



SkyViews

Apartment Report - Spring 2019

DANNY'S CORNER



After a long and very snowy winter, I'm sure we are all looking forward to warmer temperatures and some sunshine!

In January, Skyview had the privilege of speaking at the Hamilton District Apartment Association, in order to provide an update on the multi-unit residential market in Ontario. The keyword of the presentation was 'Upside' as this has become an even greater buzzword in our industry over the last couple of years. To that end, we have provided an article in this newsletter about upside and how it comes into play during an acquisition.

I also wanted to extend an invitation to you regarding our property email blasts. Some of you who receive this newsletter do not currently have an email address registered in our database. When Skyview launches a property to market, the first notice of a new property is sent out via email to our database. If you don't have your email registered with us, you may not be seeing new properties available until you receive the next quarterly newsletter. I encourage you to send an email to info@skyviewrealty.com providing us with your email address so that you can always be up to date with our property listings.

As always, my team and I are here to serve you in the apartment building industry. If we can assist with your next property sale, I welcome you to contact us anytime!

- Danny Iannuzziello

Your Price for 'Upside'

Finding Value in the Grey Areas

By Cliff Ford, Skyview Realty

With the ever-increasing demand for multi-unit residential properties amongst investors, a trend has been emerging over the last number of years. Many properties, and certainly buildings with 30+ units, are seeing multiple offers as part of an open bid submission process.

If you aren't familiar with the bid submission process, it is the act of marketing a property for sale without providing a price. Typically, the Seller will provide all due diligence documents in advance of the offer deadline to allow buyers to determine what they are willing to offer on any given property. Sellers love this process as it can generally lead to multiple offers and can create a bidding war that drives up their end price. Buyers dislike this process, however, because they prefer to have some guidance on pricing going into the offer stage. As a brokerage, we are caught in the middle of wanting to deliver great results for our Seller and satisfying our buyer clients' demands for more investment properties.

What we have been noticing with these open bid properties is that 'upside' becomes a very common discussion point. The value a buyer places on the upside in a building can often become the factor that makes their offer stand out among the rest, at least as it relates to purchase price.

When considering what the upside is on a property, its more than just rental rate upside, especially considering the lower vacancy rates seen in the Ontario market

nowadays. Beyond the upside of what you could rent turned-over units for, investors are looking at upside in the utility consumptions by implementing programs to replace lighting with LED bulbs, installing

low-flow toilets in every unit, and investing in higher efficiency heating equipment. Upside can also be found in converting excess space in a building to either additional units, commercial space, or amenities that could draw in greater tenant rents. Sometimes even the location of the property itself can have a form of upside for a particular buyer, in that they may own a building nearby and could create valued upside in the sharing of mutual expenses between each property.

Whatever the upside factors may be on any particular property, when going into a purchase process, understanding what YOUR value is on the upside will give you a leg up when bidding against other buyers. It appears that, at least for the time being, the sale price of the property is no longer determined just by market comparable sales. It is now the grey areas of upside that are driving the prices higher. Of course if every seller had their way, the Buyer would be paying for 100% of the upside in their purchase price but realistic sellers also know that they need to leave something on the table for a buyer. As a buyer, you need to know what the upside is and how much you are willing to pay for that upside. It is a business decision that only you can determine based on your operations.

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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

Website: www.SkyviewRealty.com

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

Your Price for 'Upside'

Finding Value in the Grey Areas by Cliff Ford, Skyview Realty

To be fair when discussing bid submission processes, it should be stated that price may not always be the only factor when a seller chooses one offer to work with over another, but it is likely the most significant factor. As an example, buyers are becoming more and more organized in their purchasing processes in order to streamline their conditional periods and closing dates, as this can also help to achieve a sign back from a Seller when multiple offers are on the table.

Especially if all offering prices are neck and neck, the terms of the offer becomes an important factor for a seller.

You may not be a fan of the open bid submission process, but it appears as if this new trend will be sticking around. By doing proper due diligence upfront, good research on the property's market, and determining the price you want to pay for the upside, you can still achieve great acquisitions in this tight and highly sought after investment class.

Vacancy Rates: 2014 - 2018

FOR APARTMENT BUILDINGS, 6 UNITS AND ABOVE

LEGEND:

- ↑ Trending Upward
- ↓ Trending Downward
- ** Unreported

VACANCY RATE (%)							VACANCY RATE (%)							VACANCY RATE (%)						
AREA	2014	2015	2016	2017	2018		AREA	2014	2015	2016	2017	2018		AREA	2014	2015	2016	2017	2018	
Aurora, Newmarket, Stouffville	1.8	0.9	2.0	2.0	2.2	⬆️	Kingston	1.9	2.8	2.6	0.7	0.6	⬇️	Peterborough	2.9	3.7	1.0	1.1	1.5	
Barrie	1.6	1.3	2.2	2.7	2.9	⬆️	Kitchener/Waterloo/Cambridge	2.3	2.4	2.2	1.9	2.9	⬆️	Pickering/Ajax/Uxbridge	1.1	1.0	3.9	1.1	0.7	
Belleville	5.1	4.5	3.4	2.2	2.4	⬆️	London	2.9	2.9	2.1	1.8	2.1	⬆️	Rich.Hill/Vaughan/King	1.1	1.6	1.1	1.1	1.4	
Bradford, West Gwillimbury	2.1	1.6	1.6	4.3	0.7	⬇️	Markham	1.6	2.5	1.4	0.9	1.5	⬆️	Scarborough	1.4	1.3	1.2	0.8	0.8	
Brampton	1.9	1.0	1.2	1.3	1.1	⬇️	Midland	2.6	3.4	**	1.0	1.3	⬆️	St Catharines-Niagara	3.6	2.8	2.2	1.5	2.5	
Brantford	2.4	2.4	2.1	1.3	1.5	⬆️	Milton, Halton Hills	2.5	1.6	1.1	0.3	0.9	⬆️	Stoney Creek Grimsby	0.6	3.8	4.9	**	4.1	
Burlington	1.5	1.5	1.1	1.4	1.8	⬆️	Mississauga	1.7	1.7	1.4	0.9	0.8	⬇️	Toronto	1.6	1.6	1.3	1.0	1.1	
Clarington	1.0	0.0	0.2	0.4	1.1	⬆️	Niagara Falls	4.3	3.2	2.3	2.1	3.8	⬆️	Welland	2.7	1.8	1.4	1.4	2.6	
Collingwood	1.1	5.1	1.4	1.1	0.7	⬇️	North York	1.3	1.4	1.3	0.7	0.8	⬆️	Whitby	1.5	1.4	1.1	1.3	1.4	
Dundas Town	0.9	1.6	2.0	1.9	3.0	⬆️	Oakville	1.5	0.7	1.1	1.0	1.3	⬆️	Windsor	4.3	3.9	2.9	2.4	3.0	
Etobicoke	2.2	1.9	1.1	1.2	0.7	⬇️	Orangeville	2.7	0.0	1.0	0.9	4.1	⬆️	Woodstock	1.4	1.5	0.7	2.2	1.5	
Guelph	1.2	1.2	1.0	1.2	1.4	⬆️	Orillia	2.9	1.3	2.5	1.4	2.3	⬆️	York Region	1.5	1.6	1.5	1.3	1.7	
Haldimand	1.3	2.7	1.2	0.0	0.0		Oshawa	1.8	1.7	1.7	2.2	2.7	⬆️	Source: CMHC Rental Market Reports 2018						
Hamilton	2.2	3.4	3.8	2.4	3.1	⬆️	Ottawa	2.6	3.4	3.0	1.7	1.6	⬇️							

2019 Rental Increase Guideline: 1.8%

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!





PROPERTIES CURRENTLY OFFERED FOR SALE

BURLINGTON - 34 SUITES

TREAT AS CLEAR

CLOSE TO COMMUNITY CENTRE



Principals Only Please

- This Property is Being Offered to the Market in a Bid Submission Process
- Information Package to be Provided upon Signing of a Confidentiality Agreement
- Additional Income Sources include Parking, Laundry and Enercare Submetering
- 1 x Bachelor
- 10 x One Bedrooms
- 23 x Two Bedrooms
- Large Corner Lot
- Upside in Rents on Turnover
- Thermo Windows (1997)
- Large Balconies
- Treat Financing as Clear

BOLTON

LARGE LOT

GOOD RENTAL DEMAND



Principals Only Please

18 Suites

- Asking \$3,690,000
- Asking \$205,000 per Suite
- Rare Opportunity to Own One of the Only Apartment Buildings in Bolton!
- Beautiful Ravine Setting
- Windows Approx 5 years old
- Owner Pays Hydro (Electrically Heated)
- Ample Surface Parking
- 1 x Bachelor
- 7 x One Bedrooms
- 6 x Two Bedrooms
- 4 x Three Bedrooms
- Good Tenant Profile
- 4.0% CAP
- Ex. 1st Mortgage of Approx \$810,000 @ 3.57% due March 2022 to be Assumed
- Seller will Consider VTB 2nd Mortgage

NIAGARA FALLS

MANY RECENT IMPROVEMENTS

TREAT AS CLEAR!



Principals Only Please

10 Suites

- Asking \$1,280,000
- Asking \$128,000 per Suite
- Located in Residential Neighborhood close to the Falls and Tourism Area
- Many Recent Improvements including Complete Electrical Updating, Common Area Improvements, and Suite Renovations
- 2 x Bachelor
- 8 x Two Bedrooms
- Significant Unused Space in Basement - Potential Development
- Potential Upside in Rents on Turnover
- Large Bedrooms in All Two Bedroom Units
- Treat Financing as Clear

OAKVILLE

DESIRABLE SUITE MIX

GREAT LOCATION



Principals Only Please

30 Suites + 1 House

- This Property is being Offered to the Market in a Bid Submission Process
- Contact Skyview Realty for Financial Information on this Property
- Tenants Pay Their Own Hydro with Individual Meters
- Property includes a Single House on Site (Currently the Super's Residence)
- 18 x Two Bedrooms
- 12 x Three Bedrooms
- 1 x House
- Located in South Oakville close to All Amenities
- Significant Rental Upside
- Potential Turnover
- Ex. 1st Mortgage for approx. \$3,108,000 at 2.18% and due June 2022 to be Assumed

BURLINGTON - 52 SUITES

CLOSE TO LAKESHORE

RENTAL UPSIDE!



Principals Only Please

- This Property is Being Offered to the Market in a Bid Submission Process
- Information Package to be Provided upon Signing of a Confidentiality Agreement
- Additional Income Sources include Packing, Laundry and Enercare Submetering
- Significant Repairs to Underground parking in 2017
- 20 x One Bedrooms
- 32 x Two Bedrooms
- Sellers Office is Located in Building and has Potential to be Converted into Additional Unit
- Windows Replaced 6 years ago
- Balcony Railings Replaced 4 years ago
- Treat Financing as Clear

VIEW OUR FULL LISTINGS WITH PROPERTY DETAILS AT WWW.SKYVIEWREALTY.COM



Industry Report

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 info@skyviewrealty.com

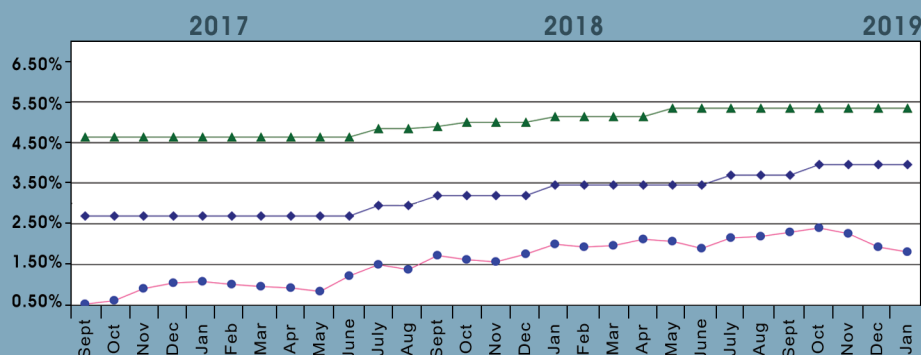
We Have Buyers!

MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

3650 SANDWICH ST, WINDSOR	Nov. 1, 2018	32 Suites @ \$76,563	\$2,450,000
45 SPENCER ST E, COBOURG	Nov. 5, 2018	9 Suites @ \$150,000	\$1,350,000
59 RIDOUT ST S, LONDON	Nov. 16, 2018	76 Suites @ \$111,842	\$8,500,000
540 KING ST E, HAMILTON	Nov. 23, 2018	36 Suites @ \$116,250	\$4,185,000
53 FIRST AVE, ORANGEVILLE	Nov. 26, 2018	29 Suites @ \$150,000	\$4,350,000
22 & 24 BOND ST, BRANTFORD	Nov. 27, 2018	10 Suites @ \$185,000	\$1,850,000
262 JARVIS ST, TORONTO	Nov. 30, 2018	71 Suites @ \$225,352	\$16,000,000
238 SOUTH KINGSWAY	Nov. 30, 2018	8 Suites @ \$402,500	\$3,220,000
100 VAUGHAN RD, YORK	Dec. 3, 2018	33 Suites @ \$304,545	\$10,050,000
34 ERLESMERE AVE, BRAMPTON	DEC. 3, 2018	11 Suites @ \$156,364	\$1,720,000
18 ANGLESEY BLVD, ETOBICOKE	DEC. 5, 2018	25 Suites @ \$252,000	\$6,300,000
1 & 7 GLEN RD, TORONTO	DEC. 13, 2018	16 Suites @ \$308,750	\$4,940,000
536 - 538 HURON ST, TORONTO	Dec. 27, 2018	19 Suites @ \$256,842	\$4,880,000
39 GLEN RD, CAMBRIDGE	Jan. 17, 2019	16 Suites @ \$121, 875	\$1,950,000
288 CLYDE RD, CAMBRIDGE	Feb. 5, 2019	14 Suites @ \$164,286	\$2,300,000
15 WALMER RD, TORONTO	Feb. 14, 2019	78 Suites @ \$384,615	\$30,000,000

SOURCE: Realtrack Inc. 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 2019

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

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