

# THE ARLINGTON APPROACH

**A**rlington Street Investments (ASI) continues to be recognized as one of Calgary's most dynamic and innovative real estate developers.

"I made a list of everything I didn't like as a tenant, and all of the serious gaps in the current and adversarial landlord tenant relationship," entrepreneur and ASI president and CEO Frank Lonardelli explains the not-so-secret ASI secret formula for turning negatives into positives.

Credited with being "the next generation of developer," ASI is already making its mark as forward-thinking entrepreneurs that come to the business in a different way. They emphasize spending more time on the front-end design, to create innovative new developments in Calgary.

The customer-centric ASI approach takes older buildings in good neighbourhoods and aggressively invests new capital that dramatically transforms them into something new and attractive.

"It's positive and exciting," Lonardelli says with genuine enthusiasm. "A key trend in Calgary real estate is urbanization – the introduction of very sophisticated, forward-designed, mixed-use, high-density residential towers.

"Calgary's current policy for inner-city densification includes incentives to create enhanced streetscapes and lively public spaces to have an enriched inner-city experience. New urban concepts of 'live-work-play' that



integrate work, entertainment, food, beverage and retail attractions," he points out.

"Our whole business model – and corporate mandate – is based on the relationship and respect for our tenant partners. That's exactly what they are: partners! We understand that brick and mortar create the portfolio but the true assets live within the four walls of our buildings, our tenants.

"Our approach to negotiating with tenants, securing tenants, buying buildings and even financing is very entrepreneurial and extremely tenant-centric."

"In this market, our ability to be nimble and buy only when we believe it makes sense is a true competitive advantage," Lonardelli says.

"After all, the unique ASI approach to the business of real estate is that it's about the tenants, instead of the bricks and mortar that surround them."

*Continued from page 306*

rate to 13 per cent in the second quarter of 2015, up more than 10 per cent from the same period in 2014.

Nationally, the vacancy rate in the downtown cores rose to 8.9 per cent in the first quarter of 2015, while the overall national vacancy rate for office space (including suburban markets) was slightly more than 11 per cent, also marginally up from 2014.

The CBRE report also forecasts that Calgary's downtown office market will continue to struggle with significant vacancies and sublease space, resulting from resource companies continuing to downsize space.

Part of the optimistic, smart logic says that some large companies are actually holding on to vacant space in hopes

of a rebound in energy markets. Others remain leery about subleasing space in a soft market.

The report cites a refreshing positive for the battered Calgary mood and the adjusting economy. It may also add some balance to the still hurting downtown commercial office space broadside.

As Binfet mentions, Calgary's suburban, industrial and retail commercial real estate market situations are healthier and more robust, mostly because suburban space is stable and even experiencing growth, among businesses not directly and often unrelated to Calgary's energy sector: IT, financial and insurance, manufacturing, and the stealth but booming industrial/warehousing. **B**

**ABOVE:** FRANK LONARDELLI, ARLINGTON STREET INVESTMENTS (ASI) PRESIDENT AND CEO.