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Advantage Canada:

A Guide To Doing Business

BY JOHN RUMBOLDT

ITRA / CONSORTIUM COMMERCIAL REAL ESTATE LIMITED

“O CANADA”, BEGINS THE CANADIAN NATIONAL ANTHEM. BUT IN MANY PARTS OF THE WORLD, BUSINESSES CONSIDERING RELOCATION OF DIVISIONS TO NEW AND EXISTING FACILITIES ARE SAYING, “WHY, CANADA?” AS IN “WHY NOT?”

American businesses are finding that beyond the obvious advantages of a shared language in most provinces, and a cheaper currency, there are also lower taxes and health care costs plus a well-educated labor pool.

Companies considering a move to Canada will find that, in the English-speaking provinces, the common law legal system is quite similar to the American system – real estate laws and practices re also comparable to the US.

Space measurements adhere strictly to the 1996 BOMA standard of measurement in traditional office buildings. Rent is based on rentable square feet, while the amount of usable square footage (which factors out common areas and places like the janitor’s closet), frequently about 10% less than the rentable number, is clearly spelled out.

Tenants in Canada can also negotiate a leasehold allowance, which could be cash up front or installments payments to cover the cost of building out their space. This is similar to the work letter US landlords grant tenants on leases.



Canadian landlords also grant free rent concessions upfront on new leases, in appropriate market conditions.

It is also a friendly market for non-Canadian property buyers and sellers, with no significant restrictions on property transactions. The Federal Income Tax Act enforces tax withholding on payments to non-Canadians, and

some provinces impose a larger land transfer tax on non-residents.

If you are considering a lease or sales transaction in the province of Quebec, i.e., Montreal or Quebec City, it is best to consider adding a bilingual local attorney with experience in property and business laws to your team, as their Napoleonic legal system and provincial regulations differs from the rest of Canada.

The major new plans announced by auto giants GM and Toyota demonstrates how the rest of the world recognizes the cost advantages offered by many Canadian industries. For example, it costs \$4-\$5 less per hour to make a car in Canada than in the US - a whopping 10% labor/cost advantage reports a Canadian Auto Workers union economist – trickle down savings that result from a universal public health care system.

Corporate taxes re also lower in Canada. The average corporate tax rate in Canada is 2.3% lower than in America and with the elimination of the capital tax, that advantage will rise to 3.4% by 2008.

While energy costs soar, Canada's abundant oil, gas and hydroelectric resources make for a stable oasis for this vital resource. Average electricity costs for industrial users in Canada are 14% lower than in the UK, and 22% lower than the US.

The cost of doing business in Canada is lower than 11 major economies studied by KPMG, including the UK 6.7% higher costs than in Canada) and US (9% higher costs than in Canada). And office

leases cost an average 15% less than in the US.

But a business is only as good as its people. Canada is home to an educated, skilled and diverse labor pool. Canada has the highest percentage of people with a college or university education among OECD member countries, outpacing the United States, Japan, even Sweden. Our workers are mainly fluent in English and "accent-neutral," a key to such highly mobile businesses as call centers

and sales offices. And Canada's second language is French.

As a multicultural nation, Canada offers endless opportunities for companies wanting strategic hub for expansion into emerging markets

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