

COVER Celebrity billionaire developer Donald Trump “knows how to do [luxury real estate] right”

Trumping luxury

FRANK O'BRIEN/GLEN KORSTROM

WESTERN INVESTOR

Vancouver's **Holborn Group** made a smart move in calling in iconic New York-based real estate developer and marketer **Donald Trump** to relaunch and rebrand what could be Vancouver's most expensive condominium tower according to a leading realtor for high-end homes.

“Donald Trump knows how to do it right,” said **Malcolm Hasman**, the West Vancouver-based agent who sold Vancouver's most expensive condominium this May for \$25 million. “No one gets a higher dollar per square foot than Trump.”

Hasman expects “The Donald” brand to ensure that the \$360 million tower will have the most dramatic lobby and the highest **Michelin**-starred restaurant in Canada when it opens in three years.

“It will bring a ‘wow’ factor that will blow Vancouver away,” predicted Hasman, who is equally confident that all the expensive condominiums in city's second-tallest tower will sell, and likely quickly. Hasman, who typically transacts \$250 million in high-end residential real estate a year, said Vancouver has enough appetite and deep pockets to easily swallow the 200-plus luxury condos in the Trump tower.

Designed by iconic Canadian architect **Arthur Erickson**, the 63-storey Trump International Hotel & Tower Vancouver was officially launched in June by Trump and **Joo Kim Tiah**, CEO of **Holborn Group**.

“We are thrilled to be bringing the Trump flag to Vancouver as it has become a world-class city in its own right,” Trump said at a packed press conference. “When looking at expanding our portfolio, we felt this was a market that held great potential for our brand.”

The tower, which architecturally twists as it ascends, will house a 147-room Trump hotel and 218 condominiums expected to be priced north of \$1,500 per square foot. That would mean values of from \$1 million to well over \$3 million, not counting the house-sized penthouses. Final prices won't be released until pre-sales start this October.

“It will be expensive,” Trump said.

Rebranding

The original Holborn tower on the same West Georgia site was shelved in 2009 after the real estate market turned down. At that time about half the condos, to be perched above a **Ritz-Carlton** hotel and priced from \$1.4 million, had pre-sold. Buyers had their money refunded.

The new tower will feature a champagne bar, signature restaurant, banquet space and Vancouver's first pool bar. **Ivanka Trump**, Donald's daughter, will open Canada's first **Mar-a-Lago Spa** as part of the hotel.

Mark Lester, who oversees the specialized asset group at **Sotheby's International Canada Ltd.**, says Holborn will have little problem selling the high-priced Trump condos, despite Vancouver's spotty history on luxury strata.

“There is a huge appetite in Vancouver for luxury homes,” Lester said.



Donald Trump shakes hands with Joo Kim Tiah, CEO of Holborn Group, as they announce the launch the \$360 million Trump International Hotel & Tower in Vancouver. LEFT: The “twisting” tower, designed by Arthur Erickson, is expected to trump competing luxury condominiums in Vancouver when it opens in three years.

This is borne out in a recent **Sotheby's** survey of Canada's “top-tier” residential real estate buyers.

The survey found that Vancouver's high-end residential real estate market is entering the second half of 2013 with “positive momentum.”

The Metro region saw 1,239 sales of high-end properties – defined as homes listed at over \$1 million – in the first half of this year. This is a 57 per cent increase over the second half of 2012, but a 6 per cent decline from the first six months of 2012.

The biggest increase was seen in sales of homes with list prices over \$2 million. Sales of residential properties between \$2 million and \$4 million increased by 78 per cent, and home sales over \$4 million went up by almost 70 per cent.

According to Sotheby's, high-end Metro Vancouver home sales by type from January

to June of this year were:

- condominiums: 131 units sold – an increase of 26 per cent over the second half of 2012;
- attached homes: 102 units – an increase of 36 per cent; and
- Single-family homes: 528 units – an increase of 56 per cent.

The study found that 60 per cent of high-end home buyers were locals, while 40 per cent were international buyers. The latter were primarily from China, but include a “recent surge” in buyers from Iran and the United States.

“I am surprised the domestic number isn't higher,” Lester said, noting that Vancouver



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boasts the highest home prices in Canada, and sophisticated consumers.

Real Estate Board of Greater Vancouver statistics show that the more expensive the market, the higher the sales. For example, in June more detached houses sold on Vancouver's West Side (145), where the median price is \$2.05 million, than in any other market. Among suburban markets, the most expensive area – Richmond – also has the highest house sales.

Spotty history

Yet Vancouver also has a recent history of luxury condo towers colliding with legal trouble as pre-sale buyers try to bail. The reason: the price of the condos fell as the building got closer to completion.

The strata corporation representing home buyers at the **Shangri-La Hotel** Vancouver – the property directly across West Georgia Street from the Trump tower – is suing developers, marketers and lawyers for alleged “misrepresentations” that devalue home values and involve unexpected costs at Vancouver's tallest building.

As a result of the alleged misrepresentations and failure to disclose all material facts,

the strata corporation claims the developer has filed “void, invalid and unenforceable easements, leases, licences and cost-sharing agreements.”

A few blocks away, the **Fairmont Pacific Rim** – where the market-topping \$25 million condo sold this year and the hotel has been named the best in Canada – is also facing lawsuits.

Fairmont prices dropped about 12 per cent from the time condos were pre-sold and the building completed.

Indeed, the project owns the distinction of being at the centre of a precedent-setting **BC Supreme Court** lawsuit last year.

The court allowed buyer **Soroor Essalat** to get out of a pre-sale contract and get her deposit back from developer **299 Burrard Residential LP** because, contrary to B.C. provincial law, she was not told that the project would be completed later than September 2009, which was the promised completion date.

That decision enabled all buyers to get their deposits back if they knew they had that right, said **Harper Grey LLP** partner **Bryan Baynham**.

Buyers at other delayed high-end developments, such as the Residences at the **Hotel Georgia**, subsequently launched similar lawsuits.

Perks, privileges

But for those who time it right, luxury real estate has it perks.

Structural engineer **Alaf Kassam** skipped the 2007 pre-sales at the Fairmont Pacific Rim and started buying units in 2010, after the 2008 global economic downturn jettisoned some of the higher-end value. He bought two units from the developer and one unit from a private owner. Property values bounced back, and he sold his smallest unit for a profit.

He lives in a 1,850-square-foot unit that has a southeast corner view stretching from North Vancouver to English Bay. He raves about how close his home is to the seawall and claims that he has lost 20 pounds in the past several months from all the jogging, walking and cycling he has been doing.

However, strata fees are high – in the \$0.60 to \$0.65 per square foot range – largely because the residents pay half of the hotel's costs. Kassam said people who dismiss the project for that reason don't understand the value of what they are getting.

“I had to go to the doctor the other day and talked to the doorman. They took me in the **BMW** limo. It's the 7 Series and there are three of them. They dropped me at the doctor's office, and it was all included.” ♦