

Concert Properties' purchase of this 50-acre property was the first transaction of a Class A industrial investment facility in more than 24 months in the greater Toronto area.



Concert *performance*

ALTHOUGH IT CONTINUES TO GARNER AWARDS FOR PAST ACHIEVEMENTS, BRITISH COLUMBIA'S CONCERT PROPERTIES IS SOLELY FOCUSED ON THE FUTURE.

BY CHERYL REID-SIMONS

Concert

Properties President Brian McCauley doesn't spend much time touting his company's achievements—whether they are in the arena of environmental stewardship, community involvement or innovative project development. But then, he doesn't really need to. Other people keep doing it for him.

The real estate development company headquartered in Vancouver, British Columbia, collects kudos like Wayne Gretsky collected Hart Trophies: in high volume. Concert is routinely recognized as one of the best companies to work for in Canada. The firm has also received numerous awards for design, including three Awards for Excellence from the Urban Development Institute last fall: "Best Mid-Rise Residential," "Best of Vancouver Island" and "Best Outside the Box."

But unless you broach the subject of the numerous accolades, chances are Brian McCauley won't mention them.

"We certainly take pride in our achievements," he says simply.

Instead, the company focuses on the future more than it does on congratulating itself for its past. This sharp focus on what lies ahead helped Concert complete a huge industrial space purchase in the greater Toronto area last year, at a time when no one else was buying. "It's the first Class A industrial investment facility that has sold in more than 24 months in the greater Toronto area," says John Stewart. He, Bill Pitt and Jim McIntosh are members of the Colliers Industrial Investment Team. The three work with Concert and helped bring the opportunity to the developer's attention.

In fact, the 50-acre property, which includes 1.12 million square feet of warehouse space, wasn't even on the market. Pitt recalls the deal started over a casual lunch meeting.

"During lunch they said they had funds allocated for Class A industrial in the greater Toronto area," Pitt recounts. "We price-checked them on costs and cap rates and said: 'We might have something. It's a best-

in-class asset but there are no guarantees because it's off-market.'"

The property, which includes two buildings, was—and still is—fully occupied by the Canadian Tire Corporation on a long-term lease, but has the capacity for multi-tenant occupancy in the future. It's located within easy access to the CN Rail's Brampton Intermodal Terminal, Highways 407 and 427, and the Toronto Pearson International Airport, making it a superb location.

"We've always used that building as the benchmark. It's the best building that has sold over the past five years. It's basically brand new, state-of-the-art, with extra land for trailer parking and it has an excellent tenant," Pitt says. The property is so attractive, he says, that "we've had a number of buyers on our investment list calling us and asking why we didn't bring them that deal. Our answer is 'Would you have bought it in July?' And they always say 'No.'"

The fact that Concert said yes during a down economy "speaks to how forward-looking they are," Stewart notes.

Once the purchase was complete, the market picked up significantly, says McIntosh. "In fact, Concert's purchase moved the market," he adds.

McCauley says the purchase fit precisely the type of investment his company likes to make. "We want to acquire well-located, good quality assets that are distribution-oriented and not manufacturing-oriented," he explains. Given the population base in Ontario, McCauley is confident that the property's industrial space will continue to be in demand—which is important, because

Concert isn't the type of company that looks for quick, short-term investments.

"They're long-term holders with a very long-term vision," Pitt says.

That long-term vision is thanks, in part, to the company's unusual ownership structure.

Concert Properties was formed in 1989 with a mandate to provide affordable housing options in Vancouver. It began as a partnership between 23 pension plans, 26 private investors, the City of Vancouver and the Province of British Columbia with a capitalization of \$26 million. A little more than two decades later, its holdings are worth \$1.6 billion.

The company originally built nearly 1,000 rental units on City of Vancouver-owned land and continues to manage those properties. Today, Concert has more than 2,700 rental units completed and nearly 1,000 rental units under construction. In the early 1990s, all other investors were bought out and Concert became 100 percent union- and pension-owned.

In addition to developing rental housing, Concert also develops for-sale condominiums, as well as other income-producing properties such as office and industrial. Because almost all of the pension funds that own Concert rely on the company for their real estate holdings, diversifying was essential.

"After growing for the first five or six years, the importance of diversifying our portfolio was clear," McCauley says. "We diversified from a geographic perspective and from an asset class perspective. We have our foundations and a core part of our business is residential, but it was important to balance that with commercial office and industrial, because each asset class has its own cycle."



(Opposite page) Concert Properties' residential development Chelsea was awarded "Best Mid-Rise Residential" and "Best of Vancouver Island" by the Urban Development Institute. (This page) Concert Properties worked with the downtown Vancouver YMCA on its new state-of-the-art Robert Lee building. The project was awarded "Best Outside the Box" development by the Urban Land Development Institute.



In addition to the Greater Vancouver, Victoria and Toronto markets, Concert has several commercial and industrial holdings in Alberta. However, McCauley doesn't see the company developing much residential in that province. "Development is a local game," he says. "You really have to understand the particular nuances, understand the players on the design and construction side, and have a really good feel for the market conditions."

The developer also believes it's important to contribute to the communities where it does business. McCauley attributes the company's strong community involvement to Concert's broad ownership group. "We tell people we represent 200,000 British Columbians who have part of their pensions invested in us. One of our corporate objectives from day one has been to find ways to give back. It's an important part of our DNA," explains McCauley.

Concert frequently donates development work for nonprofit projects such as Cottage Hospice, a 10-bed facility owned and operated by St. James Community Services Society. Concert is also providing development and management services to the British Columbia Professional Firefighters Association for a building that will offer educational, residential, administrative and lab space services for burn survivors.

"We've also done a lot of work developing community spaces or facilities in master-planned communities," McCauley says. When Concert constructed its 28-acre Collingwood Village multi-family development in East Vancouver, for example, it included the

Collingwood Neighbourhood House—a 25,000-square-foot building with a gymnasium and daycare center for up to 69 children. As part of that same project, Concert built and donated the first neighborhood crime prevention police station in North America.

More recently, Concert worked with the downtown Vancouver YMCA on its new state-of-the-art Robert Lee building. YMCA owned the land, but the 1941 building that it included didn't serve YMCA's modern needs. "It was a real rabbit warren of old spaces," McCauley says.

The nonprofit was looking for ways to fund a new facility so they transferred the land to Concert for a 42-floor residential tower. The property was rezoned to allow for the high-density development and YMCA was able to generate revenue for a 95,000-square-foot facility with a gym, pool, daycare and community meeting spaces.

Because the preexisting building was deemed heritage, Concert preserved its exterior. "It's an exceptional project," McCauley notes. In fact, YMCA declared it a model for its future urban centers throughout North America.

Among the most impressive aspects of the new YMCA building is its environmental sustainability—something McCauley takes seriously. As a member of the Canadian Green Building Council, McCauley says he won't "greenwash" Concert's environmental record. "While we're very concerned and focused on [environmental sustainability], we will not overpromise and under-deliver," he notes.

It helps that Concert develops its properties to hold onto for the long-term. "We need to

be pushing for the highest and best and most practical levels of sustainability. We need to be building the best buildings we can afford to," explains McCauley.

Concert also values the environment it provides for its employees. Named among the best places to work by *BCBusiness* and *Canadian Business* magazines, Concert also won YMCA's Innovative Workplace Award in 2009. The award is presented to "a business or organization that has created a respectful workplace that supports the wellness and diverse needs of its employees, and demonstrates excellence in encouraging individuals to balance the demands and rewards of career, family, community and personal growth."

McCauley notes that people enjoy working for Concert because of the talented pool of employees they get to work with. "At the end of the day, it's looking forward to coming to work in a collegial, collaborative environment," he says. "We take a great deal of pride in the fact that we treat our contractors and our associates with respect. We treat people fairly and [our employees] are happy to be here because we create an atmosphere that allows people to grow."

It should come as no surprise, then, that the company's tagline "Concert: A developer with a Difference" is more than just lip service. McCauley explains that he and his management team continually ask themselves what that tagline truly means. "It's not just the right thing to do; it's good business to be involved in worthwhile community activities and build sustainable buildings. Frankly, it's about being a better citizen." ■