

\$1.6-billion Surrey project proposed in midst of economic crisis

Central City-area development includes plan for tallest tower in B.C.

Derrick Penner

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METRO VANCOUVER - At a time when Lower Mainland real estate markets are on a downward trend and condominium projects are hitting financial problems, a Surrey businessman is proposing an audacious \$1.6-billion development for Surrey's Central City area.

Ralph Berezan, owner of Berezan Management Ltd., announced late Thursday he wants to build five buildings with four million square feet of space on 10 acres of land, including an office and residential tower which, at 70 storeys, would be the tallest in British Columbia.

Berezan said in an interview his company has an option to purchase the property, at Fraser Highway and King George in Surrey, and Berezan Management has the resources to buy it outright at a total price of about \$50 million.

Berezan said he timed his announcement because he is a believer in Surrey's plans to develop Central City as a regional city, and "I wanted the public here in Surrey to be aware of that."

His plan calls for developing the site in five phases over 10 to 15 years starting in 2011. Besides the 70-storey tower, it calls for construction of a 55-storey hotel and office complex and three residential towers between 40 and 50 storeys that would accommodate assisted-living and affordable housing units in their mix.

Plans call for the buildings to sit on top of a shopping mall and entertainment complex and include a public gathering area.

The site of Berezan's grand plan is adjacent to two other Surrey mega-projects that have run into problems.



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A rendering of Berezan Management's \$1.6-billion multi-use development at the corner of King George and Fraser Hwy.

Jung Development Inc.'s five-tower Infinity project was recently pushed into receivership when its main lender, U.S. investment bank Lehman Brothers, collapsed. And Jung's Sky Towers project was suspended last week when the firm was unable to secure financing under the time limit of B.C. condo-marketing rules.

The Berezan project is far from definite since it doesn't yet have a building permit. Berezan said his company will start work on that with City of Surrey officials in the last half of November.

Berezan takes a longer view of his prospects for securing construction financing following the world credit crunch.

"We're talking [about starting] two years from now," Berezan said. "Just think for five minutes. Eight months ago you could go and borrow \$100 million. Today you can't."

However, in 24 to 30 months - the time it would take to get a building permit - "hopefully times have changed," Berezan added.

If times have not changed and the economy is still tight, Berezan said he will simply wait longer to start construction.

Surrey Mayor Dianne Watts said that while there is not a secure real estate market right now, she was confident in the development's future.

"Knowing the resources this individual has in hand, I have no doubt that over the next X number of years this will come to fruition," she said. "We've had every indication that he's moving forward."

Despite recent high-profile stalls of Metro Vancouver developments, Watts said many other projects are moving ahead.

She said sales will no doubt be slower on this venture, but that there are still 1,000 people a month moving to Surrey.

"I think the market's correcting itself," she said. "We were at a place where we had highrises selling out in under an hour."

Berezan was last in the news in Vancouver in 2006 when he rescued the Hemlock Valley Resort ski area, paying \$3 million to take it out of receivership.

Berezan management lists a wide array of assets among its holdings including office buildings, industrial parks and other real estate in Calgary, Edmonton, Winnipeg and Dallas-Fort Worth, as well as hospitality holdings in the Lower Mainland. He is part-owner of the Surrey Eagles Junior A hockey team of the B.C. Hockey League.

depenner@vancouver.sun.com

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