



## Planned city office tower on hold

Aquilini Investment Group says there's no market for its proposed 23-storey building

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One of two planned office towers for downtown Vancouver is on indefinite hold because the developer says there's no market for it, a troubling sign for the city's commercial future.

David Negrin of Aquilini Investment Group said the company had planned to build a 23-storey tower on land it owns near GM Place. But he said commercial brokers weren't able to find any tenants willing to pay the \$40-45 a square foot the company needed to make the project -- which had been planned as a cutting-edge carbon-neutral building designed by well-known architect Peter Busby -- work financially.

Negrin acknowledged that businesses might be willing to pay the higher prices right in the central business district, but not for something on the edge of the peninsula like the GM Place site.

"Once you're outside of that downtown core, people will say, 'If we're paying this much here, we might as well go to the suburbs.'"

The brokers might have been able to find customers willing to pay the \$30-32 a square foot that is the going price in suburban locations, said Negrin, but that amount wouldn't even have covered construction costs for the tower. That's in spite of the fact the company already owned the land and wouldn't have had to provide parking, since parking is available around GM Place.

Negrin said the company also offered to build boxes in GM Place that corporate clients could have as part of their lease, but even that wasn't enough of an enticement.

He said the company got only one nibble, a small law firm that indicated some interest but never actually came through.

Negrin said that means if the city wants to create commercial space to ensure that the downtown continues to have space for jobs and not just condos, city planners will have to allow buildings that are a mix of condos and offices. That way, the profit from the condos can help subsidize offices and allow them to be rented at rates that businesses are willing to pay.

"If you had residential, then you could sell the office for \$30 to \$32 and then you attract the businesses back in from Richmond and Burnaby," said Negrin.

He said construction costs currently are running at almost \$300 a square foot.

For the past two years, city planners and others have been debating the whole issue of how the downtown is developing. Critics have said that condos are squeezing out commercial building in the downtown and turning the entire peninsula into a resort where people live and entertain themselves, but don't work. City planners have undertaken a massive study of where people work in the city and imposed a moratorium on condo building in certain parts of the downtown, in an effort to preserve job space for the future.

The downtown hasn't had a new office-only tower built since 2003.

The only other office tower currently being planned is a new Bentall tower on Thurlow Street, although other inquiries have been made at Vancouver city hall.

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