National Client

Industrial
Canadian Portfolio Management
Projects in British Columbia, Alberta
Ontario, and Atlantic Canada

CASE STUDY

Sysco

Sysco is the global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home. Its family of products also includes equipment and supplies for the foodservice and hospitality industries. With over 69,000 associates, the company generates sales of more than $60 billion annually, operating approximately 320 distribution facilities worldwide and serving more than 650,000 customer locations.

The Challenge

Having previously advised Sysco on numerous projects across Canada including the negotiation and expansion of its Canadian head office in Toronto, and the consolidation of its operations in Atlantic Canada and south-western Ontario, Sysco engaged Stan Krawitz and his team to secure ownership of its 295,000 square foot critical facility located at **7055 Kennedy Rd in Mississauga, ON**.

With significant capital invested into the facility to support significant freezer and refrigeration operations, Sysco knew this was a mission critical facility for the long term. Sysco had investigated the cost of replicating the facility and had been given the soft approval to proceed to purchase or design build an replica facility To further complicate matters, Sysco's landlord was Orlando Corporation, a traditional 'holder' of real estate, a very reluctant seller and not motivated to do so 3-years in advance of Sysco's natural lease expiry.

Our Response

Critical to bringing Orlando to the negotiation table, or even introducing acquisition of the facility by Sysco as a potential solution, was to first establish that Sysco was ***not*** a captive tenant. On the contrary, Sysco was preparing for a relocation. This position was developed, through extensive market due diligence on food production & distribution facility opportunities within the market, both for existing facilities and design build opportunities.

Utilizing Stan Krawitz and his team's proprietary data analytics the team then assessed and established Sysco's negotiation position with respect to all elements of the negotiation including, price, timing and trailing lease obligations. Possible valuations for the existing facility were developed from both Sysco's operational perspective and Orlando's perspective, should Sysco relocate to a different facility.

The Solution

As a result of the team's strategic preparation, the message resonated loudly that the landlord, Orlando Corp, was far better off to sell to Sysco than risk having an empty and very unique but difficult building to lease post Sysco's departure. Sysco existing landlord came to the negotiating table motivated to eliminate the risk of losing tenancy in a highly customized facility. The team's Harvard-trained negotiation team successfully acquired the facility based on the agreed formulation. Key features of these negotiations included acquisition price, capital timing constraints, timing for closing, outstanding property deficiencies and rent obligations.

The acquisition was completed and proved to be the largest single asset industrial sale of the year in 2017.