
The Matt Mysak Report



FALL 2005

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Is the Market Up, Down or Both?

The newspapers and trade magazines lately share no consensus as to the direction of the market. Some are stating that prices have peaked and sales are down, while others note how well the real estate market is doing and that sales are up. Is all this confusing? You bet! The reality of the situation is that BOTH commentaries are right. It all depends on the data they are using, and whether it is national, provincial, or local.

The Southern Ontario market has enjoyed a few years of vibrant activity. There are some areas of Toronto where that activity

continues, while other areas have slowed down. This seems to indicate that a period of adjustment has started. Demand for well managed apartment buildings remains very strong and buyers are willing to pay a premium for such buildings.

CMHC Apartment Building Financing

A common misunderstanding when financing an apartment building is that Canada Mortgage and Housing Corporation (CMHC) costs are too high. A further analysis however, gives one reason to reconsider.

A large number of lending institutions offer interest rates on CMHC insured mortgages that range

from 0.75 % to over 1.0% lower than conventional uninsured mortgages. The interest rate savings often exceed the cost of the one time CMHC premium and application fee within the first five years of the mortgage. Also, the insurance remains on the mortgage for the full amortization providing the borrower with significant interest savings at each renewal.

Other advantages are:

First mortgage financing available up to 85% of the property value, CMHC may allow seller take back financing behind the first mortgage up to a maximum of 90% of the sale price,

Limited personal guaranties & more.

FOR SALE



SCARBOROUGH, 72 units in good rental area. Many improvements.

FOR SALE



TORONTO, 16 units in Kensington market. Built 1988 Ask \$3,200,000.

FOR SALE



TORONTO, 22 units operated as 25 excellent return. Asking \$1,295,000.

CALL NOW FOR A FREE,
NO OBLIGATION MARKET
EVALUATION

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