

CoStar News
commercial real estate news
Washington, DC
July 16, 2018

16 JUL 2018 | GARRY MARR

Avison Young Gets \$250 Million Infusion from Leading Canadian Pension Fund

Toronto Firm Will Use Cash Injection from Caisse de dépôt et placement du Québec to Fuel Growth in Return for Three Seats on Avison Young Board



Caisse de dépôt et placement du Québec, one of Canada's largest pension funds, is making a \$250 million preferred equity stake in commercial real estate firm Avison Young, which plans to use the cash to accelerate its plans

for global growth.

Avison said it would invest in acquisitions and the recruitment of key professionals. A portion of the proceeds will also be used to repurchase the shares held by the firm's current private equity partner, Parallel49 Equity - formerly known as Tricor Pacific Capital Inc. - as well as shares of certain other non-management founders and former principals of the firm. Terms of the transaction were not disclosed.

Given Caisse's "size and strength as one of the top private equity investors in the world, you have access to management teams and board advisers," said Mark Rose, chief executive of Avison Young, about the relationship with Caisse, which has \$298.5 billion in assets. "It's just unlimited because they touch so many different parts of the world and not just real estate."

Rose said the deal is with the parent corporation, which will be entitled to three seats on Avison Young's nine-member board, rather than with its real estate subsidiary Ivanhoe Cambridge. The parent also has the right to block deals.

"Caisse is a preferred investor. They become a partner, but don't have any of the voting or common shares," said Rose, adding that Avison will still be controlled by its partners. The company calls itself the world's only privately held full-service real estate firm as Cushman & Wakefield goes public.

He said Avison's growth strategy will not change, but the "gravitas" of Caisse adds to the company's strategy of being a disruptive, private and principally-owned real estate services firm.

"Avison Young's track record and experienced team speak for themselves:

through a well-defined and executed business strategy, the company has grown considerably in recent years, particularly by entering international markets with strong potential," said Stéphane Etroy, executive vice-president and head of private equity at Caisse, in a statement.

Rose said Parallel49 Equity didn't have a right to exit its investment until 2021 and there was no urgency to buy the shares of former founders and principals. Instead, he said the deal was all about finding a partner for growth.

Jon Love, chief executive of Toronto-based real estate developer KingSett Capital, which has a portfolio of \$13.1 billion, applauded the deal.

"Delighted to see La Caisse support Avison Young in its global aspirations. Great deal for both parties and I quite like Canadian institutions supporting Canadian businesses," said Love, via email. He's not connected to the transaction.

Garry Marr, Toronto Market Reporter **CoStar Group**