

THE LAND DIGEST

NEW Development through CFR Sale

Economic Indicators:

Real GDP Growth
Q1 2015 -0.6%

Toronto Employment Growth
Apr 2015 -0.3%

Toronto Unemployment Rate
Apr 2015 7.3%

Inflation
Apr 2015 +0.8%

Bank of Canada Overnight Rate
May 2015 0.8%

Prime Rate
May 2015 2.9%

5 Year Mortgage Rate Fixed
May 2015 4.6%

Harhay Developments and Carttera Private Equities have submitted a proposal to the City of Toronto for a 34-storey condominium to be located at 75 The Esplanade, at the southwest corner with Church Street. Currently a surface parking lot, the building would mostly hide from view the above-ground Green P parking lot at the foot of Church Street.

Designed by architectsAlliance, the building would essentially be arranged in three volumes with a 7-storey podium roughly equal in height to the Novotel to the west of it fronting on The Esplanade, an 11-storey podium roughly equal in height to the garage and residential building to the south of it fronting on Church Street, and a 34-storey tower rising behind both. A second floor outdoor amenity area including a pool and terrace deck is proposed for the southwest corner of the site beside the Novotel.

The skin for the project's podium sections is proposed to be brick, while punched windows are arranged in an alternating pattern on every second floor. Canopies over the sidewalks are proposed at ground level with double-height retail space front The Esplanade. The retail space would include a mezzanine.

The Esplanade was rebuilt last year after underground services were upgraded. The north side opposite this proposal includes a wide boulevard with several patio spaces for the street's restaurants and bars.

The design should be considered preliminary as the building has just entered the planning process, and in fact the renderings are basic, omitting some details such as private rooftop terraces proposed for the top of the podium.

CFR sold this property for the Seller for \$23,850,000 which closed in September of 2014. The 26,136 sf site was anticipated to developed with around 300,000 sf which equates to about \$80 psf buildable. The property was purchased with no entitlements in places for the proposed development.

Source: UrbanSpoon
CFR



New Rental Construction Financing

New rental construction is a hot topic these days with the media hyping apartment builds as the “big thing” in Canada. While there are some people realizing great returns from new rental construction, the headlines don’t necessarily tell the whole story.

Construction financing is complicated, with a lot of intricacies involved. And, it’s only a small percentage of deals that are truly viable. For any new rental construction, there are three key financing considerations that govern all successful outcomes:

1. Quality of the site

Site quality comes down to where the property is located and what’s around it. Quality increases with proximity to transit, good schools and major highways, and if the neighbourhood is known for its attractions, amenities, walkability, retailers and restaurants.

In one example of a recent deal, the proposed property met all the quality criteria listed above. It was located in an established rental node, right on the subway line in an upper-end rental market perfectly suited for a new development. For that deal, we provided \$100,000,000 in construction financing.

In another example, the building was going to be the fourth in a cluster of rental buildings First National had previously financed. The property was located across the street from a mall, on the subway line and two minutes away from two major highways. Site quality was indisputable.

2. Quality of the borrower

The quality of the borrower comes down to several factors.

These include:

An existing apartment portfolio, indicating experience with the asset class.

Strong net worth, showing a solid financial foundation.

Liquidity, showing that the borrower is able to infuse cash quickly to cover unforeseen costs that come with construction.

Developing experience; however if lacking, the borrower can mitigate lack of experience by partnering with a more sophisticated high rise developer/builder.

Sub-market smarts, showing the borrower is knowledgeable and experienced about markets as a result of other apartment buildings owned.

3. Market feasibility

When contemplating any build, it is critical to determine if proposed rents are suitable for the target market. Understanding the market provides insight into rent values, but also helps to inform the breakdown of units and ensures that building design suits the target.

4. Meeting considerations

If you’re looking to secure CMHC financing, it’s critical to be prepared to meet the three financing considerations to the letter. When reviewing deals, CMHC executes on those considerations strictly and conservatively. You have to meet all three – site quality, borrower quality and market feasibility – with no exceptions.

Conventional financing offers a bit more flexibility for slight variables. And I mean slight. The considerations do apply, but there is a bit of room for interpretation.

**Source: Andrew Drexler
First National Financial LP**

RECENT SALES

Address/City	City	Price	Notes
874-878 Yonge St.	Toronto	\$13.0MM	High rise development site
60 Shuter St.	Toronto	\$15.0MM	Parking lot – condo site
250 Danforth Rd.	Scarborough	\$6.3MM	Future condo site high rise
850 Elgin Mills E	R-Hill	\$11.25MM	9.8 acres future residential
4134 16 th Ave.	Markham	\$411.0MM	York Downs Golf Course

Source: CFAS and RealTrack

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About The Land Development Group

CFR has quality agents and advisors who have been involved extensively in the purchase and sale of development lands.

Not only can we assist in the purchase and sale function, but CFR has the contacts and expertise to participate the whole development process. We have affiliations with planners, architects and other consultants which can assist our clients.

The key members of the Land Development Group are well tied into the development community.

In many cases they have acted on their behalf in consulting situations. This allows the team great access to leading edge information regarding future growth areas, highest and best use, and new paradigms in development densities.

The Land Development Group started in 2012 and to date has sold over \$80 million worth product.

With an in house planner and accredited appraiser as part of the team, the Group can offer to its clients services like no other Brokerage. These professionals are quick to assess the potential development of property and its hidden values.

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