



SKYVIEW
REALTY LTD.

SkyViews

DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

APARTMENT REPORT WINTER 2005

DANNY'S CORNER



Danny Iannuzziello
Broker

Happy New Year! It's hard to believe we've already passed the halfway mark of this decade. It seems like only yesterday we were ushering in the millennium.

My heartfelt thanks to the apartment building community for continuing to

recognize our team with regards to buying and selling buildings. Again, we've surpassed previous years in sales and we remain steadfast in our commitment to your investment properties. In particular, I would like to thank my team, composed of Michele, Emily, Bob and Annalisa for their tremendous support this year.

In the last issue of Skyviews, I eluded to upcoming legislation on the Tenant Protection Act. There has been some delay in introducing this legislation and rumors are circling that our landlord organization is fighting hard to soften some of the government's stance on a few of the issues. This delay may be a good thing. Hopefully, by the time you receive this issue, more details will be known.

In previous Winter issues we've published CMHC's vacancy rates, which were usually announced at the end of November. This year, vacancy rates will not be announced until the end of December. Kindly visit our Web site for updated vacancy rates as they become available.

In an earlier transaction this year, I witnessed an elevator inspection during the due diligence process, and I was impressed with the meticulous care involved. I thought this may be helpful to the apartment community and asked Michael Morgenstern from National Elevator Consulting to provide some insights on elevator maintenance and modernization. I wish everyone a happy and prosperous new year!

ELEVATOR MODERNIZATION

Knowing When It's Time for an Upgrade

BY MICHAEL MORGENSTERN

The implication of "elevator modernization" is often associated with an aesthetic upgrade to the interior finishes of the elevator cab. Although important, the aesthetic updating of the cab is only a modicum of the modernization process. Upgrades of the mechanical and control components form the substance of the same project, and are the focus of this discussion.

PREVENTIVE MAINTENANCE

In principle, a "full service" maintenance contract should allow an owner to retain an elevator system continuously. Proper preventive maintenance and repair should protect an elevator from deterioration. However, factors such as obsolescence and code compliance do lead to major modernization projects. Although each scenario is independent of another and there are many variables to consider, major modernization infers the replacement of most control and mechanical systems, virtually everything in the machine room and hoistway.

CONSULTATION PROCESS

One of the greatest obstacles faced by an owner or property manager concerning a modernization project is creating the initial plan outlining what can stay, and what needs to be replaced. With certain types of equipment, especially gearless hoist machines, major components are often retained and refurbished rather than replaced. Proper advice is crucial at this stage and will certainly play a role in the total cost of the project, as well as the goals that will be achieved in the end.

At the time when an elevator system begins to breakdown at an increasing rate, questions should be initially directed at the maintaining contractor, not the equipment. In many cases,

a major readjustment of the equipment by a qualified service technician will improve operation to a point that several additional years of reliable service can be achieved. Readjustment of equipment is typically included in a "full service" contract and should be completed at no additional cost to the owner.

Elevator contractors commonly sight elevator obsolescence as a reason for modernization. This may not always be the case as the main problem with older systems is that they are more labour intensive to maintain for the service contractor, which leads to less profitability. It is advisable to seek out a second or third opinion, or the advice of an independent professional consultant so any claims as to the availability of replacement parts can be either confirmed or refuted. This may aid an owner in saving hundreds of thousands of dollars on an unnecessary upgrade.

COST AND SAVINGS

Long-term financial savings are rarely achieved in the lowering of maintenance service premiums after the completion of the modernization. In fact, monthly charges often increase after an elevator modernization despite the reduction in labour to the service contractor. The consumption of energy is where savings can materialize. Studies have illustrated a reduction in energy costs by as much as 40 % and more after modernization. These energy savings are realized by newer technology drive systems that utilize less operating energy and at the same time emit less heat, thus reducing machine room cooling costs.

Continued on Page 4

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

PROPERTIES CURRENTLY OFFERED FOR SALE



EXCLUSIVE LISTING

NORTH OSHAWA 20 Units

- Asking \$1,325,000
- Asking \$66,250/Suite
- Well maintained
- Fully occupied
- Many capital upgrades in recent years
- Existing Environmental report available
- 1 x Bachelor
- 7 x One bedroom
- 12 x Two bedrooms
- 15% Downpayment
- 8.3% CAP Rate
- 21.0% R.O.I.
- Existing 1st mortgage to be assumed
- VTB mortgage to sell



\$58,333 Per Suite

DOWNTOWN TORONTO 24 Suites

- Asking \$1,400,000
- Location, location, location
- Bloor Street (Downtown)
- Some capital expenditures include new windows on north side, painted hallways, boiler in 1998, fridges/stoves
- Fully occupied
- Rents significantly below market
- 8 x Bachelors
- 7 x One bedroom
- 9 x Two bedrooms
- This property being sold 'as is' low price/suite, improvements required, low cap rate
- Treat mortgages as clear
- Seller may consider VTB to sell



23.5% R.O.I.

NEW ASKING PRICE

UPPER HAMILTON MOUNTAIN 22 Units

- Asking \$1,285,000
- Well maintained
- Fully occupied
- All units have gas stoves
- New thermo windows at front of building
- Visit www.skyviewrealty.com for additional pictures
- 21 x Two bedrooms
- 1 x Three bedrooms
- 15% Downpayment
- 8.3% CAP Rate
- 23.5% R.O.I.
- VTB mortgage to sell
- Can be purchased as part of package with other buildings



33.7% R.O.I.

NEW ASKING PRICE

AVAILABLE IN HAMILTON Legal 13-Plex

- Asking \$844,000
- Fully occupied, well kept
- Potential for 1 additional apartment
- New thermo windows
- Tenants pay own hydro
- Can be purchased as part of package with other buildings
- 2 x One bedroom
- 10 x Two bedrooms
- 1 x Three bedrooms
- 15% downpayment
- 9.1% CAP Rate
- 33.7% R.O.I.
- VTB mortgage to sell
- For additional pictures visit www.skyviewrealty.com



HISTORIC CHARACTER

NEW ASKING PRICE

AVAILABLE IN HAMILTON 17 Suites

- Asking \$1,015,000
- Fully occupied
- Exclusive location, near Chateau Royale
- Condo potential
- Extensive hardwood, marble & tile
- Extremely large units
- Rents are below market
- Tenants pay hydro
- 1 x Bachelor
- 6 x One bedroom
- 6 x Two bedrooms
- 4 x Three bedrooms
- 9.4% CAP, 27.9% R.O.I.
- 19.4% Cash Return
- First mortgage may be assumed
- Seller will consider a VTB to sell



EXCLUSIVE LISTING

AVAILABLE IN OSHAWA Legal 9-Plex

- Asking \$595,000
- Asking \$66,111/Suite
- Capital Expenditures include roof, boiler, gas water heater, gas dryer, electric washer, carpets
- Fire Retrofit complete
- Potential for hydro conversion
- 9 x Two bedrooms
- 15% Downpayment
- 8.5% CAP Rate
- 21.9% Return on Investment
- Fully occupied
- Small VTB mortgage to sell
- Treat mortgages as clear
- For additional pictures visit www.skyviewrealty.com



OWNER RETIRING

DOWNTOWN WHITBY 11 Unit Apartment Building

- Asking \$710,000
- \$64,545/Suite
- Parking lot resurfaced Summer 2004
- Some additional upgrades required
- Potential for 1 additional apt.
- Tenants pay own hydro
- Fully occupied
- 3 x One bedroom
- 8 x Two bedrooms
- 8.6% CAP Rate
- 23.2% R.O.I.
- Some rents below market
- Treat mortgages as clear
- Seller to consider VTB to sell



EXCLUSIVE LISTING

AVAILABLE IN ANGUS 10-plex

- Asking \$620,000
- Tenants pay own hydro/gas
- Building in good condition
- Potential 2 additional apartments
- Large lot
- View www.skyviewrealty.com for additional pictures
- 6 x One bedroom
- 4 x Two bedrooms
- 15% Downpayment
- 20.7% R.O.I.
- Fully occupied
- Treat mortgages as clear
- Seller will consider VTB to sell
- Located east of Barrie



LOCATION, LOCATION, LOCATION

AVAILABLE IN TORONTO 10 Units

- Asking \$815,000
- Very well kept & fully occupied
- Rents well below market leading to significant upside potential
- Many updates to plumbing, kitchens, bathrooms, etc.
- Located next to hospital
- 4 x One bedroom
- 6 x Two bedrooms
- 14.0% R.O.I.
- Fire Retrofit completed
- Treat 1st mortgage as clear
- Seller will consider a 2nd VTB to sell

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

THE SKYVIEW TEAM

220 Duncan Mill Rd. Suite 419, Toronto, ON M3B 3J5

PROPERTIES FOR SALE INTENDED FOR PRINCIPALS ONLY



Not intended to solicit properties already for sale. Not intended to interfere with Purchaser-Agency Agreements.

RECENT SALES BY SKYVIEW REALTY



SOLD

44-52 HAYDEN STREET
Closed September 2004

This 34 unit project comprising of 2 x 17 suite apartment buildings was listed and sold by Skyview Realty Ltd. for \$2,015,000 or \$59,265 per unit. A 1st mortgage was assumed by the Buyer



SOLD

2413 ISLINGTON AVENUE
Closed August 2004

This 52 suite apartment building located in Etobicoke area of Toronto was listed and sold by Skyview Realty Ltd. for \$3,900,000. Multiple offers were generated. Excellent tenant profile. Building in very good condition



SOLD

38 LAMBTON AVENUE
Closed June 2004

This 26 unit apartment building located at Weston Rd. and Eglinton was listed and sold by Skyview Realty Ltd. for \$1,600,000. The buyer arranged their own conventional 1st mortgage for 75% of the purchase price. The Seller facilitated with a VTB for 10% of the purchase price, which Skyview Realty Ltd. sold to a 3rd party.



SOLD

149 PENETANG STREET
Closed July 2004

This 9-plex located in downtown Barrie was listed and sold by Skyview Realty Ltd. for \$530,000. The buyer arranged their own CMHC first mortgage for 70% of the purchase price and the seller facilitated with a VTB for \$75,000 for 2 years at 5%.



SOLD

48 MILLER PARK AVENUE
Closed March 2004

This 6-plex located in Bradford was listed and sold by Skyview Realty Ltd. for \$560,000. A new first mortgage was arranged by Skyview Realty Ltd. for \$405,000 and the Seller facilitated with a VTB second mortgage for 2 years.



SOLD

1499-1501 KING STREET WEST
Closed April 2004

This 14 unit converted home located in the Parkdale area of Toronto was listed and sold by Skyview Realty Ltd. for \$865,000. The sale price represented a sale greater than the asking price. A first mortgage for \$392,000 at 7.2% was assumed by the Buyer.



SOLD

1 LESLIE STREET
Closed March 2004

This 14 unit apartment complex in Brampton was listed and sold by Skyview Realty Ltd. for \$1,160,000 or \$82,857/Suite. A first mortgage was increased to 75% of the Purchase Price with the buyer's 25% downpayment.



SOLD FIRM

563 QUEEN STREET
12 Unit Townhouse Complex

- Asking \$1,075,000
- \$89,583/Townhome
- Unique courtyard design with great landscaping and gardens
- Roof re-shingled in 2003 and new thermo windows in 1997
- Great location near Southlake Regional Hospital
- 12 x One bedroom
- 16.8% R.O.I.
- Fully occupied
- Pleasure to show
- Outstanding tenant profile
- Hydro could be separately metered
- Treat mortgages as clear
- VTB mortgage to sell



SOLD

176 OXFORD STREET
Closed April 2004

This 36 unit apartment building was listed and sold by Skyview Realty Ltd. for \$995,000. The buyer arranged his own financing for 75% of the purchase price at current interest rates.

THINKING OF SELLING? CALL (416) 444-6545 TO SPEAK TO A SKYVIEW REPRESENTATIVE ABOUT LISTING YOUR PROPERTY

We don't just list Apartment Buildings, We Sell them!



ADDITIONAL PROPERTIES FOR SALE



45.3%
R.O.I.

AVAILABLE IN NIAGARA FALLS 11 Units in 3 Buildings on 1 Lot

- Asking \$395,000
- \$35,909/Unit
- Tenants pay all hydro
- Great location adjacent to a park and close to new Casino
- Some cosmetic improvements & unit upgrades may be required
- 3 x One bedroom
- 6 x Two bedrooms
- 2 x Three bedrooms
- 12.8% CAP Rate
- 45.3% R.O.I.
- Roofs re-shingled in 1997 and 1999
- Treat mortgages as clear
- VTB mortgage to sell



VENDOR
MOTIVATED

AVAILABLE IN TORONTO 16 Residential + 3 Commercial

- Asking \$1,600,000
- Tenants pay hydro
- Building is well kept
- New roof and boiler in 2004
- One commercial tenant is laundromat with lease expiring 2011
- One unit non-conforming
- Vendor motivated
- 7 x Bachelors
- 7 x One bedroom
- 2 x Two bedrooms
- 3 x Stores
- 15% Downpayment
- 23.8% R.O.I.
- 8.8% CAP Rate
- Treat mortgages as clear
- VTB to sell



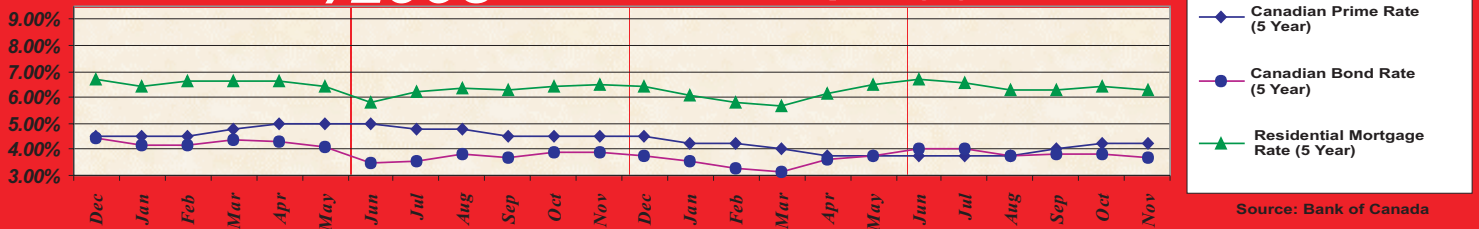
31%
R.O.I.

NEW
ASKING
PRICE

AVAILABLE IN HAMILTON 8 Maisonettes

- Asking \$575,000
- Fully occupied
- Easy to maintain
- Fire Retrofit complete
- Tenants pay own hydro
- www.skyviewrealty.com for additional pictures
- 4 x Two bedrooms
- 4 x Three bedrooms
- All with basements
- 15% Downpayment
- 31.0% R.O.I.
- Vendor to consider VTB mortgage to sell
- Can be purchased as part of package with other buildings

Watch on Interest Rates... /2003 / 2004



...ELEVATOR MODERNIZATION Cont'd

SYSTEM CONSIDERATIONS

There are literally hundreds of types of systems and every building has a different amount of traffic, so only with a physical inspection of the elevator system by qualified individuals with years of experience can a modernization plan be developed. As complete elevator modernizations cost from \$75,000 to \$150,000 (per elevator depending on the type of system), a long-term plan is absolutely crucial to prepare for this capital expenditure.

In today's market the competitive industry of real estate has a significant effect on modernization as owners of older buildings strive to compete with newer complexes. In these circumstances, the reason for modernization is mostly performance. Although an existing system may be fully operational, advances in technology allow for

improved dispatching which can provide as much as a 25% decrease in waiting times without increasing elevator speed. For this type of an improvement, the modernization project may be limited to an "overlay" system that addresses the dispatching area of elevator control. Again, the pros and cons of this type of partial upgrade should be considered and evaluated against a complete modernization.

Depending on the extent of a modernization project, with proper planning the elevators should provide the same level of service and ride quality as any brand new elevator.

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