

MULTI FAMILY
INVESTMENTS
NOVEMBER 2022 EDITION

LANDLORD REPORT

SOUTHWESTERN ONTARIO

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PRINCIPAL INTEREST
MULTI FAMILY INVESTMENTS

 **ROYAL LEPAGE**
COMMERCIAL

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 firm but still not closed.

Waterloo Region & Guelph 2022

UNITS SOLD IN 2022

418

SALES VOLUME 2022

\$98M+

AVERAGE PRICE PER UNIT 2022

\$228,955

UNITS SOLD IN Q3-2022

45

SALES VOLUME Q3-2022

\$12M+

AVERAGE PRICE PER UNIT Q3 - 2022

\$284,851*

CAP RATE RANGE

Range 2.6% to 4.2%

AVERAGE CAP RATE

3.6%

AVERAGE PRICE PER UNIT Q4-2022 PREVIEW!

\$226,393

PRICE PER UNIT Q3-2022

Range \$250,000 to \$355,556

SAME PERIOD LAST YEAR (2021)

Average Price per Unit (Q3- 2021) \$256,825

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.

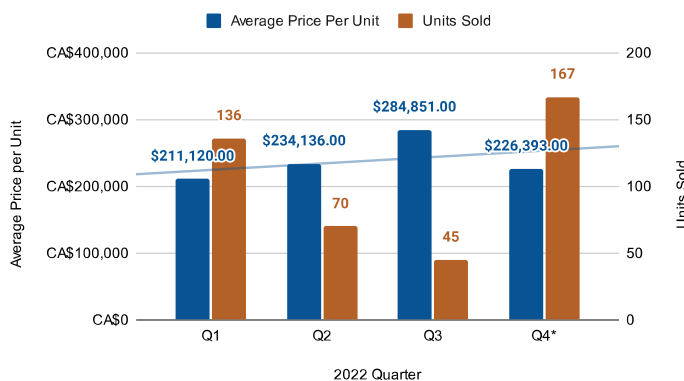
Personally, I hold an optimistic view that interest rates will stabilize in early 2023, and as inflation falls back into line and rates slowly decline, buyers will return in full force as the fundamentals of multi family investing remain extremely strong from a long term perspective.

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

Kyle

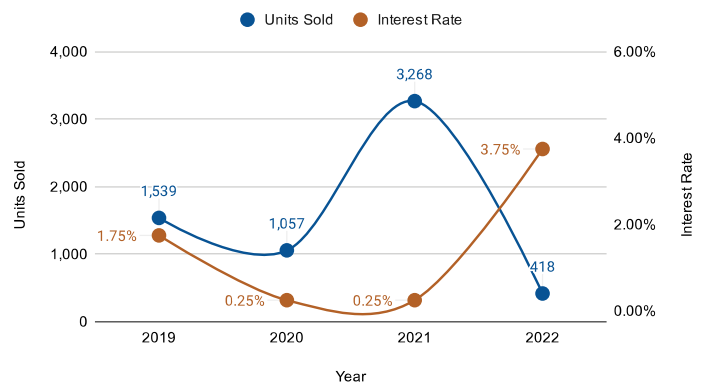
MULTI FAMILY MARKET INSIGHTS

AVERAGE PRICE BY QUARTER vs UNITS SOLD



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.

UNITS SOLD vs INTEREST RATE



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.



SCAN WITH YOUR
PHONE CAMERA

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

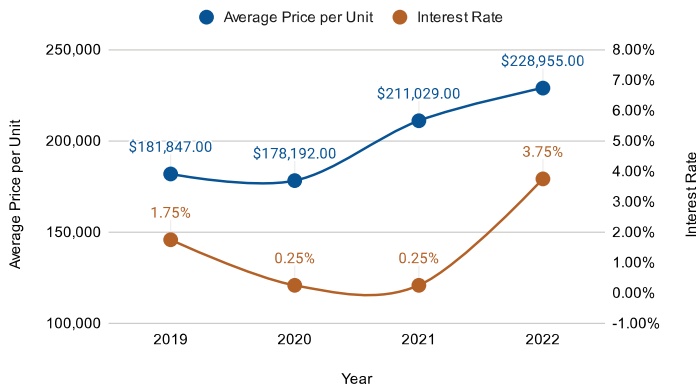


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AVERAGE PRICE PER UNIT vs INTEREST RATE



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.

OUR TEAM IS READY TO HELP YOU



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

PENDING

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

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

Waterloo
Sixplex
Sale Price \$1,400,000

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

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#4 in Canada
Royal LePage Commercial
Agent in 2021



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