



## Bob the Builder

What do you get when you combine an ambitious young immigrant to Canada with a formal business education and a willingness to take some risks? One of Canada's most interesting real estate moguls

**B**ob Dhillon may have an MBA from the Richard Ivey School of Business, but he's an old-fashioned entrepreneur in the truest sense of the term. He started selling real estate out of the back of his car, and has since grown that business into a multimillion-dollar company that's publicly traded on the TSX. Today, Mainstreet Equity Corp. is one of the dominant players in Alberta's residential real estate

rental market, and it also owns properties in British Columbia, Saskatchewan and Ontario.

But Mainstreet is just part of the Bob Dhillon story. He's also the founder and co-owner of National Payments, a point-of-sale payment solution company, and the founder, owner and president of the Pan Pacific Mercantile Group, an international trading and export company that focuses on real estate development in emerging markets. His favourite emerging market is Belize, a country in

which he's invested plenty of his own time and money and about which he's written a book. That country has rewarded his interest with the title of Honorary Consul General to Canada.

### **On why he's optimistic about the near-term prospects for residential rental real estate in Alberta**

In-migration has picked up, the job market has picked up in Alberta, the excess supply of 2007-08 has been absorbed over the last three years, and five year money has dropped from 5 to 2.5 per cent. If a barrel stays around \$80 and in-migration continues, everything's looking pretty rosy.

### **On initiating an aggressive buyback of Mainstreet Equity stock in 2008**

My whole life has been based on taking big bets, and one thing I've learned in 15-plus years in the real estate business is that the only time you buy is during a recessionary time. Our stock was significantly undervalued – it was trading at less than the cash on the balance sheet – so I didn't see any risk in Mainstreet Equity buying 40 per cent of the company back. The risks were that this great recession turns into the great Depression, and the stock drops significantly below \$3.80, but fast-forward a couple of years and our stock hit a high of \$19.10.

### **On the new IFRS accounting measures and the impact it will have on valuations in the real estate sector**

It's going to be a one time pop on our balance sheet, which is going to go from book value to market value. That's a really big deal for a lot of real estate companies. You could have an asset that you bought 20 years

ago for \$1 million that's worth \$100 million today. If you have \$10 million in financing on it, you could in theory have negative value on your balance sheet. But now, that'll pop up to \$100 million. We guesstimate that our assets are going to be \$1 billion when this IFRS comes into effect in Q1, 2012.

### **On the possibility of a return to the "condo-mania" of 2007**

What I've learned is that we haven't learned from the mistakes of our history. We seem to repeat the same mistakes. Condo mania will come back, and one of the reasons it will come back is because it's the only affordable alternative for first-time home buyers with the cost of construction, land and infrastructure going up year-after-year regardless of the rate of inflation. The only alternative for the first-time homebuyer is a condo conversion, and for that reason it will continue to play a vital role in the real estate industry, especially in Alberta.

### **On facing, and fighting, racism**

I would be a liar if I told you it didn't exist, but it's a different type of racism from what I had to deal with when I grew up in Vancouver. Racism, historically, was to your face and you could deal with it. Now, it's not fashionable to be racist, so it's a lot of wink-wink, nod-nod subtleties. And when you're dealing with the invisible enemy, it can be tougher. Is there a little bit of an ethnic discount? Sometimes I think there is. But having said all that, it wouldn't be fair if I didn't say that the world's moving in the right direction. A great example of that is the mayor of Calgary.

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