



CISCO SYSTEMS
ANNOUNCES INCUBATOR

POLICE AND HEALTH
COLLABORATION



JUNIOR ACHIEVEMENT
SPIRIT AWARDS

EXCHANGE

MAGAZINE FOR ENTREPRENEURS / ENTERPRISES / ECONOMIC DEVELOPERS / EDUCATORS

Vol. 30 No. 3 January/February 2013 - \$6.95

GREENFIELDS TO CONDOS

Activa Group follows the market and raises the condo ante with a resort style, lifestyle community

INSIDE

- Trends in corporate governance
- Four join Entrepreneurial Hall of Fame
- Tracking Trends 2013
- Outstanding Woman makes a difference



FROM GREENFIELDS TO CONDOS

BY JON ROHR

Activa Group stays focused on delivering communities with life and style

The Activa Group of Companies is a land development group that turns vacant land into communities. Conjure up in your imagination a fully stocked sandbox, with Tonka Toys and miniature models of everything in life: houses, ponds, cafés, libraries, industry and the town centre. You've got a weekend to sit back and make your town. With just the thought, I can feel the kid reborn inside me.

Activa Group is owned by Werner Brummund, whose official title is President. The Activa brand had its origins in the mid 80s, as land development company with a sizable sandbox to build in. It all started in 1988 with 10 semi-detached units on Thaler Avenue in Kitchener. Brummund took charge of the company in 1991, taking over from a business associate who was ill; he acquired controlling interest the following year.

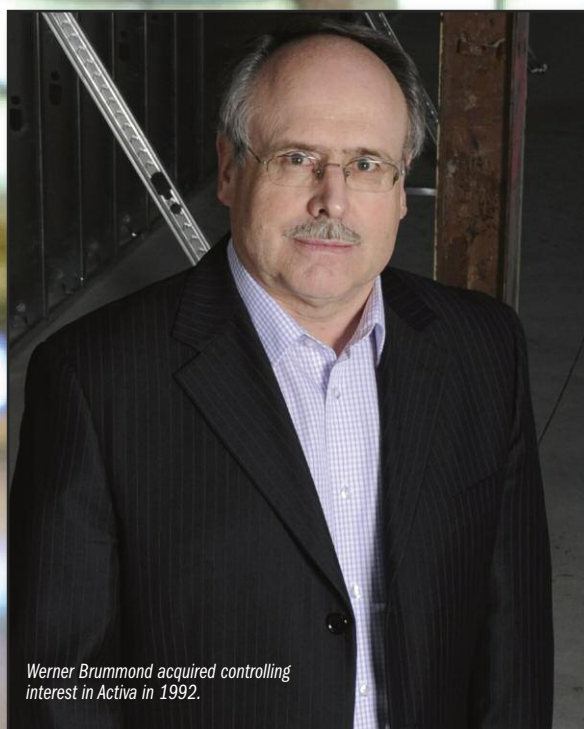
His background was in business administration and management sciences; he graduated from the University of Essen, in Germany. And his vision grew from there.

Activa, like all companies, has had to adapt along the way. Twenty years after they sold his first lot, Brummund and associates face significant development change, that demands reflection and flexibility concerning their business plan, but more importantly, reveals change in their customer base, the community at large.

Their business, according to Paul Leveck, Vice President Business Operations, has always been focused on land development. Their projects are everywhere; as the largest developer in Waterloo, they've built thousands and thousands of homes over the last couple of decades.

Development policy altering economics of home ownership

During those initial decades, Activa Group was a green field developer, building communities on the edges of towns in Waterloo Region. They would map them out, divide the property up and sell lots to builders, who would then build homes for people to live in. They would then repeat the process at another vacant, soon-to-be suburban space.



It was the way it had always been, since the Great War – June, Ward, Wally and the Beaver. But leap ahead to 2006: the Ontario Government, with the help of municipalities including Waterloo Region, released the Places To Grow Act, with the intent of securing a green belt around the GTA Centre, and thus curbing urban sprawl. This new development act had implications, says Leveck, which significantly changed the industry.

“The Places to Grow Act required density to be much higher in development. And our regional government really grabbed hold of that policy, and ran with it. The implications have been significant for our industry, for Activa in particular. We’ve had to adjust to that,” Leveck told Exchange. “Originally, Places to Grow Act was the green belt implication. The Act, which requires much higher densities of development, and a lot more reuse of land, really limits the ability of developers going out and using green field land to make a living.”

What can be viewed as successful in Toronto, could also be viewed as premature in a municipality like Waterloo Region, located on the GTA outskirts. Leveck looks to the development trend in Toronto. “When the legislation came in, Toronto was in a much more acute land situation than KW was, so their impact was absolutely immediate. That’s why today you see the explosive growth in condominiums down there. Ten years ago, maybe 20-25% of construction was condos, and the rest was all single detached and semi detached town houses, basically green field development.”

“Now,” Leveck says, “the tables are completely reversed, 60-70 % is high rise condos now – like just a complete role reversal.”

The KW community is starting to see growth and acceleration in the condo projects coming to market. Leveck believes Waterloo Region planners are noticing the changes too. “I mean, we had a little bit more green field to work with, so that land is slowly been used up over the last few years and there is really starting to become a acute shortage of green field land available in the Region of Waterloo. Planners know that City of Waterloo, in particular, is short on land, but Kitchener not so much. Basically, Cambridge, Kitchener, Waterloo and the townships are impacted by the policies that the Region of Waterloo are adopting. For the city of Waterloo it was a moot point, because Waterloo was almost at its limits of green field land. The limits that

Protecting Your Employees Means Protecting Your Company

The Mertin Financial Group Inc. has the expertise to provide business owners with the tools and information they need to:

- ▶ Create a benefit program that considers what is most important to their company and employees
- ▶ Ensure their company is getting the best value on its benefits investment
- ▶ Attract and retain top talent with competitive employee benefits
- ▶ Provide benefit statements that allow busy employers to effectively communicate total compensation



MERTIN
FINANCIAL GROUP INC.

For more information contact
NANCY REID | 519.746.4646 x24
nancy@mertingroup.com | www.mertingroup.com

EXPAND YOUR REACH BRAND YOUR ENTERPRISE TELL SOMETHING NEW

Your tactile connection to affluent consumers and business professionals and industrial leaders through out Waterloo Region and surrounding areas.

Advertising space
deadline for the
March/April issue is January 22, 2013

To get rates for budgeting purposes call John Hobin
519-886-0298 x305

FOR ENTREPRENEURS/ENTERPRISES/ECONOMIC DEVELOPERS/EDUCATORS EXCHANGEMAGAZINE.COM

EXCHANGE

Serving Waterloo Region, Guelph and surrounding area

COVER STORY

- LOCAL PHONE SERVICE
- HIGH SPEED INTERNET
- EMAIL SOLUTIONS
- LONG DISTANCE & TOLL FREE
- WEB HOSTING
- 24/7 LIVE TECHNICAL SUPPORT



>> MULTI-LINE SOLUTION

Connect your existing Phone System for a low cost per Telephone Line.

>> HOSTED PHONE SYSTEM

Replace your outdated Phone System with a Lower Cost, Feature Rich, Unified Communication Solution.

execulink
TELECOM

1.866.765.2269
www.execulink.com

the region set was city boundaries. For Kitchener and Cambridge, well they've got lot of land still available within city boundaries. They're just choosing not to use them via this hard boundary they are drawing."

Big debate

Leveck believes "the whole intent is that we don't need greenfield any more. We want to intensify, reuse and all that. It's impacting the business market as well, you're seeing a lot more like the Tannery and stuff coming on the market. It's expensive space, very nice, but it's expensive at the same time.

"At the same time it caters to what's happening with business in general. The production industry is much less than it was. We do have more high tech buildings and office environments than ever before. It makes sense on the business side," Leveck continues, but then asks, "on the residential side, does it make that much sense?" Leveck believes that's still

Their projects are everywhere; as the largest developer in Waterloo, they've built thousands and thousands of homes over the last couple of decades.

the big debate: "in our industry in particular, in government and society in general: do people need single detached homes and yards any more?" He states there is a lot of evidence that says these are still needed; the big debate continues to roll.

Leveck points to the societal impact of the new condo trend, which is completely altering the economics of home ownership. Whether this is an issue that is occurring just in Ontario, or is more ubiquitous throughout Canada or North America, he's not 100% sure. "Activa doesn't do too much work outside the area. But I think particularly in this area," he states, "it's somewhat policy driven and some of the economics are driven by these policy decisions. On a whole, greenfield is far more economical to develop and cheaper to develop than these projects that are going on downtown, with refurb and all that."

Demographic Shift

Activa is on top of the developing trend. Traditional home ownership has

What makes a really GREAT ROOM?

Working with Menno S. Martin!



For 70 years Menno S. Martin has been a name customers have trusted for true craftsmanship, quality and service. What do you have planned? Let us help you build your vision. Call us today.

519.664.2245 | www.mennosmartin.com



MOMENTUM IS CHANGING THE LANDSCAPE



Activa's newest community development is The Carriage Club, a resort-like, lifestyle development, located in the north-east corner of the City of Waterloo, adjacent to the RIM Park recreational facility, Grey Silo Golf Course and the Grand River. The newest condominium development is Activa's second venture into the developing market. Paul Leveck, Vice President, Business Operations, highlights his learning from experience and how policy changes manifest societal change.

With their first of a two-building project complete in September, Activa wasted no time in announcing this brand new development that claims to raise the bar of what condominium living affords. Perhaps a little bit more of carefree lifestyle, for those who just want to pay a condo fee and let someone else take care of cutting the grass, fixing the building up, and so on.

As a trend, the changing demographics of home ownership is starting to emerge. Home ownership is getting very expensive. Activa believes lifestyle choice is changing traditional home ownership values. "There is some momentum there," Leveck states, "and it's changing the landscape. The number of projects out there is reflective of that change in societal demographic and opinion and preferences."

Waterloo is attractive to live in. People coming to the Waterloo area mainly come from Toronto. On a smaller scale, Waterloo Region is going through the same housing effect as been felt in Toronto – the difference being that Toronto numbers are just that much bigger.

What is driving the migration? "The average price per square foot in downtown Toronto is approaching \$650-\$675. It's getting very expensive. A lot of projects are clearing \$1000 a sq. ft now," says Leveck.

"The economics in Toronto have been completely altered by the Places to Grow Act and as a result, people are now starting to come to this area. This has increased the depth of diversity in this area, and the housing prices. This trend, accompanied with our young people not being as afraid to take a risk, fuels change. Older people are a lot more risk averse, and cautious. But I think," says Leveck, "there is a growing demographic of empty nesters willing to just maybe go a little bit more with the flow." Thus, The Carriage Club is his bet.

Photo: Leveck, far left poses in front of what can be described as an elaborate and detailed development model, with Landscape Architect Leo Gudemi, Interior Designer Gabrielle Eckhardt, Architect James Fryett, and Brochure Designer, Klaus Rohrich.

SCHIEDEL

CONSTRUCTION INCORPORATED

Building Relationships

INDUSTRIAL • COMMERCIAL • INSTITUTIONAL



405 Queen St. W., Cambridge, ON., N3C 1G6 | 519.658.9317 | WWW.SCHIEDELCONST.COM

Jirinas Bakery
Since 1989

**Catering To
Corporate Functions**



www.jirinasbakery.com
196 Victoria St. N. / Kitchener
519-570-0790 

 **Cakes For All Occasions**

JDI
CLEANING SYSTEMS

**PROFESSIONAL JANITORIAL
SERVICES FOR BUSINESS**

*Specializing in Commercial,
Industrial and Institutional facilities*

Call us for all your cleaning needs:

- ▼ General Janitorial & Office Cleaning
- ▼ Carpet Cleaning
- ▼ Floor Stripping & Waxing
- ▼ Interior/Exterior Window Cleaning
- ▼ Ultrasonic Blind Cleaning
- ▼ Construction Cleanup
- ▼ Factory Cleaning
- ▼ Computer Cleaning

**We will help protect
your Real Estate investment**
Tel: (519) 884-9600
Waterloo, Ontario
Fax: (519) 884-8699
Toll Free: 1-800-983-6661
www.jdicleaning.com

BONDED & INSURED
Member of the Canadian Franchise Association
and Better Business Bureau

baby boomers, with kids leaving home, becoming empty nesters. They have big homes, and they don't need them anymore. It was accepted that their next move would be to flood in droves to condominiums. However, "I don't think that's happening as fast as it would otherwise," says Leveck. "There is a lot of evidence that says a lot are aging in place. There are impediments to this path, mainly because of the price. You're paying a

focus on core density, Activa Group could frankly be out of a job for a number of years. But that's not in the cards. Activa's new direction is building condos in the suburbs.

"Because developments are project specific," Leveck states, "it really depends on location. As owners of greenfield land, Activa has entered the condo market. It has one of two buildings already completed and moved into. The project is

"It's been a very successful project, but its been definitely a learning exercise, trying to do condominiums, outside of the core market."

huge premium per square foot to be in these locations."

As a developer, Leveck thinks the projects that were there, have captured a market that was not satisfied beforehand. "There was definitely some pent-up demand there, to get into those kinds of projects, and I think the market is starting to accept that this is the new form of housing. In the traditional path of home ownership, it was assumed that you buy your town house as a starter home, move into your semi then your small single or medium single and that was sort of your life progression. I think kids coming out of school now are starting to alter their expectations slightly and are willing to consider condominium living as an alternative. The view of home ownership is changing, away from traditional values." But he also says, "The change is slow."

Leveck has been at Activa for over a decade. He sees first hand the sales dynamics of development projects they have sold out, and other developers have sold out. "We definitely have a good feel for what type of home people are buying and why they're buying it."

The issues involved reach well beyond homes sites. For instance, the Region's Light Rail transit system needs capacity to sustain operations. The Transit Authority wants to see ridership increase, they have a vested interest in making sure the Light Rail gets as many people as possible to support that new transportation system and to ride it. For policies that create density around the communities transit hubs, in business that makes for a good sustainable market decision.

Developers usually end up where the market is

With the limits on or cancellation of green field development, and with a strict

the first large scale 178 condominium condo development in a Waterloo suburb. So that's been a interesting experiment for us. Sold as Reflections at Laurelwood, the one building started construction in 2010 and had people moving in September 2012. It's fully built out except the one building we're working on now. It's been a very successful project, but its been definitely a learning exercise, trying to do condominiums, outside of the core market."

For Activa, condos are new, and for this region, the condo market is still in its infancy. Leveck is quick to point out that most of the high rise buildings over the last 20-30 years have been rental, and most of the building you have going up right now is student housing, centered around the universities. Leveck believes those developments have skewed the market, as it is somewhat concentrated and isolated to student housing. "But outside of that, there are a lot of condominiums for sale. They're not cheap, but it's a lifestyle choice."

"You know in this area it's a little bit different, he says, "the economics and competition isn't great so you still have builders buying from developers like Activa. We still sell our lots to builders who build homes, but it is starting to change a little bit."

"As a outcome, greenfield land values have doubled over the last five or six years," says Leveck, "so it's getting fairly expensive to get into home ownership. Those pieces of land that are remaining green fields are far more dense than they ever were before. You always had a mix of single, semi and town. and it was basically, 15% town, 10% semis and 75% singles. And the mix now, coming through on plans, is almost 50% single, semis and towns and 50% high density, with high density been stacked up 3, 4, 6, 7, 8 story



Activa Group will move into their new office, located at 55 Columbia St. Waterloo, in February 2013. It will now be the head office to Activa's group of companies.

stuff. That's a complete change."

So Activa adapted by getting into the condo business. Presale agreements fuel the condo business. Banks lend on those presales. The negative with condos can come when the project doesn't get to go ahead and the developer walks away because the developer can't get the pre-sales. Consumers are protected, they get their money back with interest. Assuming

that they are planning properly, there is no financial downside for them. It's the inconvenience of thinking that you are moving when you're not.

Leveck says Activa recognizes that condos are a way of the future, for the changing market. They started off with "Reflections on Laurelwood" and most recently launched "The Carriage Club," in September 2012.

Activa has an excellent track record in Waterloo Region. With three dozen subdivisions behind them, they've done pretty well in their sandbox. "We're probably at literally 10,000 lots now." Ten thousand lots convert to about 25,000 people that Activa has put homes up for. And their next project, The Carriage Club, promises to raise Waterloo Region's lifestyle living bar to resort status. X

GO IB@SJK. GO BEYOND

Visit SJK and discover our inspirational world of learning

Saturday, January 19, 11 a.m. - 2 p.m. &
Friday, February 1, 10 a.m. - 1 p.m.

SJK is an authorized IB World School offering the Primary Years (JK-Grade 6), Middle Years (grades 7-10) and Diploma (grades 11-12) Programmes. Private campus tours are available. Ask about our scholarship and bursary opportunities. Call Nancy Pitman 519-648-3602 ext. 36.

SJK 2201 Shantz Station Road, Waterloo Region (Breslau). Visit www.sjkschool.org

SJK
Est. 1972