

MULTI FAMILY
INVESTMENTS
JULY 2022 EDITION

LANDLORD REPORT

WATERLOO REGION

Kyle Church, Broker
kyle.church@royallepagecommercial.com

Andrew Macallum, Sales Representative
andrewmacallum@royallepagecommercial.com


PRINCIPAL INTEREST
MULTI FAMILY INVESTMENTS

 **ROYAL LePAGE**
COMMERCIAL

RECENT TRANSACTIONS 2022

Address	Sale Month	Sale Price	# of Units	Building Details	Cap Rate	Price per Unit
East Ave, Kitchener	March	\$1,350,000	8	8 x Bachelors	2.9%	\$168,750
Oak St, Cambridge	March	\$1,175,000	6	Non Purpose Built	3.2%	\$195,833
👑 Winston Blvd, Cambridge	March	\$1,350,000	8	7x2BR, 1x1BR	2.7%	\$168,750
Quiet Pl, Waterloo	March	\$7,900,000	24	Land Assembly	N/A	\$329,167
Dixon St, Kitchener	March	\$1,500,000	6	4x2BR, 2x1BR	3.1%	\$250,000
👑 Hoffman St, Kitchener	March	\$1,250,000	8	8x2BR	1.9%	\$156,250
Heins Ave, Kitchener	March	\$1,653,000	8	3x1BR, 5xBach	2.0%	\$206,625
Hilltop Dr, Cambridge	April	\$2,000,000	9	6x2BR, 2x1BR, 1xBach	N/A	\$222,222
👑 Doon Rd, Kitchener	April	\$1,420,000	6	4x2BR, 2x1BR	3.5%	\$236,667
👑 Meinzinger Ave, Kitchener	April	\$1,300,000	6	5x1BR, 1xBach	3.1%	\$216,667
Highland Rd West, Kitchener	May	\$1,850,000	8	5x2BR, 2x2BR, 1xBach	3.5%	\$231,250
👑 Garden St, Cambridge	June	\$2,280,000	12	6x1BR, 5x2BR, 1xBach	2.8%	\$190,000
👑 Strange St, Cambridge	June	\$1,925,000	10	4x1BR, 2x2BR, 4xBach	2.6%	\$160,416
Lancaster St West, Kitchener	June	\$1,225,000	7	5x1BR, 2xBach	2.6%	\$175,000
Brookhaven Crescent, Waterloo	June	\$2,262,000	6	Townhomes	N/A	\$377,000

👑 Denotes Transactions Completed by Principal Interest

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

MULTI FAMILY MARKET INSIGHTS

Waterloo Region Q2-2022

UNITS SOLD IN 2022

200

UNITS SOLD IN Q2-2022

58

SALES VOLUME 2022

\$44M+

SALES VOLUME Q2-2022

\$12M+

AVERAGE PRICE PER UNIT 2022

\$216,586

AVERAGE PRICE PER UNIT Q2 - 2022

\$224,651

2023 LEGAL RENT
INCREASE

2.5%

AVERAGE
CAP RATE

2.8%

SAME PERIOD LAST YEAR (2021)

Average Price per Unit (Q2- 2021)

\$202,644

Source: Realnet, Principal Interest Database. Does not include Students Housing and Seniors Housing

MARKET SHARE 👑

\$165M+
TOTAL SALES

OVER
1,000
UNITS SOLD

40%
OF TRANSACTIONS
IN Q2-2022

3,000+
PROPERTIES IN
OUR DATABASE

MULTI FAMILY MARKET COMMENTARY

By Kyle Church, Broker

Since the beginning of the pandemic we have experienced a real estate market like no other. Continually compressed cap rates and record prices per suite were common and even expected on a quarterly basis for the past two years. But in the matter of a few short months, all of that has changed. As of writing this article, the Bank of Canada recently increased its lending rate by one percent to 2.5%.

The market is transitioning, and absorbing the new reality of higher interest rates for the foreseeable future. How does this affect you as a landlord? Here are a couple of ways higher interest rates can impact you:

If you plan to sell in the short term - the value of apartment buildings is largely a reflection of interest rates buyers are able to obtain. Higher cost of funds will put more stress on Buyers, not only costing them more on their mortgage payment, but requiring a larger downpayment as well. How this impacts the value of apartment buildings is yet to be seen, but we can anticipate we will see a rise in capitalization rates which could impact apartment values.

If you have a mortgage coming up for a renewal in the next two years and plan to refinance – the amount of debt your property can support will be significantly impacted. Plan ahead and speak with your trusted mortgage advisors and get a handle on what to expect. If you need some suggestions feel free to reach out.

But it is not a time to be doom and gloom. The fundamentals of multi family investments remain strong. Let's not forget about the following points:

- We have a housing crisis/shortage in Canada
- Rents still continue to rise on tenant turnover
- Southwestern Ontario continues to attract many new immigrants driving population growth
- Rising interest rates will likely slow the construction of multi family developments

The wonderful thing about apartment buildings is their value can be improved despite a transitioning market. For the time being – focus on improving your buildings performance. Capitalize on tenant turnover and achieving market rents. Make investments to improve your buildings energy efficiency and reduce operating expenses where possible. These improvements in your properties operations can help counter balance the headwinds we are currently facing.

We will continue to track the market closely and share current market data with you. If you ever have any questions – feel free to reach out and we would be happy to chat. If you are interested in selling – we continue to have active and qualified investors looking for opportunities in this market. We are happy to guide you through the process and ensure a smooth transaction.



THE TEAM



Broker
Team Leader

Kyle Church is an award winning real estate broker focused exclusively on selling multi family investment properties. For 10 years, Kyle has been assisting individuals, families, partnerships and corporations buy and sell apartment buildings. Kyle holds a Masters Degree from the University of Waterloo in Economic Development, and an Honours Bachelor of Arts Degree in Urban Geography from Lakehead University.



Sales
Representative

Andrew Macallum has over 17 years experience as provider of multi family housing. Andrew has previously served as President of the Waterloo Regional Apartment Management Association (WRAMA). Andrew holds an Honours Bachelor of Arts degree in Health Science at York University, a Bachelor of Education degree from the University of Western Ontario, and a Masters degree in Education from University of Toronto.



Director of
Marketing and
Data Analysis

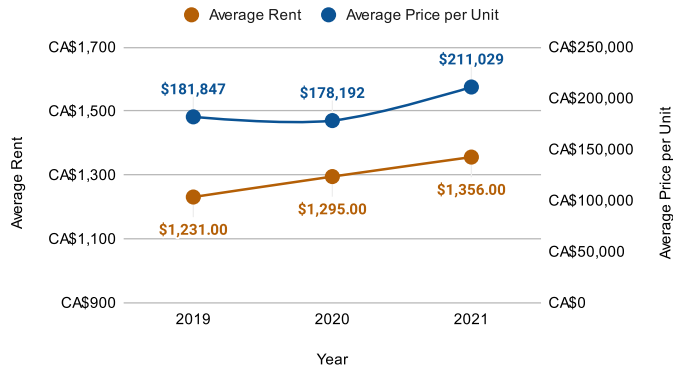
Angelina Ziesemer is the Director of Marketing and Data Analysis at Principal Interest. She has more than 10 years of experience in the field of Data Science and 12 years in the tech industry. She has conducted research at Dalhousie University as part of her P.h.D in Computer Science. In 2017 she graduated in Marketing and Advertising Communications from Conestoga College.



Marketing
Coordinator

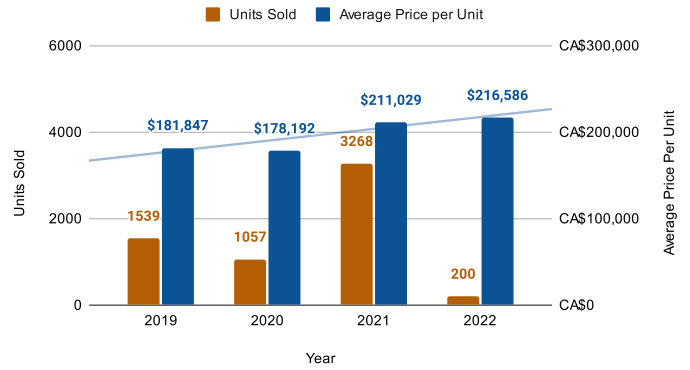
Amarissa Weber is the Marketing Coordinator and newest addition to the Principal Interest Team. She joined through a co-op in her Advertising and Marketing Communications program, and stayed on the team officially after graduating in 2022. She uses her design, print production, and marketing skills to support various projects for the team.

AVERAGE RENT vs AVERAGE PRICE PER UNIT



Source: CHMC Report from 2019, 2020 and 2021. Data reports private 2BR apartment average rent. Apartments located in the Waterloo Region.

UNITS SOLD vs AVERAGE PRICE PER UNIT



Source: Realnet and Principal Interest database. Reports the average price per unit of apartment buildings located in the Waterloo Region. It does not include Student housing and Seniors Housing.

RECENTLY SOLD BY PRINCIPAL INTEREST



Kitchener
10 Unit Apartment Building
Sale Price \$1,925,000



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



Kitchener
Sixplex
Sale Price \$1,420,000



Kitchener
1.37 Acre Development Site
Sale Price \$4,000,000

CURRENT OPPORTUNITIES



Kitchener
11 Townhouse Units
Asking Price \$3,700,000



Woodstock
1 x 1,600 SF CRB Unit + 4 x 1 Unit
Asking Price \$995,000



Waterloo
6 Unit Apartment Building
Asking Price \$1,400,000



Kitchener
Land Potential for 23 Single Family Homes
Asking Price \$6,900,000

Subscribe to our mailing list to receive Exclusive Listings:

www.principalinterest.ca



Kyle Church, Broker

kyle.church@royallepagecommercial.com



Andrew Macallum, Sales Representative

andrewmacallum@royallepagecommercial.com

#4 in Canada
Royal LePage Commercial
Agent in 2021



ROYAL LePAGE
CHAIRMAN'S CLUB
NATIONAL TOP 1%
2021

Contact us: 519.745.7000

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

