

SVN ROCK ADVISORS  
PRESENTS



New Apartment Development  
Webinar Series

# NEW APARTMENT DEVELOPMENT

## 2020 KICK-OFF WEBINAR

# Purpose-Built Apartment Development Trends Webinar: Welcome!



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**The one big question every developer has to ask  
themselves before starting anything!**



# How Much New Construction is in the Pipeline for 2020?





# How Much New Construction is in the Pipeline for 2020?

Home > Apartment Crane Watch

## Apartment Crane Watch

SVN Rock Advisors Apartment Crane Watch gives developers the latest information about current and proposed apartment projects. The Apartment Crane Watch, is a map with details of major apartment construction projects currently underway in the Greater Toronto Area and Ottawa. Our next Crane Watch includes more of Ontario, with other markets in Canada to follow.

*Click on any of the points on our map and a pop-up box will show a description of the project, there are also links to other apartment construction stories, videos and more.*

51

New Rental Apartment  
Developments  
Under Construction

9,980

New Rental Apartment Units  
Under Construction

19

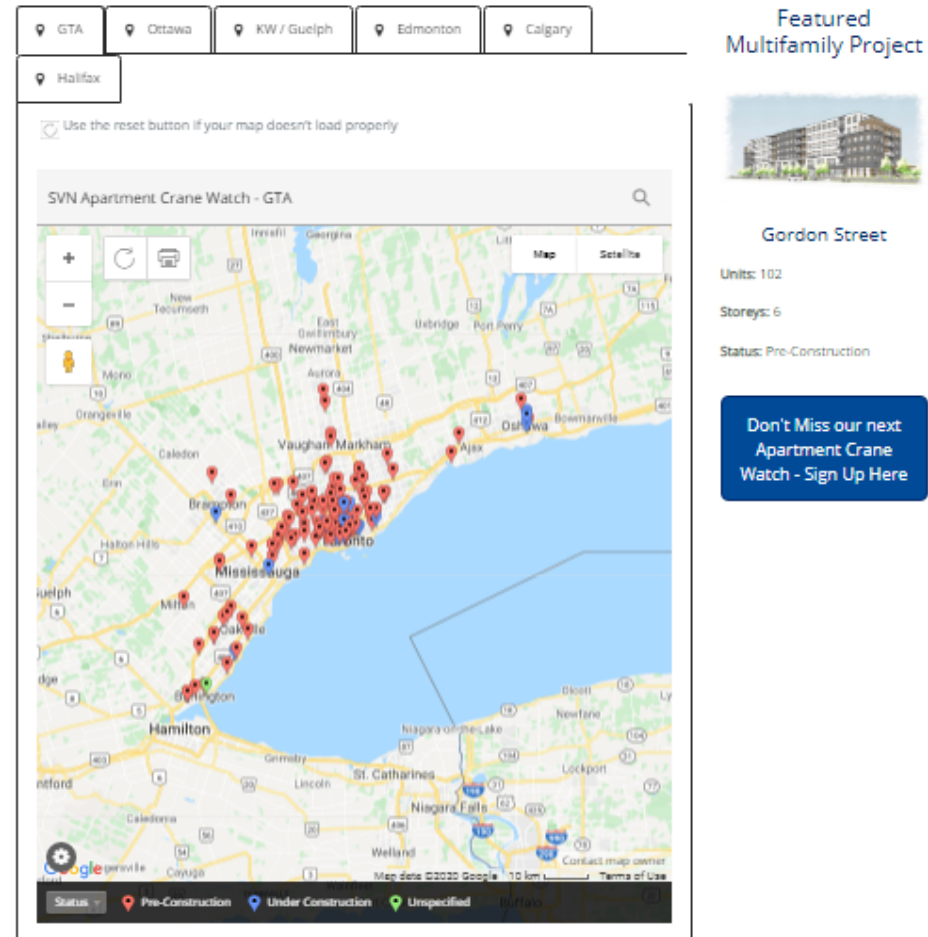
Average Storeys Per New Rental  
Apartment  
Development Under  
Construction

203

Average Units Per New Rental  
Apartment  
Development Under  
Construction

<https://svnrock.ca/apartment-crane-watch/>

# How Much New Construction is in the Pipeline for 2020?



# SVN Apartment Crane Watch: Upcoming Markets

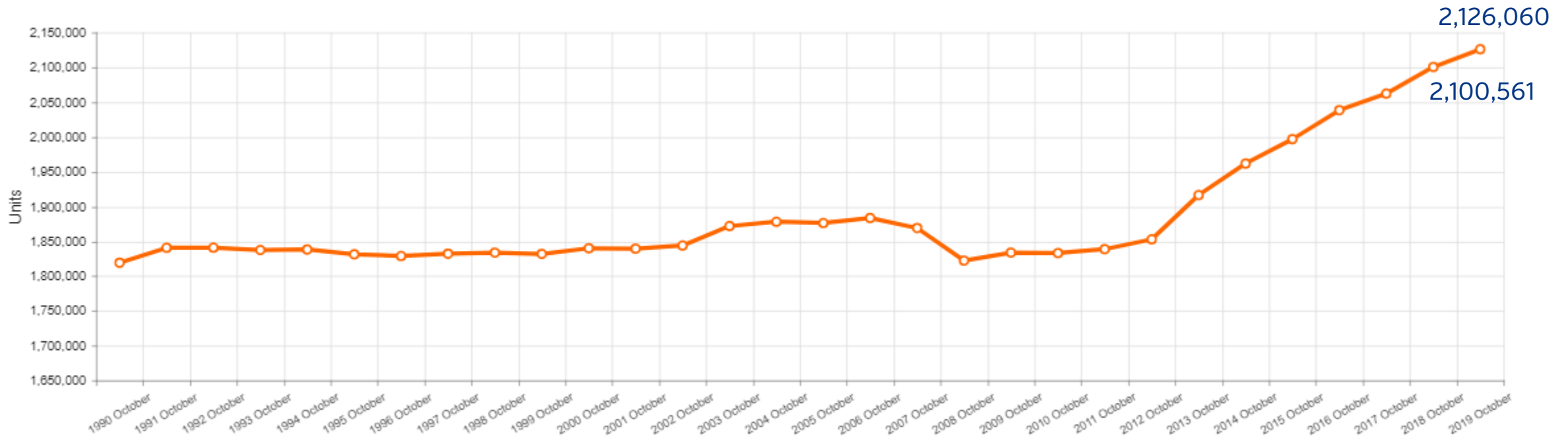


Market	Release Date
Vancouver	Q2 2020
Winnipeg	Q3 2020
Montreal	Q4 2020

# How Much New Construction is in the Pipeline for 2020?

## Purpose Built Rental Universe, Canada

*New Purpose Built Rental has Continued to Grow in 2019:  
Down 1/3<sup>rd</sup> from 2018, but almost 25,500 new units entered the market*



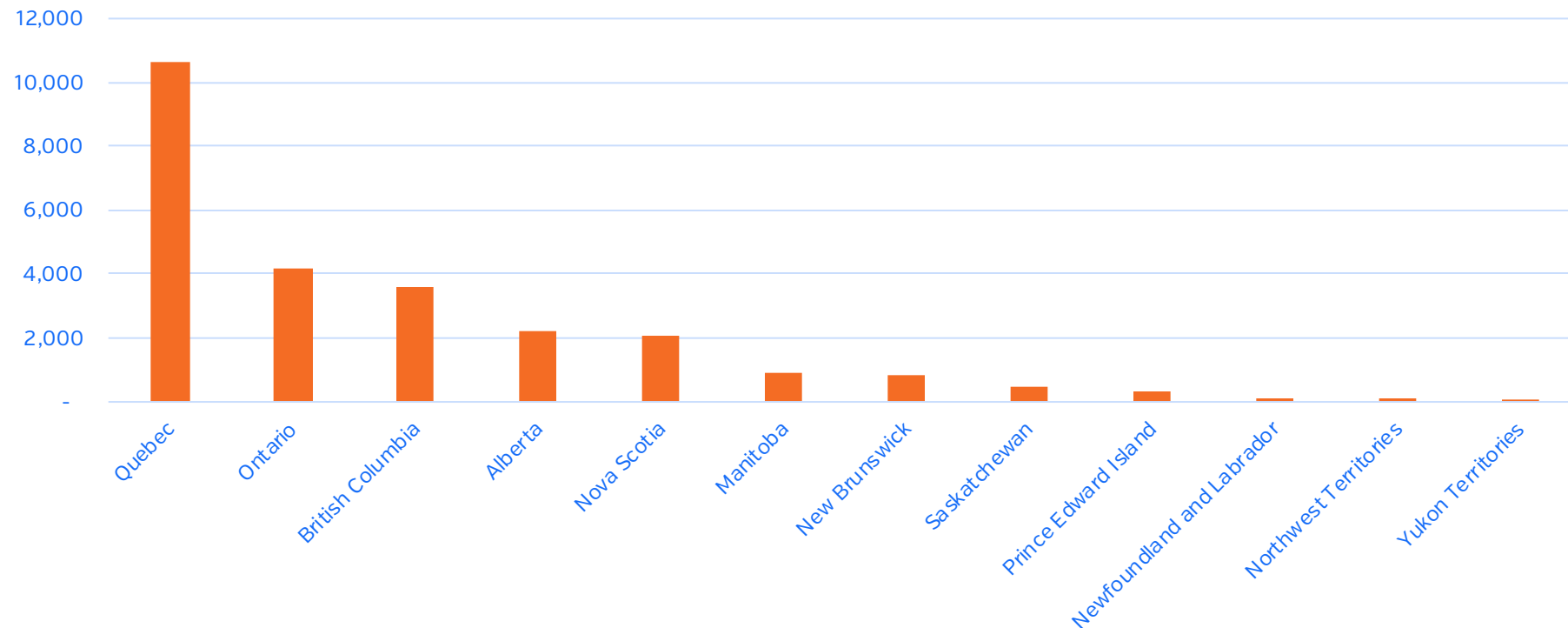
Source: CMHC, 2019



# How Much New Construction is in the Pipeline for 2020?

## Traditional Larger Markets Remain Strong

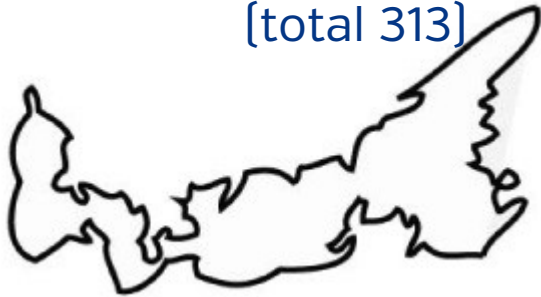
New Rental Apartment Units Entering Market: 2019



# How Much New Construction is in the Pipeline for 2020?

Where Did Development INCREASE last year?

PEI: +147 units  
[total 313]



NB +522 units  
[total 822]



NWT +93 units  
[total 95]



BC +1,253 units  
[total 3616]



NS +198 units  
[total 2,083]



# How Much New Construction is in the Pipeline for 2020?

## What's Coming for 2020?



### **Toronto:**

- Approx 3,000 units under construction
- 1,921 new units entered market in 2019



### **Halifax:**

- Approx 4,100 units moving through planning pipeline
- 1,778 new units entered market in 2019

# How Much New Construction is in the Pipeline for 2020?

## What's Coming for 2020?

### Edmonton:

- Approx 1,900 units under construction
- 870 new units entered market in 2019



### Ottawa:

- Approx 1,500 units under construction
- 1,206 new units entered market in 2019

# How Many Apartments can Each Market Absorb?





# How Many Apartments Can Each Market Absorb?



CMA	Rental Universe [2019]	Population [2016]	Rental Density
Montreal	591,466	4,098,927	14.4
Halifax	51,387	403,390	12.7
Toronto [City]	266,753	2,731,571	9.8
Moncton	12,873	144,810	8.9
Charlottetown	5,952	69,325	8.6
Winnipeg	62,624	778,489	8.0
Saint John	9,635	126,202	7.6
Victoria	26,889	367,770	7.3
Regina	14,550	236,481	6.2
Edmonton	78,604	1,321,426	5.9
Ottawa	71,210	1,323,783	5.4
Saskatoon	14,925	295,095	5.1
Vancouver	113,648	2,463,431	4.6
Calgary	44,530	1,392,609	3.2
St. Johns	4,133	205,955	2.0

London,  
ON:  
10.0

Burlington,  
ON  
5.5

Oakville,  
ON  
2.7

# How Many Apartments Can Each Market Absorb?



## Avg. Vacancy Rates by CMA for New Stock Rentals

2018-2019

CMA	2018	2019	Change
Saskatoon	9.7	3	-6.7
Winnipeg	4.9	2.8	-2.1
Regina	5.2	4.1	-1.1
Halifax	1	0.5	-0.5
Edmonton	4.7	4.4	-0.3
Montreal	1.7	1.5	-0.2
Ottawa	3.3	3.2	-0.1
Moncton	1.2	1.4	0.2
Vancouver	1.9	2.1	0.2
Victoria	1.6	2	0.4
Charlottetown	0.1	0.7	0.6
Saint John	1.1	1.8	0.7
Calgary	2.9	5.2	2.3
St. Johns	6.5	9.3	2.8
Toronto (City)	1.6	4.8	3.2

*Tightening of vacancy rates in most market, with modest growth in others.*

# The Development Process: In 3 Quick Minutes!



# The Development Process in 3 Quick Minutes!





# My Building is Worth How Much?!

New Apartment Construction Transactions





# Transactions of New Apartments

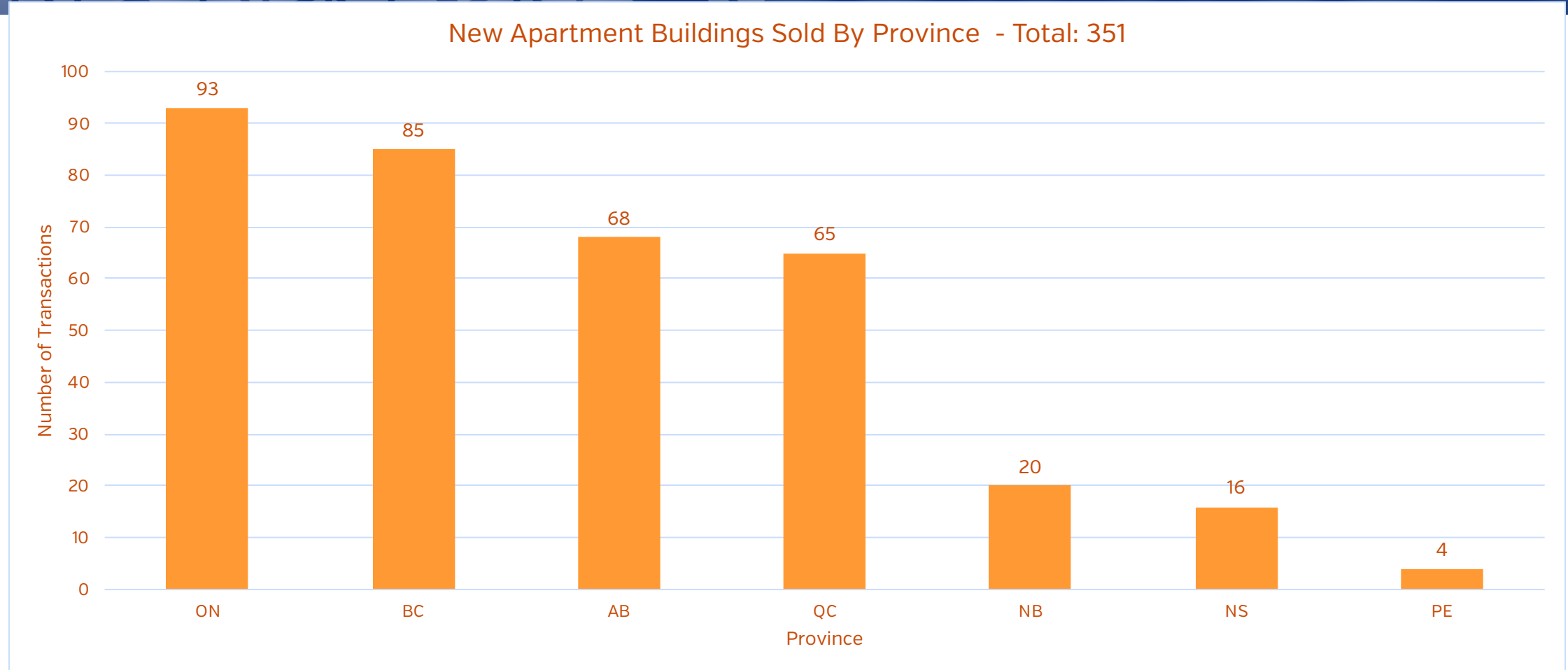


## DEFINITION:

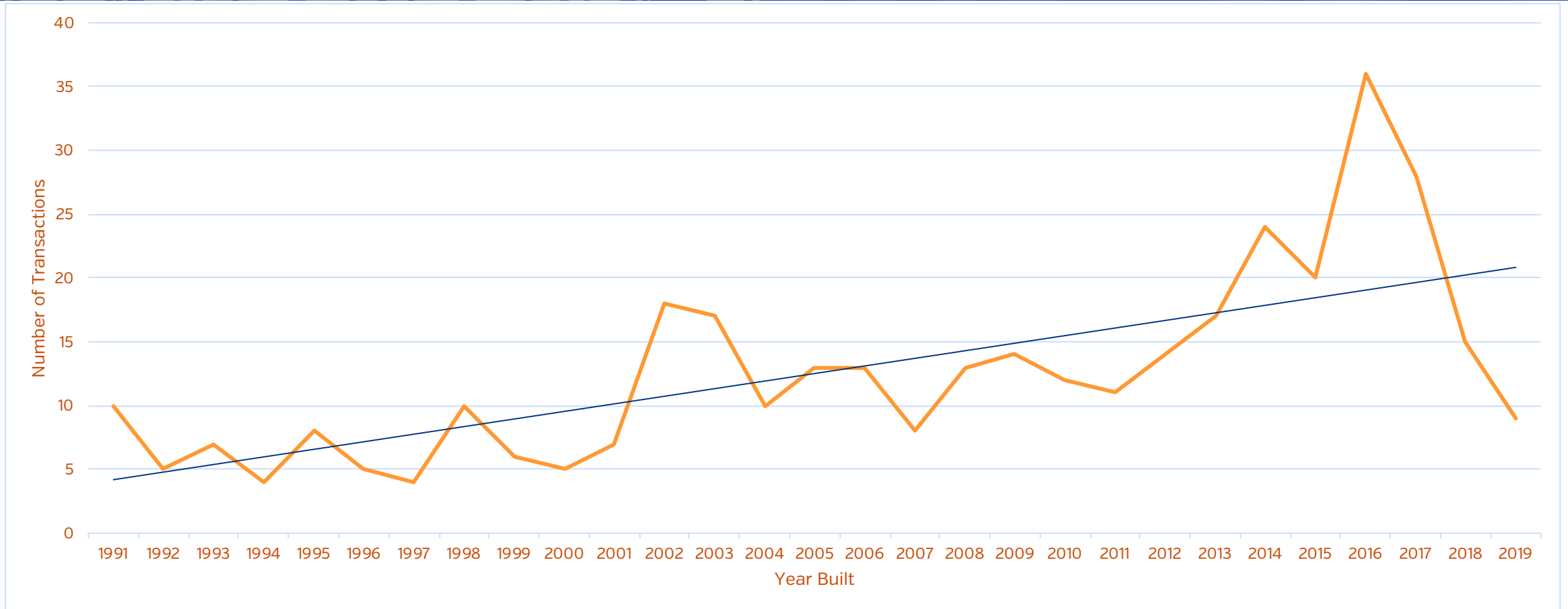
### New Apartment

A purpose-built, multi-family building built from 1991 through today.

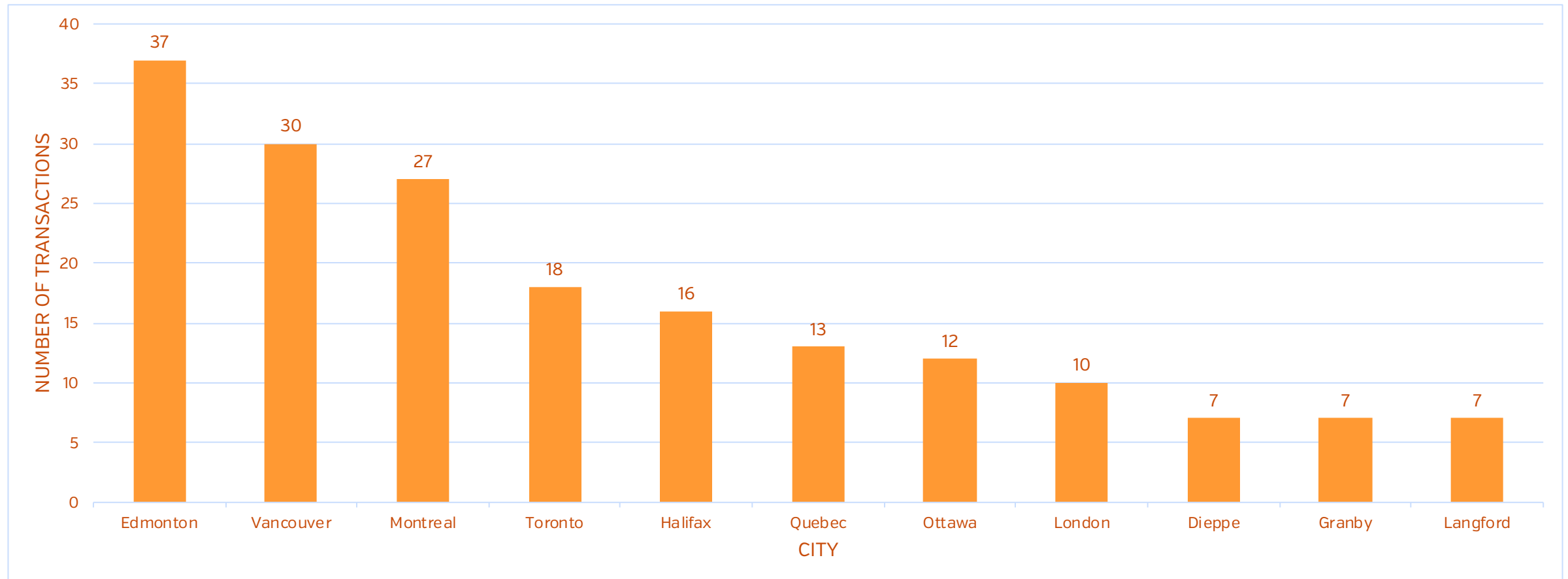
# # of Transactions of New Apartment Buildings by Province: 2019



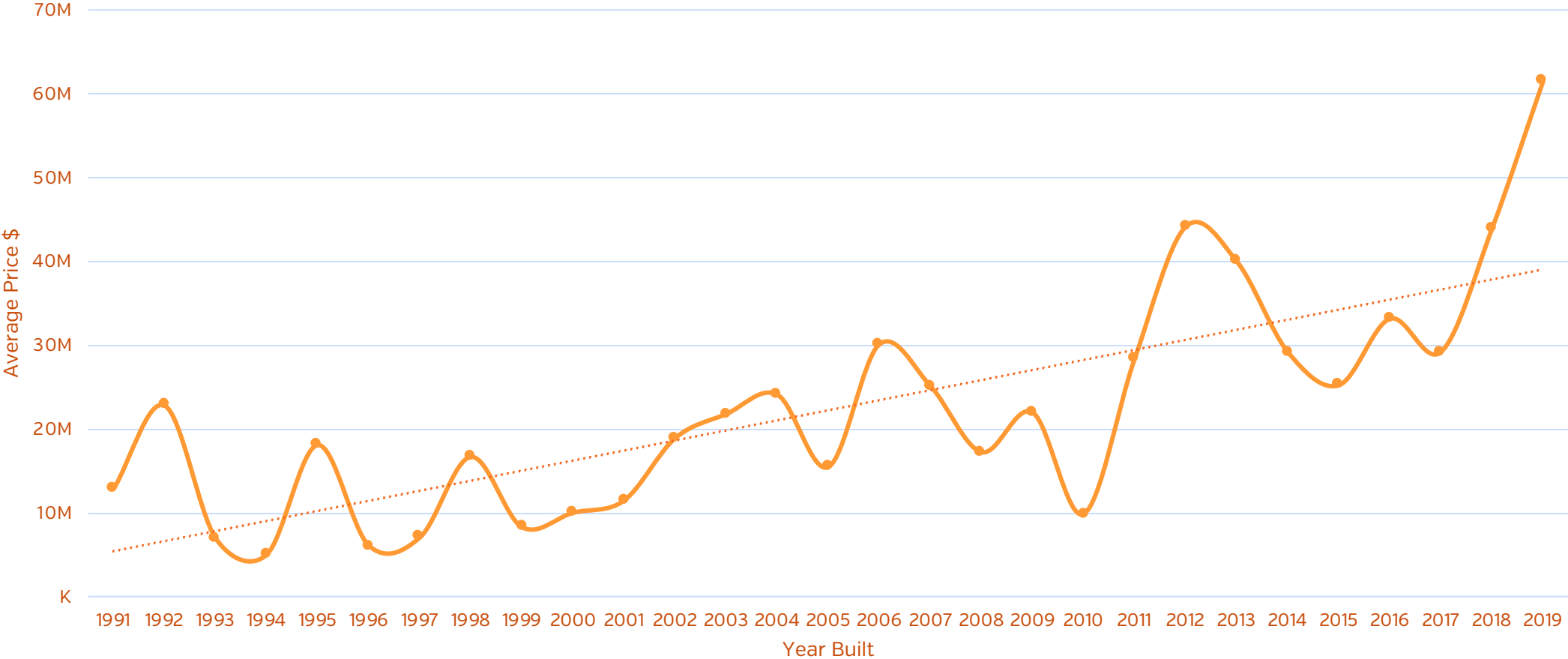
# # of New Apartment Buildings Sold by Year Built, in 2019



# # Transactions of New Apartment Buildings Sold by City [Top 10]



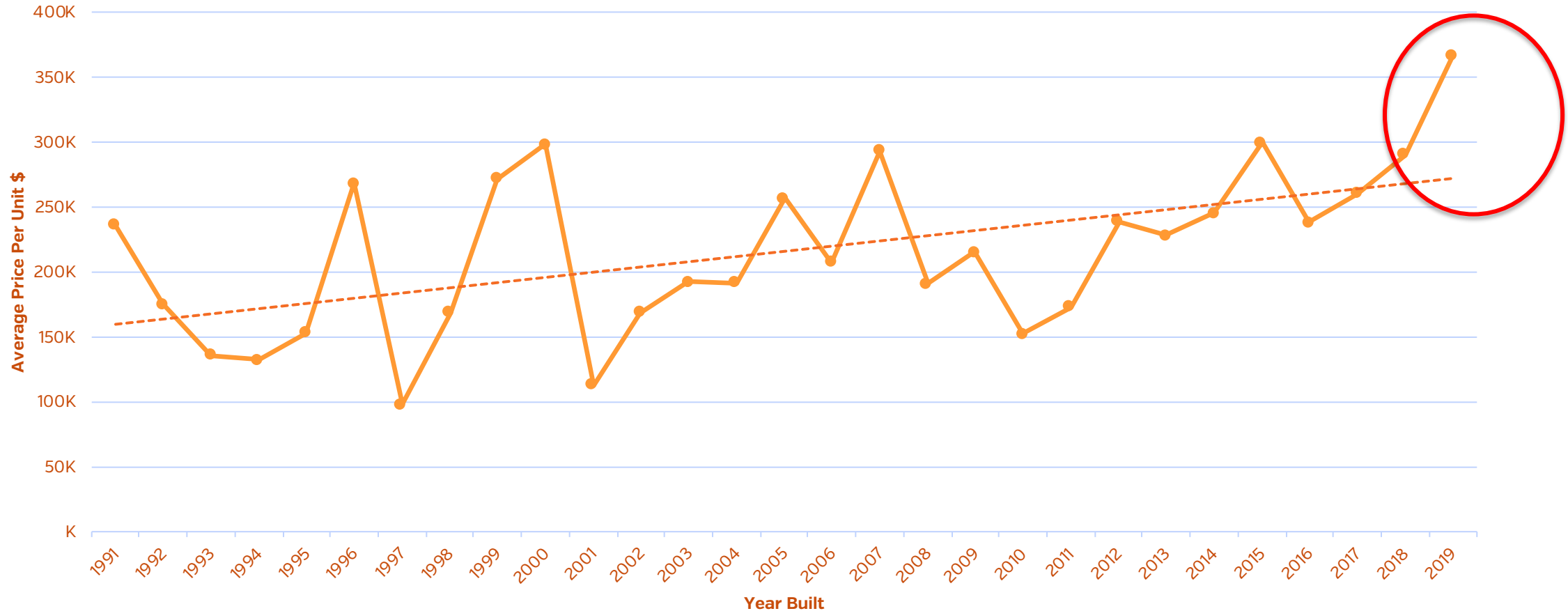
# Average Transaction Price for NAC Sales per Building By Year Built, for 2019 Transactions



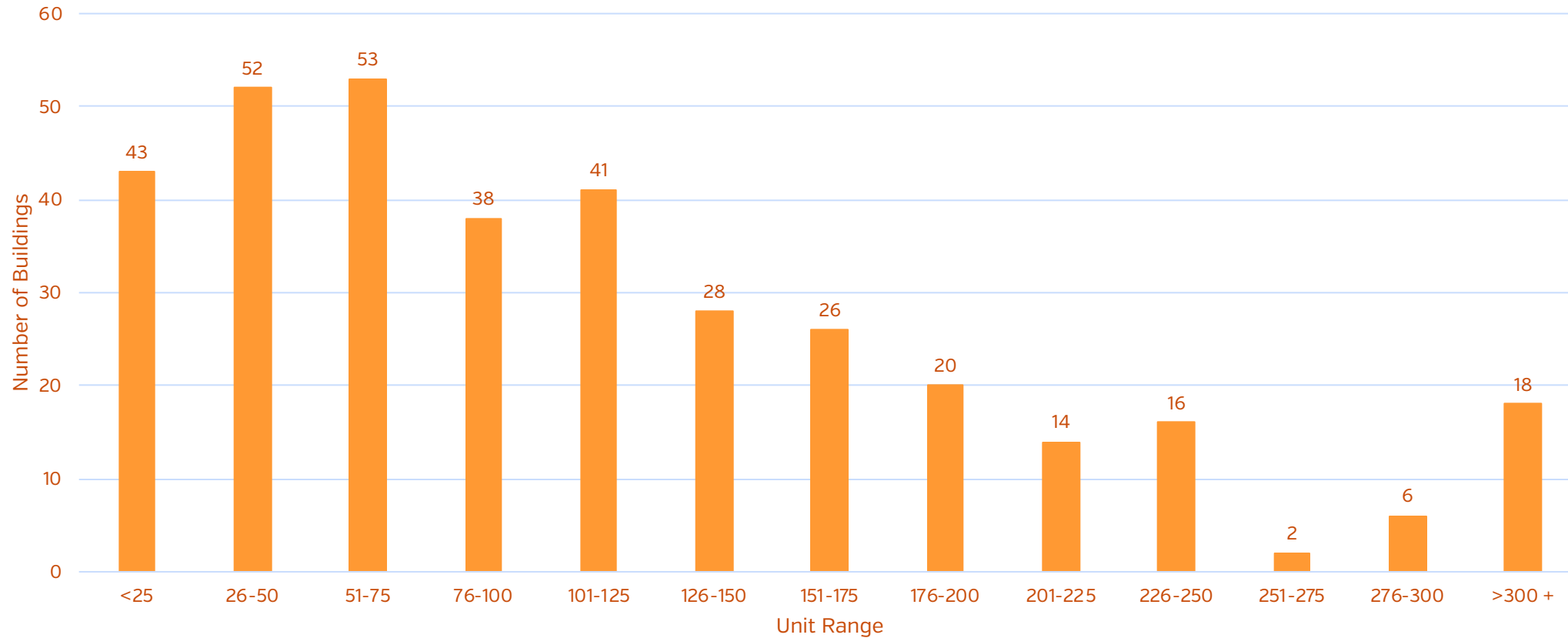


# Transactions of New Apartment Buildings (Per Unit)

Average Transaction Price Per Unit By Year Built



# Transactions of New Apartments in 2019 – Number Of Transactions By Building Size



# Cap Rates: Continued Compression



High Rise A	2016	2017	2018	2019	Change 2016 - 2019
Montreal	5	4.75	4.5	4.25	0.75
Ottawa	4.5	3.75	3.75	4	0.5
calgary	5	5	4.5	4.5	0.5
Kitchener/ Waterloo	5	4.75	4.75	4.5	0.5
Halifax	5.25	5.25	5.25	4.75	0.5
Edmonton	4.75	4.5	4.5	4.5	0.25
Vancouver	3	3	3	3	0
London	5.5	5.5	5.5	5.5	0
Toronto	3.75	3.75	3.75	3.75	0

- Cap Rates are not as low as you think!
- BUT - Continued compression in major markets

# Construction Costs Continue to Rise



With Parking Included in Construction Costs										
Up to 6 Storey (Hybrid Construction)	Vancouver	GTA	Montreal	Winnipeg	Ottawa	Halifax	St. Johns	Edmonton	Calgary	Total AVG
2016	240	220	200		220	220	225	230	230	223
2017	250	250	200	210	225	220	220	205	205	221
2018	290	265	215	225	235	235	235	220	220	238
2019	403	388	343	380	373	360	365	378	383	374
\$ Change 2016 - 2019	163	168	143	170	153	140	140	148	153	151
% Change 2016 - 2019	68%	76%	71%	81%	69%	64%	62%	64%	66%	68%
Up to 4-Storey Wood-Framed Condo	Vancouver	GTA	Montreal	Winnipeg	Ottawa	Halifax	St. Johns	Edmonton	Calgary	Total AVG
2016	165	155	145		165	155		175	175	162
2017	195	170	145	160	170	155	165	160	160	164
2018	225	195	170	175	185	160	170	175	170	181
2019	383	338	293	340	323	285	310	338	333	327
\$ Change 2016 - 2019	218	183	148	180	158	130	145	163	158	165
% Change 2016 - 2019	132%	118%	102%	113%	95%	84%	88%	93%	90%	101%
13 - 39 Storeys	Vancouver	GTA	Montreal	Winnipeg	Ottawa	Halifax	St. Johns	Edmonton	Calgary	Total AVG
2016	270	260	245		255	240		300	290	266
2017	315	270	260	270	255	240		270	260	268
2018	325	290	280	295	275	260		295	285	288
2019	418	393	358	390	383	370		388	378	384
\$ Change 2016 - 2019	148	133	113	120	128	130	0	88	88	119
% Change 2016 - 2019	55%	51%	46%	44%	50%	54%	0%	29%	30%	45%
Up to 12 Storeys	Vancouver	GTA	Montreal	Winnipeg	Ottawa	Halifax	St. Johns	Edmonton	Calgary	Total AVG
2016	250	240	210		240	230	250	270	270	245
2017	280	265	230	250	240	235	240	245	245	248
2018	315	280	245	270	255	250	255	265	265	267
2019	423	403	353	395	378	360	375	393	393	386
\$ Change 2016 - 2019	173	163	143	145	138	130	125	123	123	141
% Change 2016 - 2019	69%	68%	68%	58%	57%	57%	50%	45%	45%	57%
Avg UG Parking	Vancouver	GTA	Montreal	Winnipeg	Ottawa	Halifax	St. Johns	Edmonton	Calgary	Total AVG
2016	107.5	125	95	0	125	127.5	145	125	115	107
2017	108	128	95	110	125	118	130	118	108	115
2018	123	133	103	105	128	125	140	110	108	119
2019	143	138	113	130	133	125	140	133	133	132
Change 2016 - 2019	35	13	18	20	8	-3	-5	8	18	24
% Change 2016 - 2019	33%	10%	18%	18%	6%	-2%	-3%	6%	15%	23%

# 5 Key Questions Every Apartment Developer Should Ask Themselves



1. Should You Build?
2. What Should You Build?
3. What's the Depth of the Market?
4. How Much Rent Can You Charge?
5. What Will My Building Be Worth?



## Upcoming Events

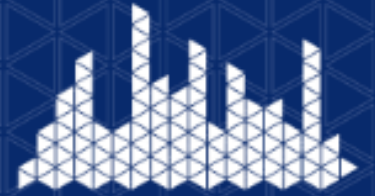
### Apartment Seminar Series



# 2020 Apartment Seminar Series



SVN ROCK ADVISORS  
PRESENTS



**The 9<sup>th</sup> Annual AptCon:**  
**The New Apartment  
Development Symposium**

Toronto | June 3 & 4, 2020



# 2020 Apartment Seminar Series



# 2020 Apartment Seminar Series:

## 9<sup>th</sup> Annual AptCon – Program – Day 1



- **Session 1:** The Apartment Developers' Panel & Major Transactions Completed
  - **Session 2:** The State of Apartment Development Across Canada, & Opportunities that Exist for Land Owners, Developers \* Pension Funds
  - **Session 3:** Apartment Research Methodology to Improve Profitability from Initial Feasibility Study, to Lease-Up, to Stabilization
- 
- *Reception on Patio w/ Jazz Band*
  - *Apartment Developers' Dinner (By Invitation Only)*
  - *Informal Meeting in Lobby Bar*



# 2020 Apartment Seminar Series:

## 9<sup>th</sup> Annual AptCon – Program – Day 2



- **Session 4:** Finding, Buying & Entitling Land for Apartment Development
- **Session 5:** Intensifying Shopping Centres & Apartment Sites with Purpose-Built Rentals
- **Session 6:** The Capital Stack, Financing Apartments, and Affordable Housing
- **Session 7:** Development Panel – Building Design, Structuring Joint Ventures, and Profit Splits
- **Session 8:** Structuring Purpose-Built Rental Apartments for Inter-Generational Family Owned Companies for Longevity
- **Session 9:** Alternative Rental Housing Options that Drive Rental Rates

# 2020 Apartment Seminar Series: 9<sup>th</sup> Annual AptCon - Registration



**Coming Soon!**

<https://svnrock.ca/aptcon/>



# Join Us In Vancouver!



## WESTERN CANADA APARTMENT INVESTMENT CONFERENCE CALGARY / EDMONTON / VANCOUVER

Vancouver Convention Centre East  
Wednesday, April 1, 2020

## What's 1 Piece of Advice That You've Never Given Before in Public?

