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THE BUSINESS OF VANCOUVER

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**IS VANCOUVER
BECOMING A SUBURB
OF HONG KONG?**

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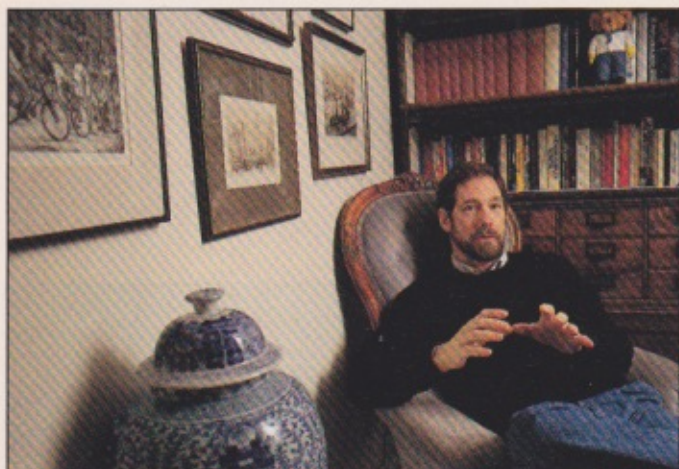
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"My, dear, hasn't
Vancouver changed since Expo."

ROBSON STREET 1997

free enterprise. Designer knock-offs, gold jewellery, toys—you name it and someone in Hong Kong is probably selling it with a passion like nowhere else on earth. In the heady commercial atmosphere of Hong Kong, money often seems to be everyone's religion.



UBC economist Michael Goldberg says he doesn't mind foreigners owning Canadian real estate. "We get their cash and we also get to keep the asset. With real estate the product has to be controlled locally. And it can't be moved."

But the future of Hong Kong is uncertain. A lease signed between Britain and China expires in June of 1997, and many business people are moving their fortunes and their families out of Hong Kong before the Communists move in. Owning land in Canada has become an important form of business and personal insurance for a growing number of nervous Hong Kong investors and entrepreneurs.

Since 1970, Hong Kong investors and immigrants have pumped upwards of two billion dollars into the Greater Vancouver real estate market. Exact figures are difficult to come by. But it is known that Hong Kong investors are playing an ever-increasing role in local real estate transactions. Entire city blocks have been purchased by investors eager to diversify their holdings in the Orient. Shopping malls, hotels, apartment buildings, office towers and large homes have become magnets for Hong Kong cash.

In Chinatown, land values have soared dramatically in recent years. According to Christine Leung, a sales manager for Block Brothers, commercial real estate is very hot in Chinatown. And very expensive. Most of the business is word of mouth. Buyers can expect to pay upwards of a million dollars for "an old junker with 25 feet of frontage."

The influence of Hong Kong money is not restricted to Chinatown. Asian investors currently own between five and ten per cent of the downtown core, with the bulk of investment coming from Hong Kong.

For example, with the exception of one small lot, the entire 1900 block of West Georgia is owned by Runvee Georgia Properties Ltd., a Canadian holding company controlled by Hong Kong investors.

Just up the street, the 1400 block of West Georgia, which includes the Georgian Towers and a parking lot, is owned by members of the Hui family from Hong Kong. Described as low-key and publicity-shy, this wealthy family also owns Park Georgia Realty Ltd., and the Park Georgia Property Group.

Much of Robson Street, including designer row and the trendy Robson Galleria, is owned by offshore Chinese, mostly from Hong Kong. Among the buyers have been men like S. H. Sung, a wealthy Hong Kong manufacturer with a passion for Rolls-Royce automobiles and corner lots in prime areas of the city. Local real estate people call him "Corner Sung." Others include Laurent Lam and Rolland Kwok. One of their companies, Howe Management Ltd., controls a number of properties along Robsonstrasse, and most of the commercial facelift that Robson Street has undergone in recent years has been paid for by money from Hong Kong.

Hong Kong investors have also purchased a string of apartment blocks along Beach Avenue, including Martello Tower, Sunset Plaza, Surfside, Berwick House, The Huntington, Huntington West, and the Oceanaire.

The Burrard Building, an office complex at the corner of Burrard and Georgia, changed hands in November, and the Hong Kong family that bought it just recently made the move to Canada. Like so many other wealthy Hong Kong residents who are moving to Vancouver, the new owners of the Burrard Building shun publicity. They do not want to advertise either their wealth or their holdings.

The Holiday Inn Harbourside was sold last year to the New World Group of Hong Kong for an estimated \$30-million. The previous owner also had strong financial ties with Hong Kong.

The Lau family of Hong Kong, through a company called Golden Properties Ltd., counts among its holdings the Coopers and Lybrand building and the old Board of Trade tower in the 1100 block of West Hastings. Architect and builder Geoffrey Lau rides shotgun over the family's real estate holdings in Canada, which in 1987 were said to be valued at \$100-million.

The Sandman Inn on Howe Street was purchased by a trio of Hong Kong investors last year and is now known as the Royal Garden. These same investors, through a company called Allied Holdings Ltd., own an entire downtown block of Pender Street, as well as the T.D. Bank redevelopment project on West Hastings. That project, complete with luxury hotel and skyscraper, will transform the entire block and redefine Vancouver's skyline. The principals of the company are Hong Kong heavyweights, K.K. Wong, Peter Eng, and Edward Woo. All three men are said to have family connections in Vancouver.

Elsewhere the story is much the same. Scores of small apartment buildings, retail stores, and other commercial properties have been sold to buyers from Hong Kong. High-rollers like Hong Kong billionaire Li Ka-shing may generate headlines with their forays into Canadian banking, energy, and real estate, but behind the scenes, smaller investors and entrepreneurs are buying into Vancouver in a big way.

Andrea Eng is a realtor with the firm of Colliers, Macaulay, Nicolls Inc. and president of the Vancouver chapter of the Hong Kong-Canada Business Association.

In 1987, Ms. Eng sold \$40-million worth of commercial real estate to buyers from Hong Kong. She expects to do even better this year. "A typical Hong Kong buyer," says Eng, "has between two and seven million dollars to invest in Vancouver real estate. And there are lots of those guys."

According to economist Michael Goldberg, the author of a landmark study of Chinese investment patterns in Canada, there are hundreds, perhaps even a couple of thousand, extremely wealthy families in Hong Kong. A typical family in this category would control hundreds of millions of dollars. But there is also a growing middle class. These are families with a net worth between \$5 and \$15 million and they number in the tens of thousands.

Eng says that many of the smaller, offshore investors who are getting involved in the Vancouver real estate market downplay their assets. "Some of these smaller investors will tell you that they only have \$1 or \$2-million to invest. But often, during the course of negotiations, you discover that their pockets are much

