

Westhills development delays opening date

Global financial crisis has forced firm to wait a little for markets to settle

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The massive 6,000-unit Westhills project is slowing down its development, telling some staff to look for new jobs and has delayed its opening date by six months as a result of the financial crisis rippling around the globe.

According to developer Jim Hartshorne, lead consultant for the privately funded project, while Westhills isn't being squeezed financially it is feeling the effects of the market downturn.

"This project is in great shape financially to weather these kinds of storms, but at the end of the day you have to wait to sell to people who can afford to buy and in most cases get the [financing] to buy," he said. "So we have to monitor this, and I'm looking at adjusting some of our timing that will push us back into the spring."

Westhills, which over the next 20 years expects to see 6,000 units spread over 200 hectares on land straddling the E&N rail line on the south side of Langford Lake between Humpback and Jacklin roads, has eight townhomes and eight single-family homes nearing completion. It is billed as Canada's first neighbourhood that will be built entirely to LEED (Leadership in Energy and Design) standards and is the region's largest new development.

The company hoped to have an opening this fall. Instead, Hartshorne expects it will open in March or April.

"Hopefully by then the world markets have settled and real estate markets have settled to the point people can afford to pay and buy the property and get the financing," he said. "This is one of those times when outside forces have an impact on what we do."

Hartshorne said construction will continue on infrastructure and homes at the site, though the pace will stretch the timeline out. He didn't know how many staff would be affected and put out of work by the delay.

But the effects of the financial crisis will certainly be felt around the region.

Veteran developer Gordon Denford said almost everyone will have to brace for it.

"This will have an impact not only on developers but virtually each and every business that has to depend to a certain degree on credit," he said. "Canadian banks are not in the same desperate position as some of the European and American banks, but they have been damaged and by that I mean their capital which forms the basis of their lending ability has been impaired."

As a result people looking for financing are facing a tough road, and Denford said it will hit projects in the early stages the hardest.

"I would think it would be wise on the part of those developers to sit back and just wait until this cools out and the lending thing stabilizes," he said. "It's not a question of whether their credit is good, but whether the banks have the capital structure in place that will permit them to lend."

Denford says his company is in good shape, with high equity in its projects, so should be spared any heavy impact. His 51-unit, \$35 million Cherry Bank condominium project in downtown Victoria is on time and on budget and is expected to be completed in April, while he has just finished the first phase of the Berwick Royal Oak retirement community.

Townline director of residential development, Bob Pearce, agreed with Denford on new projects feeling the real heat, noting work continues as usual on the Hudson at the site of the former Bay building.

"For us it hasn't been the end of the world at all, we are still selling real estate," he said. "We have a unique development and there are many buyers out there for that kind of product."

Townline recently bought the Radius development across the street from the Hudson and has plans to develop the site in concert with the Hudson. Pearce said nothing has changed in terms of the timeline to start work at that site -- they are still aiming for next spring -- and they are in talks with the city and planners on how to reinvent the mixed-use plans to make the site work.

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