

# Panel Introduction

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Avison Young Capital Markets Group  
National Apartment Team

Sponsor

Moderator





**DAVID LIEBERMAN**  
Sales Representative  
Avison Young

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 1,300 real estate professionals in 52 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-family properties.



**MIKE BONNEVELD**  
Director, Acquisitions  
Skyline Group of Companies

Skyline Apartment REIT is one of Canada's fastest growing private owners and managers of real estate. Comprised of 90% multi-residential properties, Skyline Apartment REIT is currently ranked among the Top 10 largest owners and managers of multi-residential real estate in Canada. The geographically diversified portfolio is comprised of over 9,600 units, in 122 properties and 42 communities across four Canadian provinces. Skyline Apartment REIT prides itself on its award-winning management team and its impressive track record of stable and growing monthly distributions.



**BRENT MERRILL**  
President & CEO  
MetCap Living Management

MetCap Living is a full-service #1 ranked apartment management company in Canada with over 25 years of experience managing all aspects of multi-unit housing from marketing and leasing to capital repairs and collections. Our portfolio consists of more than 21,000 apartment units with 350 properties. We manage over \$2 Billion in assets owned by private families, public REITs and institutional investors. Our focus is on revenue growth and vacancy reduction, while maintaining strict control over expenses.



**SCOTT ULLRICH**  
President & CEO  
Gateway Property Management

Gateway Property Management Corporation is one of Canada's largest privately owned residential property management companies. Everyday, over 130 corporate employees in Vancouver, Victoria, Kelowna, Kamloops, Calgary, Cambridge and Montreal come together to consistently deliver top results for our clients. From these strategically located offices, we direct day-to-day property operation and oversee some 450+ dedicated on-site employees in 43 communities across Canada. Over 45,000 people choose to live in Gateway management properties. For almost 50 years, Gateway has worked collaboratively with their clients to achieve their property goals.



**LESLIE VEINER**  
President & CEO  
True North Apartment REIT

True North Apartment REIT is a rapidly growing owner and acquirer of North American apartment properties with a market capitalization of approximately \$180 million. True North Apartment REIT currently owns 5,729 suites in both primary and secondary markets in Ontario, Quebec, New Brunswick, Nova Scotia and Alberta. True North Apartment REIT is externally asset managed by Starlight Investments Ltd. and contracts directly with third-party property managers. The relationship with Starlight provides access to a quality pipeline of nearly 19,000 units for future acquisitions, as well as sourcing for third party deals.



Intelligent Real Estate Solutions



# What is a primary market?

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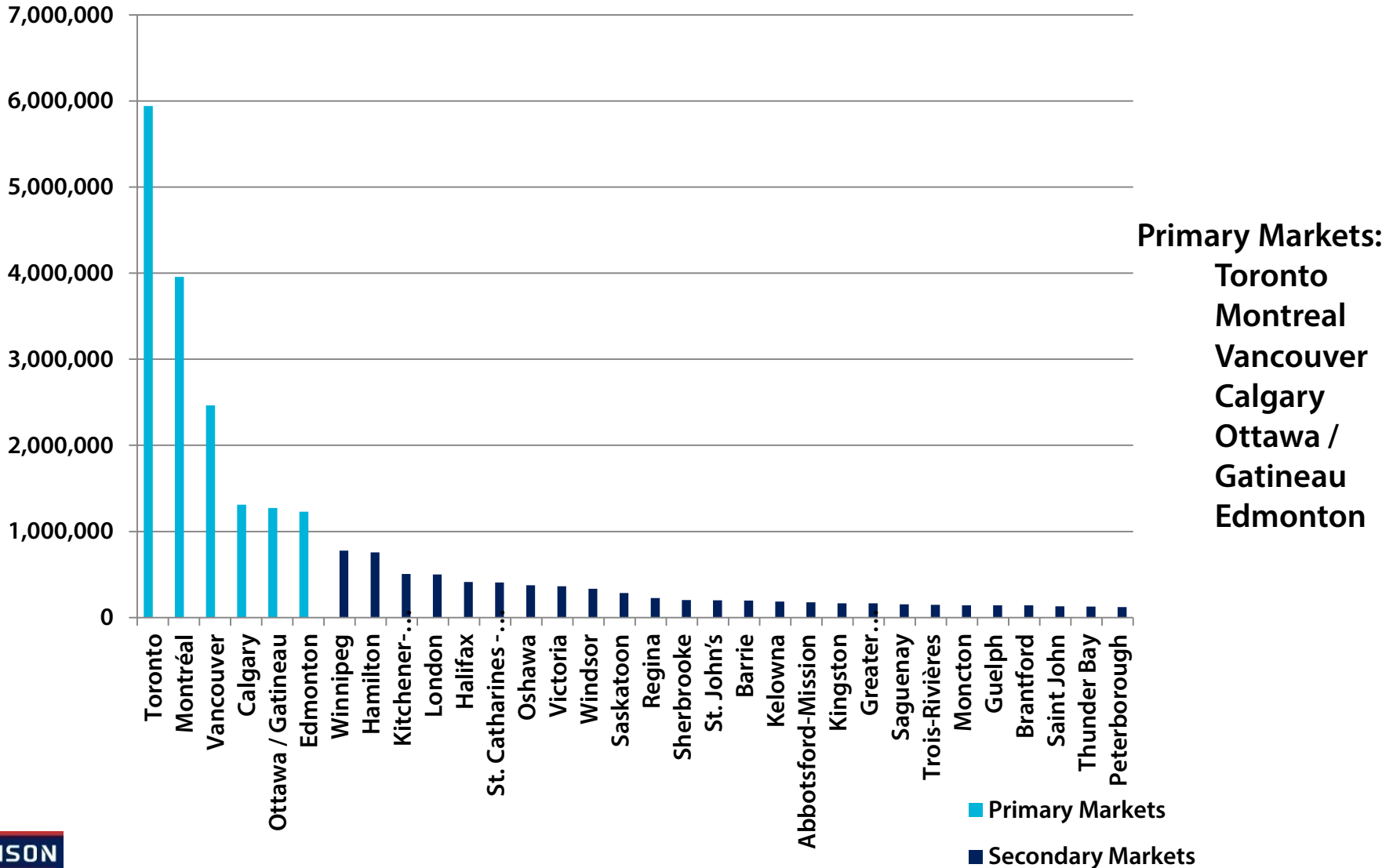
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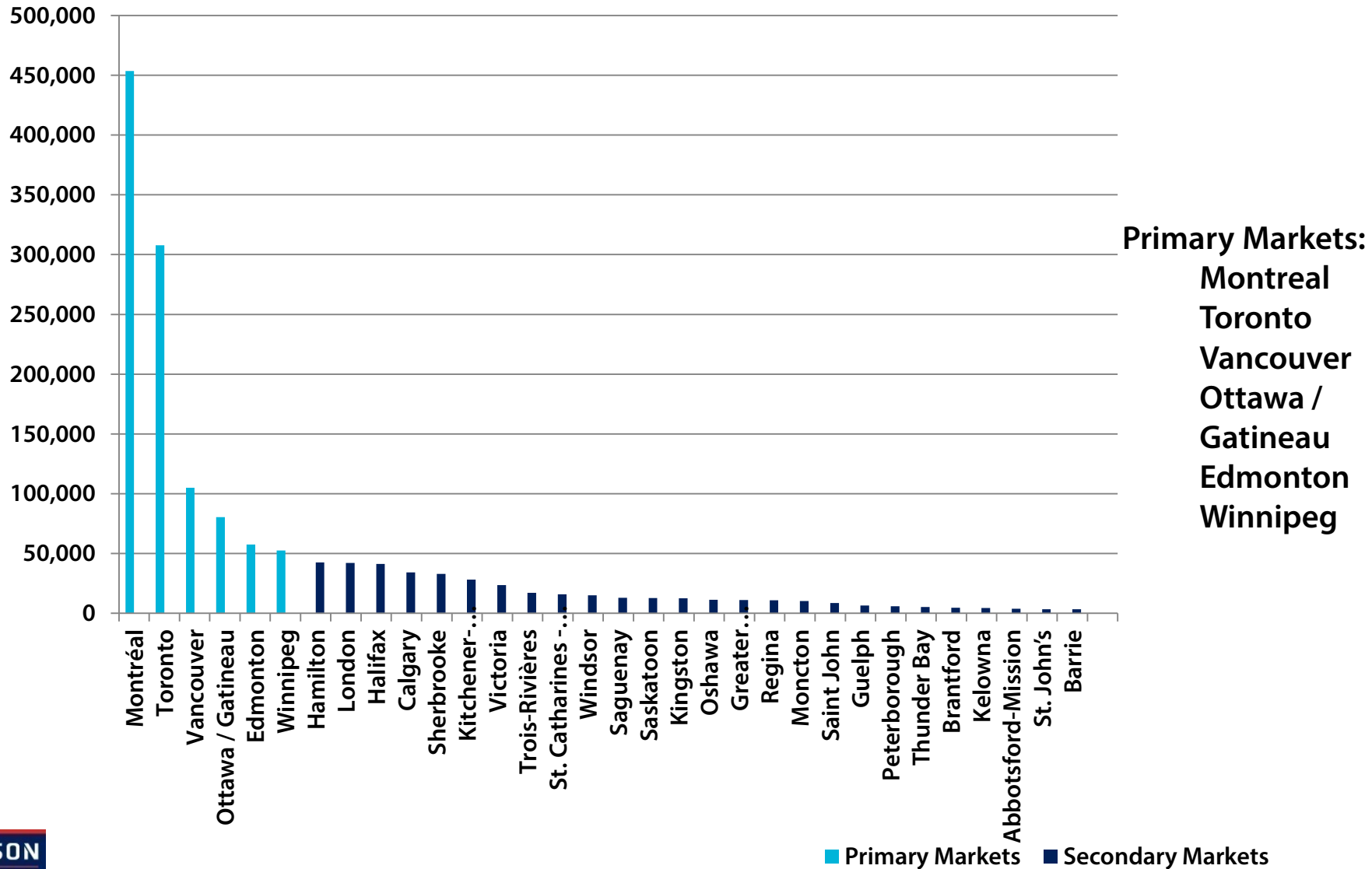
# What is Considered a Secondary vs. Primary Market?

## Distinction Based on Population Size (by CMA)



# What is Considered a Secondary vs. Primary Market?

## Distinction Based on Apartment Units in the Known Universe (by CMA)



# What is Considered a Secondary vs. Primary Market?

Apartment Stock (> 50k units)

Population (> 1 Million)

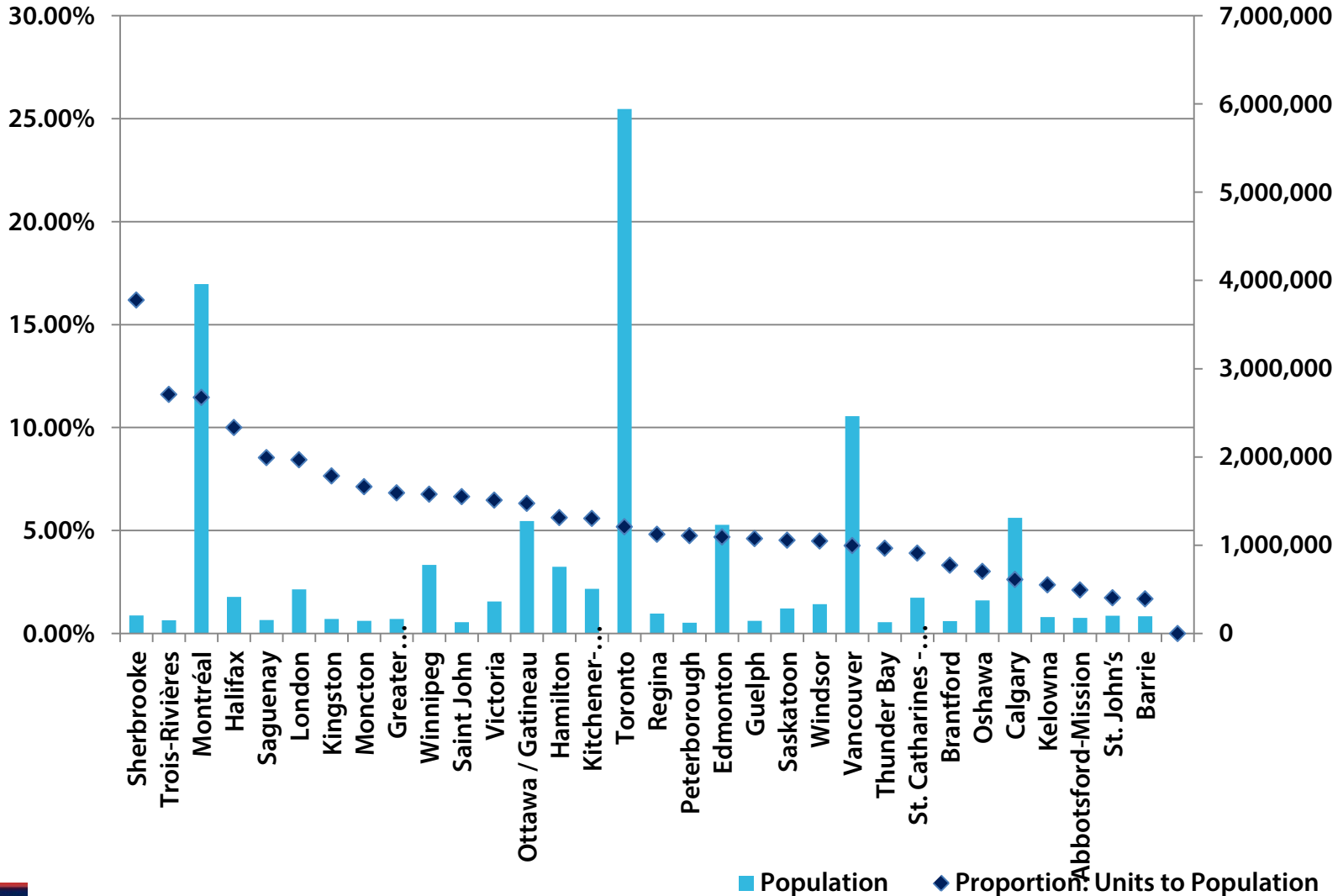
Primary Markets?

1. Montréal
2. Toronto
3. Vancouver
4. Ottawa / Gatineau
5. Edmonton
6. Winnipeg

1. Toronto
2. Montréal
3. Vancouver
4. Ottawa / Gatineau
5. Edmonton

1. Toronto
2. Montréal
3. Vancouver
4. Calgary
5. Ottawa / Gatineau
6. Edmonton

## Proportion of Apartments to Population



**With some investors concentrating their acquisition plans strictly on secondary markets, is there a strategic advantage to investing outside of core markets?**

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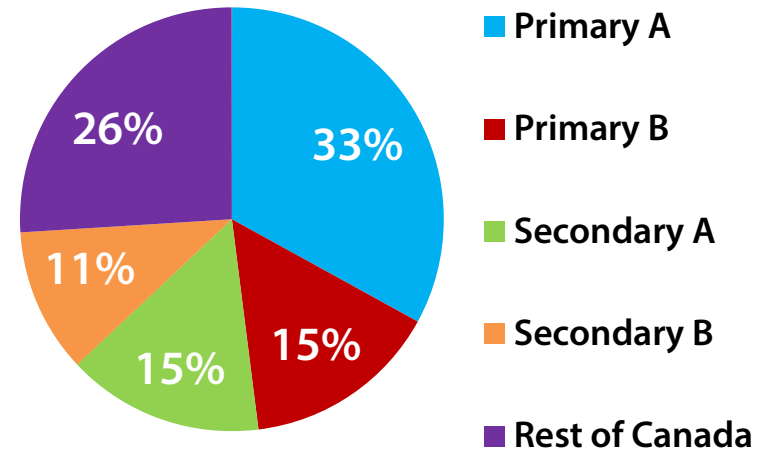




Primary A	Secondary A
RICHMOND HILL, ON TORONTO, ON	BURLINGTON, ON CAMBRIDGE, ON
Primary B	GUELPH, ON KITCHENER, ON LONDON, ON MILTON, ON WATERLOO, ON WHITBY, ON
LONGUEUIL, QB MISSISSAUGA, ON OAKVILLE, ON OTTAWA, ON ANJOU, QB DOLLARD-DES-ORMEAUX, QB MONTRÉAL, QB POINTE-CLAIRE, QB QUÉBEC CITY, QB SAINT-LAURENT, QB ST. LAMBERT, QB VERDUN, QB WESTMOUNT, QB	STE-THERESE, QB GATINEAU, QB
	Secondary B
	AMHERSTBERG, ON BELLEVILLE, ON BRAMPTON, ON BRANTFORD, ON CHATHAM, ON COBOURG, ON HAMILTON, ON OSHAWA, ON ST. CATHARINES, ON WINDSOR, ON

## Multi Family Composition by Geographic Areas

Total Capital Value: \$8.1 Billion\*  
(CDN)



\* As of June 2013

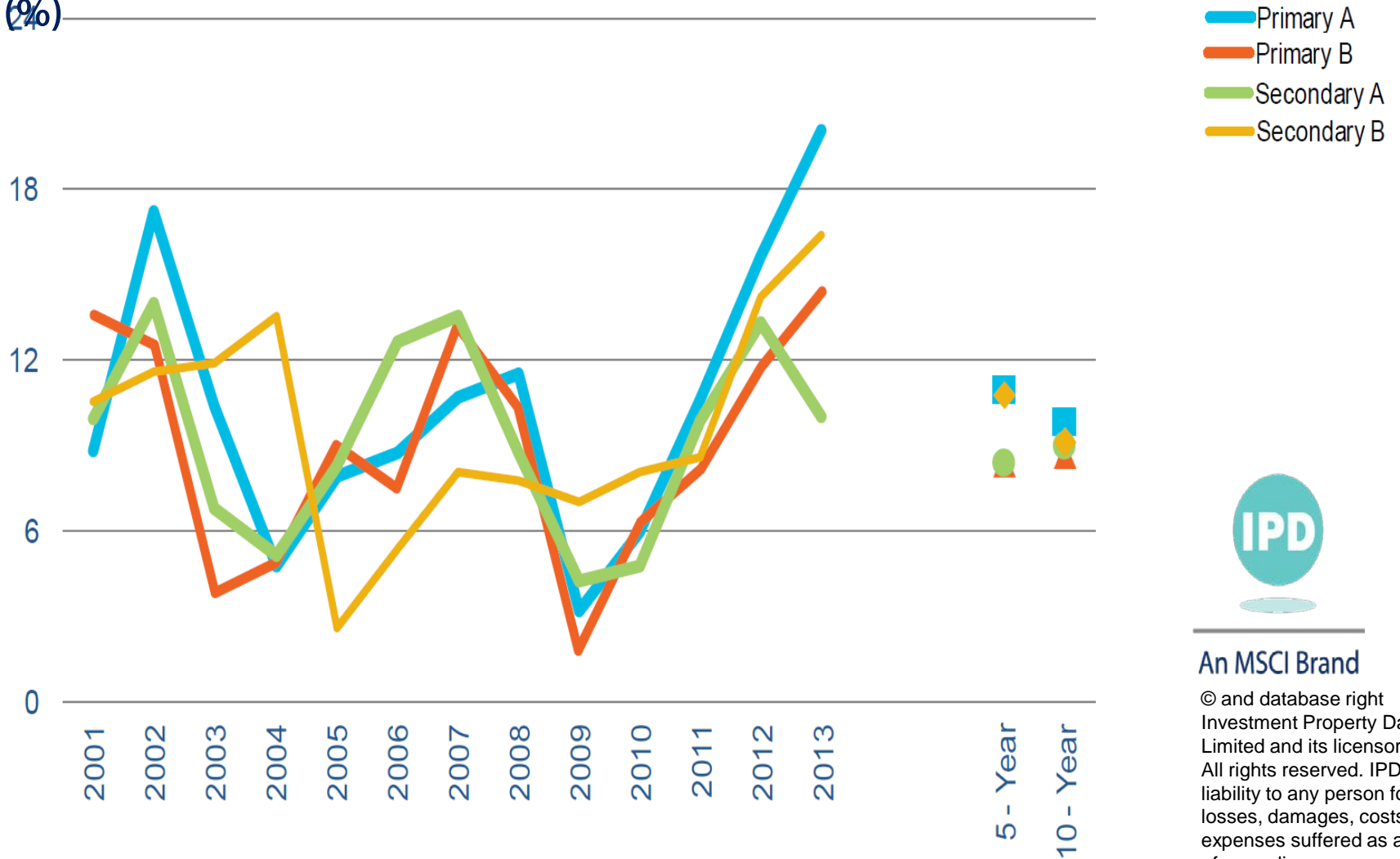


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## Total Return

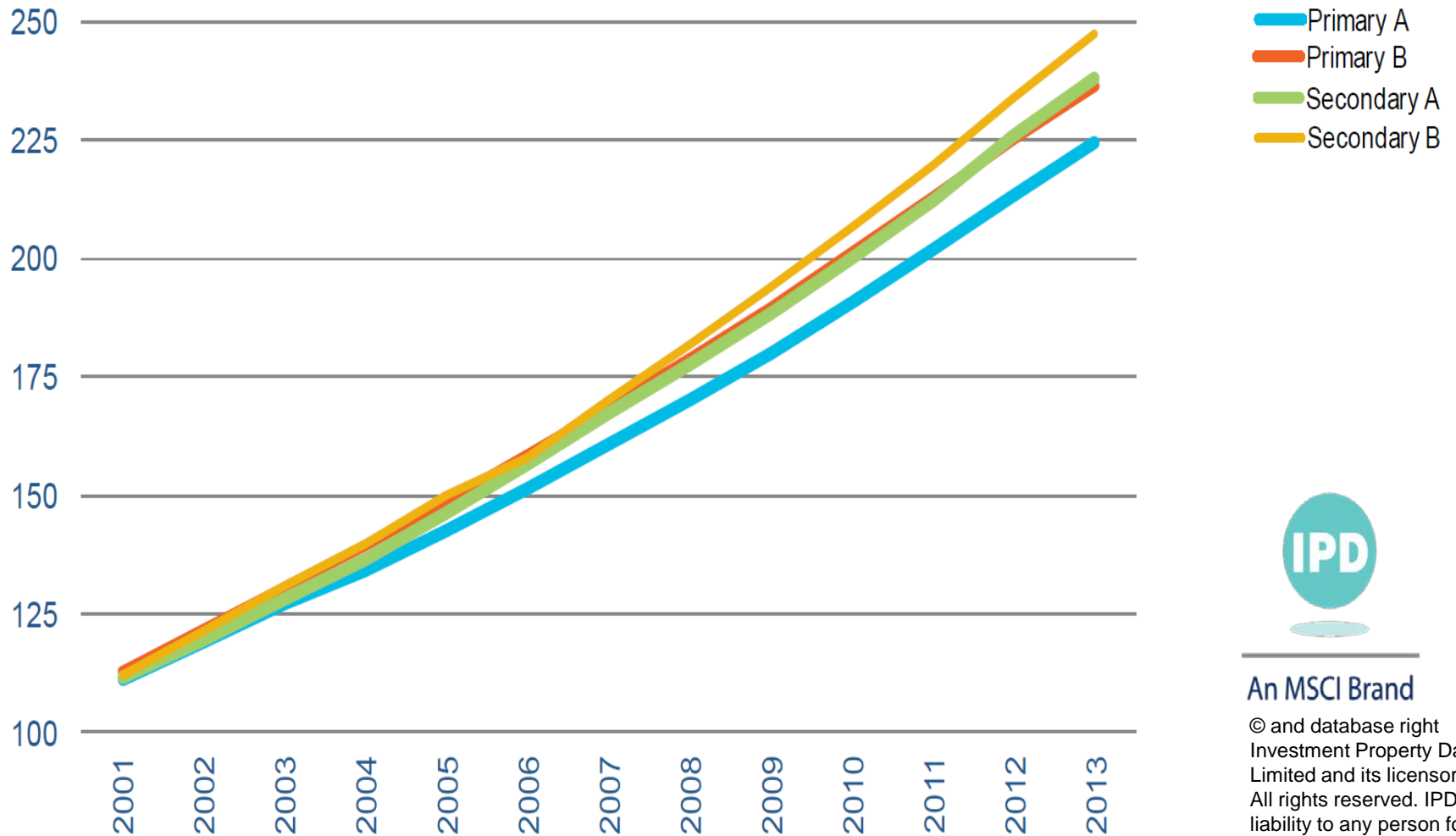
(%)



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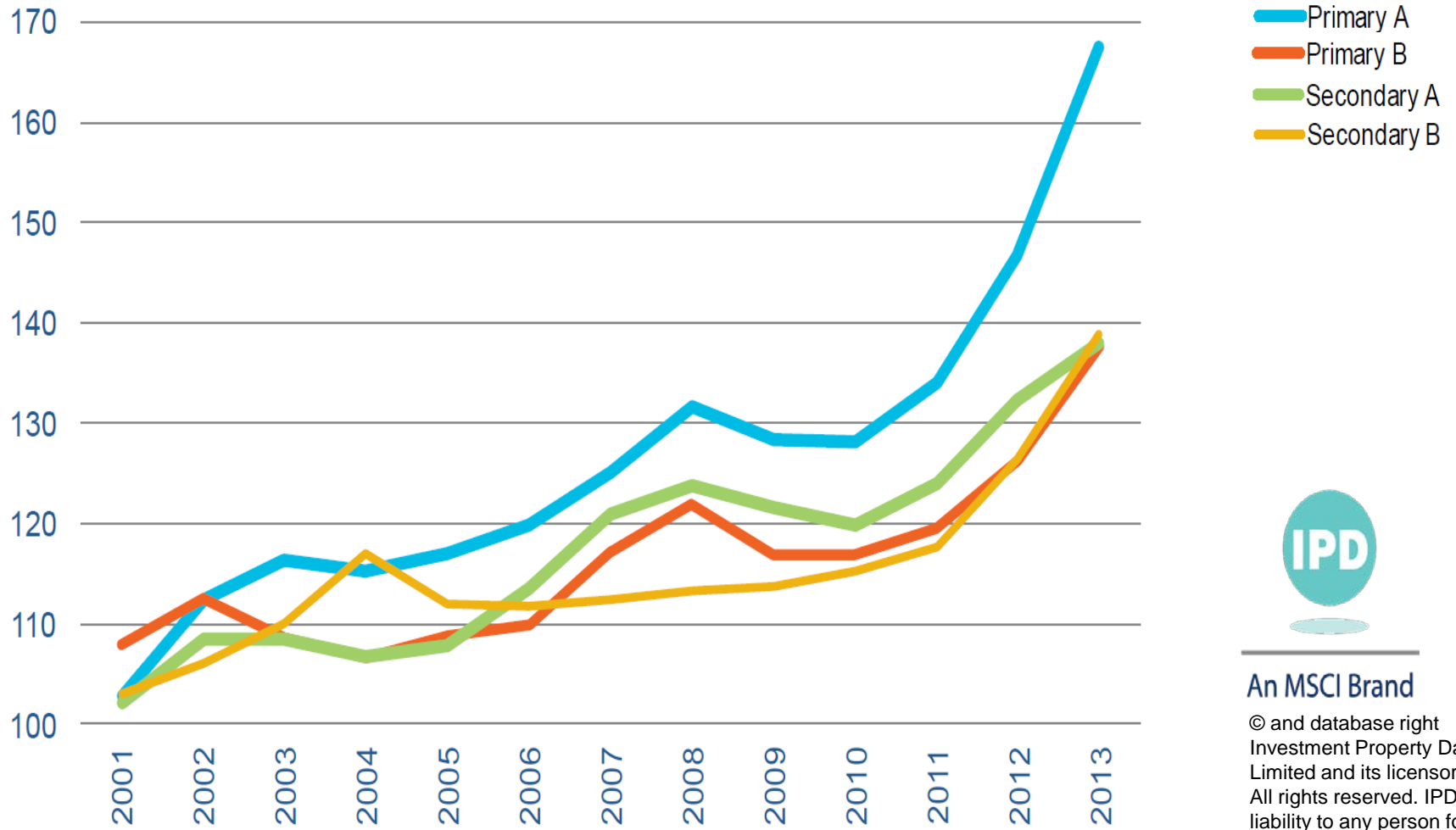
## Income Return (2000 = 100)



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## Capital Return (2000 = 100)



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# Are there material differences in the availability of financing between markets?

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# What about pricing?

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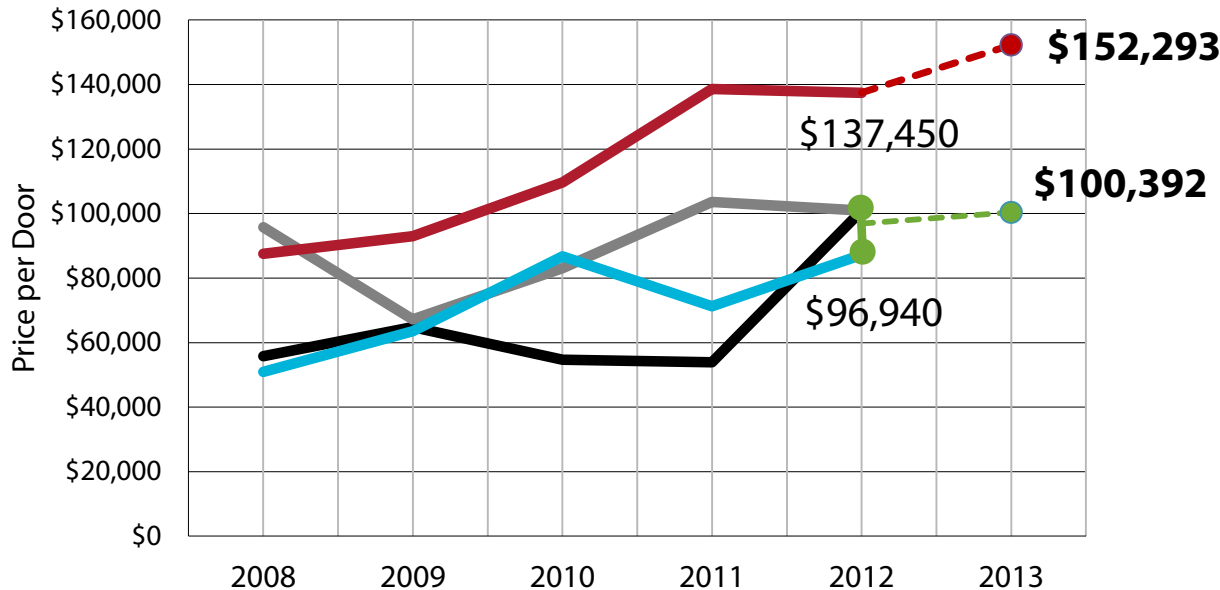
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## Price per Door: 2008-2012 & 2013 Trend

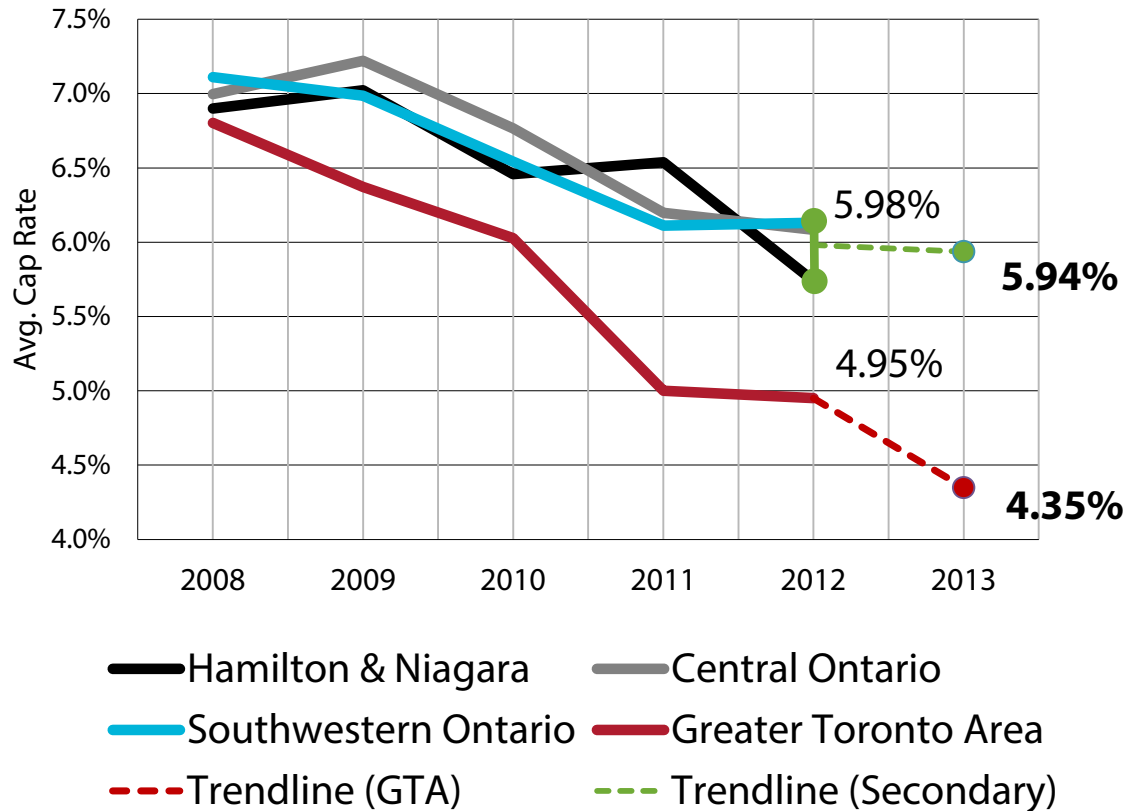


- Hamilton & Niagara
- Central Ontario
- Southwestern Ontario
- Greater Toronto Area
- - - Trendline (GTA)
- - - Trendline (Secondary)

► The price per door trend line (secondary) is a weighted average calculation based on the number of units in each submarket (Hamilton & Niagara, Central Ontario, and Southwestern Ontario).

Trade record information has been compiled from [RealTrack](#).

## Capitalization Rates: 2008-2011 & 2013



▶ The Cap Rate trend line (secondary) is a weighted average calculation based on the number of units in each submarket (Hamilton & Niagara, Central Ontario, and Southwestern Ontario).

Trade record information has been compiled from [RealTrack](#).



## 2013 Sample Transactions | Primary Markets

Date	Address	Municipality	# Suites	Sale Price	Price/Suite	OCR
Jan-13	263 & 265 Russell Hill Road	Toronto	100	\$19,175,000	\$191,750	4.20%
Mar-13	521-523 Finch Ave. West & 3801 Lawrence Avenue East	Toronto	269	\$30,500,000	\$113,383	4.31%
May-13	77 Roehampton Avenue	Toronto	81	\$20,500,000	\$253,086	3.49%
Jan-13	90 Gurnett Street	Aurora	51	\$8,125,000	\$159,314	4.46%
Jul-13	9 Kingsbridge Court	Toronto	72	\$8,856,000	\$123,000	4.59%
Jul-13	100 Lower Ossington Avenue <sup>1</sup>	Toronto	179	\$40,000,000	\$139,665	5.82%
May-13	Lake Shore Blvd./Douglas Blvd.	Toronto	396	\$56,250,000	\$142,045	4.04%
Mar-13	191 & 205 Queen Mary Drive	Oakville	135	\$26,986,500	\$199,900	3.84%
<b>Average</b>						<b>4.35%</b>
<b>\$/Door</b>						<b>\$152,293</b>

<sup>1</sup> Leasehold transaction with grade level retail component

## 2013 Sample Transactions | Secondary

Date	Address	Municipality	# Suites	Sale Price	Price/Suite	OCR
Jan-13	Edgar Street/Garden Court	Windsor	82	\$6,700,000	\$81,707	6.65%
Mar-13	95-99 Sidney Street	Belleville	333	\$42,850,000	\$128,679	5.75%
Mar-13	70 Roehampton Avenue	St. Catharine's	64	\$5,990,000	\$93,594	5.90%
Mar-13	149 Henry Street	Brantford	86	\$6,600,000	\$76,744	6.10%
Apr-13	840 Water Street	Peterborough	34	\$3,637,500	\$106,985	5.57%
Jul-13	627 MacDonald Avenue	Sault Ste. Marie	94	\$8,000,000	\$85,106	6.15%
Aug-13	835 & 885 Oxford Street	Oshawa	184	\$15,900,000	\$86,413	6.67%
Apr-13	300 & 304 Sherk Street	Leamington	86	\$7,000,000	\$81,395	5.90%
<b>Average</b>						<b>5.94%</b>
<b>\$/Door</b>						<b>\$100,392</b>

► Market intelligence and commentary has been provided by:



# Case Studies

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## Sample Transaction Case Studies

### 521-523 Finch Ave. West & 3801 Lawrence Avenue East,

<b>Date:</b>	Mar-13
<b>Price:</b>	\$30.5 Million
<b>Units:</b>	269
<b>Price per Door:</b>	\$113,383
<b>Cap Rate:</b>	4.31%
<b>Purchaser:</b>	521-523 Finch Avenue West Properties Ltd. (Finch) Ranee Management (Lawrence)
<b>Vendor:</b>	Grover Realty Management
<b>Comments:</b>	<u>521-523 Finch</u> : Part of North Bathurst Corridor, a strong rental market. <u>3801 Lawrence</u> : Secondary Scarborough rental market.



Seven storey apartment building with balconies and two elevators; ≈ 40 surface & ≈ 60 UG stalls.



Six storey twin apartment buildings with two elevators; Surface & garage parking at rear.

## Sample Transaction Case Studies

### 77 Roehampton Avenue, Toronto

<b>Date:</b>	May-13
<b>Price:</b>	\$20.5 Million
<b>Units:</b>	81
<b>Price per Door:</b>	\$253,086
<b>Cap Rate:</b>	3.49%
<b>Purchaser:</b>	Conundrum Residential Property Income Fund III
<b>Vendor:</b>	Elserg Investments Ltd
<b>Comments:</b>	Yonge Eglinton Node. Trophy asset in highly rated location. Opportunity to reposition rents through suite renovation. One of the lowest OCR's in the GTA during the current cycle.

### 70 Roehampton Avenue



Eleven storey apartment building developed in 1989. Balconies; two elevators;  $\approx$  16 surface &  $\approx$  76 UG stalls.

## Sample Transaction Case Studies

### Edgar Street/Garden Court, Windsor

<b>Date:</b>	<b>Jan-13</b>
<b>Price:</b>	<b>\$6.7 Million</b>
<b>Units:</b>	<b>82</b>
<b>Price per Door:</b>	<b>\$81,707</b>
<b>Cap Rate:</b>	<b>6.65%</b>
<b>Purchaser:</b>	<b>Realstar Management</b>
<b>Vendor:</b>	<b>Jason Edgar Ltd</b>
<b>Comments:</b>	<b>Significant Capex was completed prior to sale. High level of suite renovation/accommodation that caters to a seniors demographic.</b>

### Edgar Street/Garden Court



**Four storey twin apartment buildings with balconies and two elevators; Surface parking surrounds the properties.**

## Sample Transaction Case Studies

### 149 Henry Street, Brantford

<b>Date:</b>	<b>Mar-13</b>
<b>Price:</b>	<b>\$6.6 Million</b>
<b>Units:</b>	<b>86</b>
<b>Price per Door:</b>	<b>\$76,744</b>
<b>Cap Rate:</b>	<b>6.10%</b>
<b>Purchaser:</b>	<b>Starlight Apartments Limited</b>
<b>Vendor:</b>	<b>Sightline</b>
<b>Comments:</b>	<b>Solid "B" building in good transportation location. Previously sold in 2010 for \$4.9 Million.</b>



**149 Henry Street**

**Five storey apartment building with balconies and two elevators; ≈ 115 surface stalls.**

## Sample Transaction Case Studies

### 835 & 885 Oxford Street, Oshawa

<b>Date:</b>	<b>Aug-13</b>
<b>Price:</b>	<b>\$15.9 Million</b>
<b>Units:</b>	<b>184</b>
<b>Price per Door:</b>	<b>\$86,413</b>
<b>Cap Rate:</b>	<b>6.67%</b>
<b>Purchaser:</b>	<b>Davpart Inc.</b>
<b>Vendor:</b>	<b>Oxford St. Apartments Inc.</b>
<b>Comments:</b>	<b>South Oshawa location (south of 401) with close proximity to GM plant. Mid-High density residential &amp; industrial land use. Location resulted in yield premium.</b>



**Five storey twin apartment buildings with balconies and four elevators; ≈220 surface parking stalls surround the properties.**

# What are the Investment Differences between Primary and Secondary Markets?

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# What are the management and operating advantages and challenges associated with these markets?

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# Who are the players and partners in development, financing and property management?

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**In your recent experience, what are the best markets to be investing in and why?**

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# All things considered, what are your investment expectations going forward?

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