

CLIFF'S CORNER



Cliff Ford

Warmest greetings to all of you. I have recently been asked to take a greater leadership role within our organization and part of that is me writing what has been previously 'Danny's Corner'... hopefully nobody

tips him off! Joking aside, for the past 15 years I've had the privilege of working in the apartment building industry with Skyview Realty. Many of you have worked with me in various capacities throughout the selling and buying process. As I reflect back on my time at Skyview, I'm grateful for the expertise we've provided to our clients, the relationships forged with suppliers and clients alike, and the leadership by example that Danny brings to our team and all those he deals with. I am committed to providing exceptional service in our industry to help you achieve your investment goals!

As you know, we strive to bring you important information to assist with your multi-family properties. As such, we wanted to feature Mike Morgenstern of National Elevator Consulting. Over the years, I have worked with Mike during the sales process to evaluate the elevator systems in buildings. His knowledge has been very educational to me and I hope you will find the same with his article here.

In recent days, the Bank of Canada started to raise their interest rates for the first time in two years. A small increase of 25 basis points but more are expected over the next year. The impact of rising rates is yet to be seen but one thing I know about our industry is that the apartment building sector continues to be the most sought out class of real estate in Ontario. Perhaps you would like to take advantage of this ever-growing demand? My team and I would be honoured to bring our unique approach and experience to you on your next property disposition. I welcome you to contact us anytime you want to get started!

Cliff Ford,
Sales Representative
Director of Sales and Marketing

YOU HEARD IT FROM THE EXPERTS...

Does the Revised Code Impact Elevator Modernization?

By: Mike Morgenstern, National Elevator Consulting Limited

After months, even years, of anticipating that the Technical Standards and Safety Authority (TSSA) would adopt an updated elevator code in Ontario, on February 1, 2022, they finally did it. The Elevating Devices Code Adoption Document Amendment 295/22 outlines how and when the ASME A17.1-2019/CSA B44-19 Safety Code for Elevators and Escalators will come into effect in Ontario.

The adopted 2019 B44 Safety Code for Elevators includes several changes from the 2010 version of the code currently being used in Ontario. Many of the changes will influence the way in which elevators are installed, modernized, and maintained, and predominantly result in higher costs to building owners who typically pay the expense. Fortunately, the transition to the new code will occur throughout 2022, allowing building Owners a last opportunity to have elevators installed or modernized under the existing 2010 code.

The focus here, as it is most relevant to owners of existing buildings, is on elevator modernization. The implication of "elevator modernization" is often associated with an aesthetic upgrade to the interior finishes of the elevator cabin. Although important, the aesthetic updating of the cabin is only a

modicum of the modernization process. Improved safety, increased reliability, energy savings, and better overall performance are the main factors for proceeding with an elevator modernization. Most significantly, upgrades of the mechanical and control components form the substance of the modernization project and are also the areas that will be altered by the new code.

Deciding the right time to complete an elevator modernization is not always clear. Upgrading an elevator requires a great deal of lead time, strategic planning, and substantial capital investment. The lifespan of an elevator system is typically between 25-30 years, but there are many factors that play a part in determining when the time to modernize is appropriate. Material and labour cost increases to modernize an elevator have risen upwards of 25% over the past few years and the revised code will impact modernizations sold after August 1, 2022, by increasing costs further. Now might be the time to make the decision to proceed.

In principle, a "full service" comprehensive maintenance contract should allow for ongoing retention of an elevator system. Proper preventive maintenance and repair would protect an elevator from deterioration.

Continued on Page 2...

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Does the Revised Code Impact Elevator Modernization?

continued from page 1

However, unforeseen factors, such as obsolescence, code compliance issues, total equipment failure, and lack of preventive maintenance are all contributing factors for elevator modernization. On a case-by-case basis, there are many variables to consider, as this infers the replacement of most control and mechanical systems. In essence, everything in the machine room and hoist way, must be evaluated.

With hundreds of types of elevator systems available and every building having a different amount of traffic, only with a physical inspection of the elevator system, often combined with a traffic study analysis, all completed by a qualified and experienced individual, can a modernization plan be developed. As complete elevator modernizations cost from \$125,000 to \$200,000(+) (per elevator depending on the type of system), a comprehensive plan is crucial to prepare for this capital expenditure.

The competitive real estate industry has an important effect on elevator modernization, as owners of older buildings endeavour to compete with newer complexes. In these circumstances, the reason for modernization is an additional key factor. Although the existing elevator system may be operational, advances in technology allow for improved dispatching which can provide as much as a 25% decrease in wait times without increasing elevator speed. Better performance and efficiency result in shorter wait times, quieter rides, and reduced repair times, leading to more satisfied passengers.

In summary, yes, the ASME A17.1-2019/CSA B44-19 Safety Code for Elevators and Escalators will have an impact on future modernization projects, but the door has not yet fully closed to have such a project completed under the existing 2010 version of the code. The option to have an elevator modernization completed under the existing 2010 version of the code, without the added costs from changes included in the revised 2019 code, requires a signed contract prior to August 1, 2022. The project need not be finished, or even started by August 1, 2022, but the contract must be in place by that date as a copy will need to be submitted to the TSSA for review and approval for eligibility.

This article was written by Michael Morgenstern, a partner at National Elevator Consulting Limited. A full-service elevator and escalator consulting company dedicated to providing outstanding customer service while building long term relationships and partnerships. The experts in vertical transportation. As an independent firm with no affiliations to any elevator manufacturer, service contractor or developer, National Elevator is able to provide a truly unbiased and expert perspective. Michael would be delighted to chat further with anyone looking to learn more about the services National Elevator has to offer. He may be contacted at 416-777-0660 or michael@elevatorconsultant.com.

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- Great On-Site Staff Running Operations
- Significant Surface Parking Available
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- May Treat Financing As Clear
- Resident Amenities: Party Room, Libraries, and a Movie Theater

109 SUITES +

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- Asking Price \$3,750,000
- 8 x 2 Bedroom Suites
- Asking \$468,750 Per Suite
- Already Achieving Great Rental Rates With Additional Upside
- 4 % CAP Rate
- Beautiful Upgrades: High Ceilings, Gas Fireplace, Exposed Brick, Open Concept, Granite Countertops, Hardwood Flooring!
- Sought After Rental Area
- 10.4% R.O.I
- High Profile Professional Tenants
- May Treat Financing As Clear
- Tenants Pay All Utilities
- VTB 2nd Possible For Qualified Buyers
- Ample Parking on Site
- Units Have Been Modernized With Great Finishes

8 SUITES

SAULT STE. MARIE



SOLD

HIGH RISE IN BEAUTIFUL AREA

- Asking Price \$10,390,000
- 48 x 1 Bedroom Suites
- Asking \$129,875 per suite
- 24 x 2 Bedroom Suites
- 5.2 % CAP Rate
- 8 x 3 Bedroom Suite
- Potential To Add Additional Units In Unused Party and Library Room
- Significant Upside in Rents on Turnover
- Ample Parking on Site
- Beautiful Upgrades Throughout: High Ceilings, Gas Fireplace, Exposed Brick, Open Concept, Granite Countertops, Hardwood Flooring
- Built in the 1980's
- 11.4% R.O.I
- Amazing Views of Sault Ste. Marie
- May Treat Financing As Clear
- Hydro Paid By Owner, Possibility to Submeter

80 SUITES

SAULT STE. MARIE



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- 125 x 1 Bedrooms
- Listed at \$99,206 per Suite
- 1 x 2 Bedrooms
- 121/126 Units With Housing Program
- Non-Registered Suite on top floor
- Program Expires in 2023
- 5.3% CAP Rate
- Can Add 1-2 Units in Party Room
- 10.6% R.O.I
- Upside in Rents & Utilities
- Treat Financing As Clear

126 SUITES

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- Most Tenants Are Short Term Rentals
- Converted to Apartments Approx. 20 Years Ago
- Additional Income Is Generated From Roof Solar Panels
- Commercial Units Located On Ground Floor/ Basement
- 9.3% R.O.I
- Main Floor Commercial Unit Is Rented to One Tenant, Basement is Rented to Four Tenants
- Hydro Paid By Owner
- May Treat Financing As Clear

12 SUITES + 3 COMM

INDUSTRY REPORT

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MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

231 Vaughan Rd, York	Dec. 09, 2021	52 Suites @ \$284,615	\$14,800,000
68 Weber St S & 190 Allen St E, Waterloo	Dec. 16, 2021	21 Suites @ \$163,819	\$3,440,200
80 Adelaide St & 415 Belmont Ave W, Kitchener	Dec. 16, 2021	22 Suites @ \$180,064	\$3,961,400
372 Wellington Heights, Sudbury	Dec. 16, 2021	15 Suites @ \$118,333	\$1,775,000
261 King St W, Cobourg	Dec. 16, 2021	24 Suites @ \$218,750	\$5,250,000
100 & 120 Beck St, Cambridge	Dec. 16, 2022	38 Suites @ \$219,863	\$8,354,800
317-337 Home St, Stratford	Dec. 16, 2021	105 Suites @ \$161,502	\$16,957,700
432 - 462 Leinster St, Woodstock	Dec. 16, 2021	135 Suites @ \$166,252	\$22,444,036
45 John St, Kingston	Dec. 20, 2021	16 Suites @ \$190,625	\$3,050,000
556-558 Spadina Cres, Toronto	Jan. 06, 2022	12 Suites @ \$499,992	\$5,999,900
8717 Riverside Dr E, Windsor	Jan. 10, 2022	136 Suites @ \$178,676	\$24,300,000
3 Toll Gate Rd, Brantford	Feb. 04, 2022	24 Suites @ \$180,208	\$4,325,000
1695 Bathurst St, Toronto	Feb. 04, 2022	11 Suites @ \$456,636	\$5,023,000
2231-2247 Walkley Rd, Ottawa	Feb. 09, 2022	100 Suites @ \$240,000	\$24,000,000
1570 Lawrence Ave W, North York	Feb. 11, 2022	87 Suites @ \$387,931	\$33,750,000

SOURCE: Realtrack Inc. www.realtrack.com 1-877-962-9033

WATCH ON INTEREST RATES



SOURCE: First National Financial LP | (416) 593-2918

SkyViews

Spring 2022

PUBLICATION:

Our newsletter is published quarterly (January, March, June and September)

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