



SKYVIEW
REALTY LTD.

SkyViews

DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

APARTMENT REPORT

SUMMER 2006

DANNY'S CORNER



*Danny Iannuzziello
Broker of Record*

On March 7 2006, Bob Aaron, Chris Morgis and myself from the Multiple Dwelling Standards Association had the opportunity to meet with Municipal Affairs and Housing Minister, John

Gerretsen and some of his senior staff. The minister advised us that he was looking at introducing new legislation sometime in the Spring and asked us to make representations on the then forthcoming amendments to the Tenant Protection Act. Mr. Gerretsen was interested what, if anything, had changed since the last series of meetings with Landlord associations from the past couple of years. The Minister also asked for our thoughts on the current system, what was happening in the marketplace with respect to property values, and our likes and dislikes with the current legislation.

Also discussed was the linking of rent increases to the Ontario Consumer Price Index, the six per cent interest on prepaid rent, vacancy decontrol, the issue of Above Guideline Increases, Cost No longer borne, and the current eviction process whereby hearings would be required in all circumstances.

Hydro consumption was also on the Minister's mind during our meeting whereby the possibility of providing incentives to landlords for metering each apartment unit. We indicated that the current legislation was in fact working and should not be altered to any certain degree.

Continued on Page 2

GOVERNMENT INTERVENTION: FOR BETTER AND WORSE

By Heather Waese

Landlords have waited for over a year for the provincial Liberals to drop the hammer. On at least two previous occasions the Liberal cabinet tried to propose new rent legislation in order to deliver on one of their election platforms. Finally, the much dreaded Bill 109, The Residential Tenancies Act, 2007 (RTA) was introduced for first reading. On the brighter side of a very dim situation, this legislation addresses a few issues that were upper most in the minds of landlords for more than a decade, namely; vacancy decontrol, the annual guideline and interest on last month's rent. The ability to operate freely in the market place has now had a chance to prove itself for the past eight years. After an initial rise in average rents, market forces have served to moderate, if not reduce, rents from their earlier high point. This government had to acknowledge that the ability for landlords to charge market rents has provided more choice for tenants. The annual guideline increase calculation has been a mystery for many years. It was based on an intricate formula including a select group of costs for a twelve month period that varied from time to time depending on the results. The RTA proposes that the guideline be based on the Ontario Consumer Price Index averaged over the previous year. This will make it difficult for the government to manipulate the formula. While on the surface it appears to be the

perfect solution, there will be tremendous political pressure to step in and reduce the government guideline if utility costs increase as expected. Finally, this government intends to address the outrageous practice of requiring landlords to pay 6% interest on last month's rent on deposit (LMR) when banks are barely offering half that amount. The RTA proposes to align the percentage interest paid on LMR with the Ontario Consumer Price Index.

Landlords have attempted to individually meter the consumption of hydro for each unit in order to transfer the obligation to pay for the supply of electricity to the tenant. Efforts were thwarted by both tenant and utility company alike. This legislation purports to permit landlords, without consent, to install smart meters and transfer the responsibility for payment of the costs incurred without the consent of the tenant. There are, however, very onerous rules with which landlords must comply. A landlord must document the consumption of the smart meter for a period of not less than twelve months before the conversion could take place. The calculation for the reduction of rent pursuant to the reduction of the service is yet to be disclosed. He must also adopt practices which support the potential for energy conservation.

Unfortunately that is the extent of the "better". The impact of the balance of the new law will be much worse with respect to both obtaining increases above guideline as well as applications for arrears and to terminate tenancies.

Continued on Page 2



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.

APARTMENT BUILDING SALES SPECIALISTS

GOVERNMENT INTERVENTION *continued*

Certain aspects of the RTA will apply to all increase above guideline applications filed after May 3, 2006. The most notable change will be the implementation of cost no longer borne. The law requires the landlord to reduce rents by an amount (more or less) equal to the amount of the increase awarded for the capital expenditure after the useful life has expired. This terminology was first introduced by the NDP's Rent Control Act. Fortunately, it never really saw implementation as the legislation was repealed before the first allowances were required to be reduced from the rents. It is likely that history may again repeat itself as this law would have to survive for the 15 year period that is currently suggested by the transitional section of the legislation before the reductions would have to be made. In fact, no rent legislation has ever lasted more than eight years so it is a fairly safe bet. The government also intends to tinker with the formula for calculating the capital allowance thereby reducing the rate of return. This part of the legislation will apply only to those applications that are filed after proclamation, so there is still a window of opportunity to recover capital expenditures at this current more beneficial rate.

The cost no longer borne provision will also apply to increases awarded to recover extraordinary increases in utilities. Landlords will be required to document the subsequent years' operating expenses and report the costs in a prescribed form to the tenants who were affected by the Order. A tenant will then have to apply to the Board for a reduction if the landlords' costs have reduced by a prescribed percentage, yet to be determined.

On the landlord and tenant side of the equation, this legislation also adopts new rules that will likely mean the end to prompt hearings. The RTA eliminates the default process for evictions. A hearing must take place in all circumstances. During these hearings a tenant may raise any matter and seek a remedy regardless of whether it was related to the original issue in the application. This will result in delays and adjournments to allow the landlord to investigate the allegations in order to prepare a response. The Board will also require adjudicators to review the tenant's "circumstances" prior to granting an eviction.

This is only round one, things can still change for better or worse.

*Heather Waese, President
SPAR Property Consultants Ltd.
416.922.7897 or www.sparproperty.com*

68 CAMERON AVENUE, TORONTO

Closed May 2006

\$630,000

This 7-plex in the Keele & Eglinton area was listed and sold by Skyview Realty Ltd., who assisted the buyer by arranging a first mtg. for 75% of the purchase price at 6.1% for 5 yrs. The seller facilitated by taking back a 2nd mtg. for 10% of the purchase price at 5% for 2 yrs.



360 WESTWOOD DRIVE, COBourg

Closed May 2006

\$2,750,000

This 47 unit building was listed and sold by Skyview Realty Ltd. A new first mtg. was arranged for 67% of the purchase price at 5.94% for a 5 year term. The Seller facilitated with a VTB for \$400,000 with an 18% downpayment. Building very well maintained.



5325 VAN ALSTYNE PL. NIAGARA FALLS

Closed February 2006

\$525,000

This property was listed and sold by Skyview Realty Ltd. for \$525,000. A new first mortgage was arranged by Skyview Realty Ltd. for 75% of the purchase price at 5.75% for 5 years.



280 MONTRAVE AVENUE, OSHAWA

Closed January 2006

\$855,000

This property was listed by Skyview Realty Ltd. and sold by a cooperating broker. Skyview Realty Ltd. assisted prior to sale by placing a first mtg. for \$637,500 @ 5.19% for 5 yrs., assumed by buyer on closing. Building in good condition and fully occupied.



650 WOODBINE AVENUE, TORONTO

Closed January 2006

\$2,750,000

This building was listed and sold by Skyview Realty Ltd. for \$2,750,000 or \$76,389 per suite. A new mortgage was placed on the property for 80% of the purchase price at 5.25% for a 10-yr term. Building was in very good condition and fully occupied on closing.



DANNY'S CORNER *continued*...

On May 3, 2006 The Minister announced the changes in the new Residential Tenancies Act, 2007, which was followed by a May 9th second reading. The bill was then referred to the Standing Committee on General Government on May 17th. A finalized Bill is expected to receive a third reading before the Legislature breaks for summer.

I asked Heather Waese from Spar Property Consultants Ltd. who is instrumental advocating on behalf of Landlords, to write an article for Skyview to provide a better understanding of the proposed legislation.

In addition, the Skyview office continues to grow and to meet our demands I would like to extend a warm welcome to Eric Wyckoff and Sunil Kalra who have join us in our sales area.

I wish you all a safe and happy summer.

Danny Iannuzziello, Broker of Record

VISIT WWW.SKYVIEWREALTY.COM FOR ALL OF OUR LISTINGS



EXCLUSIVE LISTING

HAMILTON MOUNTAIN (EAST)

52 Suites

- Asking \$2,700,000
- Asking \$51,923 per suite
- Tenants pay own hydro
- Fully occupied
- Rents below market
- Application for above guideline rent increase
- 85% of suites renovated
- Good rental area
- Upgraded lobby
- 25 x One bedrooms
- 27 x Two bedrooms
- Main water lines replaced in 2005
- One unit legal, non-conforming
- Existing 1st mtg. \$1,630,000 @ 5.68% due Jan. 2009 pays \$10,663.41/mth P & I
- Seller to consider VTB to sell



EXCLUSIVE LISTING

TORONTO (ETOBICOKE)

44 Suites

- Asking \$3,350,000
- Asking \$76,136 per suite
- Good rental area
- Fully occupied
- Tenants pay own hydro
- Private secluded lot on dead end street
- Well maintained building
- Some rents below market
- 16 x One bedrooms
- 28 x Two bedrooms
- 7.6% CAP Rate
- 20.0% R.O.I.
- Vendor motivated to sell
- Existing 1st mtg. @ 5.35% due November 2010, mo. payments \$18,022
- Vendor may consider VTB to sell



DUNDAS ONTARIO

AVAILABLE HAMILTON WEST

29 Units (Two buildings)

- Asking \$1,900,000
- Asking \$65,517 per suite
- Building upgraded during early '90's under low-rise program
- Can be sold with 23 units next door
- Application submitted for condo status
- Good tenant profile
- 7 x One bedrooms
- 22 x Two bedrooms
- 15% downpayment
- 20.5% R.O.I.
- Good residential area
- Some rents below market
- Vendor to consider VTB to sell
- View additional pictures at www.SkyviewRealty.com



ASKING \$65,455/SUITE

AVAILABLE IN OSHAWA

11 Suites

- Asking \$720,000
- Tenants pay hydro
- Dead end tree lined street
- Great rental area
- Walking distance to downtown
- Building in excellent condition
- Thermo windows
- 1 x Bachelor
- 4 x One bedrooms
- 6 x Two bedrooms
- 7.4% CAP Rate
- 15.6% R.O.I.
- Good suite mix
- Fire retrofit complete
- Treat mortgages as clear
- VTB Mortgage to sell



ASKING \$58,594 PER SUITE

AVAILABLE IN ST. CATHARINES

32 Suites

- Asking \$1,875,000
- Asking \$58,594/suite
- Building totally renovated in year 2000, including roof, windows, parking lot, fire retrofit, upgraded furnaces, fridges, stoves, plumbing, all new units
- Tenants pay hydro
- 16 x One bedrooms
- 16 x Two bedrooms
- 15% downpayment
- 20.4% R.O.I., 8.2% CAP Rate
- Fully occupied
- Some rents below market
- Treat mortgages as clear
- Seller to consider VTB second to sell



8.85% DOWNPAYMENT

AVAILABLE IN WINDSOR

65 Units

- Asking \$44,462/unit
- Asking \$2,890,000
- \$255,700 Cash required
- Upgrades incl. Balconies, hallways, elevator, underground garage
- Exp. some vacancies
- Close to Casino Windsor, downtown and bridge to U.S.A.
- 15 x One bedrooms
- 50 x Two bedrooms
- 8.85% downpayment
- 7.2% CAP Rate, 36.4% R.O.I.
- Cosmetic upgrades required
- Attractive 1st mortgage, CMHC insured to be assumed @ 5.15% due 2008.
- VTB 2nd with 8.85% down payment



DUNDAS ONTARIO

AVAILABLE HAMILTON WEST

23 Units

- Asking \$1,550,000
- Asking \$67,391 per suite
- Building upgraded during early '90's under low-rise program
- Can be sold with 29 units next door
- All units have gas stoves
- Application submitted for condo status
- 14 x One bedroom
- 9 x Two bedrooms
- 7.7% CAP Rate
- 21.2% R.O.I.
- 15% downpayment
- Some rents below market
- Vendor to consider VTB to sell
- View additional pictures at www.skyviewrealty.com



NEW ROOF IN 2006

AVAILABLE IN TORONTO

8 Suites (Keele/Wilson)

- Asking \$730,000
- 15% Downpayment
- Good residential rental area
- Quiet, tree-lined street
- Tenants pay own hydro
- Thermo windows
- Fire retrofit complete
- See www.SkyviewRealty.com for additional pictures
- 2 x One bedrooms
- 6 x Two bedrooms
- Some rents below market value
- New roof in April 2006 (rubber membrane)
- Treat mortgages as clear
- Individual hot water tanks
- VTB mortgage to sell



24.0% R.O.I.

NEW PRICE

AVAILABLE IN TORONTO

9 Suites

- Asking \$995,000
- Good rental location
- Good tenant profile
- Separate hydro meters
- Recent improvements - boiler and water pressure system serviced in 2006
- Good suite mix
- Large units
- 1 x Two bedrooms
- 8 x Three bedrooms
- 15% downpayment
- 7.7% CAP Rate, 24.0% R.O.I.
- Purchaser to assume existing 1st mortgage - \$670,000 approx. At 4.85% due November 2008
- VTB to sell

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

industry report

trends and services

RECENT SALE



1040 CEDAR STREET & 280 WENTWORTH STREET, OSHAWA

- Asking \$14,000,000
- Over \$2.5M in capital improvements: new windows, doors, in-suite renos., incl. appliances, hi-tech security system, roof anchors, and upgrades to electrical and plumbing
- Well maintained buildings
- 500 yards from GM plant
- 155x Two bedrooms
- 47 x Three bedrooms
- 62 x 3 Bdrms (2 storey)
- Good tenant profile
- 8.4% CAP Rate, 24.9% R.O.I.
- Ex. 1st mtg. can be renegotiated
- Vendor may consider VTB 2nd mtg.
- Upside Potential

**264 SUITES
(2 BUILDINGS)**

Further details regarding the sale of this transaction will be featured in the next issue of Skyviews, or visit our Web site at www.SkyviewRealty.com, and select Recent Transactions.

Jim Dysart
Vice President and
Regional Manager – Ontario



Direct Dial: 416.304.2078
Facsimile: 416.368.3328
Email: jimd@peoplestrust.com

Suite 920
130 Adelaide Street West
Toronto, Ontario
Canada M5H 3P5
www.peoplestrust.com

FIRST NATIONAL

FINANCIAL CORPORATION

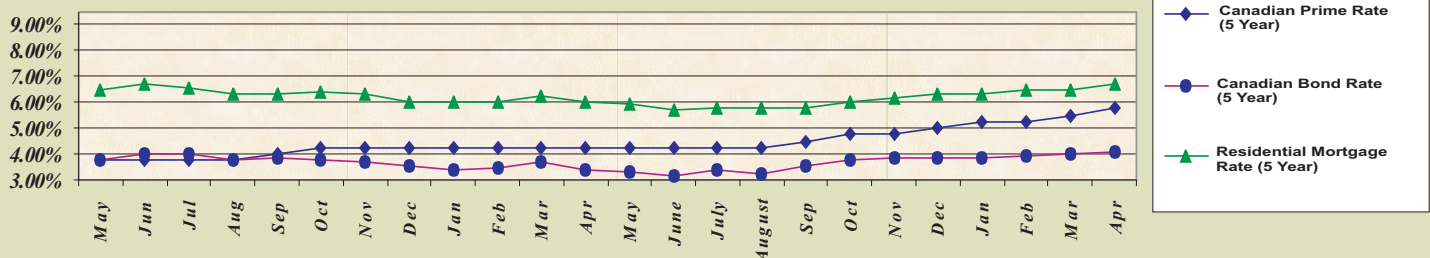
100 University Avenue
Suite 700, North Tower
Toronto, Ontario
Canada M5J 1V6
www.firstnational.ca

Tel. 416.593.2918
Fax. 416.593.1900
Toll Free 1.800.465.0039
dru.mcauley@firstnational.ca

Dru McAuley
Assistant Vice President
Commercial Lending

WATCH ON INTEREST RATES

2004 / 2005 / 2006



SkyViews

SUMMER 2006

PUBLICATION:

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

ADVERTISING:

For advertising rates and article suggestions, please contact the marketing department or email info@skyviewrealty.com

PRIVACY:

Please refer to our web site for our Privacy Policy Statement. If you wish to be removed from our mailing list, kindly advise us by fax, e-mail, or telephone.

THE SKYVIEW TEAM

419-220 Duncan Mill Rd., Toronto Ontario M3B 3J5
(416) 444-6545 Fax: (416) 444-6997

Email: info@skyviewrealty.com

www.skyviewrealty.com

All information furnished regarding this newsletter or information contained herein, is from sources deemed reliable, but no warranty or representation is made as to accuracy thereof and the reader is advised to seek independent legal, accounting or any other consulting advice as may be deemed necessary.



SKYVIEW
REALTY LTD.

