

MONDAY, OCTOBER 21, 1985

Analysts tip \$500m for Canton Road site

By PATRICK TANG

The auction of the Canton Road bus terminal site in Tsimshatsui on Thursday is expected to evoke keen interest as it is eligible for residential, commercial or hotel development.

Property analysts' forecasts of the sale price range between \$500 million and \$700 million.

Mr Gareth Williams, partner of Vigers Hongkong, a chartered surveyors firm, said he expects it to fetch about \$500 million.

At this price, he said, if the site is developed as a commercial building, the completed office space would have to sell at over \$1,250 a sq ft to show a reasonable return.

He said the site is expected to generate considerable interest among developers and could herald the start of a new round of joint venture developments between established developers.

He said if developers come together in joint ventures to bid for the site, the number of bidders could be reduced dramatically.

Mr Y.F. Kan, president of the Hongkong Institute of Surveyors, said the site would fetch between \$500 million and \$600 million in keen bidding.

Mr James Wilburn, managing partner of J. Wilburn and Associates, also believes the site will fetch about \$500 million, making an accommodation value of about \$500 a sq ft.

He said the site is best suited for commercial development as the supply of office space in Tsimshatsui will continue to be tight in the next few years.

A chartered surveyor, who declined to be named, said not many local developers are financially capable of bidding for the site, whose development cost will be very high.

He said the auction will be an "eye-catching" event.

Mr Paul Varty, partner of Collier Petty, a chartered surveyors firm, said he expects the site to fetch between \$650 million and \$700 million as it is the only prime site in Tsimshatsui at the moment.

"I'm expecting to see keen bidding at the auction," he said.

Some analysts think the site could fetch more than \$700 million, as prices of office space in Tsimshatsui have been increasing over the past nine months.

Also, they said, apart from the China Terminal Building there will be no other major supply of office space in the next few years in the area.

They forecast that office supply will continue to be tight in Tsimshatsui in the next few years.

However, they said as investment in the site will be heavy bidding will not be overwhelming and some local developers may form joint ventures to bid for the site.

Some analysts believe Hong-

kong and Kowloon Wharf will be among the bidders.

They said if Wharf buys the site, it will develop the site itself.

Like Hongkong Land, which owns most first class office space in Central, Kowloon Wharf is the major owner of top class office space in Tsimshatsui, they said.

Although Wharf's spokesman declined to comment on the company's plans, other local developers have already indicated they are interested in the site.

Mr Kwok Tak-seng, chairman of Sun Hung Kai Properties, told reporters last week Sun Hung Kai will participate in the bidding, but he declined to say how high the company's bid will go.

The Canton Road site sale fol-

lows favourable response to a Government land auction on September 24.

The site, located at the junction of Canton Road and Peking Road, has an area of 69,417 sq ft.

According to the sale condition, the buyer has to complete at least 392,886 sq ft of gross floor space before December 31, 1989.

The total gross floor area of any building on the site will be restricted to 1,041,255 sq ft, implying a plot ratio of 15.

Premium for the site can be paid with Letters B land exchange entitlements.

The auction was originally slated for last month but was postponed following the freeze on land sale.