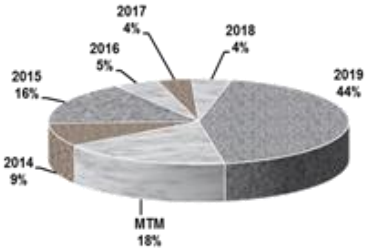
Real Estate Report [GTA]
Focus: Office
April 30, 2015 Volume #22.02

OUR RECENT SALE

27 Carlton Street, Toronto The 8,719 sf site with 51 ft. double frontage on Carlton St. and on Granby St. to the south is improved with a five story plus basement 24,846 sf renovated office building leased to 23 tenants with an attractive maturity schedule as per this pie chart providing both short term 25% rental upside and retail midterm upside. NOI is $395,000.Closed March 16, 2015 at **$8,650,000 or 4.6% cap or $348 per sf.**



OTHER RELATED SALES

81-85 The East Mall, Etobicoke – a 72,281 sf building located north of Gardiner Expy and east of Hwy 427. Closed on January 30th, 2015 at $10,515,000 or $145 per sf.	**333 First Commerce Drive, Aurora -** a 296,000 sf building located north of Wellington Street Est and west of Hwy 404. Closed on January 2nd, 2015 at $57,466,274 or $194 per sf.
20 Valleywood Drive, Markham – a 33,963 sf building located north of Hwy 7 and west of Woodbine Ave. Closed on February 5th, 2015 at $8,200,000 or $241 per sf. **Cap Rate 5.9%**	**151 Yonge Street, Toronto –** a 297,929 sf building located south of Richmond Street East. Closed on January 22nd, 2015 at $153,800,000 or $516 per sf. **Cap Rate 5.4%**
50 Richmond Street East, Toronto – a 14,527 sf building located west of Church Street. Closed on July 7th, 2014 at $5,000,000 or $344 per sf.	**150 Bloor Street West –** a 269,205 sf building located east of Avenue Rd. Closed on July 9th, 2014 at $254,500,000 or $945 per sf.
160 John Street, Toronto – a 20,804 sf building located south of Queen Street West. Closed on July 2nd, 2014 at $6,300,000 or $303 per sf. **Cap Rate 4.3%**	**575-675 Cochrane Drive, Markham –** a 465,306 sf building located south Hwy 7 and east of Hwy 404. Closed on April 2nd, 2015 at $126,700,000 or $272 per sf.

INDUSTRY COMMENTARY:

-The TPA income Sharing Agreement Renewal of Jan.1 2013 to be renegotiated this year

The Toronto Parking Authority (TPA) is a public corporation owned by the City of Toronto. The TPA has contributed significant amounts to the City's general revenues from 1998 to 2011 and returned earnings to the City estimated at $531 million and increased to $731 million when including municipal taxes and rents paid to other Agencies and Divisions. **Click here for more information**

LIFE LESSONS at PETRUS COMMERCIAL REALTY CORP - Lesson #68

Here is what I have learned about buying a TV for the first time ever

"Really have to go the smart - full web browser route", TV experts say.

Even though you might not want or need a smart TV, the vast majority of new TV's are smart anyway. Only some entry level TVs are still "dumb." Therefore, if you want good picture quality, you will end up with a smart TV anyway'. That said, not everyone needs a smart television; some only need a television to display video.

Click here for to read full lesson

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INDUSTRY COMMENTARY:

City of Toronto Net Income Sharing Agreement Renewal with Toronto Parking Authority
- **Staff Report April 25 2103**

The Toronto Parking Authority (TPA) is a public corporation owned by the City of Toronto. The Authority's mandate is to provide safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street parking as an integral component of Toronto's transportation system. The Authority was established on January 1, 1998, by the City of Toronto Act (1977) and is governed by the Toronto Municipal Code, Chapter 179, and "Parking Authority". The TPA is unique from most City Agencies in that it fully funds its operations from revenues. The TPA has contributed significant amounts to the City's general revenues. From 1998 to 2011, the TPA returned earnings to the City estimated at $531 million. Including municipal taxes and rents paid to other Agencies and Divisions the total contribution to the City increases to $731 million.

TPA is to pay the City a minimum of 75% of its net income for the year from on-street and off-street parking operations. The minimum payment to the City has increased from $30 million to $37 million, subject to unforeseen circumstances which result in interruption of service or any other unplanned occurrence which may have an adverse material effect on the net income as defined under the Income Sharing Agreement. The cost of replacement facilities (new and expanded parking spaces and/or commercial space) exceeds the 25% portion retained by the TPA. The income Sharing Agreement Renewal with the Toronto Parking Authority took effect as of January 1, 2013 for a three year period ending December 31, 2015.

The 2013 Approved Operating Budget anticipates that the City will receive $47 million in 2013 through income sharing with the TPA, with future year payments of $48 million in 2014 and $49 million in 2015. These amounts reflect the recommended 75% of the forecasted net income earned by the TPA from off-street and on-street parking facilities over the next three years.

City Share @75%	
2012 Actuals	$44,842
2012 Budget	$42,021
2013 Budget	$47,125
2014 Outlook	$48,073
2015 Outlook	$49,039

On-Street and Off-Street Parking Operations

The TPA is the largest municipal operator of public parking in North America. The Authority manages an estimated 19,300 on-street spaces, controlled by using over 2,700 highly profitable and environmentally friendly technology based pay-and-display machines and 650 single spaced meters. The TPA maintains approximately 22,700 off-street spaces in 188 facilities, which include 10 attended lots; 20 fully automated garages; and, 190 unattended lots using pay-and-display technology. The Authority manages, on behalf of the Toronto Transit Commission, approximately 14,000 spaces at their park-and-ride facilities and parking lots. In addition, the TPA operates for the Parks, Forestry and Recreation Program parking facilities along the Waterfront and other areas in the City accounting for another 2,500 spaces mostly on a seasonal basis.

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Sale of Air Rights – Extraordinary Revenue Sources

In the past, the Authority has entered into joint ventures developments with both the private and public sectors. The primary form of joint venture has involved the sale of air rights over existing surface carparks to third party developers with a public parking component and/or other commercial space being included in the final redeveloped site. The TPA purchases and retains title to the strata levels of public parking. These sales not only generate capital funds for future public parking facilities, but also increase the supply of parking and broaden land use at the site. The report recommends that the City continues to retain 75% of the net gain on the sale of air rights for properties managed by the Authority on behalf of the City. The TPA will use their 25.0% share of the gain to fund the replacement of parking spaces displaced. There may be cases where the cost to replace the displaced spaces may exceed the TPA's 25% share of the net gain or there may be a business case to add additional spaces to the project. The TPA's 10-Year Capital Plan will reflect the additional costs and the corresponding additional funding from the expected proceeds of the development. As described previously, this will reduce, if necessary, the City's 75% share of the net gain on sale by the amount that the cost of replacement facilities exceeds the 25% portion retained by the TPA. The Capital Plan is approved annually as part of the City's Capital Budget. The Capital Plan will require amendment by Council if the actual costs and proceeds differ from the plan or if the project was not originally in the approved capital plan.

Payments from the Toronto Parking Authority

	Return of Earnings to the City			Other Payments to the City		
Year	Share of Net Income	One Time Dividends	Total Return of Earnings	Property Taxes	Rents to Other City Departments	Grand Total
1998	9,284,426	16,136,514	25,420,940	7,406,000	320,000	33,146,940
1999	16,632,356	14,000,000	30,632,356	7,451,000	500,000	38,583,356
2000	25,766,438		25,766,438	7,647,000	500,000	33,913,438
2001	25,947,675		25,947,675	13,045,284	725,000	39,717,959
2002	28,736,417		28,736,417	13,916,862	850,000	43,503,279
2003	29,255,514		29,255,514	13,395,907	940,000	43,591,421
2004	34,265,783	2,000,000	36,265,783	13,250,489	800,000	50,316,272
2005	30,608,259		30,608,259	13,018,111	700,000	44,326,370
2006	32,719,027		32,719,027	14,122,927	900,000	47,741,954
2007	34,710,323		34,710,323	14,844,997	1,300,000	50,855,320
2008	53,175,677	20,000,000	73,175,677	15,034,213	1,700,000	89,909,890
2009	45,888,095	10,000,000	55,888,095	15,419,536	1,700,000	73,007,631
2010	59,293,443		59,293,443	18,097,007	1,700,000	79,090,450
2011	42,749,302		42,749,302	19,019,000	1,700,000	63,468,302
2012*	44,842,000		44,842,000	17,846,000	1,700,000	64,388,000
Grand Total	**513,874,735**	**62,136,514**	**576,011,249**	**203,514,333**	**16,035,000**	**795,560,582**

* The TPA provided one-time payments of 62.137 million. City staff have budgeted $6.0 million one-time payment in each of 2013 and 2014.

Source: Deputy City Manager and Chief Financial Officer
President of the Toronto Parking Authority

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'Even though you might not want or need a smart TV, the vast majority of new TVs are smart anyway. Only some entry level TVs are still "dumb." Therefore, if you want good picture quality, you will end up with a smart TV anyway'. That said, not everyone needs a smart television; some only need a television to display video

But the complication is figuring out the price, quality, and options ratio. For example, size depends on your viewing distance and there are distance charts to consult; which means that in the 1080 pix segment, 55" the viewing distance is eight feet but in the 4K for eight feet distance you need a minimum 75" to appreciate the 4K benefits. The obvious decision metrics are LED vs LCD vs Plasma but consider that LED is the largest seller. 3D or no 3D may not be a real choice since it is now part of many quality TV's but why pay for the feature if you won't use it. How much should you pay? If you don't care then take the most expensive and you will get a great TV. If you care about price for financial reasons or for matters of principles then consider the following:

- **1080 pixs or 4K**
  A 4K TV is worth buying over a 1080p TV, provided you sit close enough to see the extra details. It won't necessarily make lower-resolution content look better, though, so if you don't have access to 4K content and won't for the foreseeable future, a 1080p TV is still a good choice – especially as a budget option. The benefit of 4K over 1080p seems obvious on paper – 4K has four times as many pixels as 1080p, which means it should have a clearer picture – but you should know to make your 4K TV worth the upgrade. 4K TVs are only really an upgrade with 4K content, not up scaled low-res media. The distance at which you sit from the TV affects whether you'll notice 4K's increased resolution.

- **60 mz or 120 MZ refresh mode**
  The refresh rate of televisions is misleading and is mixed with marketing embellishments. The increased refresh rate (120Hz and higher) was introduced by as an indirect way to reduce the motion blur problem of LCDs and LEDs. However, the response time of 120Hz and 240Hz TVs is usually the same as 60Hz ones. Do not look at the refresh rate of a TV. Not only is the advertised number false, but a 120Hz+ TV does not reduce the amount of motion blur in console games. The response time is the best measure of motion blur in an LED TV. It is the time a pixel takes to transition from one color to another. Additionally, manufacturers are inflating their advertised refresh rate number or making up numbers.

- **Full Array or Edge lit**

Full Array is considered the best LED backlight type, but can only be found on a limited number of models. In a full array LED screen, the LEDs are distributed evenly behind the entire screen. This produces a more uniform backlight and provides a more effective use of local dimming, where it can change the luminosity of only a specific part of the screen. In some TV's, manufacturers use colored LEDs instead of white ones. Technically, this can create an even greater color range gamut by matching the backlight color with the picture. In practice though, you will not really see the difference.

An edge lit LED screen is the most common method for LED TV's. the LEDs are placed at the peripheral of the screen. Depending on the television, it can be all around the screen or only on the sides or the bottom. This allows the screen to be very thin. However, it can cause some spots on the screen to be brighter than others, like the edges. This problem is called flash-lighting or clouding. It can be seen when watching a dark scene in a dark environment.

- **Local dimming or dimming**

Local dimming refers to the technology that changes the uniformity of the backlight of an LED screen. The television changes the luminosity of some zones of the screen to better reflect the scene and to create deeper blacks. Local dimming improves the weak black level of an LCD/LED TV. Unfortunately, local dimming on LED TVs is rarely effective. Most LED TVs are edge lit, so they cannot control the backlight with precision. Local dimming works better on a full array LED TV.

- **Aspect ratio as a setting**

The most common aspect ratio for TVs and monitors is currently 16:9, which also corresponds to the aspect ratio of TV shows. However, movies usually have an aspect ratio of 21:9, which will result in black bars above and below the picture if you watch it on your 16:9 screen. The aspect ratio is the proportion between the width and the height of a picture and is often expressed in the W:H format, where W is the width and H the height. For example, a 16:9 aspect ratio means that for a width of 16 units, the height must be 9 units. Most televisions and computer monitors currently available have an aspect ratio of 16:9, which offers a perfect fit for high definition television shows. However, movies are usually filmed with a ratio of 21:9, which will result in black bars at the top and bottom of the picture. To fix this, some manufacturers are producing televisions with a 21:9 aspect ratio. A 21:9 TV is only worth it if you almost exclusively watch movies (more than 80% of the time). If you watch normal 16:9 content (like a HDTV channel) on it, you will see black bars on the sides. This reduces the viewing area for 16:9 content considerably. A 58" 21:9 television corresponds to the same viewing area as a 47" TV for 16:9 content.

Consult the experts review web sites as you are making your decision. I have quoted RTINGS in this Life Lesson http://www.rtings.com/info/television-size-to-distance-relationship