

ON THE RISE: THE INVESTOR'S GUIDE TO EMPIRE MIDTOWN



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EMPIRE
MIDTOWN

INTRO

Canada's condo market has attracted a great deal of media attention in recent years, thanks to the success of so many projects in Toronto and other major cities across the country. And while some of this media attention has been less than positive, the truth is that many condo investors and everyday homebuyers-turned-investors have prospered greatly from this boom.

As one of Ontario's fastest-growing and largest real estate development companies, we get asked all the time about successful condo investors. What do they do? What do they look for? How do they pick one neighbourhood versus another to invest in? How are they sure they'll be able to rent their condo for years to come?

We've put this document together to help answer some of these questions and to provide both veteran and new investors, with some guidance and facts. Our focus here is to make the case for Empire Midtown, our exciting condo community located in the up-and-coming Oakwood Village neighbourhood in Toronto.

By sharing some of what we know and what we've learned, we hope that you'll join us and other investors and "get in on the ground floor" of what promises to be huge opportunity.

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FAST FACTS

Location: Oakwood Village

Address: 1603 Eglinton Avenue West

Architecture: El Richmond

Interior Design: Tanner Hill Design

Key Amenities: fully equipped-fitness centre, yoga studio, concierge service, two guest suites, party room, games room and landscaped outdoor terrace.

Suite Mix: 1 bedroom, 1 bedroom + den, 2 bedroom, 2 bedroom + den, townhomes

Pre-Sales Price Range: 300's

Contact: Empire Midtown Presentation Centre
416.784.3482

THE MODERN URBANITE'S DREAM

Empire Midtown's location offers renters the one thing they love the most: access to everything without the cost and hassles of owning a car.

- “Walker’s Paradise”: a 91 Walk Score = no car required
- “Excellent Transit”: an 87 Transit Score, (this is without the LRT)
- Across the street from the new Crosstown LRT Oakwood Station
- A six-minute walk to the York Beltline Trail
- An eight-minute walk to Eglinton West TTC Subway Station
- A 25-minute subway ride to Union Station/downtown
- Bus service just about everywhere
- A two-minute drive to the Allen Expressway leading up to the 401
- Restaurants, shops, services, schools, places of worship & more



TORONTO CONDOS: THE BIG OPPORTUNITY

Historically low interest rates. A forecast of long-term population growth. High standards of design and construction. And an unmet demand for condo rentals in a city that's safe, prosperous and vibrant.

These winning conditions helped new condo sales across the Greater Toronto Area soar in 2015, reaching the second-highest level ever recorded.

Urbanation's 2015 GTA new condo sales data:

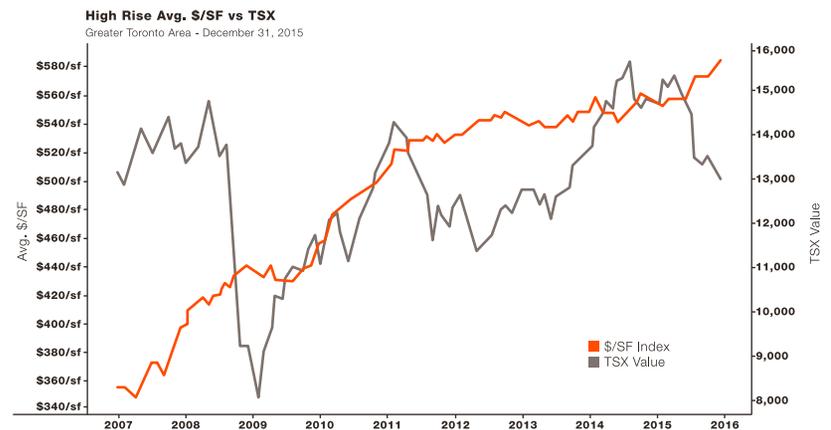
- 20,753 suites sold at an average \$579/sq.ft.
- 15.1% or \$76/sq.ft. increase in the past four years

Urbanation's 2015 GTA resale condo sales data:

- 20,709 suites sold at an average of \$459/sq.ft.
- 14.8% or \$59/sq.ft. increase in the past four years

ROIs like these explain why condos represent an attractive investment alternative to the stock market. In fact, RealNet Canada's data comparison of the TSX and Toronto condo market from 2011 and 2015 indicates steady growth with significantly less volatility.

CONDOMINIUMS AS AN ALTERNATIVE INVESTMENT



Source: RealNet Canada Inc. (an Altus Group Company)

TRANSIT PROXIMITY: THE GREAT APPRECIATOR

Independent research conducted on the Toronto market and across North America universally demonstrates that transit proximity drives higher home values and achievable rents.

The GTA Transportation Effect – The Impact of Transportation Improvements on Housing Values in the Greater Toronto Area by the Real Estate Investment Network (REIN) and Cutting Edge Research Inc. reviewed 25 separate studies examining the relationship between transit proximity and housing values. These show a wide range of levels of increase, ranging from 3% up to 40%, with the most impact being felt within a kilometre of stations.

Public Transit's Impact on Housing Costs: A Review of The Literature, the US Center for Housing's Policy 2011 report concluded that "the proximity to public transit does lead to higher home values and rents in many cases." Their review concluded that properties situated in close proximity to stations typically sell at premiums of up to 10%.

"The New Real Estate Mantra: Location Near Public Transportation" released in March 2013 by the American Transportation Association, National Association of Realtors and the US Center for Neighbourhood Technology, found that housing located near transit facilities could be priced as much as 41.6% higher than similar housing located further away.

**3% TO 40% IN HOME
VALUES & ACHIEVABLE RENTS!**

TRANSIT PROXIMITY: IDEAL PRICE PER SQ.FT.

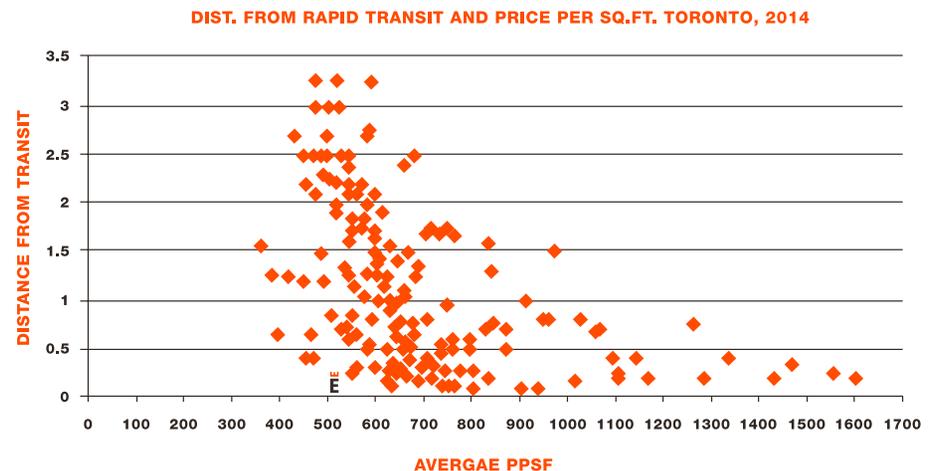
Empire's analysis of new condo pricing in Toronto and a project's proximity to rapid transit demonstrates that a subway location with a price point of less than \$600/sq. ft. represents a rare opportunity.

To quantify the industry research on transit proximity, we correlated the relationship between condo pricing in Toronto and proximity to subway stations. Using RealNet Canada data, 190 different active new sale condos in Toronto were identified and sorted by average price per square foot and distance in kilometers from rapid transit.

The results indicate a clear pattern: **the closer to rapid transit, the higher the marketable price point.**

Note that most condo developments located within 500 metres of a subway station start at \$650 per sq.ft. suggesting that a rapid transit location with a price point of less than \$600 per sq.ft. represents a rare opportunity in the new condo Toronto market.

Empire Midtown offers the closest proximity to transit, at the lowest price per square foot in the GTA.



UP & COMING LOCATIONS: DARE-TO-COMPARE

A comparison of mainstream/proven and transitional condo sub-markets in Toronto demonstrates that up-and-coming locations can deliver superior returns.

Average New And Resale Condo Prices Per Square Foot Q4 2011 To Q4 2015							
		2011	2012	2013	2014	2015	Chg. 2011/15
Mainstream/Proven Sub-Markets							
Metro Toronto 416	New Sale	\$585	\$614	\$606	\$614	\$629	7.52%
	Resale	\$434	\$424	\$451	\$464	\$495	14.06%
Toronto	New Sale	\$657	\$665	\$661	\$681	\$696	5.94%
	Resale	\$525	\$515	\$555	\$571	\$599	14.10%
North Midtown	New Sale	\$616	\$635	\$638	\$645	\$653	6.01%
	Resale	\$522	\$513	\$525	\$552	\$576	10.34%
Transitional Sub Market Examples							
Liberty Village	New Sale	\$493	\$494	\$494	\$506	\$574	16.43%
	Resale	\$512	\$508	\$525	\$549	\$544	6.25%
Downsview	New Sale	\$435	\$451	\$454	\$476	\$481	10.57%
	Resale	\$366	\$369	\$401	\$414	\$444	21.31%
Source: Urbanation Inc.							

UP & COMING LOCATIONS: FINDING THE NEXT BIG THING

Condo investors intent on maximizing appreciation and ROI take the long view and get in early on projects in Toronto's up-and-coming neighbourhoods with demonstrable potential.

**“THE INVESTOR OF TODAY
DOES NOT PROFIT FROM
YESTERDAY’S GROWTH.”**

- WARREN BUFFET

Forward-thinking developers and investors have helped transform Liberty Village from a sleepy industrial area to a fast-growing residential and commercial hub. According to Urbanation data, in the past five years:

- New condo prices in Liberty Village have increased an average of 16.43% - from \$493 to \$574/sq.ft.
- Resale condo prices in Liberty Village have increased an average of 6.25% - from \$512 to \$544/sq.ft.

The Toronto-York Spadina Subway extension has triggered dramatic new condo activity and rental demand at both Wilson and Downsview stations. With few amenities to offer outside of transit, these locations have nevertheless seen a sub-market boom. Downsview, a previously development- dormant area famed for its parks, is growing fast. According to Urbanation data, in the past five years:

- New condo prices in Downsview have increased an average of 10.57% - from \$435 to \$481/sq.ft.
- Resell condo prices in Downsview have increased an average of 21.31% - from \$366 to \$444/sq.ft.

TORONTO CONDO RENTALS: A HOT COMMODITY

The demand for new condo rentals in the GTA continues to grow, outpacing supply, shortening leasing times and translating in rapidly increasing rents in the “outer 416” and 905 areas.

The GTA's condo rental market by the numbers, according to Urbanation's Q4 Condominium Rental Market:

- 21,500 - the total condo apartment rental stock (8%)
- 20 days - the average time on market to lease in 2015
- 22 days - the average time on market in 2014
- 4% - the average quarterly rent increase year over year in Q4 2015
- \$2.48/sq. ft. - the average GTA condo rental rate in Q4 2015
- 58% - the percentage of 2015 new project registrations in the core
- 0.7% - the year over year rent increase for projects in the core
- 4.9% - the year over year rent increase for condos in the “outer 416”
- 5.7% - the year over year rent increase for condos in the 905
- 3% - the increase in core condo rents in the past three years
- 7% - the increase in 905 condo rents in the past three years
- 16% - the increase in “outer 416” condo rents in the past three years

TORONTO CONDO RENTALS: THE SWEET SPOTS

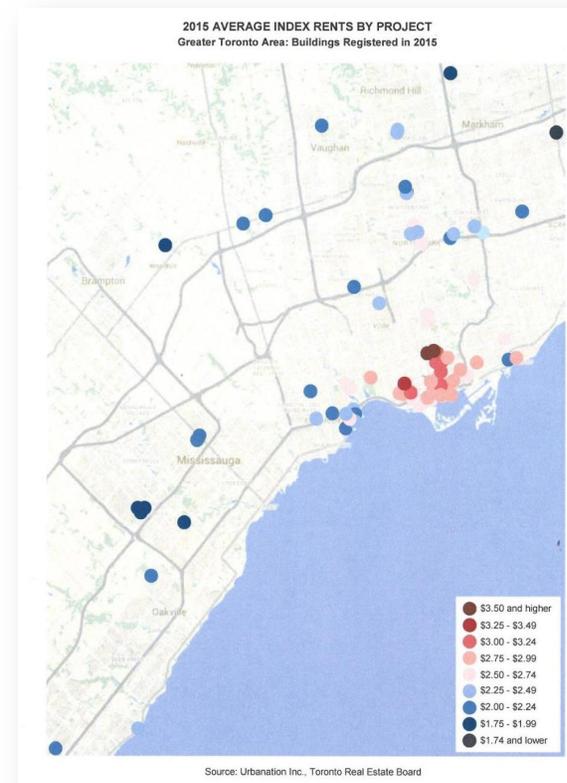
The data shows that investors are fetching the highest condo rents from locations in downtown Toronto and those within a 15-minute walk of rapid transit.

In this chart, Urbanation tracks 78 GTA condo projects registered in 2015. Each project is indicated by a dot and colour-coded by average rent per square foot. Red-shaded dots indicate projects with average rents of \$2.50/sq.ft. or higher.

Note that:

All projects with rents of \$2.50/sq.ft.+ are located in the core.

Projects in the \$2.25 to \$2.49/sq.ft. range are generally located in the Yonge and Sheppard corridors of North York, on the subway.



EMPIRE MIDTOWN: BRINGING IT ALL TOGETHER

For the data-driven investor with the foresight to invest early, there's Empire Midtown: a trailblazing opportunity with all the signatures of long-term success, including a waiting market and few, if any, competitors.

In February 2014, N. Barry Lyon Consultants Limited undertook a market review of the rental market surrounding the Empire Midtown site.

Empire Midtown's local rental market is well established and desirable: comprising eight out-of-date purpose-built rental buildings with 746 total units renting at an average of \$2.00/ sq.ft. – with minimal to no vacancies and many long-term tenants.

The broader area has just 13 existing condo projects encompassing a total of 1,725 units - with just six units listed for rent. The immediate area offers few, if any, new condo or purpose-built rental developments.

Empire Midtown will satisfy an unmet need: accommodating a local community of loyal renters fed up with dated buildings, poor management and a lack of modern finishes and amenities but not prepared to give up such a transit-friendly location.

EMPIRE MIDTOWN OFFERS:

- + **A contemporary condo product**
- + **A leading development team**
- + **An “outer 416” opportunity**
- + **An up-and-coming neighbourhood**
- + **An established rental market**
- + **Almost no new condo competition**
- + **A subway location (8 min. walk)**
- + **Across the street from the LRT**
- + **Exceptional walkability scores**
- + **Pre-sales price point of <\$600/sq.ft.**

= A POTENTIAL HUGE ROI

EMPIRE **MIDTOWN**

empiremidtown.com

1603 EGLINTON AVENUE WEST
TORONTO, ONTARIO
M6E 2H1

416.784.3482

midtown@empirecommunities.com

 [empiremidtown](#)

 [@empire_living](#)

 [@empire_living](#)