark Colony Square apartment/retail complex across from the University of Winnipeg.

The trust wants to sell 15 of its 40 real estate properties in Canada and use the proceeds to pay down debt. And company CEO Arni Thorsteinson said the Winnipeg properties are among the ones being sold because Winnipeg real estate is in big demand right now among both local and out-of-province investors.

Earlier this week, the REIT struck a deal to sell its 48-suite Chancellor Gates apartment complex in Fort Garry for just under \$8 million. That's roughly \$1.25 million more than it paid for it two years ago, for a return on its investment of 18 per cent for the two years.

And less than two months ago, it sold its Kenaston Village Mall/Kenaston Place office/retail complex for \$18.35 million -- 45 per cent more than it paid five years ago for the property and some subsequent upgrades to it.

In both cases, the company received multiple offers and close to its asking price. And that's why it's sticking to its guns and demanding its asking price for its other two Winnipeg properties -- Colony Square and the McIvor Mall retail complex Henderson Highway.

Thorsteinson said both properties are drawing lots of interest from investors and several purchase offers have been received.

"But we've been sending them back because they're too low."

Lanesborough wants \$46 million for Colony Square -- \$8 million more than it paid just last year. And it's seeking \$12 million for the McIvor Mall, which is almost double the \$6.7 million it paid five years ago.

White said quality properties are attracting quality offers because "the (Winnipeg) market has become more accepted because it has proven its stability over time. And investors always like stability."

The CEO of Artis Real Estate Investment Trust, another locally based trust that has been buying up Winnipeg properties in recent years, agreed stability is one of Winnipeg's biggest attractions.

"Winnipeg real estate continues to provide investors with reliable returns that grow over time," Armin Martens said. "This is our history and the trend is expected to continue for the foreseeable future."

murray.mcneill@freepress.mb.ca

-- CP / staff

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