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Keeping it under his hat

By CLARE MELLOR Business Reporter



Richard Homburg (J. Harper / Staff)

Richard Homburg has built a multi-billion-dollar business empire from Halifax while shielding his private life from public scrutiny. But in this interview he discusses his past, his motivation, his uncanny ability to succeed when others are not and the business philosophy that serves him so well.

RICHARD HOMBURG says it's not unusual for strangers to call him up and ask if they can hitch a flight on his private jet.

"Half of Halifax knows you have the plane. People even call and say, "Can I go with you tonight?" says the 57-year-old international businessman.

"They do. You'd be amazed," he says.

It's no wonder then that Homburg, who heads a billion-dollar real estate investment company based in Halifax, insists on not divulging too many details of his personal life.

When dealing with the media, "I always keep things very business-like," he cautions at the start of an interview in his ultramodern office overlooking Halifax's Citadel Hill.

Well-tanned and dressed in sports attire, Homburg has just dashed back to the city after playing golf at the luxury course in Fox Harbour. Sitting at an office table, adorned with a single green and blue glass bowl, he drinks coffee and begins signing a stack of papers as he sets down the ground rules.

"I normally don't talk about if I'm married, or if I have a girl-friend, how many kids I have, if I have grandchildren."

"I keep my private life private. That's how I've always done it."

Homburg is chairman and chief executive officer of Halifax-based Homburg Invest. Inc, a publicly traded real estate investment fund listed on the Toronto Stock Exchange. The company, which has grown exponentially, has about \$2 billion in assets, with properties in Canada, the United States, the Netherlands, and Germany.

He is also the chairman of Homburg Canada Inc., a private real estate and property management, development and construction company, with offices across Canada and the United States. That company has been in business for over 35 years and has about \$1.7 billion in assets, according to its 2005 annual report.

In the Netherlands, he heads Homburg NV, the parent company of a range of businesses including real estate investment and management firms, a media company, and an aviation company that specializes in transporting corporate executives.

Born and raised in the Netherlands, Homburg first came to Nova Scotia in 1972 to visit relatives, liked it and decided to stay. He started an import-export business in Stellarton and then quickly began buying real estate.

Barely an adult when he arrived in Canada, Homburg already had a business in Netherlands, buying, fixing up and renting old warehouses and retail properties.

"At age 19, I think I borrowed my first mortgage loan from a bank to buy some real estate," he recalls.

Homburg International Import and Export Ltd. in Stellarton was "anything we could make money on. Anything that I thought I could sell . . . from farm equipment to furniture out of Denmark, electronic equipment . . . I imported everything."

Homburg says it was out of necessity that he discovered early in life what his talents were.

Everyone has talents and has potential to be a "John Lennon, or a JFK, or an Einstein or a Mozart, whatever person you want," he says.

"But you have to find out for yourself what you are good at. I think I found out when I was young what I thought I was good at, and that was doing business."

Homburg appears to have trouble sitting still for too long and moves around constantly as he talks.

Stewart McInnes, who has known Homburg for years, describes him as "fidgety."

"He doesn't stay still. He speaks very, very quickly. His mind is working faster than he is able to communicate," says McInnes, a lawyer and former Progressive Conservative member of Parliament for Halifax.

Homburg says that as a boy, he found school much too slow and was kicked out at age 13.

He strains to recall the exact details. "I got into an argument with a teacher or something, and he told me "You better not come back.". . . And I didn't come back. I had a summer job working in some bakery."

Awarded an honorary doctorate of commerce by Halifax's Saint Mary's University in 2005, Homburg says he has taken many courses over the years, but never felt it important to finish high school or university.

Homburg was young when he lost his father, and his mother remarried. He hints he was not getting along too well at home when he struck out on his own at 16.

"(I) moved to Amsterdam, had my own apartment, looked after myself, held two jobs, took courses in the evening. Did I have a head start? Yes, I did — a head start in the real world."

A brother, just one year older, took a completely different path and has never left their old hometown in the Netherlands, which Homburg finds perplexing.

"He is happy to stay in the same place, work in his backyard, plant some vegetables, strawberries, drive around and go to markets."

"We grew up in the same house, same school, same chances, same opportunities, and he didn't grab them. . . . A lot of people have talent but don't do anything with it."

Homburg says his big break on this side of the Atlantic came in October 1977, when he bought J.M. MacDougall and Son, a Dartmouth firm that built apartment buildings and houses.

"One of the big projects they had built was Crystal Heights, a 300-unit plus apartment complex. In 1977, we bought that and we still own it."

Homburg Canada, employs about 3,000 in Canada directly and indirectly, and is involved in numerous construction projects in Alberta, from commercial buildings to apartments to upscale condominiums. One of those projects is the \$280-million Homburg Harris Centre being built in the heart of Calgary.

"Homburg Canada is responsible . . . for \$2.8 billion of construction in Western Canada alone, and we just announced a major project in Montreal with land we bought from the City of Montreal," he says.

In mid-May, the company entered into a partnership with Bouwfonds Property Finance of the Netherlands and Telemedia Development 1 Inc. of Montreal to redevelop a downtown Montreal hotel site into a multi-use upscale development.

Homburg says diversifying both geographically and within various areas of real estate has been one of the company's keys to success.

"If I had been a Nova Scotia company only, I would have probably in the early 1990s, mid-1990s, have gotten in the same trouble that other landlords got into. I already earlier detected that that was not the way to go. . . . If you can't make money in Atlantic Canada right now, Alberta is booming. When Alberta was doing bad, other areas of Atlantic Canada were doing good.

"I have never actually experienced one bad year. Of course, we had some bad years in Canada but then we made tons of money in Europe, so being an international company . . . gives you benefit from not putting all the eggs in one basket."

Homburg Invest, founded in 2001, is closing real estate deals every month in Europe, Canada and the U.S. Its goal is to have \$8 billion in assets within five to seven years.

Homburg was formerly the head of Uni-Invest N.V. a publicly traded real estate fund listed on the Amsterdam Stock Exchange, which was sold in 2002 to the Lehman Brothers. When Homburg took control of Uni-Invest in 1991, its assets were \$90 million. Those assets grew to about \$2 billion under his control.

"One has to be very much in awe of his accomplishments," Mr. McInnes says.

"He is very, very focused, knows where he wants to go and knows how he is going to get there. I think he's very regimented in his ways, very disciplined, extremely disciplined, personally and in business, and obviously, that has had a great deal to do with his success."

"Anybody who is president of a large public company with over \$1 billion in real estate assets has got to be very, very intelligent and very driven."

One of Homburg's specialties is long-term lease-backs. He buys a company's real estate assets and leases them back to it, as he did with all the big box stores for Hudson Bay and Zellers across Canada. Companies are often eager to get rid of their buildings as they just don't want to be in the real estate business, he explains.

"Banks tell companies and shareholders (to) get rid of the real estate," he said

In 2004, Homburg gave \$1.5 million to Saint Mary's University for the Homburg International Mobility Awards to allow business students to travel and study abroad for a year.

Heidi Taylor, who directs international programs for Saint Mary's, says so far 31 students who otherwise wouldn't have the financial means have been able to study in countries such as Japan, France, Finland, the Netherlands.

"Studying abroad assures tomorrow's workforce in Nova Scotia and the Atlantic region is one that is diverse with a global perspective, a cornerstone in the growth of our own economy," he said in 2004 when announcing the awards.

Homburg's advice to entrepreneurs is to stick to your area of expertise whether it be "toilet paper, matches or nuts and bolts."

Although on the surface, it seems Homburg might not have heeded his own advice, every one of his businesses is connected to real estate in some way, he says. For instance, his media company allows him to advertise real estate properties, while his aviation business gives him access to properties all over the world.

"If you are good at something, no matter what it is, stay focused and try to stick to it," he says.

"Too many other people try to get into other people's business because they see someone else is successful."

Another piece of advice, he says, is don't take money out of a profitable business to start another.

"I don't care how much the bank pushes you to do so. Don't drain your good profitable business of capital."

Homburg became a Canadian citizen in 1982. Although he has spent 23 years of his adult life in Canada, today his main residence is in the Netherlands. He has a summer home in Chester, where he spends two months each year.

He estimates much of his time — about 300 hours a year, is spent on airplanes, travelling around the U.S, Canada, Europe and Asia.

The amount of time he spends travelling is one of his reasons for getting into the aviation business.

"I don't fly commercial anymore. I wouldn't survive," says Homburg, whose aircraft is a Falcon 2000 EX.

The difficulty European travellers experience getting to Atlantic Canada by air is a major deterrent to business in the region, he said.

"I just spoke to a couple of Dutch people that came to visit me."

"They said they would never come back. (They said) 'We love the place but we hate it.' It took 24 hours. They had a seven-hour delay in Toronto, two hours to get through customs. (They) arrived late at night, and there were no taxis at the (Toronto) airport, and they had to walk two kilometres to the Hilton.

"Unless we smarten up and say, 'We want your business,' we will suffer."

Homburg says he loves Atlantic Canada, but when something isn't working right, people are sometimes too complacent.

"That's the problem we have. We are not willing to adapt fast enough. We don't speak up fast enough. We don't scream murder. I was in Europe, and if things are not right, you go after what is not right and correct it."

Homburg says while people would describe him as being a hands-on manager, he delegates more than he used to and has given up late-night meetings.

"The large deals, obviously, (I) have the final say. You pick the deals and the targets you are after."

"People never realized how much I could delegate. That's the reason it didn't kill me. That's the reason I still enjoy life."

Without divulging any details, he mentions a wife and children.

Asked if his children are interested in following in his footsteps, Homburg said it is too early to tell.

He doesn't believe children should be pushed into a specific field like medicine, business or law because it is a family tradition. Instead, he says, they should be allowed to discover their own talents.

"I think a lot of people don't follow their dreams. Being called a dreamer is not such a bad thing. You have to have a dream to succeed.

"I made my dream come true."

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