



**SKYVIEW**

REALTY LTD., BROKERAGE

# SkyViews

Apartment Report - Spring 2017

## DANNY'S CORNER



Every year at this time, we look forward to the warmer weather ahead and we begin to see everyone coming out of hibernation. It's no different in the business world where we are seeing more and more activity lately on properties throughout Ontario as the temperatures increase.

In February, I had the pleasure of speaking at the Hamilton District Apartment Association's monthly meeting to share my insight on the history of the Hamilton apartment market and the trends relating to sales in that region. The HDAA always puts on informative events and I was honoured to be able to share my experience with the attendees. If you are involved in the Hamilton market, or are looking at expanding into that region, I encourage you to connect with the HDAA, who hosts frequent events and seminars for landlords there.

In this newsletter, I've asked Scott Fleet to provide an article about the importance of capital budgeting and planning. Scott is a well-connected professional who offers project management consulting for owners of apartment buildings that are looking to achieve better results on their capital expenditure projects. As you know, these types of projects can be time-consuming, and expensive. Scott's company Capital Planning Solutions, works alongside owners to ensure these projects stay on track and alleviate some of the 'headaches' that landlords face through the process. If you are approaching a capital expenditure project in the near future, reach out to Capital Planning Solutions to see what they can achieve for you.

Province wide we are seeing a less-than-normal amount of active properties available for sale. This is an ideal time for Seller's who are looking to get the most exposure in the marketplace. Skyview Realty has a significant connection to active buyers who are looking to acquire apartment buildings throughout Ontario. If you are considering selling a multi-residential property, I welcome you to contact myself or my team anytime to see what can be achieved in today's market.

- Danny Iannuzziello

## The Importance of Capital Budgeting

By Scott Fleet, Capital Planning Solutions

When embarking upon major capital expenditure projects at your multi-residential and commercial properties, it is imperative to complete proper due diligence and implement a capital plan to assist in prioritizing your capital projects. At Capital Planning Solutions, we recommend customizing five-year capital budgets for each building. This can be done by a project manager, management company or building ownership. It is recommended that these five-year capital budgets be updated annually and reviewed amongst all members of your building ownership group in order to get "all hands-on board" and make informed decisions on whether your upcoming capital projects should be undertaken, or if certain projects can be deferred. Five-year capital budgets and cash flow projections should be reviewed annually by ownership groups in the fall months. At this time, it is imperative that the ownership make a collaborative decision regarding which projects will be completed throughout the upcoming year. The benefit of making this decision in the fall months is two-fold:

1. When dealing with large concrete restoration projects and other weather sensitive projects, there is a major benefit to tendering and awarding projects early in the year. Contractors are generally very eager to fill up their construction schedules for the rest of the year. Therefore, the contractors who have voids in their schedules are more likely to offer their best competitive pricing to secure the project.
2. The manufacturing of certain equipment and materials such as elevators, balcony railings, balcony doors, windows, boilers, etc. can become backlogged and may have extensive lead times. By commencing your capital projects early in the year, you will often benefit from shorter lead times as you will be first in queue with the manufacturers. If you wait until the summer to begin your capital projects, you are "joining the herd" which leads to longer lead times (in addition to higher contractor pricing) and you may end up rushing to finish weather sensitive projects before the winter months.

### The Five-Year Capital Budget

There are some great software programs available to assist with the creation of capital budgets. However, creating your own customized five-year capital budget unique to each building can yield great benefits. A capital planning consultant can provide assistance in the creation of a capital plan. The process begins by creating a spreadsheet for each building within your portfolio. Populate the spreadsheet with a list of categories for various building components within your building, i.e. balconies, boilers, windows, asphalt, sidewalks, elevators, etc. The spreadsheet should also contain a heading for the next five years, i.e. 2017, 2018, 2019, 2020, 2021. As projects approach, populate the spreadsheet with budget estimates for each category under the appropriate year in which it should be completed.

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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)

Website: [www.SkyviewRealty.com](http://www.SkyviewRealty.com)

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

## The Importance of Capital Budgeting *(Continued from Page 1)*

### Populating your Five-Year Capital Budget

The main source for populating your customized five-year capital plan for each building should be information extrapolated from your most recent Property Condition Assessment (PCA). As a diligent building owner, it is recommended that you update your PCA approximately every eight years and the report should include recommendations for priority repairs and budget figures for the next 10 years. Listed below are additional ways to identify capital projects to include in your five-year capital budget:

- Legislative changes including building code/fire code/TSSA requirements
- Visual assessment and regular building walkthroughs
- Monitoring equipment age versus expected useful life
- Identifying projects that provide energy savings/paybacks

### Undertaking Capital Projects versus Deferring Capital Projects

Now that you have a five-year capital budget in place for each building, you can refer to the budget as a detailed overview of the upcoming capital projects at your buildings. Reviewing your capital budgets in conjunction with your cash flow projections will allow you make a more informed decision regarding whether specific projects should be undertaken or deferred. Should you consider deferring a particular project beyond the set out or recommended repair timeline, it may be a good idea to have an engineer/consultant re-inspect that specific building component to clarify the impact of this decision on building safety and project cost.

If projects are deferred too long, you can quickly find yourself taking a reactive approach to building maintenance. This can lead to an increase in the scope of projects/repair costs, growing aggravation amongst tenants, and additional unexpected repair projects.

Alternatively, preventative maintenance approaches allow you to control repair quantities, and eliminate a source of aggravation amongst your tenants while completing your capital projects with cost efficiency at the forefront.

In conclusion, updating and reviewing your capital budgets annually in the fall months is imperative and taking a preventative, rather than reactive, building maintenance approach can save you valuable dollars over the lifespan of your buildings.

For further assistance with capital planning and capital project management, please contact Capital Planning Solutions.

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***"We Don't Just List Apartment Buildings, We Sell Them!"***

### SOLD! 118 SUITE APARTMENT BUILDING IN HAMILTON



**355 Melvin Avenue, Hamilton - Sold in February 2017**  
**\$11,050,000 or \$93,644 per Suite**

This property was listed and sold by Skyview Realty Ltd. Previously sold in 2009, this high-rise apartment building had significant improvements made over the last few years including new windows, roof, and elevators. Located on the Northeast side of Hamilton and close to all amenities, this property has seen steady improvements to the neighbourhood in recent years, and is poised for further growth with great rental income upside potential and additional revenues from the rooftop.

### SOLD! 70 UNIT TOWNHOUSE COMPLEX IN HAMILTON

**240-280 Montmorency Drive, Hamilton - Sold in January 2017**  
**\$9,150,000 or \$130,714 per Suite**

This property was listed and sold by Skyview Realty Ltd. Situated on a large lot of land in the Northeast side of Hamilton, and surrounded by a residential neighbourhood, this townhouse complex had significant upside potential and was overall in good condition. Some units featured full basements which achieved greater rents. Tenants paid for their own heat and hydro, and there was potential for the tenants to convert to paying their own water. The buyer assumed an existing first mortgage as part of the sale.





## HAMILTON CENTRE

**EXCELLENT UPSIDE** **VERY WELL LOCATED**



**Principals Only Please**

### 41 Suites

- Asking \$5,740,000
- Asking \$140,000 per Suite
- Solid Opportunity in this Tidy Property with Good Tenants
- Shows True Pride of Long Term Ownership!
- Windows/Balcony Doors Replaced approx. 12 Years Ago
- Parking, Roof, and Common Areas are Well Kept
- 8 x Bachelor
- 17 x One Bedrooms
- 16 x Two Bedrooms
- Great Location in Central Hamilton
- Hydro Paid by most Tenants
- Treat Financing as Clear, Purchaser to Arrange
- Inquire with Skyview to Receive Property Info

## CAMBRIDGE

**PRICE REDUCED!** **TREAT AS CLEAR**



**Principals Only Please**

### 12 Suites

- Asking \$1,440,000
- Asking \$120,000 per Suite
- Good Rental Neighbourhood with All Amenities Nearby
- Easy Access to Cambridge Transit for Tenants
- Solid Concrete Block Construction
- Features Large Apartments
- 1 x One Bedrooms
- 11 x Two Bedrooms
- Well Maintained Building
- Upside Potential on Turnover
- 5.3% CAP Rate
- 20.8% R.O.I. with 15% Down
- Treat Financing as Clear
- Seller may consider a VTB 2nd Mortgage to qualified buyer

## CRYSTAL BEACH

**MOTIVATED SELLER!** **PRICE REDUCED!**



**Principals Only Please**

### 40 Unit Apartment/Commercial Complex

- Asking \$1,875,000
- Asking \$46,875 per Suite
- Located in Popular Tourism Town in Niagara South Region
- Zoned for Residential/Commercial Uses
- Potential for Tenants to Pay Own Hydro on Turnover
- Brand New HWG Boilers (2016)
- Current Usage: 12 x Lofts, 6 x Bachelors, 17 x 1 Bdrm, 2 x 2 Bdrm, 1 x 3 Bdrm, 1 Retail Unit, and 1 Mgmt Office
- Minutes to Beach, Shopping, Restaurants, and Fort Erie
- Projected 7.75% CAP Rate
- Treat Financing as Clear

## WINDSOR

**BEAUTIFULLY RESTORED** **EXCELLENT LOCATION**



**Principals Only Please**

### 10 Suite Rental Property

- Asking \$1,400,000
- Asking \$140,000 per Suite
- Property Operated as Short Term Executive Accommodations; Lends Itself to Other Possible Uses
- Clean and Beautifully Kept - a Must See Property!
- Thermal Windows, with Window Air Conditioning
- 1 x Studio, 1 x Bachelor
- 4 x One Bedrooms
- 4 x Two Bedrooms
- Close to All Amenities - 5 Minute Drive to City Center
- 7.37% CAP Rate Operating as Executive Rentals
- Treat as Clear - Purchaser to Arrange Financing

## LONDON

**UPSIDE ON RENTS** **STYLISH FINISHINGS**



**Principals Only Please**

### 48 Suites

- Asking \$5,650,000
- Asking \$117,708 per Suite
- Located in South London close to all Amenities
- Building Shows Well with Nice Landscaping
- Tenants Pay Own Hydro
- Apartments Renovated with High End Finishes
- 12 x One Bedrooms
- 28 x Two Bedrooms
- 8 x Two Bedrooms + Den
- Long Term Superintendent
- Laundry Rooms on Each Floor
- Mature Tenant Profile
- Existing 1st Mortgage of approx. \$3,169,000 @ 3.65% due October 2019 to be Assumed by Buyer

## VITTORIA

**6.3% CAP RATE** **LARGE SUITES**



**Principals Only Please**

### 9 Suites

- Asking \$650,000
- Asking \$72,222 per Suite
- Schoolhouse Converted to Apartments in the 1980's
- Owner Managed & Well Maintained
- Quaint Small Town Feel and a Short Drive to Port Dover in Norfolk County
- 3 x One Bedrooms
- 6 x Two Bedrooms
- Tenants Pay for Own Heat and Hydro
- Approx. 1 hour South of Hamilton
- Backs onto City Park
- 6.3% CAP
- 16.3 % R.O.I.
- Treat Financing as Clear

## OSHAWA

**PRIME LOCATION** **SIGNIFICANT UPSIDE**




**Principals Only Please**

### 69 Townhouses

- Asking \$12,395,000
- Asking \$179,638 per Unit
- Located Conveniently close to Shopping & Community Centres, Schools, and Public Transport
- Complex sits on Approx. 3.58 Acres with Frontage on Major Thoroughfare
- Approx. 20 Units Turned Over and Renovated to Condo Quality
- 1 x Two Bedrooms
- 66 x Three Bedrooms
- 2 x Four Bedrooms
- Approx. Half of Roofs have been Re-Done
- Renovated Units Renting for \$1,375 to \$1,600
- 4.8% CAP - 12.6% R.O.I.
- Treat Financing as Clear

## TILLSONBURG

**ALL 2 BEDROOMS** **POTENTIAL UPSIDE**



**Principals Only Please**

### 23 Suites

- Asking \$2,000,000
- Asking \$86,957 per Suite
- Well Maintained Building with Spacious Units
- Metal Roof installed in 2008 & Snow Guards installed in 2012
- Large Lot with Plenty of Greenspace
- Laars Mighty Therm Boiler installed 3 Years ago
- 23 x Two Bedrooms
- Located Off Major Street in Quiet Residential Neighbourhood
- Potential Upside on Rents on Turnover
- 5.2% CAP Rate 13.9% R.O.I.
- Treat Financing as Clear
- Closing must be on June 1, 2017

## FOREST

**IMMACULATE BUILDINGS** **EXCESS LAND**



**Principals Only Please**

### 28 Suites in 3 Buildings

- Asking \$2,650,000
- Asking \$94,643 per Suite
- Three Buildings on Lot with Excess Land - Potential for Development of Additional Units
- Buildings built in Stages between 1990 and 1998 - Some Suites may not be Subject to Rent Control
- 28 x Two Bedrooms
- Well Maintained Property with Great Suites
- Good, Mature Tenant Profile
- All Roofs replaced in the Last 10 Years
- Quiet Town close to London and Sarnia
- Treat Financing as Clear



# industry report



SKYVIEW'S  
RECOMMENDED  
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!

**Michael Lombard**

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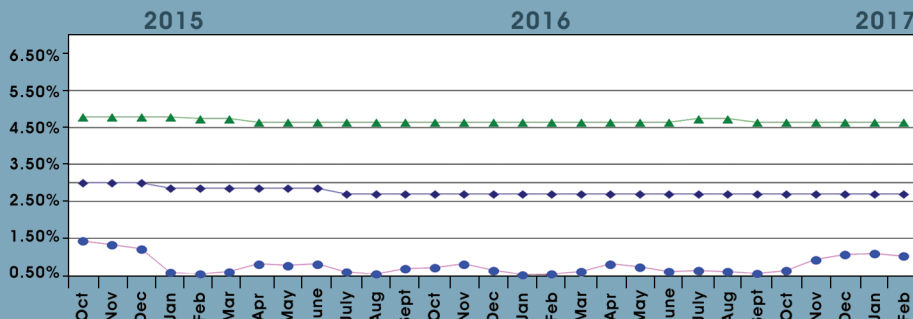
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## MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

316 The Kingsway, Etobicoke	Dec. 1, 2016	17 Suites @ \$191,588	\$3,257,000
1770 Wilson Ave, North York	Dec. 1, 2016	21 Suites @ \$237,619	\$4,990,000
4218 Portage Rd, Niagara Falls	Dec. 5, 2016	19 Suites @ \$95,789	\$1,820,000
1255 Birchmount Rd, Scarborough	Dec. 8, 2016	68 Suites @ \$142,059	\$9,660,000
575 Pape Ave, Toronto	Dec. 15, 2016	17 Suites @ \$208,824	\$3,550,000
501 Sixth St N, Collingwood	Dec. 16, 2016	12 Suites @ \$145,208	\$1,742,500
115 Eighth St, Etobicoke	Dec. 16, 2016	10 Suites @ \$210,000	\$2,100,000
298 Fairview Ave, London	Dec. 21, 2016	23 Suites @ \$76,750	\$1,765,250
1351 Woodbine Ave, Toronto	Jan. 17, 2017	12 Suites + 6 @ 199,722	\$3,595,000
3311 Bathurst St, North York	Jan. 18, 2017	102 Suites @ 203,922	\$20,800,000
80 Confederation Dr, St. Thomas	Jan. 25, 2017	29 Suites @ \$67,241	\$1,950,000
57 Tenth St, Etobicoke	Jan. 30, 2017	9 Suites @ \$203,500	\$1,831,500
800-810 Wilson Ave, North York	Jan. 31, 2017	12 Suites + 6 @ 205,556	\$3,700,000
355 Melvin Ave, Hamilton	Feb 6, 2017	118 Suites @ \$93,644	\$11,050,000
8 Hill St, Newmarket	Feb. 15, 2017	18 Suites @ \$183,340	\$3,300,118
65-99 Silver Springs Blvd, Scarborough	Feb. 21, 2017	430 Suites @ \$195,349	\$84,000,000

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 2017

#### PUBLICATION:

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

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