

\$700m plan for Wharf tram site 17-8

By NICHOLAS WAY

THE Executive Council's decision to approve moving Hongkong Tramways' depot from Wan Chai to Sai Ying Pun and Sai Wan Ho paves the way for a massive commercial/office development on the Wan Chai site.

Hongkong Tramways, a 100 per cent-owned subsidiary of Hongkong and Kowloon Wharf and Godown Co, has received government approval to redevelop the site -- but there is one minor hitch.

Wharf is challenging the Government's decision to rezone the 10,400 sq m site in a way that gives the Town Planning Board the right to intervene in the developer's plans for the site.

The rezoning was approved by the government authorities on March 14, with Wharf given 28 days to appeal.

Wharf subsequently appealed on the 28th day, but its

submission was rejected by the Government. Both parties will now set a date to settle the issue.

While Wharf was tightlipped about the project yesterday, analysts said it is believed the company wants the development to be zoned C/R (commercial/residential).

This would allow Wharf to develop the site unfettered by the Town Planning Board.

The right of intervention by the TPB is a growing issue among developers because the board can be influenced by the district boards, which are becoming increasingly politicised.

The trend worries cost-conscious developers who fear growing demands for projects to meet "social" requirements.

However, some analysts said developers were over-reacting, with the TPB often proving highly flexible on these issues.

While this matter has still to be settled between Wharf and the Government, it is believed the company is eyeing a commercial/office development at a cost of about \$700

million, with the project to start in about 18 months.

This type of project would fit both Wharf's corporate philosophy as a property developer and the location of the site.

Wharf is believed to be examining a 15:1 plot ratio with office space, four levels of commercial development and car parking space.

Analysts said the gross floor area of the site should easily exceed 100,000 sq m.

Wharf's project, whose start-up time is at least 18 months away, could not be expected to come on to the market until late 1989 -- at the earliest -- at which time there could be strong demand for office accommodation in this area.

Analysts said that, based on today's rental prices, Wharf could expect to earn between \$12 and \$13 per net sq ft for office space, with the commercial property earning up to three times that rent.

A further advantage the site offers is the close proximity of the MTR, with Causeway Bay station nearby.