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Sale of Federal Office Buildings

Question by:

The Honourable Larry W. Campbell

Wednesday, October 24, 2007

THE SENATE

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SALE OF FEDERAL OFFICE BUILDINGS

Hon. Larry W. Campbell: I do not wish to take issue with the minister but the Vancouver buildings he is speaking about have certainly been maintained and are, in fact, heritage buildings. The Sinclair Centre, for one, is probably one of the premier buildings in the city.

Honourable senators, I am not taking issue with the government selling the buildings. I am taking issue with the fact that the buildings were probably sold for \$600 million less than they were worth, according to a study from Informetrica.

Since the minister says his ministry is in debt some \$3 billion with regard to buildings, I wonder how he can afford to let buildings go for \$600 million less than their worth. The buildings were sold for \$1.64 billion; the assessed value of those buildings by Informetrica was \$2.3 billion.

Senator Fortier: I welcome that question, honourable senators. I would invite the honourable senator to review the public materials on the website. There are two studies, one jointly by the Bank of Montreal and the Royal Bank of Canada, and one by

Deutsche Bank. The honourable senator will conclude, as I and the government did, that we had a tremendous auction. The price we got for the buildings in question is far higher than the valuation to which the honourable senator refers.

The buildings under question were listed at \$400 million or \$500 million on the government books. In January, an independent appraiser valued these buildings at \$1.15 billion.

Any way you peel the onion, we exceeded by far any valuation of these assets.

When we launched the auction, more than 11 bids came in for the assets, and I had included a condition that we wanted control to be Canadian. Had I opened it up to anyone, we could have had far more bids, and we probably would have had a better offer. We wanted the landlord to be Canadian because this landlord becomes the single most important landlord of the federal government in terms of office buildings.

Despite putting that condition in there, we exceeded everyone's high range in terms of the estimate. The honourable senator can ask experts; everyone will tell him that the government did very well with respect to its auction.
