



# Commercial & Investment Real Estate Report

## Intensification and its Effect on Property Values

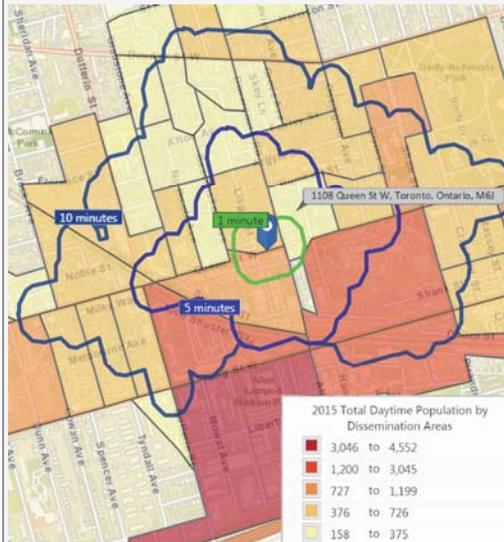
Over the years most of my analysis on the pricing of commercial and investment real estate in the central regions of Toronto, has been based on (a) establishing an actual or estimated rate of return and comparing it to properties in the same asset class or (b) comparing properties based on building and lot size, location and condition, to other properties that have sold in the immediate area.

Recently there has been a third factor that has been a major determinate in estimating value: the property's land value as it relates to its current or future development potential. As the central regions of the city continue to intensify and The City of Toronto's zoning policies becomes less restrictive, allowing greater density on major streets, the land that the building sits on become more significant in my evaluations.

It is not just developers who are looking to purchase land for mid or high-rise development. Many savvy investors are willing to pay a premium for strategic properties that have holding income that offer future development potential years down the road. Determinates such as the allowable zoning density, lane access, proximity to vacant land, lot depth and the height and density precedents set by neighbouring developing projects, now take on greater significance when determining values then ever before.

## New Tools for Investment Real Estate

My CCIM (Certified Commercial Investment Member) designation is best known in the States and some of the most powerful tools for Commercial Real Estate Brokers were only available to members in the U.S. As of this year, that's all changed. I now have access to two commercial investment programs which have impacted the way I do business.



### Example: Daytime Population Density within a 10 minute walk to my office.

Site analytics software by ESRI uses data from a number of Canadian sources such as Census Canada, Environics and Dun & Bradstreet and allows you to break it down to a dissemination area (an area that in equals approximately 3 square blocks) and provides reports in table, graph or map formats.

Let's say you receive an offer to lease from a Sports Bar for your storefront. Wouldn't it be good to know how many single males live within a 10 minute walk, their mother-tongue and if they spend more than \$5,000 a year in Restaurants before committing to this Tenant? Or perhaps you're considering an optical use for commercial space in your building. Knowing how many other optical uses are within a kilometer, and their average annual sales would be valuable information for both the Landlord and Tenant before committing to a long term lease. Changing demographics in the immediate vicinity can also be analysed to determine if the viability of your Tenant's business has shifted when it comes time for their lease renewal.

I can now provide comprehensive financial analysis of investment properties and leases using software by REI Wise. This cloud based program is now available to CCIM's with Canadian mortgage and tax calculations. This is an excellent tool for analysing an investments performance over a holding period, or judging the after tax, rate of return for a property with or without a mortgage.

One way I have used this program is to analyse a lease offer from a Tenant who is looking for a break at the beginning of their term in order to complete substantial renovation but is willing to pay escalations in rent further down the road. The resulting variable cash flows can be analysed to determine what the average annual rate of return will be over the term of the lease.

If you can see any benefit to the information provided by these tools please contact me and I'd be happy to assist.

Don Mulholland's Recent Real Estate Sales:



**1052-1079 Queen W**

Sold Price: \$10,280,000

- Main Floor of Bohemian Embassy Condo
- 12 retail units, 11,963 sf 230 ft. on Queen St. W.
- 6% cap rate.



**582 Richmond St. W**

Sold Price: \$1,800,000

- Zoned for full Commercial, Residential or Live/Work .
- 5,000 sq. ft on 4 floors.
- Built less than 3 years ago
- A1 Location near Portland.



**15 Ossington Ave.**

Sold Price: \$1,460,000

- Over 2,500 sf abv. Grade.
- Steps to Queen W.
- 2 Apts. on 2nd floor.
- Vacant possession of entire building possible.



**1599 Dundas St. W.**

Sold Price: \$806,000

- 1,200 sf above grade
- large garage/studio at rear..
- Located just E of Dufferin.
- High ceilings w/ original hdwd floors & storefront.



**465 King St. E #5/6**

Asking Price: \$845,000

- Mixed Use Com/Res.
- Beautifully Reno'd 2 level, 2 bdrm apt. - owner occ.
- Excellent Main Fl Tenant.
- King & Parliament area.

Thinking of Selling...?

The market remains hot! Interest rates are low and demand is high - who knows how long it's going to last...

Give me a call or drop me a line to arrange a free, no-obligation, evaluation of your property.

Lower West End of Toronto - Market Report

Prices continue to rise throughout the area fueled mainly by a lack of product and low interest rates. As intensification continues along major arteries in the central regions of the city, property values should be evaluated not only for their investment opportunities but for their current and future development potential.

Please contact me for a more in-depth analysis of sales in your immediate area.

Don Mulholland is a proud member of the following organizations:



CCIM Institute  
Commercial Real Estate's Global Standard for Professional Achievement

Street	Period (days)	# of Sales	average sale price	low	high	average \$ psf (bldg)	Street	Period (days)	# of Sales	average sale price	low	high	average \$ psf (bldg)
Queen St. W.	≤365	7	\$4,722,500	\$1,320,000	\$10,280,000	\$748.42	College St.	≤365	5	\$1,182,000	\$410,000	\$1,800,000	\$519.94
(Spadina to Dufferin)	365-730	10	\$2,415,400	\$949,000	\$4,800,000	\$743.58	(Spadina to Lansdowne)	365-730	7	\$2,359,042	\$490,000	\$7,750,000	\$472.53
Queen St. W.	≤365	3	\$3,241,666	\$950,000	\$5,150,000	\$472.42	Spadina Ave.	≤365	7	\$3,302,841	\$1,000,000	\$8,500,000	\$415.00
(West of Dufferin)	365-730	9	\$1,542,888	\$710,000	\$3,825,000	\$393.29		365-730	5	\$1,481,600	\$1,116,000	\$2,705,000	\$400.92
Dundas St. W.	≤365	4	\$1,411,250	\$825,000	\$2,860,000	\$402.24	Roncesvalles Ave.	≤365	8	\$1,172,625	\$786,000	\$1,640,000	\$531.11
(Spadina to Duffern)	365-730	5	\$520,000	\$1,583,000	\$1,138,400	\$340.64		365-730	4	\$1,398,250	\$975,000	\$1,800,000	\$432.85
Dundas St. W.	≤365	3	\$775,333	\$585,000	\$935,000	\$503.84	Bloor St. W.	≤365	8	\$1,881,111	\$1,019,000	\$5,300,000	\$433.56
(Dufferin to Bloor W)	365-730	5	\$1,018,000	\$795,000	\$1,354,000	\$430.88	(Spadina to Dundas)	365-730	16	\$1,248,640	\$749,000	\$2,630,000	\$364.89

The table above includes all commercial sales reported on MLS® by the Toronto Real Estate Board and are provided to show general market conditions. Sales prices vary by block. Many factors effect property values such as location, size, configuration, use, taxes, operating expenses, condition of the property and development potential. Please call me for the latest information relevant to the pricing of your property.