MULTI FAMILY INVESTMENTS NOVEMBER 2022 EDITION

LANDLORD REPORT SOUTHWESTERN ONTARIO

Kyle Church, Broker kyle.church@royallepagecommercial.com Andrew Macallum, Sales Representative andrewmacallum@royallepagecommercial.com





RECENT TRANSACTIONS 2022

Q3-2022 Waterloo Region & Guelph

Address	Sale Month	Sale Price	# of Units	Building Details	Cap Rate	Price per Unit
Kehl St, Kitchener	August	\$3,200,000	9	2002 Wood Construction, Large Suite	3.8%	\$355,556
Chandler Dr, Kitchener	August	\$2,000,000	8	Concrete Construction, 2 x 1BR, 5 x 2BR, 1 X 3BR		\$250,000
Benton St, Kitchener	September	\$3,625,000	13	Downtown, Sixplex + 7 x 3 BR townhomes	3.4%	\$278,846
Glenbrook Dr, Guelph	September	\$3,825,000	15	Well Maintained, Concrete, 14 x 2BR, 1 x 3BR	4.2%	\$255,000

Source: Realnet, Personal Database. Does not include Student Housing and Seniors Housing

Q4-2022 Waterloo Region & Guelph

Address	Sale Month	Sale Price	# of Units	Building Details	Cap Rate	Price per Unit
Lancaster St W, Kitchener	October	\$16,560,000	58	Renovated Suites, 58 x 2BR	3.6%	\$285,517
Harris St, Cambridge	October	\$11,275,000	55	6 story, concrete construction		\$205,000
Mausser Ave, Kitchener	October	\$2,375,000	12	Concrete Construction, 8 x 2 BR, 4 x 3 BR	2.6%	\$197,917
Parkside Dr, Waterloo	October	\$1,400,000	6	Concrete Construction, 4 x 2 BR, 2 x 1 BR	3.3%	\$233,333
Huron St, Guelph	October	\$1,650,000	6	6 x 2 BR, one unit with unique loft		\$275,000
Belmont Ave W, Kitchener	October	\$1,715,000	8	Wood Construction, 1 townhome	3.9%	\$214,375
Ahrens St W, Kitchener	November	\$3,200,000	16	Downtown, Concrete, 12 x 2 BR, 3 x 3BR, 1 x 1 BR	3.6%	\$200,000
Brybeck Crt, Kitchener	December	\$1,200,000	6	Concrete, 6 x 2 BR	3.7%	\$200,000

Source: Realnet, Personal Database. Does not include Student Housing and Seniors Housing. Properties for the up coming months are firmed but still not closed.

Waterloo Region & Guelph 2022

UNITS SOLD IN 2022 418 UNITS SOLD IN Q3-2022 45		UME 2022	AVERAGE PRICE PER UNIT 2022 \$228,955 AVERAGE PRICE PER UNIT Q3 - 2022 \$284,851*		
		M+			
		UME Q3-2022			
		۸+			
ANGE	AVERAGE (CAP RATE	AVERAGE PRICE PER UNIT Q4-2022 PREVIEW!		
2.6% to 4.2%	3.6%		\$226,393		
PRICE PER UNIT Q3-2022		SAME PERIOD LAST YEAR (2021)			
Range \$250,000 to \$355,556		Average Price per Unit (Q3- 2021) \$256,825			
	O IN Q3-2022 ANGE 2.6% to 4.2%	\$98/ > IN Q3-2022 SALES VOL \$12/ \$12/ ANGE 2.6% to 4.2% 3.6% WIT Q3-2022	\$98M+ O IN Q3-2022 SALES VOLUME Q3-2022 \$12M+ ANGE AVERAGE CAP RATE 2.6% to 4.2% 3.6% INIT Q3-2022 SAME PERIOD LA		

Source: Realnet, Principal Interest Database. Reports the units sold and located in the Waterloo Region and Guelph. It does not include Student housing and Seniors Housing. Includes properties with 6+ units. *Q3 average price per unit skewed due to the low number of units sold.

MULTI FAMILY MARKET COMMENTARY

By Kyle Church, Broker

Greetings Landlords,

As you can imagine - we have experienced a significant decline in transaction volume in the third quarter of 2022 - a direct result of the rising cost of interest rates in an effort to combat inflation. While we hear in the news about single family housing dropping in value in recent months, the multi family market remains in an exploratory phase, as Buyers and Sellers sort out current pricing in this higher interest rate environment.

It is fair to say that we have not observed a significant decrease in apartment values. I believe this is the result of owners of apartment buildings being less motivated to sell in the current market, and their unwillingness to sell at a price lower than would have been possible several months prior.

The buyer pool has reduced significantly, as many investors have their "pens down" while they wait to see the impact of higher interest rates. Some buyers feel there may be better opportunities on the horizon in the coming months, while others view now as a good time to buy with less competition for properties that would have previously attracted a lot of interest.

"For the most part, Buyers are looking for value-add opportunities where they will be able to significantly improve their return by renovating and increasing rents."

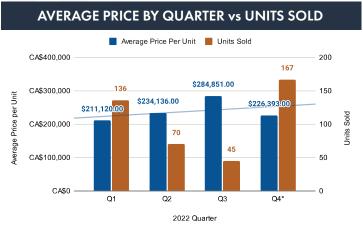
At Principal Interest, we continue to sell apartment buildings as we have identified which buyers are still actively buying and matching them with opportunities that fit their criteria. For the most part, Buyers are looking for value-add opportunities where they will be able to significantly improve their return by renovating and increasing rents.

Personally, I hold an optimistic view that interest rates will stabilize in early 2023, and as inflation falls back into line and rates slowly decline, buyers will return in full force as the fundamentals of multi family investing remain extremely strong from a long term perspective.

As always, feel free to reach out if you wish to discuss anytime.

Kili

MULTI FAMILY MARKET INSIGHTS





Source: Realnet and Principal Interest database. Reports the units sold and located in the Waterloo Region and Guelph. It does not include Student housing and Seniors Housing. Includes properties with 6+ units. Q3 average price per unit skewed due to the low number of units sold. *Q4 preview.

> SCAN WITH YOUR PHONE CAMERA

Source: Realnet and Principal Interest database. Reports the units sold and located in the Waterloo Region and Guelph. It does not include Student housing and Seniors Housing. Includes properties with 6+ units. Interest Rate reported represents the last overnight adjusting for each year.

CONTACT US TODAY FOR AN OPINION OF VALUE OF YOUR PROPERTY!

519.745.7000

principalinterest.ca

AVERAGE PRICE PER UNIT vs INTEREST RATE



Source: Realnet and Principal Interest database. Reports the average price per unit of apartment buildings located in the Waterloo Region and Guelph. It does not include Student housing and Seniors Housing. Interest Rate reported represents the last overnight adjusting for each year.



We strive to be market leaders by keeping apartment owners and investors up to date with recent transactions and market data to help make sound investment decisions. Please reach out to see how we can work together.

RECENT TRANSACTIONS BY PRINCIPAL INTEREST



Woodstock 1 x 1,600 SF CRB Unit + 4 x 1 Unit Sale Price \$900,000



12 Unit Apartment Building Sale Price \$2,280,000



PENDING

Kitchener Sixplex Sale Price \$1,020,000

CURRENT OPPORTUNITIES



Waterloo 5 Townhouse Units Asking Price \$2,175,000



Kitchener Land Potential for 23 Single Family Homes Asking Price \$6,900,000 Subscribe to our mailing list to receive Exclusive Listings and Market Updates

⊘ www.principalinterest.ca



Kyle Church, Broker kyle.church@royallepagecommercial.com





Contact us: 519.745.7000

Royal LePage Grand Valley Realty, Brokerage 15C-370 Highland Road West, Kitchener, N2M 5J9 www.principalinterest.ca



Andrew Macallum, Sales Representative andrewmacallum@royallepagecommercial.com



Not intended to solicit sellers or buyers currently under contract. Royal LePage® is a registered trademark used under license. All offices are independently owned and operated unless otherwise noted. ©2022 Bridgemarq Real Estate Services Manager Limited. All rights reserved. You should not use any information contained on this report as a substitute for consultation with brokers, realtors, or other professional advisors. This document is not to be shown to any third party without the prior authorization of Kyle Church. All information contained herein is from reliable sources, but, no warranty is made as to the accuracy of the data. Source: Realnet, Principal Interest and CHMC.