



Thinking of Buying?

What you should know,

You see a building on a website and your first reaction is to call the realtor for a showing. Photos and walk-throughs will show you how a building looks, but how does the building operate?

Running an apartment building is a business. Before you start booking your showing, request an information package from the realtor. Take the time to review the financial information and see if this building will work for you. Start by looking at the rents.

Are they at market value and are they achievable? What is the current vacancy rate? You can also do some research on the rents by reviewing the rent roll and looking on Craigslist or other rental sources for what is available in the area.

Next analyze the expenses. Are there expenses that you can reduce because of your particular circumstance? While some expenses are standard in all buildings, others may vary depending on the size of the building, such as whether or not you hire a caretaker. You may be in a position to run the

building yourself whereas the current vendor had to hire someone to do it for him/her.

Lastly, get as much information from a realtor. Not all information about the building may be posted on the website. Once you have reviewed all of the information you can now make the decision on whether or not to view the building. Taking these extra steps will surely make your apartment building venture more efficient.

If you would like to receive The Mysak Report via email, please send a request to info@MysakRealty.com.

FOR SALE - Quinte West



QUINTE WEST, 24 Units
Asking \$1,850,000
7.3% Cap Rate

Two 12-Unit buildings sitting on almost two acres of land. Just a short walk to Lake Ontario! Both roofs replaced within the last 5 years. Tenants pay own hydro – All units have separate HWT & hydro meters. Rents are under average cost – opportunity to raise potential income! Ample parking on site, laundry facilities on site. Balconies redone in 2012. Close to schools, amenities & activities.

FOR SALE - Sturgeon Falls



STURGEON FALLS. 13 Units
Asking \$625,000
8.2% Cap Rate

Less than a five minute walk to the Sturgeon Falls Arena, tenants can enjoy hockey, skating and curling. Close to all amenities as well as a park, Hospital and the West Nipissing Recreation Centre. With onsite parking and laundry facilities, all newer fridges and stoves (New to 4 years), new roof within the last 5 years and separate Hydro meters and water tanks.

**PLEASE CALL US TO LEARN MORE
ABOUT OUR UNIQUE AND PROVEN
SELLING METHODS**

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OUR MISSION STATEMENT

We are a powerfully united team dedicated to apartment building sales and passionately committed to helping our clients achieve their real estate goals, by telling them the truth and using our proven non-traditional selling methods.

MORTGAGE MARKET UPDATE

As we slide into the final quarter of 2016, it is worth noting how some mortgage market factors impact apartment investors. I would like to draw your attention to two areas that are common topics of conversation between apartment owners and lenders:

- Mortgage interest rates, and;
- Assumption of an existing mortgage loan.

We have all seen interest rates find – and sustain – a lower rate level than most people were expecting. At the beginning of 2015, market observers were calling for higher rates. The fact is they went a bit lower. So, it's a good time to be a borrower. However, the mortgage market, which is very competitive, can feature quotes on mortgage loans with interest rates that could vary to a surprising degree. Please recall that rates are quoted as an increment (or a “spread”) over the applicable Canada Bond Yield, Canada Mortgage Bond yield or a lender's cost of funds (whichever is applicable). A key consideration - more so than in the past - is the amount of the loan. The current regulatory environment in Canada has pushed a lot of cost and investment onto regulated lenders in

order to comply with government policy. These costs to comply can be reflected in slightly higher “spreads”, thus producing slightly higher rates, for “smallish” loans in order to offset the cost of complying with regulations when funding and owning a loan. Market pricing tends to converge, or become more competitive, at larger loan amounts.

As an alternative to the higher “spread” scenario outlined above, many mortgage lenders have adopted a policy of minimum rates, or “floor rates”, regardless of the underlying bond/cost of funds yield. This has the effect of increasing overall “spreads” on the underlying bond/cost of funds as yields/cost of funds declines. An additional consequence of the low-rate environment is that some institutional lenders will not provide mortgage funding – at all - for smaller deals.

Apartment investors/borrowers should be aware of the options available to them at the beginning of the purchase/refinance transaction – not at the end. Mortgage options can usually be estimated and conveyed to owners early in the process. A sale of a property often

features an assumption of the existing mortgage loan by the purchaser. This is not uncommon. However, the guarantees from the original borrower will remain with the loan, in accordance with the terms of the loan documents, after the sale occurs. A large number of owners/sellers tend to assume that they are no longer obligated to the loan once a new owner takes it over. As part of the sale process, sellers who are concerned about their guarantees remaining with the assumed loan should be in contact with the existing lender to ensure a release of their guarantees is possible, and the costs associated with having their guarantees removed.

Dru McAuley is Assistant Vice President, Commercial Lending at First National Financial LP, a leading lender of CMHC insured mortgages on multi-unit properties. First National also provides short term or conventional financing in virtually all segments of the real estate market. He would be pleased to answer any financing questions or discuss this article. **Please call Dru directly if you wish to receive daily interest rate updates or discuss your financing options.** He can be reached at 416-593-2918 (toll free 1-800-465-0039) or dru.mcauley@firstnational.ca. (Copyright 2016 Dru McAuley).



Quick closings available

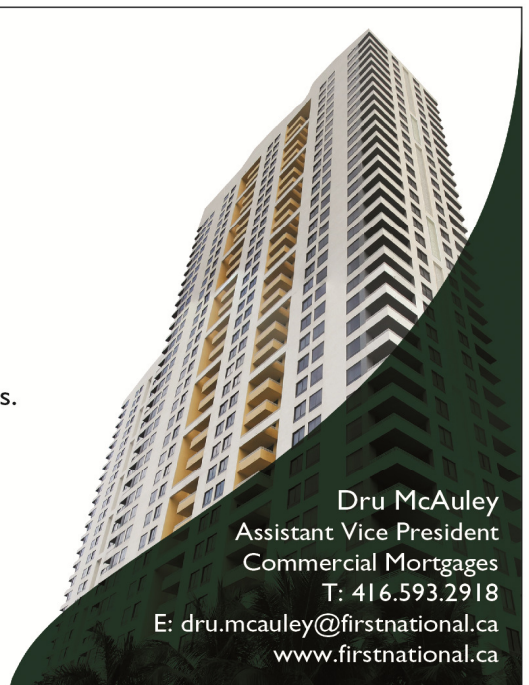
First National specializes in multi-family and commercial mortgage financing, and is a leading lender of CMHC insured mortgages for multi-family properties.

- Terms up to 20 years
- Attractive rates (fixed or floating)
- Higher loan amounts (up to 85% LTV)
- Extended amortization

Make First National your first call.

Call Dru at 416.593.2918 to receive our daily bond market update via email.

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UNDER CONTRACT - Belleville



BELLEVILLE, 12 Units
Asking \$1,100,000
6.4% Cap Rate

Pride of ownership throughout this 12 unit building in beautiful Belleville. Walking distance to Alemite Park, multiple public schools and close to all amenities. Onsite parking and laundry facilities available. 8 Units have balconies which have all recently been upgraded. Equipped with an intercom system. Fully tenanted. Thermal windows. Large apartments. 2 x 1 Bedroom & 10 x 2 Bedroom

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FOR SALE - Tweed



TWEED, 12 Units
Asking \$650,000
6.6% Cap Rate

Sits on over 8 Acres of beautiful forest lined property. Ample yard space for family play and activities. Includes a

Swing Set, Basketball/Tennis Court & backyard garden. Ten of the units have been renovated within the past 5 years and freshly painted. Units boast hardwood floors, new bathroom vanities, new tub surrounds and gorgeous ceramic tiles.

FOR SALE - Newmarket



NEWMARKET, 6 + 1 Units
Asking \$1,400,000
4.2% Cap Rate

Located in the Heart of Newmarket! This six residential and one commercial unit building is near all amenities as well as public transit, a hospital, a conservation area, the Newmarket GO Station and so much more! Fully tenanted. Residential units pay their own hy-

dro and Cable. Some units have balconies.

SOLD - Cambridge



CAMBRIDGE, 8 Units
Asking \$875,000
5.7% Cap Rate

8 Unit apartment building with large units, public bus stop across the street, ample parking in the lot and a great public

school only a minute walk away, this building seldom has a vacancy. It is located in a great, quiet neighbourhood with only a 2 minute drive to grocery and all other amenities. Laundry Facilities on site. Tenants pay their own Hydro and Cable. Some units have balconies.

Thinking of Selling?

How you should prepare,

Here are our top 10 suggestions to prepare your building for a sale.

1. Paint or clean your building's exterior and keep the landscaping well-manicured. You want Buyers to see that your building is well maintained.
2. Remove any items tenants have stored on their balconies.
3. Clear garbage bins, parking lots, and other paved areas of debris, mattresses, or uninsured vehicles. A buyer wants a clutter free building and cleanliness also keeps pests away.

4. Update your lobby and hallways with fresh paint, new flooring, baseboard mouldings and light fixtures. Your building will be more inviting to a Buyer.

5. Keep the laundry room fresh with clean floors and a coat of paint. Add a personal touch with curtains on the windows.

6. Organize and properly store all items in the storage lockers. A clutter free area enhances the size of the room.

7. Clean your mechanical room by removing grease and clearing out any

tools and supplies. Like a car, this is the building's engine and buyers want to look under the hood.

8. Ensure that your rents are at market value and your tenancy agreements and notices are up to date. A turnkey operation is a great benefit when selling a building.


9. Collect at least 12 months worth of all copies of bills, rent roll, and service contracts.

10. Have a qualified accountant and lawyer ready for any advice you may need. Surround yourself with great professionals for a seamless transaction.

Join Our E-Mail Updates

Sign up today to start receiving Market Updates, Exclusive Apartment Building Listings, Recently Sold Properties and Helpful Landlord Information directly to your inbox. Send us an E-Mail to info@mysakrealty.com

SOLD - Woodstock



WOODSTOCK, 24 Units
Sold \$2,135,000

Quiet building located on beautiful tree lined street. Ample parking, close to all amenities. Tenants pay own hydro

SOLD - London



LONDON, 23 Units
Sold \$1,614,876

Close to all amenities. Directly across from public park with basketball court and playground.

SOLD - Cambridge



CAMBRIDGE, 32 Units
Sold \$3,264,000

3 Storey walk-up, with plenty of parking. Well managed & close to all amenities and public transit

SOLD - Mississauga



MISSISSAUGA, 55 Units
Sold \$10,000,000

Located in the heart of Mississauga. Onsite laundry and parking, close to all amenities.

SOLD - London



LONDON, 58 Units
Sold \$5,250,000

New luxury 58 Bedroom student development. Fully furnished. Close to multiple schools.

SOLD - Cambridge



CAMBRIDGE, 96 Units
Sold \$9,100,018

Located near parks, schools, playgrounds and more. On site laundry & parking available.

SOLD in Spring 2016			
1235 Huntingwood Dr., Scarborough	14	14 Units @ \$290,000/unit	\$4,060,000
20 Palace St., Toronto	108	108 Units @ \$250,675/unit	\$27,072,913
18 Reid St., Mississauga	55	55 Units @ \$209,090/unit	\$11,500,000
871 College St., Toronto	9	9 Units @ \$244,444/unit	\$2,200,000
1600 Pelham St., Pelham	49	49 Units @ \$110,204/unit	\$5,400,000
555 Park Rd. N., Brantford	153	153 Units @ \$195,923/unit	\$29,976,169
34 Dixington Cres., Toronto	60	60 Units @ \$150,667/unit	\$9,040,000
285 Lorretta Ave. S., Ottawa	143	143 Units @ \$160,839/unit	\$23,000,000

If we can be of any assistance for your multi-residential needs please do not hesitate to call us!

The 2017 Residential Rent Increase Guideline is 1.5%