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REALTY LTD.
BROKERAGE

SkyViews

DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

APARTMENT REPORT

FALL 2007

DANNY'S CORNER



Danny Iannuzziello
Broker of Record

I hope everyone has had an enjoyable summer. The marketplace for apartment buildings continues to be very active and we are continuing to see significantly more transactions taking place from investors outside the province, and also from other

countries. We continue to get inquiries on buildings in the golden horseshoe from investors of countries that we have not even heard of. The recent legislation implemented several months ago is also having very little impact on the sales market. The increase in interest rates over the past several months of approximately 60 basis points is also not affecting overall values. We are continuing to see Real Estate Investment Trusts, Pension Funds and other public money continuing to make significant apartment building acquisitions. What is interesting with these investors is their continuing interest in smaller size buildings.

Twenty seven years ago when I entered this marketplace a good number of larger buildings were owned by insurance companies at the top end and the smaller buildings were owned by private companies and families. With the lack of product available for sale at reasonable prices at the higher end of the market, we are seeing the face of apartment building ownership change, where there is now more competition in acquisition of smaller buildings by public money. A recent sale of 18 units (conditional at time of print) saw this project being purchased by one of the leading companies of apartment building holdings.

On some of the recent transactions we have encountered, mold as an environmental issue in the close of the transaction. I thought it would be interesting to ask Horace Lee of JFM Environmental Limited specialists and leaders in resolving environmental issues to write an article on this topic.

Danny Iannuzziello

It's just mold! Or is it?

Mold is everywhere and unavoidably we are all exposed. Most exposure is at "acceptable" levels; however, unacceptable mold levels in apartment buildings will lead to serious health risks and property devaluation. Apartment building owners and managers must accept mold as a serious problem. They must become aware of mold and its consequence if left unattended.

Mold is a type of fungi with over one million types. Excess water content or water damage is the major cause of unacceptable mold levels in apartment buildings. Some of the most common sources of water damage include floods, toilet/sink overflows, damaged pipes, condensation, and leaky roofs. More recently, cannabis grow-operations, which require high humidity, have cultivated mold that have destroyed numerous apartment buildings. Mold can grow within 48-72 hours after water damage. As such, unwanted water penetration must quickly be rectified; humidity levels must be monitored; and water sources must be controlled to prevent mold growth.

Elevated levels of mold, when left unattended can lead to serious health problems. The extent and type of health issue depend on the individual, the length of exposure, and the type of mold. Many molds can suppress the immune system, cause skin rashes, and cause respiratory problems including sore throats, asthma and bleeding of the lungs. Some molds can attack the nervous system causing headaches, dizziness, fatigue, muscle joint pain, nausea, and permanent memory loss. Some molds can even cause cancer!

A major challenge for apartment building owners and managers is that insurance companies are now aware of the dangers of mold and may no longer offer coverage for mold damage. Insurance companies became weary of mold related claims that have cost tens of millions of dollars to settle. For example, the Ballard case in Texas (2001), where a family was awarded \$32 million for a leaky pipe that caused stachybotrys, toxic black mold. The family's three year old son suffered permanent lung scarring and asthma. The husband suffered permanent memory loss and as a result lost employment. Other house occupants suffered a variety of maladies including bloody runny noses, bloody coughs, headaches, dizziness and fatigue. There has been numerous other and successful mold related lawsuits. Mold is not regulated in North America; however, apartment building managers and owners are still faced with all the liabilities associated with mold.

In addition, unattended elevated levels of mold in apartment buildings will cause deterioration of building materials and may ultimately devalue the building structure.

When apartment buildings are affected with unacceptable mold levels, purchasers may not be willing to pay full price, lenders may not be willing to advance funds, and insurance companies may not be willing to offer coverage. As such, it is important to monitor any signs of mold.

(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.

ARE YOU THINKING OF SELLING...

Below is a partial **list of services** that our team at **Skyview Realty Ltd.** will provide for you.

- Provide you up front with a market evaluation of your building.
- Determine an asking price which is acceptable to you.
- Describe how to prepare your building for the best exposure in the market place.
- Prepare a marketing information package to be presented to all prospective purchasers.
- Create a dynamic marketing plan.
- Marketing directly to all prospective purchasers of apartment buildings.
- Follow up and represent the building to qualified potential builders.
- Negotiate an agreement of purchase and sale.
- Advise on various clauses pertinent to the purchase and sale of a prospective building.
- Facilitate the transaction during the due diligence process to ensure a smooth closing.
- Maintain the relationship even after close.

By using Skyview Realty Ltd., You don't just sell your apartment building, you experience a sense of comfort that you are making a proper decision each step of the way.

My team and I look forward to sharing that experience with you. We can be contacted at anytime through our office at (416)444-6545.

Danny Iannuzziello, Broker of Record



\$58,000 PER SUITE

MISSISSAUGA
45 Suites

- Asking \$2,610,000
- Asking \$58,000 per suite
- Square One location
- Fully occupied
- Tenants pay own hydro
- Building needs significant repair
- Rents significantly below market
- Good size suites
- 1 x Bachelors
- 36 x One bedrooms
- 8 x Two bedrooms
- 2 units non-conforming
- 17.5% Return on Investment
- Existing First Mortgage of approx \$776,101 at 4.93% paying \$4579.03 P&I due November 2011



22.2% R.O.I.

PENETANGUISHENE
10 Suites

- Asking \$729,000
- Asking \$72,900 Per Suite
- Tenants pay own Hydro
- Tenants pay own Heat
- Thermo Windows
- Roof replaced in last 5 years
- 11 Lockers & 10 Parking Spaces
- Easy to manage with very
- 7 x One Bedrooms
- 2 x Two Bedrooms
- 1 x Three Bedrooms
- One Unit to be completed by Purchaser
- Fire Retrofit to be completed by Seller
- 7.9% CAP Rate 22.2% R.O.I.
- Treat Mortgage as Clear
- More photos: www.skyviewrealty.com



SOLID INVESTMENT

HAMILTON
8 Suites

- Asking \$525,000
- Asking \$65,625 per suite
- Excellent tenant profile
- Very attractive and spacious
- Quiet family residential neighborhood
- Upgraded kitchens and bathrooms
- New hot water tanks
- New roof in 1996
- 1 x Bachelors
- 1 x One bedroom
- 6 x Two bedrooms
- Requires very little management
- Very low vacancy rate
- New HWG heater in 1997
- 19.6% R.O.I.

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



GREAT LOCATION

TORONTO
65 Suites

- Asking \$4,480,000
- Asking \$68,923 per suite
- New balconies with waterproofing
- New HWG boilers in 2001
- All plumbing risers completed
- Easy conversion to individual hydro meters
- Fire retrofit complete with letter of compliance
- All units have updated breaker panel
- 4 x Bachelors
- 35 x One Bedrooms
- 21 x Two Bedrooms
- 5 x Three Bedrooms
- 7.2% CAP Rate, 17.6% R.O.I.
- Ex. 1st Mortgage of \$2,657,423 @ 7.05% paying \$21,902.94 due Dec 09 Avg Mtg. rate of 5.524% with VTB
- 17.5 years amortization remaining on 1st Mortgage



JUST CONSTRUCTED

ORILLIA
60 Suites

- UNDISCLOSED ASKING PRICE
- Brand new building
- Property Taxes exemption for approx. 20 years
- Next door to MURF development site, Orillia's new indoor/outdoor recreation and meeting facilities, see www.city.orillia.on.ca for details
- 27 x One Bedrooms
- 33 x Two Bedrooms
- Registered condominium
- 45 units subject to Affordable Housing Program (ask agent for details)
- Mortgage: treat as clear or assume existing 1st mortgage for \$4,500,000 at Canada Bond + 100 basis points



EXCLUSIVE LISTING

ST. THOMAS
51 Suites

- Asking \$2,038,000
- Asking \$39,961 Per Suite
- New ceiling in ground level hallway
- Rent below market with upside potential
- 75 space parking lot paved in 01
- 28 fridges and 16 stoves recently replaced
- Individual meter potential
- Three new risers employers
- 10 x Bachelors
- 21 x One bedrooms
- 20 x Two bedrooms
- Good location to all major
- Fire Retrofit complete with letter of compliance
- 8.1% CAP Rate, 22.6% R.O.I.
- Existing 1st Mortgage of \$1,200,000 @ 6.55% paying \$8074.29 due Jan 2009
- VTB to sell



TENANT WAITING LIST

BELLEVILLE
36 Suites

- Asking \$1,900,000
- Asking \$52,777 per suite
- Tenants pay own hydro
- Tenants pay own heat
- Excellent tenant profil
- Excellent suite mix
- Fully occupied with waiting list
- Large lot with extra parking
- Family oriented complex
- 3 x One Bedrooms
- 33 x Two Bedrooms
- Potential upside with some rents below market val
- 8.3% CAP Rate
- 27.0% R.O.I.
- Existing 1st Mortgage of approx. \$1,164,778.51 at 5.15% paying \$7,439.11 P&I due Dec 08



CONDO STATUS

HAMILTON
15 Suites

- Asking 1,750,000
- Asking \$116,667 Per Suite
- Potential upside on rents
- Tenants pay own hydro
- Tenants pay own heat
- Thermo windows
- Good tenant profile
- Nice landscaping by tenants
- 15 x Three Bedrooms
- Mountain location
- Park-like setting
- 7.6% CAP Rate
- 20.7% R.O.I.
- Existing 1st Mtg. of \$1,312,500 at 5.63% paying \$5138 P&I due October 2011



PHENOMENAL CONDITION

TORONTO
30 Suites

- Asking \$2,350,000
- Asking \$78,333 per suite
- New high efficiency boiler in 2003
- New roof in 2005 with 5 year warranty
- Elevator mechanicals partially rebuilt 20 fridges and stoves less than 1 year old
- This is a fabulous building that shows extremely well
- 7 x One bedrooms
- 20 x Two bedrooms
- 3 x Three bedrooms
- Potential for ind hydro meters
- Fire Retrofit complete with Letter of Compliance
- Fully occupied with good tenants
- 7.4%, CAP Rate 18.0% R.O.I.
- Treat mortgages as clear
- VTB to sell



EXCLUSIVE LISTING

HAMILTON
21 Suites

- Asking \$810,000
- Asking \$38,571 per suite
- Thermo windows
- 400 amp service
- Hardwood floors
- Fire Retrofit completed
- New HWG boiler in 2007
- Kitchen cabinets & tops 90% done in 2005
- Bathroom sinks 50% replaced in 2005
- 3 x Bachelors
- 12 x One bedrooms
- 6 x Two bedrooms
- New railing & spindal on fire escape stairs
- Seller is building new laundry room
- 8.8% CAP Rate, 27.2% R.O.I.
- Existing 1st Mortgage of \$541,000 @ 5.73% pays \$3,462.68 due March 2010



LOCATION

TORONTO
18 Suites

- Asking 1,350,000
- Asking \$75,000 Per Suite
- Rents \$150-\$200 below market value
- Laundry coinslots can be increased
- Thermo Windows
- HWG boiler replaced in 2003
- Risers replaced in 1997
- 7 x Bachelors
- 1 x Small Bachelor
- 10 x One Bedrooms
- Long-term ownership (25 years)
- 5.3% CAP Rate
- Treat Mortgage as Clear
- More photos: www.skyviewrealty.com



4.43% CMHC FINANCING

BURLINGTON
16 Suites

- Asking 1,499,000
- Asking \$93,688 Per Suite
- Possibility of adding two additional units
- Good upside on rents
- Thermo windows
- Tenants pay own hydro
- Tenants pay own heat
- 1 x One Bedroom
- 15 x Two Bedrooms
- Good tenant profile
- Close to all major highways
- 20.0% R.O.I.
- Ex. 1st Mtg. of \$930,667 at 4.43% paying \$5418.63 due 03/10

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industry report

trends and services

Signs of mold include visual identification and smell of mildew. If mold is suspected, it is important to contact a qualified mold consultant to identify the extent and source of the problem and to carry out mold removal procedures that do not exacerbate the problem. Mold clean up must be done in a controlled manner - not to spread the mold. Uncontaminated areas can become contaminated if the remediation is carried out by inexperienced and unqualified people.

The goal of the clean up is to eliminate the moisture source and to remove mold from the air and surfaces. It is not sufficient to kill mold by use of disinfectants and biocides, as mold and their spores and toxins are allergenic and toxic even when they are dead. The success of mold clean up is measured against the absence or presence of mold on surfaces. In the air, success is measured against outdoor air quality.

Mold exists everywhere. Monitoring of moisture sources is the best strategy to prevent unacceptable levels of mold. If mold is a problem, contact a qualified mold consultant. Mold remediation is a time consuming and careful process to effectively remove mold while preventing contamination of uncontaminated areas; however, it is a worthwhile effort to minimize health risks and property damage.

Horace Lee, MASc.
Environmental Specialist
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**Rent Increase
for 2008
is 1.4%**

CMHC Mortgage Loan Insurance Premiums (Multi-unit Residential)

Loan Size (% of Lending Value)	Single Advance Premium (% of Loan)
Up to and including 65%	1.75%
Up to and including 70%	2.00%
Up to and including 75%	2.25%
Up to and including 80%	3.50%
Up to and including 85%	4.50%

*CMHC Mortgage Loan Premium Rates provided by Dru McAuley at First National Financial Corporation

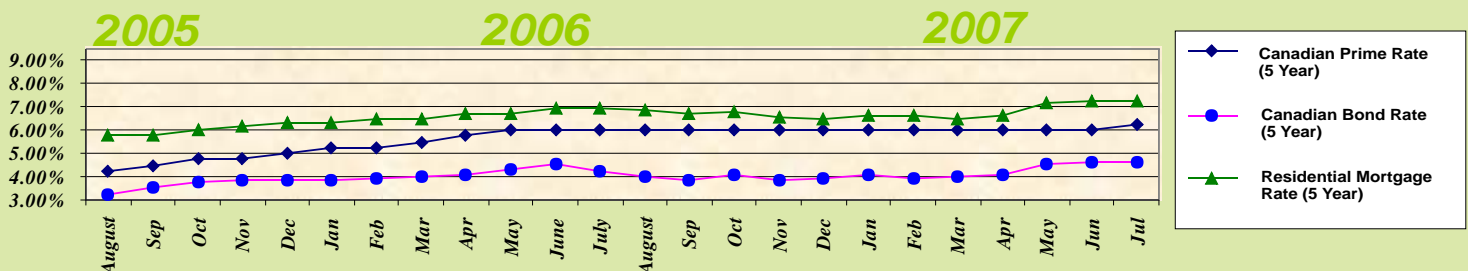
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WATCH ON INTEREST RATES



SkyViews

FALL 2007

PUBLICATION:

Our newsletter is published quarterly:
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