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DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

APARTMENT REPORT

WINTER 2007

DANNY'S CORNER



Danny Iannuzziello
Broker of Record

We hope everyone has had a great holiday season and wish you all a Happy New Year!

2007 promises to be just as busy and hopefully as profitable for the apartment building community as 2006. I say hopefully because the new legislation coming into effect January 31st, 2007 may create some

administrative bumps in the road. Still fueling the apartment industry are the significantly low interest rates. At the time of writing we are currently working on seven transactions all of which are being financed through CMHC at rates in the range of 4.39% for 5 years and 4.67% for 10 year terms. The spread between Conventional and CMHC has made CMHC financing much more attractive at this point and is highly recommended. The Rent Increase Guidelines for 2007 are for 2.6% up from 2.1% in year 2006.

I wish to thank my friend Joe Hoffer for his interesting and informative article. As noted the Act presents some positive changes as well as certain challenges for landlords. Joe is a leader in our industry specializing in Residential Tenancies Law.

In lieu of sending holiday cards this year to our many valued clients and friends, the Skyview Team decided to buy gifts for the many needy children at Bloorview MacMillan Children's Centre, in our client's honour. Thank you to all for your continuing support. Bloorview Kids Rehab is a teaching hospital affiliated with the University of Toronto, dedicated to enabling children and youth with disabilities or special needs to achieve their personal best.

The Skyview Realty Team looks forward to working with you throughout 2007 and to the promise of a busy, successful and bright New Year for one and all!

Danny Iannuzziello; Broker of Record

Residential Tenancies Act 2006 (continued)

These are just a few of the changes contained in the new Residential Tenancies Act. For more information about the new laws you may visit the Board website at www.LTB.ontario.ca or go to www.e-laws.gov.on.ca under "Statutes and Associated Regulations", "R" and Residential Tenancies Act. For further information regarding this article you may also contact Joe Hoffer at hoffer@cohenhighley.com.

*Joe Hoffer is a lawyer specializing in Residential Tenancies Law for landlords only:
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Residential Tenancies Act, 2006: New Law = New Liabilities for Multi-Residential

By Joe Hoffer

Ontario's new *Residential Tenancies Act, 2006* (RTA) takes effect January 31, 2007. This legislation contains draconian new laws designed to create financial risk for residential landlords.

Housing Stock at Risk

Much of the existing rental housing stock in Ontario predates the introduction of rent controls in 1975; consequently, major repairs are required for such things as balconies, parking garages, elevators, heating systems and exterior surfaces. The RTA, for the first time, authorizes "Rent Strikes" and has regulations which will make it far easier for tenants to band together to seek substantial rent abatements (25%!) and "Rent Freezes" while necessary capital repair work is being carried out. Multi-residential landlords will need to strategize carefully when implementing a capital expenditure program to protect themselves from rent reductions and rent freezes for the foreseeable future.

Procedural Changes Adversely Impact Multi-Residential Landlords

The RTA also introduces procedural changes which will significantly increase the costs for landlords applying for eviction orders. Right now landlords can obtain "default" orders for both eviction and non-payment of rent but the RTA scraps default orders and every landlord application must now go to a hearing, whether the tenant disputes it or not.

At the eviction hearing, the tenant will be permitted, without any notice to the landlord, to raise "any issue" the tenant wants to and the Board must hear the evidence and give relief to the tenant. Thus, "Trial by Ambush", unheard of in any other legal process in Canada, is authorized by legislation. "Professional Tenants" will easily capitalize on this new process. Landlords may go into a hearing thinking they will get an eviction order and a judgment for arrears of rent and walk out of the hearing with a rent abatement order against them as well as a rent freeze. In addition, by sending everything to a hearing, delays in obtaining evictions are virtually guaranteed: another windfall for professional tenants.

Landlords will now have to carefully prepare in defending against any allegations that may be raised by a tenant at an eviction hearing. This means more

preparation work and the landlord will have to ask for an adjournment if new issues are raised on the day of hearing and the landlord does not have evidence on hand to respond to them. All of this means more cost, more lost time and, in the case of adjournments, more lost rents.

New "Tenant-Friendly" Rules

1. The definition of "tenant" has been expanded to include a person claiming to be a "spouse" of the tenant. Landlords are forced into contractual relationships with strangers. This new right is only triggered at the end of a tenancy thereby depriving the landlord of the right to increase rent to "market" on turnover.

2. Where an evicted tenant has abandoned property in the rental unit, the tenant can apply to the Board claiming that the landlord improperly disposed of the property. Most such applications will greatly inflate the value and nature of items disposed of so it is imperative that landlords carefully document the disposition of tenants' property.

3. Landlords must issue rent receipts to former tenants for up to a year after the former tenant has vacated the rented premises and a failure to comply with this rule exposes the landlord to \$25,000 and \$100,000 fines.

4. Landlords who apply for above guideline rent increases based on capital work are also exposed to liability for "any issue" the tenant wants to raise in response. If the Board believes the landlord has seriously breached maintenance obligations, a rent freeze will be imposed until such time as the landlord applies for and receives clearance that the maintenance issues have been corrected. Another example of legalized "trial by ambush."

Some Positive Changes

1. A few crumbs were tossed to the landlord by the Government: for example, landlords will no longer have to pay 6% interest on last months rent (LMR) deposits. The interest rate, effective February 1, 2007, will be equal to rent increase guideline: 2.6%.

2. Landlords will now be able to get possession of a rental unit for a person who provides or will provide "care services" to the landlord or a member of the landlord's immediate family.

3. An expedited eviction process is available in situations where it can be shown that the tenant is causing willful damage and/or using the premises in a manner inconsistent with that of a rental unit (ie. a marijuana grow-op). Such eviction orders can also contain a direction to the Sheriff to enforce the eviction in priority to all other eviction orders.

*Continued under Danny's Corner
- see bottom of left column ... this page -*



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For future mailing, please inform us if there is a change of address

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

1040 CEDAR/ 280 WENTWORTH, OSHAWA

May 2006 \$12,900,000

These two buildings were listed and sold by Skyview Realty Ltd. for \$12,900,000. The buyer assumed an existing First Mortgage for approx. \$7,500,000 at 7.22% The seller facilitated with a VTB Mortgage for \$3,300,000 at 4% for 2 years. The building was in excellent condition. There were 69 units vacant on closing.



51 CUFFLEY CRES. SOUTH, TORONTO

August 2006 \$630,000

This 8 plex was listed and sold by Skyview Realty Ltd. for \$630,000. Skyview Realty Ltd. assisted by arranging a First Mortgage for 75% of the purchase price for 5 years. The building required some upgrades at the time of sale.



45 DRIFTWOOD AVENUE, TORONTO

October 2006 \$8,400,000

This building was listed and sold by Skyview Realty Ltd. for \$8,400,000 or \$61,765 per suite. Skyview Realty Ltd. facilitated by having the buyer assume the existing mortgages. Building was well maintained and virtually fully occupied on closing.



115 GLADSTONE AVENUE, TORONTO

August 2006 \$580,000

This 5 unit apartment building was listed by Skyview Realty Ltd. and sold for \$580,000, which was greater than the asking price. The buyers arranged their own financing for 75% of the purchase price. The building was in excellent condition at time of sale.



315 SAGUENAY AVENUE, OSHAWA

August 2006 \$690,000

This 11 plex was listed and sold by Skyview Realty Ltd. for \$690,000. Skyview Realty Ltd. assisted by arranging a First Mortgage for 65% of the purchase price at 6.54% for 5 years. The seller facilitated with 20% of the purchase price as at 5% for 5 years. Building was in very good condition and fully occupied on closing.



500 MOHAWK DRIVE, HAMILTON

November 2006 \$895,000

This 13 unit apartment building was listed and sold by Skyview Realty Ltd. The Buyer arranged his own financing for 75% of the purchase price and the seller facilitated the sale with a VTB of \$75,000. Building was fully occupied on closing.



68 CAMERON AVENUE, TORONTO

May 2006 \$630,000

This 7 plex located in the Keele and Eglinton area of Toronto was listed and sold by Skyview Realty Ltd. for \$630,000. Skyview Realty Ltd. assisted the buyer by arranging a First Mortgage for 75% of the purchase price at 6.1% for 5 years. The seller facilitated by taking back a Second Mortgage for 10% of the purchase price at 5% for 2 years.



155 DUNN AVENUE, TORONTO

November 2006 \$645,000

This 6 plex was listed and sold by Skyview Realty Ltd. for \$645,000 or \$107,000 per suite. The buyer arranged his own financing for 75% of the purchase price and the seller facilitated the sale with a VTB. The building was fully occupied on closing.



360 WESTWOOD DRIVE, COBOURG

May 2006 \$2,750,000

This 47 unit building was listed and sold by Skyview Realty Ltd. for \$2,750,000. A new First Mortgage 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. The building was very well maintained.



153 DUNN AVENUE, TORONTO

October 2006 \$690,000

This 6 plex was listed and sold by Skyview Realty Ltd. for \$690,000 or \$115,000 per suite. The buyer arranged his own financing for 75% of the purchase price. The building was fully occupied on closing.



5325 VAN ALSTYNE PL., NIAGARA FALLS

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. The building with some cosmetic improvements has potential for increase in value.



1 FIRST AVENUE, ORANGEVILLE

October 2006 \$595,000

This building was listed and sold by Skyview Realty Ltd. for \$595,000 or \$85,000 per suite. The Mortgage was treated as clear and the buyer arranged new financing for 75% of the purchase price. The building was fully occupied on closing.



280 MONTRAVE AVENUE, OSHAWA

January 2006 \$855,000

This property was listed by Skyview Realty Ltd. and sold by a cooperating broker for \$855,000. Skyview Realty Ltd. assisted prior to the sale by placing a First Mortgage for \$637,500 at 5.19% for 5 years which the buyer assumed on closing. The building was in very good condition and fully occupied.



88 COWAN AVENUE, TORONTO

October 2006 \$565,000

This building was listed and sold by Skyview Realty Ltd. for \$565,000 or \$94,166 per suite. The buyer arranged his own financing for 75% of the purchase price. This building was fully renovated.



650 WOODBINE AVENUE, TORONTO

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 year term. The building was in very good condition and fully occupied on closing.





AVAILABLE IN ST. THOMAS
51 Suites

- Asking \$2,100,000
- Asking \$41,176 per suite
- Fully occupied with good tenant profile
- Rent below market with upside potential
- 75 space parking lot paved in 2001
- Large spacious suites with upgrades
- Individual meter potential
- Well maintained building
- Good location to major employers
- 10 x Bachelors
- 21 x One bedrooms
- 20 x Two bedrooms
- Fire Retrofit complete with Letter of Compliance
- 7.7% CAP Rate
- Existing 1st mortgage of \$1,200,000 @ 6.55% paying \$8,074.29 due January 2009
- VTB to sell



AVAILABLE IN TORONTO
34 Units

- Asking \$2,480,000
- Potential to convert to individual hydro
- Some long term tenants
- Seller motivated to sell
- Some rents below market
- One unit legal, non-conforming
- TTC at front door
- 1 x Bachelor
- 12 x One bedrooms
- 21 x Two bedrooms
- 15% downpayment
- 17.6% R.O.I., 7.3% CAP Rate
- Treat mortgage as clear or assume existing 1st mortgage \$1,541,185 at 5.78%, P&I \$10,287/mth due June 2013
- VTB Second to sell



AVAILABLE IN LONDON
33 Units

- Asking \$2,370,000
- Asking \$71,818 per unit
- Condo titled townhouses
- Tenants pay own hydro and gas
- New exterior vinyl siding in 2002
- New windows in 2002
- New exterior steel doors in 2004
- 24 x Three bedrooms
- 9 x Four bedrooms
- 7.6% CAP Rate
- 21.4% R.O.I.
- Fully Occupied
- New fences in 2005
- New concrete sidewalk in 2001
- Treat Mortgage as clear



AVAILABLE IN ST. CATHARINES
32 Units

- Asking \$1,875,000
- Asking \$58,594 per unit
- Building totally renovated in year 2000 including roof, windows, parking lot, fire retrofit, upgraded furnaces, fridges, stoves, plumbing, all new units
- Tenants pay own 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 Mortgage as clear
- Seller to consider VTB Second to sell



AVAILABLE IN HAMILTON
29 Units (Two Buildings)

- Asking \$1,875,000
- Asking \$64,655 per suite
- Building upgraded during the early '90s under low-rise program
- Application submitted for condo status
- Good rental location
- Good tenant profile
- 7 x One bedrooms
- 22 x Two bedrooms
- 15% downpayment
- 19.7% R.O.I.
- Good residential area
- Some rents below market
- Vendor to consider VTB to sell
- Can be sold with 23 units next door



AVAILABLE IN HAMILTON
24 Suites

- Asking \$1,495,000
- Asking \$62,292 per suite
- Pleasure to show
- Driveway paved in 2006
- New thermo windows in '03
- Fire Retrofit completed
- Tenants pay own hydro
- Fully occupied
- 1 unit legal non-conforming
- 8 x One bedrooms
- 16 x Two bedrooms
- Potential to add 1 additional bedroom in two apartments
- Rents significantly below market
- Existing 1st mortgage approx \$360,000 @ 6.5% due May 2008 pays \$3,234.00 P&I. (Possibility of discharge)



AVAILABLE IN HAMILTON
23 Units

- Asking \$1,490,000
- Asking \$64,783 per suite
- Building upgraded during the early '90s under low-rise program
- Most units have gas stoves
- Application submitted for condo status
- Some rents below market
- 14 x One bedrooms
- 9 x Two bedrooms
- 7.9% CAP Rate
- 23.6% R.O.I.
- 15% downpayment
- Vendor to consider VTB to sell
- Can be sold with 29 units next door



AVAILABLE IN OSHAWA
22 Suites

- Asking \$1,400,000
- Asking \$63,636 per suite
- New roof July 2006
- Built in 1987
- Minutes from highway 401
- Fire Retrofit completed
- Very clean and well kept
- Good size suites
- 1 Unit legal non-conforming
- 7 x One bedrooms
- 15 x Two bedrooms
- 8.5% CAP Rate
- 28.1% R.O.I.
- Vendor motivated to sell
- 15% downpayment
- Excellent tenant profile
- Existing 1st Mortgage of \$764,788.77 @ 4.6% due January 2011, pays \$4,340.34 /month



AVAILABLE IN HAMILTON
21 Suites

- Asking \$830,000
- Asking \$39,524 per suite
- Thermo windows
- 400 AMP service
- Hardwood floors
- Fire Retrofit completed
- HWG boiler rebuilt in 2005
- Kitchen cabinets & tops 90% done in 2005
- Bathroom sinks 50% replaced in 2005
- 3 x Bachelors
- 12 x One bedrooms
- 6 x Two bedrooms
- New railing & spindal on fire escape stairs
- Seller is building new laundry room
- 8.6% CAP Rate, 24.8% R.O.I.
- Existing 1st Mortgage of \$541,000 @ 5.73% pays \$3,462.68 due March 2010

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EXCLUSIVE LISTING

AVAILABLE IN TORONTO

11 Units

- Asking \$955,000
- Asking \$86,818 per unit
- Thermo windows
- HWG 1 Year New
- Excellent tenant profile
- Well maintained building
- Potential to convert to individual meters
- 11 x One bedrooms
- Fire Retrofit completed
- 10 Lockers
- Good size suites
- Fully occupied
- Seller may consider VTB to sell
- Treat Mortgage as clear



VENDOR MOTIVATED

AVAILABLE IN TORONTO

9 Units

- Asking \$740,000
- Asking \$82,222 per unit
- Fully renovated in 1987
- Private roof top decks
- Some units have fireplace
- Thermo windows
- Tenants pay own hydro
- Ceramic in kitchens and baths
- 1 x Bachelor
- 8 x One bedrooms
- Large units
- 12.5% R.O.I., 7% CAP Rate
- Fire Retrofit completed
- Existing 1st Mortgage (\$294,525) @ 6.25% due Aug. 2007, bi-weekly payment \$1,707.02
- Vendor may consider VTB



23.0% R.O.I.

AVAILABLE IN HAMILTON

9 Units

- Asking \$415,000
- Asking \$46,111 per unit
- Tenants pay own hydro
- 400 Amp service
- New roof in 2002
- New decks
- Grand entry with beautiful wood trim
- 9 parking spaces
- Superintendent lives across the street
- 4 x One Bedrooms
- 5 x Two Bedrooms
- One unit Legal Non Conforming
- Metal fire escapes
- 8.5% CAP Rate
- 23.0% R.O.I.
- Fire retrofitted with Letter of Compliance
- Existing 1st Mortgage approx. \$242,753 @ 4.49% due 10/08 pays \$1,368.47 P&I



SUPERIOR LOCATION

AVAILABLE IN TORONTO

Six-Plex

- Asking \$565,000
- Asking \$94,167 per unit
- Beautiful home in Old Weston area of Toronto
- Excellent tenant profile
- Roof replaced in 2002
- New breaker panel
- Hot Water Gas replaced in 2002
- 5 x One Bedrooms
- 1 x Two Bedroom
- Fire Retrofit completed
- 15% downpayment
- 6.7% CAP Rate, 10.8% R.O.I.
- Existing 1st mtg. @ 4.6% due June 2008, bi-weekly payment \$1,080.75
- Vendor may consider VTB to sell
- Vendor motivated

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EXCLUSIVE LISTING

AVAILABLE IN TORONTO

Four-Plex

- Asking \$495,000
- Asking \$99,000 per unit
- Excellent tenant profile
- All tenants 5 years
- Legal 4-plex plus one basement apartment
- Thermo windows
- Walking distance to trendy Queen Street
- 4 x One Bedrooms
- 1 x Two Bedroom
- Fire Retrofit completed
- 6.8% CAP Rate
- 11.4% R.O.I.
- Vendor may consider VTB to sell
- Existing 1st Mtg. of \$208,672 @ 3.24% due Sept. 2009 pay \$1,197. bi-weekly

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APARTMENT BUILDINGS
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WATCH ON INTEREST RATES

2005 2006

Canadian Prime Rate
(5 Year)

Canadian Bond Rate
(5 Year)

Residential Mortgage
Rate (5 Year)

SkyViews

WINTER 2007

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