

Patience pays off for Halifax developer

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Real estate: Hardman Group's belief in long term rewarded with Saint John Coast Guard project



Photo: Michael Creagan/For the Telegraph-Journal
Bill Hardman, president of development firm the Hardman Group, says a public company might have given up on the Coast Guard project in Saint John.

HALIFAX - Six years is a long time to sit on a real estate development project that is worth at least \$70 million and poised to take a decade to complete.

That's what Bill Hardman was doing until late last month.

The commercial real estate developer was biding his time as the City of Saint John and the federal government negotiated a sale of the Canadian Coast Guard site on the city's waterfront.

Other firms might have walked away, muses the 46-year-old president of Hardman Group Ltd. in an interview at his downtown Halifax office, the headquarters of a family company that employs 60 people across the Maritimes.

"If the city was working with a publicly traded company, maybe they would have moved on," Hardman says.

But the executive doesn't seem rushed to start pouring the foundation of a project that promises to transform six acres of key waterfront space in the Port City, which his company first bid to tackle in 2005.

"We believe in the long term. Maybe it's that family company philosophy," Hardman says, offering a bit of what makes the private firm tick.

The Coast Guard project is one of several - mostly in Atlantic Canada - that the Hardman Group has taken on since the company moved from being predominantly a "fee-for-service" property manager to a developer.

The transition happened shortly after Hardman took the reins 15 years ago from his father, who founded the company in 1965.

The senior Bill Hardman is now in his early 70s and chairs the company while Clayton Hardman - the patriarch's other son - heads up project development as his brother's equal shareholder in the business.

On the Saint John project, The Hardman Group finally got the green light to forge ahead and line up tenants for the mixed-use development at the waterfront site when the city announced in late January it had inked a deal to buy the patch of land in two phases from the Department of Fisheries and Oceans.

By April 1, the city will have paid \$832,000, spending another \$2 million by June 2012.

"It is the moment that everybody's been waiting for," the younger Bill Hardman says.

"There was always the chance the federal government would not sell the land to the city."

The Hardman Group will buy portions of the block from the city as it develops each of the four phases proposed, which together will mean a complex where residents can "live, work and play," according to Hardman.

Rather than overbuild, Hardman would prefer to meet just less than what the market wants for each phase to create "pent-up demand" for the next stage.

The company wants to build townhouse condominiums, offices, retail space and a hotel attached to the existing pedway indoor walkway, which links various uptown complexes, including Market Square and the Brunswick Square shopping centre.

Condominium units would also be built attached to the hotel to take advantage of some hotel services.

"There are some who don't want to cut the grass on a weekly basis," Hardman says, offering his pitch for uptown living.

Though the hotel industry has floundered over the last two years as an economic recession forced businesses to curb travel budgets, Hardman is hoping to line up three companies to consider moving in, before deciding on the final tenant.

And, despite the fact that some proposed mega-projects for the city and region have been scrapped since 2005, dampening the overall economic outlook, Hardman remains optimistic the Coast Guard redevelopment makes sense for Saint John for the long haul.

Hardman knows what it's like to wait out conditions that are less than ideal and he has a saying to describe the lack of control a developer has over the market:

"The real estate market doesn't lie, it's whether you want to believe what it's telling you," he says.

"You can't convince a buyer to do something if they're not in the right mindset."

He speaks from experience.

In 2003, in a bid to cash in on burgeoning markets outside Atlantic Canada, the Hardman Group bought up property and started developing an 1,100-home retirement complex with a partner in the northern Florida city of Ocala.

More than 1,000 people a day were moving to the Sunshine State at the market's peak, Hardman says, noting his company was selling 300 homes a year at the beginning.

When the U.S. housing crisis hit in 2007, that annual figure dropped to 20.

Florida is slowly bouncing back and Hardman Group is currently averaging closer to 50-60 homes annually, but conditions are still not good for building, which means two pieces of land the company bought will sit undeveloped for now.

At the same time, the firm is eyeing the future and two months ago bought 46 units in a 58-unit building in St. Petersburg, Fla. for "25 cents on the dollar," Hardman says.

Florida now represents 10 per cent of the Hardman Group's business.

Fee-for-service property management, the company's bread and butter when Bill Hardman Sr. started working with the Sobey family companies on their property developments, now means one-fifth of the Hardman Group's business.

The company had little choice but to move to the more lucrative - but risky - development side in the late '90s after the buildings Hardman Group was managing in Saint John were being sold.

At the time, the firm was managing Market Square, Brunswick Square, Place 400, Millidge Place, some assets for the Bank of Montreal and Westman Place on the city's west side.

Fortis Inc. (TSX:FTS) bought Brunswick Square, taking over operations, and Hardman Group decided to pick up Market Square ownership in 1999.

Since then, Hardman Group has turned that asset into a "festival location," Hardman says, pointing out there are five times the number of events now than seven years ago and sponsorship revenue is way up.

Enterprise Saint John CEO Steve Carson, who has known the Hardman Group for a long time, says the Coast Guard project has "synergies" with Market Square and the company's lasting presence in the city has allowed the firm to prove its commitment to building long-term relationships.

Hardman Group's values are "conservative, not flashy and flamboyant," Carson says.

"The whole company really understands what we're trying to do as a community and shares those values."

Notable Hardman Group Past Projects

Market Square Expansion, Saint John
New Brunswick Museum, Saint John
Halifax Casino, Halifax
Halifax Metro Centre, Halifax
Medavie Blue Cross Building, Moncton

Notable Hardman Group Current Projects

Coast Guard Site Redevelopment, Saint John
Duckworth Bell Street Development, St. John's
Wright and Burnside Business Campus, Dartmouth
Summer Glen, Ocala, Fla.

Coast Guard redevelopment key facts:

\$70-million or more

Phase 1

3-36 Months

Renovate existing buildings

130-room hotel and parking

36-unit condominium tower

Interior link to Market Square

Phase 2

2-5 years

110,000-square-foot educational building

Townhomes at Walker's Wharf (30-45 units)

Parking facility and renovation of Loyalist Plaza

Phase 3

5-10 years

Townhomes in a crescent (10-15 units)

Townhomes at Princess Slip (eight units)

Phase 4

5-10 years

48-unit apartment complex