

COVERING GREATER VANCOUVER & THE FRASER VALLEY

# BUSINESS VANCOUVER

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 The battle is now between those with quota and those without

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## BUSINESS IN VANCOUVER

### DECEMBER 16-22, 2003

**Softwood deal divides B.C. producers**  
 The battle is now between those with quota and those without

**Trade Talks**  
 The U.S. government's decision to allow softwood lumber from B.C. to be sold in the U.S. has caused a split among B.C. producers. Those with quotas are celebrating, while those without are protesting.

**Protest finds owner**  
 The owner of a building in Vancouver has been identified after a protest by tenants.

**Gold fever**  
 A gold mine in British Columbia has been discovered, sparking interest in the region.

**Technology alliance**  
 A new alliance between technology companies has been formed to promote innovation.

**Manufacturing jobs grow**  
 Manufacturing jobs in the region have increased, indicating a strong economy.

**Softwood compromise**  
 A compromise has been reached regarding softwood lumber exports to the U.S.

**Biggest business presentations in the QWB-23**  
 The biggest business presentations in the QWB-23 region are scheduled for next week.

### Alternate transportation flourishes

Passengers scramble to get to Vancouver Island



Shoppers and children line up at downtown Vancouver dock for private ferry to Nanaimo.

**Can Discharge**  
 The City of Vancouver has approved a plan to discharge sewage into the ocean.

**Hot Water**  
 A hot water system has been installed in a building, improving energy efficiency.

**Protest**  
 A protest was held in Vancouver regarding a proposed development.

**Gold Fever**  
 A gold mine has been discovered in British Columbia, sparking interest.

**Technology Alliance**  
 A new technology alliance has been formed to promote innovation.

**Manufacturing Jobs Grow**  
 Manufacturing jobs in the region have increased, indicating a strong economy.

**Softwood Compromise**  
 A compromise has been reached regarding softwood lumber exports to the U.S.



#### Retail Review

DAVID GRAY

### Traditional malls under pressure from new retail configurations

Like it or not, and retailers like it, Christmas to many people means trips to the malls. So it's appropriate to look at a couple of Vancouver shopping centre stories this December.

Shortage of development funds, an oversupply of deteriorating enclosed malls (especially B-malls or secondary centres), comparatively attractive economics for developers and tenants alike, and available zoned land in burgeoning suburbia have led to an overabundance of power centres.

Of course, consumers readily accept the price and assortment offered with the proliferation of big box value retailers like Home Depot, Wal-Mart and others. Shoppers are frequenting the new formats for price and convenience. Retailers are likewise attracted to the lower rent. Newer Reitman's, Smart Set, Pennington's, and Thyme Maternity locations are opening in power centres and strip malls. Add to the mix the precarious performance of traditional mall anchors led by Eaton's.

All of this has put tremendous pressure on existing shopping centres to remain relevant. The challenge is to drive traffic and create an exciting space that retail tenants want to be part of — and pay for. These efforts today are to stem the drop in shopper visits and parry the threat of losing key retailers to the new for-

mat. However, local malls have been responding quite well.

The past couple of years have seen extensive renovation of most of the existing A-malls, such as Coquitlam Centre and more recently the continued integration of Metropolis and Eaton Centre at Metrotown. Park Royal Shopping Centre was the first enclosed mall in Canada in 1953. It will soon be home to the first Canadian Lifestyle Shopping Centre.

The Lifestyle Centre is a recent concept, with the International Council of Shopping Centres estimating that there were approximately 30 worldwide in early 2002. It refers to an open-air shopping, dining, and leisure destination modeled on traditional main streets and catering to more affluent consumers.

Park Royal initially intended to build out its remaining 17 acres with a power centre, but it ran into local community opposition. The solution? To extensively rethink the concept and, more importantly, engage all stakeholders in the challenge.

The result is The Village. Borrowing from developments south of the border, such as University Centre in Seattle, Park Royal has tailored an expansion to its needs and those of its existing mall tenants and the community.

This new pedestrian-friendly concept will be much smaller than the combined enclosed mall space, and

therefore it's imperative to Park Royal's bottom line that The Village does not hurt mall tenants. Does that mean nearby stores will not be affected? No, especially if their product, service and image are not differentiated. For some, the increased traffic may bring more exposure.

"We are targeting a more mature, upscale consumer with The Village," said Park Royal GM Rick Amantea. Early tenants are also fresh. Home Depot Design Centre will be that chain's first urban concept store and grocery chain Whole Foods will be opening its second Canadian store in The Village. Amantea said other tenants will include "restaurants and home and apparel stores with unique offerings that do not replicate enclosed mall branded sales." Examples are Lululemon, Urban Barn, and HomeSense.

Notably, Vancouver's Eaton Centre at Metrotown was the last enclosed mall to be built in Canada, back in 1989. Metrotown is now tackling relevance in a different way, by focusing efforts on building communities.

Owner Ivanhoe-Cambridge is to be commended for bringing David Jang on board to head a new community relations position. Jang, build-

ing on an impressive social service and community development background, has introduced several innovative programs, including its involvement in BCIT's new Retail Management course and an in-house Retailworks training initiative for youth wanting to work in retail.

Its most recent creation is the Metropolis Student Street Squad. Jang points out that "our young customers also have huge potential to be young community leaders and future adult leaders." The Student Street Squad is a two-day leadership program for Lower Mainland high school students. Its goal is to provide the motivation, skills and structure to develop their own community programs tackling problems they define, such as street racing. Alumni will be encouraged to become future trainers.

Meanwhile Richmond's Aberdeen Centre is building on the region's rich diversity to create a cross-cultural shopping destination. While taking some time to realize, Fairchild Developments' vision is to fuse east and west. Brand-name retail, products and foods from both will be prominent. The kick-off will be the North American launch of 100-year store giant Daiso. Festivals will be central to the Aberdeen Centre mall

concept. Highlights will include a Science World education centre and other audio-visual entertainment touted as first in Canada.

The new power centres and hybrids are not going away. Can the malls do better? Yes. Ironically, this necessary revamping is putting even more pressure on remaining mall retailers through common-area maintenance charges.

However, enclosed malls will continue to play an important role in the Vancouver retail supply, especially for retailers who would suffer in another environment or some shopper segments (like youth or seniors) who cannot access or socialize at big box clusters.

Christmas here and across the country will likely be termed ho-hum this year. While there will be exceptions, we're forecasting a local gain of about four per cent overall, but that follows a poor 2002 Christmas season in several retail categories. Home items will continue to do well, and Merry Christmas to the winter sports retailers!

A special Outlook 2004 column will appear before the end of the month.

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**This has put tremendous pressure on existing shopping centres**