





NEW LISTING – FOR SALE
LIVE-WORK LOFT APARTMENT BUILDING
201 Weston Road, Toronto, Ontario

A unique and stylish renovated live and work 26 unit building with high ceilings and impressive windows located on the east side of Weston Road just north of St. Clair Avenue West. **Asking Price \$2,700,000** or cap rate of 6.8%. **CLICK HERE to find out more or visit www.gagenrealestate.ca/201weston.php** 



PIERRE'S RECENT SALE
ST. JAMES-BOND UNITED CHURCH - 1066 AVENUE ROAD, Toronto, Ontario

A site of 21,478 square feet improved with a church building of 24,500 square feet located on the west side of Avenue Road two blocks north of Eglinton Avenue West in Toronto. **Closed March 1, 2006 at \$2,700,000 or \$126 per land square foot.**
Find out more.... 

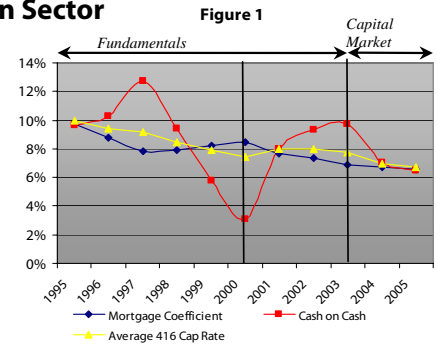


INDUSTRY COMMENTARY – GTA MULTI UNIT RENTAL APARTMENT MARKET – 1995-2005
Cash on Cash Returns Show Positive Impact of Capital Market in Sector

Cash on Cash returns in the multi-unit apartment buildings are down 50 to 60 bps in 2005 over the 2004 results, showing that capital markets are having a positive impact on asset valuation despite a softening in rental fundamentals (see Figure 1 and 2 as per the attached).

The dollar volume of sold assets of over 100 units remains stable and average cap rates are down 26 bps and 28 bps in the 416 and 905 area.

Find out more.... 
We welcome your feedback on the commentary.



RECENT MULTI UNIT RESIDENTIAL APARTMENT SALES IN TORONTO

Sources: 1. John Marsh Report and 2. Sandy Mandel

158 Berry Road – a 30 suite apartment building located north of The Queensway and east of Royal York Road. Closed January 10, 2006 at \$1,820,000 or \$60,667 and a **6.0%** cap rate.

1625 Kingston Road – a 32 suite apartment building located east of Warden Ave. Closed January 17, 2006 at \$2,180,000 or \$68,125 per suite or **6.4%** cap rate.

111 Oriole Parkway – a 29 suite apartment building located south of Eglinton Avenue West at Avenue Rd. Closed January 31, 2006 at \$3,100,000 or \$106,897 per suite.

650 Woodbine Avenue – a 36 suite apartment building located north of Kingston Road in Toronto. Closed January 10, 2006 at \$2,750,000 or \$76,388 per suite or **6.4%** cap rate.

2782 Keele Street – a 26 suite apartment building located north of Wilson Avenue. Closed January 18, 2006 at \$2,035,000 or \$78,269 per suite.

134 Lawton Blvd. – a 42 suite apartment building located west of Yonge Street and north of St. Clair Avenue West. Closed January 30, 2006 at \$4,800,000 or \$114,761 per suite or **5.8% to 6.9%** cap rate.

Life Lessons at P.G. Gagné Commercial Real Estate Corp. – Lesson #18

Make a Quote Suite Your Purpose: Two Ways to Consider 'Facts'

One Way

"The main part of intellectual education is not the acquisition of facts but learning how to make facts live." – O. W. Holmes

"Facts do not cease to exist because they are ignored." –A. Huxley

"You're entitled to your own opinion, but not your own facts." – Unknown

Another Way

"For the great majority of mankind are satisfied with appearances as though they were realities and are often more influenced by things that seem than by those that are." – N. Machiavelli

"There are no facts, only interpretations." – F. Nietzsche

"If the facts don't fit the theory, change the facts." – A. Einstein

"A little inaccuracy sometimes saves tons of explanation." – H.H. Munro

"Get your facts first, then you can distort them as you please." –M. Twain

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Mortgage Coefficient*	9.69%	8.77%	7.81%	8.21%	8.44%	7.67%	7.67%	7.32%	6.89%	6.72%	6.55%
NHA Rate	8.33%	7.15%	5.86%	6.02%	6.41%	6.72%	5.68%	5.19%	4.57%	4.33%	4.07%
416 Apartments											
Total 416 Sales \$ Volume (millions)	\$251	\$388	\$519	\$334	\$400	\$242	\$288	\$311	\$252	\$758	\$252
Avg 416 \$ per Suite	\$42,912	\$47,037	\$56,352	\$53,753	\$67,249	\$80,249	\$69,721	\$76,835	\$81,576	\$79,924	\$109,583
Avg 416 Cap Rate	9.97%	9.38%	9.18%	8.50%	7.89%	7.47%	7.97%	8.01%	7.75%	6.99%	6.73%
Avg 416 Income per Suite	\$4,343	\$4,037	\$4,722	\$4,533	\$5,266	\$5,639	\$5,409	\$5,650	\$5,820	\$5,788	\$7,597
Total 416 Units	7,905	9,530	10,935	6,924	5,886	2,990	4,199	4,603	2,839	9,611	2,328
Avg 416 Units	439	307	296	192	294	214	200	354	258	331	259
Cash on Cash	9.63%	10.27%	12.76%	9.40%	5.74%	3.11%	7.96%	9.36%	9.73%	7.01%	6.51%
905 Apartments											
Total 905 Sales \$ Volume (millions)	\$107	\$195	\$141	\$276	\$156	\$182	\$118	\$324	\$139	\$103	\$170
Avg 905 \$ per Suite	\$49,841	\$54,670	\$62,458	\$73,196	\$74,866	\$85,505	\$84,976	\$105,640	\$85,426	\$96,460	\$73,916
Avg 905 Cap Rate	10.35%	9.96%	8.81%	8.41%	8.63%	8.17%	8.19%	7.81%	8.23%	6.98%	6.70%
Avg 905 Income per Suite	\$4,978	\$5,231	\$5,319	\$5,987	\$7,454	\$6,359	\$7,345	\$8,214	\$8,226	\$6,922	\$6,180
Total 905 Units	2,064	3,691	2,268	4,007	1,900	2,091	1,304	3,140	1,552	1,064	2,101
Avg 905 Units	318	336	174	250	173	190	163	224	194	152	191
Cash on Cash	11.28%	12.79%	11.15%	9.01%	8.96%	6.15%	8.91%	8.49%	11.82%	6.97%	6.36%
Difference in Cap Rates	-0.38%	-0.58%	0.37%	0.09%	-0.74%	-0.70%	-0.22%	0.20%	-0.48%	0.01%	0.03%

* Mortgage Coefficient is calculated using average NHA rate for the year for a 5 year term, 85% Loan to Value with a 3% fee mark up, amortized over 25 years.

Original Data Source:
John Marsh Report

GTA MULTI UNIT RENTAL APARTMENT MARKET – 2005

Cash on Cash Returns Show Positive Impact of Capital Market in Sector

Cash on Cash returns are down 50 to 60 bps in 2005 over the 2004 results, showing that capital markets are having a positive impact on asset valuation despite a softening in rental fundamentals (see Figure 1 and 2).

Rental fundamentals have dictated this market from 1995 to 2003. The declining required cash on cash returns at purchase from 1995 to 2000 reflects optimism during the period while rising required returns from 2000 to 2003 reflect less favourable leasing fundamentals.

Leasing fundamentals have not improved since 2003 and yet required cash on cash returns are declining. The reasons are likely to be found in the strength of the capital market with its lower interest rates and availability of funds.

The dollar volume of sold assets of over 100 units remains stable and average cap rates are down 26 bps and 28 bps in the 905 and 416 area.

While price per suite and income per suite are down in the 905 area, the trend is upward in the 416 area (see Figures 3 through 6).

Figure 1

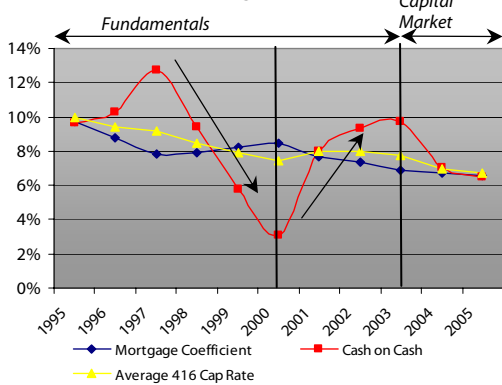


Figure 2

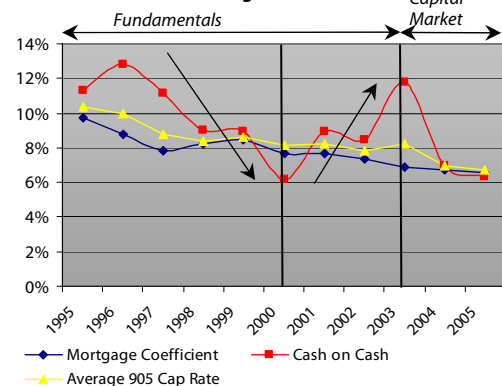


Figure 3

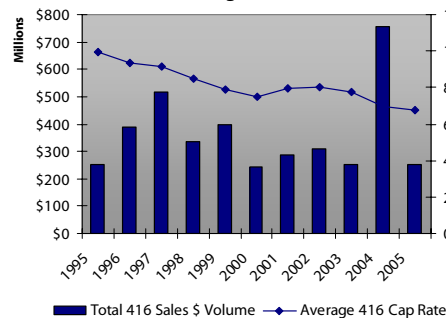


Figure 5

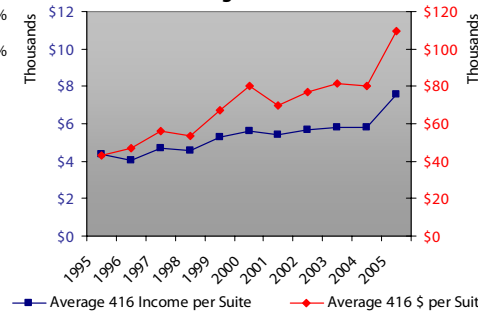


Figure 4

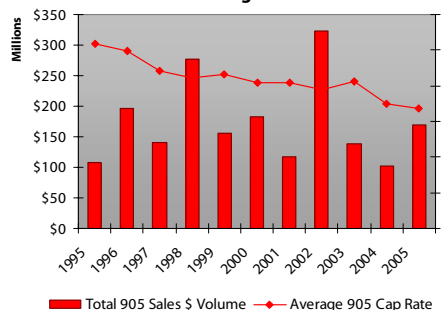


Figure 6

