

## Developer plans new four-storey building downtown

**Murray Lyons**

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One of the gravel parking lots in downtown Saskatoon will soon disappear, with a new office building rising on the site of the former Extra Foods store on Third Avenue.

The 50,000-square-foot office building, to be built and owned by North Prairie Developments Ltd., will be the first new office space constructed in the downtown since 1993 when T&T Properties completed a six-storey building on Third Avenue North now occupied by the Canada Revenue Agency.

In an interview Tuesday, North Prairie president and co-owner John Williams said Graham Construction has been chosen as the contractor for the \$16-million, glass-faced building. He said the structure will meet LEED certification standards for energy efficiency. The building was designed by the Stantec architectural group.

Williams said the investment is going ahead even though he has no firm commitment from a tenant. The building should be ready for occupancy by June of next year.

"We've been talking to a few people, but we don't actually have a firm lead client at this point in time, so we're still working on a spec basis," Williams said. "But we think the market's there."

He is hoping to land one or two lead tenants and leave about 40 per cent of the space available for smaller tenants.

An analyst who follows the Saskatoon office space market said Williams is betting right and North Prairie probably would have had clients moving in if they had started the building a year earlier.

"The lack of space in the Saskatoon market has caused an extreme drop in the vacancy rate to the point where it's no longer at a level where people can move around freely and acquire the kind of space they need," said Cameron Walker of Brunson Junor Johnson Appraisals Ltd.

That firm's annual office space study for Saskatoon, which Walker co-authored, shows in January the vacancy rate at 'A' category office buildings in downtown declined to about 2.5 per cent.

The lack of action in building new downtown space is one reason other developers are building suburban office space, including a new three-storey office building south of the new Stonegate shopping centre, Walker said.

"Parking is the other thing in short supply in downtown where we're looking at increased rates as well," he said.

The North Prairie proposal will see 64 heated underground spots under the four-storey office, plus 32 parking stalls off the back lane.

In the downtown, Walker said the North Prairie office will have a leg up in being completed well before the River Landing office space proposed by Calgary's Lake Placid Group as part of a major hotel and condo project on the former riverbank site of the technical high school and Royal Canadian Legion.

"River Landing is a little bit more of a specialized development and it's being done by an out-of-town developer," he said. "North Prairie is local and they have a labour base and the same with Graham Construction, which has a local office and labour base."

North Prairie, a private company wholly owned by Williams and his wife Bernice, bought the former Extra Foods building after grocery chain Westfair Foods closed what had been the last downtown grocery store.

The Saskatoon developer -- better known for building single-family homes and larger condo developments in Regina, Saskatoon and Martensville -- also bought a small retail building that housed a Bible store.

During the past two years, Williams said there were a number of options considered for the property including a plan to use the site for an extended-stay type of apartment-hotel.

"We looked at the hotel market quite closely, but we just decided we didn't want a 24-7 type of business there," he said.

Williams said his company also owns several commercial and industrial properties, but most of these are managed for him by a commercial real estate firm. He said the leasing and management of the new office building will be done by a third party as well.

There is an option on the main floor to have multiple retail spaces and Williams said there may be a demand for that as retail choices on Second Avenue are few and far between.

"I think there is a fair amount of potential on Third Avenue," he said. "We really like our location with its proximity to 21st Street and the corridor leading from the Bess(borough Hotel) to Midtown."

mlyons@sp.canwest.com

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