



SKYVIEW
REALTY LTD.

SkyViews

DISTRIBUTION TO OWNERS OF OVER 11,500 APARTMENT BUILDINGS

APARTMENT REPORT SPRING 2006

DANNY'S CORNER



Danny Iannuzziello
Broker

On March 31 2006, the new Real Estate and Business Brokers Act (REBBA 2002) comes into effect, which is the Act that regulates real estate brokerage

firms in the Province of Ontario. It is designed to provide greater consumer protection during real estate transactions. Although the act is designed primarily for Residential trades, it does include Commercial trades and of course affects the apartment building community. As a result of this act, Skyview Realty is implementing new changes that may impact the way we do business with you.

Some notable changes under the act is a revised Code of Ethics, enhanced disclosure requirements related to multiple representation, new requirements to the operation of real estate trust accounts and deposit monies, new brokerage ownership provisions, new requirements for insured status of registrants to become public information, new requirements related to record retention of transactions, new prohibitions concerning registrants falsifying information and a few other items.

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WHY APARTMENT BUILDING OWNERS MAKE ASTUTE STOCK MARKET INVESTORS

by Talia Rovinski

When we talk to prospective clients about how we invest in stocks, we get very different reactions. One group that seems to understand our buy-and-hold approach to investing even before we explain it are families that have made their money in apartment buildings or other real estate investments.

Whether one invests in real estate or in pieces of businesses (i.e. stocks), the key factors for success are the same. One of those factors is understanding how capital can be eroded by capital gains taxes.

Stocks Provide a Superior Return

Over the past 100 years, North American stocks have provided an average annual return of about 9%. This unleveraged stock return is significantly higher than the average return from unleveraged real estate investments.

As only half of the gain on stocks or other taxable property is taxable, and dividends also receive favourable tax treatment, an investor in stocks can expect to earn, over time, about 7% *after tax* even if the portfolio is turned over every year.

The Advantage of a Buy and Hold Strategy

Better still, an investor in shares of excellent companies is not obliged to sell stocks every year. And, as the real estate investor understands intuitively, the longer an investor holds a solid investment, the higher the after-tax return.

Let's look at an example:

Investor	Starting Capital	Compound Annual Return Before Tax	Compound Annual Return After Tax	Capital After 30 yrs. After Tax
Mr. Action	\$100,000	10%	7.50%	\$875,496
Ms. Boring	\$100,000	10%	9.02%	\$1,333,705

Two stock investors achieve before tax returns of 10% annually over a 30-year period. To simplify our illustration we'll assume that all of the return comes in the form of capital gains i.e. that the stocks do not pay a dividend.

Mr. Action enjoys playing the market and replaces his portfolio of stocks with new stocks once each year. The lethargic Ms. Boring buys shares of predictable businesses and holds those shares for the full period. At the end of 30 years both investors sell their shares and pay any capital gains tax owing. The results are as follows:

Although both investors earned exactly the same 10% return before tax, Ms. Boring winds up with more than half as much money as Mr. Action. By postponing her payment of capital gains tax, she has, in effect, obtained an interest free loan from the government - as would someone who owns an apartment building for 30 years.

Towards the end of the period, Ms. Boring has almost twice as much capital compounding for her benefit. So, even after Ms. Boring pays capital gains tax at the end of 30 years, she finishes way ahead. Alternatives clearly exist for the long term-investor, whether it's owning an apartment building, holding on to stocks or investing in both. Regardless of your investment choices, it pays to think long-term. ☘

Talia Rovinski & R.B. Matthews are principals of Manitou Investment Management Ltd.

*Please direct questions/comments to:
(416) 628-6519
www.manitouinvestment.com*



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For future mailing, please inform us if there is a change of address

E-mail: info@skyviewrealty.com Website: www.skyviewrealty.com

NOT INTENDED TO SOLICIT PROPERTIES ALREADY FOR SALE. NOT INTENDED TO INTERFERE WITH PURCHASER-AGENCY AGREEMENTS.

CONTROL YOUR PARKING WITHOUT LOSING CONTROL OF YOUR BUDGET

by Jennifer Steinhauer

Let's face it, parking comes with its own set of problems readily available to suit your headache needs. Residential visitor stalls are abused by both tenants and non-tenants. Perhaps your tenants park in the visitor stalls because they are closer, taking up two spaces instead of one. Or perhaps your parking facilities are in a prime location for non-tenants to park even though they have no business in your building whatsoever. So how do you get control back?


There are now effective options available to you to control your parking without paying for expensive machines. Parking-by-phone is quickly becoming a popular and successful option for residential property owners as it creates the necessity for a parking permit but does not require any equipment except a sign. Because of this, there are no expenses to budget for and it allows you to conduct your business without worrying about the next time you need to order permit paper rolls.

Phone-based parking permits are, by design, a security feature. Unlike paper permits which are anonymous, callers provide their vehicle's license plate information which is permanently retained. If a vehicle is on your property when it should not be, the need for a permit will create an official record, which may repel unwanted traffic and stop the problem before it starts.

It is also a safety precaution for your patrons. Because the permits are obtained over the telephone, there is no need to run outside to obtain or update a permit in the middle of the night. For those that are worried about venturing into a dark parking lot alone at night, it is an effective and beneficial solution for all involved.

What about enforcement? Depending on the parking permit company you choose, enforcement is usually a separate service, giving you the flexibility to use any enforcement option that best suits your needs. There are many solutions available, including some at no cost. Check your local directory for enforcement companies to discuss your needs.

Some phone permit services require patrons to pre-register their vehicle and credit card information before use, while some are completely ad-hoc and require no commitment at all. Choose the option that is best for you. The bottom line is you have control over your parking, your budget, and how much revenue you generate from the service.

Technology is evolving before us, and not even parking can escape its developments. One positive aspect is that these changes are making our lives easier and less expensive than previous services. Taking advantage of these new services can be one of the best decisions you can make, and can be a small part of the big picture for your business future, or can be a simple way to eliminate a current problem. Either way, you are in complete control. 

Park-It™
Parking Permits by Phone
1-866-472-7548
Www.parkit.ca

DANNY'S CORNER


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As commercial practitioners, our business at times differs from residential and, in most cases we deal with exclusive listings and are retained to actually find the buyers for the property. The new Act now defines 'customer' versus 'client' and we are now required to disclose to you the services that we are providing when entering into representation with you.

Multiple representations require written consent. New forms are being drafted and we ask for your patience when working with us to ensure that we comply with the requirements of the Act.

For deposit monies, the time requirement to deposit into trust upon receipt is now extended from two banking days to five. We are also required upon deposit to disclose to you the interest rate received on such monies. The party to receive the interest on deposit should be identified in an Agreement of Purchase and Sale, otherwise such interest may be credited to the Seller of the property on closing. We must be fully insured and should make that disclosure on each transaction. New Standard Form Agreements of Purchase and Sale as well as listing agreements will be made available shortly for us to use.

If you would like further information regarding REBBA 2002, visit the Real Estate Council of Ontario's Web site at www.reco.on.ca.

Finally, a special thank you to Talia Rovinski at Manitou Investment Management Ltd. and Jennifer Steinhauer from Park-It Services for their contributions to this issue of Skyviews. 

THINKING OF SELLING?

Call **(416) 444-6545** to speak to a representative about listing your property!



8.85%
Downpayment

AVAILABLE IN WINDSOR
65 Unit Apartment Building

- Asking \$44,462/Unit
- Asking \$2,890,000
- \$255,700 Cash required
- Upgrades include balconies, hallways, elevator, underground garage
- Exp. some vacancies
- Close to Casino Windsor, downtown and USA bridge
- 15 x One bedrooms
- 50 x Two bedrooms
- Building requires cosmetic upgrades
- 8.85% downpayment
- 7.2% CAP Rate, 36.4% R.O.I.
- Attractive 1st Mortgage, CMHC insured to be assumed @ 5.15% due 2008
- VTB Second with 8.85% down



EXCLUSIVE LISTING

AVAILABLE WEST TORONTO
7 - Plex

- Asking \$662,000
- Building very well kept
- Recent improvements: new windows, roof, entry door, state-of-the-art intercom system, and much more
- Very large units, with separate dining room, wood floors, ceramic tiles, and some renovated kit. & baths
- 1 x Bachelor
- 3 x Two bedrooms
- 3 x Three bedrooms
- 7.1% CAP Rate, 16.0% R.O.I.
- VTB Second to sell
- Good clean building with long-term tenants
- Good rental location



CONDO STATUS APPROVED

AVAILABLE IN COBOURG
47 Unit Apartment Building

- Asking 3,025,000
- Asking \$64,362 per unit
- Fully renovated lobby
- In-suite features: indiv. thermostats, laminate wood floors, newer appliances
- Some open-concept suites
- Capital improvements: boiler, HW tank, elevator cabs, driveway, landscaping
- 23 x One bedrooms
- 24 x Two bedrooms
- 7.9% CAP Rate, 22.9% R.O.I.
- Condo status approved, subject to CMHC
- Existing 1st mtg. \$1,291,543 CIBC @ 6.18%, \$10,520 P & I due July 2008 can be renegotiated
- Vendor to consider VTB 2nd Mtg.



DUNDAS ONTARIO

NEW ASKING PRICE

AVAILABLE HAMILTON WEST
23 Unit Apartment Building

- Asking \$1,550,000 or \$67,391/Suite
- Building upgraded during early '90's under low-rise program
- Can be sold with 29 units next door
- All units have gas stoves
- Application submitted for condo status
- 14 x One bedrooms
- 9 x Two bedrooms
- 7.7% CAP Rate, 21.2% R.O.I.
- 15% downpayment
- Some rents below market
- Vendor to consider VTB to sell
- View additional pictures at www.skyviewrealty.com



DUNDAS ONTARIO

NEW ASKING PRICE

AVAILABLE HAMILTON WEST
29 Units (2 buildings)

- Asking \$1,900,000 or \$65,517/Suite
- Building upgraded during early '90's under low-rise program
- Can be sold with 23 units next door
- Application submitted for condo status
- Good rental location
- 7 x One bedrooms
- 22 x Two bedrooms
- 15% downpayment
- 20.5% R.O.I.
- Good tenant profile
- Vendor to consider VTB to sell
- View additional pictures at www.skyviewrealty.com



\$37,417 PER SUITE

AVAILABLE IN HAMILTON
12 Suite Apartment Building

- Asking \$449,000
- Victoria style low-rise
- Good rental location
- Quiet residential street
- Good long-term tenants
- New carpets, new paint, some newer appliances
- Separate hydro meters
- 9 x Bachelors
- 3 x One bedrooms
- 7.5% CAP Rate, 19.5% R.O.I.
- Vendor motivated to sell
- Upside potential (see agent)
- Existing 1st mortgage with Equitable Trust, o/s approx. \$360,000 @ 6.3% P & I, \$2,515.88 due Oct. 2008

JOIN THE SKYVIEW TEAM!

If you want to be a part of a dynamic and growing sales team specializing in apartment building sales, please send us your resume and cover letter in confidence to:

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PRICE REDUCTION

VICTORIA PARK/ST. CLAIR
34 Unit Apartment Building

- Asking \$2,480,000
- Potential to convert to individual hydro
- Some long term tenants
- Some rents below market
- One unit legal, non-conforming
- TTC at front door
- 20.9% R.O.I.
- 7.6% CAP Rate
- 1 x Bachelor
- 12 x One bedrooms
- 21 x Two bedrooms
- 15% downpayment
- Seller motivated to sell
- Treat mortgages as clear or assume existing 1st mortgage, \$1,564,300 @ 5.78% due June 2013
- VTB Second to sell

For these and other buildings we have for sale please call (416) 444-6545 Fax (416) 444-6997

industry report

trends and services

FEATURE LISTINGS

ST. CATHARINES 114 UNITS



APPROVED, 7 MORE UNITS

- Asking \$6,400,000
- \$56,140/Suite
- Very well maintained
- Upgraded lobby
- Many apartments renovated with appliances, floors, etc.
- Fire retrofit complete
- Great rental location
- Fully occupied
- 2 x Bachelors
- 28 x One bedrooms
- 55 x Two bedrooms
- 29 x Three bedrooms
- 7.8% CAP Rate
- Approved for 7 additional apartments
- 20% downpayment, 16.9% R.O.I., VTB @ 4% interest only

OSHAWA 264 UNITS (2 BLDGS.)

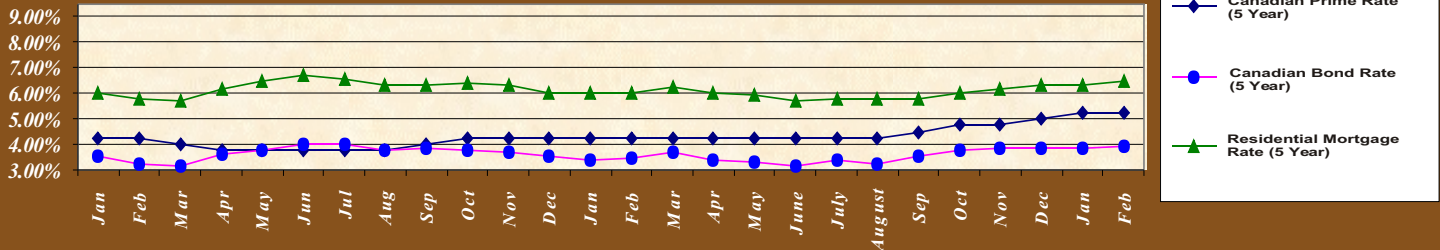


ASKING \$53,030/SUITE

- Asking \$14,000,000
- Over \$2.5M in capital improvements: new windows, doors, in-suite renos., incl. appliances, hi-tech security system, roof anchors, and upgrades to electrical and plumbing
- Well maintained bldgs.
- 155 x Two bedrooms
- 47 x Three bedrooms
- 62 x 3-bdrms (2 storey)
- Good tenant profile
- 8.4% CAP, 24.9% R.O.I.
- Ex. 1st Mtg. can be renegotiated
- Vendor may consider VTB 2nd mtg.
- Upside potential (see agt.)

WATCH ON INTEREST RATES

2004 / 2005 / 2006



Jim Dysart
Vice President and
Regional Manager - Ontario



Direct Dial: 416.304.2078
Facsimile: 416.368.3328
Email: jimd@peoplestrust.com

Suite 920
130 Adelaide Street West
Toronto, Ontario
Canada M5H 3P5
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16 Pannahill Road

Toronto, ON M3H 4N3

www.negotiator.ca • barry@lebow.ca

SkyViews

SPRING 2006

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THE SKYVIEW TEAM

419-220 Duncan Mill Rd., Toronto Ontario M3B 3J5

(416) 444-6545 Fax: (416) 444-6997

Email: info@skyviewrealty.com

www.skyviewrealty.com

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