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# GVA's new owner outlines plans to build global brand

■ Avison Young CEO reveals firm stalked GVA for two and a half years before sealing takeover deal this month

BY DAVID PARSLEY

In the spring of 2016, Mark Rose, chief executive of Canadian real estate agency Avison Young, began a hunt that would last two and a half years - to acquire the company then known as Bilfinger GVA.

The highly ambitious Rose initially missed out on his target when Swedish private equity giant EQT snapped up Bilfinger's building and facilities division, which included GVA, for just shy of £900m, in 2016.

"We were an original bidder before EQT bought GVA," reveals Rose (pictured). But he wasn't deterred by the company's failure. Far from it. "We've pretty much been talking to EQT ever since," he says, adding that the talks "really got going" this summer.

As *Property Week* revealed last month, Avison Young was in a two-horse race for GVA with Cushman & Wakefield. At that time, a spokeswoman for GVA told this magazine that the group would be sold for between £250m and £270m.

Last week, Rose finally snared his prey. The price Avison Young stumped up for the firm it had stalked for so long remains subject to a confidentiality agreement, but it is understood EQT failed to achieve the target price, securing around £210m from the Canadian predators.

"I can't discuss the price," says Rose. "But put it this way: there's a market clearing price for any transaction and EQT are happy with what they sold for, while we're happy with what we paid. The deal would not have happened unless that was the case."

The deal is a transformative one for Rose and Avison Young. It will help the latter, which was launched in 1978, fulfil its ambitious plans for growth in the UK and continental Europe.

Avison Young entered the UK market in April 2014 and by August this year it had done four deals and built a 100-strong team. Last week's deal with GVA has added a further 1,500 employees spread across 15 offices throughout the UK, Ireland and



Poland, and given it a majority shareholding in GVA Worldwide, the international organisation of licensed affiliates with offices across 25 countries.

The deal also confirms Avison Young as an international player, bringing the group's total office count across the globe to more than 100 and increasing worldwide staff numbers to almost 4,000 across Canada, the US, Mexico and Europe.

## Refinancing deal

The acquisition is accompanied by a refinancing funded through a combination of cash, finance from Credit Suisse and additional common equity. The latter includes participation by Caisse de dépôt et

placement du Québec (CDPQ), which made a \$250m (£194m) preferred equity investment to accelerate Avison Young's growth plan earlier this year.

"The plan has always been to create a genuine global brand," says Rose. "We've always wanted to take our Canadian company across the world. We kicked off with opening 50 offices in the US, then wanted to take the brand into Europe, South America and Asia. This deal completes the building of the only global, full-service, principal-led private real estate services firm."

The key word there is "private". Rose is a fierce proponent of Avison Young's independence and the fact that GVA had once been a partnership was

« a major reason for his interest in the firm.

"That was critical to us," he says. "Being a private firm, with one common share that everyone in the firm around the world owns, is critical to our strategy."

Given this sentiment, the answer to the question of whether Avison Young would ever seek a stock market listing may seem obvious. Every chief executive knows never to say never. Not this one, however. "No, no, no, no, no, no, no," is Rose's emphatic answer. "It's not our intention to float. It's not in our culture, not in our make-up," he adds, before going on to slam the motives of the likes of his listed rivals, such as CBRE, Colliers International, C&W and JLL.

Rose spent 15 years working for quoted real estate companies: 12 at JLL and three as chief executive of Grubb & Ellis. That experience has clearly tainted his view of where the loyalties of listed companies lie.

"I was one of the people around the table when JLL was created in 1999," says Rose. "I was at Jones Lang Wootton when we merged with LaSalle, so I have plenty of experience of working in a listed company. At the time, building a global platform and being listed was supposed to be the answer.

"But the problem with public companies is their priority to improve earnings per share and get the stock price up, year after year. They can claim it's different, but it's not. Their sole purpose is to create value for shareholders. You can bring lots of people into an organisation and assuming you can hold on to those people, that can give marginal gains in earnings per share. But that strategy does not improve the service for clients necessarily.

### A more rounded service

"As a private company, our entire focus is on improving our service to clients and the GVA deal sees us add every product type, every service line, in every region. Therefore, we can now provide clients with a more rounded service."

When it comes to the somewhat sensitive issue of what Avison's new UK business will be called, a decision is, officially, yet to be made. GVA's Hughes, whose chief executive role is not certain to continue, is diplomatic on the issue of branding. "All options are up for grabs," he says. "We will need to work out the corporate structure."

While Hughes' new boss Rose concurs, he also admits that there is an obvious route to take. "We want to be respectful to GVA's 200-year-old brand, and the existing name deserves its day in court," says Rose. "But experts would suggest that best practice would result in just one name."

As for who will run the UK and European operations, Rose says: "We will consider all things when it comes to branding and leadership. We haven't sat down to figure all that out yet. We have to get to know each other. See who's best at doing what. After we've done that, we'll

Dealmakers: (left to right) Avison Young's Jason Sibthorpe, GVA's Gerry Hughes, EQT Partners' Andreas Aschenbrenner and Avison Young's Mark Rose



## Avison Young in the UK

**April 2014** Toronto-based Avison Young enters the UK market with the acquisition of London-based commercial real estate services firm Haywards

**January 2016** Firm widens its UK footprint by expanding

to the Midlands through the acquisition of North Rae Sanders

**August 2017** Acquires WHR Property Consultants and opens an office in Manchester

**August 2018** Buys out-of-town

retail specialist Wilkinson Williams

**November 2018** Beats competition from Cushman & Wakefield to buy GVA. The deal takes Avison Young's UK headcount from 100 to 1,600 in a single deal

choose the right leaders in the right roles."

The contest to decide who runs Avison Young's UK business - and its European push - is thought to be between GVA's Hughes and Avison Young's Jason Sibthorpe, who is the current UK managing director, having joined from GVA two years ago.

Of course, now his UK operations are so much larger, Rose may wish to ship in a senior figure from head office in Toronto.

As for future growth, Rose believes the GVA deal provides a platform for a major European expansion. "[In August] we said we would create a firm with \$1bn of revenue within five years," he says. "We've achieved that in just four months. The new target is to double revenue again to \$2bn. Again, the time frame to achieve this is within

five years, but we may well achieve it sooner.

"We'll look to add to the transactional side of the business in the UK and across Europe. We'll be in Paris, Amsterdam, Warsaw, Berlin and Madrid. We're also looking to expand in Asia and continue the expansion in South America."

While Rose is about as critical of the motives of his listed rivals as he possibly could be, he does not shy away from sharing their ambitions for growth. He has a single-minded approach and a determination to create a full-service real estate adviser that sits alongside the likes of CBRE, C&W and JLL.

Can he really achieve that without joining them on the stock markets? Will his backers at CDPQ want to cash in their chips by pushing for a listing? Only time will tell. ■