



SKYVIEW
REALTY LTD.

SkyViews

DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

APARTMENT REPORT

FALL 2005

DANNY'S CORNER



*Danny Iannuzziello
Broker*

Over the past several months we have undergone changes in order to accommodate all of your requests more efficiently. With the sheer volume of calls we get each and every day, it is impossible for one person to manage every call,

which is why I often turn to my team members to assist me. At times, I am the person that you need to deal with directly, but there are also times that various members of my team are more than capable of addressing your needs. Below is a helpful guideline on who to speak to when calling the office.

The quickest ways to get more information on a listing is to call the office or e-mail info@skyviewrealty.com. One of my assistants answering the telephone can get that information to you within minutes.

If you've already received detailed information on a property and have some outstanding questions, you can always ask to speak with Robert Finlay. Robert is a sales associate and Skyview Team member for the past couple of years, who's familiar with our listings. We are also in the process of recruiting and training new team members to assist when Robert is out of the office. My role focuses on market value listings, arranging financing and negotiating Agreements of Purchase and Sale.

Our web site, www.skyviewrealty.com is the best resource to keep abreast of new listings as well as the status of our other properties. We keep the Web site up-to-date so I encourage everyone to visit our site often to avoid missing out on great opportunities.

For all other inquiries, please be patient as our receptionist may ask some questions in order to properly direct your call.

Lastly, thank you to Wendy McDougall & Dru McAuley for their articles in this issue.

Danny Iannuzziello, Broker

ENERGY COSTS ARE ON THE RISE

By Wendy McDougall

Any power factor less than 100% means that extra power is required to achieve the actual task at hand.

Energy costs are increasing without any sign of a ceiling cap in the near future. This is forcing everything that consumes energy - including homes condominiums, high-rise rentals, factories and schools to find ways of reducing consumption.

There are a few immediate factors that should be taken into account:

- 1. Building Envelope:** Analyzing windows and structure to assess heat and air conditioning loss.
- 2. Water:** Water Conservation
- 3. Boilers & Chillers:** Old, out of date equipment will consume greater amounts of energy. Old technology on the larger 3 - phase motors lower the power factor, which in turn penalizes you on your electricity bill.
- 4. Lighting:** Common areas, which are on 24-hours a day, should be high power factor. In suites, energy efficient lighting can be used to regulate the amount of energy used by tenants. As lighting is my expertise, I will touch on the basic points.

POWER FACTOR:

It is wise to determine how efficiently the power in your building is currently utilized. This is referred to as the power factor.

Power factor is the difference between Demand KW and Demand KVA on your billing cycle. As an example, if your Demand KW for the billing cycle is 800KW and your Demand KVA reading for the same billing cycle is 890 KVA,

your power factor is 89.9% (demand KW divided by Demand KVA x 100). A power factor of 90% is considered within the acceptable range, however the closer you get to 100%, the lower your electricity invoice is.

Any power factor less than 100% means extra power is required to achieve the actual task at hand. This extra energy is known as reactive power, which is necessary to provide a magnetizing effect required by motors and other inductive loads to perform their desired functions. However, reactive power can also be considered wasted power and be an extra burden on the electricity supply.

Listed below are some benefits of correcting your power factor:

- Power consumption reduced (lower bills)
- Increases the KVA available from the existing supply
- Transformer and distribution equipment losses reduced
- Voltage drop reduction in long cables
- Longer life on motors, etc.

UPGRADING LIGHTING:

When reducing the electric consumption on lighting fixtures in public areas it is prudent to ensure that all city lighting codes will be met when the job is complete. The City of Toronto requires 4.6 foot candle (50 lux) average in corridors, 4.6 foot candle (50 lux) maintained in stairwells, in the centre of drives and parking areas in underground garages. Outdoor parking and walkways require 1 foot candle (10 lux).

When using a compact fluorescent fixture, the true savings are obtained when using high power factor or electronic ballasts.

Continued on Page 4



IF YOU ARE THINKING OF BUYING OR SELLING, PLEASE CALL (416) 444-6545 • Fax (416) 444-6997

For future mailing, please inform us if there is a change of address

E-mail: info@skyviewrealty.com

Website: www.skyviewrealty.com

NOT INTENDED TO SOLICIT PROPERTIES ALREADY FOR SALE. NOT INTENDED TO INTERFERE WITH PURCHASER-AGENCY AGREEMENTS.

PROPERTIES CURRENTLY OFFERED FOR SALE



EXCLUSIVE LISTING

AVAILABLE IN WINDSOR 65 Suites

- Asking \$45,231/Unit
- Asking \$2,940,000
- \$450,000 Cash Required
- Some upgrades include balconies, elevator, underground garage
- Building requires cosmetic upgrades
- Currently experiencing some vacancies
- 15 x One bedroom
- 50 x Two bedrooms
- 15% Downpayment
- 8.2% CAP Rate, 25.9% R.O.I.
- Attractive 1st Mtg., CMHC insured, to be assumed @ 5.15% to 2008.
- VTB 2nd with 15% down
- Close to Casino Windsor, downtown, and U.S.A. Bridge



APPROVED 7 MORE APTS.

AVAILABLE IN ST. CATHARINES 114 Suites

- Asking \$6,400,000
- \$56,140/Suite
- Very well maintained building
- Upgraded lobby
- Many apartments renovated with appliances, floors, etc.
- Fire Retrofit complete
- Great rental location
- 2 x Bachelors
- 28 x One bedroom
- 55 x Two bedrooms
- 29 x Three bedrooms
- Fully occupied
- 7.6% CAP Rate
- Approved for 7 additional apartments
- 15% Downpayment, 19.8% R.O.I.



PRICE REDUCTION

AVAILABLE IN OSHAWA 12 Suites

- Asking \$859,000
- Asking \$71,583/Suite
- Fully occupied, low turnover
- Good rental location
- Close to Oshawa Centre
- Corner lot
- Many capital upgrades incl. Viessmann Boiler & HWT
- 11 x Two bedrooms
- 1 x One bedroom
- 15 outdoor parking spaces
- 15% downpayment, 21.8% R.O.I.
- 12.4% Cash on cash return
- Treat mortgages as clear
- Seller to consider VTB to sell
- Easy to manage



22.2% R.O.I.

AVAILABLE IN NIAGARA FALLS 10 - Plex Near Casino

- Asking \$560,000
- \$84,000 Downpayment
- Building is fully occupied
- Some rents significantly below market
- Recent upgrades: boilers, electrical, plumbing
- See www.skyviewrealty.com for additional pictures
- 6 x One bedroom
- 3 x Two bedrooms
- 1 x Three bedrooms
- 8% CAP Rate
- 22.2% R.O.I.
- Vendor motivated
- Good upside potential
- Treat mortgages as clear
- VTB Mortgage to sell



EXCLUSIVE LISTING

UPPER BEACHES TORONTO 36 Suites

- Asking \$2,900,000
- Exceptional location
- Meticulously maintained
- Fully occupied
- Great tenant profile
- Some rents below market
- Some capital expenditures: windows, boilers, aluminum siding, hot water tanks
- 28 x One bedrooms
- 8 x Two bedrooms
- 7.5% CAP Rate
- 18.9% R.O.I.
- Tenants pay own hydro
- Pleasure to show
- See www.skyviewrealty.com for additional pictures



PRICE REDUCTION

AVAILABLE IN TORONTO 9 - Plex in Parkdale

- Asking \$530,000
- Asking \$58,888/Unit
- Trendy Parkdale location
- Tree-lined street with view of lake
- Upside potential
- Fire Retrofit complete
- Converted house license allowing for lower property taxes
- 3 x Bachelors
- 6 x One bedrooms
- 8.5% CAP Rate, 26.4% R.O.I.
- Vendor to consider VTB 2nd Mtg. to sell
- Electrical upgraded to breakers
- Listed in Toronto's Inventory of Heritage Properties
- Priced to sell



EXCLUSIVE LISTING

AVAILABLE IN TORONTO Legal 8 - plex

- Asking \$935,000
- Located in Cabbagetown
- Cash required \$145,000
- Some rents below market
- Fully occupied
- Additional pictures at www.skyviewrealty.com
- 3 x One bedroom
- 5 x Two bedrooms
- Adult building with excellent tenant profile
- Some long term tenants
- 8.1% CAP Rate, 22.4% R.O.I.
- Treat mortgages as clear
- VTB Mortgage to sell

Career Opportunity

Skyview Realty Ltd. seeks licensed Real Estate Agent to join our team

Visit
www.skyviewrealty.com
for more details



GOOD RENTAL AREA

AVAILABLE IN TORONTO Legal 6 - Plex

- Asking \$560,000
- Good residential area
- Building in excellent condition
- Tenants pay own hydro
- Long term owner
- See www.skyviewrealty.com for additional pictures
- 2 x One bedroom
- 4 x Two bedrooms
- Large apartments
- 15% Downpayment
- 19.3% R.O.I.
- Existing 1st Mortgage of \$250,000 at 3.9% due June 2006
- VTB Mortgage to sell

For these and other buildings we have for sale please call (416) 444-6545 • Fax (416) 444-6997

THE SKYVIEW TEAM

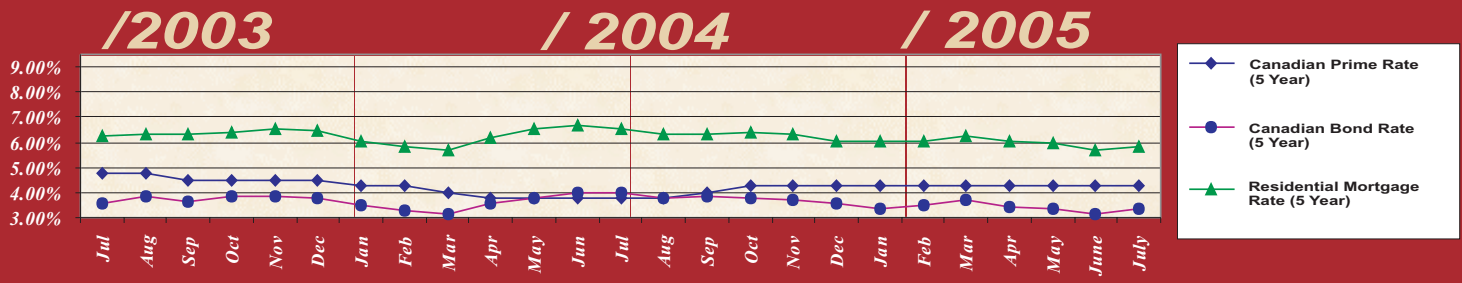
220 Duncan Mill Rd. Suite 419, Toronto, ON M3B 3J5

PROPERTIES FOR SALE INTENDED FOR PRINCIPALS ONLY

Not intended to solicit properties already for sale. Not intended to interfere with Purchaser-Agency Agreements.



WATCH ON INTEREST RATES



MORTGAGE COMMENT

The mortgage market is constantly evolving. Below is a summary of a mortgage product in the marketplace that some borrowers might not be familiar with.

Conduit Mortgage Financing

This is a term used to refer to the act of securitizing a commercial mortgage, including conventional mortgages on apartment buildings. Pools of mortgages are created by issuers, who then resell the mortgages as securities to their retail and institutional clients. If a single asset is large enough, the mortgage may be securitized and sold as a standalone. The securities are referred to as Commercial Mortgage Backed Securities or “CMBS”. These should not be confused with CMHC insured securitized mortgages (do you have any MBS in your RRSP?), for which there is a mature market in Canada.

Conduits emerged as the answer to problem loans on the books of failed Savings and Loan companies (known as “Thrifts”) in the US in the early nineties. Financial institutions that were stuck with non-performing loans sold them to firms that became the “conduits” to Wall Street, where the mortgages were sold as securities to investors by Wall Street firms. The mortgage securities were well received by the market and the business flourished. As the conduit market matured, the activity spread to Canada.

Reliable data is scarce, but the volume of new commercial mortgage business in Canada is estimated at between \$12 billion to \$15 billion each year. From the first issue in Canada in 1998, it is estimated that CMBS now makes up about 20% of new commercial mortgage volume annually. Furthermore, the amount of CMBS issuance in any given year could increase dramatically if a single life insurance company or bank decided to sell some of its existing mortgage loans as CMBS. Of the roughly \$13 billion in CMBS issued in Canada to date, multi-family properties make up approximately 10% of the volume. Conduit financing has been well received by both borrowers and investors and this form of mortgage lending is expected to grow. Apart from filling an investment need at dealers, CMBS allows lenders to earn fees by selling and servicing the loans while freeing up capital.

What are the advantages for borrowers?

- Firstly, loans are usually approved without the requirement of personal guarantees, with non-recourse to the borrower except in cases of environmental claims, fraud, theft, malfeasance, misrepresentation, etc (referred to as standard carve-outs or “bad boy clauses”).

- The benchmark term is 10 years, which has been an advantage to borrowers in the current low rate environment.
- The maximum loan to value ratio is 80%, versus the Canadian statutory maximum of 75% for banks and life insurance companies.
- More flexibility is available to borrowers on the amortization period, where 30 years is not uncommon.
- Less restriction on property location. Lending policies at many Canadian lending institutions preclude them from funding conventional mortgage loans in smaller towns. CMBS loans are less restrictive.
- Unlike traditional lending sources, there are no concentration limits with individual borrowers or geographic locations.
- Although the mortgage is closed for the term, the loan can be defeased in the event of early termination of the mortgage. Defeasance, in basic terms, is a substitution of the property being held as mortgage security by Government of Canada bonds that yield an equivalent revenue stream.

What are the disadvantages for borrowers?

- The third party reports (i.e. appraisals, engineering) may cost slightly more due to specific reporting requirements in order to meet securities regulations. Accordingly, conduit mortgages might not be suitable for loans under \$1,500,000.
- Defeasance, in the event of early termination, can be expensive.
- Since the loans are eventually sold as securities via a prospectus that contains specific conditions, the lender may have limited latitude in amending certain aspects of the loan after closing (i.e. changing the amortization period.)

Conduit financing emerged in response to a market problem and has now become an accepted financing solution. Borrowers should consider its suitability as they review their financing options. ■

Dru McAuley is Assistant Vice President, Commercial Lending at First National Financial Corporation. First National is a Canadian owned mortgage services company, and one of Canada's largest apartment lenders, with over \$15 billion of mortgage assets under administration. First National offers creative financing solutions, competitive pricing and innovative products across the country. Dru can be reached at 416 593 2918 or at dru.mcauley@firstnational.ca.

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STATUTORY RENT INCREASE GUIDELINE FOR 2005 IS 2.1%

2005 MULTI- RESIDENTIAL TAX RATES	City	Mill Rate(%)	City	Mill Rate (%)	City	Mill Rate(%)
	Ajax	2.639241%	Hamilton	4.027989%	Oshawa	3.267526%
	Aurora	0.359031%	King Township	0.113784%	Pickering	0.025464%
	Barrie	1.078700%	Kitchener	0.032476%	Port Colborne	0.037024%
	Brampton	1.905330%	Markham	1.067960%	Richmond Hill	1.070904%
	Brantford	3.627384%	Milton	1.853343%	St. Catharines	3.432895%
	Burlington	0.021615%	Mississauga	1.532389%	Stoney Creek	3.650099%
	City of Vaughan	0.010723%	Newmarket	1.178250%	Toronto	2.559995%
	Collingwood	2.038175%	Niagara Falls	3.233548%	Town of Georgina	1.406291%
	East Gwillumbury	1.184468%	Oakville	2.098921%	Uxbridge	0.023572%
Halton Hills - Urban	2.090414%	Orangeville	3.495379%	Whitby - Urban	0.026516%	
Halton Hills - Rural	2.006488%	Orillia	0.021605%	Whitby - Rural	0.025882%	
				Whitchurch-Stouffville	1.094173%	

ENERGY COSTS

Continued from Page 1

For example :

A single 13W compact Normal power factor ballast:

Consumes \$24.72/year.

A single 13W compact High power factor ballast:

Consumes \$11.91/year.

A single 13W compact electronic: **Consumes \$9.11/year**
(Calculated using \$0.08/kwh)

Manufacturers as of April 1st, 2005 have discontinued the T12 linear fluorescent ballast. After 2010, distributors will no longer be able to sell this ballast. The new technology will be electronic T8 or T5. The T8 system reduces energy consumption and increases the light levels by 10%.

It is also important to ensure that whatever configuration you choose is compatible with your emergency lighting system. High Power Factor compact fluorescents will work on some inverter systems and all generators, however, the older DC battery systems are not compatible with compact fluorescents.

An area that has been bypassed in recent years and has considerable savings are within the suites themselves. Owners cannot regulate how long tenants leave fixtures on, but they can make the fixtures more efficient by using electronic screw-in compacts or upgrading the current fixtures to compact fluorescent fixtures. For a minimum expense a switch motion sensor can be installed in washrooms, kitchens, and hallways where lights are prone to be left on. Motion sensors usually require a minimum load and are sometimes sensitive to electronic devices such as capacitors.

INCENTIVE PROGRAMS:

To help finance large projects there are currently two programs available.

1. Enbridge Gas has a program that will pay \$0.05 per cubic metre of gas savings for one to two measures used and \$0.10 per cubic metre on gas savings on three or more measures used. The maximum grant per project is \$30,000. The simple financial payback of a project must exceed 1.5 years; otherwise the project is not eligible for a grant. For further information on their programs:

Telephone: 1 (866) 844-9994

Fax: (416) 495-8350

E-mail: energyservices@enbridge.com

Web site: www.cgc.enbridge.com


2. The Federal Government has a program that will allow up to \$7.50 per gigajoule of annual energy savings or up to 25% of eligible costs-whichever amount is less - to a maximum of \$250,000. For further information, visit their website at www.oee.nrcan.gc.ca

On both programs a registration is required prior to commencement. Then an audit is required by a certified engineer and all incentives must be approved prior to any commencement. Any work already completed does not qualify for an incentive. Rebates on the engineering fees are offered up to a maximum of \$5,000. Note that on smaller projects, the engineering fees can be greater than the incentive rebate.

Enbridge advises me that there is a possibility of incentives for small projects in the near future, so keep checking their Web site.

With energy costs on the rise, any reduction in power consumption is a benefit to your organization. ■

Wendy McDougall, WENLIGHT LTD.
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