

## Central City sold for \$245.75m

**Michael Kane**

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Surrey's award winning Central City development has been sold for \$245.75 million in what is believed to be British Columbia's biggest real estate deal in history for a single property.

Once dismissed as a monument to the incompetence of the province's last NDP government, the development has been bought by a consortium of unidentified pension funds.

The sale dwarfs last year's biggest transaction, the \$150-million sale of the Telus headquarters on Kingsway in Burnaby, and the sale of Burrard Street's Park Place office tower in the \$160-million range a few years ago.

"It is certainly one of the largest sales ever in British Columbia history," Kevin Meikle, Central City's realtor and a vice-president of Cushman & Wakefield LePage, said in an interview today.

The deal brings a net profit of about \$39 million to the sellers, the Insurance Corp. of B.C., which had previously written off \$141 million of the property's value due to loss of tenants and poor market conditions.

Today, the development's 1.5 million square feet of offices and shops are virtually fully let to long-term tenants and Surrey is acknowledged as one of the fastest growing municipalities in Canada.

"Certainly most prospective buyers bought into the wave of Surrey growth and the successful rebranding of Whalley as its city centre," Meikle said. "There are lots of young families moving into the area, which is especially good for retail, and from an office point of view, it's a strong A-class building just 35 minutes from downtown Vancouver by SkyTrain."

The property attracted more than 10 purchase offers from around the world.



CREDIT: Ian Lindsay/Vancouver Sun Files  
The Central City office tower in Surrey.

In 2004, it was the winner of an international real estate association's special jury award as the world's best overall new development for its combination of stunning architecture and building innovation. It was cited for providing an environment that inspires team performance and creativity.

The sale is the culmination of a remarkable turnaround story for ICBC which spent \$182 million to build Surrey Central's 25-storey office tower atop an existing mall which it purchased for \$49 million in 1999.

ICBC has intended to occupy the tower, along with Tech BC, a new university planned by the previous government, but when ICBC downsized by about 1,000 people, and the Liberals pulled the plug on Tech BC, the tower was left vacant in a slow market.

In 2001, an independent appraisal prompted a writedown of \$100 million, followed by a further \$41 million. The NDP-initiated development was described by former provincial finance minister Gary Collins as a scandal on the same scale as the fast ferry fiasco.

"No cost was spared," Collins scoffed. "The only difference between this and the fast ferries is that this one doesn't move."

But two years later, the Liberals were back at the same location to shell out \$70 million to acquire 305,000 square feet of the property as the Surrey campus of Simon Fraser University.

ICBC decided to offload the rest of the development, including 570,000 square feet of office tower and podium space, and 490,000 square feet of retail mall space, because it represented too much money tied up in a single investment.

The proceeds will be reinvested to help keep ICBC's rates low and stable, said Doug McClelland, media relations manager.

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