



“WE LOOK AT SUSTAINABILITY AS AN APPROACH TO PROPERTY MANAGEMENT AND TENANT ENGAGEMENT.”



**AMY PRICE**  
*President and Chief Operating Officer,  
Bentall Kennedy (U.S.) Limited Partnership*

“IT’S RELATIVELY STRAIGHTFORWARD FOR CANADIAN INSTITUTIONAL INVESTORS TO INVEST IN U.S. REAL ESTATE, SINCE THE TWO COUNTRIES HAVE CLOSELY LINKED ECONOMIES...”



**DOUG POUTASSE**  
*Executive Vice President and Head of Strategy and Research,  
Bentall Kennedy (U.S.) Limited Partnership*

#### What role does real estate play in a pension plan portfolio?

**AMY PRICE:** Real estate can provide stable, predictable cash flow through strong property-level income yields, enhanced by property appreciation. For most pension plans, it is included with the primary intent of generating an enhanced yield, compared to fixed income, and diversifying against equity risk.

#### What are the limitations of the Canadian real estate market?

**DOUG POUTASSE:** Canada has only one global market (Toronto), two primary markets (Montreal and Vancouver) and three secondary markets (Edmonton, Calgary and Ottawa), so there is limited scale once you move beyond Toronto. Much of the best property is held by stable, long-term owners and investors, which makes it difficult for investors to enter the market. Canadians have

tended to concentrate their retirement savings in institutions and, as a result, the largest institutional investors have more capital relative to the investable universe of real estate in Canada than in many other countries. And it’s harder to target specific economic drivers, such as finance, government or education, with just six generalized investable markets.

#### What makes the U.S. real estate market attractive for Canadian institutional investors?

**DP:** The United States has massive scale, a trading culture that promotes liquidity and a relatively limited number of large institutional pools. In addition, the U.S. has a very large market-rate rental multi-family market and a significant medical office and clinic market—two property types that aren’t as available in Canada. It’s relatively straightforward for Canadian institutional investors to

invest in U.S. real estate, since the two countries have closely linked economies, trading relationships and currencies, a similar tax regime governing property investment and a single tax treaty. Also, with the exemption to FIRPTA enacted in December, the U.S. removed a significant tax impediment to Canadian pension plan investment in U.S. real estate.

#### What areas of the U.S. real estate market interest you the most?

**AP:** Our investment strategy is fundamentals-driven. We analyze what’s driving demand through market cycles, looking at demographic trends, the innovation and knowledge-driven sectors of the economy, where jobs are being created and where the emerging workforce wants to live. This drives market selection and investment strategy. Right now, we are prioritizing the San Francisco Bay area, Boston

and Seattle. For certain strategies, we also like Denver, Austin and Raleigh. In office, we’re focused on what appeals to the innovative industries that are propelling job and economic growth. In multi-family, we like live-work-play neighbourhoods with connectivity that goes beyond transit links to encompass walkability and community connections. In industrial, we see opportunities with large warehouse and distribution properties near major population centres that can support fast online delivery. We’re also developing multi-family and industrial properties, which is an effective way to deliver product that meets the demand drivers of the next 10 years. Finally, we see medical office buildings as a strong demand-driven asset class for both acquisition and development.

#### How are millennials affecting the real estate market?

**DP:** In 1990, the peak year of birth in the millennial cycle in the U.S., there were 4.158 million babies born. But in 2014, when those babies turned 24, there were 4.693 million 24-year-olds. This reflects the impact of immigration and international students—so millennials are not just children of the baby boomers, they are children of the world. And instead of expecting to stay with an employer for 30 or 40 years, they are collectively saying, “I’m going to go where I want to live, and where I think there are the best opportunities.” So employers have to follow millennials

to get talent, and that changes their choices, whether they’re office, warehouse or retail tenants.

#### Do green buildings enhance real estate investment performance?

**AP:** Sustainable property investing creates value for investors because it is valued by tenants and residents. Many investors still think of a green building as a capital project and a plaque on the door. We look at sustainability as an approach to property management and tenant engagement. We believe it drives tenant and resident satisfaction, higher renewal rates and higher rents. According to “Green Certification and Building Performance: Implications for Tangibles and Intangibles,” an academic study published in the September 2015 Special Real Estate Issue of *Institutional Investor’s Journal of Portfolio Management*, which was based on nearly 300 North American office properties managed by Bentall Kennedy, green certified buildings outperform equivalent uncertified properties.

#### What does it take to be a successful real estate fund manager?

**AP:** You have to build your investment strategy to meet the objectives of your clients. You need strong leadership and expertise across all internal functions, with each contributing collaboratively to the business. And you want your firm to be known to attract the best talent.

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## THE PERFORMERS

✕ CANADA’S INFLUENTIAL THOUGHT LEADERS ✕

**AMY PRICE** *President and Chief Operating Officer, Bentall Kennedy (U.S.) Limited Partnership*

**DOUG POUTASSE** *Executive Vice President and Head of Strategy and Research, Bentall Kennedy (U.S.) Limited Partnership*



#### WHERE DO YOU TURN FOR BUSINESS INSPIRATION?

**AP:** Warren Buffett’s annual letter to shareholders on Berkshire Hathaway’s website.

**DP:** Fred Reichheld’s book, *The Ultimate Question*.



#### WHAT’S THE MOST BEAUTIFUL PLACE YOU’VE EVER VISITED?

**AP:** Ha Long Bay in Vietnam.

**DP:** Lake O’Hara in Canada’s Rocky Mountains.



#### EGGS OR PANCAKES FOR BRUNCH?

**AP:** Eggs – with veggies.

**DP:** Both – with real maple syrup.



#### IF YOU COULD BE ANYONE IN THE WORLD FOR ONE DAY, WHO WOULD IT BE?

**AP:** Charlie Rose interviewing interesting people from around the world.

**DP:** NBA star Stephen Curry making the 24-foot jumper to win the championship.

