

**Fort Mac oil cash flows here
Real estate firm taps Alta. boom**

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By Murray McNeill



Phil Hossack/ Winnipeg Free Press
Arni Thorsteinson, seated, Gino Romagnoli (rear)
and Bob Mathieson with plans for housing units in
Alberta.

A Winnipeg firm is proving you don't have to be in the booming oil and gas business to be making barrels of money in Alberta these days.

For the past two years, Lanesborough Real Estate Investment Trust has been snapping up rental properties and renting them out to house-hungry workers in the northern Alberta boom town of Fort McMurray.

With 400 apartment and townhouse units already in its portfolio and another 536 under construction, Lanesborough has in two short years become Fort McMurray's largest rental property owner, chief executive officer Arni Thorsteinson said in an interview yesterday.

And with two-bedroom apartments now renting for between \$1,500 and \$2,600 each per month, that's a lot of rental money pouring in each month.

"Lanesborough is making a ton of money because rents have doubled in the last year, and every day there is another oilsands plant being built," Thorsteinson said.

And with the vacancy rate hovering at near zero per cent and hundreds of new workers flooding into the market each month, he said Lanesborough will have no trouble finding tenants for any of the new units it will be bringing on stream over the next 18 months.

He cited one recent case where an oil company leased all 175 units in one of Lanesborough's new apartment blocks.

"And it (the lease agreement) was for five years," he added.

In addition to all the rental income that's pouring in, the value of Lanesborough's investment properties has also been going through the roof. Thorsteinson said apartment blocks it acquired two years ago are now worth 60 per cent more than when it bought them.

While Lanesborough REIT is probably one of the better examples, it's not the only local firm that's cashing in on the economic boom in northern Alberta. Winnipeg-based Qualico Developments Canada Ltd. has a subsidiary in Alberta -- Qualico Developments West Ltd. -- that is building an average of 75 new single-family homes and 150 new apartment and townhouse units per year in the Fort McMurray area, Qualico Developments Canada executive vice-president Ron Reimer said in an interview yesterday.

And it's also having no trouble finding buyers for the properties it builds, Reimer added, even though its entry-level houses are now selling for a minimum of \$400,000 apiece. Instead, the challenge has been finding enough tradespeople and building materials to build them, he added.

But while this is a great time to be a property owner or developer in Fort McMurray, Reimer said not every day is a banner day.

"It's not like they (homes and rental units) are flying out the door all the time. There are lulls in the market periodically."

However, he and Thorsteinson both expressed confidence the demand for housing in the Fort McMurray area will remain strong for many years to come.

"There are billions of dollars that have been committed to oilsands development and pipeline construction, and these are long-term projects," Reimer said. "If the price of oil drops tomorrow, no one is going to suspend these multi-billion projects."

Lanesborough REIT is a publicly traded company whose units (TSX:LRT.UN) trade on the Toronto Stock Exchange. The units closed yesterday at \$5.65, which was down 15 cents from Tuesday's closing price.

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