

REALESTATE

Chinese buyers target B.C. hotels and resorts

HOSPITALITY | Rise in Asian tourism to the province sparks Chinese demand for B.C. properties

BY GLEN KORSTROM
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The latest in a string of transactions involving Chinese money buying B.C. hotel properties is likely to be Tofino's **Pacific Sands Beach Resort**.

Bidders have until October 31 to submit offers to buy the posh 77-suite, 41-acre beachfront getaway in what will be the starting point for sale negotiations.

Forebase International Holdings Ltd., which announced plans to buy **Brentwood Bay Resort** for \$14 million in September, is a leading contender to buy the Tofino property.

Other potential bidders include **Aestra Hotel Group**, which bought **Harrison Hot Springs Resort and Spa** for \$32.3 million in June and is owned by **Guo Qing Zhang**, who lives in Vancouver and China.

Chinese buyers are also snapping up smaller properties to capitalize on B.C.'s rapidly growing number of Chinese tourists.

The **Days Inn** in Victoria and both the **Delta Vancouver Airport Hotel** and the **Comfort Inn** in Richmond sold to Chinese buyers in the past couple of years. Victoria's **Huntington Manor** similarly transferred recently into Chinese hands.

"This truly is a trend," said **Chemistry Consulting Group** CEO **Frank Bourree**. "What's surprising is how many hotels Chinese investors have managed to buy in such a short period of time."

Bourree said the trend is fuelled by sustained growth in the number of Chinese tourists in B.C. and the perception that the 288,000 Chinese citizens who visited Canada in 2012 are only the tip of the iceberg.



Angus Wilkinson, retiring principal of Tyne Hospitality Services Ltd.: while hotels such as the Fairmont Pacific Rim and Shangri-La Vancouver have owners whose money originated in Hong Kong, offshore investors have yet to buy downtown Vancouver properties | DOMINIC SCHAEFER

Chinese visits to Canada last year have increased 80% since 2009, the year before China granted Canada approved destination status, and airlines continue to ramp up the number of direct flights between Vancouver and mainland China.

"There's a lot of new wealth creation in China that is causing people over there to want to re-deploy some of their capital into North America for a number of

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FRANK BOURREE
CEO, CHEMISTRY CONSULTING GROUP

reasons," said **DTZ Victoria Real Estate** broker **Randy Holt**, who is managing the Pacific Sands' sale.

"They view Canada and B.C. as a good place to invest generally."

Angus Wilkinson, who is a hotel consultant and the retiring principal of **Tyne Hospitality Services Ltd.**, agreed.

He added that offshore investors have yet to buy downtown Vancouver properties. Hotels

such as the **Fairmont Pacific Rim** and **Shangri-La Vancouver** have owners whose money originated in Hong Kong, but Wilkinson said principals at those companies now also live in Vancouver.

He believes that part of the hotel-buying spree is due to vertical integration.

Chinese companies that are in the travel agency business increasingly want to have their own hotels for guests to stay in North America.

Where those resorts do not exist, Wilkinson said they will build them.

He pointed to Nanaimo council approving Shanghai travel agency operator **Suzhou Youth Travel Services**' plans to build a 200-room, \$50 million hotel in downtown Nanaimo, adjacent to the Vancouver Island Conference Centre.

Opposition from existing Nanaimo hotel operators has been muted because they believe that Suzhou will fill its hotel with guests who otherwise would not visit Nanaimo, **Nanaimo Economic Development Corp.** CEO **Sasha Angus** told *Business in Vancouver*.

Suzhou puts approximately 14.6 million customers each year on planes across the world, Angus said, and the company intends to divert 70,000 of those people to Nanaimo.

"That will provide a significant stimulus for the local economy." ■

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