

10th Anniversary Issue

Dreams for our future and visions of our past

10 pivotal moments — in their own words

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# Shopping for money

**Thomas Fung**

Thomas Fung's Aberdeen Centre Asian-themed mall changed not only the look of Richmond, but how all of Greater Vancouver looks at itself. Before its launch, the idea of a mall existing almost entirely on business from Asian customers seemed incomprehensible — as Fung found out when he tried to find investors and tenants

**As told to Anna Lilly**

The sole reason I decided to build Aberdeen Centre was because of a gut feeling.

Asian immigrants started coming to Greater Vancouver in substantial numbers in 1984 and 1985. I anticipated that as more and more government policy was encouraging more of the skillful and rich immigrants to come here, there would be a demand for an Asian-themed mall. I thought that it

would be a totally new concept — an enclosed mall as an alternative to Chinatown in Vancouver.

In 1986, a friend of mine who had been in the bowling business for a while came up from San Francisco to visit. He told me that I should think of getting into that business here and that he could help me out. I said, "No, I'm not fit for that business at all," but after he left I had second thoughts. He actually gave me the inspiration for

Aberdeen; a bowling centre together with entertainment, restaurants and one-stop shopping. You wouldn't find it anywhere else in the world.

I chose Richmond because the land costs were relatively low and because of its proximity to Vancouver and the airport. We did the land assembly in 1987, purchasing two properties on Hazelbridge Way for just below \$10 million. The site

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**S10 10th Anniversary—In their own words**

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was close to main streets and public transportation and there were vacant sites adjacent to it, so if we were successful we could expand further.

Some people were skeptical of the project. They asked where it would be located and they couldn't find it on a map — Hazelbridge wasn't even on the map. Originally, the project was to be financed by private investors, some of them my friends. They had liked the idea when they found out it was to be an Asian-themed mall and had agreed to put in money. But when I brought them the contract, they just walked out. I think the reason was strictly because Vancouver's Asian population at that time was quite low relative to Toronto, San Francisco, New York and Los Angeles. The investors told me, "Even those big cities don't have such a mall, so how can one of those malls survive in Vancouver?"

It wasn't until the Tiananmen Square incident in Beijing in 1989 that Vancouver started to see a rapid growth in immigration. By then, Aberdeen was under construction.

I ended up doing the project on my own, with the help of the **Hongkong Bank of Canada**. I put up about \$7 million in equity, and the entire project cost about \$12-\$13

million. The bank also had a hard time with the concept and it really took time to convince them. They wondered how we would survive because we didn't have any national tenants or international tenants for the mall.

But the most frustrating moment came in 1989 when I put out a call for an agent to do the leasing. No one was interested. They all thought it was going to be a flop and they didn't want to ruin their reputations. So I had to be the salesman and the landlord. But I couldn't find any tenants, even though I placed ads in Vancouver, San Francisco and Toronto. Then I approached non-Asian tenants and they thought it was a good idea, but said they would wait until it was open to see if it was successful. By the time we started construction we had no tenants. That was frustrating and kind of scary, too.

I said to myself, there are two ways to approach this: either sell the land to someone else and they can build it; or, I have to act as the landlord as well as the tenant. I ended up choosing the latter. I actually set up the businesses as turnkey operations. For the herbal tea shop, the bowling centre, the restaurant, the cinema I went into contract with the suppliers, did the interior improvements, got the merchandise imported and hired the staff.

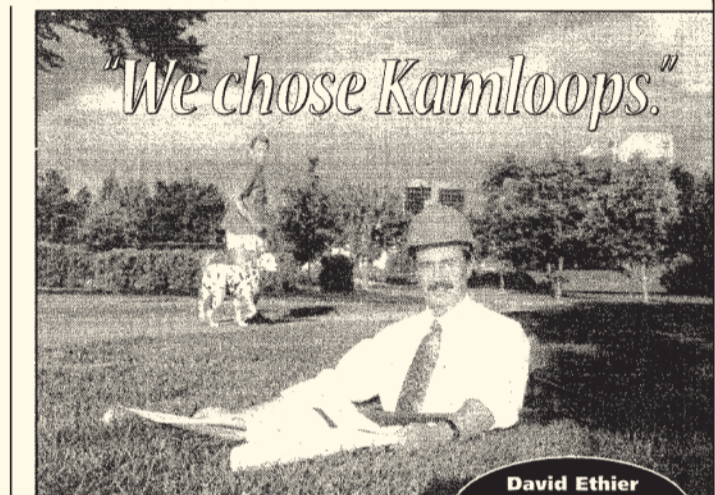
**They all thought it was going to be a flop and didn't want to ruin their reputations**

At the same time I was making proposals to potential investors to buy the businesses. But those investors wanted more insurance; they wanted me to take part in the equity. So we set up the condition that if they were successful they would buy back my shares at original cost — no interest, nothing. For about 50 per cent of the shops in Aberdeen we made this arrangement, and for the average deal I would put up about 20 per cent and the investor would put in 80 per cent.

This allowed me to designate each unit to a particular type of business, to control the tenant mix. So when we did a second approach to other potential operators we could tell them exactly what kind of shop was going to be next to them. It gave them more confidence.

The grand opening of Aberdeen centre was June 30, 1990. It was so crowded that one or two customers almost suffocated. They fainted because they couldn't move and we had to call an ambulance. But no media picked up the opening and I ended up writing some editorial myself in the Chinese newspapers to do my own promotion.

Initially, we heard that Aberdeen



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was working out well for everybody, the tenants as well as the consumers. It was something new and it catered to the Asian tradition. The customers liked to hang out on the weekend, walk around the mall with their families, having dim sum and then having banquets in the evenings.

Eventually, though, we got some negative comments. Some people in the community complained that Aberdeen was catering more to the Asian community, but in fact that wasn't my intention in the first place. I thought the ideal mix of tenants would be 50 per cent Asian and 50 per cent non-Asian, but unfortunately no non-Asian tenants wanted to try it out. And there wasn't much we could do to rectify the situation because we had five-year commitments to all the tenants. Most of the complaints were about language. Many of our original tenants were recent immigrants and were not equipped to facilitate English-speaking customers. People also told us they wanted to see more English signage.

To a certain extent I believe some of Richmond's new residents moved into the city because of the

convenience of the Asian malls. The area around our neighbourhood has developed into the "Aberdeen district."

We've had people come to us from other provinces and the U.S. to ask us if we would franchise the concept or enter into joint ventures with them to build other centres. We didn't because we were focused on planning the second phase of Aberdeen at the time. But we've seen similar Asian-themed malls come up everywhere in North America — San Francisco, L.A., Toronto and even others in Vancouver.

**The area has developed into the 'Aberdeen district'**

I treat Aberdeen as a flagship, and try to maintain our reputation in it. Even during the early 1990s when the economy was slow throughout North America, we were still doing very well.

Some of the investors who walked away from the project originally have returned to Hong Kong and Taiwan. Now, we don't really talk about it. I don't want to embarrass them.

Thomas Fung is chair and CEO of Fairchild Holdings Ltd.

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firm from **GS Industries** of North Carolina recently for an undisclosed price. The purchase, made in conjunction with an investment group led by **Tricor Pacific Capital**, includes two subsidiaries in California.

"The opportunity was there. I was allowed to see if I could put a group together, and I did," said **Ted Leja**, who will continue as the company's president and CEO.

June 3, 1997  
Issue 397

**Maximizer buys Tracker**  
Maximizer Technologies Inc. of Vancouver has acquired **Tracker Software** of Australia in a bid to boost its share of the market for contact management and sales automation software. Maximizer and Tracker each hold about 10 per cent of the world market in software used for tracking sales leads.

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