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ASIA PACIFIC



**Eastern insights**  
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**Bands want in on giant clam trade**

►Looming B.C. Supreme Court battle focuses aboriginal attention on the province's lucrative geoduck fishery

►Natives seek ways to get into the business, but fishermen who developed the industry are opposed to diluting value of multimillion-dollar licences

TRANSPORTATION



**Plane dealing on**

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Report on the coal industry

# Wealthy bullish and bearish on Olympic Village bulk buy potential

Offshore demand and city's price tag for units debated by developers

By Glen Korstrom

Vancouver's wealthiest men disagree on the wisdom of a bulk purchase of all remaining units at the city's troubled former Olympic Village.

**Vancouver Canucks** owner **Francesco Aquilini** told *Business in Vancouver* that he wants to buy the approximately 450 unsold units at the 1,108-unit former Olympic Athletes' Village, now known as Millennium Water.

"We've let the city know that we're interested," Aquilini said. "We've spoken with them about buying the entire package at a certain price. [But] the price expectation that they want is a little too high."

Aquilini believes he'd be able to resell the units to Asian buyers.

"The money being generated in China right now is phenomenal," he said. "A lot of Chinese businesspeople want to get their money out of China. Vancouver has always been on their radar. So, we think there's a big market in China [to resell Olympic Village units]."

**Jim Pattison Group** owner **Jim Pattison** wouldn't tell *BIV* whether he thinks a bulk purchase of Millennium Water units is wise.

However, **Thomas Fung**, the owner **Aberdeen Centre** and **Fairchild Group**, told *BIV* he doubts that many Asian investors would consider the site a strong investment.

They might buy a single unit to live in, but the chance of their buying multiple units with the aim of renting them out is unlikely, said Fung, who frequently travels to Asia.



Vancouver Canucks owner Francesco Aquilini: "A lot of Chinese businesspeople want to get their money out of China"

"I can't see those potential buyers from mainland China buying any similar properties to the [former] Olympic Village yet."

Fung explained that those investors can count on a capitalization rate of about 13% before tax in China.

A capitalization rate is the ratio between an asset's net operating income and its original price. For example, a \$1 million property that generates \$100,000 annually after expenses would give the owner a 10% cap rate.

Fung said that, after taxes, Chinese investors now usually get a cap rate of between 7% and 10%.

Fung doubts that Millennium Water would generate that cap rate.

In January, U.S. real estate consulting company **Demo-graphia** ranked Vancouver as the third least affordable city in the English-speaking world.

The study noted that only Hong Kong and Sydney, Australia, have house prices that require buyers to spend more years of median household income to buy a house than buy-

ers do in Vancouver.

According to the study, Vancouverites must spend 9.5 years worth of median household income to buy a house. In Atlanta, that figure is closer to 2.3 years.

Fung believes Asian real estate investors looking to buy multiple properties to rent would prefer:

- Los Angeles (5.9 years of median household income);
- New York (6.1 years);
- San Francisco (7.2 years); or
- Toronto (5.1 years).

"If you're the investor and you go for something without any rental income for the time being, you will be expecting a

"I can't see those potential buyers from mainland China buying any similar properties to the [former] Olympic Village yet"

- Thomas Fung, owner, Fairchild Group

quick appreciation in the future when the market turns around. You would also rather go to a city with a large population where there would be

more transactions."

Both Millennium Water marketer **Bob Rennie** and Mayor **Gregor Robertson** have told media that they're interested in selling all unsold units in bulk.

**Millennium Development** still technically owns unsold units in the project, which is in receivership. Receiver **Ernst & Young** oversees all sales, and the **City of Vancouver**, which is the lender, would have to approve any bulk sale decision.

**NPA** councillor **Suzanne Anton** would favour a bulk sale of units. But she said the buyer would have to pay off pretty much all of the city's loan for the project, which is roughly \$730 million.

"The mayor has cost us untold millions by putting a black cloud over the project for the past two years. The result is that the project is so undervalued now that any bulk offer is going to be too low." ■ gkorstrom@biv.com

## Ban clouds B.C. tan trade

Victorial bylaw prevents minors from using commercial sun-beds, but tanning salon owners say it will do little to address health concerns

By Noa Glouberman

Wanting to feel "warm and energetic" in winter, **Hope Courtright** turned to indoor tanning at age 15. Almost a decade later, after being diagnosed with skin cancer, the Nanaimo native shared her story through the **Canadian Dermatology Association's** (CDA) "Indoor Tanning is Out" campaign.

"I would ask for another two minutes to be added [to the session]," she said, describing her five-year, multiple-times-weekly use of commercial tanning beds. "I was young and invincible and thought nothing could happen to me."

Unfortunately, in 2007, Courtright dozed off in a sun-bed, exposing herself to nearly two hours of ultraviolet (UV) rays. She suffered first-, second- and third-degree burns. Later, a spot on her arm was deemed cancerous and surgically removed. Today, her skin remains permanently sensitive to heat and sun.

"If you care about your body, stay away from tanning salons," she warned other youth. "If you want a tan, use spray-on colour. It won't cause you cancer."

In 2009, a dramatic rise in skin cancer, particularly among young women, sparked the **World Health**

**Organization's International Agency for Research on Cancer** (IARC) to move UV tanning beds to its highest cancer risk category: "carcinogenic to humans." Previous IARC research had associated the use of sun-beds before age 30 with a 75% increase in melanoma risk.

"Dangerous UV light is emitted from a commercial tanning bed at 10 to 15 times normal noon sunshine," explained **BC Cancer Agency** head of prevention programs **David McLean**. "It's in no way safe; I recommend avoiding the cosmetic use of tanning beds altogether."

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