

Explosive Growth

University's trust keeps its eye on the big picture

Created in 1988, UBC Properties Trust began as a private company wholly owned by the University of British Columbia (UBC). Today it operates as a trust whose sole beneficiaries are UBC and the UBC Foundation.

UBC Properties' mission is to acquire, develop and manage real estate assets for the benefit of the university. As a trust, UBC Properties has a trustee that is a corporate entity with 11 directors, some of whom are from the university but the majority is business people from the community. The work is done by the trust and the income goes to the beneficiary.

"There are three kinds of major activities that we do," says Al Poettcker, President and CEO of UBC Properties. "We service land and lease it to third-party developers that build condominiums. That's pretty straightforward once the regulatory part of that task is completed. We also act as project manager for the university on construction of its institutional buildings. The university is responsible for funding of projects, a combination of donations and government grants, and in some cases debt. The university has undertaken the planning and approval process. We manage the implementation of that strategy. Finally, we build rental buildings for university people and the community."

UBC Properties also assists faculty and staff in buying homes, and helps the University Neighbourhoods Association build and manage community facilities and the school board build its schools. Indeed, UBC Properties is involved in every facet of the university's community.

While most developers build buildings, UBC's approach is different. "We're helping to build a community," says Poettcker. "A developer might sometimes build a large integrated project or in a few cases will build entire neighbourhoods. In our case, we not only build neighbourhoods, but we're helping to build schools,

community centres and playing fields for the university sector. In many respects we are participating in the university setting and converting it into a complete community."

In all it does, UBC Properties must take into account the fact that the university has an ongoing relationship with its community. UBC Properties' objective is to maximize the potential of the university's land and the endowment value of the university through the development of its land. Concurrently, UBC Properties must be in line with the university's nonfinancial objectives.

"The challenge for us is to make sure our objectives mesh with the university's," says Poettcker. "That requires not just a management style but a selection of people that understand that role and that relationship. In our industry, where profits can be significant and risks can be enormous, there are a lot of people that thrive on that risk/reward relationship. We try to temper those expectations in our people simply because we have many nonfinancial realities we must factor in and respect."

Finding people who not only accept that reality but believe in it is a management challenge for UBC Properties. "We try to hire people who can be good listeners and understand that we've got to consider things that are not financial in nature," says Poettcker.

UBC has two primary campuses – in Vancouver and Kelowna. Each has enjoyed strong growth over the last 10 years.

The Vancouver campus added a Life Sciences Centre in 2008. It is the largest building in Canada to achieve LEED Gold certification. UBC initiated a fast-track construction program in 2002 to build the 530,000 –square-foot facility, with the ultimate goal of doubling the number of graduating medical students.

With a budget topping \$197 million, the Life Sciences Centre is an acclaimed building that has enjoyed numerous awards for its construction and sustainability.

Another successful project completed in 2008 achieved LEED Silver certification. "The Irving K. Barber Learning

Centre was also a significant project,” says Poettcker. “We redeveloped an existing library that had a historical core. Two wings were demolished and rebuilt, and the historical core was renovated. It was one of our biggest challenges and is one of the most successful buildings on campus in terms of users. Everyone is delighted with the outcome.”

More recently, the Sauder School of Business is undergoing a massive renovation. Located across three facilities, the business school’s spaces were outmoded. UBC is demolishing older buildings to make way for the newly renovated school’s premier facilities.

There are many other projects underway including the Faculty of Law building. It will increase the space allocated to areas that enhance the student experience. It will be a 135,000-square-foot, four-storey building that will offer views of the north while integrating the law library into the main core of the building. The faculty of Law building will be completed by August 2011. It is designed by Diamond and Schmitt Architects with structural engineering by Read Jones Christoffersen.

“The transformation on the campus has been quite exceptional,” says Poettcker. “One of the things that we’re particularly proud of is that we’ve completed and have under construction 4,000 student beds for the university since 2002. I doubt there are many universities that have added that many beds in that time. There’s been an enormous increase in student residents – and staff residents, too.”

The addition of so many beds had transitioned the university away from being a commuter campus.

All of these changes are positive ones for UBC Properties and the university. And while construction continues at the campuses, UBC Properties is benefitting from the construction slowdown outside the insular walls of the campus.

“Two years ago the challenge for us was a marketplace that was becoming difficult to manage. It was hard to get a consultant to spend the time and energy to complete the job. Today those challenges have virtually disappeared,” says Poettcker. “We have considerable interest from consultants in the construction industry to do the work. We get excellent service from the construction sector. Schedules are becoming easier to meet; budgets are being met. Today we have a much-improved market. The university has seen a lot of

construction activity in the last five years so the lower interest rates, and the availability of consultants and contractors, has made it a much-improved environment over what we had.”