

APARTMENT DIGEST

Evidence of New Rental over OLD Rental

Economic Indicators:

Real GDP Growth Q3 2015	2.3%
Toronto Employment Growth Nov 2015	4.1%
Toronto Unemployment Rate Nov 2015	7.0%
Inflation Nov 2015	1.4%
Bank of Canada Overnight Rate Dec 2015	0.5%
Prime Rate Dec 2015	2.7%
5 Year Mortgage Rate Fixed Dec 2015	4.6%

Despite an abundance of new investor condominium units coming online, rental units in Toronto remain in high demand. At the northwest corner of Bathurst and Dewbourne, a block south of Eglinton Avenue and the future Forest Hill Crosstown LRT Station, rental property developer Eldebron Holdings is aiming to intensify a site currently occupied by two 3.5-storey apartment buildings with (a combined) 58 rental units plus an adjacent two-storey multi-dwelling home containing 4 units.

In their place, the property owner plans to build two 6-storey, Quadrangle Architects-designed rental buildings separated by a mid-block laneway, containing 11 bachelor, 66 one-bedroom, and 38 two-bedroom apartments, for a combined 115 rental units.

The buildings would feature a modern design utilizing dark grey brick on the lower two levels, with levels 3 through 6 sporting a mix of light coloured cement panels and terracotta coloured fibre cement panels. Repeating vertical volumes on the buildings' east side will feature unique punched window arrangements, helping to break up the bulk of the 109.4 metre Bathurst Street frontage.

The land would be redeveloped in two phases, with 'Phase A' to rise on the northern half of the site, and 'Phase B' on the southern half. Phase A is proposed at a height of 18.6 metres to the top of the 6th floor, and 22 metres to the top of the mechanical penthouse. Phase B is proposed at a height of 19.1 metres to the top of the 6th floor, and 22.9 metres to the top of the mechanical penthouse.

The first two levels of the development would be set back between 2.2 and 2.4 metres from the east property line, with the levels above cantilevered out to create a 1.5 metre overhang. The rear of the buildings will be terraced, with step backs on the 4th, 5th, and 6th levels to help transition to massing down to meet the low-rise character of the single-family homes to the west. The south end of Phase B, fronting Dewbourne Avenue, step backs on the fourth and fifth levels to bring the massing to a similar height of Holy Blossom Temple, situated to the south across Dewbourne.

Both phases' mechanical penthouse levels will be further recessed, with Phase B's set back 5.4 metres on the east and 3.5 metres on the west. Phase A's will be set back 5.4 metres from the east and 3.6 metres from the west.

The development will be served by a two-level below grade parking structure extending beneath both buildings, containing 56 residential and 10 visitor parking spaces. There will be an additional two car-share spaces located on the surface at the rear of the property.

Residents of the development would have access to 297 square metres of indoor amenity space, divided between the ground floors of Phases A and B. At the southwest corner of Phase B, a 103 square metre sunken outdoor amenity space will feature greenery and steps leading to the laneway to the west.

Source: UrbanToronto

GTA Residential Housing Market – December 2015

The second best sales result on record for December capped off a record year for TREB MLS® home sales in the GTA. Toronto Real Estate Board President Mark McLean announced that there were 4,945 sales reported in December bringing the 2015 calendar year total to 101,299 – a substantial 9.2 per cent increase compared to 2014 as a whole. Strong annual sales increases were experienced for all major home types last year.

"Home ownership is a quality long-term investment that families can live in while the value increases over time. A relatively strong regional economy in the GTA coupled with low borrowing

costs kept a record number of households – first-time buyers and existing homeowners alike – confident in their ability to purchase and pay for a home over the long term," said Mr. McLean.

"If the market had benefitted from more listings, the 2015 sales total would have been greater. As it stands, we begin 2016 with a substantial amount of pent-up demand," continued Mr. McLean.

The average selling price for 2015 as a whole was \$622,217 – up 9.8 per cent compared to \$566,624 in 2014. The MLS® HPI Composite Benchmark Price was up by a similar annual rate of 10 per cent in December.

GTA home price growth was driven by the low-rise segments of the market, but condominium apartment price growth was generally well-above the rate of inflation as well through 2015.

"TREB will release its official 2016 outlook later in January, but suffice to say that the demand for ownership housing is expected to remain very strong in 2016. Despite stricter mortgage lending guidelines and the possibility of slightly higher borrowing costs, on average, there will be many buyers who remain upbeat on the purchase of ownership housing," said Jason Mercer, TREB's Director of Market Analysis.

Source: TREB

Leasing up Price Down Q4 – Toronto GTA

Toronto Real Estate Board President Mark McLean announced that TREB Commercial Network Members leased almost 6.1 million square feet of combined industrial, commercial/retail and office space in the fourth quarter of 2015. This result represented a 19.6 per cent year-over-year increase compared to the fourth quarter of 2014.

More than three-quarters of all leased space was accounted for by the industrial market segment, followed by 12 per cent for the office segment and 10 per cent for the commercial/retail segment.

Year-over-year changes in average lease rates, for properties leased on a per square foot net basis with pricing disclosed, were mixed in Q4 2015. The average industrial lease rate was \$6.09 per square foot net – up substantially compared to \$5.22 in Q4 2014. While increased demand likely played a role, the key reason for the strong year-over-year growth in the average industrial lease rate was a number of deals completed for large spaces signed at above-average lease rates.

The average commercial/retail lease rate was down compared to Q4 2014. The average office

lease rate was up compared to the same period last year.

Year-over-year changes in average sale prices, on a per square foot basis for transactions with pricing disclosed, were mixed. The average industrial selling price, at \$87.37 per square foot, was down by approximately 15 per cent compared to Q4 2014.

Source: TREB

Real Estate Prices & Grocery Stores

Struggling to decide on your next investment property? Investors may want to look no further than which grocery stores are in the vicinity.

Canada's two main grocery stores are No Frills and Loblaws; one is considered thrifty, while the other has been deemed premium. And their prices obviously reflect that. But how do they relate to housing prices?

A recent study by therealpin.com discovered some interesting findings. The company studied two years of Toronto housing data, including 9,000 condo sales, and discovered just how much a house is impacted by the type of grocery store within walking distance.

The study found that there are around 134% more condos within walking distance of a Loblaws than a No Frills.

Prices are also higher for homes around Loblaws.

The average price for a condo around Loblaws is \$472,657 compared to \$415,684 for those around No Frills stores. That's a 12% difference.

The average price for a detached property around a No Frills is \$955,953 – 37% cheaper than the average around a Loblaws (\$1,526,006).

What does this mean for investors?

It seems better deals can be had on homes around No Frills; cheaper homes will mean lower mortgage and, perhaps, a higher cap rate and better yield.

Couple that with the fact that many renters would likely prefer the price-conscious offerings at No Frills as opposed to the premiums charged by its swankier counterpart.

However, investors looking for appreciation may be more enticed to purchase a

unit near a Loblaws. The study found that homes within 10 minutes' walking distance to a Loblaws increases 4.8% between 2014 and 2015. The value on homes within the vicinity of a No Frills remained "relatively stagnant."

The findings should be taken with a grain of salt. It could be a "chicken or the egg" situation; both outlets are owned by the same company and market research based on local incomes could determine which grocery stores are best suited for certain areas.

Are you looking to invest in property? If you like, we can get one of our mortgage experts to tell you exactly how much you can afford to borrow, which is the best mortgage for you or how much they could save you right now if you have an existing mortgage.

Source: Canadian Real Estate Wealth Justin Da Rosa

Selling Your Building – Get Professional Advice

While we all know it is a Seller's market out there for apartment buildings I still see time and time again buildings that have sold in a direct fashion, or that were not marketed, or that were improperly exposed. Many owners thinking of Selling hear all the hoopla and do the "bring me an offer" thingy.

I take a look at the residential market and it being as hot as it has in the last 15 years I drive around

and rarely see the "for sale by owner" sign on the lawn. You would expect tons of them as everything is selling "over asking". Why is that? All homeowners are not stupid but most agree to extract top dollar a profession should be used.

Over the past few years I have seen many buildings that were sold under market value in my opinion. While good for the buyer, it is bad for the Seller. Having a specialist work for

you will generate a price higher than the commission you will pay him. I recently sold a building to my client in the Niagara Region. While it was listed, the agents failed to take into consideration the extremely low rents and the upside from changing all lights to LED, water retrofit, addition of units etc. The result was \$700-\$1MM left on the table for the buyer.

Source: TAG

RECENT SALES GTA

Address/City	Suites	Price MM	Price Per Suite	Cap Rate
2755 Jane Street North York	118	\$14.6	\$123,700	NA
26 June Avenue Brampton	44	\$8.675	\$197,160	NA
625 Roselawn Avenue Toronto	91	\$27.05	\$296,000	3.5%
63 Roehampton Avenue Toronto	59	\$11.1	\$188,135	NA
170 Dudley Avenue Markham	140	\$20.5MM	\$146,400	NA
1677 Bathurst Street, Toronto	18	\$5.2	\$288,900	NA

Source: Realtrack, CFAS

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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.

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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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