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Avison Young Chief Executive Considers Doubling Size of Real Estate Firm

Armed With Cash From Quebec's Largest Pension Fund, CEO Mark Rose Looks to Boost Revenue to \$2 Billion



Mark Rose, CEO of Avison Young.

Toronto-based Avison Young is buying a UK real estate company GVA in a move expected to boost its revenue by 50 percent, after getting an equity infusion from the Caisse de dépôt et placement du Québec.

While Avison Young Chief Executive Mark Rose won't say exactly how much more cash Quebec's largest pension fund just injected into his firm, he is clear that the Caisse de dépôt et placement du Québec is backing the real estate

company's massive expansion.

As first reported by CoStar News, [Avison](#) agreed to a deal to acquire GVA, one of the United Kingdom's largest real estate advisory businesses, with 1,500 employees. No terms were disclosed, but Rose said the deal will boost his company's revenue from \$650 million annually to more than \$1 billion – and he wants to grow that amount to \$2 billion.

"This is our biggest deal," said Rose, adding it might be one of the largest real estate service deals ever done in the United Kingdom. "We have grown significantly, and this a big chunk to it."

The financing of the deal could be critical to Avison's growth. Rose said the company is still holding on to most of a \$250 million preferred equity investment the Caisse made in July. The deal was financed from cash, committed financing from Credit Suisse and additional equity, including the Caisse taking a stake in common shares.

"From a financial perspective, the enabler has been in the investment from the Caisse," said Rose about the pension fund, which manages more than \$300 billion in assets. "I can't say how much, but it's bigger than a bread basket. The interesting thing is we have preserved [the preferred equity investment]. We are not even touching that. We are taking a little bit of it."

Rose said Avison has its eye on growing by another \$1 billion in revenue through acquisitions over the next five years beyond what will be generated by the expanded company, which will create an entity with more than 5,000 professionals and affiliates in 100 offices in 25 countries.

The common stock doesn't change Avison's relationship with the Quebec pension fund, also known as CDPQ, which was given three out of nine board seats as part of its initial preferred investment and a right to block certain transactions.

"This is a deal that not just CDPQ but all 450 partners were involved in and had to sign off on," said Rose.

Avison has been eying GVA, a subsidiary of Apleona Ltd., a portfolio company owned by global private-equity firm EQT, for about five to six years, said Rose.

"We made an offer, but it went to a German company called Bilfinger," said the chief executive, noting it eventually ended up in the hands of EQT, one of the world's largest private equity funds that is based in Sweden. "When [EQT] bought it, I stayed in contact with them since the summer of 2016. But most of the work on the deal did start in the summer until now."

With its war chest full, Rose said get ready to hear from Avison Young again soon.

"When we did the CDPQ deal, most people said we'd give ourselves five years to get to \$1 billion in revenue and it took us four months," he said. "It's not just about a number. It's about quality and partnerships to bring in the right people. But would I be surprised to go from \$1 billion to \$2 billion in the next five years? No. That is our intention."