

### CURRENT LISTINGS – BUILDING LOTS

Contact: Chad Gemmell at 416.955.1885 x226

#### 145 GREENBRAE CIRCUIT, TORONTO, ONTARIO - NEW

This infill development site of approximately 0.48 acres is zoned for **13 freehold townhouse lots** and centrally located just north-west of the intersection at Lawrence Avenue East and Markham Road in Toronto, Ontario.

Asking price is \$1,170,000 or \$90,000 per lot.

[Click to view our Investment Summary Online](#)

#### 280-282 SCARBOROUGH GOLF CLUB ROAD, TORONTO, ONTARIO

This 1.26 acre infill development site is located in an established residential neighbourhood overlooking the Scarborough Golf and Country Club. The site is OMB approved for **13 new residential lots** (12 semi-detached and 1 detached) and contains **two existing houses**. Land and construction financing may be available to an approved buyer.

Asking price is \$1,995,000.

[Click to view our Investment Summary Online](#)

### RECENT MULTI-UNIT RENTAL APARTMENT TRANSACTIONS

Source: Marshnet.com

**115-135 TYNDALL AVENUE – Toronto** – 323 suites in two towers located at King St. and Dufferin St. Closed Feb. 29, 2008 at \$24,814,600 or \$76,825/suite or aprx. 6.0-6.25% Cap Rate.

**274-278 CEDAR AVENUE – Richmond Hill** – 93 suites in three 4-storey buildings located south of Major Mackenzie Dr. E between Yonge St. and Bayview Ave. Closed Jan. 18, 2008 at \$11,900,000 or \$127,957/suite.

**215 REEDAIRE COURT – Whitby** – 81 suites in two 3-storey buildings located just west of Brock St. and south of Dundas St W. Closed Jan. 15, 2008 at \$5,100,000 or \$62,963/suite.

**41 SPEERS ROAD – Oakville** – 135 suites in a seventeen storey tower located just east of Kerr St. Closed Dec. 14, 2007 at \$15,555,000 or \$115,222/suite or 6.3% Cap Rate.

**945 MIDLAND AVENUE – Scarborough** – 149 suites in a thirteen storey tower located north of Eglinton Ave. between Kennedy Rd. and Brimley Rd. Closed Dec. 18, 2007 at \$9,560,000 or \$64,765/suite.

**11 DERVOCK CRESENT & 75 TALARA DRIVE – North York** – 143 suites located just west of Bayview Ave. and south of Sheppard Ave. E. Closed Jan. 10, 2008 at \$14,000,000 or \$97,902/suite or 6.5% Cap Rate.



### INDUSTRY COMMENTARY - Multi-Unit Apartment Cash-on-Cash Returns Lowest in 15 Years

Cash-on-cash returns are the lowest in 15 years at only 2.8% and 4.4% in the 416 area and 905 area respectively (fig.1 & fig.2). Our methodology involves calculating the average cap rate of apartment building sales over 100 units and assuming that all purchases are CMHC financed at an 80% loan-value ratio.

[Click to read more](#)



### WE'RE GROWING

P.G. Gagné Commercial Real Estate Corp. is proud to announce that Alison Macintosh, MBA, MRICS has joined the team as a RECO licensed sales representative. Alison comes to P.G. Gagné with 25 years experience in the commercial real estate industry, including 6 years as an independent consultant, and 10 years as Vice-President, Property Investments of a Canadian life insurance company. Her past experience as a buyer, a seller, and a lender contributes value to the team and to clients in her new role as sales representative.

"Pierre and I have worked closely together for the past five years on many assignments. I am very excited about this new challenge, and look forward to taking a direct role in providing service to our clients!"

– Alison Macintosh



### LIFE LESSONS at P.G. GAGNÉ COMMERCIAL REAL ESTATE CORP., Brokerage – Lesson #30

On September 18, 2007 Randy Pausch delivered his last public lecture titled "**Really Achieving Your Childhood Dreams**" to over 400 colleagues and students at Carnegie Mellon University. The lecture was modelled off a series of lectures where professors give a hypothetical 'final talk' to share whatever wisdom you could if it was your last chance. The difference in Randy Pausch's case is that it was his last chance. He was dying from metastatic pancreatic cancer and had three to six months to live. Watch Randy on Oprah discussing his 'last lecture' by clicking link #1 or watch the entire lecture via link #2.

- 1) <http://video.stumbleupon.com/?s=ithct48cqw&i=ufcchmyxqsuj9vwsemx>
- 2) <http://video.google.com/videoplay?docid=-5700431505846055184>



### INDUSTRY COMMENTARY

#### Multi-Unit Apartment Cash-on-Cash Returns are Lowest in 15 Years

Cash-on-cash returns have continued on a generally downward trend and are the lowest in 15 years at only 2.8% and 4.4% in the 416 and 905 areas respectively (fig.1 & fig.2). Our methodology involves calculating the average cap rate of apartment building sales over 100 units and assuming that all purchases are CMHC financed at an 80% loan-value ratio. Other findings are:

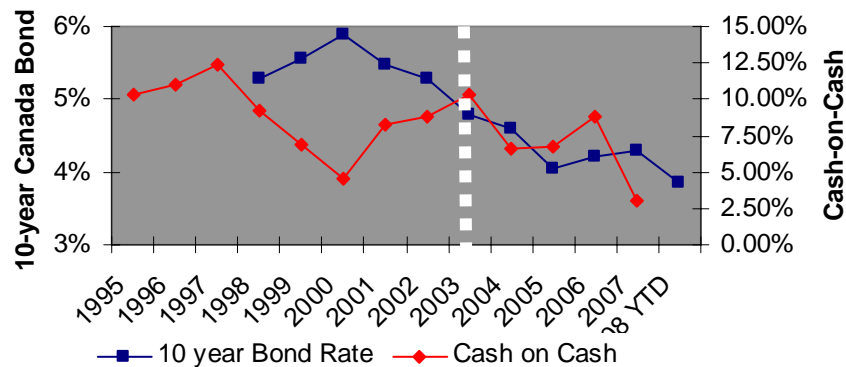
1. Average cap rates have continued on their compressing trend in 2007 and are at their lowest overall average in 15 years at 6.2% for the 416 area and 6.6% for the 905 area. (fig.3 & fig.4).
2. Prices per suite have jumped in 2007 to \$103,780 and \$108,515 in the 416 area and 905 area respectively after many years of relative stability in both markets (fig.5 & fig.6).
3. The dollar trade volume of sold assets remained around its historic average of \$360-million per year in 416 while the volume of trade in 905 was well below the historical average of \$160-million, with only \$32-million in transactions occurring in 2007 (fig.3 & fig.4).
4. Income per suite, a proxy for gross rental revenue remained flat in the 416 area at \$5,431 while the 905 area increased to \$7,025 (fig. 5 & fig. 6).

Rental fundamentals drove this market from 1995 to 2003. Declining expected cash-on-cash returns from 1995 to 2000 reflected optimism and expectations of capital growth. The market showed favorable rental fundamentals such as rental increases, low vacancy, minimal releasing costs, and low rollover.

Increasing expected cash-on-cash returns from 2000 to 2003 on the other hand reflects continuing good demand for the asset class that had income growth potential but with less favorable leasing fundamentals. Consequently a higher cash-on-cash return was required to cushion the weaker fundamentals.

Leasing fundamentals may not have changed since 2003 and yet cash-on-cash returns reversed back to their earlier downward trend. Such results are a function of capital markets favorable to the asset class and of similar lower returns in alternative investments. The cash-on-cash return for example, has mirrored the declining trend in 10 year Canada bonds since 2003 (fig.7)

**Figure 7: Blended (416 & 905) Cash on Cash Return vs. 10-year Canada Bond**

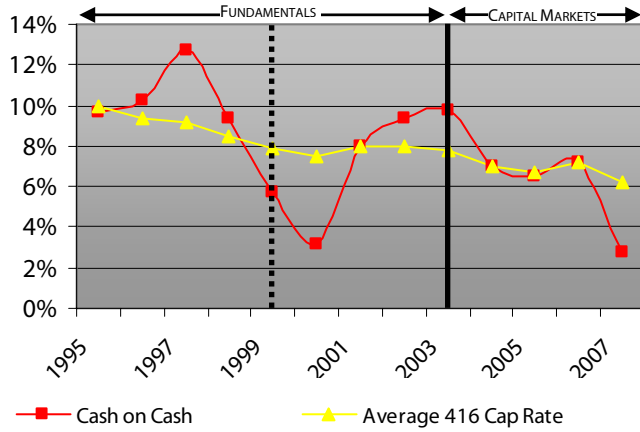


Detailed tables are available by contacting Pierre Gagné at 416 955 1885 x 228

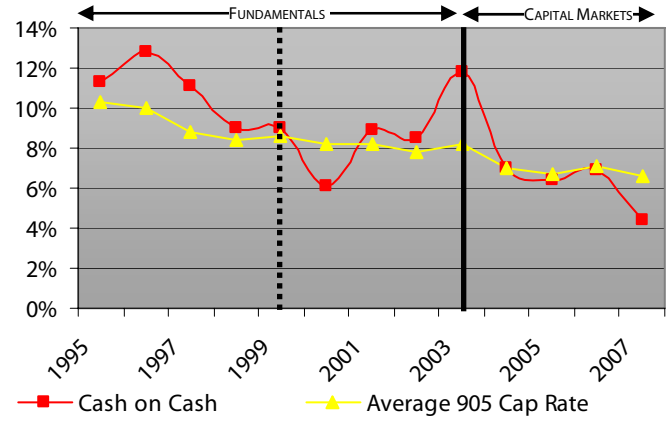
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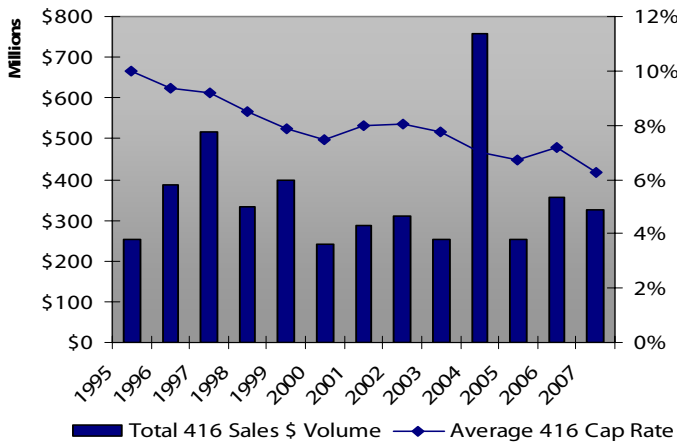
**Figure 1: 416 - Cash on Cash | Cap Rate**



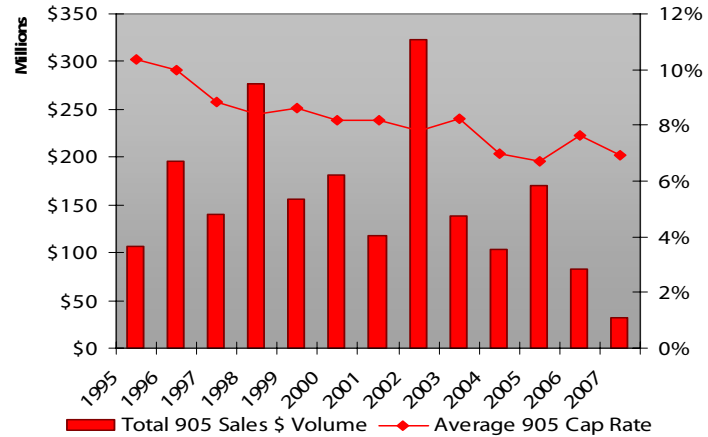
**Figure 2: 905 - Cash on Cash | Cap Rate**



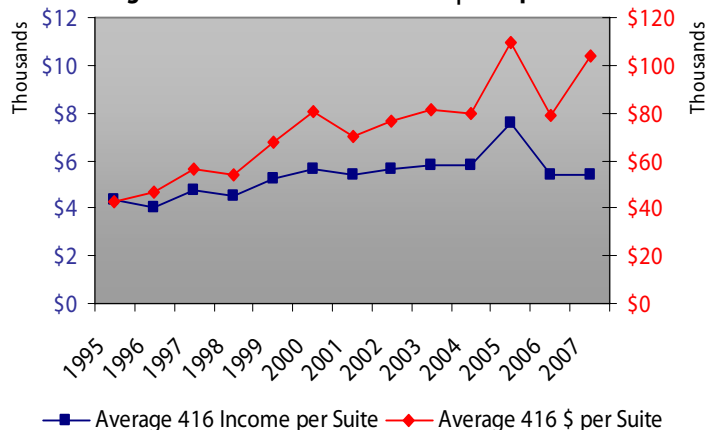
**Figure 3: 416 - Cap Rate | Sales Volume (\$)**



**Figure 4: 905 - Cap Rate | Sales Volume (\$)**



**Figure 5: 416 - Income Per Suite | Cost per Suite**



**Figure 6: 905 - Income Per Suite | Cost per Suite**

