

APARTMENT DIGEST

Finally for Apartments – LED Lighting!!!

Economic Indicators:

Real GDP Growth		
Q3 2014	+2.8%	
Toronto Employment Growth		
Dec 2014	-0.2%	
Toronto Unemployment Rate		
Dec 2014	7.8%	
Inflation		
Dec 2014	1.5%	
Bank of Canada Overnight Rate		
Jan 2015	0.8%	
Prime Rate		
Jan 2015	2.9%	
5 Year Mortgage Rate Fixed		
Jan 2015	4.79%	

A light-emitting diode (LED) is a two-lead semiconductor light source. When a suitable voltage is applied to the leads, electrons are able to recombine with electron holes within the device, releasing energy in the form of photons. This effect is called electroluminescence.

LEDs have many advantages over incandescent light sources including lower energy consumption, longer lifetime, improved physical robustness, smaller size, and faster switching. Light-emitting diodes are now used in applications as diverse as aviation lighting, automotive headlamps, advertising, general lighting, traffic signals, and camera flashes. **However, the common theory was that LEDs powerful enough for room lighting are still relatively expensive, and require more precise current and heat management than compact fluorescent lamp sources of comparable output –OR SO THOUGHT!!!**

The benefits of LED lighting have long since been known. Most commercial applications in office, industrial, retail and institutional have been made as those users with high use light fixtures saw the benefit even at the higher prices.

In the past, changing over to

LED lighting was very expensive. This was not only because the light fixture was expensive but in order to install the LED lights the entire fixtures and ballasts had to be changed as well.

LED technology has made tremendous advancements in the last 2 years alone. Not only are the lights more efficient and longer lasting they also come in a wider array of styles, colours and applications. The increase in technology also made for the reduction in pricing of the LED lights.

The biggest advancement is in the light bulbs themselves. There now exists an LED bulb that can no fit into existing fixtures and ballasts removing the huge cost it was to replace them. **The impact of the above has now put the conversion to LED in the grasp of those who in the past could not take advantage due to cost and pay back time – namely Apartment Building Owners.**

The expected LED lighting Return on Investment (ROI) especially where lighting is on 24/7 is 1 year for a 4 foot LED tube and 3 months replacing any Halogen/incandescent lamps. Maintenance costs are also reduced substantially because of the LED lighting long life and plug & play implementation.

For some examples: change 50w halogen to LED 5w bulb mercury free same light candles lasts 50,000 hours; change T12 40w to LED T8 18w.

Also, changing to LED can save the amount of lights needed. For example in an office area there were 16 40w T12 and these were replaced with 4 60w LED panel. This reduced the total wattage from 740 to 240.

HUGE SAVINGS.....

One of our clients who owned an 86 unit apartment building recently had an audit done on his building by our team. He and his property manager were skeptical at first.

A complete lighting audit of the building (common area only) showed that 17,000w of current usage could be reduced to 4,350w with LED's. The payback was 9 months overall and will save this building around \$20,000 per year in hydro including energy rebate.

If interest please contact Les Burton at LED Energy - l.burton@ledenergy.ca . www.ledenergy.ca

Source: The Apartment Group

H2 Minus O – Update

We have mentioned the H2 Minus to you all before and have met with many of you to see if you would move forward with this new technology. Some of you have and realizing substantial savings.

As a recap, in all water pipes there are air bubbles. The buildings cause the water flow to be turbulent. The result is that the water meter spins faster measuring water that is not there and also measuring the air bubbles as water.

This means that you are paying for air and water that does not exist on your bill each and every month. Once owners have done every other water retrofit they indicate nothing more can be done – WRONG.

As you can tell from last month's Digest, **water rate are going up again this year be 9%.** It has been around this level for the past 8 years. Will rates ever increase but jus inflation???

Coucillor Denzil Minnan-Wong says the July 8th, 2013 storm which dumped more than 120 mm of rain on the city in a two hour span, showed just how much work Toronto's storm water infrastructure needs. From this statement you can rest assure that water increase will far outstrip the rate of inflation for the foreseeable future.

So let's get back to the story thus far with H2 Minus and apartments. Over the last year we have been slowly meeting with clients and discussing the system

We have taken a cautions and slow approach as we wanted to gather proof before approaching a broader market. We have or are in the process of doing around 25 installs for various multi building owners.

All liked the idea but decided to test one or two buildings and monitor before rolling out to all their buildings. Below are actual **verifications after the install on 9 buildings. Savings ranged from 6.1% to almost 24% and the pay back averaging about one year.**

We are now moving ahead with many more buildings and if you want us to look at yours please contact me.

SUMMARY OF APARTMENT PROJECT - H2 MINUS					
City	Suites	VERIFIED			
		Savings Per Year	Savings Percent	ROI Per Year	Payback Years
Toronto	128	\$3,880.73	8.1%	114.1%	0.88
Toronto	147	\$6,511.68	7.0%	65.4%	1.53
Toronto	250	\$10,862.73	6.5%	133.5%	0.75
Toronto	236	\$21,228.79	11.0%	213.4%	0.47
Toronto	100	\$4,698.54	7.4%	63.7%	1.57
Toronto	100	\$5,642.25	8.6%	81.1%	1.23
Toronto	322	\$45,907.20	23.9%	246.2%	0.41
Toronto	65	\$4,111.40	6.1%	76.9%	1.30
Guelph	69	\$5,069.54	14.8%	73.0%	1.37
		\$11,990.32	10.4%	118.6%	1.06

Voltage Harmonizer – Reduce Hydro \$ at SOURCE

A while back, we brought to you this new technology called the Voltage Harmonizer. I thought the technology was brilliant and could really be relevant in the apartment space.

The technology basically allows into your building in real time only the amount of hydro that you need and pushes the rest down the line. Today many buildings are “force fed” hydro they do not need. The result is a savings between 5% and 10%.

Unfortunately, most hydro boxes in the apartment buildings were not compatible with the device we had at the time. At my request, the company has developed a device that will work with apartments.

Below is a recent case study in the apartment rental space.

Peel Region’s Pathway Non-Profit Housing reduces energy consumption by 6.3% using the Harmonizer. Because of these proven results, the Toronto Atmospheric Fund has now partnered with Legend Power to launch the Energy Savings Performance Agreement (ESPA) program. Through the ESPA, building owners can now finance up to 100% of the Harmonizer project cost on a 10 year contract term with No-Risk – Guaranteed Results!

The 2014 Ontario Electricity headlines are all too familiar for Ontarians. For the May 1st increase the headlines

read - “Hydro rates going up May 1” and for the Nov 1st increase - “Ontario electricity rates going up Nov. 1”. The 2014 Ontario electricity cost increases ranged between 4.54% - 8.35% based on your Time Of use (TOU). When comparing the 2014 rate increases against the annual inflation number, we see that electricity cost continued to outpace inflation by more than 200%. And with the 2014 rent rate increases capped at .8%, electricity rates outpaced it by 560%. Given these challenges it is imperative that building owners continue to remain vigilant with implementing strategies and technologies that minimize the impact of continued increases in operational cost by “Smartening up” their buildings.

The Legend Power Harmonizer is one such technology that provides building owners and operators with greater control over their energy bill by reducing their building’s electrical energy consumption. Power and voltage delivered to a facility are typically higher than necessary due to an inefficient and aging power grid. Because of this, most buildings receive more power than needed, and this directly impacts a building’s overall electrical energy consumption. If excess power is supplied to a building in the form of high voltage, the Harmonizer will safely adjust the voltage to an efficient level to save energy and money.

Legend’s Harmonizer is an ideal fit for high density apartment and condo

residences where the property manager is unable to directly replace older inefficient end use loads found in tenant occupied spaces. The Harmonizer addresses an entire incoming voltage for a building, giving landlords and building owners greater control over their building’s efficiency. By operating equipment at a reduced and controlled voltage level, equipment runs with greater efficiency, saving energy, while reducing costly premature equipment failure and also extending product life expectancy. The Harmonizer is designed for apartment or condo buildings with 100+ suites per building.

Finance up to 100% project cost on a 10 year contract term with a Non-debt instrument and off balance sheet financing. Quarterly Measurement & Verification of achieved savings with No-Risk – Guaranteed Results.

Reduce energy consumption and electrical bills by up to 8%

Quick Return on Investment

Seamless integration into existing electrical system

10 year warranty 15 year life

Eligible for Incentive funding & government rebates

Cash flow positive day one through Legend’s financing offer

For more information or to set up a meeting please contact us.

Source: The Apartment Group

Recent Sales

Address	Suites	Price	Price Per Suite	Cap Rate
4866 Bathurst St. North York	141	\$22,000,000	\$156,000	3.81%
1A Birchlea Ave. Toronto	22	\$1,880,000	\$85,500	4.56%
6599 Glen Erin Dr. Mississauga	232	\$39,500,000	\$170,260	NA
821 Kennedy Rd. Scarborough	59	\$8,535,000	\$144,600	5.2%
25 Eccleston Dr. North York	61	\$9,450,000	\$154,900	NA
22 Tinder Crs. North York	59	\$9,340,000	\$158,300	NA

Source: CFAS, RealTrack

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About The Apartment Group

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?

Please call us to see how we can help you.

COMMERCIAL FOCUS REALTY inc.

Brokerage

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We have a collection of seasoned Agents that can serve your needs. Whether you are buying or selling, let us show you how we can help. On staff we have appraisers, accountants, mortgage brokers and planners. **This is a total one stop real estate company that can assist you through the entire process.**

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