



SkyViews

Apartment Report - Fall 2023

CLIFF'S CORNER



How was your summer? Hopefully you are fully recharged and ready to finish off 2023 with a bang! As we head into the final months of the year, I wish you all the success and growth you are looking for.

One of the topics that is on everyone's mind these days is financing, especially for those whose mortgage terms are coming due during this season of high interest rates. Two years ago refinancing would have you at approx. 2.5% and now it's closer to 5.5%. That can be a stressful prospect, no doubt.

One of the possible ways to deal with the higher interest rates is to look at the product launched by CMHC last year, called MLI Select. If your building qualifies under its three main criteria: Affordability, Efficiency, or Accessibility, you could take advantage of longer amortizations, lower premiums, and/or maximum leverage. This is one way that owners are helping to protect their cash flow with rising interest rates. I've included an article on CMHC's new product for you to consider.

Skyview Realty continues to be a leader in the multi-unit residential sales in Ontario. I welcome you to contact us to see how we can assist you in buying or selling your buildings.

Cliff Ford

Sales Representative,
Director of Sales & Marketing

YOU HEARD IT FROM THE EXPERTS...

A Primer on CMHC's MLI Select Mortgage Insurance by Nadeem Keshavjee

Last year, CMHC announced the launch of the new MLI Select mortgage insurance product to facilitate construction and term financing for apartment buildings. Applications under this new program began being accepted starting March 7, 2022.

The new product replaces an existing product known as MLI Flex, which launched in 2017.

Let's take a look at this new program and how it compares to the outgoing offering.

The new tiered points system provides different financing options based on the strength of the social outcomes for a property. The point-scoring system results in three tiers of benefits, with points being achieved for:

- the proportion of units at the property having rents at or below 30 per cent of median income for the municipality;
- the energy-efficiency improvement over current performance (for existing buildings) or over National Building Code requirements (for new construction);
- the proportion of units that are accessible and adaptable/universal design.

New leverage, amortization benefits

Based on the points achieved for these categories, the benefits can include leverage of up to 95 per cent and amortizations of up to 50 years.

Key benefits compared to the previous program include both increased leverage and amortizations, as well as reduced CMHC insurance premiums.

- Leverage: For existing properties, maximum leverage has gone up to 95 per cent loan-to-value from 85 per cent loan-to-value. For new construction projects, leverage remains at 95 per cent loan-to-cost.
- Amortizations: The maximum amortization allowed has been increased to 50 years from 40 years.
- CMHC insurance premium reductions: Insurance premiums have generally gone down, especially for properties with strong social outcomes.

The new affordability criteria

One of the major changes compared to the previous program is that affordability is now being evaluated based on how unit rents compare to the median renter

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IF YOU ARE THINKING OF BUYING OR SELLING, PLEASE CALL (416) 444-6545 FAX (416) 444-6997



A Primer on CMHC's MLI Select Mortgage Insurance continued from page 1

income for the municipality. The key metric being evaluated is the proportion of units having rental rates at 30 per cent or less of the 'median renter income' for the municipality.

The previous metric for construction was the rental revenue being at least 10 per cent below appraiser-derived market rental revenue for the property, or the project being approved under any government affordable housing program.

This impacts certain centres more than others, with deeper rent discounts being required for centres such as Toronto, Vancouver and Victoria.

Energy efficiency

As outlined earlier, energy efficiency and accessibility criteria have now been introduced to this program in addition to affordability criteria.

It is notable, however, that the new point scoring system will allow for a property to qualify for the program based on energy efficiency alone – without the need for any affordable units.

This illustrates the weight the new program puts on energy efficiency.

Accessibility and other criteria

On the other hand, while accessibility alone isn't enough to qualify for the program, it can supplement

affordability and/or energy efficiency to help a property qualify for a higher tier of benefits.

Certain elements of the previous program have remained the same:

- Affordability requirements need to be maintained for a minimum of 10 years.
- Rents can be increased annually by the lower of inflation or rent control (as applicable).
- Interest rates for this program are typically below market.

Article Provided by:
Nadeem Keshavjee
Green Birch Capital
www.greenbirch.ca

Product Flexibilities

Based on total points awarded, the loan insurance application can benefit from the following flexibilities.

**MULTI-UNIT
MLI
SELECT**

Total points	Max. LTC/LTV	Max. amortization*	Rental achievement holdback	Recourse	Replacement reserve
Existing Properties					
Min. 50 points	Up to 85%	Up to 40 years	May apply	Full	Discretionary
Min. 70 points	Up to 95%	Up to 45 years		Full	Discretionary
Min. 100 points	Up to 95%	Up to 50 years		Limited	Discretionary

*The maximum amortization period is the specified number of years or remaining economic life, whichever is less.

Please refer to the fees and premiums information sheet for more information.

2024 Rental Increase Guideline: 2.5%



Danny Iannuzziello
President
Broker of Record



Cliff Ford
Sales Representative
Director of Sales & Marketing



Pat Villani
Sales Representative,
Associate Vice President

**WE DON'T
JUST LIST
APARTMENT
BUILDINGS...
WE SELL THEM!**

MEET THE SKYVIEW SALES TEAM

SAULT STE. MARIE



MOTIVATED SELLER!

- Asking \$15,300,000
- Located close to the waterfront with views of the river
- Great upside on units
- Built in the 1980's
- Hydro paid by Owner - potential to convert to smart metering
- 81st unit is currently being constructed
- 1 x Bachelors
- 48 x 1 Bedrooms
- 24 x 2 Bedrooms
- 8 x 3 Bedrooms
- 4.4% CAP Rate at Asking Price
- Ex. 1st Mtg of \$9 million at 3.2% until 2032 to be assumed
- VTB 2nd at 3.2% available

81 SUITES

NIAGARA FALLS



GOOD LOCATION!

- Asking \$2,500,000
- Asking \$227,273 per Suite
- Located close to tourism area of Niagara Falls
- Average upside in rents per unit is \$300/month
- Roofs resingled 3 years ago
- Vinyl thermal windows
- Heated by 3 hot water gas boilers, 1 of which is on demand
- 1 x Bachelors
- 2 x 1 Bedrooms
- 6 x 2 Bedrooms
- 2 x 3 Bedrooms
- Property contains two fourplexes and one triplex
- Good third-party management in place
- Treat financing as clear

11 SUITE COMPLEX

NORTH YORK



SIGNIFICANT UPSIDE!

- This property is being offered unpriced as part of a bid process
- Interested parties to receive the property brochure and access to the data room
- Approximately 33% of units have been renovated to condo quality finishes
- Significant upside on turn over of remaining unrenovated units (over \$900/month on average)
- 20 x 1 Bedrooms
- 19 x 2 Bedrooms
- Located in an ideal rental neighbourhood of North York
- Great on-site resident manager
- Potential to convert storage room space
- Newer efficient boilers with Tekmar system
- Treat financing as clear

39 SUITES

OAKVILLE



SOLD CONDITIONAL

- Asking \$11,500,000
- Superb location in South Oakville
- Recent improvements include exterior brick painting, carpeting, hot water tanks, & many units renovated
- Great Upside on rents of approx. \$12,000/month
- Large corner lot for potential future redevelopment
- 18 x 2 Bedrooms
- 12 x 3 Bedrooms
- 1 x House
- Tenants pay own hydro
- Professionally managed
- 4.0% CAP Rate at Asking Price
- Ex. 1st Mortgage at 2.04% to be assumed
- VTB 2nd Available

30 SUITES + 1 HOUSE

CHATHAM



LARGE APARTMENTS!

- Asking \$3,500,000
- Some units have 10'+ ceilings, two levels, 1.5 baths, and/or skylights
- Bachelor Unit currently furnished as a short term rental with AirBnB
- Formerly a Business School & OPP Headquarters, the property was completely rebuilt on the inside for apartments in 1998
- 1 x Bachelor
- 10 x Large 2 Bedrooms
- Historical Designation on Property
- Recent Clean Environmental Report Available
- Existing 1st Mortgage of approx. \$1,600,000 to be assumed by a buyer.

11 LUXURY SUITES

OSHAWA



VTB FINANCING!

- Asking \$2,850,000
- Asking \$150,000 per Suite
- Located in Central Oshawa, North of Hwy 401
- Great Upside on Units following a Repositioning and Renovations
- Mutual Driveway shared with building next door
- Includes two semi-detached 3 Bedroom Houses at Rear of Property
- 8 x Commercial
- 8 x 1 Bedrooms
- 1 x 2 Bedrooms
- 2 x 3 Bedrooms
- Zoning of Commercial is One Unit which has been Subdivided into 8 units
- 5.3% CAP Rate
- Seller willing to hold VTB 1st with 25% down

11 SUITES + 8 COMM.

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 info@skyviewrealty.com

WE HAVE BUYERS!

Ady Steen

Vice President & Regional Manager
Commercial Banking - Eastern Canada

AdyS@peoplestrust.com
Phone: 416-304-2089
Mobile: 416-617-4937

peoplesgroup.com



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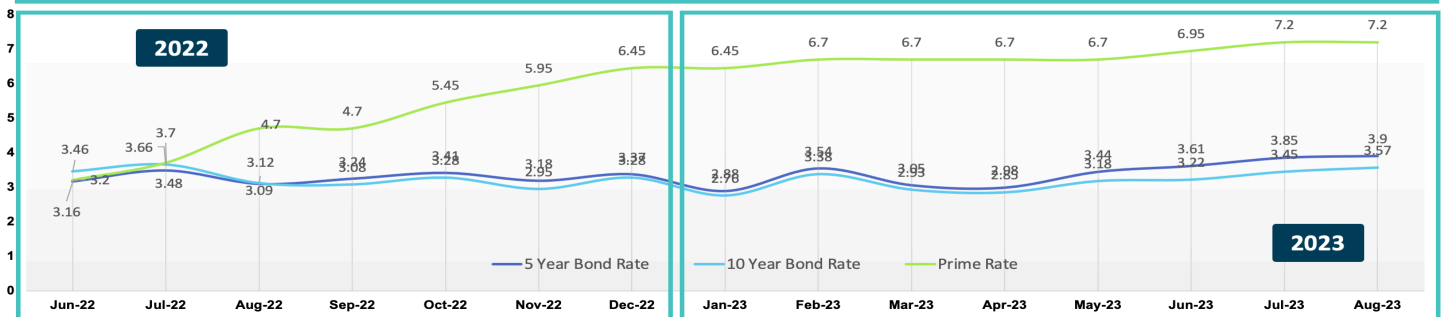
Suite 1310
95 Wellington St West
Toronto, ON
Canada
M5J 2N7

MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

1693 Weston Rd, Toronto	Aug. 25, 2023	12 Suites @ \$437,500	\$5,250,000
24 Anglesey Blvd, Etobicoke	Aug. 18, 2023	22 Suites @ \$392,997	\$8,645,925
222 Maclaren St, Ottawa	Aug. 4, 2023	47 Suites @ \$294,681	\$13,850,000
126-142 Bay St, Quinte West	Jul. 28, 2023	96 Suites @ \$159,010	\$15,265,000
155 Noik Dr, Pembroke	Jul. 27, 2023	12 Suites @ \$170,833	\$2,050,000
308 Egerton St, London	Jul. 26, 2023	15 Suites @ \$146,667	\$2,200,000
280 Sherk St, Leamington	Jul. 12, 2023	23 Suites @ \$134,783	\$3,100,000
1040 Castlefield Ave, Toronto	Jul. 4, 2023	44 Suites @ \$227,273	\$10,000,000
80 Guestville Ave, Toronto	Jun. 28, 2023	53 Suites @ \$205,660	\$10,900,000
2421-2423 Keele St, North York	Jun. 27, 2023	24 Suites @ \$312,500	\$7,500,000
1260 Princess St, Kingston	Jun. 7, 2023	47 Suites @ \$159,574	\$7,500,000
2808-2810 Keele St, North York	Jun. 1, 2023	54 Suites @ \$282,870	\$15,275,000
2360 Birchmount Rd, Scarborough	Jun. 1, 2023	186 Suites @ \$286,986	\$53,379,447

SOURCE: Realtrack Inc. www.realtrack.com 1-877-962-9033

WATCH ON INTEREST RATES



SOURCE: First National Financial LP | 416-593-2918 & www.bankofcanada.ca

SkyViews Fall 2023

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THE SKYVIEW TEAM

#301-220 Duncan Mill Rd., Toronto, Ontario, M3B 3J5
(416) 444-6545 Fax: (416) 444-6997
Email: info@skyviewrealty.com
www.SkyviewRealty.com

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