DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

SKYVIEW
REALTY LTD., BROKERAGE

SkyViews

Apartment Report - Summer 2024

CLIFF'S CORNER

As we enter into the summer months, we are seeing more activity in the marketplace than has been there in the previous months. Market listings were down overall over the past year, primarily due to the increased lending rates. At the time of writing this, however, the Bank of Canada has just lowered its overnight rate for the first time in over 2 years and the speculation is that this will start to fuel more activity in the investment property market in Ontario.

With financing being such a critical piece of the puzzle in our industry, I thought we would share with you the recent changes at CMHC as it relates to their underwriting of apartment buildings and other rental properties. Having a good sense of these underwriting standards will assist you in knowing how your property will be assessed when refinancing or purchasing.

Cliff Ford
Sales Representative,
Director of Sales & Marketing

YOU HEARD IT FROM THE EXPERTS...

New Changes to CMHC's Underwriting Standards

If you have ever financed a property through CMHC, you are familiar with the standard numbers the organization uses when evaluating a property to come up with their lending value. While CMHC will use actual totals for items such as utility costs, they have often used their own estimated numbers for things such as Repairs & Maintenance, Superintendent, and Management Fees.

Recently, CMHC updated the estimated amount they use in these categories and you should be aware of the changes if you are in the process of refinancing a property or purchasing a new investment.

First, it should be noted that the type of construction on the property has different estimated expenses... primarily the difference is between Wood Frame and Concrete Construction.

If a building is wood frame construction, CMHC now will use a repairs and maintenance figure of $830 per unit, where as a concrete building will be assessed at $975 per unit. This was previously a range of anywhere from $700-900 per unit depending on the building.

In a wood frame building, CMHC will allocate $555 per unit for Superintendent wages, and $700 per unit if it is concrete construction. Prior to these changes, this was in the range of $450-550 per unit.

Across the board, CMHC has increased their benchmark Management Fees to 4.25% of gross annual income (up from 4.0% previously).

In addition to these "all in"

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

New Changes to CMHC's Underwriting Standards

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estimated expenses, CMHC now includes an allocation for other items that were previously enclosed in these fees.

Previously, CMHC's repairs and maintenance costs included an allocation for appliances and elevators but they now are directing a separate allocation for items such as these.

For appliances, a wood frame building will have a reserve of $50 per appliance in the property, and at $60 per appliance if it is a concrete construction property.

If your property has any wall heat pumps or air conditioners, CMHC also allocates an amount for those as well. $150 per wall heat pump or air conditioner in wood frame buildings, and $190 per item in concrete construction.

There is also an allocation for elevators in your buildings. For each elevator, CMHC will assume a cost of $275 per elevator per month (a total of $3,300/year for each elevator).

Lastly, one item that has not been adjusted is the "Other/ Miscellaneous" expense. CMHC continues to allocate 1.0% of gross annual income to this expense.

These changes at CMHC are likely to just keep pace with the inflation of costs that we naturally see in our investment properties, but it is something owners should be aware of when dealing with CMHC on their existing or new properties.

2025 Rental Increase Guideline: 2.5%

Danny Iannuzziello
President
Broker of Record

Cliff Ford
Sales Representative
Director of Sales & Marketing

Pat Villani
Sales Representative,
Associate Vice President

WE DON'T JUST LIST APARTMENT BUILDINGS... WE SELL THEM!

MEET THE SKYVIEW SALES TEAM

HAMILTON

REPOSITIONING OPPORTUNITY

- Asking $1,150,000
- Asking $191,667 per suite
- Located close to Downtown Core of Hamilton
- Significant Upside Potential with a Repositioning Strategy
- Similar Properties in Neighbourhood have been redeveloped into Townhomes
- 4 x 1 Bedrooms
- 2 x 2 Bedrooms
- Tenants Pay Own Hydro with Individual Meters
- Limited Parking on Site but Street Parking Permitted
- May be possible to have 3-4 units vacant on closing
- Treat Financing As Clear

6 Suites

CHATHAM

MOTIVATED SELLER

- Asking $2,999,000
- Spacious Units! Some units have 10'+ ceilings, a second level, 1.5 baths, fireplaces and/or skylights
- Bachelor unit is currently furnished and short term rented on AirBnB
- Tenants pay for own Heat and Hydro
- 1 x Bachelors
- 10 x Two Bedrooms
- Great Upside in Rents on Turnover of Units
- Ex. 1st Mtg of approx. $1.6 million until 2028 to be assumed
- Seller will provide VTB 2nd mortgage to facilitate the sale

11 Suites

NIAGARA FALLS

GREAT UPSIDE

- Asking $2,100,000
- Asking $190,909 per Suite
- Located close to tourism area of Niagara Falls
- Average upside in rents per unit is $300/month
- Roofs reshingled 3 years ago
- Vinyl thermal windows
- Heated by 3 hot water gas boilers, 1 of which is on demand
- 1 x Bachelors
- 2 x 1 Bedrooms
- 6 x 2 Bedrooms
- 2 x 3 Bedrooms
- Property contains three buildings: two fourplexes and one triplex
- 2-3 Vacant Units may be feasible on Closing
- Treat financing as clear

11 Suite Complex

PICTON

EXCESS LAND

- Asking $2,750,000
- Asking $152,778 per Suite
- Located in a township in Prince Edward County
- Significant upside in rents on turnover of units. Average upside of $500 per month per unit
- Excess land on large lot for potential additional development
- 8 x 2 Bedrooms
- 10 x 3 Bedrooms
- Some tenants pay utility recoveries above rents. Potential to convert new tenants to pay all utilities
- Treat Financing as Clear
- Seller may consider VTB 1st Mortgage with 50% downpayment

18 Row Townhouses

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 imediately. For more information, contact us at 416.444.6545 or info@skyviewrealty.com

WE HAVE BUYERS!

Ady Steen
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Commercial Banking - Eastern Canada

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It's about you

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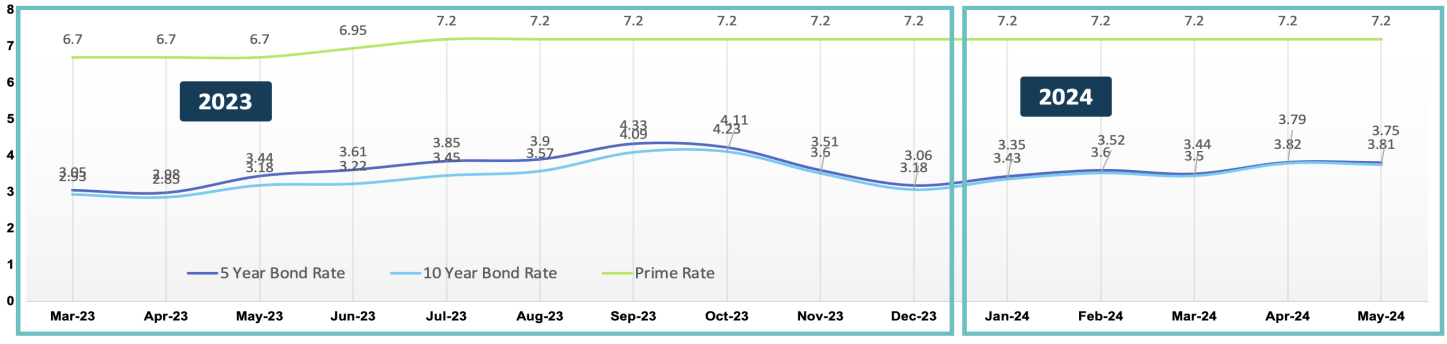
MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

10 Hill Heights Rd, Etobicoke	Jun. 20, 2024	34 Suites @ $253,088	$8,605,000
197 Cumberland St, Ottawa	Jun. 20, 2024	27 Suites @ $204,630	$5,525,000
830 Robinson St, Burlington	Jun. 20, 2024	16 Suites @ $278,125	$4,450,000
125 Lincoln Rd, Waterloo	Jun. 17, 2024	115 Suites @ $210,000	$24,150,000
119 MacNab St S, Hamilton	Jun. 17, 2024	23 Suites @ $151,304	$3,480,000
15 Adelaide St, Kingston	May 30, 2024	32 Suites @ $140,625	$4,500,000
325 & 325A James St S, Hamilton	May 22, 2024	107 Suites @ $186,916	$20,000,000
1180 Nellis St, Woodstock	May 22, 2024	49 Suites @ $300,408	$14,720,000
149-165 Colborne St, Kingston	May 22, 2024	16 Suites @ $102,500	$1,640,000
1-5 Fairholt Rd N, Hamilton	May 21, 2024	13 Suites @ $253,846	$3,300,000
4854 Bathurst St, North York	May 16, 2024	71 Suites @ $279,930	$19,875,000
671 Woolwich St, Guelph	May 9, 2024	84 Suites @ $226,786	$19,050,000
71 Parkwoods Village Dr, North York	Apr. 29, 2024	81 Suites @ $274,691	$22,250,000
194 Heiman St, Kitchener	Apr. 3, 2024	24 Suites @ $215,833	$5,180,000

SOURCE: Realtrack Inc. www.realtrack.com 1-877-962-9033

WATCH ON INTEREST RATES



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