

JULY / AUGUST 2008



**FRPO'S FAIR EXCHANGE**  
**RENTAL INDUSTRY NEWS**

**FRPO Unveils Canada's First  
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**Housing Industry Solutions  
to Poverty and Affordability**

**London Milestones:**

LPMA Celebrates 40 Years  
Sifton Properties Turns 85

**Member Profile: Derek Lobo - Serving a Changing Industry**

A man with short grey hair, wearing a blue checkered button-down shirt, a grey tie, and dark trousers, is walking through a glass double door. He is smiling and holding the gold-colored handles of the doors. The background shows a well-lit office lobby with a reception desk, a potted plant, and recessed ceiling lights.

Opening Doors to  
New Opportunities  
in Rental Housing

# Member Profile: **Derek Lobo**

CEO, DALA Group of Companies and  
ROCK Apartment Advisors

*By Mike Chopowick*

**W**hen he started in the business, Derek Lobo was 28 and had a full head of hair (see photo below). He attended Ryerson Polytechnical Institute and studied metallurgy (his mom still doesn't know what that is). In 1986, Derek started to purchase small apartment buildings in Southwestern Ontario.



Derek Lobo, circa 1986

At about that time, the Ontario government proclaimed the Residential Rent Regulation Act, and through a series of circumstances and lucky breaks, Derek ended up writing a how-to book on rent regulation titled, "How to Take a Building to Rent Review". The book sold well (the forward was written by FRPO Founder, Bill Grenier) and shortly after publishing the book Derek received invitations to speak on rent control, ultimately leading to an initial career as a Rent Review Consultant and an introduction to the apartment industry. It's an industry he found fascinating and he decided to make it his career and lifelong work.

Fast forward 22 years, and today Derek is the CEO of the DALA Group of Companies (a consulting firm serving

the rental apartment industry) and ROCK Apartment Advisors (a boutique brokerage firm). His firm has done work in seven provinces across Canada and 17 states in the United States.

FE Magazine sat down with Derek and reminisced about the last few decades in the apartment business.

***FE:** How has the apartment business changed?*

**Derek Lobo:** Our business has gone mainstream, and that's good news for everyone. As apartments moved from a tertiary industry to a secondary industry, and now towards a primary industry, it has created opportunities for owners, managers, financiers, site staff, and suppliers. The industry has gotten better, and the people who serve the industry have become more professional.

When I first started in the business, I got the sense that people wound up in the apartment business almost by accident—they didn't choose it. Today, people see clear career paths in our industry, and want to come into the industry and grow in it. For example, you can now study Housing and Real Estate at the university level at the University of Guelph. This is a business with a future and I would encourage young people to consider a career in real estate and housing.

***FE:** You've worked across North America, solving vacancies. What general advice would you give our readers?*

**Derek Lobo:** There's two parts to the vacancy solution: marketing (what you do to get them there) and sales (what you do when they get there). To generate traffic, here are your 'top four' mar-

keting techniques in order: significant exposure on the Internet, aggressive signage, creative print advertising, and a strong resident referral program. Focus on the four above and you'll generate qualified traffic to your site. Sales is a completely different issue. Here, you want to focus in on people who have the ability to ask for the sale, i.e. "closers". Closing can be taught but it's easier to



Derek Lobo in 2008, CEO of DALA Group of Companies and ROCK Apartment Advisors

hire someone who already has natural sales ability and then teach them the nuances of the apartment business.

***FE:** How were you able to grow your business from a one-man consulting firm to the organization you have today?*

**Derek Lobo:** My favourite author Michael Gerber says, "Just because you're an auto mechanic doesn't mean you should be running a garage" or "just because you're a chef doesn't mean you should run your own restaurant". I had consulting and speaking skills but the business never really grew until I hired a full-time president to run the company and let me do what I do best. Over ten years ago I hired in industry expert, Bob Helyar, and he eventually

became the President of DALA. A former military man, Bob had the business and discipline skills to focus and grow the company. In a sense, I fired myself as president and happily took on the “role” of Vice-President of Sales. It’s a difficult process, giving up running your own company, but for me, it worked. Today, I spend most of my time on apartment brokerage and student housing development. Chris George (DALA sales) has taken over most of the day-to-day sales functions that used to occupy my time in DALA.

**FE:** *What is one of the biggest challenges facing the apartment industry today?*

**Derek Lobo:** If you talk to the top CEOs in our industry, I think most would agree that recruitment and retention of frontline staff is a challenge. As the industry grows and becomes more sophisticated, we need to create career paths, opportunities, and training to meet the needs of the apartment industry. Traditionally, our business has been building and physical plant oriented but we also need to focus on staffing models, compensation, and career paths and I think this change is happening.

A second challenge that growing companies face is lack of product to buy. For example, institutional buyers like to buy larger apartment buildings and there simply aren’t that many available to buy. If a buyer wants to focus in on buildings of 200 units or more, he will find the following market: Toronto,



Derek and his Sales Associate Christopher George review the latest rental market data

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**“Derek is a person of integrity, and has a tremendous ability to listen to what the needs of a client are and deliver on those needs. His vigour for acting as a leader in our industry, however, is only exceeded by devotion to his religious faith.”**

*Mark Kenney V.P., Operations, CAP REIT- Canadian Apartment Properties Real Estate Investment Trust*

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363 buildings; Montreal, 96; Ottawa, 69; Hamilton, 30; Winnipeg, 29; Edmonton, 21; Calgary, 20; Vancouver, 14; and London, 14. As a result, larger owners are having to move down-market and buy smaller

Bob Helyar, as President of DALA, brought military discipline to the running of the company



properties. With this in mind, we encourage our clients to buy in clusters, i.e. four 50-unit buildings close together can be treated as one 200-unit complex.

**FE:** *Why did you decide to get into the brokerage business?*

**Derek Lobo:** Over the years, we’ve hired consultants to help us develop our business and they have always recommended we open up a brokerage division. I resisted the temptation until we had something truly unique to bring to the marketplace. ROCK Apartment Advisors takes a different approach to buying and selling apartments. We cooperate with other brokers, we leverage the Internet and technology, and we focus on buyer representation and seller representation

depending on the client’s needs. It’s a model that has worked well in the U.S. and we believe it will work here. We have a number of sales representatives who focus on different sized deals ranging from \$500,000 to \$40 million.

**FE:** *What would you like to share about your personal life?*

**Derek Lobo:** I’ve been married for 23 years to my wife Celia who was the first employee in the company. She was raising 1.5 children when I pressed her into service 20 odd years ago and she’s been a great wife and business partner over the years. My three daughters Vanessa (22), Rebecca (20), and Teanna (18) have kept me hopping as all three are transitioning between high school,

university, and graduate school. As they get older and busier, it is a challenge to find time for the whole family to get together for outings and vacations. I'm also active in my faith life and my church community. It's been a blessing to work in an industry that has evolved and changed and kept life interesting and I thank the many clients and friends that I've made over the years in this industry.

### *Using Technology*

When looking in the U.S. for an apartment brokerage model, I partnered with a group of dynamic young men in Birmingham (Alabama) who set up a technology-based boutique apartment brokerage firm. These guys were so young that most of them didn't shave and they were all very computer savvy. I think of myself as a digital immigrant and we can sometimes be challenged by these digital natives. The people at ROCK Apartment Advisors in the U.S. showed us how to leverage technology when buying and selling apartment buildings. We try and run a paperless office and almost everything is done on the internet.

We have database of every apartment building in the province. It allows us to pinpoint geographically any apartment building. For example, if you wanted to buy an apartment building near a university because you were a student housing specialist, you would punch in the postal code for say, McMaster University, and up would come all the apartment buildings close by. Or maybe you think Starbucks always picks good neighbourhoods to open stores in, you could punch in the address of every Starbucks and find the apartments closest to their locations. It's an invaluable tool to serve our clients both in buying and selling properties.



Derek and the Lobo Family

Our website allows potential purchasers (via passwords) to quickly download flyers, offering memorandums, and due diligence packages. Any time there is a bottleneck or a problem, there is usually a technology solution to it. The learning curve for technology can be steep for us digital immigrants but I think it's the answer to a lot of our problems. Some companies have embraced technology, some are still waiting on the sidelines; with the way technology and society are progressing, I don't think you can afford to wait on the sidelines. 📶

Derek communicating with a client via a Webex call.



# 10 Questions with Derek

1. **Favourite Politicians?**  
Ronald Reagan, Robert Stanfield.
2. **Favourite Book?**  
The E-Myth by Michael Gerber.
3. **Favourite Speech?**  
You mean one that wasn't my own?
4. **Favourite Musician?**  
Neil Young, The Band, and the Gospel Tent at the New Orleans Jazz Festival.
5. **What would you be doing if you weren't an apartment guy?**  
Teaching business and religion in high school.
6. **Favourite Business Saying?**  
"80% of the money you make is the day you buy."
7. **Favourite Personal Saying?**  
"You become what you think."
8. **Favourite Travel Destination?**  
Israel.
9. **Favourite Food?**  
Hakka Chinese.
10. **What would you do differently if you were to live life over again?**  
Marry younger, have more children, and buy less Nortel stock.

