

SHOP TALK

On Lonsdale Avenue, owning a business can be an up-and-down affair

SEAN KOLENKO and TODD COYNE

STAFF REPORTERS

When North Vancouver's Brad Hodson bought his Valley Estates U-brew business at Second Street and Lonsdale Avenue back in 2007, he says there was a buzz of excitement in the Lower Lonsdale business community.

Shop owners were pleased with the development planned for the neighbourhood. Towers meant more residents. More residents meant more shoppers. And more shoppers, naturally, meant more money for area businesses. The future looked promising.

And the turnaround of the waterfront, he says, was an added bonus. Hodson saw the former Shipyard precinct as a burgeoning North Shore version of Granville Island, the kind of thing people want to see, he says. The kind of thing people will travel to.

Unfortunately for Hodson, business never turned around. His struggles continued and he began looking to set up shop elsewhere.

New digs

Hodson lives near Lions Gate Hospital and on his commute to LoLo each day he would pass the sky-blue heritage building at 279 East 8th St. On one of those routine morning drives, he noticed the place was for sale. Interesting, he thought. So interesting, in fact, he bought the joint.

Since December 2010, Hodson has been the owner of the 100-year-old building and now runs his business from one of its two street-level retail units. He's been busy since the move – taking over a century-old structure, with its two rental suites located on the second level, has piled a host of renovation duties on his plate – but things are already starting to turn around.

Since the move, Hodson says he's seen a significant jump in new customers to his shop, and his mortgage payments on the building are less than his rent was on Lonsdale.

"I've seen a 150-per-cent increase in new customers since the move. It's night and day," Hodson says, plainly, while seated on the back steps of Valley Estates.

"At Second and Lonsdale, we were just waiting for it to pick up. And in the old place, I was paying \$6,500 per month, taxes in. Here, I'm paying about \$4,000, and I rent two apartments and the café."

And while Hodson's new bottom line was surely a driving force behind the relocation of his business, he says other factors contributed as well.

"Parking is a problem [in Lower Lonsdale]. And the hills, I don't think people want to walk. It just isn't that accessible. I think people would rather just go to the mall and find



MOVIN' ON UP TO THE EAST SIDE - To escape the expensive rents of Lonsdale Avenue, Valley Estates owner Brad Hodson moved his business into a heritage building on East Keith Road. His mortgage payments on the building, which includes two commercial spaces and two apartments, are cheaper than the rent was at his former storefront. Sean Kolenko photo

more accessible businesses," he says.

Neighbour feels the pinch too

Like Hodson prior to his move, husband and wife team Darlene and David Straarup, who own La Lucy Thrift and Boutique at 225 Lonsdale Ave., are also struggling with the rising cost of doing business in Lower Lonsdale.

When they first opened their shop about two years ago, Darlene says the couple thought their rent, about \$5,200 per month, was reasonable. And she, echoing Hodson's sentiments, thought the neighbourhood was developing a good "vibe."

But it wasn't long before she received the first in a series of rent and property tax increases. Within six months of opening, the Straarup's property tax was raised \$200 per month. And to make matters worse, they had to pay retroactively, which cost them an added \$1,500. About a year after that, their rent was raised \$200.

At that point, she figured there wouldn't be any more increases. She was wrong. In June, her property tax went up another \$300 and, again, she was charged retroactively, costing her an additional \$1,800 in back taxes. Rent on the shop, taxes included, is now

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NEW KID ON THE BLOCK - Chelsea Caines, owner of the Bow Wow Haus, just opened a new location in Lower Lonsdale.

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\$5,900.

"It's killing us. Something has to give," she says.

"Small business can't pay that, they can't keep it up."

As a result, Darlene is looking for a new location – including way out in Fort Langley – once the lease is up in a year. She's grown attached to her customers, she says, and feels many in the community really want to support independent business. But the cost has simply become too much.

"I love the people here and I still maintain the potential of the neighbourhood is amazing," she says.

"But the rents will not support business. We know we'll have to relocate."

Moving in the right direction?

Despite the struggles and concerns of some past and present LoLo shop owners, Lonsdale Avenue remains the core shopping area of North Vancouver. It is the major transit corridor connecting the city and district of North Vancouver and it's the precinct that will continue to absorb density. For instance, the Onni Group's proposal for a large mixed-use development on the Safeway site at 13th Street and Lonsdale – while far from being approved and a few blocks north of LoLo – is a testament to what type of changes are still envisioned for the area.

What, then, is the trouble? Why the regular 'For Lease' signs?

According to Ross Forman and Jeff Pilkington, a real estate team specializing in commercial properties on the North Shore, the issue is three-fold: rising rental costs, landlords with deep pockets and development outpacing interested tenants.

"Now you're looking at \$40 per square foot, plus \$15 per square foot for your property tax, insurance and strata fess, if it is strata," says Pilkington.

"Which means over time the cost of doing business has gone from \$30 per square foot to \$55."

That increase, however, doesn't mean there aren't offers being placed on vacant properties. The former RDS store in Lower Lonsdale, for example, has sat empty for a year but has had a number of offers, Forman and Pilkington say. It's just that some landlords look for specific partners and can take the financial hit of an empty space until they find them.

And, they add, the rate at which mixed-use developments are sprouting up can make it seem as if there is a problem in the commercial market.

"People see vacancy out there and they think the market is crashing," says Forman.

"But it isn't. It just takes a while to absorb all

the development."

In areas that don't see much construction, such as Edgemont Village, Forman says, very few properties, if any, sit vacant for very long. And pockets of Lonsdale, in particular the 1300-1500 blocks, remain popular. Vacant spots there, Forman and Pilkington say, always "go quick."

One drawback of development, however, is the higher rents it brings. When a small business is displaced to make room for a new development, Forman says, rarely will that business be able to afford the rates asked for in the new spaces.

"With new buildings, more space tends to hit the market all at once and mom and pops can't go to new developments – that's too expensive," he says.

"But those [shops] can move into other vacants. The thing is, the market is still coming back after 2008 when we had a big crash. There still isn't 100 per cent confidence, but it's on the way up. It's growing, still moving. It's going in the right direction."

The right fit

Of course, not all businesses are up and leaving the Lower Lonsdale corridor. Some are moving in. Just weeks ago, Vancouver-based canine boutique Bow Wow Haus made Lower Lonsdale its new home and so too did its owner, Chelsea Caines.

Fleeing the cramped quarters over town in the West End, Caines decided that when the time came to expand her business to the North Shore, she'd move house with it.

For the business's fourth location, Caines chose the heart of Lower Lonsdale, just steps off the main drag at First Street.

And while she found her new retail home on a block that, as of July 6, had three empty street-level storefronts and several hundred square feet of vacant second-storey office space, Caines is confident she's landed in the right neighbourhood to grow her business.

"We looked all over – Gastown, South Surrey, West Vancouver – and actually found better rent here," Caines tells *The Outlook*, in an interview at her store's new North Van address.

"I was living in the West End and residential rent is much cheaper here. Then someone gave me a dog who's going to be big soon," Caines says, nodding towards Dylan, a weeks-old black lab resting quietly in a corner of the shop.

"Life seems to be slower over here too – not so rushed, not so impersonal – and I really like that."

That slow, personal touch is something her North Shore patrons seem to appreciate as well.

"We're a business that does well with walk-by customers and people walk their dogs by here all the time," Caines says. "We're a boutique business so we were looking for a unique neighbourhood and one that; for one, had a lot of dogs in it and; two, was our demographic with other boutique businesses."

Caines says that any worries she may have had about moving to a block pock-marked with 'For Lease' signs were quickly eased by the warm reception of not only her new customers, but other businesses as well.

"Some of the other local business owners have stopped by to welcome us to the neighbourhood and they've been here a few years so that was reassuring," she says.

And when a large part of your business's margins are made selling locally made organic dog treats, the LoLo neighbourhood has another competitive advantage – the Lonsdale Quay farmers' market.

"That's really helped a lot," Caines says, adding it's helped not only in sales but in getting the word out about the new location and the new services it offers like dog daycare and grooming.

"According to my expectations, we're already doing a lot better than I thought we would," Caines says. "I expected we'd rely on our services, but we're already making more in our retail sales than I expected."

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Bad drivers generate millions for munis

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B.C.'s bad drivers have kicked an extra \$2 million into the North Shore's municipal coffers – money that's earmarked to pay police and public safety costs.

The province announced the individual tallies of its \$51.1-million traffic-fine revenue sharing program last week, with the District of North Vancouver taking home \$775,164, the City of North Vancouver earning \$574,406 and West Vancouver's take totalling \$675,348.

In all, that amounts to \$2,024,918 for the three North Shore municipalities this time around, up from just \$1.25-million at the same time last year.

In a July 11 press release, B.C. minister of community, sport and cultural development Ida Chong said the traffic-fine revenue sharing program is intended to "provide local services, to provide important local programs and and to invest in community safety."

And while across the province those traffic-fine revenue grants were on the rise, one North Shore police chief says he expects this year's bump to be clawed back by Victoria next year.

"With the increase this year," said West Vancouver police chief Peter Lepine, whose department netted a surprising \$270,000 more in fees over last June, "what we were told by the province is that next year there will be an almost equivalent reduction in that amount."

Lepine said that as a result of the expected take-back, he has advised West Vancouver's police board and finance staff to squirrel away the excess cash, rather than spending it on community safety programs or hiring new constables.

"We didn't want to get caught going into a budget cycle for 2013 with already \$270,000 that won't be there next year," Lepine told *The Outlook*.

Both North Vancouver city and district also saw big boosts in traffic fine revenues from this June over last – with the city taking home \$210,000 more in fees and the district clearing last year's take-away by \$284,000.

The traffic fine revenue is raised through roadside and court-imposed traffic violation fines and is doled out in biannual intervals with the next installment due in March 2013.

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