

ICBC plans to sell its controversial Surrey Central City development

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Vancouver Sun

Friday, September 22, 2006

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The Insurance Corp. of B.C. is offering its award-winning \$250-million Surrey Central City development for sale.

The property, once dismissed as a monument to the incompetence of B.C.'s last NDP government, is the home of Simon Fraser University's Surrey campus and is virtually fully let.

ICBC spokesman Doug McClelland said Central City represents about two-thirds of the government-owned insurer's real estate portfolio.

"As such it is too big an asset for the size of our real estate holdings which should really be more diversified."

He declined to speculate on how much the development at Old Yale Road and King George Highway, adjacent to the Surrey Central SkyTrain station, might fetch. There is no list price on the property.

The property includes a 25-storey tower with one million square feet of Class A office space and a 130-store shopping centre. Major tenants include JP Morgan, Coast Capital Savings and the Canadian federal government. Retail tenants include larger big box-type outlets such as Best Buy, Future Shop, and T&T.

Marketing is being handled by Vancouver's Cushman & Wakefield Le Page who expect to attract offers from domestic and international investors.

"As an award-winning entity, it will bring much attention to the Vancouver real estate market," said C&W Le Page vice-president Kevin Meikle.

In 2004 Central City was named the best real estate development on earth by an international association of real estate professionals at the Marche International des Professionnels de l'Immobilier Awards in Cannes, France.

The property won the event's top prize, the Special Jury Award, for its combination of striking architecture and high performance building innovation. It was cited for providing an environment that inspires team performance and creativity.



CREDIT: Ian Lindsay, Vancouver Sun

ICBC's award-winning Surrey Central City development, which houses SFU's Surrey campus, is being put up for sale. It is located at Old Yale Road and King George Highway, adjacent to Surrey Central SkyTrain station.

The honours came after the NDP-initiated and ICBC-financed project was described by former provincial finance minister Gary Collins as a scandal on the same scale as the fast ferry debacle.

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

After the Liberals swept the NDP from office in 2001, Central City lost not only the Tech B.C. university that was to be a major tenant, but also ICBC as a prospective tenant.

Collins condemned the "astronomical" lease costs and allowed ICBC to record a \$100-million writedown in the value of Surrey Central, later increased to \$140 million. The loss was cited to justify a subsequent increase in auto insurance rates.

After paying ICBC \$41 million to escape the lease for Tech BC, the Liberals were back at the same location two years later to shell out \$70 million to acquire space for SFU.

Today there appears to be little doubt that ICBC can recoup the \$100-million writedown value of its investment and it could show a healthy profit.

"The property has become a destination point in one of Canada's fastest growing cities, Surrey, which also happens to be in one of the country's hottest real estate markets, Greater Vancouver," Meikle said in a release.

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TOWER BABBLE

The \$250-million ICBC building, known as Central City, has been a political football for years. Here are some of the comments regarding the complex from Vancouver Sun stories dating back to 2001.

"Central City is one of the best buildings in the world It has become a catalyst [for new development]."

- Surrey Mayor Doug McCallum, 2005.

"The best real estate development on Earth."

- The International des Professionnels de l'Immobilier, an international association of real estate professionals, in awarding their 2004 awards in Cannes, France.

"From a financial perspective, a provision for diminution in value of investments of \$141.1 million had already been established on the over-all development cost of the project as a result of independent market appraisals."

- ICBC communications manager Doug McClelland, 2002, on the day it was confirmed that the complex had a market value of \$112 million, less than half of what it cost to build.

"The only difference between this and the fast ferries is that this one doesn't move."

- Then-B.C. finance minister Gary Collins in 2001, alleging incompetence on the part of the previous NDP government, which oversaw the project.

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