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Alberta real estate is hot and getting hotter

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If you're looking to invest in real estate overseas, then Alberta in Canada is one of the hottest property markets right now. But it's hard to know where to turn to, which is where Glenn Simon Inc (<http://www.glennsimoninc.com/>) comes in. The Tochigi-based company specializes in joint venture properties in Alberta Oil Sands.

The company, headed by president Todd Glenn Millar and vice president Danielle Simone Millar, evaluates potential properties, conducts due diligence, finances, insures and holds mortgages, chooses tenants and oversees property maintenance.

Japan Today hears more the company's activities from Millar, who started out as a chef before hearing the call of real estate.



What is your background?

I was born in North Vancouver, BC. I grew up on the North Shore and moved to Victoria (Vancouver Island) in my teens. Early on in high school, I started working part-time jobs in restaurants in Vancouver. I was really drawn to the artistic side of food presentation and the creative, pressure-cooker like environment of the kitchen. I went on to attend Culinary Arts School in Vancouver and began a working apprenticeship to train as a chef toward the end of high school and years after. I completed a three-year program at Camosun College in Victoria, BC, and received my qualifications as a chef.

What did you do then?

I successfully ran several upscale restaurants in Vancouver and Victoria. Cheffing is what initially brought me to Japan. It allowed me to earn a good salary and travel around the world. It was also a turning point for me when I realized the lifestyle that I wanted to lead didn't exactly mesh with the hours and hard work that a successful chef needs to put in to his restaurant and to keep his food passionate enough to satisfy well heeled customers.

My wife Danielle (and co-creator/vice president of Glenn Simon Inc) was a chemist in the quality control department of an international Canadian-based cosmetic company. We decided to trade a little bit of the "known" back home for a more compatible lifestyle that we could share together here in Japan

How did you get the idea for Glenn Simon Inc?

Glenn Simon Inc was born in 2002 as a Canadian (Alberta) Corporation. When Danielle and I first came at the end of 1999, we began looking for ways to send our money back home or grow it here. We visited and spoke with financial planners in Tokyo and looked at what was on offer. We weren't very savvy and felt rather limited by the options available. We trusted our money to a few "brokers" and invested in a fund as well as a unit of land back in Canada. Then we started getting educated. We read a lot of books, went home, attended seminars and learned how to really grow our money. We had a big dream and the options around us here or back home weren't going to fulfill that dream unless we took matters into our own hands and became accountable.

I took a few comprehensive real estate courses and began getting mentored from a seasoned real estate investor who'd been through the ups and downs of more than a few markets. Danielle and I realized that for us, the key was to own and manage residential real estate in targeted areas in Canada. Our focus and strategy became more refined and turned into a laser beam focus that was the catalyst for birthing Glenn Simon Inc, as we had been investing privately (for our own portfolio up to 2002).

How did you get your first clients?

What actually happened was that we were playing the board game Cashflow with friends of ours and we were always discussing and comparing investments. They were impressed at what we'd been doing and asked if they could invest with us. We happily told them how we did what we did and showed them how they could do it, too.

However, a year passed and due to a lack of time, the hassles involved and lack of knowledge they still hadn't invested, so we helped them and realized that there was a niche for people who don't want mainstream investments, want better returns, realize the power of investing in real estate, but who didn't have the time, expertise or team in place to invest. Thus, we formed our company and the win-win strategy of joint venture partnerships has become our strength and backbone. We have partnered with people based in Japan, the U.S., Singapore, Australia and of course Canada.

Why are you based in Tochigi rather than Tokyo?

Mainly because of the lifestyle. We like where we live and the access to mountains, rivers and onsens adds to the charm. Our business grew by word of mouth referrals and we didn't see the need to move into Tokyo and compete with other investment firms. We don't charge commissions, spend a lot of time working online and on the phone, so it wasn't a move we considered necessary for our success.

What services do you offer?

We are a complete, one-stop real estate investment company specializing in the Alberta market. We're focused on building long-term relationships with our partners (most investments are between 4 and 6 years). I see our role as problem solvers. We work with both experienced and novice investors and have become experts in helping our partners reach their real estate investment goals by avoiding all the brick walls that we hit when we first tried it all on our own.

My team and I provide full service from start to finish including careful selection and complete financial analysis of property, exit strategy, inspections, appraisals, rental/property insurance, impeccable property management, tenanting, market updates, bi-annual statements, arrangement of mortgages and market timing to ensure a profitable sale.

How would you describe the quality of information on real estate investment opportunities for Japanese or expats living in Japan?

I think that choices are getting better but are still emotion driven. Many investments are "sold" by commission-driven salespeople or have load fees that the investor pays whether the deal is profitable or takes a loss. I'm more of a fundamental investor, so I look for what is driving the market now based on

economic fundamentals, not as much as a speculative investor who follows the trends. Don't get me wrong, you can make money both ways but I'm more comfortable investing where the numbers are strongest.

Why do advise people to invest in Alberta?

Simply put, the stability and economic growth are second to none. Alberta is in the midst of the strongest period of economic growth ever recorded by any province in Canadian history. Its total income (GDP) rose 43% between 2002 and 2005, and shows no sign of slowing down. Alberta's 12.7% average annual increase since 2002 compares favorably with China's 14.8%, the fastest growing among the world's large economies. The province is a world model with a debt-free economy (\$7.1 billion actual surplus plus another \$7 billion contingency fund).

Canada is on its way to becoming a world energy superpower and the bulk of that energy is found in Alberta. Basically there is massive long-term job growth, a province with the lowest taxes, highest wages and new jobs created at an enormous rate. CIBC World Market report states that Alberta will be the #1 world supplier of new crude oil by 2010. The thing about Canadian oil is that it needs workers to extract it. That is the kind of long-term growth that I look for in a market.

Is there much international interest in Alberta?

Alberta has vast oil sands (tar sands) that hold a proven 175 billion barrels of recoverable oil, second only to Saudi Arabia. The most impressive part is that Alberta has only just begun. The international interest in Canada from France, Norway and the Middle East and Asia (Japan, China) proves that the "smart money" is coming to Canada.

What is the estimated appreciation rate of some of the hottest properties in Alberta?

Residential resale real estate went up 52% overall in Edmonton last year, and has gone up another 18% this year. The outlook is for 20% this year in appreciation, but it looks like that will be beaten by month's end. I budget my projections based on an 8% increase in appreciation per year. That way I can manage expectations and deliver a conservative return during both an up and down cycle. My philosophy is to under-promise and over-deliver.

Are your joint venture properties only in Alberta?

Yes. Specifically, Edmonton and a few select towns around there. It's the best place to invest in North America, if not the world right now.

Do you personally inspect every property?

No. As part of our team of professionals, I have a licensed home inspector (who holds the highest licensing level of home inspectors in Canada) go through every property and complete a 25-page report.

So how's business right now?

Great. We're really busy at the moment and have more partners than properties. Many people are looking for an opportunity to get into the market and choose us. Several of our recent partners were based in Vancouver and Toronto as well.

Are your clients in Japan mainly foreigners or Japanese investors?

We have a few more foreign nationals than Japanese, but an almost fairly even split.

How do you market yourselves in Japan?

Mainly word of mouth. Recently, I was interviewed by a U.S.-based investment firm doing a report on Edmonton. I was fortunate enough to be asked to comment on the Alberta market for another group as well. That coverage has attracted more people to us. We also have a few select online marketing ads and run a blog. I also provide a free monthly newsletter that covers the Alberta market and has a feature investment property.

What are some concerns that potential investors ask you about?

People think that they can't own a house in Canada because they're not Canadian residents. In fact, any nationality can own a home in Canada. Tax concerns are common. I always suggest that partners seek their own independent tax and legal advice. Alberta has the lowest tax rate in Canada. Japan and Canada share a tax treaty as well, so Canada can be quite a good option for people looking to grow their money there.

Is it more common for you to hold the mortgage or for the client to hold it?

We commonly held mortgages for our partners with Canadian banks, but are now shifting away from that model and are beginning to introduce the lower yen (or alternate currency) based loans for expats and Japanese nationals. I factor in a cushion with the interest rates to help protect against rises in the rates and mortgage amounts.

What is a typical day for you?

I get up at 5:30 a.m., answer emails and return calls to Canada. I often have telephone meetings scheduled with partners in Canada and time the calls to work with their time zones. This usually tapers down around 10:30 a.m. I then focus my morning activities on reviewing properties that have been pre-filtered by my team in Edmonton and moving the potentials to the next set of filters. I run analyses on properties and complete due diligence, order/review inspections, appraisals and liaise with our property manager and lawyers.

I have a healthy lunch with Danielle and prepare for afternoon meetings/calls with partners in Japan. In a perfect world, Danielle and I will take a break to exercise (yoga/pilates hit the gym, go for a run or walk). After dinner, from 8:30 p.m. until 10 p.m. is spent sending emails, making international calls, market research, preparing articles for newsletter, marketing, mail-outs, researching specific areas, website building, etc.

How do you relax when you are not working?

Outdoor hikes, camping and kayaking in the Nakagawa or Ibaraki surf. When I truly want to unwind, I go to an onsen and reflexology. If I'm still awake, I like to meditate.

Any hobbies?

Besides the above, travel, food, photography, reading and learning. I love learning new things.

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