

# SkyViews

## Apartment Report - Spring 2015

### DANNY'S CORNER



What an incredible industry that we are a part of! Over the 25+ years I have been in the multi-unit residential market, I have seen highs and lows. Only a few years ago many were concerned about where the market was heading with the financial difficulties experienced south of the border. But our industry stood tall and grew during that period. And it continues to grow today, shattering expectations on many levels.

In this newsletter edition, you will find Skyview's Vacancy Rate chart based on CMHC's Rental Market Statistics. As you look over the chart you'll notice there are very few markets in Ontario that are increasing in vacancy rates. And that was the message at CMHC's Rental Market Survey Breakfast. Province wide we are seeing a significant decrease in vacancy rates, even in markets that were troubling in recent years. Combine these low vacancy rates with the low financing rates available right now and you can see why our industry continues to flourish. At time of publishing, mortgage rates were hovering around 2.6% for 10-year terms and 1.95% for 5-year terms.

Many landlords have begun taking advantage of the 2% Prompt Payment Discount allowed by the Landlord and Tenant Board. Not only does it give extra incentive to your tenants for paying their rent on time, but it can also benefit your Net Operating Income when a tenant is in arrears. I've included a resource article from Joe Hoffer on this topic. Joe is a great resource to our industry and continues to provide valuable information to assist in the managing of our properties.

As Spring blooms around us, we are anticipating a flurry of activity from buyers taking advantage of the low financing rates. If you would like to discuss how this could affect your property sale, I welcome you to contact myself or the Skyview team!

-Danny Iannuzziello

## 2% Prompt Payment Discounts: Worth Enforcing?

By: Joe Hoffer, Cohen Highley LLP

A simple solution to the question above is to take all of the N4's and late payment notices you issued last month for your portfolio and multiply that by 2% of your average rent. If your average rents are \$1200 per month and you issued 20 notices, and if you are using the standard industry lease, then chances are you lost about \$500.00. If you issue the same average number of notices each month, then on an annual basis it has cost you about \$6000.00 and you may have waived entitlement to about 2% NOI. An explanation follows.

The standard industry lease (GTAA, FRPO, LPMA, WRAMA, HDAA) incorporates, by default, a 2% "prompt payment discount", as permitted by the RTA. The default rent cited in rental applications and the lease is the "discounted" rent. So if the tenant applies to rent a unit where the rent shown in the application is \$1200, the "lawful, undiscounted rent" is actually \$1224.00. The additional \$24.00 is the 2% that is not payable so long as the tenant pays the rent on time, but if the tenant is late, the leases provide that the tenant is to pay the full, undiscounted rent.

In our experience, the LTB gives judgment for the 2% late payment "penalty" but most landlords don't bother enforcing it and in enforcement proceedings they fail to include the 2% as part of the rent owed. Depending on the size of your portfolio and the frequency with which you enforce collection of rent

owed, you stand to lose the following valuable benefits of prompt payment discounts if you do not enforce them:

1. The dollar value of the discounts when payments are late.
2. At a minimum, recovery of the 2% helps offset administrative time and/or fees paid to follow up on the receivable.
3. Enforcement of the discount encourages delinquent tenants to place a higher priority on ensuring that the rent is paid on time, thus reducing admin time spent on collections.
4. Your "rent roll" based on "lawful rents" is actually 2% higher than "actual rents".
5. If you preserve the discount in your annual NORI's you can discontinue it at a future date, thereby effectively increasing net rent increase payable by an additional 2%.

Enforcement of the prompt payment discount provisions in standard industry leases comes with some administrative costs; however, in a large portfolio with relatively high default rates, enforcement of discount provisions can be an effective tool in encouraging prompt payment and in recovering some of the administrative costs of enforcing late payment of rent.

### Article Provided By:

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



Email: [info@skyviewrealty.com](mailto:info@skyviewrealty.com)

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

# Vacancy Rates: 2010 - Fall 2014

FOR APARTMENT BUILDINGS, 6 UNITS AND ABOVE

LEGEND:

↑ Trending Upward

↓ Trending Downward

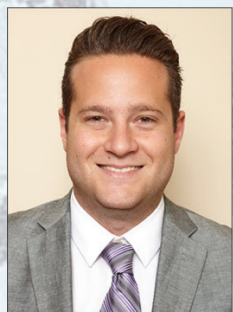
AREA	2010	2011	2012	2013	2014
Aurora, Newmarket, Stouffville	2.1	1.0	1.3	2.1	1.8 ↓
Barrie	3.4	1.7	2.0	3.0	1.6 ↓
Belleville	4.4	3.5	4.4	5.4	5.1 ↓
Bradford, West Gwillimbury	0.7	0.6	0.9	2.9	2.1 ↓
Brampton	1.9	1.4	2.0	2.3	1.9 ↓
Brantford	3.7	1.8	3.5	2.9	2.4 ↓
Burlington	1.3	1.0	1.3	1.9	1.5 ↓
Clarington	3.4	0.9	2.6	1.5	1.0 ↓
Collingwood	0.9	3.3	2.3	4.4	1.1 ↓
Dundas Town	1.9	2.2	1.8	2.2	0.9 ↓
Etobicoke	2.2	1.8	2.6	1.9	2.2 ↑
Guelph	3.4	1.1	1.4	1.9	1.2 ↓
Haldimand	1.1	2.5	0.4	1.3	1.3
Hamilton	3.7	3.4	3.5	3.4	2.2 ↓
Kingston	1.0	1.1	1.7	2.3	1.9 ↓
Kitchener/Waterloo/Cambridge	2.6	1.7	2.6	2.9	2.3 ↓
London	5.0	3.8	3.9	3.3	2.9 ↓
Markham	1.3	0.3	1.7	0.9	1.6 ↑
Midland	5.6	4.6	4.5	3.2	2.6 ↓
Milton, Halton Hills	1.9	1.6	2.8	1.4	2.5 ↑
Mississauga	1.8	1.3	1.8	2.3	1.7 ↓

AREA	2010	2011	2012	2013	2014
Niagara Falls	4.1	3.1	3.8	4.2	4.3 ↑
North York	2.1	1.4	1.7	1.4	1.3 ↓
Oakville	1.3	1.2	0.9	1.3	1.5 ↑
Orangeville	2.3	1.5	2.3	0.7	2.7 ↑
Orillia	2.6	4.3	2.4	3.2	2.9 ↓
Oshawa	3.0	1.8	2.1	2.1	1.8 ↓
Ottawa	1.6	1.4	2.5	2.9	2.6 ↓
Peterborough	4.1	3.5	2.7	4.8	2.9 ↓
Pickering/Ajax/Uxbridge	0.6	2.8	2.2	1.2	1.1 ↓
Rich.Hill/Vaughan/King	1.9	0.9	1.9	1.6	1.1 ↓
Scarborough	2.3	1.3	1.6	1.5	1.4 ↓
St Catharines-Niagara	4.4	3.2	4.0	4.1	3.6 ↓
Stoney Creek Grimsby	3.8	3.1	3.3	3.6	0.6 ↓
Toronto	2.1	1.4	1.7	1.6	1.6
Welland	6.8	2.8	3.1	4.4	2.7 ↓
Whitby	1.5	0.8	0.7	2.0	1.5 ↓
Windsor	10.9	8.1	7.3	5.9	4.3 ↓
Woodstock	5.8	3.2	2.8	2.1	1.4 ↓
York Region	1.8	0.8	1.6	1.6	1.5 ↓

Source: CMHC Rental Market Statistics

## 69 Townhouses in North Oshawa

This 69 unit townhouse complex is located in one of the most desirable areas in the City of Oshawa and sits on approximately four acres. Primarily consists of 3 bedroom units which are relatively well maintained with a good tenant profile. Rents are low in comparison to similar properties in the area. The brand new 407 ETR highway extension is being completed for the end of 2015.



Oshawa is growing at an aggressive pace and boasts one of the lowest vacancy rates in the province. Rents continue to climb at a progressive rate allowing for solid investment opportunities.

Remember, don't just list your property...  
SELL IT! Go with a name that produces results!

**Dani Pizzoferrato**

Sales Representative  
dani@skyviewrealty.com



SOLD FOR  
**\$7,500,000!**

## PELHAM (NIAGARA)

Well Maintained!

Treat As Clear

Principals Only Please

### 81 Suites

- Asking \$5,800,000
- Asking \$71,605 per suite
- Historic School House Converted to Apartments in the 1990's
- Professionally Managed Property
- Thermal Windows
- Building Experiences Very Little Vacancy
- Ample Surface Parking
- 6 x Bachelor
- 43 x One Bedrooms
- 29 x Two Bedrooms
- 3 x Three Bedrooms
- Well Maintained and Landscaped Property
- 6.3% CAP Rate
- 23.8% R.O.I.
- Treat Financing as Clear

## TORONTO

Spadina & Bloor

PRICE REDUCED

Principals Only Please

### 2 Central Toronto Buildings

- Asking \$2,095,000/\$1,900,000
- High demand Annex area immediately next door to Subway station & close to Bloor St. W.
- First property is a 19 unit licensed, upper scale rental accommodation
- Second property is a more conventional investment property with 3 apartments & 3 rooms
- 22 x Bachelors
- 1 x One Bedrooms
- 2 x Two Bedrooms
- Seller prefers to sell both properties as a package.
- Call Skyview office for Income & expenses
- Treat as Clear
- Properties are listed Heritage buildings

## LONDON

MOST APTS EXTENSIVELY RENOVATED

Good Upside on Turnover

Principals Only Please

### 24 Suites

- Asking \$1,895,000
- Asking \$78,958 per Suite
- Short Drive to University of Western Ontario & Fanshawe College
- Four Storey Walk-Up
- Attractive Low Rate VTB to Coincide with Maturing of 1st Mtg
- 1 x Bachelor
- 3 x One Bedrooms
- 20 x Two Bedrooms
- Clean and Well Maintained Property
- 5.0% CAP Rate
- 14.6% R.O.I.
- Ex. 1st Mortgage of approx. \$890,000 @ 5.433% due Aug. 2017 (CMHC Insured) to be Assumed.

## COLLINGWOOD

Excellent Location

Duplex, SixPlex & a Commercial Unit

Principals Only Please

### 8 Suites + Commercial

- Asking \$799,000
- Asking \$88,778 per Suite including the Commercial unit
- Located Along Main Commercial Strip Near New Shoppers Drug Mart & Other AAA Retailers
- Tenants Pay All Utilities
- Good Redevelopment Site
- 1 x Bachelor
- 6 x One Bedrooms
- 1 x Two Bedrooms
- 1 x Commercial Unit
- 7.2% CAP
- 17.0% R.O.I.
- Treat as Clear
- VTB Small Second Available

## ORILLIA

Excellent Location

Mature Tenant Profile

Principals Only Please

### 23 Suites

- Asking \$2,295,000
- Asking \$99,783 per Suite
- Well Maintained and Clean
- Great Older Superintendent Couple
- Possibility to Convert Hydro to Individual Meters
- Solid Concrete Construction
- Large Apartments with Large Bedrooms
- Located in a Quiet Residential Neighbourhood
- 3 x Bachelor
- 9 x One Bedrooms
- 11 x Two Bedrooms
- 5.25% CAP | 10.2% R.O.I.
- Must Assume 1st Mtg of \$1,273,614 @ 3.22%
- Seller may Consider VTB Second Mortgage
- Seller is a Registered Real Estate Broker

## LONDON

Well Maintained Property

Finished Lower Levels

Principals Only Please

### 18 Townhouses

- Asking \$2,425,000
- Asking \$134,722 per Suite
- Tenants pay Heat/Hydro, Possible to Charge Water on Turnover
- Each Townhome has Wood Burning Fireplace and Finished Lower Level with Walk-out to Private Patio
- 12 x Two Bedrooms
- 6 x Three Bedrooms
- Each Townhome has own High-Efficiency Furnace & Hot Water Tank
- Newer Shingled Roofs
- Clean, Quiet Property
- Units Show Nicely
- 12.6% R.O.I.
- Treat Financing as Clear

# We Don't Just List Apartment Buildings...WE SELL THEM!

If you are considering selling your multi-unit residential property, give the Skyview Sales Team a call at 416-444-6545!



**Dani Pizzoferrato**  
Sales Representative

**Anne Meinschenk**  
Associate Vice President

**Danny Iannuzziello**  
Broker of Record

**Cliff Ford**  
Director of Sales & Marketing

**Pat Villani**  
Associate Vice President

**Arsalan Wathra**  
Sales Representative

# industry report

trends and services

SKYVIEW'S  
RECOMMENDED  
SERVICES

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"innovative Financial Products with Exceptional Client Services"

## Want an Offer?

Skyview Realty has a good number of active and qualified buyers who are looking for multi-unit residential buildings throughout Ontario.

If you are considering selling your property, we may be able to bring you an offer immediately.

For more information, contact us at 416.444.6545 or [properties@skyviewrealty.com](mailto:properties@skyviewrealty.com)

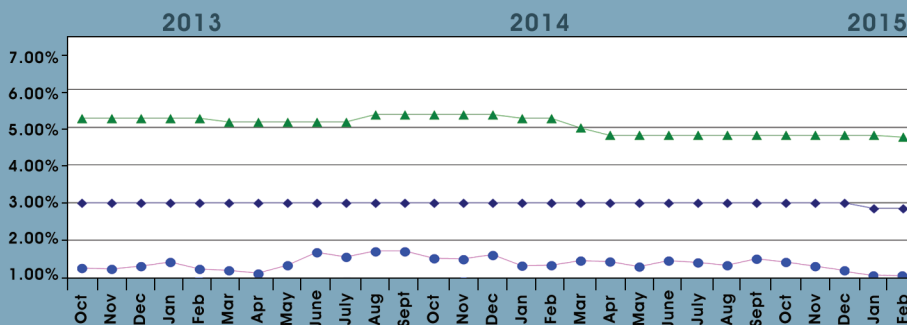
## We Have Buyers!

## MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

505 Simcoe St S, Oshawa	Feb. 9, 2015	30 Units @ \$86,667	\$2,600,000
5693 Highway 7, Markham	Feb. 4, 2015	52 Units @ \$192,308	\$10,000,000
1011 Simcoe St N, Oshawa	Jan. 19, 2015	69 Units @ \$108,696	\$7,500,000
263 Millard St, Orillia	Jan. 15, 2015	38 Units @ \$88,158	\$3,350,000
35 Walmer St, 50 Spadina Rd, Toronto	Jan. 12, 2015	229 Units @ \$257,642	\$59,000,000
129 John St, London	Jan. 6, 2015	19 Units @ \$105,263	\$2,000,000
105 Tia Dr, Hamilton	Dec. 18, 2014	29 Units @ \$98,103	\$2,845,000
4866-4900 Bathurst St, North York	Dec. 17, 2014	141 Units @ \$156,028	\$22,000,000
1854 & 1856 Main St W, Hamilton	Dec. 10, 2014	154 Units @ \$90,000	\$13,860,000
25 Eccleston Dr, North York	Dec. 8, 2014	61 Units @ \$154,918	\$9,450,000
821 Kennedy Rd, Scarborough	Dec. 5, 2014	59 Units @ \$161,610	\$9,535,000
6599 Glen Erin Dr, Mississauga	Dec. 1, 2014	232 Units @ \$170,259	\$39,500,000
5900 Yonge St, North York	Nov. 27, 2014	230 Units @ \$236,918	\$54,491,150
3 Goldfinch Crt, North York	Nov. 27, 2014	170 Units @ \$182,304	\$30,991,750
375 Scott St, St. Catharines	Nov. 24, 2014	123 Units @ \$82,927	\$10,200,000
75 High St, London	Nov. 12, 2014	48 Units @ \$93,750	\$4,500,000
22 Tinder Cres, North York	Nov. 5, 2014	59 Units @ \$158,305	\$9,340,000

SOURCE: Realtrack Inc. [www.realtrack.com](http://www.realtrack.com) 1-877-962-9033

## WATCH ON INTEREST RATES



◆ Canadian Prime Rate (5 Year)  
● Canadian Bond Rate (5 Year)  
▲ Residential Mortgage Rate (5 Year)

## SkyViews

### Spring 2015

#### PUBLICATION:

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

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