Commercial Focus Realty Inc., Brokerage
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# APARTMENT DIGEST

## CMHC 2013 Canadian & Ontario Stats

**Economic Indicators:**

***Real GDP Growth***
Q1 2013 +2.5%

***Toronto Employment Growth***
May 2013 +4.5 %

***Toronto Unemployment Rate***
May 2013 8.0%

***Inflation***
May 2013 +0.7%

***Bank of Canada Overnight Rate***
Jun 2013 1.0%

***Prime Rate***
Jun 2013 3.0%

***5 Year Mortgage Rate Fixed***
Jun 2013 5.14%

OTTAWA, June 20, 2013 — The average rental apartment vacancy rate in Canada's 35 major centres1 increased to 2.7 per cent in April 2013, from 2.3 per cent in April 2012, according to the spring Rental Market Survey2 released today by Canada Mortgage and Housing Corporation (CMHC).

"While demand for rental units remains high, substitutes to purpose-built rental market units, such as rented condominiums, have taken some of the overall demand for rental units," said Mathieu Laberge, Deputy Chief Economist at CMHC's Market Analysis Centre. "Sustained demand for rental housing from net migration was partly offset by moderating employment growth, notably for young workers aged 20 to 24."

The results of CMHC's spring survey reveal that the major centres with the lowest vacancy rates in April 2013 were Edmonton and Calgary (1.2 per cent each) and St. John's (1.5 per cent). The major centres with the highest vacancy rates were Saint John (10.4 per cent), Charlottetown (8.7 per cent) and Moncton (7.4 per cent).

The Canadian average two-bedroom rent in new and existing structures was $911 in April 2013. With respect to the census metropolitan areas, the highest average monthly rents for two-bedroom apartments were in Vancouver ($1,255), Toronto ($1,202) and Calgary ($1,202).

The lowest average monthly rents for two-bedroom apartments were in Saguenay ($560), Trois-Rivières ($562) and Sherbrooke ($586).

Overall, the average rent for two-bedroom apartments in existing structures across Canada's 35 major centres increased by 2.7 per cent between April 2012 and April 2013, this compared to 2.2 per cent in the previous year. The major centres with the largest increase in fixed sample average rent were Calgary (7.2 per cent), St. John's (5.5 per cent) and Regina (4.7 per cent).

Year-over-year comparisons of average rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. Excluding new structures and focusing on structures existing in both the April 2012 and April 2013 surveys provides a better indication of actual rent increases paid by tenants.

According to Canada Mortgage and Housing Corporation's (CMHC) Spring 2013 Rental Market Survey, Ontario vacancy rates1 edged higher to 2.6 per cent in April 2013, up from 2.3 per cent in the spring of 2012. With the universe of purpose-built rental units remaining unchanged, demand factors were entirely at play impacting vacancy rates this spring.

Vacancy rates moved higher for bachelor (2.7%), 1-bedroom (2.7%) and 2-bedroom (2.5%) apartment units while remaining stable for three bedroom (2.2%) units. South western Ontario and selected Northern Ontario communities posted lower vacancy rates while some southern and eastern Ontario centres experienced more accommodating rental market conditions.

The lowest vacancy rate was registered in Toronto (1.6%) and Guelph (1.6%) while the highest vacancy rates were registered in Windsor (6.3%) and Ottawa (3.7%).

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# Commercial Market Watch – GTA

*July 4, 2013* -- Toronto Real Estate Board Commercial Division Members reported over 5.1 million square feet of industrial, commercial/retail and office space leased through the TorontoMLS system in the second quarter of 2013.

This result, which was down by seven per cent on a year-over-year basis, included approximately 3.9 million square feet of industrial space, accounting for slightly more than three-quarters of total leasing activity in the quarter.

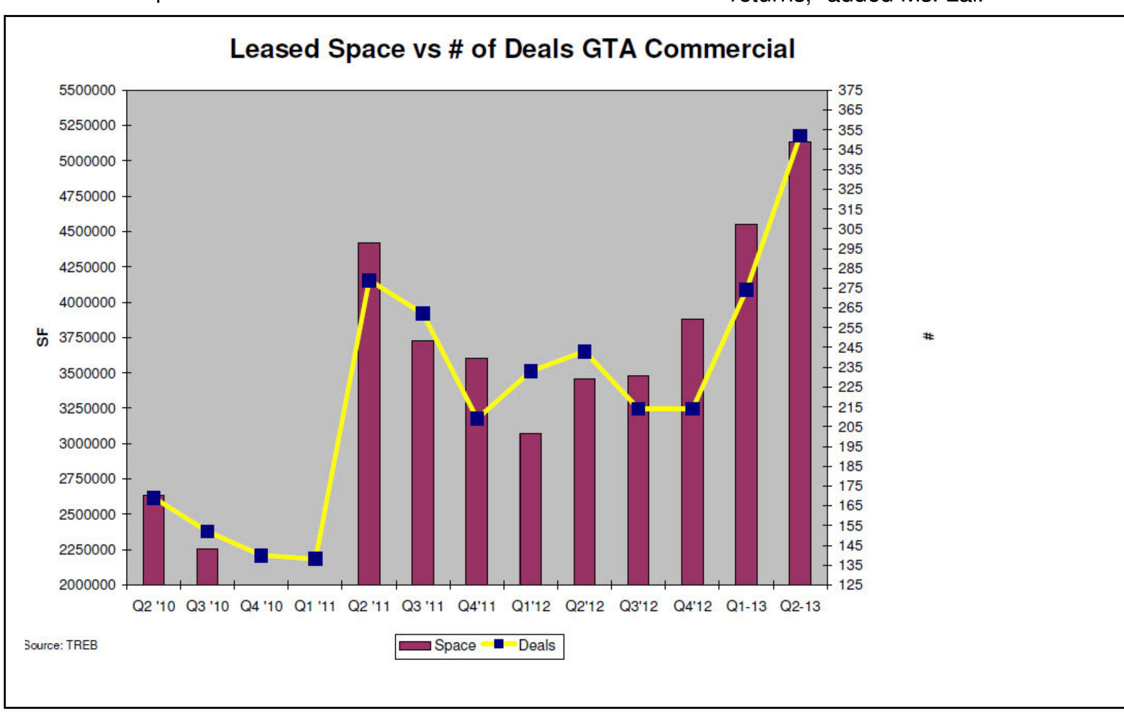
Changes in average lease rates reported for transactions undertaken on a per square foot net basis, and for which pricing was disclosed, were mixed. The average industrial lease rate was down slightly on a year-over-year basis, whereas average lease rates for commercial/retail and office space were up over the same period.

“The industrial leasing market in the Greater Toronto Area, which accounts for the majority of leasing transactions on TorontoMLS, is driven by the export sector of the economy and, in particular, by the production of goods and services destined for the United States,” said TREB Commercial Division Chair Cynthia Lai.

“We did see a welcome uptick in exports in the first quarter of 2013 and the consensus expectation is that exports will continue to climb back and eventually above the pre-recession peak. This will obviously bode well for investment in industrial real estate moving forward.” “The commercial/retail and office markets performed well, with growth in the amount of leased space in the second quarter. This increased demand appears to have translated into tighter market conditions and growth in average lease rates,” continued Ms. Lai.

The total number of sales for industrial, commercial/retail and office properties through the TorontoMLS system in the second quarter was up by 10 per cent year-over-year to 352. Over the same period, average selling prices per square foot, for transactions where pricing was disclosed, were down for industrial and office properties and up for commercial/retail properties.

“Given that growth in business investment is expected to continue this year and next, it is reasonable to assume that purchases of industrial, commercial/retail and office properties will also increase, as businesses look to increase space and investors seek to take advantage of quality returns,” added Ms. Lai.



# CMHC Stats – cont'd from page 1

Several factors exerted upward pressure on Ontario vacancy rates. Modest job growth, particularly in regions outside of northern and south western Ontario, dampened both ownership and rental demand since the spring of 2012.

The share of the population aged 18 to 24 that are currently working stands at 81 per cent - below pre-recession levels of 83 per cent.

Job prospects for youth remained particularly soft as Ontario businesses were reluctant to hire in the face of global economic uncertainty.

Weaker job prospects likely discouraged some young Ontarians from leaving the parental home and forming their own household as evidenced by recent census data which reveals that almost 75 per cent still live in the parental home.

The high propensity to rent for this segment of the population has had a dampening effect on demand for rental accommodation.

Softer net migration to Ontario was another factor dampening demand for rental accommodation.

Net migration into Ontario has slowed since 2010 largely due to lower immigration and rising migratory outflows to other provinces.

According to census data, most immigrants rent upon immediate arrival into Ontario as they lack the credit and job history to qualify for ownership housing . Meanwhile, Ontario lost far more migrants to other provinces over the past 12 months than it did during the lows of 2006.

Relatively stronger job growth in resource producing regions has encouraged both Canadian born and newly arrived immigrants to leave the province in search of job opportunities elsewhere.

The rising cost of ownership housing since the spring of 2013 was a factor supporting rental demand. First time buyers aged 25-34 are sensitive to changing economic conditions. Most first time buyers, some of which currently rent, postponed a home purchase and remained in rental accommodation as they were unable to substitute into a lower priced home or had difficulty saving enough for their down payment.

In addition, improving job prospects for this segment of the population encouraged the formation of more renter households - supporting rental demand further.

Apartment rents for 2-bedroom units that were common to both 2012 and 2013 spring surveys2 rose by 3 per cent

This rate of increase in rents exceeded the 2.1 per cent increase registered in the spring of 2012 and was well above the general rate of inflation on a year over year basis in April.

Higher allowable rent increases over the past year enabled rents to rise at a faster rate versus 2012. However the story was mixed across the province.

Fixed sample 2-bedrom apartment rents grew the fastest in Thunder Bay(3.9%) and grew the slowest in St.Catharines-Niagara(1.6%).

Source: CMHC

## Some of OUR Recent Sales

| Address | Units | Price | Price Per Unit | Cap Rate |
|---|---|---|---|---|
| **715 Main Street East Hamilton** | 31 | $2,340,000 | $75,500 | 7.25% |
| **207 Lisgar Avenue Tillsonburg** | 20 | $1,225,000 | $61,250 | 7.00% |
| **7751 Yonge Street Markham** | Development Site | $6,100,000 | NA | NA |
| **Vaughan Road Toronto** | 16 | $2,250,000 | $140,625 | 4.50% |
| **Midland Avenue Scarborough** | 42 | $7,500,000 | $178,570 | 6.00% |
| **St. Clair Avenue East East York** | 34 | $4,250,000 | $125,000 | 4.50% |
| **Haig Boulevard Mississauga** | Development Site | $7,750,000 | NA | NA |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The Apartment Group is a dedicated team of professionals specializing in the sale of multi-residential investment properties. With over 40 years of combined experience, the team brings together their strengths including strong negotiation and sales skills along with highly technical market analysis and appraisal methods.

The Group has been involved in the sale and acquisition of all types of multi residential real estate from small 10 suite walk up to portfolios over 800 suites in scale.

The Group has experience with those first time buyers and sellers who need that extra level of attention and experience with larger institutional buyers and REITs.

Their success is proven with the fact that over the past decade they have sold over $3.0 billion worth of apartment buildings across Ontario and throughout Canada.

The market today is very tight. Having the right Broker working for you is more important than ever.

***Can your Broker bring you off market deals? Can they realistically analyze the deals they bring you? Can they be creative and show you the upside? Can they assist you in working through the mortgage mind field today?***

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