

**-Dedicated to Apartment Building Sales-**

WINTER 2016

Page 1

**2015 Year in Review**

It was a fantastic year for the apartment building industry. Interest rates remained low and stable. There was a strong demand for 5 year fixed mortgages. As the year went on there was a growing trend toward 10 year term mortgages. We witnessed a large increase of foreign investment into the Ontario market.

We also noticed many buyers expanding their geographical search criteria into secondary markets. With buyers moving into secondary markets, we saw cap rates in those

markets decrease.

At Mysak Realty, we had a phenomenal year. We helped our clients achieve their investment goals and also formed many new relationships. We appreciate and value the confidence that our clients have in us. We will continue to be the brokerage you can trust.

While we reflect on a fantastic year in real estate, we also wanted to reflect on a fantastic year of working with important charitable initiatives. Throughout 2015 we have worked closely with Sunny-

brook Hospital and The Frederick W. Thompson Centre. Joe Mysak currently sits on one of the Boards at Sunnybrook to actively participate in the great work that Sunnybrook is doing. For more information or to make a donation please feel free to visit Sunnybrook's website at [www.Sunnybrook.ca](http://www.Sunnybrook.ca)

**Wishing you prosperity and health in 2016! We look forward to working with you.**

**FOR SALE - OAKVILLE - EXCLUSIVE LISTING**



**Oakville, Townhouse Complex - Asking \$29,000,000**  
**3.8% Cap Rate**

Fantastic Investment Opportunity! Excellent rental location, with huge upside. Sitting on over 7 Acres of land. Ample parking. Every unit is two levels, plus a full basement. Some units' basements include a finished recreation room. Each unit also has in-suite laundry facilities, a kitchen with a fridge, stove and breakfast nook, a dining room and sliding patio doors to a landscaped courtyard. Located near shopping, parks, schools, gyms, places of worship, grocery, public transit, easy access to highway and all other amenities. For more information please call our office 416-767-5500.

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

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**Industry Professionals**

**Accountant**

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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 enter another year, it is worth noting some recent developments in the financing landscape.*

**Vendor take-back mortgages ("VTBs")** are not uncommon in a sale/purchase transaction. These are typically second mortgages. Investors should be aware of restrictions, if any, in the wording found in first mortgage loan terms. Some first mortgages may not permit a second mortgage of any kind. Lately, there has been a trend by first mortgage lenders to permit a second mortgage, subject to the second mortgage lender executing a standstill agreement with the first mortgage lender. These agreements often feature restrictions on the second mortgage lender's ability to enforce its mortgage. Obviously, this can be a deal breaker for the second mortgage lender. Investors should be fully aware of their financing arrangements as they enter these transactions. This trend has emerged due to the continually evolving, more stringent regulatory framework that financial institutions are subject to.

Speaking of second mortgages, readers should be aware of recent changes to **CMHC policy regarding second mortgages.** The policy that

had been in place for years is that second mortgages were permitted provided the borrower had at least 10% cash in the purchase. Seems straightforward. But recall that CMHC bases its loan approvals on, among other things, the concept of "lending value" as opposed to "market value". This meant that a borrower could have 10% cash in the purchase and a VTB that created total mortgage debt (i.e. the sum of the first and second mortgages) that exceeded CMHC's lending value. No longer. Now the mortgage balances cannot exceed CMHC lending value. In well priced markets like the GTA, this has the effect of requiring more cash equity from borrowers.

Speaking of CMHC, many readers are aware of the significant role CMHC mortgage insurance plays in the financing of apartment buildings. One of the ongoing issues with the product was that CMHC would apply a cap rate to a purchase that was substantially higher than the market cap rate. This had the effect of requiring more cash to close the purchase. This is not so surprising considering that CMHC is an insurance company, not a lender or investor, and is necessarily conservative in outlook. However, recent changes now mean

that **CMHC is working with lower cap rates.** Although still not at "market level", the use of lower cap rates has permitted larger loan amounts, particularly in well priced markets in the GTA and southern Ontario.

As regular readers of the Mysak Newsletter are aware, we are always keen to provide comments that are helpful to readers as they structure purchases and financing arrangements. The information above is a reminder that **terms and policies are always evolving** and readers are well served to be aware of changes.

*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 questions or discuss this article. He can be reached at 416-593-2918 (toll free 1-800-465-0039) or [dru.mcauley@firstnational.ca](mailto:dru.mcauley@firstnational.ca). (Copyright 2015 Dru McAuley).*

## FIRST NATIONAL

FINANCIAL LP



### Quick closings available

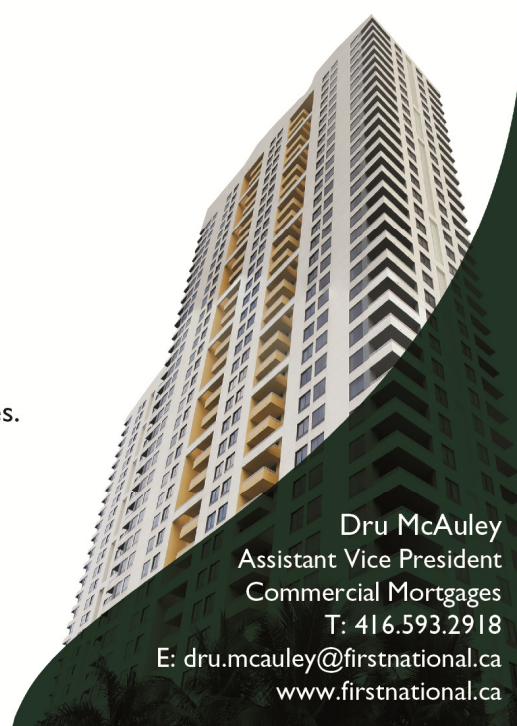
First National specializes in multi-family and commercial mortgage financing, and is a leading lender of CMHC insured mortgages for multi-family properties.

- 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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**FOR SALE - Toronto - EXCLUSIVE LISTING**



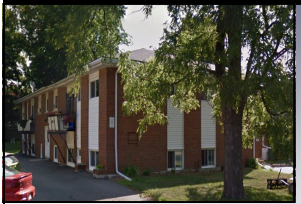
**TORONTO, 6 Units**  
**3.0% Cap Rate \$1,499,000**  
 Fantastic Investment Property located at major intersection. The building is located on a hilltop which makes for easy rental advertising. Public transit at front door, a public school across the street, onsite parking & close to all amenities. Building has been well maintained.

**COMING SOON - Oshawa - EXCLUSIVE**



**OSHAWA, 26 Units**  
 Coming soon, an exclusive 26 Unit Listing in Oshawa. With ample onsite parking & onsite laundry facilities. Tenants pay own hydro. Individual hydro meters and hot water tanks. Close to Parks, all Amenities and easy access to major Highway.

**FOR SALE - Cambridge - EXCLUSIVE LISTING**



**CAMBRIDGE, 8 Units**  
**5.7% Cap Rate \$875,000**  
 This is a great rental property in a quiet neighbourhood. With public transit available across the street and onsite parking available. Located near multiple schools and parks. Close to all amenities, including shopping and restaurants/entertainment.

**SOLD - Kingston - EXCLUSIVE LISTING**



**KINGSTON, 16 Units**  
**6.3% Cap Rate \$1,150,000**  
 Majority of the units have been renovated. Parking lot recently repaved. 1 x Bach, 7 x 1 Bed, 8 x 2 Bed. Building is separately metered, currently some tenants pay their own hydro. Close to all amenities and a short walk to public transportation.

**SOLD - Hamilton - EXCLUSIVE LISTING**



**HAMILTON, 199 Units**  
**4.9% Cap Rate \$9,500,000**  
 Only 3 minutes to the QEW, this 199 unit building is a fantastic investment opportunity. The building is in need of some repairs such as the balconies. Ample parking, security cameras & controlled entry. It is close to public transit & shops.

**SOLD - Hamilton**



**HAMILTON, 13+2 Units**  
**6.5% Cap Rate \$1,400,000**  
 Phenomenal location! Located steps away from GO station. Short walk to St. Joes Hospital. Exposed brick walls in the hallways and some units. Consists of 10 x 1 bedroom suites, 2 x 2 bedroom suites, 1 x 3 bedroom suite, and 2 commercial suites. Currently no laundry available for tenants on site.

**SOLD - Toronto - EXCLUSIVE LISTING**



**TORONTO, 52 + 1 Units**  
**5.0% Cap Rate \$6,450,000**  
 House is on 50' x 140' and the apt. building is on 110' frontage. Building consists of 50 x 2 Bedroom units, 2 x 4 Bedroom units, and 1 x 2 Bedroom house. Improvements include all new balconies, upgraded elevator, common areas were updated as well.

**SOLD - Toronto - EXCLUSIVE LISTING**



**TORONTO, 25 Units**  
**5.1% Cap Rate \$2,900,000**  
 Care free investment with seldom a vacancy. Great Rental Location, excellent property for investors looking for "up-side", both to increase income and reduce expenses. Solid building with very large units, quality brick, right across from Coronation Park.

**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](mailto:info@mysakrealty.com)

**SOLD - Toronto - EXCLUSIVE LISTING**



**TORONTO, 29 Units**  
**5.2% Cap Rate**  
**\$3,750,000**  
 Great location. Property is in need of some repair. New State-of-the-art dual boiler heating system installed in 2013. Tenants pay Hydro, Laundry Facilities onsite, new Phase 1 Environmental available. Building Audit completed by the City of Toronto in 2013. Good upside potential and space for additional units.

**SOLD - Collingwood - EXCLUSIVE LISTING**



**COLLINGWOOD, 57 Units**  
**6.1% Cap Rate**  
**\$5,250,000**  
 Remarkable building with beautiful views of Blue Mountain Ski Resort. Property has been owned by same family since the property was built. Managed with tremendous care and attention to detail. The owners have not been aggressive in increasing rents or decreasing expenses. Many long term tenants.

**SOLD - Toronto**



**TORONTO, 12 Units**  
**4.2% Cap Rate**  
**\$1,550,000**  
 Rents well below market. Excellent rental location close to 'Corso Italia' with an abundance of shops and restaurants to choose from. Located close to St. Clair and Dufferin. 1 X Bachelor unit and 11 x 1 Bedroom units, Tenants pay their own hydro, Coin washer and dryer on site.

**SOLD - London**



**LONDON, 19 Units**  
**5.3% Cap Rate**  
**\$2,000,000**  
 Beautiful property. Building Located close to Western University. Property is in excellent condition. Turn key operation with very little management required. Master Key system in place. The building has been extremely well taken care of with many upgrades done.

**SOLD in Fall 2015**

|                                 |    |                           |              |
|---------------------------------|----|---------------------------|--------------|
| 21 & 25 Grand Ave., London      | 55 | 55 units @ \$129,091/unit | \$14,200,000 |
| 104 Devonshire Ave., London     | 25 | 25 units @ \$82,000/unit  | \$2,050,000  |
| 291 Adelaide Ave. W., Oshawa    | 11 | 11 units @ \$106,364/unit | \$1,170,000  |
| 2006 Churchill Ave., Burlington | 15 | 15 units @ \$96,667/unit  | \$1,450,000  |
| 483 Linwell Rd., St. Catharines | 32 | 32 units @ \$87,500/unit  | \$2,800,000  |
| 52 Queen St., Halton Hills      | 16 | 16 units @ \$104,688/unit | \$1,675,000  |
| 1366 Elgin St., Burlington      | 23 | 23 units @ \$102,174/unit | \$2,350,000  |
| 50 Benson Ave., Richmond Hill   | 19 | 19 units @ \$182,632/unit | \$3,470,000  |

**ADVERTISING**

For advertising rates or to write an article for our newsletter, please contact our office via e-mail, [info@mysakrealty.com](mailto:info@mysakrealty.com)

**PUBLICATION**

Our newsletter is published Quarterly and is mailed to over 16,000 Owners, Managers and Potential Purchasers

**PRIVACY**

We respect your privacy, If you wish to be removed from our mailing list, please contact our office via e-mail, regular mail or by phone.

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

**The 2016 Residential Rent Increase Guideline is 2.0%**