

Building a firm foundation

Bob Dhillon is amassing a fortune in smaller rental properties no one wanted. Chris Nelson, Calgary Herald

BY CHRIS NELSON, CALGARY HERALD JANUARY 15, 2012

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The complexities of Bob Dhillon's life revolve around the simplicity of understanding one thing better than anyone else - how to take a rundown, three-storey walk-up and build a real-estate empire on such a fragile foundation.

That innate understanding has served him well and has turned the company he founded - Calgary's Mainstreet Equity - into a Canadian real-estate powerhouse that's well on its way to being worth more than a billion dollars.

And with 40 per cent of the shares, Dhillon isn't too far behind in his once-stated goal of becoming Canada's first Sikh billionaire.

Such a goal, though remarkably ambitious, is based on an essentially simple formula: understand and thrive in the mid-level real-estate rental market that nestles between the big property owners and the mom-and-pop players.

"What we find in the market are buildings which are generally smaller and in need of some tender loving care. These are buildings no one else is going after, so there are no competing bids. So we go out there, buy them, gut them to Mainstreet specs, increase the top-line revenue, rip down the cost by synergizing systems, then put them back on the market at a higher rent," Dhillon said.

It sounds a simple strategy when Dhillon describes it, but no one has done it before on such a successful scale, resulting in Mainstreet being among the best-performing stocks on the TSX last year.

And there's certainly nothing simple about Dhillon.

He was born Navjeet Singh Dhillon in Japan in 1965 - a country his parents had moved to from Hong Kong to take advantage of the business boom brought on with reconstruction after the war.

While still a child, his parents moved the family to Liberia, once again attracted by a chance to profit from burgeoning trade.

A brutal civil war put an end to that dream and his parents' trading business and, in the early 1970s, the Dhillon family was on the move again, this time as economic refugees to Canada - first to Vancouver

then eventually to Calgary.

"I came to Calgary in my late teens and by the time I was 20, I was flipping real estate and I've been hard at it ever since," Dhillon said.

Often sleeping in his car so he'd be first in line for distressed property sales, Dhillon discovered a niche with little competition.

"I'm a bottom feeder. Eighty per cent of the market is the small buildings and no one else is going after the small buildings.

No one else in the history of real estate has been able to do this - buying businesses with such limited competition," he said.

Dhillon went back to school, taking his MBA at Western University while still working on real estate deals.

When he graduated in 1998, he marked the special occasion by taking Mainstreet public.

Now his company has close to 8,000 multi-family rental units - 1,500 of them in Calgary - and its value is closing in on \$1 billion.

Almost all of his properties are in clusters across Western Canadian cities, including Edmonton, Surrey, Saskatoon and Abbotsford.

"Most of the multi-family rental universe is in the West and most of it is 40 years old and needs work.

That's what we go after," he added.

Once, Dhillon did all the trolling for suitable properties himself. These days he has a team to track down leads. But in the end, he still has the final say.

"Now I've become like a dentist where I have four dental hygienists where they go out and clean the teeth and do all the prep work and prepare the mouth then I go out and do the smell test and say 'yes, that looks good' and so forth."

As a self-confessed 'triple-A-type personality,' Dhillon finds solace and peace through yoga.

"It keeps me alive. If I don't do yoga, I can't sleep. I just get too wired up," he said.

His personal life is strictly off-limits, as are questions about the cancer he suffered from 16 years ago.

But when it comes to the island of Belize in the Caribbean, there's no curbing his enthusiasm.

"It is such a beautiful country. It is paradise," said Dhillon, who is the honorary consul for Belize and the

owner of a 1,200-hectare coastal island.

"I work very hard in promoting the country. I love the people, the country, the whole environment," said Dhillon, who co-wrote a business and retirement guide of the island.

Of course, there are real estate deals to be made there, too.

And Dhillon is also setting his sights on the U.S.

"I can't say too much at the moment. But you could say we are looking very aggressively," he said.

It still rankles that his success took so long to be noticed by the Bay Street money men, but the recent glowing stock reports by a handful of analysts brings him great satisfaction.

"I wasn't discovered by the capital markets until I'd repeated this cycle so many times. More than 10 years ago we went public and survived and we've built about a billion dollars in assets without diluting our shares, which is a testament to a building plan that works.

"Then the word finally gets out that this guy knows what he is doing and we become among the top 10 best-performing TSX companies of 2011," he added.

There are no such mixed feelings about his adoptive country.

"I love Canada. I don't think I could have achieved this anywhere else in the world. If I was somewhere else, like Liberia, I'd be dead by now. They wouldn't have been able to diagnose that crazy cancer I had. The only people who complain about Canada are Canadians."

As for Calgary, Dhillon believes it is misunderstood - the old redneck image being a long-dead reflection of what is now a vibrant multicultural city.

Indeed, for Bob Dhillon, it seems his namesake was right.

The times really are a-changing.

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