

## EXCLUSIVE: HOOPP to increase overseas RE exposure

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*The C\$60.8 billion pension plan plans to significantly expand its US property portfolio over the next five years.*

The Healthcare of Ontario Pension Plan (HOOPP) is seeking to boost its international property exposure as Canadian real estate opportunities become scarcer. A major focus for the Canadian pension plan will be the US, said its real estate chief.

“We’re looking to invest internationally and increase our exposure abroad, particularly in the US,” said Stephen Taylor, head of real estate at HOOPP, in an interview with PERE. “Relative to the size of the US economy, we’re underinvested.”

Because of the current market cycle, getting access to good-quality assets in Canada has been very difficult, and when a property does get put up for sale, it typically attracts a significant amount of competition, which drives up pricing, he said. “It’s that scarcity of product that causes you to look outside your border,” said Taylor.

HOOPP currently holds a total of C\$10 billion in real estate, of which about 85 percent is in Canada, 10 percent in Europe and five percent in the US. “That’s why we’d like to be growing in the US,” he said. “It’s highly competitive, but the market is more than 10 times the size of the Canadian market, and is enjoying better growth prospects than Canada at the moment.”

Taylor, who replaced former property head Michael Catford last September, added that HOOPP plans on significantly increasing its US exposure over the next five years, although he declined to provide specifics. The pension plan is nearing its allocation limit for non-Canadian real estate, and now is considering a potential increase in that limit.

Although pricing in US major markets is on par with that of Canadian markets, the US secondary markets still offer a lot of opportunities, such as residential real estate throughout the southeast and Texas, Taylor noted. This year, HOOPP expanded into the US multifamily sector, with a commitment to a multi-residential fund sponsored by Bell Partners, and also made office investments through both funds and co-investments.

HOOPP primarily invests in Europe and US through fund investments. In 2014, the pension plan's non-Canadian real estate fund investments included commitments to vehicles by Alcion Ventures and GreenOak Real Estate. It also has embarked on major office, retail and industrial development projects in continental Europe with joint venture partners, such as a €1 billion European logistics partnership that was formed with Verdion in 2013.