

Hey, Toronto — this guy is history

The city's guru of vintage real estate heads overseas to chase bigger fish

BY ALBERT WARSON

Michael Tippin didn't think anything could ever persuade him to sell his portfolio of heritage properties and leave his home town — until he discovered a century-old "palace" for sale in Budapest.

After 10 years of redeveloping historic Toronto structures such as the Flatiron Building, Mr. Tippin is leaving this summer for a new life in Europe — transforming the Exchange Palace in Budapest, a massive former stock exchange that will be his boldest venture yet.

While his Tippin Corporation is still located in the Flatiron, the company is now paying rent, having sold it along with three other buildings in Toronto's historic centre — an 1841 block at King and Church Streets, and two Victorian piles on Front Street East. The proceeds so far: \$26-million. "I've found a new home for my architectural children, so my mission is accomplished," he says.

It's a dramatic moment for the small but hugely successful real-estate investment company that Mr. Tippin, 38, founded with his wife, Anne, 37, 10 years ago.

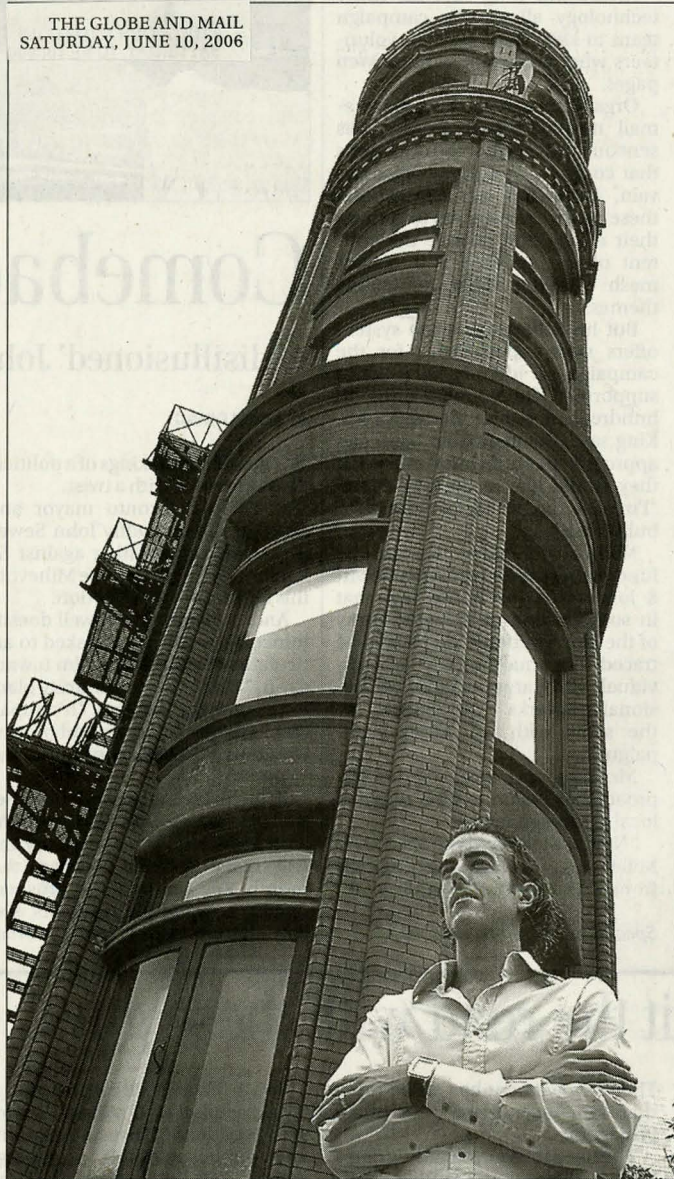
Since then, Tippin has traded some of Toronto's most treasured heritage properties. "We will sell the rest of the portfolio within a year," Mr. Tippin says of his other holdings, two modern office buildings in midtown. "We've never been about owning in perpetuity," he says. "We're about preservation and the creation of value in buildings which will live well beyond any of our lifetimes."

Speaking of creating value, Mr. Tippin, who cuts a youthful figure with his shoulder-length hair and Vespa scooter, has done quite well at that in the past few years. Just ask developer Paul Oberman, whose Woodcliffe Corporation recently closed a deal to buy the four downtown buildings.

Mr. Tippin bought Cathedral Square from Mr. Oberman in 2000 for \$1.5-million and invested a few million fixing it up; now, he's selling it back for \$5.2-million. He also bought the Flatiron Building from its owner David Walsh in 1998 for \$4.4-million and took an already meticulous restoration further; Mr. Oberman paid \$10.1-million for it.

Indeed, Mr. Oberman says he has no intention of tinkering with Mr. Tippin's former properties or their

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KELLY TAYLOR/THE GLOBE AND MAIL

'I've become successful doing my own thing,' says Michael Tippin, 38, who is selling off his properties in Toronto and moving to Hungary.

tenant mix. He says Woodcliffe is doing whatever is necessary to keep them in good repair, recently fixing some of the brickwork in the Flatiron Building. Now that he shed most of his buildings, Mr. Tippin is off to a flying start on a vastly larger stage — acquiring state-owned, dilapidated historic properties in Central and Eastern Europe. In January, Tippin Corporation closed a deal for the century-old, 500,000-square-foot Exchange Palace, formerly the Budapest Stock Exchange, in the Hungarian capital for about \$21.3-million (U.S.).

Mr. Tippin explains that an investor in his projects "called me in October, 2004, and said I needed to see this magnificent building. It was al-

most surreal to think a person could buy it."

He figures that the company will spend \$100-million to \$120-million (U.S.) in the acquisition, restoration and total renovation of the deteriorated interior into office and retail space, possibly a boutique hotel, and condos discreetly tucked out of sight on the roof. Mr. Tippin says he has already bought more buildings in Budapest and some land in Romania, where he plans to build new buildings in a heritage style.

After a successful early career as a real-estate analyst, Mr. Tippin set out on his own in 1996 in a low-key fashion. His first projects were new or recently built apartment buildings he bought with investors' mon-

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ey in Toronto and Barrie, Ont., which he turned around and sold for handsome profits. He recalls he more or less stumbled on historic properties in the course of his real-estate deals.

"I'm not a traditional developer. I don't look like one, and I have an institutional background, which has served me well in terms of raising capital," he says. "When I was young I had long hair, then short hair, and now it's long again. I've become successful doing my own thing and become a non-conformist."

Still, he's definitely a businessman. Reflecting on the low points in his 10 years of development, he admits one error: "I never made a mistake that has cost me money, but buying the Gladstone Hotel was a mistake," he says. "I invested an enormous amount of time and shouldn't have, because it was a hotel, an operating business I didn't know anything about."

He bought the Gladstone, the city's oldest operating hotel, on Queen Street West in 2000 for \$2.3-million through a partnership with developer Margie Zeidler, who is landlord to many cultural enterprises at 401 Richmond. He realized after the fact, he says, that their plans to redevelop the hotel were different: Mr. Tippin wanted to evict all the tenants (and in fact he had started the process before Ms. Zeidler intervened) who were paying low rents for their rooms, renovate the building completely and turn it into a \$100-a-night hotel.

Zeidler and her family had a different vision, and Mr. Tippin says they couldn't reconcile their ideas. "So I let them do the art, great bars and what the Drake Hotel did," he says, and sold them his interest in the hotel.

But Mr. Tippin says he wouldn't have sold his remaining Toronto buildings if he hadn't bought the Exchange Palace. Now, he wants to keep doing the same kind of business in Eastern Europe. "I'm fascinated by the transformation in those societies and how it has affected their populations," he says.

And he plans to keep chasing the opportunities they offer. "Over the next five years, I'll be doing as many projects as I can find," he says. Then what? "Move farther east, to the Ukraine and Russia."

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