

# APARTMENT DIGEST

## Underutilized Rental = New Developments

### Economic Indicators:

|  |      |
|--|------|
| <b>Real GDP Growth</b><br>Q4 2015                | 0.8% |
| <b>Toronto Employment Growth</b><br>Feb 2016     | 4.4% |
| <b>Toronto Unemployment Rate</b><br>Feb 2016     | 7.2% |
| <b>Inflation</b><br>Feb 2016                     | 1.4% |
| <b>Bank of Canada Overnight Rate</b><br>Mar 2016 | 0.5% |
| <b>Prime Rate</b><br>Mar 2016                    | 2.7% |
| <b>5 Year Mortgage Rate Fixed</b><br>Mar 2016    | 4.6% |

The Scarborough intersection of Midland and Lawrence Avenue East could be set for a major infusion of new density, with an Arsandco Investments-led plan in the works to add nine new residential buildings to the Toronto suburb. Designed by Quadrangle Architects, the large-scale infill development is located just east of the Scarborough RT's Lawrence East Station, where a possible GO RER Station could improve transit connectivity in years to come.

The proposed development would occupy four separate blocks of vacant land west of Midland Avenue and south of Lawrence. Filling in the large pockets of empty land, the nine new buildings—ranging in height from 8 to 27 storeys—would join the three 1980s-built 16-storey slab towers that dot the landscape.

The tallest towers of the infill development are planned to front Lawrence and Midland Avenues, featuring 27, 25, 24, 23, and 21-storey point towers. Fronting Lawrence, is also set to feature a pair of 8-storey buildings, both of which would be situated directly south of their 27 and 24 storey neighbours, and away from the street. Meanwhile, the corner of Lawrence and Midland itself is not included in the plans, with the existing

Burger King restaurant, owned by others, set to be maintained.

Located immediately north of Arsandco Park, the plan includes a 21-storey tower fronting Prudential Drive, with another 8-storey residential building rounding out the project to the west. Three 8-storey buildings are also each fronted by a number of three-storey townhomes, with 20 of the three-bedroom residences planned in total.

As proposed, the project would add 1,752 residential units to the area, with a total floor area of 152,425 m<sup>2</sup>, of which the majority—140,005 m<sup>2</sup>—is set to be residential space. There would also feature 9,039 m<sup>2</sup> of office space, while 3,381 m<sup>2</sup> of retail space would be spread out across the development's ground level fronting Midland and Lawrence.

The proposed unit breakdown lists 1,214 one-bedroom (69%), 345 two-bedroom (20%), and 193 three-bedroom suites (11%). The plans also call for 1,779 parking spots and 1,527 bicycle spaces, with the latter number falling somewhat short of the City's mandated 1/1 ratio of bicycle spaces to units.

Although the development would add a significant influx of new density to the area, the project follows a planning framework set out

in the 1980s. At the time, the construction of the Scarborough RT—which opened in 1985—sparked intensification throughout parts of Scarborough, including the project site. Alongside the three slab towers that were built out, two similar buildings were begun, though construction was halted at an early stage.

he restarting of plans for the site is coming at the same time that changes to the area's rapid transit service has been a constant topic in the news. While the Scarborough RT is set to be replaced—with the latest transit plans calling for a one-stop subway extension to Scarborough Town Centre that would bypass this area—a potential GO RER/SmartTrack station could continue to provide quick access via transit to the rest of the city from this site.

Source: Urbantoronto

## Q4-15 Rental Market Stats GTA

TORONTO, January 27, 2016 – Toronto Real Estate Board President Mark McLean announced that Greater Toronto Area REALTORS® reported 6,073 condominium apartment rentals through TREB's MLS® System in the fourth quarter of 2015. This result represented a substantial 20.7 per cent increase compared to 5,032 rentals reported in Q4 2014.

"While the ownership market is of ten top-of-mind when we think about condominium apartments in the GTA, it is important to remember that investor-held condos have become an increasingly important source of rental supply.

Renters looking for mid- to high-end units have tended to be pointed at condo rentals. Strong demand resulted in tighter market conditions in Q4," said Mr. McLean.

Year-over-year growth in rental transactions outstripped growth in the number of units listed during the quarter. This suggests that competition between renters increased, which explains above-inflation rent increases for one- and two-bedroom condo apartments.

"Tighter rental market conditions resulted in strong increases in average rents compared to last year. Looking forward into 2016, expect rent

growth to remain strong if we continue to see growth in the number of transactions outpace growth in the number of units listed for rent," said Jason Mercer, TREB's Director of Market Analysis.

Source: TREB

### Rental Market Summary: Fourth Quarter 2015

#### Apartments<sup>1,2,3</sup>

|                | All Bedroom Types |        | Bachelor |           | One-Bedroom |           | Two-Bedroom |           | Three-Bedroom |           |
|----------------|-------------------|--------|----------|-----------|-------------|-----------|-------------|-----------|---------------|-----------|
|                | Listed            | Leased | Leased   | Avg. Rent | Leased      | Avg. Rent | Leased      | Avg. Rent | Leased        | Avg. Rent |
| Q4 2015        | 11,167            | 6,073  | 166      | \$1,350   | 3,597       | \$1,653   | 2,188       | \$2,236   | 122           | \$2,833   |
| Q4 2014        | 10,585            | 5,032  | 109      | \$1,327   | 2,958       | \$1,608   | 1,868       | \$2,165   | 97            | \$2,577   |
| Yr./Yr. % Chg. | 5.5%              | 20.7%  | 52.3%    | 1.7%      | 21.6%       | 2.8%      | 17.1%       | 3.3%      | 25.8%         | 9.9%      |

#### Townhouses<sup>1,2,3</sup>

|                | All Bedroom Types |        | Bachelor |           | One-Bedroom |           | Two-Bedroom |           | Three-Bedroom |           |
|----------------|-------------------|--------|----------|-----------|-------------|-----------|-------------|-----------|---------------|-----------|
|                | Listed            | Leased | Leased   | Avg. Rent | Leased      | Avg. Rent | Leased      | Avg. Rent | Leased        | Avg. Rent |
| Q4 2015        | 918               | 413    | 1        | \$1,200   | 34          | \$1,459   | 140         | \$1,919   | 238           | \$2,062   |
| Q4 2014        | 963               | 382    | 1        | \$1,100   | 40          | \$1,448   | 152         | \$1,723   | 189           | \$1,965   |
| Yr./Yr. % Chg. | -4.7%             | 8.1%   | 0.0%     | 9.1%      | -15.0%      | 0.8%      | -7.9%       | 11.4%     | 25.9%         | 4.9%      |

## The Canadian Labour Market

Employment was virtually unchanged in February (-2,300 or 0.0%) as gains in part-time work were offset by losses in full time. The unemployment rate rose by 0.1 percentage points for the third consecutive month, reaching 7.3% for the first time since March 2013.

On a year-over-year basis, employment grew by 0.7% (+118,000), with the gains mostly coming from full-time work (+82,000 or +0.6%). At the same time, the number of hours worked increased by 1.0%.

Employment increased among men aged 55 and older in February, while the other demographic groups saw little change.

Saskatchewan, New Brunswick and Prince Edward Island registered employment declines, whereas British Columbia recorded an increase. There was little change in the remaining provinces.

Employment fell in health care and social assistance, educational services, 'other services,' and natural resources. At the same time, there were more people working in construction, in business, building and other support services, as well as in agriculture.

The number of public and private sector employees as well as the number of self-employed workers were little changed in February.

There were 18,000 more men aged 55 and older working in February. On a year-over-year basis, employment for this group was up 4.8% (+94,000). For their female counterparts, employment was little changed in February, but was up 5.1% (+81,000) on a year-over-year basis. Employment growth for men and women aged 55 and older has been driven by growth in their population.

Following two monthly increases, employment in Ontario was little changed in February and the unemployment rate was 6.8%. On a year-over-year basis, employment in the province advanced by 74,000 or 1.1%, the second highest rate of growth among the provinces. The gains were mostly in full-time work.

In February, there were 20,000 fewer people working in health care and social assistance. Despite this decline, employment in the industry was up 61,000 (+2.7%) on a year-over-year basis.

The number of workers also fell in educational services (-17,000), bringing employment in the industry down to a level slightly lower than that of 12 months earlier.

In the 'other services' industry, which includes repair and maintenance, employment declined by 15,000. In the 12 months to February, however, the number of people working in this industry was virtually unchanged.

There were 8,900 fewer people working in natural resources, continuing a downward trend that began late in 2014.

On the other hand, there were 34,000 more people working in construction in February. On a year-over-year basis, however, employment in the industry was virtually unchanged.

The number of people working in business, building and other support services increased by 13,000 in February. Despite this increase, employment in this industry was close to the level observed 12 months earlier.

Employment in agriculture rose by 7,200 in February. On a year-over-year basis, employment in the industry was little changed.

Despite little change in February, employment in manufacturing increased by 41,000 (+2.4%) from 12 months earlier. These gains were driven by growth in Ontario, Quebec and British Columbia.

The number of employees in the private and public sectors as well as the number of self-employed workers were little changed in February, as well as on a year-over-year basis.

**Source: Bank of Canada**

## RECENT SALES – GTA

| Address/City                       | Suites | Price MM | Price Per Suite | Cap Rate |
|------------------------------------|--------|----------|-----------------|----------|
| 54 Glen Everest Rd.<br>Scarborough | 11     | \$1.695  | \$154,100       | 4.62%    |
| 26 June St.<br>Brampton            | 44     | \$8.675  | \$197,160       | 4.40%    |
| 818 Broadview Ave.<br>Toronto      | 31     | \$5.1    | \$164,500       | NA       |
| 195 Exbury Rd.<br>North York       | 159    | \$25.4   | \$159,750       | NA       |
| 100 William St. W.<br>Oshawa       | 59     | \$6.0    | \$101,700       | NA       |
| 80 Lawton Blvd.<br>Toronto         | 24     | \$7.4    | \$308,300       | NA       |

*Source: Realtrack, CFAS*

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The Group has been involved in the sale and acquisition of all types of multi residential real estate from small 10 suite walk

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