



**SKYVIEW**  
REALTY LTD.

# SkyViews

DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

## APARTMENT REPORT

**FALL 2006**

### DANNY'S CORNER



**Danny Iannuzziello**  
Broker of Record

I hope everyone has had an enjoyable summer and is getting ready for another active season. Quite often we are praised for the work we do and get significant appreciation for putting apartment deals together. I often give credit to the Skyview Team for their

consistent support and willingness to be as helpful as possible in processing successful transactions. In this issue of Skyviews, I would like to take the opportunity to thank some of the organizations that help during the due diligence process and assist our clients with their transactions. When it comes to financing, I would like to thank a few people that I often do deals with; Dave Downie at Equitable Trust, Jim Dysart at Peoples Trust, Dru McAuley at First National, and Bill Zigomanis and Dave Bazniak and their team at TD Canada Trust. Keith Hodges of Frontier Engineering and his team are always of great assistance on Structural and Environmental Audits. For years Steve Hiscox of Hiscox and Associates has been instrumental in the appraising of our buildings, but credit also goes out to the AGI team of Wayne Crawford and Dave Thrift, Barry Lebow of Lebow and Associates, Dave Ridley of Ridley and Associates, and Sandy Mandel of Sanford Mandel and Associates. Countless solicitors are also highly involved in our transactions, however, a special mention goes out to John Zeiler and John Wright who are part of a great number of the transactions. Ron Glasser of Laurie Insurance Brokers, when asked, always provides insurance quotations on our deals. Mike Morgenstern of National Elevator Consulting Limited is always helpful and provides insight on his specialty in Elevator Consulting. In this issue of Skyviews I have asked Mike Morgenstern to provide insight on the due diligence process on elevators when buying a building. Mike has been a hit with our readers on some of his commentary in the past and so I've asked Mike to provide us with some really valuable information which I'm sure will be both interesting and useful.

## Include Elevators in Your Due Diligence Process

By Michael Morgenstern

The due diligence process should include a thorough review of the existing elevator equipment when considering the purchase of any building. The function of due diligence is to independently verify all representations made by a prospective seller, in addition to uncovering pertinent facts which have not been disclosed and are important to the buyer. Third party assessments of existing vertical transportation systems will assure the soundness of one's investment. In some instances, the process will shed light on situations that require immediate attention and hundreds of thousands of dollars to correct. In the evaluation of elevators, consideration should be given to safety, obsolescent equipment, code compliance, barrier free compliance, equipment condition, level of maintenance provided and ability of the system to serve the building.

In Ontario the B-44 Safety Code for Elevators requires a TSSA (Technical Standards and Safety Authority) licensed contractor to periodically maintain and inspect every elevator. The level of service provided varies not only between contractors, but also among service technicians who are responsible for specific locations within any one given company. Despite differences in levels of service, in principle, a "full service" maintenance contract typically offered by most contractors, should allow an owner to retain an elevator system continuously. Appropriate preventive maintenance and repair should protect an elevator from deterioration. Frequently, this is not the case and equipment is often neglected, badly worn, and in need of replacement, or modernization as it is more commonly referred to in the elevator industry. Although there are many variables and every scenario is independent of another, major modernization infers the replacement of most control and mechanical systems, which includes virtually everything in the machine room and hoist way.

The competitiveness of the real estate industry in today's market has a significant effect on the modernization of equipment, as owners of older buildings strive to compete with newer complexes. In these circumstances, the basis for modernization is typically performance. Although an existing system may be fully operational, advances in technology allow for improved dispatching in

comparison to older type systems. Also, it can provide as much as a 25 % decrease in waiting times without increasing elevator speed. In any modernization project, creating the initial plan to decide what remains and what is to be replaced is one of the greatest obstacles faced by an owner or property manager. With certain types of equipment, especially gearless hoist machines, major components are often retained and refurbished rather than replaced. Accurate advice is crucial to understand the level of technology that is being provided and what might be required to compete with neighboring buildings.

Elevator contractors commonly cite elevator obsolescence as an impetus for modernization. This is often the case following the sale of building and when the new owner assumes an existing maintenance contract. Contrary to this assertion, the main problem is that older systems are more labour intensive to maintain for service contractors, which leads to less profitability. As part of the due diligence inspection, an independent professional consultant can provide advice as to the availability of replacement parts. This may aid an owner in saving hundreds of thousands of dollars on an unnecessary upgrade. Also, it is always advisable to be cautious of assuming an existing service agreement without the prior advice of an elevator consulting firm or legal counsel.

A key point in reviewing existing contracts before the purchase of a building is the elevator maintenance agreement. As previously stated, these contracts are mandatory in Ontario and every building will have some form of service agreement. These contracts are most often 5-year term agreements and rollover for another 5-year term if not cancelled prior to the initial term. Cancellation periods are usually 90 days prior to the end of the term. In the event of a sale of the building, it is not uncommon for these agreements to include clauses that the contract must be assumed by the buyer. This is vital, especially if the existing contractor is providing less than adequate service and the equipment is in poor condition. Having a lawyer review the contract prior to sale is advisable, and the responsibility of terminating the contract should be left with the seller prior to closing.

As with every other aspect of a building, due diligence of the elevator systems will provide key information to minimize the risk associated with your investment.

*Michael Morgenstern is a partner at National Elevator Consulting Limited.*

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**2007 Rent Increase is 2.6%**



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**EXCLUSIVE LISTING**

## HAMILTON MOUNTAIN (EAST) 52 Suite Apartment Building

- Asking \$2,700,000
- Asking \$51,923 /suite
- Tenants pay own hydro
- Fully occupied
- Rents below market
- Application for above guideline rent increase
- 85% of suites renovated
- Good rental area
- 25 x One Bedrooms
- 27 x Two Bedrooms
- Upgraded lobby
- Main water lines replaced 05
- One unit legal, non-conforming
- Existing 1st mtg \$1,630,000 @ 5.68% due Jan 09, pays \$10,633.41/mth. P&I
- Seller to consider VTB to sell



**EXCLUSIVE LISTING**

## AVAILABLE IN ETOBICOKE 44 Suite Apartment Building

- Asking \$3,350,000
- Asking \$76,136 per suite
- Good rental area
- Fully occupied
- Tenants pay own hydro
- Private secluded lot on dead end street
- Well maintained building
- Some rents well below mkt
- 16 x One Bedrooms
- 28 x Two Bedrooms
- 7.6% CAP Rate
- 20.0% R.O.I.
- Vendor motivated to sell
- Existing 1st mortgage @ 5.35% due November 2010, monthly payment \$18,022
- Vendor may consider VTB to sell



**DUNDAS ONTARIO**

## AVAILABLE IN HAMILTON WEST 29 Units (Two buildings)

- Asking \$1,900,000 or \$65,517 per suite
- Building upgraded early 90s under low-rise program
- Can be sold with 23 units next door
- Good rental location
- Good tenant profile
- Some rents below market
- 7 x One Bedrooms
- 22 x Two Bedrooms
- Application submitted for condo status
- Good residential area
- 15% downpayment
- 20.5% R.O.I.
- Vendor to consider VTB to sell



**EXCLUSIVE LISTING**

## AVAILABLE IN TORONTO 11 Unit Apartment Building

- Asking \$955,000
- Asking \$86,818 per suite
- Thermo windows
- HGW 1 Year New
- Fully occupied
- Excellent tenant profile
- Well maintained building
- Potential to convert to individual meters
- 11 x One Bedrooms
- Fire retrofit complete
- 10 Lockers
- Good size suites
- Seller may consider VTB to sell
- Existing 1st mortgage of \$336,076 @ 5.75% due February 2006, pay \$2,676.49 bi-weekly



**ASKING \$58,594 PER SUITE**

## AVAILABLE IN ST. CATHARINES 32 Unit Apartment Building

- Asking \$1,875,000
- Asking \$58,594 per unit
- Building totally renovated in year 2000 including roof, windows, parking lot, fire retrofit, upgraded furnaces, fridges, stoves, plumbing, all new units
- Tenants pay own hydro
- 16 x One Bedrooms
- 16 x Two Bedrooms
- 15% downpayment
- 20.4% R.O.I., 8.2% CAP Rate
- Fully occupied
- Some rents below market
- Treat mortgage as clear
- Seller may consider VTB Second Mortgage to sell



**8.85% DOWNPAYMENT**

## AVAILABLE IN WINDSOR 65 Unit Apartment Building

- Asking \$44,462 per unit
- Asking \$2,890,000
- \$255,700 Cash required
- Upgrades include: elevator, balconies, hallways, underground garage
- Building requires cosmetic upgrades
- Close to Casino Windsor, downtown & bridge to USA
- 15 x One Bedrooms
- 50 x Two Bedrooms
- 8.85% downpayment
- 7.2% CAP Rate, 36.4% R.O.I.
- Attractive 1st mortgage, CMHC insured to be assumed @ 5.15% due 2008.
- VTB Second with 8.85% downpayment
- Currently experiencing some vacancies



**EXCLUSIVE LISTING**

## AVAILABLE HAMILTON MOUNTAIN 13 Unit Apartment Building

- Asking \$895,000
- Asking \$68,846 per suite
- Thermo windows
- 400 amp service
- Many units have been refinished
- New Intercom
- Locker included for each unit
- Good size suites
- 6 x One Bedrooms
- 6 x Two Bedrooms
- 1 x Three Bedrooms
- Excellent tenant profile
- Fire retrofit complete
- Vendor may consider VTB to sell
- Existing 1st mtg of \$498,781 @ 4.727% due Sept. 06, pay \$4,794/month



**NEW ROOF IN 2006**

**SOLD FIRM**

## AVAILABLE IN TORONTO 8 Suites (Keele/Wilson)

- Asking \$665,000
- 15% downpayment
- Good residential rental area
- Quiet, tree-lined street
- Tenants pay own hydro
- Thermo windows
- Visit [www.skyviewrealty.com](http://www.skyviewrealty.com) for additional pictures
- 2 x One bedrooms
- 6 x Two Bedrooms
- Fire retrofit complete
- Some rents are below market
- New roof April 2006 (rubber membrane)
- Treat mortgages as clear
- Individual hot water tanks
- VTB mortgage to sell



**24.0% R.O.I.**

## AVAILABLE IN TORONTO 9 Suites

- Asking \$995,000
- Good rental location
- Good tenant profile
- Separate hydro meters
- Recent improvements - boiler and water pressure system serviced 2006
- Good suite mix
- Large units
- 1 x Two Bedrooms
- 8 x Three Bedrooms
- 15% downpayment
- 7.7% CAP Rate, 24.0% R.O.I.
- Purchaser to assume existing 1st mortgage - \$670,000 approx. at 4.85% due November 2008
- VTB to sell

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**AVAILABLE HAMILTON WEST**  
**23 Unit Apartment Building**

- Asking \$1,550,000 or \$67,391 per suite
- Building upgraded early 90s under low-rise program
- Can be sold with 29 units next door
- All units have gas stoves
- Application submitted for condo status
- Some rents below market
- 14 x One Bedrooms
- 9 x Two Bedrooms
- 7.7% CAP Rate
- 21.2% R.O.I.
- 15% downpayment
- Vendor to consider VTB to sell
- View additional pictures at [www.skyviewrealty.com](http://www.skyviewrealty.com)



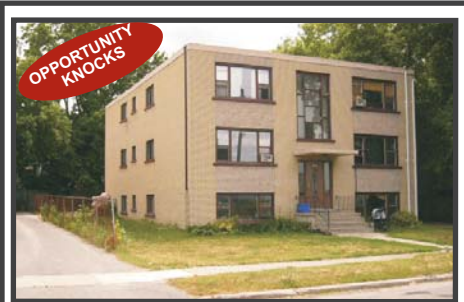
**AVAILABLE IN TORONTO**  
**136 Suite Apartment Building**

- Asking \$8,630,000
- Asking \$63,455 per unit
- New rubber membrane roof in 1998
- New windows in bedrooms
- Elevator has new panel
- Elevator is Fire Retrofit
- Walking distance from shopping and bus
- Additional income from Rogers contract of \$600 a month
- 2 x Bachelor
- 40 x One Bedrooms
- 81 x Two Bedrooms
- 13 x Three Bedrooms
- 7.5% CAP Rate
- 20.5% Return on Investment
- Building is fire retrofit with letter of compliance
- Vendor may consider VTB to sell
- Existing 1st mortgage



**VICTORIA PARK/ST.CLAIR(TORONTO)**  
**34 Unit Apartment Building**

- Asking \$2,480,000
- Potential to convert to individual hydro
- Some long term tenants
- Seller motivated to sell
- Some rents below market
- One unit legal, non-conforming
- TTC at front door
- 1 x Bachelors
- 12 x One Bedrooms
- 21 x Two Bedrooms
- 15% downpayment
- 20.9% R.O.I., 7.6% CAP Rate
- Treat mortgage as clear or assume existing 1st mortgage \$1,564,300 @ 5.78% due June 2013
- VTB Second to sell



**AVAILABLE IN BARRIE**  
**6-Plex**

- Asking \$429,000
- Asking \$71,500 per unit
- Lake view of Kempenfelt Bay
- Tenants pay own hydro
- Walking distance to Barrie's newly planned GO station
- Fire retrofit complete
- 200 amp service
- 1 x One Bedrooms
- 5 x Two Bedrooms
- Thermo windows
- Walking distance to swimming, boating, restaurants and entertainment
- Good upside for right buyer
- Vendor is motivated
- Treat as clear



**AVAILABLE IN TORONTO**  
**Six-Plex**

- Asking \$665,000
- Charming victorian home
- 3 units have a fireplace
- Completely renovated in 1991
- New Hot Water Gas in 2000
- Excellent tenant profile
- Walking distance to trendy Queen St.
- Fire retrofit complete
- 1 x One Bedrooms
- 4 x Two Bedrooms
- 1 x Three Bedrooms
- 7.5% CAP Rate
- 16.2% R.O.I.
- Vendor is motivated
- Vendor may consider VTB to sell
- Existing 1st mtg. \$202,656 @ 5.0% due March 2010, bi-weekly payment \$1,401.29



**AVAILABLE IN TORONTO**  
**Four-Plex**

- Asking \$495,000
- Asking \$99,000 per unit
- Excellent tenant profile
- All tenants 5 years
- Legal 4-plex plus one basement apartment
- Thermo windows
- Walking distance to trendy Queen St.
- 4 x One Bedrooms
- 1 x Two Bedrooms
- Fire retrofit complete
- 6.8% CAP Rate
- 11.4% R.O.I.
- Vendor may consider VTB to sell
- Existing 1st mtg of. \$208,672 @ 3.24% due Sept. 2009 pay \$1,197, bi-weekly



**AVAILABLE IN TORONTO**  
**Six-Plex**

- Asking \$585,000
- Asking \$97,500 per unit
- Victorian home
- Walking distance to shops and transit
- Tenants pay own hydro
- Trendy Parkdale area
- Well maintained building
- Completely gutted to brick and rebuilt in 1990
- 1 x Bachelors
- 3 x One Bedrooms
- 2 x Two Bedrooms
- Open concept
- Vendor motivated to sell
- Existing 1st mortgage (\$164,119) @ 5.57% due May 07, mthly payments \$1,597.00
- Vendor may consider VTB to sell



**AVAILABLE IN TORONTO**  
**Six-Plex**

- Asking \$715,000
- Located in Parkdale
- New Hot Water Gas in 2000
- Excellent long term tenant profile
- 400 amp service
- Building shows well
- Fully occupied
- Fire Retrofit Complete
- Good suite mix
- 3 x One Bedrooms
- 1 x Two Bedrooms
- 2 x Three Bedrooms
- 7.7% CAP Rate
- 17.1% R.O.I.
- Vendor motivated
- Existing 1st mtg. \$170,057 @ 4.6%, mthly payment \$3,727.42
- Vendor may consider VTB to sell



**AVAILABLE IN TORONTO**  
**9 Unit Apartment Building**

- Asking \$740,000
- Asking \$82,222 per unit
- Fully renovated in 1987
- Private rooftop decks
- Some units have fireplace
- Thermo windows
- Tenants pay own hydro
- Ceramic in kitchens and bathrooms
- Large units
- 1 x Bachelors
- 8 x One Bedrooms
- 12.5% R.O.I.
- 7% CAP Rate
- Complete Fire Retrofit
- Existing 1st mtg. \$294,525 @ 6.25% due Aug. 2007, bi-weekly payment \$1,707.02
- Vendor may consider VTB to sell

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# industry report

## trends and services



### AVAILABLE IN TORONTO

#### Four-Plex

- Asking \$475,000
- Asking \$118,750 per unit
- Rooming house designated
- Shingled roof was replaced 5 years ago
- Possible upside if used for rooming house
- Legal four plex
- For additional pictures visit
- 1 x One Bedrooms
- 3 x Two Bedrooms
- Trendy Parkdale area
- Fire Retrofit complete
- Vendor may consider VTB to sell
- Existing 1st mortgage of \$180,649 @ 4% due May 2010, pays \$1,002.23, bi-weekly



### AVAILABLE IN ORANGVILLE

#### Seven-Plex

- Asking \$595,000
- \$85,000 per unit
- Walk to downtown core
- Heritage building
- Tenants pay own hydro
- Boiler replaced in 2001
- Separate coach house
- Lots of parking
- Complete fire retrofit
- 2 x Bachelors
- 2 x One Bedrooms
- 3 x Two Bedrooms
- 16.8% R.O.I.
- 7.7% CAP Rate
- Existing 1st mtg @ 5.75% due Dec 2007, monthly payment \$3,124.57
- Vendor may consider VTB to sell



### AVAILABLE IN TORONTO

#### Six-Plex

- Asking \$565,000
- Asking \$94,167 per unit
- Beautiful home in Old Weston area of Toronto
- Excellent tenant profile
- Roof replaced in 2002
- New breaker panel
- Complete fire retrofit
- Hot Water Gas replaced in 2002
- 5 x One Bedrooms
- 1 x Two Bedrooms
- 15% downpayment
- 6.7% CAP Rate
- 10.8% R.O.I.
- Vendor motivated
- Existing 1st mortgage @ 4.6% due June 2008, bi-weekly payment \$1,080.75
- Vendor may consider VTB to sell



315 Saguenay Ave., Oshawa

AUGUST 2006

This 11 plex was listed and sold by Skyview Realty Ltd. for \$690,000. Skyview Realty Ltd. assisted by arranging a first mortgage for 65% of the purchase price at 6.54% for 5 years. The Seller facilitated with 20% of the purchase price at 5% for 5 years. Building was in very good condition and fully occupied on closing.

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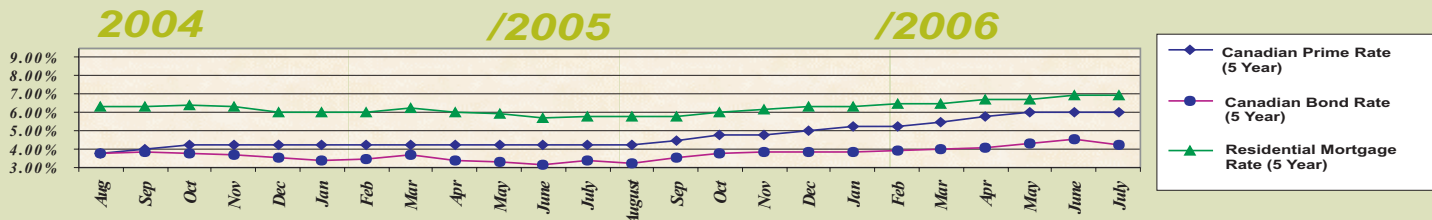
### AVAILABLE IN TORONTO

#### Five-Plex

- Asking \$565,000
- Trendy Parkdale home converted 5-Plex
- 4 units pay own hydro
- Four units individually metered
- Boiler replaced in 2001
- Roof reshingled 2001
- 3 fireplaces
- Excellent tenant profile
- 1 x Bachelor
- 3 x One Bedrooms
- 1 x Two Bedrooms
- 7.5% CAP Rate
- 16.0% R.O.I.
- Existing 1st mortgage \$219,344 @4.6% due June 2008, bi-weekly payment \$1,295.76
- Vendor may consider VTB to sell

We Don't Just List  
APARTMENT BUILDINGS  
WE SELL THEM!!!

## WATCH ON INTEREST RATES



## SkyViews

FALL 2006

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