

# 700 Bay Street, Toronto, Canada | LuCliff Company Limited



## LUCLIFF PLACE, TORONTO, CANADA

**TRANSACTION TYPE:**

*Disposal*

**PRICE**

C\$112.2 million

**TRANSACTION DATE:**

Q4 2012

**SECTOR:**

*Multi-Residential / Office / Retail*

**PURCHASER:**

KingSett Capital

**VENDOR:**

LuCliff Company Limited

**CBRE'S CLIENT:**

Vendor

**YIELD:**

4.9%

**SIZE:**

166,543 sq. ft. of residential

165,026 sq. ft. of office

20,958 sq. ft. of retail

## OVERVIEW

LuCliff Place is a mixed-use complex that occupies a city block in Toronto's downtown core. It is located within minutes of public transportation, the underground PATH network, and is close to many high traffic destinations. Although constructed in 1977, the condominium boom in the surrounding area and the expansion of the Financial District have given this property an increasingly prominent position in the Toronto real estate market.

CBRE Capital Markets Asia was approached by the owner of the property, a Chinese-Canadian family who built and owned the property for over three decades. The owner was keen to select an international agent based in Hong Kong with extensive Asia reach as well as local expertise, and a cross-border marketing team which could coordinate and oversee the disposal process for the owner's family who are now based in Hong Kong.

The sale required client management in two countries, capabilities in two languages, as well as 24/7 coverage. Individuals and teams in CBRE's Toronto, Vancouver and Hong Kong offices worked together in a coordinated and impressive manner, which produced a successful outcome for the client, and a model for CBRE to replicate in the future.

## VALUE CREATION

The marketing team, including experts across seven business lines and three offices, was composed of Peter Senst and Jaysen Smalley from the Canadian National Investment Team, Cynthia Wong of the Private Client Group, David Montessoro of the Canadian National Apartment Group, and Jeff Friedman from the Toronto Office Leasing Group; David Ho in Vancouver, as well as KiKi Lai of Capital Markets Asia and Kenny Kwok of Investment Properties in Hong Kong. The international nature of the assignment required a diverse team to be assembled and presented to the client as a cohesive unit. The team had no existing assignment relationship; however, they were able to leverage each other's strengths and used the Canadian-Hong Kong time zone differences to provide truly seamless 24/7 service to the client and prospective buyers in Canada and around the globe. CBRE raised the bar even further by offering weekly reporting in addition to regular

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phone call updates to the client each week. The strength of the team and support of the CBRE cross-border platform resulted in a successful listing.

The devotion of significant time and energy to this project resulted in the ability to find additional value in the property where it was not immediately obvious. The existing retail space was identified as having untapped potential while value was also accessed through expansion and conversion options pertaining to the residential component. Also, there was a high degree of reliability in terms of pricing guidance. Based only on preliminary data, extensive research and analysis was applied and resulted in price guidance that remained unchanged throughout the process, which provided additional certainty for the client and the target price was ultimately achieved.

A keen awareness of market conditions resulted in an earlier launch than was originally planned by the client. CBRE identified the fact that there was a hunger for trophy assets and a thin pipeline, which would entice buyers. A well-timed launch spurred over 35 tours in three weeks, and ultimately produced a successful outcome for the client.

## OUTCOME

The success of CBRE's approach to this listing was evident in the speed and accuracy with which a deal was completed. Numerous tours were hosted for a variety of domestic and international buyers, and more than five competitive bids were submitted. The deal went firm in the second round of bidding and closed 30 days thereafter. After launch, the entire process was completed in just over two months. A price of C\$112.2 million was achieved, which represents a sub 5.0% cap rate.

In addition to a successful transaction for the client, this case study showcases the capabilities of the CBRE platform when it is fully utilized. This model will be replicated and will become increasingly important as business and capital increasingly have no borders and our various business lines and offices will have to continue to work together in order to meet the multifaceted needs of our clients and their various assets.