

Canadian APARTMENT Magazine

VOLUME 11 / NUMBER 6 / DECEMBER/JANUARY 2015

www.REMInetwork.com



CHIEF ACHIEVER

Centurion's Greg Romundt
exemplifies success

**It's all About
the Renos**

Award-winning ideas

Energy savings tips

Boosting curb appeal

PART OF THE
REMI
NETWORK.COM

PM#40063056

PUBLISHER'S CEO OF THE YEAR: GREG ROMUNDT

Outstanding Leader, Outspoken Sector Champion

By Erin Ruddy

Centurion's Greg Romundt knows a thing or two about running a successful business operation. With a background in investment banking and a true passion for the Canadian apartment market, today his company is one of Canada's largest private REITs.



Named by our publisher as Canadian Apartment Magazine's CEO of the year, Mr. Romundt exhibits the rare combination of qualities typically associated with outstanding leadership by a Chief Executive Officer. He holds numerous accolades, including recently being named a finalist in the prestigious Ernst & Yong 2014 Entrepreneur of the Year Award.

An outspoken sector expert with his eye fixed on the horizon, Romundt has been an active panelist at several top industry events—from the Canadian Apartment Investment Conference to the Student Housing Symposium—engaging listeners while drumming up important discussions about the ongoing state of the multifamily market.

Notable apartment broker Derek Lobo had a lot to say about the 46-year-old Toronto native, praising the significant contributions he has made to the property management platform in such a short period of time. "Most people come from inside the business—but Greg, he chose it. He brought a different perspective to the apartment industry. He built a solid team of executives around him. In my opinion, he is one of the brightest minds in the apartment industry in Canada."

It is with great pleasure that we launch into the New Year with Mr Romundt featured as our first of many outstanding CEOs.

Tell us a little bit about your background and how you came to be the president of Centurion Apartment REIT?

I graduated from Ivy at Western University in 1991 and my first job was with Citibank as a derivatives trader. Derivatives trading is an extremely numerical job. I started trading second and third generation currency derivatives, the really exotic, arcane stuff. I moved to New York to run the exotic derivatives team, then on to Singapore and Hong Kong, followed by London and then back to Singapore all the while, building businesses for someone else. I officially retired from the business after 12 years. Because of conflicts of interest, I was forced to invest my money outside of trading. I looked around for investment opportunities and came to the conclusion that real estate, specifically the Ontario apartment sector, held the best investment opportunities for me. I have always enjoyed building businesses and I saw an opportunity to build a business of my own.

Did your skills as a derivatives trader transfer over to your new career?

Yes, actually. As a trader, I was very much focused on things like "relative value pricing" and "risk vs. rewards." When I started looking at real estate, I was able to apply a lot of those analytical skills to the properties we were buying, and strategically expanding our portfolio. As a trader, one of the ways you preserve

margins is through innovation—and that includes being able to do things at a larger size. It means inventing new products with larger margins. You have to be very proactive in regards to technology and trying new things. I've always taken a proactive approach to reinvention and driving efficiencies. In our portfolio, although we aren't selling much, we are always looking for the best relative value when making new investments. Sometimes mortgage lending is more attractive, sometimes it is development, and sometimes it's student housing. We have all these little buckets where we can allocate new capital when we think it's going to get the best return on investment.

What do you love most about the apartment industry?

I've always been attracted to the stability of the industry. There are few businesses that I know where capital is as safe as it is in apartments. In many ways it's the polar opposite of derivatives trading—or even say, the high-tech industry. When it comes to intellectual property, you can be a high flyer one minute and practically out of business the next. And take, for example, the taxi industry now that Uber is here. The whole industry is undergoing disintermediation and prior to Uber, no one saw it coming. At least with apartments, everybody needs to live somewhere, and I know that no matter what happens, that demand is not going away and we can't be disintermediated or made obsolete.

What bugs you most about the apartment industry?

What bugs me is the one-sidedness with which we are portrayed, as a whole, by the media and the government policies that seem to be designed against us.



I've always been attracted to the stability of the industry. There are few businesses that I know where capital is as safe as it is in apartments. "



The biggest challenge I had in 2014 was not unique to Centurion. It was finding good opportunities.”

What do you consider your biggest success to date?

The thing about being in the apartment business is that it's not really the big wins that matter most—or at least it isn't for me. It's about lots of consistent, small wins that add up to success over time.

What were some of your biggest challenges in 2014?

The biggest challenge I had in 2014 was not unique to Centurion. It was finding good opportunities. That has been extremely challenging for all of us, and it still is. The availability of good product has declined relative to prior years. The competitiveness of the pricing is

extraordinarily stiff, so it's very hard to find deals that make sense right now.

Do you see the condo industry as a help or a hindrance?

The condo market is a major market phenomenon, not a secondary market phenomenon. So in most of the markets we are in, it isn't a competitor for tenants—or even, really, for sites. In the big cities like Toronto however, it is a competitor for new construction sites that could be used for rental, which is a business we're very interested in. Purpose-built rental has an extremely difficult time competing on the basis of price to buy up those sites, because the highest yield in construction is going to condo. So the

TAKE COVER



Helping companies and their managers deal effectively with risk

Take Cover™ is a Quality Insurance Program for Property Managers and their Building Owners.

<p>Fully Loaded Insurance Protection For:</p> <ul style="list-style-type: none"> • Condominium Corporations • Commercial Buildings • Shopping Centres • Strip Plazas • Office Buildings • Residential Apartments • Single Use Buildings 	<p>... And For Property Managers:</p> <ul style="list-style-type: none"> • E & O Liability • General Liability • Office Property • Computers • Satellite Offices • Benefit Plans • Life and LTD
---	---

The Insurance Office
 92 Lakeshore Rd., East, 2nd Floor,
 Mississauga, Ontario L5G 4S2

Mr. Andrew Schwartz, BSc, MBA, CIP
 e-mail: andy@takecover.ca

Tel: 905-271-2070 Fax: 905-271-3503

INSURANCE EXCELLENCE™ www.takecover.ca

competition isn't about rental vs. ownership. It's about buying sites to build buildings. We are just not able to compete against the condo guys.

With student housing being such a focus for Centurion, where do you see the biggest opportunities?

We're focused on purpose-built student housing as well as purpose-built rental. Currently we have about and 3,500 rental units (both student and apartment) in various stages of construction all across Canada. New construction is something we are very active in right now. We think that now is the time for purpose-built rental. It's been a long time since any significant number of buildings has gone up, and the quality of the existing stock is declining. I believe there is a desire—particularly in secondary markets where people don't have the option of renting condos—for brand new suites, and they are willing to pay a premium. Renovated forty-year-old apartments still don't come close to brand new.

Who has had the biggest positive influence on your career?

This may sound strange but the biggest positive influence on my career has been all the negative people in my life. I'm a very competitive person and a bit of a challenge junkie. I've always used the negativity of others to drive myself forward. So whenever someone tells me, "Oh, you can't do that," or "That can't be done," I accept that challenge! There are so many negative people out there, and if you're an ambitious person,

you'll find yourself surrounded by people who are impaired by their own negativity. People are all-too happy to share their negative thoughts with you. You have to brush it aside and see it as a personal challenge to succeed. The fact is, if you are not a perennial optimist you will not have the energy to succeed as an entrepreneur.

What do you think will be some of the big industry stories of 2015?

I really think the focus for many of us right now is development and internal growth. External opportunities are few and far between, and for the most part, they are very unattractively priced. Most owners will have to look inwards to see where they can invest within their own portfolio—maybe intensification opportunities, new development, internal repositioning rather than acquisitions.

What are some of your goals for 2015?

Simply, to continue to grow our business. We grew our business quite a bit in 2014, about 40 percent, and we anticipate that we'll achieve another 40 to 50 percent this year. We have a very robust pipe line, but if you look at what we are doing, almost everything is driven from our lending bucket and our new development bucket. We only acquired one older apartment building in 2014, and that only contributed five percent of the forty.

No matter how that growth is achieved, we look forward to following Greg Romundt and Centurion's success story throughout 2015, and beyond.

Congratulations Greg
ON THE PUBLISHER'S CEO OF THE YEAR AWARD

from your friends at MARESCO LIMITED

- Balcony railing replacements
- Building envelope repairs
- Curtain wall repairs
- Masonry / concrete repairs
- Window replacements / rehabilitation

www.marescolimited.com

2-171 BARNETT RD. | CINCINNATI, OH 45224
www.cmlsfinancial.com | 608-888-5778 ext. 0

A leader is someone who demonstrates what's possible.

CONGRATULATIONS TO CENTURION CEO GREG ROMUNDT ON BEING NAMED PUBLISHER'S CEO OF THE YEAR.

CANADA'S MORTGAGE COMPANY.™

Over 40 years, 10,000 customers and 10 billion in assets under administration. A dedication to Customer Forward.

CMLS.CA
VANCOUVER | CALGARY | TORONTO | OTTAWA | MONTREAL | HALIFAX