

SPECIAL PROMOTIONAL FEATURE

## REAL ESTATE

# Diving into an active market

Canada's multi-family residential sector is growing rapidly – and its upward trajectory will only continue over the next 10 years, according to Centurion Asset Management's **Greg Romundt**

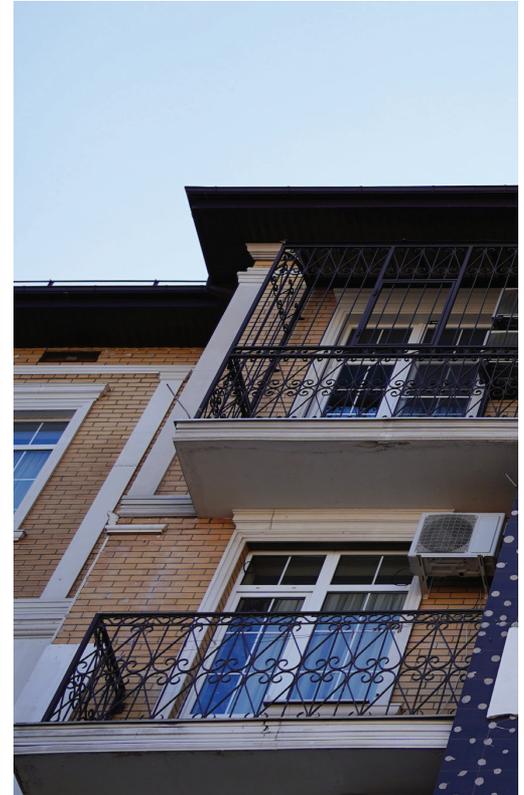
**IN THE** next decade, Canada will see the construction of more new apartments than it has in the past two generations, according to Greg Romundt, president of Centurion Asset Management.

"There are a few reasons for this," he explains. "Our population is growing, in absolute terms, faster than at any time. Affordability is certainly a concern for many people, and high-density living is really the only affordable choice for many Canadians. Also, as our society is aging, there are more people who are inclined to say, 'Well, I'll rent an apartment and then I won't have to worry about some of the issues of actual ownership.'

so absolutely lots of opportunity."

Opportunity in the multi-family space is something Romundt is very familiar with. As head of Centurion, he's overseen the company's ongoing acquisition of multi-family properties, which have continued to reap great results. And the market is particularly buoyant right now.

"I think the market is as active as I've ever seen it," he says. "I believe that the COVID-19 pandemic shook up life's inertia for many people – and this manifested in many different ways, such as people who lived in Toronto now having moved out of the city to buy their first homes. Then there are other people who said,



build them and people come in, almost like the buildings fill themselves. In many respects this was true up until COVID, unless you built a terrible quality building in a terrible location where no one lived. Otherwise, people were going to fill their buildings. They might not get the rent that they hoped for, but they were going to fill it up because we have a huge housing shortage in the country.

"I think a lot of developers underestimated the operational challenges of day-to-day management of assets. And so now we're seeing lots of large portfolios in the market where one of the partners is looking for an active manager partner. I think that's going to be a growing trend where apartment managers are going to be the active partners to developers."

Coping with the impact of COVID-19 became a primary part of Centurion's strategy, Romundt says, and it's paid off over the past 18 months.



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**Greg Romundt, Centurion Asset Management**

"So, I think there's all those tailwinds behind the trend – meaning that everyone will be trying to focus on new apartment construction. If you think about the next decade or so with 450,000 people coming into Canada every year, that's around 4.5 million people. That is a lot of condos, a lot of apartments –

'You know, I'm going to retire.' COVID was so challenging for someone with an old-school mentality that they decided now was the time to do that.

"I also think that a lot of developers who got into the business had made an assumption that with apartment buildings, you can just



“Many organizations weren’t ready for COVID in terms of online marketing and the ability to show suites to people who might not have wanted to actually visit in person,” he says. “Particularly in the early days of COVID, it was a real challenge for some people. But it wasn’t for us because we’ve been in the student housing business for a very long time. A lot of our student residents are overseas students – so very often, we’re giving tours to people who aren’t living in the country, and we did that using technology like FaceTime and Skype. That was integrated into our operational policies, where I think a lot of owners didn’t have those policies and procedures.

“A forced acceleration happened in our industry. Some people said they didn’t need certain technologies before – now, if they don’t have them, they’re at a distinct competitive disadvantage in terms of leasing and staying full. So I think people have to catch up.”

Given all these complications and challenges, is there a formula behind Centurion’s ongoing success?

“We’ve been very focused on the new construction industry and new apartments that have been developed or are in the process of development,” Romundt says. “We’ve been very active in financing developers on the debt and equity side with a view to buying the completed product. That’s really been the primary driver of our continued growth.

“You’ve got to have all the different working components. You’ve got to be able to continually perform operationally and lease up your properties. If you don’t perform, you can’t raise capital, and if you can’t raise capital, you can’t buy – and then you can’t grow. We’ve put a lot of time, effort and thought into building systems, training people and on building a culture that is focused on success. And all of those parts together make things work. If we didn’t have an engaged workforce, things

would be very challenging.”

It’s this combination of an exceptional corporate culture and a thriving market that makes the future especially bright for Centurion.

“I’m very optimistic on the multi-residential space because the amount of new apartments that are going to get built in this country is going to continue to increase,” Romundt says. “And given how much housing prices have advanced, particularly during COVID, a number of people have been priced out, and they’re going to need to turn to rental. So I do think that there’s going to be a continuous flow of new developments.

“We’re in a market where interest rates are very low, and this has led to a significant amount of opportunity for long-term investors to acquire assets. I know most of my competitors are very busy, just as we are, and we will probably continue to grow this year at the fastest pace we ever have.” **WP**