

NEW LISTING – FOR SALE



AUTOMOTIVE BUILDING

35 Auto Mall Drive, Scarborough

This 5.1 acre site is improved with a 34,888 square foot car dealership. The property is strategically located in a car dealership mall off the Morningside Avenue and Highway 401, interchange south of Sheppard Avenue East.

Selling Price: \$4,950,000 [Click to read more](#) 

OUR SOLD LISTING



MULTI RESIDENTIAL APARTMENT BUILDING

1524 Lawrence Avenue West, Toronto

A 76 suite, six storey, rental apartment building located on the north side of Lawrence Avenue West between Keele Street and Jane Street, across from Amesbury Park and Amesbury Community Centre and Arena, in a mature neighbourhood comprised of a mix of single family dwellings, high rise apartment buildings and retail uses.

Closed on May 28th, 2010 at \$3,936,000 or \$51,790 per suite

OTHER GTA SALES IN FIRST HALF OF 2010 – MULTI RESIDENTIAL

<u>Address</u>	<u>Municipality</u>	<u>Price</u>	<u>\$/Suite</u>
740 & 750 York Mills Rd. & 17 Farmstead Rd.	North York	\$49,890,000	\$120,799
125 Bamburgh Circle	Scarborough	\$40,000,000	\$120,482
2100 Sherobee Road West	Brampton	\$31,000,000	\$153,465
1257 Lakeshore Road East	Mississauga	\$16,250,000	\$85,979
100 Wingarden Court	Scarborough	\$14,610,000	\$64,361
2850 Jane Street	North York	\$10,800,000	\$71,523
660 Briar Hill Avenue	Toronto	\$10,650,000	\$138,312
821 & 829 Birchmount Road	Scarborough	\$10,125,000	\$92,890
1750 Lawrence Avenue West	North York	\$8,700,000	\$124,286
3125 Queen Fredereica Drive	Mississauga	\$7,725,000	\$107,292
5600 Sheppard Avenue East	Scarborough	\$6,900,000	\$57,500
600 Kingston Road	Toronto	\$6,890,000	\$101,324
4918 Bathurst Street	North York	\$5,665,000	\$94,417



INDUSTRY COMMENTARY:

GTA MULTI-UNIT APARTMENT PROPERTIES CONTINUED TO ATTRACT INVESTOR INTEREST IN 2009

-VENDORS RELUCTANT TO DISPOSE OF TOP TIER ASSETS

[Click to read more](#) 

Also see an article in the Globe and Mail called “Apartments: Slow, Steady and Sizzling Hot”

[Click to read more](#) 




LIFE LESSONS at P.G. GAGNÉ COMMERCIAL REAL ESTATE CORP- Lesson #43

THE BURIED LIFE

“What do you want to do before you die?”

“If you have a lifetime to live, would your list get longer or would you lose that drive?”

[Click here to see the MTV trailer for “The Buried Life”](#) 

[Click here to see Matthew Arnold’s poem called “The Buried Life”](#) 

[Click here to see a biography of Matthew Arnold](#) 



INDUSTRY COMMENTARY:

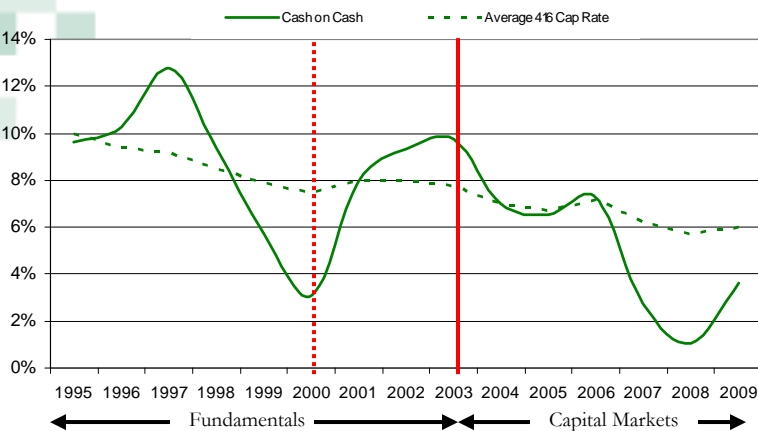
GTA MULTI-UNIT APARTMENT PROPERTIES CONTINUED TO ATTRACT INVESTOR INTEREST IN 2009

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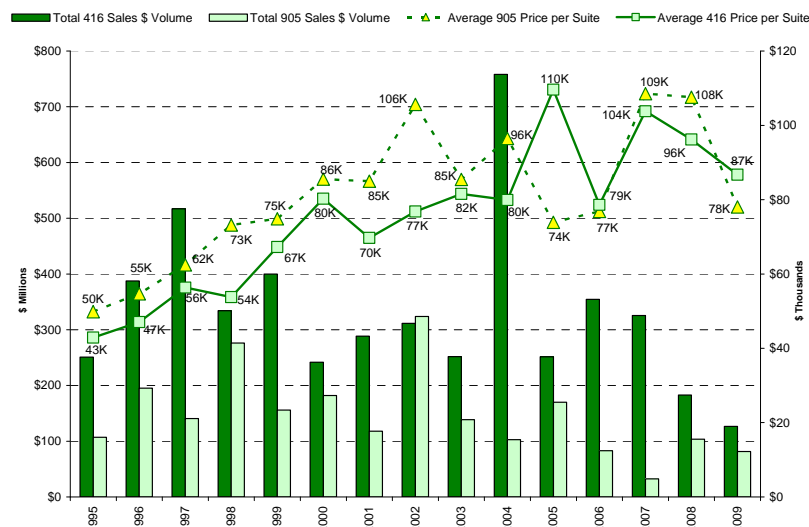
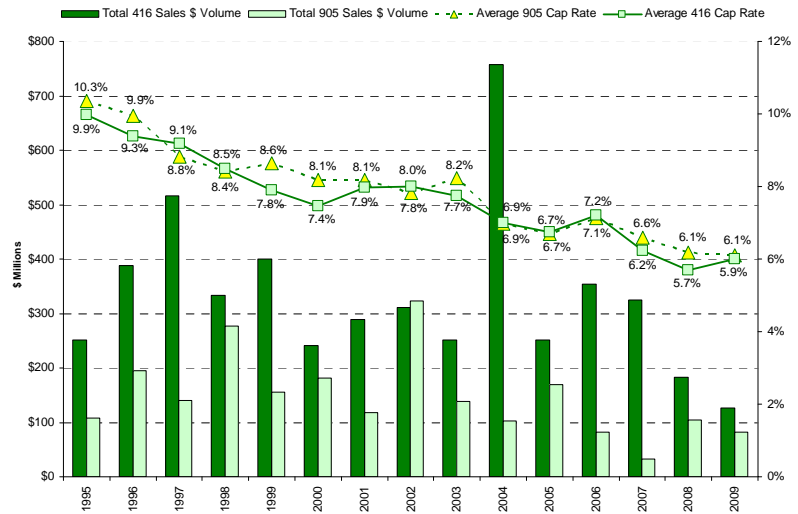
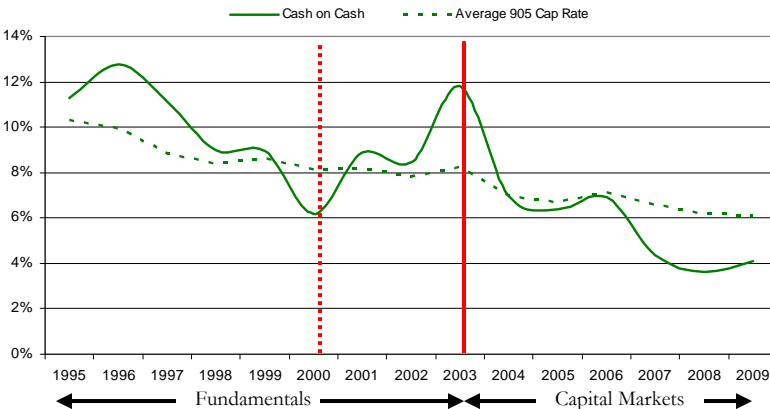
Highlights

- Total dollar volume in sales of rental apartment buildings greater than 100 units in the GTA is down to \$208 millions in 2009 or almost 30% lower than 2008 and the lowest since the beginning of the 1995 tracking period.
- Vendors are reluctant to sell top tier assets as evidenced in declining price per suite and declining income per suite.
- Cap rates continue on declining trend regardless of cap rate increase in commercial assets.
- Cash on cash returns have increased moderately but are still at the lower end of the range. *(These returns are calculated using the average cap rate for the year, assuming that all purchases are CMHC financed at an 80% loan-value ratio on a 5-year term and 25-year amortization)* Cash-on-cash returns in 2008 had compressed to their lowest levels in 15 years, reaching 1.04% in the 416 area and 3.6% in the 905 area. They increased in 2009 to 3.63% and 4.12% in the 416 and the 905 areas respectively.

416 - Cash on Cash | Cap Rate



905 - Cash on Cash | Cap Rate



Retrospective

Market leasing fundamentals were the primary drivers from 1995 to 2003. Declining expected cash-on-cash returns from 1995 to 2000 reflected optimism and expectations of capital growth, based on favourable rental fundamentals such as low vacancies, guaranteed rental increases, minimal releasing costs, and low rollover.

Investors required a higher cash-on-cash return to cushion the weaker fundamentals beginning in 2000. A strong move to condominium rentals and to home ownership at the time caused vacancy rates to rise, depressing income gains and increasing releasing costs.

Leasing fundamentals had not improved by 2003-04 and yet cash-on-cash returns reversed back to their earlier downward trend. This trend continued through 2008. Capital markets had become a primary driver of the rental apartment market by that time. The cash-on-cash returns were driven lower by the lack of attractive alternative investment opportunities.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
905 Apartments															
Total 905 Sales \$ Volume	\$106,970,000	\$195,382,000	\$140,627,986	\$276,357,327	\$155,897,327	\$181,914,000	\$117,861,550	\$323,716,702	\$138,756,824	\$102,675,873	\$170,055,930	\$82,903,600	\$32,455,000	\$103,590,000	\$81,390,000
Average 905 Price per Suite	\$49,841	\$54,670	\$62,458	\$73,196	\$74,866	\$85,505	\$84,976	\$105,640	\$85,426	\$96,460	\$73,916	\$76,818	\$108,515	\$107,570	\$78,035
Average 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%	7.13%	6.60%	6.17%	6.10%
Average 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	\$5,631	\$7,025	\$6,859	\$4,760
Total 905 Units	2,064	3,691	2,268	4,007	1,900	2,091	1,304	3,140	1,552	2,091	1,068	1,068	301	963	1,043
Average 905 Units	318	336	174	250	173	190	163	224	194	152	191	214	151	193	209
Mortgage Constant	9.69%	8.77%	7.81%	8.21%	8.44%	7.67%	7.67%	7.32%	6.89%	6.72%	6.55%	7.27%	7.52%	6.68%	6.44%
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%	6.92%	4.37%	3.60%	4.12%
Income/Cost per Suite	9.99%	9.57%	8.52%	8.18%	9.96%	7.44%	8.64%	7.78%	9.63%	7.18%	8.36%	7.33%	6.47%	6.38%	0.00%
416 Apartments															
Total 416 Sales \$ Volume	\$251,004,087	\$387,533,713	\$516,850,840	\$334,088,340	\$399,935,702	\$241,777,000	\$288,457,195	\$311,233,793	\$251,783,000	\$757,984,147	\$251,531,938	\$354,514,234	\$325,507,807	\$182,804,600	\$126,575,000
Average 416 Price per Suite	\$42,912	\$47,037	\$56,352	\$53,753	\$67,249	\$80,249	\$69,721	\$76,835	\$81,576	\$79,924	\$109,583	\$78,583	\$103,780	\$96,213	\$86,695
Average 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%	7.20%	6.23%	5.70%	5.99%
Average 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	\$5,405	\$5,431	\$5,423	\$5,191
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	4,321	3,259	1,900	1,460
Average 416 Units	439	307	296	192	294	214	200	354	258	331	259	216	326	211	146
Mortgage Constant	9.69%	8.77%	7.81%	7.92%	8.21%	8.44%	7.67%	7.32%	6.89%	6.72%	6.55%	7.27%	7.52%	6.68%	6.44%
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%	7.22%	2.76%	1.04%	3.63%
Income/Cost per Suite	10.12%	8.58%	8.38%	8.43%	7.83%	7.03%	7.76%	7.35%	7.13%	7.24%	6.93%	6.88%	5.23%	5.64%	5.99%
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%	-0.07%	0.37%	0.47%	0.11%
BLENDED															
Total Sales \$ Volume	\$357,974,087	\$582,915,713	\$657,478,826	\$610,445,667	\$555,833,029	\$423,691,000	\$406,318,746	\$634,950,495	\$390,539,824	\$860,660,020	\$421,587,868	\$437,417,834	\$357,962,807	\$286,394,600	\$207,965,000
Average \$ per Suite	\$46,377	\$50,853	\$59,405	\$63,475	\$71,058	\$82,877	\$77,349	\$91,238	\$83,501	\$88,192	\$91,749	\$77,701	\$106,147	\$100,033	\$83,086
Average Cap Rate	10.2%	9.7%	9.0%	8.5%	8.3%	7.8%	8.1%	7.9%	8.0%	7.0%	6.7%	7.2%	6.4%	5.9%	6.0%
Average Income per Suite	\$ 4,661	\$ 4,634	\$ 5,020	\$ 5,260	\$ 6,360	\$ 5,999	\$ 6,377	\$ 6,932	\$ 7,023	\$ 6,355	\$ 6,888	\$ 5,518	\$ 6,228	\$ 5,962	\$ 4,729
Total Units	9,969	13,221	13,203	10,931	7,786	5,081	5,503	7,743	4,391	10,675	4,429	5,389	3,560	2,863	2,503
Average Units	379	322	235	221	234	202	182	289	226	242	225	215	238	205	100,033
Mortgage Constant	9.69%	8.77%	7.81%	7.92%	8.21%	8.44%	7.67%	7.32%	6.89%	6.72%	6.55%	7.27%	7.52%	6.68%	6.44%
Apartment Cash on Cash Return	10.31%	11.01%	12.40%	9.27%	6.92%	4.54%	8.25%	8.82%	10.27%	6.66%	6.80%	8.79%	3.07%	1.47%	3.68%
Income/Cost per Suite	10.05%	9.11%	8.45%	8.29%	8.95%	7.24%	8.24%	7.60%	8.41%	7.21%	7.51%	7.10%	5.87%	5.96%	5.69%
5 year Bond Rate															
				5.13%	5.47%	5.96%	4.99%	4.58%	4.00%	3.82%	3.59%	4.12%	4.22%	3.01%	2.41%
10 year Bond Rate															
				5.30%	5.55%	5.89%	5.47%	5.29%	4.79%	4.59%	4.05%	4.22%	4.28%	3.58%	3.58%
Spread between cash on cash and 10 yr bond rates															
				3.97%	1.36%	-1.35%	2.78%	3.53%	5.48%	2.07%	2.75%	4.56%	-1.21%	-2.11%	0.10%
905 CoC less 416 Coc															
	1.65%	2.52%	-1.61%	-0.39%	3.22%	3.04%	0.95%	-0.87%	2.09%	-0.03%	-0.14%	-0.30%	1.61%	2.57%	0.49%