LABOUR

Work weak

Economy lost 41,000 jobs in July, but unemployment rate holds B3

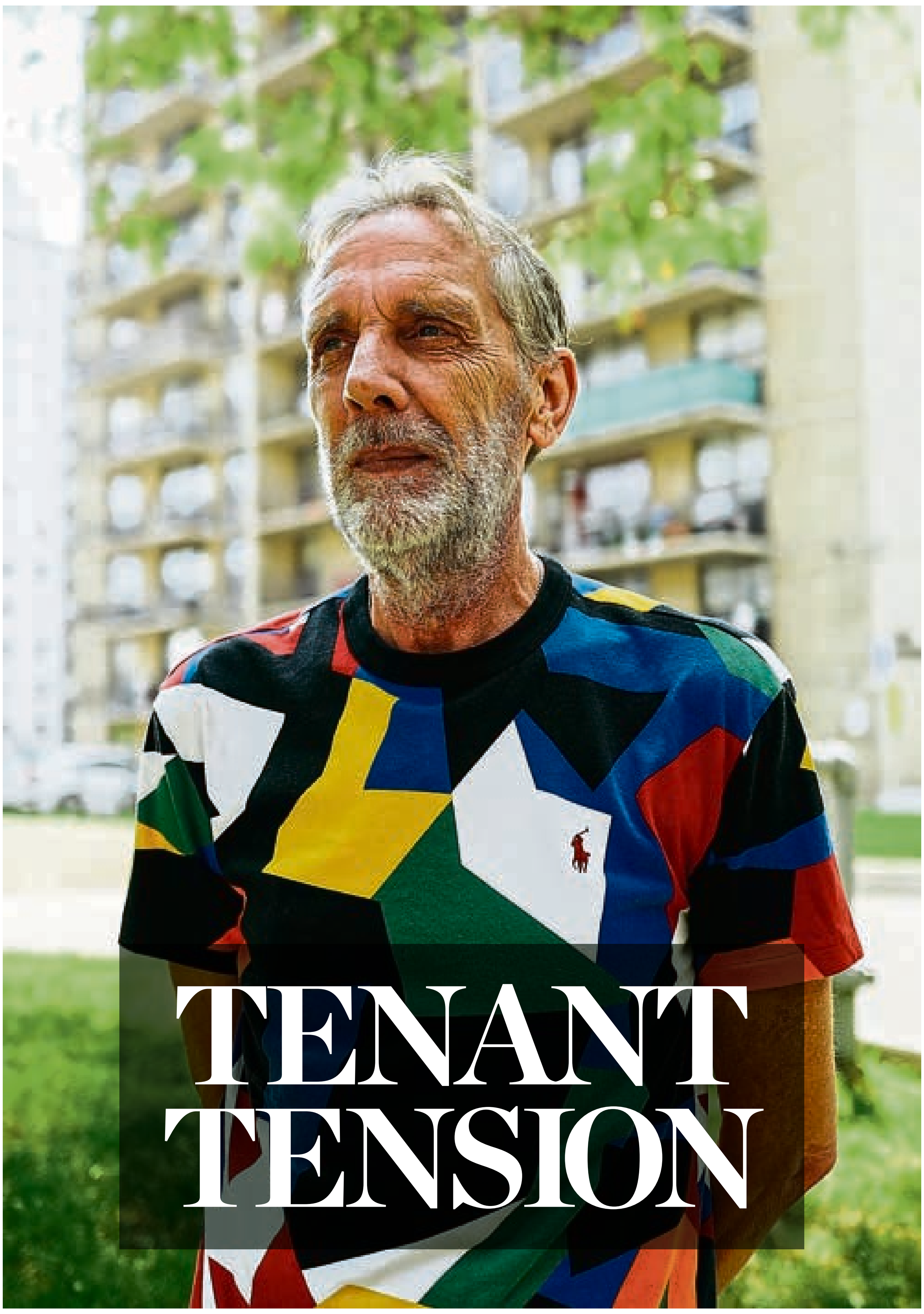
WHEELS

Young guns

A look at the life of a rookie Formula One driver B11

BUSINESS

MARKETPLACE, B13



TENANT TENSION

Rental developer Fitzrovia is quickly expanding across the Toronto area in a bid to build more housing. Yet while the need is there, these tenants are left asking — at what cost?

CLARRIE FEINSTEIN
BUSINESS REPORTER

> It's been two years of ongoing construction in various parts of the building.
>
> STEVEN LOVE
> RENTER

Steven Love hasn't been able to access the laundry room in his South Parkdale rental apartment for the past two months.

"They told us it's another four weeks until it's complete, but who knows how long really," he said, walking through the main floor of his building, which has been torn up for renovations.

Since purpose-built rental developer Fitzrovia took over the building in 2023, Love said his building has become a construction site.

Upon entering the lobby, visitors see a digital screen showing the logo for Fitzrovia subsidiary Maddox, but the walls around it have been taken down, and there is metal framing poking out in various places. Around the corner, the main hallway exposes bare concrete walls. Love, who's lived in the building for 13 years, said whenever a unit becomes vacant, it's also renovated.

"It's been two years of ongoing construction in various parts of the building."

Fitzrovia is rapidly expanding across the GTA, launching a $1-billion fund backed by pension plans to build more rental housing and eliminate the negative stigma around renting. Since its inception in 2017, Fitzrovia has launched 19 purpose-built rental buildings in Toronto.

In February 2024, the company officially launched its Maddox subsidiary to manage and operate existing rental stock with the aim to "enhance vintage-style apartments to meet the modern needs of renters residing in Canada," according to a news release. Currently, Maddox operates four rental buildings in Toronto.

SEE RENTAL, B10

Steven Love, a tenant in a building taken over by Fitzrovia, says he has privacy concerns about new electronic locks.

MICHELLE MENGSU CHANG/TORONTO STAR

IN FIRST PERSON
PINO DI IOIA

BeaverTails CEO ready to expand in the U.S.

Executive sees global appetite for Canadian culture

JARED LINDZON
SPECIAL TO THE STAR

Pino Di Ioia wants to deliver more Canada to the rest of the world — on a bed of fried dough.

The co-owner and CEO of Canada's iconic confectionary brand, BeaverTails, believes the global appetite for our nation's culture is high, regardless of trade tensions.

"We are committed to taking Canada to the U.S., and I know that these days that's a challenge," Di Ioia says. "We really do believe, humbly, that we are a very good vehicle to represent Canadian snack foods in the U.S."

The quintessentially Canadian treat made its debut at the Killaloe Craft and Community Fair in the Ottawa Valley in 1978, where Grant Hooker and his wife, Pam, sold a pastry pioneered by his grandmother.

In 1980, Grant handcrafted the first cottage-inspired BeaverTails booth for Ottawa's ByWard Market, which grew so popular the couple became the first to set up a stall on the Rideau Canal.

Today, the company's 47 brick-and-mortar shops and roughly 140 temporary stalls, trucks and kiosks can be found just about anywhere Canadians go to celebrate.

"With full kudos to Tim Horton's, McDonald's and Starbucks, you need your morning coffee; you don't need a BeaverTail," Di Ioia says. "We punctuate memorable moments, whether you're at the Toronto Zoo, Wonderland, Blue Mountain or the waterfront."

BeaverTails has seen consistent growth since Di Ioia took over ownership in 2011, along with his wife and twin brother, though his tale with the franchise began much earlier.

In 1987, Di Ioia became the company's first employee outside of Ottawa, then its first franchisee, and was later responsible for developing and overseeing the Quebec market before becoming CEO in 2001.

The Star recently caught up with Di Ioia from the company's headquarters in Montreal to discuss how the treat has remained so sticky with Canadian consumers, why he believes the world is eager for a taste, and why the brand that doesn't take itself — or calories — too seriously is ready to deliver.

How did you first get involved with BeaverTails?

I was always a bit of an entrepreneur.

Growing up next to a public golf course I used to collect and sell golf balls back to the golfers, along with soft drinks and snacks, starting at

SEE IN FIRST PERSON, B2

MARKETS

S&P/TSX	S&P 500	DJIA	NASDAQ	DOLLAR	GOLD	OIL	NATURAL GAS
▼ 27,758.68	▲ 6,389.45	▲ 44,175.61	▲ 21,450.02	▲ 72.72¢	▲ US$3,491.30	— US$63.88	▼ US$2.97
-2.59	+49.45	+206.97	+207.32	+0.01	+US$37.60		-US$0.07

Billionaire boom boosts Bombardier

DAVID OLIVE
OPINION

...lthy people is ... the for- ... ombar- ... largest ... status ... to private flights has broadened with charters and time-share jets.

And investment banks and wealth management firms that cater to "high-net-worth" individuals increasingly offer advisory services to their clients on what models of private planes to buy and how to finance them.

Bombardier's Global 7500 starts at $75 million, helping separate the super rich from the just wealthy. Bombardier is a stock-market darling; its share price has soared more than 70 per cent this year, David Olive writes.

TIJANA MARTIN/THE CANADIAN PRESS FILE PHOTO

Private flights avoid security lineups and feature luxury trappings, including leather recliners, five-star menus and facials at 40,000 feet in the air.

The rising demand for private flights accounts for the jump in Bombardier's second-quarter profit, reported last week, of $178 million (U.S.), compared with just $19 million in the same quarter last year.

Bombardier's backlog of orders reached $16.1 billion at the end of the quarter, up $1.9 billion from the previous quarter.

That includes a portion of one of the industry's largest-ever orders. In June, Bombardier announced that a first-time buyer, identity undisclosed, had committed to the purchase of 50 of Bombardier's Challenger and Global aircraft for $1.7 billion.

The buyer has 70 new aircraft purchase options. If exercised, that would bring the value of the deal to more than $4 billion.

The value of Bombardier's shares spiked by about 20 per cent on news of the deal.

Bombardier is a stock-market darling. Its shares have soared in value this year by more than 70 per cent, eclipsing tech star Nvidia Corp. (up 28 per cent) and Warren Buffett's Berkshire Hathaway Inc. (up 11 per cent).

Bombardier has gone from strength to strength as a "pure play" in private aviation, after shedding its rail transportation and other albatrosses a few years ago.

The turnaround at Bombardier has rewarded shareholders who believed the once chronically troubled company could become reliably profitable.

They have seen the value of their Bombardier shares increase almost 16-fold in five years.

Bombardier tends to outpace industry leader Gulfstream, based in Savannah, Ga., in number of planes delivered each year. But it still trails its rival in revenues.

As recently as last winter, Bombardier warned investors that it couldn't predict the impact of U.S. tariffs on its business and took the unusual step of withholding guidance on its future performance.

But CEO Éric Martel now says tariffs are having a minimal impact. "Despite being in a more volatile environment, we continue to see order activity and we have not seen any cancellations," Martel said on an earnings call in May.

During Bombardier's July earnings call, Martel forecast a 6.7 per cent increase in revenues this year, to $9.25 billion, and a 14 per cent increase in pre-tax profits, to $1.55 billion.

Under Martel's five-year turnaround plan launched in 2021, Bombardier has paid down debt, cut costs, and built up its services and defence businesses to counteract the cyclicality of civilian aircraft deliveries.

Bombardier's $590 million in second-quarter revenues from aircraft repair and maintenance services accounted for about one-third of total revenues in the quarter.

And Martel says Bombardier's defence division is on a path to $1 billion in sales in the second half of the decade. It supplies jets with specialized communications platforms to the U.S. air force and hopes to participate in Europe's military buildup.

And U.S. President Donald Trump's tax overhaul promises to drive further industry growth with its new tax deduction for private aircraft used in business travel. And the ranks of wealthy clients are growing.

Stock market and crypto windfalls saw the U.S. add about 1,000 new millionaires every day last year on average. The number of U.S. billionaires has increased by an estimated 50 per cent in the past decade.

And the number of private jet flying hours set a record in 2022 and has stayed at that high level since.

The latest surge in demand traces to health concerns during the pandemic. But private-jet travel is a luxury that few flyers have since been able to give up. Especially now that there are apps for booking a seat on a private flight by the hour.

And status is still a factor in demand. In Reddit postings, the merely comfortable with high incomes aspire to private aircraft ownership and envy those with "private-jet money."

A new Challenger 3500 is priced at about $26.7 million. The longer range Global 7500 is priced at $75 million. Typically, options and customization of planes push their prices higher.

"It's in vogue to be wealthy," Kenn Ricci, chair of private jet service Flexjet, told the Wall Street Journal last week. The wealth stigma has diminished with strong working-class wage gains in recent years and elevated stock and crypto prices, he asserts.

For the ultrawealthy, says the Journal, private-plane ownership has become a way of separating the 1 per cent from the 0.1 per cent.

Sweet treat focused on special occasions

It's all in the family at BeaverTails Canada with CEO Pino Di Ioia, his wife and creative director Tina Serrao and twin brother Anthony, the company's CFO. "We are committed to taking Canada to the U.S.," Di Ioia says. "We really do believe, humbly, that we are a very good vehicle to represent Canadian snack foods in the U.S."

BEAVERTAILS

IN FIRST PERSON FROM B1

age 11. That's also where my love of hospitality started. That business gave me enough money to start a T-shirt printing company.

When I was at Champlain College I applied at a clothing store to learn more about that industry, but I didn't get the job and was looking for something to do that summer.

Around the same time, BeaverTail's founders, Grant and Pam Hooker, were looking for students to work at their first Quebec location at the LaRonde amusement park in the summers. They went to the only English-speaking college campus on the way to La Ronde to place an ad in the student newspaper.

As luck would have it, the newspaper editor wasn't in that day, so they knocked on the office next door, which was the student council office, where they met the student council president — which was me.

They seemed like a delightful couple, and it seemed like a challenging and intriguing opportunity. They were in Ottawa, and they were looking for someone who was entrepreneurial and could steer the ship for them in Montreal, which was perfect for me.

How did you go from store manager to CEO?

I managed their La Ronde location for four summers until I finished my undergrad in marketing at McGill, and I applied for business school, but I didn't think I would get in.

I didn't even have a car, but that summer I took the train to Ottawa and approached the founders and said, "would you consider selling me the store I worked at as your first franchise?" I argued that if some young punk like me could be successful, they could say anybody could do it, and it worked.

Then I got into the MBA program at McGill, where I did every research paper on my own business. My twin brother, Anthony, got into the same program. We're both entrepreneurial, but he's much more analytical, whereas I'm more operational.

The original owners, however, had some trouble with their expansion. It took us a long time to realize that we could not succeed in commercial areas; we are reserved for special occasions and memorable moments, not between the Loblaws and Esso in a strip mall.

By 2001 it was clear they couldn't continue that version of growth. They let go of their team in Ottawa, hired Anthony; my wife, Tina; and I for a combined sum of $10,000, and gave us shares of the company, with a mandate to turn it around. That's when I was put in place as CEO, my brother was named CFO, and my wife Tina Serrao is our creative director.

We've said that the day we don't have fun doing this is the day we'll sell it, and that day hasn't come. There's ups and downs, as in any business, but we've had a lot of fun growing it.

How did you turn things around?

My very analytical accountant brother was in his element doing the financial restructuring at the time, while my wife and I had to define what it was we were selling.

We realized there was something magical about this product that was essentially a doughnut we sold for the equivalent of $100 per dozen. That inflection point is where the finance magic hits the operations and marketing magic. This is a premium product, and like Starbucks we're selling an experience, a vibe — not just a product.

Our stores already looked like cottages, but we really doubled down on offering a quintessentially Canadian brand experience through our decor, and our products, like our maple toppings.

Then one day a franchisee suggested that, since we already have the fryer and exhaust equipment, why not sell french fries? But everyone sells french fries, so we looked at it through the Canadian lens and said, "let's do poutine."

Since we purchased the business in 2011, we have had continuous year-over-year growth and doubled our sales during COVID.

How did you accomplish that?

After the initial wave, people were looking to get back to those iconic memorable places where we already have a presence, especially outdoor recreational sites, but we also saw huge demand in unexpected places.

Festivals got cancelled, so our food trucks would park in grocery store parking lots. People were so excited to have a treat during what might have been their only family outing that week to pick up groceries.

We also made a conscious effort to develop some packaged goods that people could take home with them or buy at the grocery store ... So now we can maintain the vibrancy of the brand and be part of special moments that happen in your living room.

Do you have a presence outside of Canada?

We are humble and proud to have two locations in the United States, and that's a key part of our plans — notwithstanding tariffs. We're also in Christmas markets in France that reach as far as Belgium, and one store in Qatar that opened two years ago. We used to be in Japan, Mexico and Korea, but unfortunately those did not survive COVID.

We're very eager to export a little bit of Canada overseas, and when someone has an interest and resources to do it we're always interested in exploring it.

Doesn't the U.S. already have a similar product?

Elephant Ears are an American invention, but a generic invention.

It's not a brand, the name isn't trademarked, and anyone can sell them, so you might have some that come close to the taste of BeaverTails, and others that are just fried pizza dough.

We believe those products have seeded the terrain for a unique, consistent, Canadian version. We are the only branded product in our category worldwide.

We are committed to taking Canada to the U.S., and I know that these days that's a challenge.

We really do believe, humbly, that we are a very good vehicle to represent Canadian snack foods in the U.S, whether that's poutine or BeaverTails or BeaverDogs.

That's our intention moving forward.

THIS INTERVIEW HAS BEEN EDITED AND CONDENSED.