

Dan Schulz **INSIDER**
bcapartment
REPORT & WEBSITE REALTOR® DEDICATED TO MULTI-FAMILY APARTMENT BUILDING OWNERS

Spring 2015

Issue 8 

Why Does Macdonald Commercial
Have The Strongest Chinese
Investor Pipeline?



中国

THE MIDDLE KINGDOM

What Are Clients Saying
About Dan Schulz?
Client Testimonials Inside!



Dan Schulz

Experienced Negotiator



Dear Apartment Owners and Clients,

It is a new year and I am thrilled to let you know about the great developments taking place here at Macdonald Commercial.

We are especially excited about Macdonald Commercial's new **Shanghai Office** that you will read about in the pages ahead. This unique project has already been cited in the *Globe and Mail*, demonstrating the great strength of Macdonald Commercial's Chinese Investor Pipeline.

In 2015 and beyond, the multi-family sector will continue to soar to new heights.

I have been providing local, national and international clients the best real estate experience possible. Having sold over half a billion dollars of multi-family apartment building assets since 1996, I am just getting started!

If you are thinking of buying or selling commercial or multi-family real estate in the Lower Mainland or anywhere in British Columbia, please do not hesitate to get in touch with me! I greatly appreciate your business and I am always glad to assist you.

Thank you for enjoying this latest issue of the **BC Apartment Insider** newsletter!

Sincerely,

Dan Schulz
BC Apartment Insider



Client Testimonials

What Are Clients Saying About Dan Schulz?

Dan Schulz was key in the sale of my multi-family building. His architectural background and years of experience in commercial real estate gave him the tools to advise me on how to prepare my property for sale.

Dan maximized my return and provided a better building for the buyer. Easy to work with and extremely helpful, Dan goes above and beyond to make transactions exceptional.

Miklos Kovacs
Seller: 328 4th Street, New Westminster, BC

328 4th St, New Westminster, BC



8 Units \$980,000

1285 Martin St, White Rock, BC



29 Units \$4,590,000

Dan Schulz is an up and coming leader in British Columbia's apartment and multi-family real-estate sales business.

After listing with other agents without success, Dan was able to get a deal done at the price I wanted in 30 days.

He saw to it that every detail of the close was taken care of. I couldn't be happier with Dan Schulz's service!

Sean Guiel
Seller: 1285 Martin St, White Rock, BC

I've had the pleasure of working with Dan Schulz over the last few years on numerous projects. He recently offered me an apartment opportunity in White Rock, which I treasure as a very good investment property.

Dan is extremely knowledgeable, loyal to his clients and very enthusiastic about his job. It's always a pleasure working with Dan. I recommend him to anyone looking to invest in Vancouver.

Dominic Li
Buyer: 1285 Martin St, White Rock, BC

1285 Martin St, White Rock, BC



29 Units \$4,590,000

1009 West 10th Ave, Vancouver, BC



41 Units \$11,000,000

We'd like to express our appreciation for the hard work and dedication Dan Schulz has demonstrated while representing us for the purchase of our new apartment building.

We cannot speak highly enough of him. Dan was calm, patient, experienced and honest. From negotiation to acquisition, Dan is knowledgeable and efficient on all fronts. We'll definitely work with Dan again in the future!

Purchaser
1009 West 10th Ave, Vancouver, BC

“Dear Dan,

I would like to take this opportunity to give my utmost and heartfelt thanks for all the professional expertise and care that you and your team provided for helping me to find my trophy property.

Your professionalism, positive attitude and enthusiasm made this experience a total success.

We had a very smooth process from start to finish thanks to Dan Schulz’s hard work!”

***Purchaser, 1755 Davie Street, Vancouver, BC
The Sands Best Western Plus***

“A transaction that ranks as one of the highest per unit in B.C. history”

Business in Vancouver
Jun 11, 2014

SOLD
\$31,000,000

Macdonald Commercial Establishes Presence in Shanghai, China

How will the Canadian Real Estate Investment Centre supercharge real estate investment between China and BC? Find out in my interview with our Director of the Global Wealth Advisory Group, Peter Scarrow.

By Dan Schulz

Macdonald Commercial has “its boots on the ground” in **Shanghai, China** as part of the **Canadian Real Estate Investment Centre**. Our **Macdonald Real Estate Group** has opened its doors in China’s largest commercial metropolis as a Representative Office under Chinese law to showcase properties for sale by **Macdonald Commercial, Macdonald Realty, Platinum Project Marketing**, and prominent developers with projects in Metro Vancouver.

The **Shanghai Office**, located in the City’s central business district, serves a unique dual purpose role for our Buyer and Seller clients by: Showcasing Canadian properties to Chinese Buyers; and facilitating and expediting deal transactions by helping these buyers address the multitude of Canadian legal, cultural, and business issues linked to investing in B.C.

Under the leadership of Dan Scarrow, Managing Director, **Canadian Real Estate Investment Centre** in Shanghai, our China-based experts liaise with a large and constantly growing network of Chinese private investors and state-owned enterprises. In a recent interview with the Globe and Mail, Dan explained the

impact of Chinese real estate investment in Greater Vancouver, telling the Globe that “one-third of Macdonald Realty’s detached home sales in Vancouver last year involved Mainland Chinese buyers”.

Many of our 900-plus residential sales associates at **Macdonald Realty** have clients from China wishing to acquire



Peter Scarrow

investment properties in Metro Vancouver and throughout BC and we have a fully integrated system for **Macdonald Commercial** to represent these offshore investors in their local acquisitions.

This presence in Shanghai is part of a multi-faceted strategic effort throughout the entire **Macdonald Real Estate Group** to capitalize on China-to-Canada investment and with some **\$300 million** of land and investment deals brokered to buyers from China, Macdonald Commercial has already seized upon these dynamic initiatives. In addition to the **Shanghai Office**, we have also established the **Global Wealth Advisory Group** to provide integrated solutions to high net worth families from China in the realms of succession planning, tax residence status, international trusts, Canadian citizen status and other related matters. We help these investors identify and communicate properly with the necessary professional advisors. Our **Global Wealth Advisory Group**

also works with Canadian businesses to find suitable joint ventures partners in real estate related businesses in China.

Eager to learn more, I met with **Peter Scarrow**, Director, **Global Wealth Advisory Group**. Peter is a “China Hand” having majored in Chinese at UBC in the 1970’s. Over the following 3 decades his real estate, legal and investment service career has taken him to Hong Kong, Taiwan and Mainland China and he has transacted business in more than 25 cities in Greater China.

Sitting down with Peter, I am immediately impressed by his enthusiasm for the **Shanghai Office** and the possibilities with his **Global Wealth Advisory Group** initiatives. With an



Peter Scarrow & Dan Schulz

in-depth knowledge of Asian markets and fluency in Mandarin, Peter brings 30 years' experience working with wealthy Chinese clients, first as an immigration and real estate lawyer in Vancouver and, for more than a decade, as the Hong Kong and China-based legal counsel/executive director employed by the Hong Kong branch office of a Swiss private bank.

relationships in Greater China, estimates that nearly 50,000 high-wealth Mainland Chinese families — each worth an average \$10 million — already reside in Vancouver. As private and public enterprise wealth in China continues to increase, more and more high net worth families, private sector corporate institutions and ambitious state owned enterprises from China will



The Shanghai Skyline

Photo: chungking @ DepositPhotos

“To our knowledge, we are the only foreign real-estate firm with an office in China totally focused on outbound investments into British Columbia,” says Peter. “Dan (Scarrow), who is also fluent in Mandarin and regarded in China as a legitimate “foreign expert”, has broad experience in multiple facets in Vancouver real-estate advisory business — an extraordinary advantage in China where there is a lot of hype about outbound investment into real estate but a dearth of genuine expertise on the ground.”

Peter, who spent decades cultivating

relationships in Greater China, estimates that nearly 50,000 high-wealth Mainland Chinese families — each worth an average \$10 million — already reside in Vancouver. As private and public enterprise wealth in China continues to increase, more and more high net worth families, private sector corporate institutions and ambitious state owned enterprises from China will

Peter emphasizes that the **Macdonald Real Estate Group** generally, and **Macdonald Commercial** in particular, by offering a comprehensive range of services, are the best-positioned real estate advisory group in Western Canada to service this group of demanding clients. This competitive advantage is of critical importance as the deal-closing capacity of these investors can be adversely affected by linguis-



Dan Schulz & Peter Scarrow

tic and cross-cultural issues combined with their failure to understand our complex legal and regulatory system.

In an academic paper published two years ago, directed at practicing lawyers and titled 'Red China Immigration Blues', Peter describes how China-based immigration consultants, for example, rarely discuss Canadian tax issues with wealthy clients bound for Canada, for fear of scaring away business. Once in Canada, these investors, almost all first generation nouveau riche, find themselves misinformed or misdi-

rected. Unfamiliar with transparency and averse to legal fees, many Chinese investors even have trouble broaching topics such as estate planning.

"Planning for death is bad luck. It's believed it expedites the event," nods Peter. "They've also never seen their parents plan for death or draw wills. With China it's all first generation wealth. Planning for the long-term future is often unfamiliar and uncomfortable. So, in the course of helping these families with real estate investments, we also, through coordinated referrals to proper professionals, try to help them

address Canadian legal compliance and planning matters, the goal being to reduce the unexpected last minute emergence of legal issues that can kill deals.”

It’s Peter’s belief that of the 50,000 wealthy Mainland Chinese immigrant families already in B.C., most have outstanding, sizeable financial and legal issues. Tapping into a large network of experienced lawyers, bankers and accountants, Peter helps new immigrants “connect the dots between different areas of legal specialization” in an effort to ensure compliance with Canadian laws and expedite investments into commercial properties.

“For many of them, Vancouver will be a repository for some of the family wealth,” says Peter. “They’ll likely duplicate billionaire Li Ka-shing’s three-cornered stool structure, where the majority of family wealth is allocated to three key markets: Canada, Hong Kong and China.”

Consistent with the goals of long-term planning, Peter mentions that education of the children of these immigrant families is often an issue. Unlike many of the previous immigrant families from Hong Kong or Taiwan where the kids returned to the home jurisdiction, he expects many of the children of Mainland Chinese immigrants, raised in Canadian social and business environs, will want to remain in North America after finishing school. He emphasizes that, for these multi-jurisdictional families, it is important to structure their B.C. commercial realty investments taking into account B.C. tax and succession laws.

“I expect many of these children will stick around. Many will be more comfortable doing business here,” says Peter.

“We expect much more wealth from China, increasingly directed into commercial real estate, to flow from Mainland China to B.C., perhaps for decades to come.”

For B.C. apartment sellers, the **Canadian Real Estate Investment Centre** in Shanghai, combined with our **Global Wealth Advisory Group** gives Macdonald Commercial the upper hand in accessing the growing Chinese market for B.C. commercial properties. Multi-family investment is one of the most sensible asset classes for immigrants from China. As the cohort of these wealthy immigrants becomes more sophisticated we will see them shift away from single family dwellings into multi-family and commercial properties.

Thanks to the efforts of Peter and Dan Scarrow, the **Macdonald Real Estate Group**, and **Macdonald Commercial**, I am looking forward to meeting many more clients who share my enthusiasm for apartment investments!



Dan Schulz
BC Apartment Insider



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and **leave the management to us.**



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TERRA LAW

Combining over 100 years of experience in virtually every facet of the real estate business, Terra Law's lawyers have the legal skill and industry knowledge to help our clients protect their interests and achieve their goals. One of the founders of Terra Law, Elizabeth Yip, who is fluent in Chinese, has extensive experience with transactions and financings relating to income properties and has collaborated with Mr. Dan Schulz on many deals.

One of Canada's top 5 commercial real estate boutiques

– *Canadian Lawyer Magazine, 2014*



FOR MORE INFORMATION, PLEASE CONTACT:

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