

IN CONVERSATION WITH A CEO

Frank Lonardelli Talks Business, Villains and The Path Ahead

by Rennay Craats

Sitting down with successful CEOs to talk business is always illuminating as they offer a peek behind the curtain at what makes their companies tick. But Frank Lonardelli isn't your average CEO and what's behind his curtain reveals equal parts brilliant business acumen and philosophical reflection.

He speaks eloquently about business and the economy as I'd expect, but pivots adroitly to topics of politics, leadership, the challenges of the recession and what might be waiting on the other side of it. He quips if I wanted to speak with some "really successful CEOs, he's got some contacts."

Frank's Arlington Street Investments is a high-profile real estate company responsible for developing some of the most prolific urban assets in Calgary and Kelowna. The latest is the audacious program he calls the Arlington Street 17th Avenue Urban Master Plan.

"I didn't think about buying a building and converting it. I thought about changing an entire corridor," he says. "We chose the highest profile street with the highest pedestrian walk-through traffic that would come with the most eyeballs. That's exciting because it's the most difficult; I'd say it's a noteworthy endeavor."

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He walks me through the process of buying 40 buildings off market, navigating the rezoning process and now being months away from building projects number three and four: The Enzo on the Buon Giorno restaurant site and the Fishman development on the site of Fishman's Personal Care Cleaners. The latter, Frank says,

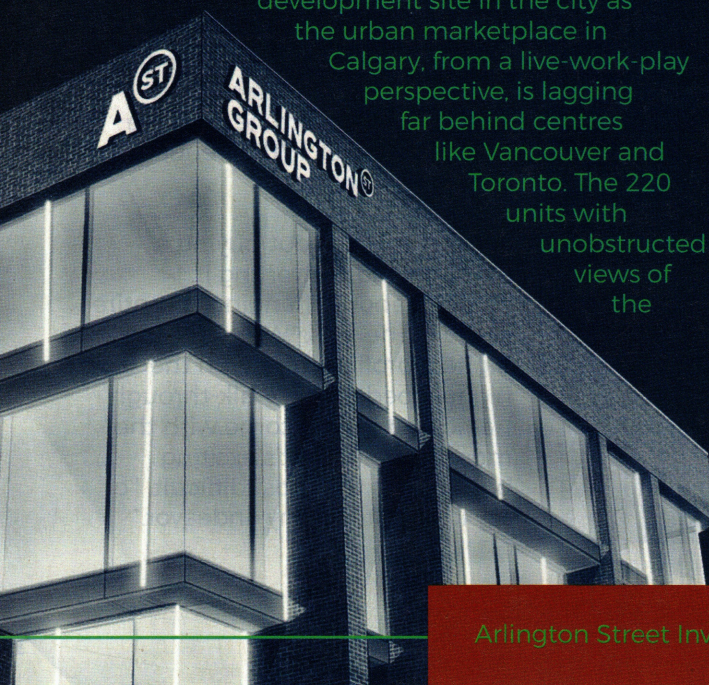
is the most important mixed-use development site in the city as the urban marketplace in Calgary, from a live-work-play perspective, is lagging far behind centres like Vancouver and Toronto. The 220 units with unobstructed views of the

mountains to the west and the city skyline to the north on top of 12,000 square feet of retail are desperately needed in this upwardly mobile city and will help bring Calgary towards other metropolitan centres.

But that philosopher's perspective makes him cognizant of the history of an area like 17th Avenue and he is sure to honour the past as he moves into the future. After all, as cities grow and change, they are tasked with balancing what once served the community with the real-time needs of today's users. It's not easy, and the Plan comes with a healthy dose of both reward and risk.

"This is as urban as you can get, super urban in fact. Going after the new apartment market as a private company requires a lot of capital and by its very nature is the most difficult asset class in the most difficult location to execute on," he says.

It's the difficult things that are the most exciting, and the entrepreneur revels in the challenge of accommodating existing infrastructure while also accounting for the foot traffic of approximately 60,000 people per week through this corridor.



"Most developers don't dare build on these sites, they build in the suburbs where no one can see you and you're afforded lots of room to maneuver and make mistakes. They are far more intelligent than I am," he jokes.

Something that is revealed from sneaking a look behind the curtain is that while the CEO and his team take what they do very seriously, they try not to take themselves too seriously. That sense of humour was critical as he steered his company through one of the worst cycles in the Calgary real estate marketplace followed by a global pandemic that all but shut the world down.

His response was to just keep moving forward and growing. Fear has a way of paralyzing people and thwarting progress, and Frank knew these times required him to be bold and brave as he set out to convince everyone to see the potential he saw. It was challenging, he says, especially in this recent downcycle that rendered Calgary a veritable no-fly zone for investment.

"We are a fast-food culture where you go in front of a speaker and tell someone what you want to eat and then in three minutes, if you don't get your food, you're ticked off. Real estate doesn't work that way. Real estate takes time, energy and lots of agility," he says.

The additional challenge is what he refers to as the institutionalization of real estate over the past few decades: the concentration of capital with a small group of people. It's easy to raise \$10 million but there's only a handful of entities with the capacity to raise \$150 million in Canada.

That group answers to review committees and deals in three-month increments; it's impossible to build a meaningful portfolio that way. Frank is looking at years not months and the viewpoint of quick returns is tough to counter. The downturn was a temporary circumstance in Calgary not a permanent reality and Frank spent time and energy convincing people that this circumstance would pass and usher in a new, better cycle.

"I'm an extremely impatient guy so I was certainly not happy, but you have to be able to hold and play your cards. Holding on is way more difficult over the long term than running fast over short periods of time," he says.

And that's where we find ourselves now - finally getting to run in a city where people want to live, work and play again. There are some rough waters ahead thanks to interest rates, supply chain issues and war, but that doesn't mean people can't succeed.



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"The people who will be successful in the next three to five years are going to be pragmatic, extremely agile, positively disposed and they are going to work harder than they've ever worked before to get the same returns they got 10 years ago," he says.

Frank is no stranger to hard work and inspires his team with his authentic approach to business. But who inspires him in these crazy times? Frank says by being open he can learn something from almost anyone, from hotel clerks to highly accomplished CEOs.

"The biggest challenge to a CEO is the expectation that we have all the answers. People talk about mentoring and coaching like it's some magic trick. It's not. Find accomplished people, ask a lot of questions, actively listen and then, trust me, if you have humility, you will see and hear your blind spots, because we all have them," he says.

Self-awareness is a trait not all CEOs have, but Frank is one who knows his strengths and unabashedly admits his shortcomings. As a results-driven business development CEO, he knows how to grow the business, acquire assets and secure capital. Then the right people are put in positions to handle other elements of a holistic approach to make the business run effectively within the same critical lens that got them to that point. It's not easy and it requires daily check-ins.

Continually producing positive results requires the team to let go of the past and focus on the future. That is difficult for many people to do. Frank invokes the three archetypes in society: the villain, the victim and the hero. Heroes, which he says are hard to come by these days, have high expectations and a greater calling. They speak of solutions-based accountable approaches, while victims dwell on past failures and why those events keep them from succeeding against the villains who wronged them and keep them down.

Frank admits that he can't abide by the victim mentality and those with this disposition do poorly in his company. He established The Arlington Street Foundation Scholarship to offer a hand up to youth in Winnipeg, and more than half of the kids in the program are ex-child soldiers from Africa.

"Talk to other people and you'll find your problems aren't so bad," he says. "You have to be empathetic, but most put too much energy and drama into their perceived circumstance. In the greater context, we have very little to complain about."

Frank has faced the challenges he's encountered over the past years head on and has managed to grow Arlington Street significantly while many others in business were frozen in place. But what comes next? Amid talk of polarized politics, winning and losing in business, heroes and history, Frank Lonardelli didn't say for sure where his next act will take him, but he did suggest "it's much more significant than building building's" let's hope when he does determine where he is going he invites us to peek behind the curtain to get a better look.

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