

Multi-Residential Investment Review



Market Facts

\$1.2 billion

Total GTA multi-residential transaction volume in the third quarter

\$287,690

Average price per unit for buildings of 20 units or more

\$2,385

Average monthly rental rate for condominium apartments in the GTA

3.7%

Average capitalization rate across all GTA multi-residential product types

Market Overview

Demand for Greater Toronto Area (GTA) multi-residential assets increased to new highs in the third quarter of 2018. The sector most impacted by product scarcity and a booming housing market, multi-residential emerged as the top investment asset class in the GTA with sales more than doubling quarter-over-quarter to a record \$1.2 billion (30% of the GTA total). This raised the three-quarter 2018 sales total to \$2.1 billion – nearly double the investment during the same period in 2017, and already exceeding any previous full-year sales performance.

The exceptional quarterly investment total was the result of a major portfolio trade (more than 3,100 units) to two different buyers: The Wynn Group sold nine buildings to Timbercreek Asset

Management, and a further nine to Starlight Investments, for a combined total of more than \$814 million. No information has been made public as to cap rates and how the deal was ultimately structured, but it is known that the sale was in the works for some time. Certainly, such a portfolio, which also included retail and office assets, offers an enterprise value over and above the real estate and a ready-made platform for large national and international real estate players.

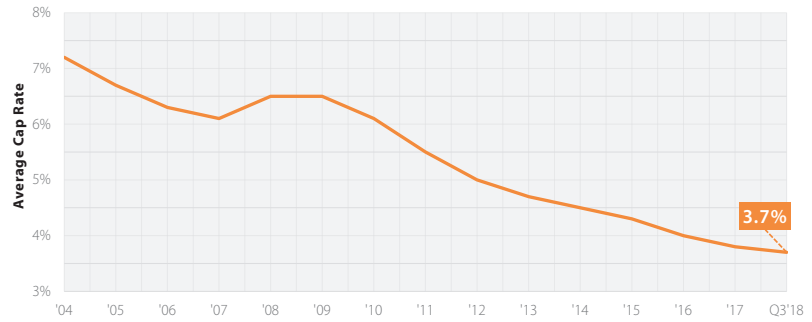
Housing of all types in the GTA continues to be in high demand as the city and suburbs continue to experience strong immigration and population growth amid low unemployment. The area's magnetism for newcomers is demonstrated by information from

Statistics Canada which shows that, while the GTA was home to 18% of Canada's population as of 2016, the area was the destination for 34% of the country's new immigrants during the previous 15-year period.

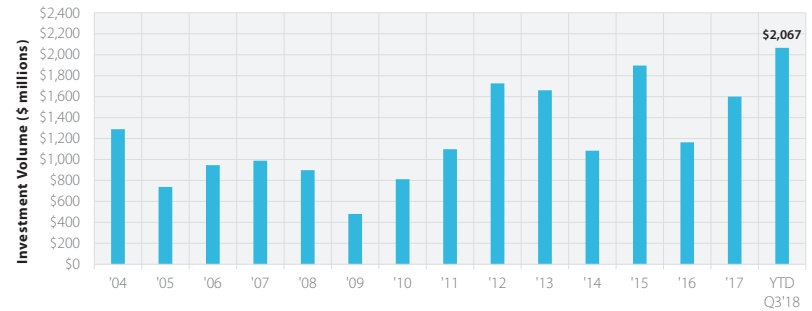
Under the pressure of this growth, rental rates continue to rise. According to the Toronto Real Estate Board (TREB), the average rent for one-bedroom condominium apartments increased 9.5% year-over-year to \$2,163 per month in third-quarter 2018. The average for two-bedroom condos grew 8.3% year-over-year to \$2,822. The overall average monthly rent for condo leases signed in the third quarter rose 11.2% year-over-year to \$2,385, according to Urbanation. Although only 826 new units were added to the construction pipeline for purpose-built rental units during the third quarter, the total number under construction – 11,172 units across the GTA – represents a 56% increase year-over-year and a 30-year high.

With skyrocketing costs, residents are increasingly looking toward the newly reformed 25-member Toronto city council, along with the recently elected Progressive Conservative provincial government and existing federal government, to work together to develop new policies that can increase availability and affordability of housing in Canada's largest city.

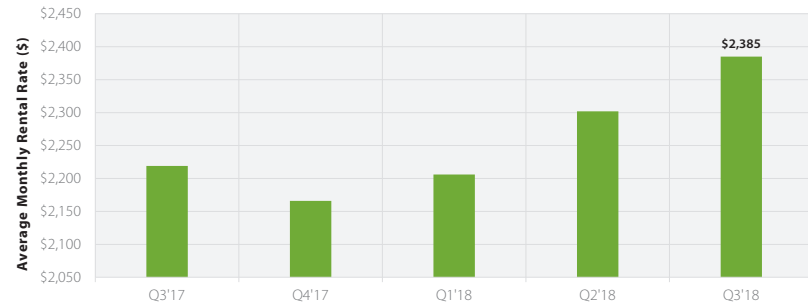
GTA Multi-Residential Capitalization Rates



GTA Multi-Residential Investment Volume



GTA Condominium Apartment Rental Rates



SIGNIFICANT MULTI-RESIDENTIAL SALE TRANSACTIONS – THIRD QUARTER 2018

Property	Total Price	Price per unit	Purchaser	Vendor
Wynn Group – Timbercreek Multi-Res Portfolio	\$411,975,603	\$260,909	Timbercreek Asset Management	The Wynn Group
Wynn Group – Starlight Portfolio	\$402,137,237	\$263,351	Starlight Investments	The Wynn Group
1465 Lawrence Avenue West	\$33,900,000	\$221,569	Starlight Investments	R. & G. Realty Management
50 Burnhill Road	\$32,600,000	\$200,000	Starlight Investments	Vanac Development Corp.
10 Garfella Drive (99% interest)	\$32,552,448	\$221,674	The Sitrine Group	Starlight Investments



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