

DANNY'S CORNER



*Danny Iannuzziello
Broker of Record*

With over 20 years of experience in this industry, I have the unique privilege of seeing trends emerge within the multi-residential investment sector. Through the relationships we have established with both buyers and sellers

I am privy to the reasons why these parties buy and sell their investment properties. In previous years' editions of our Skyviews newsletter, we have endeavoured to share this information with you. In this edition, we took a look at the past 4 years of real estate transactions that Skyview has been a part of and hope to shed some light on the personal and business reasons behind these transactions.

Profiling the buyers and sellers active over the past few years, we found the following in our survey.

Profile of Sellers: 28% are leaving the multi-residential industry to pursue other investment opportunities or to devote their full attention to other investments they currently have. 26% are liquidating their investments for retirement purposes. 18% sell their properties in an attempt to downsize their portfolio. 16% sell their properties to upgrade to larger properties. 7% of properties being sold are due to an estate sale. Finally, 5% of sales are related to partnership break-ups.

Profile of Buyers: 55% of buyers acquire new properties to upsize their current portfolio. 30% of investors are new to the market. 8% of buyers purchase a property as part of their retirement plan. 5% are buying due to a relocation of their investments into multi-residential properties. Lastly, 2% purchase a new property to increase value for immediate return.

...Continued on Page 2

Asbestos Surveys... Is Your Apartment Building Compliant?

by Horace Lee, JFM Environmental Limited

Is your Asbestos Survey compliant? Asbestos in apartment buildings is now regulated by Ontario Regulation 278/05. The new Asbestos Regulation has resulted in many existing Asbestos Surveys and Asbestos Management Programs for apartment buildings to be non compliant. The following article describes the types of asbestos and where they may be found in apartment buildings, some of the major changes regarding Asbestos Surveys and Asbestos Management Programs, who is required to have an Asbestos Survey, and what is involved in an Asbestos Survey.

Asbestos is a fibrous mineral that is mined for the production of building materials and is known for its strength and heat resistant properties. Asbestos has been most prevalent in North America up to the 1980s. As such, it is common to find asbestos in apartment buildings built prior to the 1980s. The use of asbestos for many building materials had ceased in North America amid awareness that exposure to asbestos was linked to deadly respiratory conditions: lung cancer, mesothelioma and asbestosis.

There are two major categories of Asbestos Containing Materials (ACM): friable and non-friable. Friable materials are those that when dry can be crumbled, pulverized, or powdered by hand pressure. Friable ACM are of high risk as the Asbestos fibres can be easily released into the air and will be exposed to the occupants. In apartment buildings, friable ACM may be found in sprayed fire proofing, mechanical pipe and fitting insulation, insulation materials, and

ceiling tiles.

Non-friable ACM are those where the asbestos fibres are tightly bound into the building material. As such, non-friable ACM tend to be of lower risk as they are not as easily airborne. In apartment buildings, non-friable ACM can be found in floor tiles, drywall, drywall joint compound, cement boards, siding material, electric wire insulation, gaskets and surfacing materials.

An Asbestos Survey is conducted to identify the location, the condition, and the type and extent of asbestos located in an apartment building. It is part of the Asbestos Management Program as required by O. Reg. 278/05 to manage, control and minimize exposure of Asbestos to apartment building occupants and workers. Some of the major changes in the new regulation regarding Asbestos Surveys and Asbestos Management Programs include standardizing requirements for asbestos sampling and the inclusion of both friable ACM and non-friable ACM in the Asbestos Management Program and Asbestos Survey. Under the old regulations, there were no set requirements regarding the number of samples and the type of analysis used for the survey and the old regulation required only friable ACM to be included in the Asbestos Survey and Asbestos Management Program.

Management Programs are now required to be updated a minimum of every 12 months. As such, many existing Asbestos Surveys and Asbestos Management Programs may be non compliant.

... Continued on Page 2

ARE YOU THINKING OF SELLING?

Below is a partial **list of services** that our team at **Skyview Realty Ltd, Brokerage** will provide for you.

- Provide you up front with a market evaluation of your building.
- Determine an asking price which is acceptable to you.
- Describe how to prepare your building for the best exposure in the market place.
- Prepare a marketing information package to be presented to all prospective purchasers.
- Create a dynamic marketing plan.
- Marketing directly to all prospective purchasers of apartment buildings.
- Follow up and represent the building to qualified potential builders.
- Negotiate an agreement of purchase and sale.
- Advise on various clauses pertinent to the purchase and sale of a prospective building.
- Facilitate the transaction during the due diligence process to ensure a smooth closing.
- Maintain the relationship even after close.

By using Skyview Realty Ltd, Brokerage you don't just sell your apartment building, you experience a sense of comfort knowing that you are making a proper decision each step of the way.

My team and I look forward to sharing that experience with you. We can be contacted at anytime through our office at (416) 444-6545.

Danny Iannuzziello, Broker of Record

Asbestos Surveys... Continued from Page 1

An Asbestos Survey and Asbestos Management Program are required for a multi-unit residential apartment building by the Regulation when the apartment building has asbestos or is suspected of having asbestos. The apartment building undergoes repair work, maintenance, alterations, demolition, or any work where ACM is likely to be handled, dealt with, disturbed or removed.

An Asbestos Survey is conducted through a visual inspection of all areas of the apartment building: the facilities, the service rooms and the apartments. The goal is to identify building materials that may be asbestos containing. Samples of suspected ACM will be obtained in a way to minimize exposure to the consultant and occupants. The type of laboratory analysis and the number of ACM samples obtained are standardized by O. Reg. 278/05 and will depend on the amount of suspected ACM present, the type of suspected ACM building material, and the number of variations of suspected ACM building materials. The Asbestos Survey will be a report consisting of the laboratory results, the locations, the types, the conditions and the extents of any ACM. Based on the Asbestos Survey an Asbestos Management Program will be devised to help apartment building owners, supervisors and employees to control and monitor asbestos in a safe and timely manner.

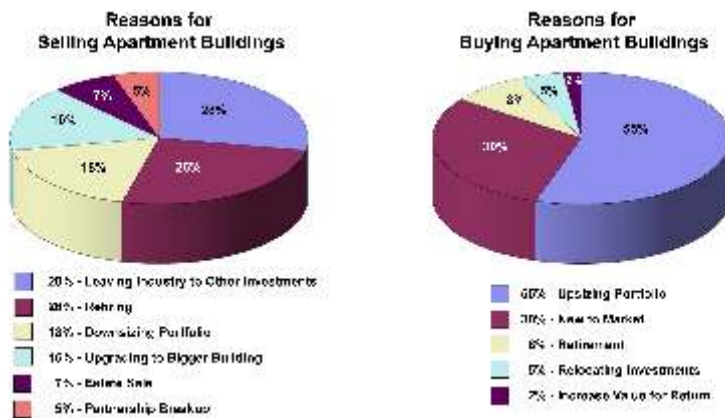
Asbestos is a regulated material that still exists in many apartment buildings and has been linked to many deadly respiratory conditions. Any building that has or is suspected to have Asbestos or is undergoing demolition, construction, and renovations will require Asbestos Surveys and Asbestos Management Programs. As of November 1, 2007, O. Reg. 278/05 has come into full effect to regulate and control asbestos in apartment buildings that contain or are suspected to contain both friable and non-friable asbestos. The new Asbestos Regulation has a number of significant changes that have resulted in many existing Asbestos Surveys and Asbestos Management Programs to be non compliant.

Is your Asbestos Survey in compliance?

Horace Lee, M.A.Sc.
Environmental Specialist
JFM Environmental Limited

www.jfme.com
Tel: 905-712-1500
Tel: 416-603-9990

Danny's Corner... Continued from Page 1



I've included a graphical representation of the results from our survey of Buyers and Sellers. I trust this information will be of great value to you in understanding yours and your associates' reasons for being in this exciting industry.

With the new asbestos compliance regulations recently coming into effect, I've asked Horace Lee from JFM Environmental to share some details on the new Ontario regulations and the steps needed for ensuring your building is compliant.

DANNY IANNUZZIELLO

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

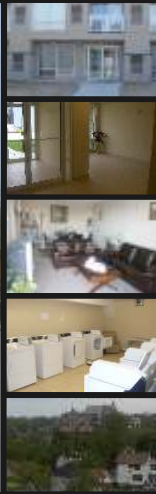
CONDO STATUS!

BUILT IN 2007!

VENDOR MOTIVATED!



PRICE REDUCED



ORILLIA

60 Suites

- Asking \$7,250,000
- Asking \$120,833 Per Suite
- Built to Condo Specifications
- Seller will Complete Condo Status
- Individual Gas Meters
- Individual Hydro Meters
- 45 Units in Affordable Housing Program
- 15 Units Rent at Market Value
- 27 x One Bedrooms
- 33 x Two Bedrooms
- Property Tax Exemption applies to 45 Units for 10 years
- 6.1% CAP Rate
- 13.6% R.O.I.
- Existing CMHC 1st Mortgage of \$4,491,187 @ 4.805% P + I, paying \$22,059.36 due February 2018
- Mortgage can be Renegotiated

View More Pictures at www.SkyviewRealty.com



PRIME LOCATION

**WHITBY
23 Suites**

- Asking \$1,625,000
- Asking \$70,652 Per Suite
- Walk to GO Transit
- Electric Heat
- Easy Conversion to Individual Meters
- New Roof in 2007
- Fully Occupied & Easy to Rent
- One Unit Legal Non Conforming
- 20 x One Bedrooms
- 3 x Two Bedrooms
- Revitalization in Area
- Large Lot with Extra Parking
- Possible Upside on Rents
- 7.0% CAP Rate 20.3% R.O.I.
- CMHC Financing Available
- Treat Mortgage as Clear



25.5% R.O.I.

**HAMILTON
20 Suites**

- Asking \$975,000
- Asking \$48,750 Per Suite
- Fully Occupied with Low Vacancy
- Tenants Pay Own Hydro
- Thermo Windows
- 400 Amp Service
- New Roof in 2000
- Fire Retrofit Complete
- 4 x One Bedrooms
- 14 x Two Bedrooms
- 2 x Commercial
- 8.4% CAP Rate
- 25.5% R.O.I.
- One Unit Non-Conforming
- Treat Mortgage as Clear
- Seller will Consider VTB



EAST BEACHES AREA

ESTATE SALE

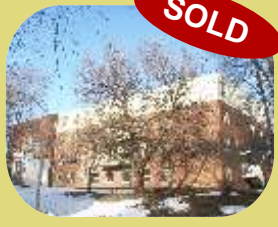
**TORONTO
21 Suites**

- Asking \$1,655,000
- Asking \$78,810 Per Suite
- New Thermo Windows in 1996
- Individual Meters
- Owner pays Hydro
- 400 Amps and Circuit Breakers
- Mechanicals in Good Condition
- 17 Updated, Unique Trendy Suites
- 21 x One Bedrooms
- Some Decorative Fireplaces
- Separate Dining Rooms
- Easy to Manage
- Easy Access to Downtown
- Scarborough Bluffs Nearby
- 8.1% CAP Rate 28.7% R.O.I.
- Treat Mortgage as Clear

2 BASKING RIDGE CRES, TORONTO

March 2008 24 Suites \$1,760,000

This building was listed and sold by Skyview Realty Ltd., Brokerage for \$1,760,000 or \$73,333 per suite. Skyview Realty Ltd. assisted the buyer with arranging a new split mortgage for \$450,000 @ 5.92% for 5 years and \$450,000 @ 5.4% for 1 year. The building was well managed and in good condition with potential upside on the rents.



SOLD

497 VICTORIA ROAD N, GUELPH

April 2008 15 Suites \$1,150,000

This property was listed and sold by Skyview Realty Ltd., Brokerage for \$1,150,000 or \$76,666 per suite. The buyer discharged the existing first mortgage and arranged a new CMHC first mortgage for 85% of the purchase price at 4.32% interest and a 30 year amortization. The building was in average condition with a good tenant profile and had one vacancy at closing.



SOLD

915 ST. CLAIR AVE WEST, TORONTO

April 2008 18 Suites \$1,075,000

This property was listed and sold by Skyview Realty Ltd., Brokerage for \$1,075,000 or \$59,722 per suite. The seller facilitated a VTB for \$390,000 at 5% for 2 years. The building required new management and cosmetic upgrading. Rents are below market value with substantial upside potential. The building was fully occupied on closing.

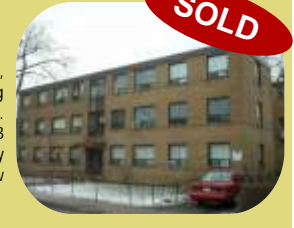


SOLD

15 GRAY AVENUE, TORONTO

May 2008 17 Suites \$1,327,000

This building was listed and sold by Skyview Realty Ltd., Brokerage for \$1,327,000 or \$78,059 per suite. An existing CMHC insured mortgage of \$711,858 @ 4.81% due Sept. 2008 was assumed. The seller assisted by facilitating a VTB 2nd. The building was in excellent condition and had a very good tenant profile. Capital improvements included a new roof in 2007 and heating equipment in 2004.



SOLD

industry report

trends and services

CMHC Releases 2008 Ontario Vacancy Rate Statistics

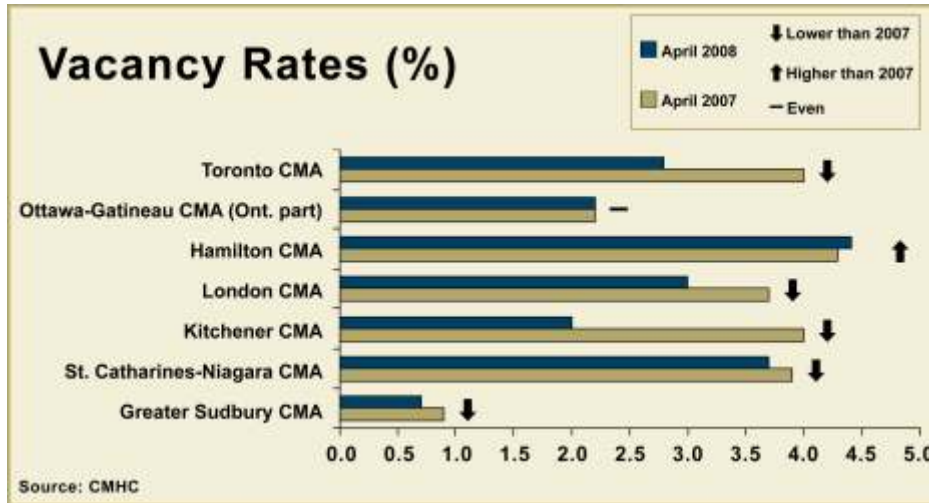
Source: CMHC Rental Market Report - Ontario Highlights Spring 2008

Across Ontario, we are witnessing vacancy rates drop considerably over most regions and cities. In fact, the overall vacancy rate in Ontario has dropped from 3.9% to 3.1% in the past year.

CMHC reports three factors contributing to this decrease in vacancy rates. Firstly, as home ownership costs and mortgage qualification criteria make it tougher for first time buyers, many are opting to rent rather than purchase a new condo or house. Secondly, as Generation Y enters the workforce in mass numbers many are choosing rental units for the ease of locations and their budgetary restraints. Lastly, with fewer apartment ownership units being completed in the past year, many potential first time buyers are remaining in their rental units for the time being.

Being aware of vacancy rates across Ontario can be beneficial as an owner and multi-residential investor. Not only do these statistics prepare you for budgeting purposes, it can also be a factor in which properties to purchase when increasing your portfolio in a region.

For more industry reports and resources, visit Skyview's Website at www.skyviewrealty.com



SKYVIEW'S RECOMMENDED SERVICES

Michael Lombard
Vice-President
Regional Manager - Ontario

Telephone: 416.368.3266
Facsimile: 416.368.3328

Suite 1801
130 Adelaide Street West
Toronto, Ontario
Canada M5H 3P5

"Innovative Financial Products with Exceptional Client Services"

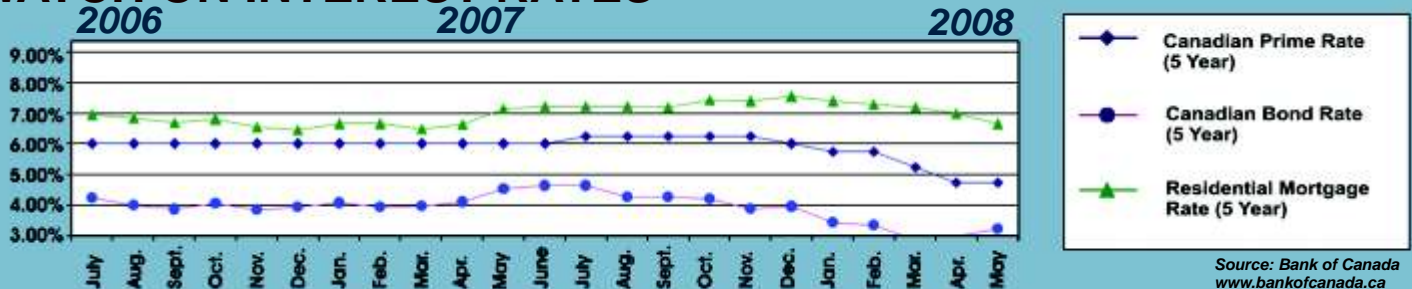
WEEKLY E-MAIL BLASTS

Sign-up today and begin receiving:

- Weekly Multi-Residential Property Listings
- Industry Related Articles
- News, Resources, and Valuable Links
- Updates on Sold Properties in Your Area

info@skyviewrealty.com
416-444-6545

WATCH ON INTEREST RATES



SkyViews SUMMER 2008

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. BROKERAGE

