



SKYVIEW

REALTY LTD., BROKERAGE

SkyViews

Apartment Report - Winter 2017

DANNY'S CORNER



Wishing you and your loved ones a Happy Holidays! I hope you had a moment or two to step back and appreciate the things in life that really matter at this time of year... Family and Friends, Health and Happiness!

What an interesting year 2016 was! While Canada was adjusting to our new federal leadership, south of the border they were battling hard in their elections. The markets experienced both hesitation and growth at times based on the unknown factors of the new political landscape. The growth in the economy has now started to lead to an increase in interest rates. Just in the last few weeks of the year we saw bond yields spike by approximately 30 basis points!

Our article in this edition of 'Skyviews' is brought to you by CMHC, who produces quality reports on the status of our rental market industry. Every year I look forward to seeing how various cities and regions throughout our province are performing in terms of vacancy rates, average rents, and total number of units available. This information can be quite useful for apartment investors in determining where to position themselves and what markets to consider for acquisitions. We update our website every year with these CMHC reports on the Ontario market and specific cities within it. If you have not had a chance to view these for yourself, I welcome you to visit the 'Resources' tab at www.skyviewrealty.com for the reports dating back over the past few years.

As we launch into the new year, it is my hope that 2017 will be a successful year for you! At Skyview Realty, we are always happy to assist you in your multi-unit residential business and bring our expertise to the table for your benefit. Do not hesitate in contacting myself or my Skyview Sales Team at any time. It would be our pleasure to show you what we can do for you when buying and selling apartment buildings.

- Danny Iannuzziello

Key Findings from CMHC's 2016 Annual Rental Market Report

Vacancy Rates Edge Lower as Demand Outstrips Supply

According to Canada Mortgage and Housing Corporation's (CMHC) Fall Rental Market Survey, Ontario vacancy rates moved lower to 2.1 per cent in the fall of 2016, from 2.4 per cent in the fall of 2015. New units added to the rental apartment universe fell short of increases in rental demand - resulting in lower apartment vacancy rates. Ontario vacancy rates registered their lowest levels since October of 2001.

With the exception of Barrie, Sudbury and Hamilton, all other Ontario CMAs registered stable to lower vacancy rates. Toronto, London and Ottawa jointly contributed most (83 per cent) to the drop in Ontario vacancy rates. Vacancy rates in northern and selected eastern Ontario centres remained above the provincial average and contributed less to the decline in provincial vacancy rates.

Demand and Supply Factors Impacting Vacancy Rates

Several factors added to rental demand and exerted downward pressure on vacancy rates. An improving Ontario economy not only supported ownership but also rental demand in 2016. The Ontario economy this year is set to grow at its fastest pace since 2010, triggering stronger job growth. Local economies in southern Ontario have benefitted most from positive spinoffs from low interest rates, a low Canadian dollar and stronger housing markets. With the exception of construction related employment, service sector related jobs have posted stronger growth versus goods producing sectors this year according to recent Statistics Canada LFS survey results. Given that service sector jobs pay below average earnings, those employed in these sectors have a higher propensity to rent.

A second factor supporting rental de-

mand was the rising cost gap between ownership and rental accommodation. Ontario home prices are up 12 per cent from the same period one year ago. This rate of increase is well above the increase in apartment rents and incomes. Despite improving job prospects for Ontarians aged 25 to 44, a typical first time buyer age segment, escalating home prices due to record breaking sales and fewer listings made ownership even more prohibitive for the average first time buyer. Indeed, CMHC Ontario mortgage approval data among first time prospective buyers shows a decline from the same period one year ago. This resulted in fewer renter households vacating their rental units. Similarly, some younger households between the ages of 25 to 29 who may have been living in the parental home because of economic considerations were likely encouraged to decouple, form their own household and move into rental accommodation given improving job prospects.

A third factor exerting downward pressure on vacancy rates was improving population growth. Roughly three quarters of growth in Ontario's population is driven by migration. International migration reached levels in 2016 not recorded since 2001 thanks in large part to an influx of refugee migrants. Immigrants lack the savings, job and credit history required for mortgage financing. As such, about two thirds move into rental accommodation immediately upon arrival in Canada according to recent census data. Besides permanent immigrants, Ontario also registered strong growth in non-permanent residents which includes temporary workers on work visas and international students. Both groups, due to the temporary nature of their status, typically live in rental accommodation. In fact, new immigrants usually gravitate to more affordable rental...

...Continued on Page 2

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Email: info@skyviewrealty.com

Website: www.SkyviewRealty.com

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

Key Findings from CMHC's 2016 Annual Rental Market Report *(Continued from Page 1)*

accommodation upon arriving in Canada and not surprisingly the occupied stock across the province grew strongly in the fall of 2016 for units charging the least expensive rents in the primary market.

Fewer supply pressures exerted less upward pressure on vacancy rates in 2016. Primary and secondary apartment completions were down by over a third from this time last year. More specifically, with the exception of Brantford, Kitchener and London, most other CMAs registered modest increases in the primary rental apartment universe. In addition, condominium apartment completions, some of which are owned by investors, were down significantly from this time last year. Historically, both new primary and secondary rental units added to the rental stock compete with newer existing units in the primary market that charge comparable average rents.

While the provincial economy improved, job creation was not broad based across all age categories. Younger adults aged 15 to 24 experienced a contraction in employment opportunities from the same period one year ago. Based on the census, young adults have stayed

home longer in recent years not only due to educational but also economic considerations. Fewer jobs provide less incentive to decouple from the family home and form a new renter household resulting in less demand for rental accommodation.

Turnover Rate Varies by Ontario Urban Centre

The Ontario turnover rate stood at 18.6 per cent in the fall of 2016. The turnover rate measures the share of units changing occupancy in the past 12 months. The turnover rate varied by Ontario CMA. The highest turnover rates were registered in London, Kingston, Ottawa and Thunder Bay while the lowest were in Hamilton, Toronto and St. Catharines-Niagara. Generally, urban centres that have a younger population and cater to a University market would register a higher rate of mobility and a more frequent change in occupancies. Meanwhile, rental markets with low and downward trending vacancies such as the GTA experience lower turnover given less choice in the marketplace and a higher potential to face above guideline

rent increases upon vacating an existing rental unit.

Ontario Fixed Sample Rents Grew by 3.0 Per Cent in 2016

Apartment rents for two bedroom structures that were common to both 2015 and 2016 fall surveys rose by three per cent and in line with the 3.1 per cent increase this time last year. Fixed sample 2-bedroom apartment rents grew the fastest in selected southern Ontario centres. This included Guelph and Oshawa – centres which posted below provincial vacancy rates thanks to relatively stronger local economies. Meanwhile, urban centres in Northern and Eastern Ontario such as Sudbury, Peterborough and Ottawa registered more modest increases in rents owing to more modest growth in these local economies in recent years. Generally, strong job growth particularly in southern Ontario, tighter rental markets and sharp increases in ownership prices supported fixed sample rent increases above the rate of inflation and above provincial guideline amounts.

Source: CMHC Rental Market Report

Vacancy Rates: 2012 - 2016

FOR APARTMENT BUILDINGS, 6 UNITS AND ABOVE

LEGEND:

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

VACANCY RATE (%)							VACANCY RATE (%)							VACANCY RATE (%)						
AREA	2012	2013	2014	2015	2016		AREA	2012	2013	2014	2015	2016		AREA	2012	2013	2014	2015	2016	
Aurora, Newmarket, Stouffville	1.3	2.1	1.8	0.9	2.0	↑	Kingston	1.7	2.3	1.9	2.8	2.6	↓	Peterborough	2.7	4.8	2.9	3.7	1.0	↓
Barrie	2.0	3.0	1.6	1.3	2.2	↑	Kitchener/Waterloo/Cambridge	2.6	2.9	2.3	2.4	2.2	↓	Pickering/Ajax/Uxbridge	2.2	1.2	1.1	1.0	3.9	↑
Belleville	4.4	5.4	5.1	4.5	3.4	↓	London	3.9	3.3	2.9	2.9	2.1	↓	Rich.Hill/Vaughan/King	1.9	1.6	1.1	1.6	1.1	↓
Bradford, West Gwillimbury	0.9	2.9	2.1	1.6	1.6		Markham	1.7	0.9	1.6	2.5	1.4	↑	Scarborough	1.6	1.5	1.4	1.3	1.2	↓
Brampton	2.0	2.3	1.9	1.0	1.2	↑	Midland	4.5	3.2	2.6	3.4	**		St Catharines-Niagara	4.0	4.1	3.6	2.8	2.2	↓
Brantford	3.5	2.9	2.4	2.4	2.4	↓	Milton, Halton Hills	2.8	1.4	2.5	1.6	1.1	↓	Stoney Creek Grimsby	3.3	3.6	0.6	3.8	4.9	↑
Burlington	1.3	1.9	1.5	1.5	1.1	↓	Mississauga	1.8	2.3	1.7	1.7	1.4	↓	Toronto	1.7	1.6	1.6	1.6	1.3	↓
Clarington	2.6	1.5	1.0	0.0	0.2	↑	Niagara Falls	3.8	4.2	4.3	3.2	2.3	↓	Welland	3.1	4.4	2.7	1.8	1.4	↓
Collingwood	2.3	4.4	1.1	5.1	1.4	↓	North York	1.7	1.4	1.3	1.4	1.3	↓	Whitby	0.7	2.0	1.5	1.4	1.1	↓
Dundas Town	1.8	2.2	0.9	1.6	2.0	↓	Oakville	0.9	1.3	1.5	0.7	1.1	↑	Windsor	7.3	5.9	4.3	3.9	2.9	↓
Etobicoke	2.6	1.9	2.2	1.9	1.1	↓	Orangeville	2.3	0.7	2.7	0.0	1.0	↑	Woodstock	2.8	2.1	1.4	1.5	0.7	↓
Guelph	1.4	1.9	1.2	1.2	1.0	↓	Orillia	2.4	3.2	2.9	1.3	2.5	↑	York Region	1.6	1.6	1.5	1.6	1.5	↓
Haldimand	0.4	1.3	1.3	2.7	1.2	↓	Oshawa	2.1	2.1	1.8	1.7	1.7								
Hamilton	3.5	3.4	2.2	3.4	3.8	↑	Ottawa	2.5	2.9	2.6	3.4	3.0	↓	Source: CMHC Rental Market Reports 2016						

Source: CMHC Rental Market Reports 2016

"We Don't Just List Apartment Buildings, We Sell Them!"

HAMILTON CENTRE



Principals Only Please

41 Suites

- Asking \$5,740,000
- Asking \$140,000 per Suite
- Solid Opportunity in this Tidy Property with Good Tenants
- Shows True Pride of Long Term Ownership!
- Windows/Balcony Doors Replaced approx. 12 Years Ago
- Parking, Roof, and Common Areas are Well Kept
- 8 x Bachelor
- 17 x One Bedrooms
- 16 x Two Bedrooms
- Great Location in Central Hamilton
- Hydro Paid by most Tenants
- Treat Financing as Clear, Purchaser to Arrange
- Inquire with Skyview to Receive Property Info

CAMBRIDGE



Principals Only Please

12 Suites

- Asking \$1,599,000
- Asking \$133,250 per Suite
- Good Rental Neighbourhood with All Amenities Nearby
- Easy Access to Cambridge Transit for Tenants
- Solid Concrete Block Construction
- Features Large Apartments
- 1 x One Bedrooms
- 11 x Two Bedrooms
- Well Maintained Building
- Upside Potential on Turnover
- 20.8% R.O.I. with 15% Down
- Treat Financing as Clear
- Seller may consider a VTB 2nd Mortgage to qualified buyer

CRYSTAL BEACH



Principals Only Please

40 Unit Apartment/Commercial Complex

- Asking \$2,060,000
- Asking \$51,500 per Suite
- Located in Popular Tourism Town in Niagara South Region
- Zoned for Residential/Commercial Uses
- Potential for Tenants to Pay Own Hydro on Turnover
- Brand New HWG Boilers (2016)
- Current Usage: 12 x Lofts, 6 x Bachelors, 17 x 1 Bdrm, 2 x 2 Bdrm, 1 x 3 Bdrm, 1 Retail Unit, and 1 Mgmt Office
- Minutes to Beach, Shopping, Restaurants, and Fort Erie
- Projected 7.2% CAP Rate
- Treat Financing as Clear

WINDSOR



Principals Only Please

16 Suites

- Asking \$2,250,000
- Asking \$140,625 per Suite
- Boutique, Turn-Key Property with Excellent Tenant Profile
- Views of Detroit Skyline & Adjacent to Park
- Tenants Pay Their Own Hydro
- Upside on Rents Possible on Turnover
- 2 x One Bedrooms
- 14 x Two Bedrooms
- Owner Managed & Beautifully Maintained
- 5.8% CAP Rate
- Some Units with Double Balconies
- Treat Financing as Clear, or Attractive Low-Rate Mortgage Available to be Assumed

LONDON



Principals Only Please

48 Suites

- Asking \$5,650,000
- Asking \$117,708 per Suite
- Located in South London close to all Amenities
- Building Shows Well with Nice Landscaping
- Tenants Pay Own Hydro
- Apartments Renovated with High End Finishes
- 12 x One Bedrooms
- 28 x Two Bedrooms
- 8 x Two Bedrooms + Den
- Long Term Superintendent
- Laundry Rooms on Each Floor
- Mature Tenant Profile
- Existing 1st Mortgage of approx. \$3,169,000 @ 3.65% due October 2019 to be Assumed by Buyer

VITTORIA

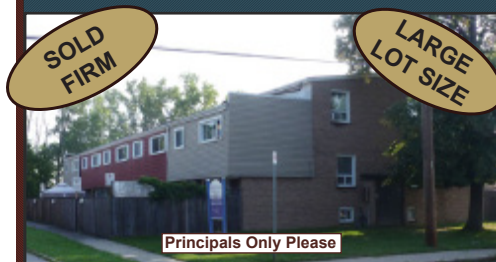


Principals Only Please

9 Suites

- Asking \$650,000
- Asking \$72,222 per Suite
- Schoolhouse Converted to Apartments in the 1980's
- Owner Managed & Well Maintained
- Quaint Small Town Feel and a Short Drive to Port Dover in Norfolk County
- 3 x One Bedrooms
- 6 x Two Bedrooms
- Tenants Pay for Own Heat and Hydro
- Approx. 1 hour South of Hamilton
- Backs onto City Park
- 6.1% CAP
- 15.5 % R.O.I.
- Treat Financing as Clear

HAMILTON



Principals Only Please

70 Townhouses

- This Property was Offered to the Market in a Bid Submission Process
- New Roof in the Last 5 Years
- Some Units with Full Basement
- Located in Northeast Hamilton close to QEW/Red Hill Valley
- 70 x Three Bedroom Units
- Large Front Yards for Each Unit
- Tenants Pay Their Own Hydro/Heat. Potential to Convert Water to Individual Billing
- Upside Potential in Rents on Turnover
- Ex. 1st Mortgage to be Assumed by Buyer

WOODSTOCK



Principals Only Please

26 Townhouses

- Asking \$3,250,000
- Asking \$125,000 per Suite
- Complex Built in 1977
- Tenants Pay All Utilities for their Units
- Potential Upside on Rents
- Over 1 Acre of Land
- Potential to Sell Each Townhouse Individually
- 15 x Two Bedrooms
- 11 x Three Bedrooms
- High Efficiency Gas Furnaces Installed in all Units in 2012
- New Fibreglass Shingles installed 2009-2011 on Roofs
- 5.3% CAP Rate
- 15.6% R.O.I.
- Treat Financing as Clear

HAMILTON



Principals Only Please

118 Suites

- This Property was Offered to the Market in a Bid Submission Process
- Many Recent Capital Improvements including: Roof (2013), Windows (2009), Boilers (2010), Elevators (2015), Balcony Restoration (2012)
- 3 x Bachelor
- 64 x One Bedrooms
- 51 x Two Bedrooms
- Located in Northeast Hamilton close to QEW/Red Hill Valley
- Above Guideline Increase Application in Progress
- Additional Income from Rooftop Antennas and Submetering

industry report



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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 properties@skyviewrealty.com

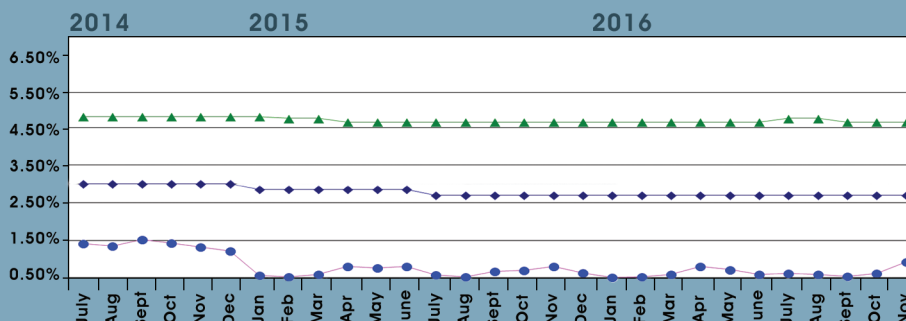
We Have Buyers!

MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

5-11 Birchlea Ave, Etobicoke	Aug. 4, 2016	52 Units @ \$121,058	\$6,295,000
15 Craigton Dr, Scarborough	Aug. 15, 2016	27 Units @ \$164,815	\$4,450,000
56 South Forster Park Dr, Oakville	Aug. 30, 2016	15 Units @ \$206,667	\$3,100,000
210 Wychwood Ave, Toronto	Sept. 1, 2016	40 Units @ \$178,685	\$7,147,384
245 Howland Ave, Toronto	Sept. 1, 2016	49 Units @ \$248,163	\$12,160,000
1450 Sheppard Ave W, Toronto	Sept. 1, 2016	181 Units @ \$153,425	\$27,770,000
101-105 Church St, Kitchener	Sept. 7, 2016	40 Units @ \$129,050	\$5,162,000
67 & 70 Parkwoods Village Dr, North York	Oct. 5, 2016	144 Units @ \$190,972	\$27,500,000
630 Huron St, London	Oct. 7, 2016	36 Units @ \$78,194	\$2,815,000
33 Gamble Ave, East York	Oct. 11, 2016	28 Units @ \$153,571	\$4,300,000
2-4 Greentree Crt, 31 Clearview Heights, Toronto	Oct. 14, 2016	115 Units @ \$122,391	\$14,075,000
31-35 St. Dennis Dr, North York	Oct. 28, 2016	332 Units @ \$171,687	\$57,000,000
300 & 313 The Kingsway, Etobicoke	Nov. 1, 2016	30 Units @ \$191,433	\$5,743,000
704 Canboro Rd, Pelham	Nov. 17, 2016	81 Units @ \$71,605	\$5,800,000
2892 St Clair Ave E, Toronto	Nov. 21, 2016	34 Units @ \$148,897	\$5,062,500
822 Glen St, Oshawa	Nov. 25, 2016	93 Suites @ \$120,000	\$11,160,000

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

Winter 2017

PUBLICATION:

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

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