

Monarch becoming king of the hill

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Young chartered accountant Brian Johnston had never heard of the **Monarch Corp.** when he answered a help wanted newspaper ad 26 years ago.

Now, he's the company president of the company, which started in Toronto in

1917, and is the Canadian division of the world's fifth-largest homebuilder, **Taylor Wimpey plc**, a publicly traded company. Johnston's been at the helm for 10 years.

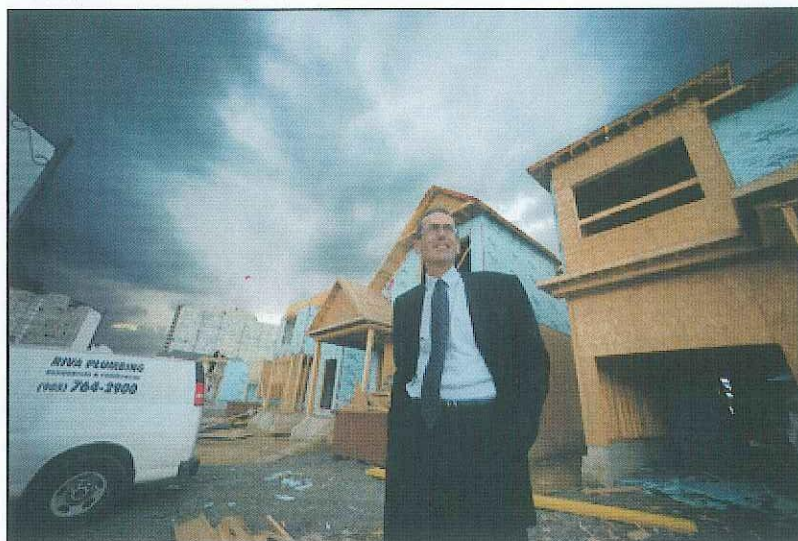
Monarch has evolved from being primarily a lowrise builder to a major player in the condominium market (since the highrise division started in 1993, Monarch has sold more than 7,000 suites). It builds highrise and midrise condos, single detached homes, townhouses and recently introduced stacked townhouses in Ottawa.

"We do it all in real estate. You can't decide you want to be one kind of builder in Ontario. Good luck," says Johnston. "You've got to adapt to the market."

This year, Monarch was the **Building Industry and Land Development Association's** (BILD) Home Builder of the Year and ranked highest in the 2010 Ottawa **J.D. Power and Associates** New Home Builder Customer Satisfaction Study for the second consecutive year. Ironically, Johnston wasn't on hand to accept the BILD honour because he was at an anniversary party for a previous Monarch president, Colin Parsons.

"It (the award) is good for the company and the people who work here as well as our consultants and trades. People are very proud of what we do as an organization," says Johnston. "It's great, it's important, but do awards help us sell houses? Most people buy based on word of mouth, which is critical. They want to buy from a builder with a good track record, based on location criteria, the floor plan and amenities."

Monarch's track record has helped it weather economic ups and downs over the decades, and Johnston remains confident about the current market.



TORONTO STAR/COLIN MCCONNELL

"You can't decide you want to be one kind of builder in Ontario," says Brian Johnston, president of the Monarch Corp.

"In my mind, over the long haul, the number one factor is job creation," says Johnston. "House prices have gone up significantly and even if interest rates go up, markets can continue to be buoyant, as people will find a way to pay for it (as long as they have jobs)."

He says while more first-time buyers may be edged out of the condo market, "in a lot of cases, investors support the market to a significant degree."

He pointed out that with the vacancy rate at .7 per cent in Toronto and few apartment buildings being built, "if you're buying to flip, it's bad but if you're buying to rent, it's good."

"There is a big foreign investor component going on in Toronto. Almost half the population here is immigrant," points out Johnston. "There's money coming from China, Hong Kong, India. These investors look at 'where do I put my money?' Not the United States, and Europe is having issues with debt. There's Australia or Canada. Real estate is simple to understand, a lot of societies view it as the most important thing to own. It's driven Vancouver for a lot of years and Toronto is the economic heart of Canada."

He says with Toronto's diverse multicultural mix, "a lot of people can find their ethnic group here. It's one of our greatest strengths. Why aren't we making those connections? The market is being driven by more than the classic fundamentals of the past."

Because it is a public, rather than private company, Monarch takes a more conservative approach than many other builders. "We are probably more disciplined in our land acquisitions, less speculative. We do land studies, soil tests, environmental assessments. That makes us not as nimble as some of our competitors who can wrap up a deal in short order. It's good and bad."

Johnston's background in commerce and accounting has come in handy too: "Real estate is not about construction. That is important, but the numbers are really important. They have to make sense."

Monarch adheres to the rule of location, location, location.

"With highrise, it has to be on the subway, near the waterfront or with a major mall nearby," says Johnston. "It truly is about location and there's a definite shortage of them. The key is to be in a good location. We look for 'A' real estate."

Some of those 'A' Monarch sites include Queens Quay West, the Etobicoke waterfront, North York, Scarborough City and Liberty Village, where the company has been a key player in transforming the former industrial area into a popular residential neighbourhood.

In lowrise development, Places to Grow and the Greenbelt legislation is made finding sites more challenging. While Monarch will look at land throughout the province, "it needs to be at a reasonable price, next to existing housing, developable over the next two to three years," says Johnston. "We won't buy greenfields that haven't got approvals. We are not land speculators. We are not prepared to take a chance that something won't get approved."

Its current lowrise projects can be found in Markham, Brampton, Oakville, Ottawa and Kitchener and "the next frontier," Caledon.

"The 905 is going to continue to grow and the province has an obligation to ensure transportation links," says Johnston. "The reality is that people want their cars. The province has to be pro-active; people have to realize they have to live close to where they work."

Improved transit, developed with a GTA-wide view, will be vital to reducing car dependence, says Johnston, along with more live, work and play communities.

Monarch has been involved in green building, though it takes a project-by-project, rather than blanket approach. It has built to Energy Star standards at lowrise sites in Ottawa ("which is much more attuned to Energy Star than Toronto") and Caledon, where the standards were adopted as part of negotiations with the municipality. Monarch has also built "what we believe is the largest LEED (Leadership in Energy and Environmental Design) certified lowrise project" in Canada in Scarborough.

The \$100-million **Evergreen** development (in the Midland and St. Clair Ave. area), consists of 196 singles, semis and townhouses, is being built to LEED-H certification. All homes will meet Energy Star standards, construction waste was reduced significantly and rainwater collectors recycle runoff. Recently, Johnston presented the 100th home buyer with an electric bicycle.

Monarch owned five hectares of the site since the late 1990s and the City of Toronto owned much of the land surrounding it. When the land reverted to TEDCO (which is now called the **Toronto Port Lands Company**), the city's principal redevelopment corporation, it sold the land to Monarch at fair market value on the condition it build an innovative green community.

Johnston believes it should be the province's mandate to set green building standards. He says some municipalities do not make "decisions in a thoughtful way" and may be unrealistic some of their 'green' demands, which affects affordability for buyers.

Monarch has opted not to pursue LEED certification for its highrise condos, though it is a member of the Canada Green Building Council and has incorporated energy-saving and eco-friendly features into its buildings.

"With highrise, we chose not to play that (LEED) game. We've always talked about it, but it's tough to do," says Johnston.

Evergreen

Evergreen, on 10 hectares near St. Clair Ave. E. and Midland Ave., is the largest lowrise green project in Canada. There are 206 units, including singles and townhouses. It's a joint development between Monarch and the Toronto Economic Development Corp. (TEDCO, which is now called **Toronto Port Lands Company**.)

The project conforms to Toronto's Green Development Standard, is built to Energy Star specifications and meets basic LEED-H (Leadership in Energy and Environmental Design) criteria.

Home features include: Energy Star appliances, compact fluorescent lighting, high-performance windows, high efficiency sealed combustion natural gas furnaces, programmable thermostats, heat recovery ventilation system, increased insulation, low off-gassing interior finishes and building materials, higher standard of filtration, tankless hot water heaters and low-flow toilets and shower heads. The 100th purchaser in the project received an electric bicycle to mark the milestone.

Two homes will be outfitted with a photovoltaic renewable energy system and solar hot water roof panels to help qualify them for the Silver LEED level (there are four levels of LEED).

The first phase, which included 30-foot singles and 19-foot townhouses, is sold out but new townhouses will be launched this fall. Go to www.monarchgroup.net for more information.