



CONDO BANK
YOUR PRE CONSTRUCTION EXPERTS

PRE-CONSTRUCTION GUIDE



CONDO BANK
YOUR PRE CONSTRUCTION EXPERTS

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PRE-CONSTRUCTION | ASSIGNMENTS | INVESTMENTS



Signature Realty
IND. OWNED & OPERATED BROKERAGE

Not intended to solicit those currently under contract with another brokerage.

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WHY BUY PRE-CONSTRUCTION CONDOS?

In the GTA's hot real estate market, an early purchase of a pre-construction condos can net a substantial profit once the building is completed. Even with growing concerns about market saturation and shifting costs, pre-construction condos are still an excellent investment.

Instead of waiting a few years to turn a small profit on resale, converting real estate into a rental property can be a lucrative long-term investment. Strategically purchasing and renting out an urban condo can build your equity and earn you long-term returns from your paying tenants.

Canada's currently low lending rates allow you to borrow cheaply and generate income greater than your mortgage payments. With the right property, rental income pays down your principle and monthly fees. You own the property, but a renter pays your mortgage.

Deposit Structure

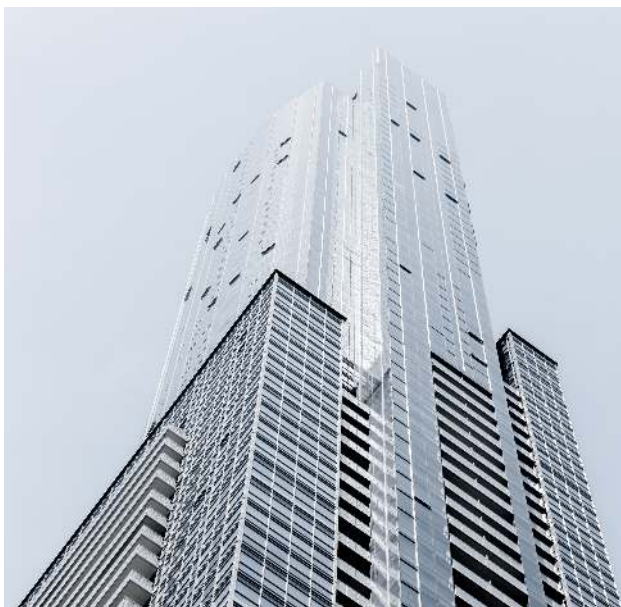
While deposits and deposit structures vary from building to building, most real estate investments require a 5-20% down payment. When looking at a \$300,000 unit, that's a \$60,000 deposit upfront. Not everybody has that amount of money lying around. In fact, very few people do.

International/foreign buyers typically have a deposit structure of 35%.



Pre-construction projects have structured deposit schedules with the ability to spread out that initial down payment over the course of the construction period--often in installments of 5% at the 30, 90, and 180 day mark. This varies by developer and project, but each one uses a deposit schedule. This requires less up-front cash and gives you more time and flexibility to save for your unit.

Instead of putting a huge chunk of savings into a project you won't touch for years, deposit timelines allow you to have a more flexible cash flow schedule as you prepare for occupancy.

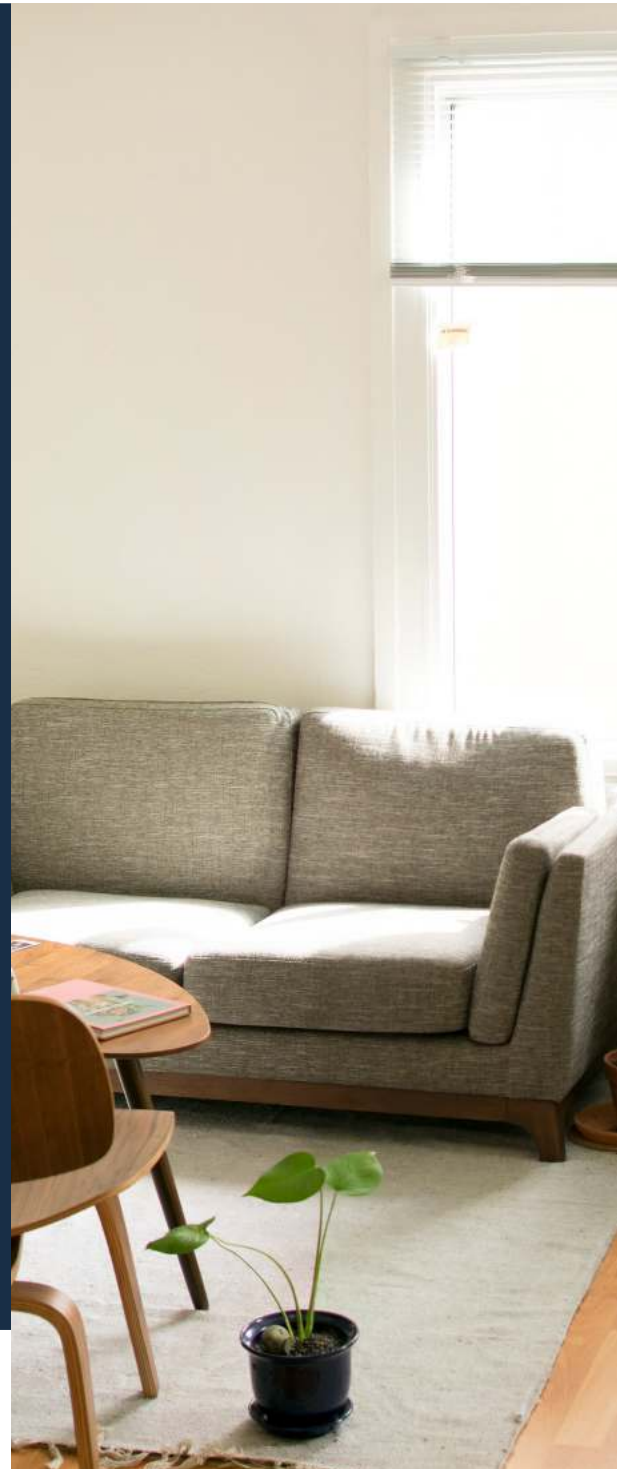


WHY INVEST IN THE GREATER TORONTO AREA (GTA)

There is increasing demand for pre-construction condos in the GTA. Understanding what drives the demand is important.

- 150,000 Condos Sold in Past 3 Years
- Condo Prices Up 50% in 3 Years
- Avg. Downtown Price > \$1,000 PSF
- \$100,000+ Income to buy Avg. Unit
- Avg. Condo Rent = \$2,385
- 120,000 New Condos in Development
- Condo Vacancy Rate = 0.7%

The GTA has an opportunity for expansion and growth, unlike other cities in the world. Additionally, the housing demand in the GTA has not been met. Foreign interest in the GTA real estate market remains strong. Based on strong employment, land development constraints, growing population and low interest rates, the upward trend for the GTA real estate market has just begun.



CURRENT MARKET STATS ENDING 2018



- New condominium apartment sales in the Greater Toronto Area totaled 20,028 units in 2018, declining from a high of 34,697 sales in 2017 and moving back in line with the 10-year average of 20,493 units sold between 2008 and 2017. Sales in Q4 reached their highest level of the year at 6,040 units.
- New supply entering the pre-sale market outpaced demand in 2018 for the first time in five years as 23,739 units were launched. This led unsold inventory to increase by 48% year-over-year to a more than two-year high of 13,044 units in Q4-2018, but remaining below the decade average.
- Sold prices within 2018 pre-sale launches continued to soar, rising by 16% to a record \$921 psf (\$1,117 psf within the former City of Toronto) to bring the two-year increase to 56%. The sold index price for all active projects increased by 9% in Q4 to \$764 psf. For new unsold condos, average asking prices grew by just 0.4% between Q3 and Q4 to \$978 psf, representing the smallest quarterly increase in nearly three years.
- Looking ahead to this year, we are projecting new condominium apartment sales to remain fairly close to 2018 and the long-run average, slipping to 18,500 units. This should occur as somewhat fewer new units are launched for pre-sale (20,500 units) and absorption rates continue to trend back to their historic norms.
- New condo price appreciation is expected to converge with resale price growth, which has stabilized over the past three quarters at an annual rate of 6%.
- A higher level of condominium completions in 2019 should also work to slow price growth this year as a record 21,991 units are expected to finish construction, representing a 29% increase from the 16,994 completions recorded in 2018.
- The upward trend for completions is projected to continue building momentum into 2020, which will lower the total amount of construction underway in the GTA from the record high of 68,709 units as of the end of 2018. As this occurs, some upward pressure should be taken off of construction costs.

ABOUT THE GREENBELT PLAN POLICY



The Greenbelt Plan policy was introduced to protect green zones, making developmental land scarce. Value of land and pre-construction increased as a result.

The introduction of the policy also forced developers to build low-rise units OUTSIDE the Greenbelt (north of Newmarket and beyond) or build high-rise units INSIDE the Greater Toronto Area (GTA). Greenbelt.

Effects of the Greenbelt Act

- Within two years, the Greenbelt Act reduced the gap between low-rise units being sold and the amount of high-rise units being sold. Notably, high-rise units outsold low-rise units for the first time and the trend is expected to continue.

THE IMMIGRATION FACTOR

Canada receives between 280,000 to 300,000 newcomers every year, including those who move to big cities like Toronto, Vancouver and Montreal. Toronto in particular receives between 100,000 to 150,000 immigrants yearly. That's 822 per day, 34 people per hour. An examination of the policies and business trends shows this trend is expected to continue for many years. In 2015, approximately 40,000 new homes were required to accommodate newcomers in the GTA, which is expected to have a population of more than 9 million people in 2036. As part of its 2018-20 Federal immigration levels plan, Canada will welcome 310,000 new permanent residents in 2018, 330,000 in 2019 and 350,000 in 2020 (Source: The Canadian Press). That's good news for the condominium business to thrive!



GTA POPULATION & PROJECTED

Don't be misguided by a perception that condominium supply in Toronto has reached saturation point. However, it is important to note the following;

- Population continues to grow on a yearly basis.

"We are now looking at building out the last duration of the downtown," says Jennifer Keesmaat, Toronto's chief city planner. "We already have more than 275,000 people living in the core and we plan to double that population over the next 20 years."

- According to data collected from City Hall, another 272,000 units or 3,200 towers are in the pipeline--under review, being appealed or actively under construction. In fact, every two years we are building a city the size of Kingston, Ontario.

- The City of Toronto is loading more costs on to new development, costing consumers thousands. Since 2004, development charges have increased between 236 and 878 per cent across the GTA. Once the City of Toronto finishes the phase-in of its latest round of increases in 2020, the increase over 2004 levels will be a whopping 1,700 per cent. Source: Toronto Star

Toronto: Fastest Growing Tech Hub in North America

The city created 28,900 tech jobs in 2017, 14 percent more than in 2016, and up 52 percent over the past five years. Toronto's additional tech jobs in 2017 totaled more than the San Francisco Bay, Seattle and Washington, D.C. markets combined.

According to PwC Canada and CB Insights' latest report, total venture capital funding to Canadian tech companies in Q1 of 2018 increased 52 percent, with \$1.28 billion (\$1 billion USD) invested.

Salesforce announced that it will invest \$2 billion in its Canadian operations. Amazon is considering Toronto as its second headquarters. Companies like AirBnB, Facebook, Google, and IBM have had satellite offices in Toronto for year while Google, Shopify and Microsoft are in the process of building their new headquarters in Toronto.

Source: Medium.com

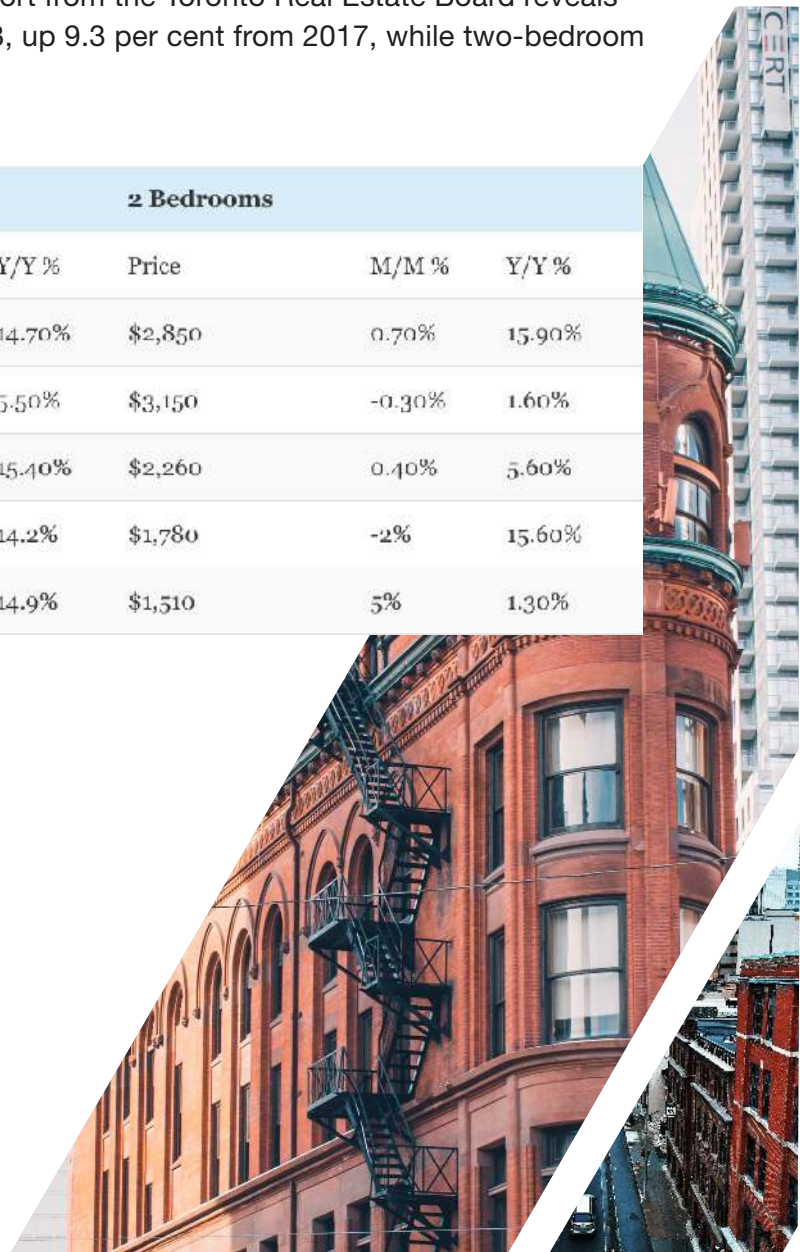
GTA RENTAL MARKET ENDING 2018

It's no secret that Toronto's rental market is a proverbial jungle; there have been reports of rents doubling upon lease renewal, showings drawing crowds of hundreds, and even bidding wars on who is willing to pay the most rent.

The city's rental vacancy rate is alarmingly low. According to the rental vacancy report put out by the Canada Mortgage and Housing Corporation, overall vacancy is now 1.1 per cent for all rentals in Toronto, and 0.7 per cent among privately-owned units such as condos and basement apartments, which make up the majority of the city's stock.

Rent prices also continue to rise: The Q3 rental report from the Toronto Real Estate Board reveals one-bedroom units now fetch an average of \$2,163, up 9.3 per cent from 2017, while two-bedroom units now cost \$2,822 — up 8.3 per cent.

		1 Bedroom			2 Bedrooms		
Pos.	City	Price	M/M %	Y/Y %	Price	M/M %	Y/Y %
1	Toronto	\$2,260	1.80%	14.70%	\$2,850	0.70%	15.90%
2	Vancouver	\$2,100	-0.50%	5.50%	\$3,150	-0.30%	1.60%
3	Burnaby	\$1,570	-0.60%	15.40%	\$2,260	0.40%	5.60%
4	Montreal	\$1,450	1.40%	14.2%	\$1,780	-2%	15.60%
5	Victoria	\$1,390	5.30%	14.9%	\$1,510	5%	1.30%



IDENTIFYING THE BEST PRE-CONSTRUCTION PROJECTS

THE GOOD NEWS:

Pre-Construction Projects Are Numerous And Found At Any Given Time. Identifying A Condo To Give You The Best Return For Your Money Requires Care.

THE PROBLEM:

Only 5% of condos launched daily are worthy investments.

THE SOLUTION:

Maximize a return on a project by researching the **Developer**, the **Location** and the **Value** proposition.

DEVELOPER

Research past projects and feedback on them. It is easy to compare promises with fact. Did the builder deliver on quality and workmanship? More importantly, did they deliver on time? This shows their commitment in what they are doing.

LOCATION

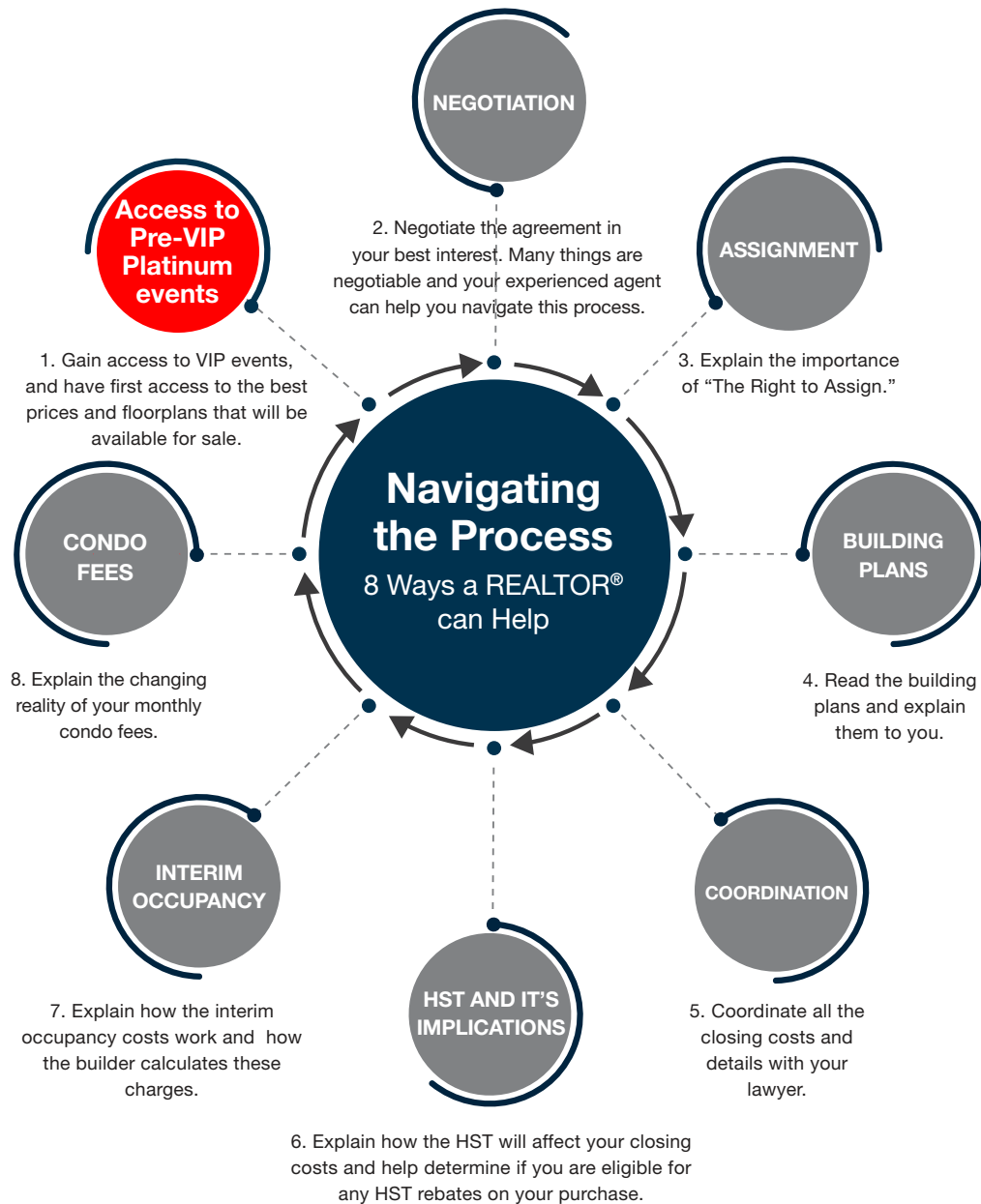
Buy a location with potential for growth. The Condo Bank Team can ensure proper research is conducted and if the potential for growth has a good ROI. Good locations are typically close to major employment centers (downtown for example), close to schools and universities, easy access to close proximity to public transit, and in well established or up and coming neighbourhoods.

VALUE

Know the cost per square feet for pre-construction condo projects. The Condo Bank Team can compare resale value trends and help clients understand their ROI. Before a purchase, we use a proprietary calculator to help our clients understand all the calculations related to pre-construction condos.



NAVIGATING THE PROCESS – 8 WAYS A CONDO BANK CAN HELP



8 WAYS A REALTOR® CAN HELP

The expert advice of a knowledgeable REALTOR® can save you tens of thousands of dollars on a pre-construction condominium. They can help you negotiate everything from upgrades to a cap on your development closing costs, which can be significantly more than a resale condo. Note: The builder also has a built-in fee for the buyer's agent. In fact, they DO NOT reduce the purchase price if you don't use a REALTOR®. This transaction has so many nuances & subtleties. It is a wise investment to seek the help of an experienced professional.



CONDO BANK CONCIERGE SERVICES



CONDO BANK IS A FULL SERVICE TEAM

We are committed to answering your queries in professional and knowledgeable manner, ensuring you of the highest rate of return on your investment. The Condo Bank Team is there from start to finish.

GUARANTEED Pre-VIP PLATINUM ACCESS

With our new and existing builder relationships,, Condo Bank is able to secure units for their clients

MARKET RENT GUARANTEE

Condo Bank and it's partner Empire Property Management guarantees a one year rental program for our client's fifteen days from possession.

BONUS INCENTIVES

Condo Bank is able to provide additional builder incentives such as capped levies, free lawyer review, extended deposit structures, credit for upgrades and free mortgage arrangements. *Incentives may vary with each project.

CONCIERGE SERVICES

The Condo Bank Team will pick-up the keys to your property and refer you to an interior designer or mortgage advisor. We refer you to skilled professionals!

DESIGN

We are available to assist with décor colour selections.

CONDO BANK REFERRAL NETWORK

has an extensive referral network, including professionals in various fields.

STAGING

Selling your property? We'll stage the property for you and add a WOW factor to help boost a sale.

MORTGAGE AND FINANCING OPTIONS

Our team has a system in place to get your mortgage approved quickly and easily. Our system is set up so that you can get your mortgage approval in person, online, or over the phone. What ever is easiest for you.

QUICK STEPS TO GETTING APPROVED, OR PRE APPROVED FOR YOUR MORTGAGE:

1. Contact me at AndrePersaudMortgage@gmail.com, or by phone at 416-559-8856.
2. Fill out an application at: <https://www.andrepersaudmortgage.com/apply.aspx>
3. Email or fax over any requested documents. I will know what to request based off of our initial contact.

NOTES FOR BUYERS WITH CANADIAN INCOME:

- Minimum down payment for a primary residence, or secondary home is 5% of the first \$500,000 valuation of the property, and 10% of anything that spills over that amount.
- For Example: Let's say you purchased a property for \$600,000.
The minimum down payment would be:
 - 5% of the first \$500,000 = \$25,000
 - Plus
 - 10% of the \$100,000 that spills over the \$500,000 = \$10,000
 - Equals a minimum down payment of \$35,000 on the \$600,000 purchase.

NOTES FOR BUYERS WITH NON-CANADIAN INCOME:

- Minimum down payment is 35%.
- Please be sure to speak to a Lawyer about the foreign buyer tax, and if you are subject to that tax.
- You may need to be in Canada at some point to sign with a Lawyer before the closing date.
This can be anytime within 3 months of the closing date on the purchase.
- Your down payment funds will need to be in Canada at least 30 days before the closing date.
**The reason I underline "closing date" is because if you are purchasing pre construction. You don't need to worry about the date you purchase the property. For mortgage purposes, we are focused on the eventual closing date of the purchase.*

Source: Andre Persaud, Mortgage Agent, Lic. #M14000772, SAFEBRIDGE Financial Group

FREQUENTLY ASKED QUESTIONS

What are DEVELOPMENT CHARGES?

Development charges are fees imposed by the city and collected from developers at the time a building permit is issued. The fees help pay for the cost of infrastructure required to provide municipal services to new development, such as roads, transit, water and sewer infrastructure, community centres and fire and police facilities. These charges are passed on to the purchaser at the time of closing. Condo Bank will make sure these fees are capped at the time of purchase.

What is the HST REBATE and what are the differences when applied to the purchase of a principal residence or investment property?

Once a tenant has moved into your BRAND NEW Investment Property you are entitled to an Investment Property Rebate of up to \$24,000. Many Investors do not claim the \$24,000 Investment Property Rebate because they have been misinformed that you need to be a Canadian Citizen.

When do I pay my closing fees?

Closing fees include: land transfer fees; builder closing costs; legal expenses; and HST* if applicable. All closing costs are due on registration day.

What is a PRE-DELIVERY INSPECTION?

PDI is one of your first opportunities to view your completed home. Your builder will guide you through a comprehensive inspection and may demonstrate how to operate the home's systems (ie. ventilation, plumbing and heating).

Any item that is damaged, incomplete, missing or not operating properly should be noted on the builder PDI form to verify that these conditions existed prior to occupancy. If something has not been installed or completed, this should be noted as well. Condo Bank will go to the PDI with or on behalf of you. Post-inspection, you will get a detailed PDI form.

When do I need to arrange my mortgage?

You are required to arrange and you can lock in your mortgage ahead of time and as soon as the condominium is registered with the city. Condo bank has mortgage brokers that specialize in pre-construction.

FREQUENTLY ASKED QUESTIONS

What is the difference between: MORTGAGE FEES and OCCUPANCY FEES?

OCCUPANCY FEES

- Interest On Unpaid Balance
- Est. Maintenance fees
- Est. Property Taxes

MORTGAGE FEES

- Principal and interest
- Maintenance fees
- Property Taxes

What is the difference between REGISTRATION and INTERIM OCCUPANCY?

Registration is the date when the title is transferred from the developer to the client. Interim occupancy is when the builder gives the purchaser keys. Registration is also when the closing costs are due: Land Transfer Tax; development fees; and legal expenses.

What are the rules around BUILDER DELAYS?

Developers are governed by Tarion which enforces the Ontario New Homes Warranties Act and regulations. Developers are required to give notice on the progress of the construction. For more information, visit: www.tarion.com

What is a COOLING PERIOD?

As per the Ontario Condominium Act, each developer has certain restrictions and rules to follow. These rules protect you--the consumer. When you buy a newly-built condo direct from the developer, you have the right to cancel the purchase within a 10-day calendar cooling-off period. Note: There is no cooling off period on re-sale condominiums.

Can I flip my unit? Is it a good idea?

An assignment clause allows the client to assign or 'flip' the property before registration.

This can be very lucrative for the seller

- Avoid closing costs & occupancy fees (including foreign buyer tax)
- Substantial gain on deposit paid depending on project & area
- Pull equity & profit out sooner to re – invest

It is not easy to sell since developers might not allow an assignment, or have strict rules regarding assignments. However Condo bank works very closely and has strong relationships with Ontario builders that allows us to do a lot more than an average broker.

FREQUENTLY ASKED QUESTIONS

What is TARIO WARRANTY?

Tarion is the new home warranty for all new homes built in Ontario.

- 1 Year - Covers everything except for damage not reported on PDI
- 2 Year - Covers all Mechanical systems
- 7 Year - Covers all structural

What is a CAPITAL GAINS TAX?

You have a capital gain when you sell, or are considered to have sold, what the Canada Revenue Agency deems “capital property” (including securities in the form of shares and stocks as well as real estate) for more than you paid for it (the adjusted cost base) less any legitimate expenses associated with its sale.

Foreign Buyer Tax & Capital Gain

The Foreign Buyer tax is a 15% tax on the purchase or acquisition of an interest in residential property located in Ontario by individuals who are not citizens or permanent residents of Canada or by foreign corporations (foreign entities) and taxable trustees. Capital gains are subject to 25% tax of the net profits.



PREFERRED PARTNER LIST

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