

New luxury high-rise for Frisco

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By Wei Yu in San Francisco (China Daily)



Wang Shi, chairman of China Vanke, speaks at the groundbreaking ceremony of the company's first project in the United States. Yu Wei / China Daily

China Vanke Co Ltd, the largest Chinese property developer, officially started its first project in North America with its American partner Tishman Speyer on Wednesday, at a time when Chinese property developers are accelerating their paces in the United States.

The two companies unveiled their planned luxury residential condominium tower in San Francisco: Lumina is the name of the 655-unit high-rise planned for the corner of Folsom and Main.

China Vanke Chairman Wang Shi, along with Tishman Speyer's co-CEO Rob Speyer, were joined by San Francisco Mayor Ed Lee and architect Bernardo Fort-Brescia.

Vanke is one of the latest Chinese companies which have invested heavily in the American property market.

In early June, Zhang Xin, Soho China CEO, the biggest private property company in Beijing, joined a group of investors to pay \$1 billion for 40 percent of stakes in GM Building in New York.

Five months ago, Beijing Vantone Real Estate Co Ltd, another major developer in China, signed an agreement with 7 World Trade Center in downtown Manhattan to rent 200,000 square feet for a China Center.

The total cost of Lumina is \$620 million, with Vanke's contribution \$175 million and Tishman's \$75 million, and the rest financed with loans. Vanke will have a 70 percent stake in the project, while Tishman Speyer will get the remaining.

Shenzhen-based Vanke reported revenues of 103 billion yuan (\$16.8 billion) and net profits of 12.55 billion yuan last year.

"Vanke has developed Chinese projects with foreign real estate developers before," Wang said. "In our experience, the best way to be successful in a foreign investment project is to cooperate with local partners, even completely rely on them. So our US investment will follow the same principles."

Wang said that according to Tishman Speyer's expectation, about 50 percent of the project will be sold to Chinese investors and Chinese immigrants.

"Many of our customers have emigrated abroad and the US has become the ideal spot for most of our customers' second or third house. We are following their footsteps," Wang said, adding that there were some Chinese present at the event who had already shown interest in buying at Lumina.

Wang noted that San Francisco was one of the hottest destinations for new immigrants from China. "It wouldn't be surprised if our next investment in the US will also be San Francisco," Wang said, adding that New York and Boston were also under consideration.

The new Lumina project is in one of the most popular neighborhoods in San Francisco, close to the financial district and Bay Bridge and adjacent to the Infinity, a pair of residential towers developed by Tishman Speyer in 2009 with residences commanding prices ranging from \$600,000 to \$6 million.

Although Lumina's price range could be as high as Infinity's, Tishman co-CEO Speyer has no worries about the market outlook for the new project.

"It will follow on the heels of the Infinity, our enormously successful project next door, and promises to be one of the city's residential crown jewels when completed," he said.

Tishman, founded in 1978, has developed many iconic assets, including Rockefeller Center and the Goldman Sachs office building in New York. The firm established its first China office in Shanghai in 2006 and has projects in Suzhou, Chengdu and Tianjin.

"China is one of our two fastest growing markets in the world, the other being Brazil, we are putting a tremendous amount of focus on China," Speyer said. "I personally come to China about every eight weeks."

Tishman's relationship with Vanke started a couple of years ago when Speyer met Wang at a breakfast in New York. "We've developed our friendship since then," Speyer said. "Our companies have similar values and cultures, so it's very natural for us to work together."

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