

To see something in a beautiful location with this incredible vista over the city, I think the fact it was zoned already was compelling. But certainly you have to step up. You don't get these properties for nothing, and it is a big financial commitment. It could be \$30 to \$40 million that's completely at risk. And ultimately it becomes a \$500-million deal, or whatever, but on the other hand it could be a \$50-million disaster.

— Ken Mariash



KEN MARIASH DOES NOT SPEAK IN SOUND BITES.

At our first meeting, in summer 2011, the Bayview developer let the spotlight shine on his business partners — wife Patricia Mariash and executives with Bosa Properties.

The occasion was the announcement of Bosa coming onboard to build Promontory at Bayview Place, the 21-storey condo tower that will be Greater Victoria's tallest building upon its completion in late 2013 or early 2014, and Mariash seemed content with his colleagues doing most of the talking.

But in an expansive, one-on-one interview with *Douglas* shortly before the groundbreaking for Promontory, Mariash's keen mind took centre stage. The owner of Focus Equities has earned undergraduate degrees in math and science, business and accounting, and architecture to go along with an M.B.A. He's synced his architectural vision with an aggressive business

acumen that has led to some of the largest, most successful property deals in North America.

Since Mariash founded the company 40 years ago, Focus Equities has developed more than 10 million square feet of commercial space and in excess of five million square feet of industrial space, including Edmonton's 860-acre Aurum Industrial Park and Calgary's 400-acre Deerfoot Meadows shopping centre. Mariash has also had a hand in erecting high-rises and office parks in major U.S. markets like Denver, Dallas, Houston, Los Angeles, and Seattle.

Not bad for a kid from tiny Tisdale, Saskatchewan (population 5,000), who got his start in construction and subcontracting during



See douglasmagazine.com/extra for more of our Q&A with Ken and Patricia Mariash, including their take on how the property development business has changed over the years

breaks from high school and college.

“In the summers, we’d build houses, probably a dozen,” he says. “We’d finish them up to the frame and then turn them over to the developer/owner. We became successful with that, and the next thing you know, we’re building schools and hospitals.”

Mariash is now a successful man, but he’s not a jet-setter targeting Victoria as a source of growth for his vast fortune. He has family on the Island — his mother lives in Duncan — and he and Patricia keep a home in the city: the penthouse suite of Bayview One. They support an array of charitable causes, and were major donors to the Inner Harbour’s

Homecoming statue unveiled in May 2010 to commemorate the Naval Centennial.

Douglas: *Why did you choose to not only live in but also place such a large bet on Victoria?*

Ken: It’s one of the few small cities where you take time to invest your money plus your heart and your soul, because it doesn’t fit investment criteria at this level. When we do \$500-, \$600-, \$800-million business, we have to have [a market of] one million people minimum. So we’re kind of broken all the rules here. And we’re big boys: we suffer the natural consequences of a small marketplace even when everything’s going in your favour.

Douglas: *You endured a seven-year delay after buying the land. Does this make Bayview your most difficult project?*

Ken: When I talk about difficult projects, I would have to include this as one of them. It’s not usual that you buy a site that’s zoned already — and you pay for that, because the price is quite different, and we clearly paid for it — and you’re good to go and the market is perfect and the demand is immediately in front of you ... and then, well, a seven-year delay is a pretty serious issue. A seven-year delay in any city is a pretty serious issue. So out of the thousand or so projects I’ve done, and let’s say there have been 100



Victoria now has corporate housing!



★★★★★
FURNISHED
ACCOMMODATION

Premiere Executive Suites provides housing solutions for
Business travellers | Extended-stay visitors
Displaced homeowners

Our spacious corporate apartments provide
more room at the best value.

Take more of your life with you.

www.premieresuites.com 250 216 1313

difficult ones, unfortunately [Bayview] falls into the top 10.

Douglas: How does your experience in Victoria compare to some of the other municipalities you've worked with?

Ken: Having done large, complicated projects in 25 or so cities over 30 to 40 years, we have acquired homes in Santa Monica as well as Calgary and a few other cities, and Santa Monica can teach you all about contentiousness. They debate sidewalks. It makes Victoria look like a growth-driven community.

Douglas: You seem to be attracted to properties that others walk away from. What did you see in the Songhees land that others didn't?

Ken: Go to any city and you'll always find five or six properties that everybody ignores. They have zoning issues, contamination issues, community discontent ... all kinds of things. Patty and I, we were coming in and out of the city in the 1990s to see my mother and we saw this land just sitting there. We thought, "Well, how many times do you get an opportunity like this?" To see something in a beautiful location with this incredible vista over the city, I think the fact it was zoned already was compelling. But certainly you have to step up. You don't get these properties for nothing, and it is a big financial commitment. It could be \$30 to \$40 million that's completely at risk. And ultimately it becomes a \$500-million deal, or whatever, but on the other hand it could be a \$50-million disaster.

Douglas: You've reduced the size of many of your condo units to meet the changing conditions in the market since the economic slowdown, correct?

Ken: That's an interesting subject. To a large degree, it goes beyond the specifics of even, say, the Victoria market. Regarding the economic reversals — in terms of people's real economics and their net worth and spendable capacity — there's both a diminishing financial capability of the population and, at the same time, there's a mental resistance to spending. And when you combine the two, all of a sudden you're talking to a person today who perhaps has a decent net worth and they're looking at a 700-foot unit even though they're fully capable of buying a 2,000-footer. Sometimes I wonder, especially in Canada, if it isn't so much psychological as it is financial.

Douglas: There's been some grumbling about the size of the condo towers you're building, but officials relaxed height restrictions. Do you feel vindicated for going tall instead of wide?

Ken: All we asked for from the city is let's not build more sprawl — the community is tired of that. Let's take the same space, the same density, and let's have a small footprint. We'll go 20 storeys to get the 150,000 square feet



Steve Bokor, CFA
250.405.2930



Ian Clark, CFP
250.405.2928

Investment
and insurance
professionals with
a personal touch

PI FINANCIAL
experience. driven.



620 – 880 Douglas Street, Victoria
www.pifinancialcorp.com

Member – Canadian Investor Protection Fund

instead of doing it on 10 storeys. It's the same square footage.

Douglas: *How did you change people's minds about building height?*

Ken: In the five to six years we were sitting here doing nothing, we engaged with the people and discussed the fat/wide building versus the more elegant, tall, functional building. The fat building type [in the Songhees] is generally a 20,000-square-foot floor plate. It's very hard to deal with if you want to create affordable housing, because you get big, deep, large units and you can't really price a 2,000-foot unit at \$350,000. The way to get to those price points and to get light into the suite, nice views, and all the good things people want, is to take the fat/short form and put it into an elegant vertical form.

Douglas: *You're also redeveloping the neighboring E&N Roundhouse property, a 9.25-acre heritage site. Why not let someone else take it on?*

Ken: We were here, anyway, and so we justified the acquisition of that property as an expansion on what we were trying to do. Ultimately, it was our belief when we bought the initial property that we wanted to buy all of it, not a piece of it, so we thought why not buy the historic property, the Canadian Pacific Railroad lands, and go from 10 acres to 20. And so, in for a dime, in for ... whatever ... millions!

Douglas: *It seems as though the longer you've been in business, the bigger risks you've taken.*

Ken: We strategically started to do bigger deals in the '90s. With the recession, it was easy to buy big positions. With my architecture and finance background, we discovered that we had this specialty, this skill, to figure out these complicated 500- to 1,000-acre situations. And, in fact, there was no competition. The pension fund guys are very conservative and they don't want to be in the middle of community negotiations and all those kinds of things. That's not their purpose. Their purpose is to protect money and do business when it's safe and guaranteed.

Douglas: *Patricia, prior to meeting Ken you ran a highly successful architectural design firm in Los Angeles. From a business standpoint, what do you bring to Focus Equities?*

Patricia: I've been on the journey for 18 years with Ken. And we truly are partners. We have strong opinions, we don't always agree, and if we did always agree, we'd probably be in a lot of trouble. My business acumen quickly got me to the very top of my market, and you just don't do that, as a female, without a lot of hard work and a lot of education. And all that's been transferred to this business. Every decision we make is complicated but it's discussed and there's a unified decision in the end.

Douglas: *How have the two of you succeeded in so many different markets, so many different cultures? What's the secret?*

Patricia: As developers, we do not limit ourselves to Canada, we don't limit ourselves to a city; we're diversified. And because we're diversified, we're able to lavish the amount of time and intelligence we have on the city of Victoria. That's a really important point, because we're not working in isolation here. Kenny has an exemplary visionary style because he's not isolating himself by country and he's not isolating himself by city. Each one of those requires certain formulas to be

successful. You could spend a lifetime fighting with one councillor, or you could spend a lifetime asking 1,000 people, or 10,000 people, what they think, and then that one councillor doesn't quite have the same power that they might have, otherwise.

Douglas: *Are there any other sites in Victoria you're looking to develop?*

Ken: I think we have a lot on our plate here. And some of this stuff we're doing is not the most economic thing that ever happened [laughs]! But sure, if the price is right, I don't think there's any opportunity we'd pass up. ■



Introducing the 2012 Tiguan

Starting from \$29,455*

When you combine a 2.0 TSI turbocharged direct-injection engine with 200 horsepower and the dynamic handling and reduced vibration provided by the Tiguan's compact architecture, you're in for some serious amusement.



Volkswagen Victoria

(at Speedway Motors - A new division to the German Auto Import Network)

3329 Douglas Street | 250-475-2415 | vwvictoria.com

*MSRP of the 2012 Volkswagen Tiguan is based on \$27,875 plus freight & PDI (\$1,580), Doc (\$395), taxes, PPSA and other dealer charges, options and other applicable taxes are extra. Dealer may lease for less. Offers are subject to change or cancel without notice. Visit Volkswagen Victoria for full details. Model shown for illustration purposes only and may not be exactly as shown. Some features may be optional on some models or may be part of an options package, available at additional cost. "Volkswagen" and the Volkswagen logo are registered trademarks of Volkswagen AG. © 2012 Volkswagen Canada, DL 4991421