

THE CONNECT assetmanagement



2015Q3REPORT



CONNECT
asset management
> Real Estate Solutions for Investors



TABLE OF CONTENTS

3. About CONNECT
4. CONNECT views
5. Real Estate Market
6. Neighbourhood Spotlight
7. City of Toronto vs. Downtown Toronto
8. Rental Market
9. Office Market
10. Where to Invest Now
11. Where to Invest Next
12. Why Pre-Construction
Profit Potential
13. Methodology



CONNECT asset management

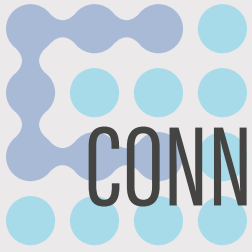
providing real estate solutions for investors



CONNECT asset management is made up of a team of award-winning condo investors, working with clients to secure high-yield investments in the pre-construction condo market. We work with you to build a real estate portfolio geared towards capital growth and passive income that will allow you to retire wealthy.

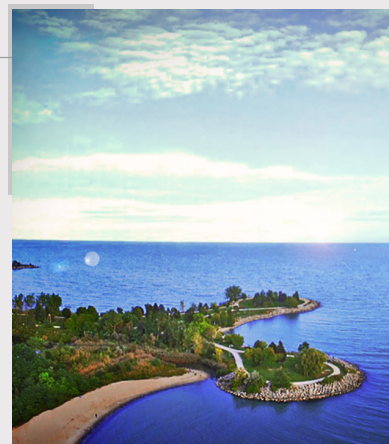
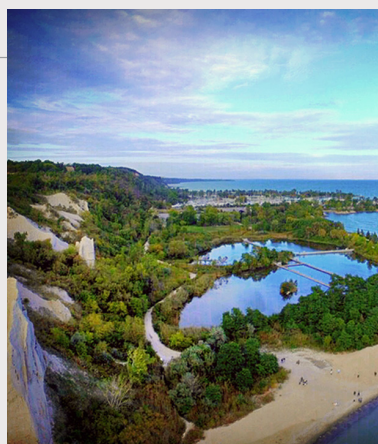
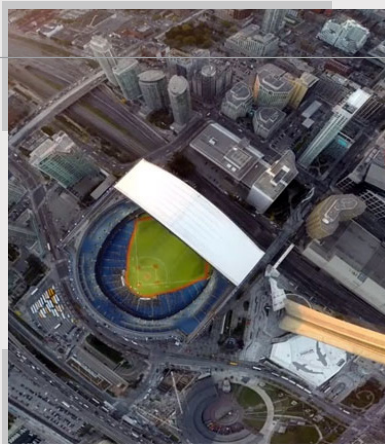
How does it work?
We negotiate directly with the industry's leading developers to secure discounts and incentives for our clients. By promising a high volume of sales in a short period of time, developers extend exclusive price discounts and incentives to us ensuring that our clients get access to the best units at the lowest prices.

We are committed to getting you the best units at the best prices at developments we believe in. In an attempt to bring transparency to an otherwise muddled industry, we take a data-centric approach to provide you with actionable insight into the world of condominium investing, including this CONNECT quarterly report.



CONNECT views

Enjoy the view from above



We are very excited about our new Phantom III Professional Drone here at CONNECT! Our drone has elevated us to a whole new level, with the ability to soar to new heights, vistas, and gorgeous views.

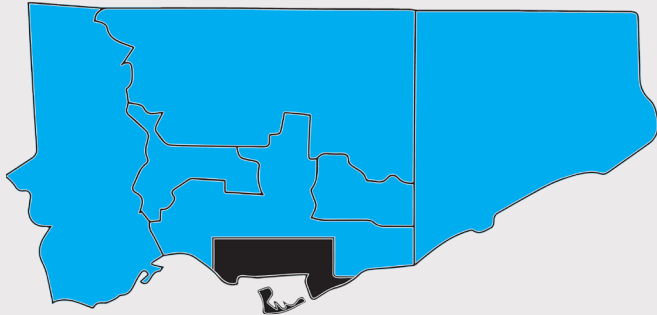
You can see more of our drone photos and videos on both our Facebook and Instagram pages:

Facebook: [facebook.com/connectasset](https://www.facebook.com/connectasset)

Instagram: [@connectviews](https://www.instagram.com/connectviews)

REAL ESTATE MARKET

THE CITY OF TORONTO MARKET (excluding Downtown market)



Houses

The Toronto Real Estate Market continues to bypass expectations. Median house prices have increased almost 9% in the past year alone to greatly outpace inflation, now at \$766,687. As Toronto continues to be a hotbed for immigration, innovation, new office space, and jobs, the supply for housing simply cannot keep up with demand.

Condominium Apartments

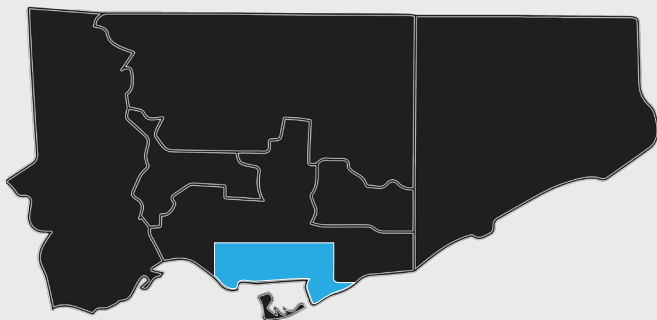
Condos are usually regarded for their affordable nature, especially compared to houses. However, condominium apartment prices have increased almost 3%, again, up to \$353,000, outpacing inflation. This stands in stark contrast to what was believed to happen to the condo market, with a popped bubble and housing crash. Condo prices continue to increase at a healthy amount each year, with strong demand seen from young professionals, those looking to downsize, retirees, and even families who want a more cosmopolitan lifestyle.

Condominium Townhomes

Condominium townhomes in Toronto increased over 9% in the past year, to a median price of \$425,000 in Q3 2015. Sale-to-list price has also increased, from 99 to 100%, showing strong demand and a healthy price increase.

REAL ESTATE MARKET

DOWNTOWN MARKET



Houses

The median price of a downtown house is now over \$1.3 million, up from \$1.1 million a year ago, a 18% increase. This is substantially higher than the median house price of \$766,687 for the rest of the City. Houses in the downtown core stay on the market for an average of 14 days, compared to 16 a year ago. Increased prices and fewer days on market can be contributed to high demand for downtown locations, and a dwindling supply of houses.

Condominium Apartments

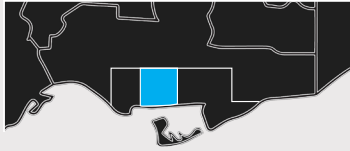
The Downtown market has seen even greater price gains in the condominium apartment market than the City, increasing over 4% from the same time last year. Median price in Q3 2014 was \$405,375, increasing to \$422,409 in Q3 2015. The number of days on the market remains virtually unchanged at 33, slightly higher than Toronto's 31 days for condominium apartments in Q3.

Condominium Townhomes

Condominium townhomes in the downtown core continue to out-price Toronto overall, \$530,029 versus \$425,000 respectively. Downtown condominium townhomes stay on the market for approximately 22 days, compared to 25 for the City as a whole. This suggests a stronger demand for this housing type downtown, and provides a more affordable alternative to houses in the core. As would be expected, sale-to-list price ratio in downtown was 103%, higher than the rest of the City at 100%.

NEIGHBORHOOD SPOTLIGHTS

DOWNTOWN WEST

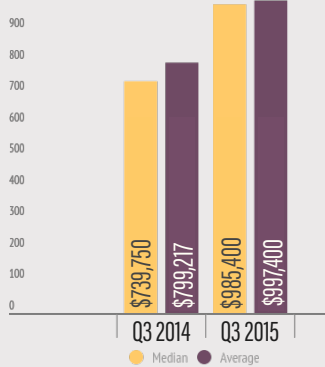


The median condo price in Downtown West increased to \$405,000 in Q3 2015, an increase of over 6% from the same time last year. Sale-to-list ratio stayed the same at 98%, indicating a strong market with high demand. The number of sales in this submarket increased by almost 3% from Q3 2014. While an increase of days on market from 35 to 36 could be regarded as a sign of over supply, increasing prices and only a modest increase in the number of listings proves otherwise.

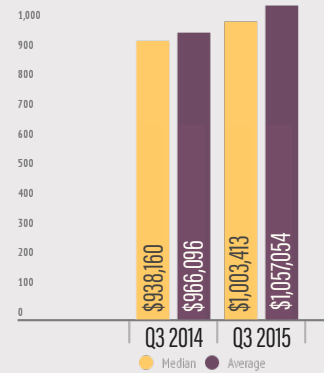
Houses in Downtown West outpaced the City in terms of prices, with the median selling price of \$1,003,413, compared with the City's \$766,687. This is an increase of almost 7% over last year for Downtown West.

In terms of rental rates, the Downtown West outpaced the City in all bedroom types. Year-over year however, the average lease price has stagnated from Q3 2014, which is due to shrinking condos sizes and smaller units on the market.

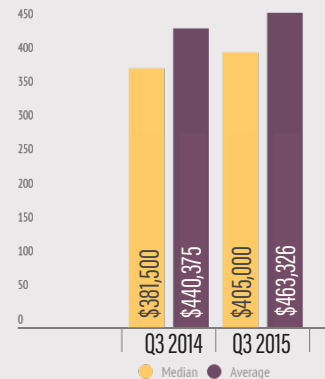
Houses- Downtown East



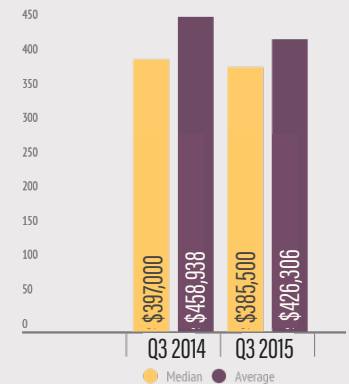
Houses- Downtown West



Condo Apartments- Downtown West



Condo Apartments- Downtown East



DOWNTOWN EAST



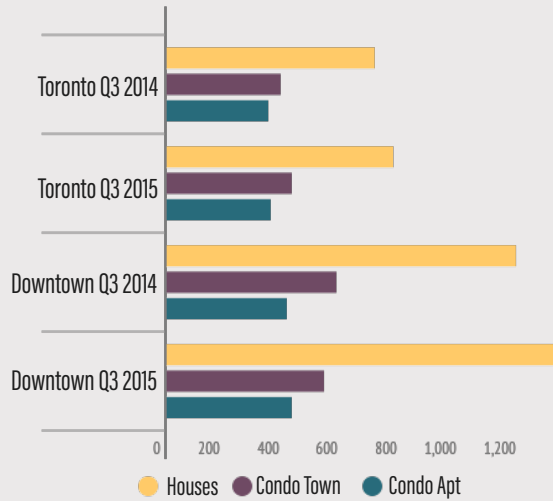
The Downtown East submarket actually saw a decrease to the median and average prices of condominium apartments from 2014 to 2015. However, this should not be cause for concern due to a main external factor: more smaller (and less expensive) units were sold. The Q3 median price for a Downtown East condominium apartment remained at a healthy \$385,500, with an average of \$426,306.

House prices in the Downtown East submarket increased substantially over the past year, with a median price of \$985,400 up from \$739,750 a year ago, an increase of over 33%. This is likely due to the fact of very limited supply, with continued strong demand for housing.

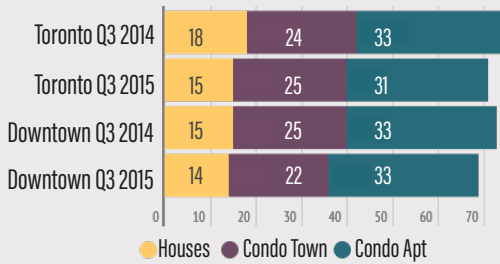
In terms of rental rates, Downtown East saw higher lease prices than the City of Toronto for all unit types except for bachelors. The lease prices of three bedrooms are very high in Downtown East, outpacing both the City and the Downtown West submarket.

CITY OF TORONTO VS. DOWNTOWN TORONTO

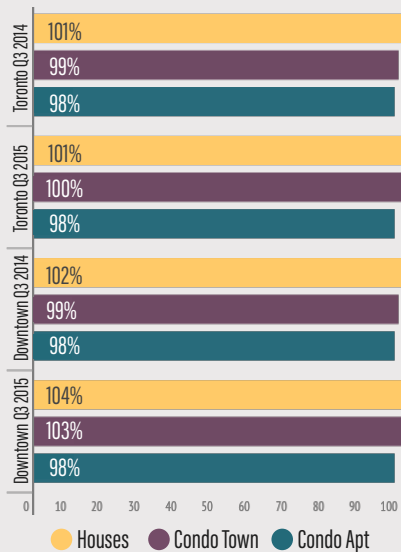
Median Prices- Toronto vs Downtown



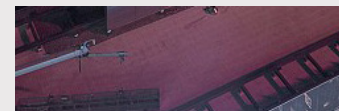
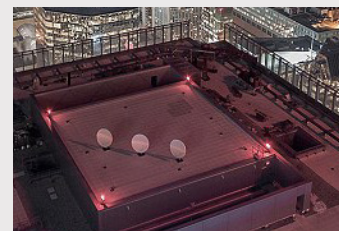
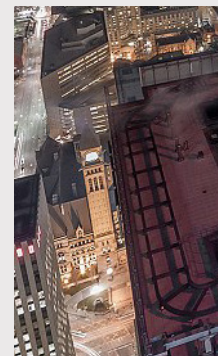
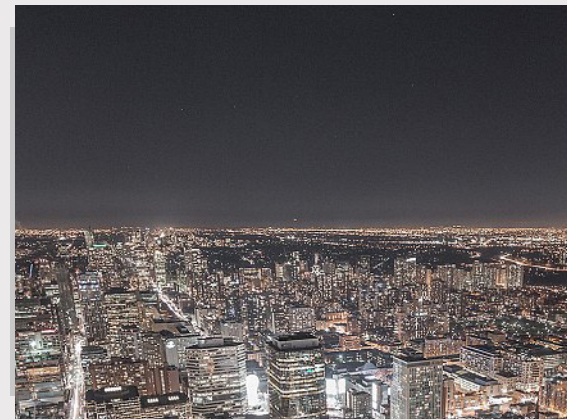
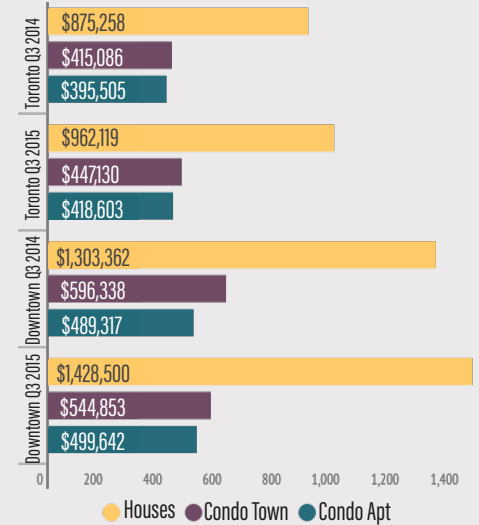
Days on Market- Toronto vs Downtown



Sale-to-List Ratio- Toronto vs Downtown

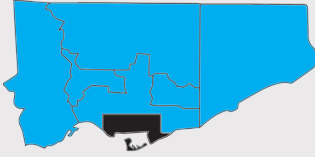


Average Prices- Toronto vs Downtown



RENTAL MARKET

TORONTO MARKET (excluding Downtown market)

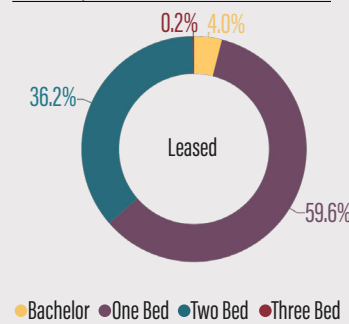


Toronto continues to have a strong rental market, with over 7,700 units leased in Q3 2015, an increase of over 25% from the same time last year. The greatest increase in amount of units leased was seen in the one bedroom category, increasing from 3,575 to 4,602, or a 28.7% increase.

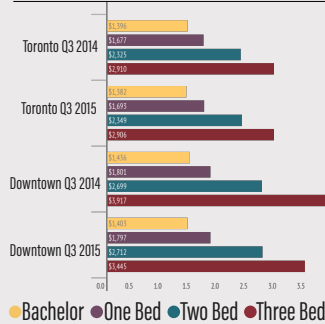
The average lease prices for the City of Toronto were seen in Q3 2015:

- Bachelor: \$1,382
- One Bedroom: \$1,693
- Two Bedroom: \$2,349
- Three Bedroom: \$2,906

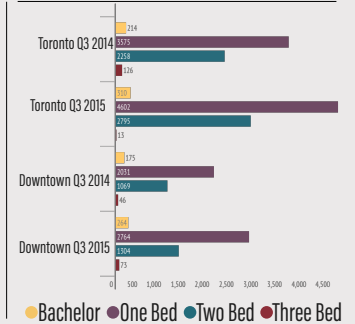
City of Toronto Condo Apartments Leased



Average Lease Price-Toronto vs Downtown



Condo Apartments Leased-Toronto vs Downtown



DOWNTOWN MARKET

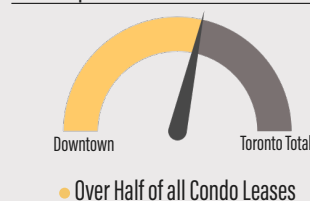


The number of leases downtown totalled 4,405 in Q3 2015, up an incredible 32.6% from the same time last year. As with the City as a whole, the greatest increase of leases were in one bedroom units, up 36% from last year.

Over half of the city's private-market rentals are located in this submarket, and this trend is expected to continue, as more people want a downtown lifestyle. Renting is a viable choice for many people who are either priced out of the resale/pre-construction

market, and those who wish to have more flexibility. As the Universities and Colleges in Toronto continue to expand, more students will be looking for places to rent during their time in the City, as buying is not an option for many. Additionally, as more companies move downtown, young professionals will be renting units that are accessible to their workplace and close to the action of the City.

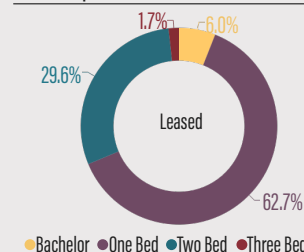
Condo Apartments Leased



The Downtown core continued to see stronger lease rates than the City on average. Average lease prices for Q3 2015 were as follows:

- Bachelor: \$1,403
- One Bedroom: \$1,797
- Two Bedroom: \$2,712
- Three Bedroom: \$3,445

Downtown-Condo Apartments Leased



“There was enough competition between renters in the third quarter to prompt moderate growth in average rents. Furthermore, rental market conditions through the first three quarters of 2015 suggest that condo rental vacancy rates have remained low from a historic perspective. With this in mind, it is reasonable to assume that positive average rent growth will be sustained through the end of the year and into 2016.”
JASON MERCER,
 TREB's Director of Market Analysis.

OFFICE MARKET

Toronto's downtown office market has consistently had one of the lowest vacancy rates in North America over the past several years. Q3 2015 saw vacancy rates of 2.3%, down from 2.6% the same time last year. The availability rate has also decreased from 7.7% to 7.4% in Q3 2015. Companies are flocking to downtown Toronto with its educated and skilled workforce, large amounts of new office buildings, and incredible accessibility to the entire Greater Toronto Area by both road and public transit systems. Companies like Facebook, Google, Amazon and Telus are consolidating office space across the suburban areas of Toronto and locating in the heart of the City. What does this mean for the condominium market?

Strong demand for rentals, as well as resale prices of condos, townhomes and houses in the Downtown, and locations within an easy commute to the core.

Of the five million square feet of office space currently being constructed in the GTA right now, four million of that is located downtown.

Every building that has been built within the past year in the South Core neighbourhood (located South of Union Station, close to Lake Ontario) has been 100% leased.

The downtown office and condominium markets are complementary: offices locate in the core due to a large workforce within an easy commuting distance, and more people decide to locate in the core in order to be closer to where the majority of workplaces are located. Both markets strengthen each other simultaneously.

High profile new construction developments include:

ADDRESS	FLOORS	SIZE	COMPLETION
22 Adelaide Street West	44	1,020,000	Q1 2016
351 King Street East	17	500,000	Q2 2016
1 York Street	35	800,000	Q3 2016
100 Adelaide Street West	40	905,722	Q2 2017
130 Queens Quay East	10	178,300	Q2 2019



WHERE TO INVEST NOW

At CONNECT, we have a special relationship with developers. We only deal with project that we believe in, and have a positive working relationship with. In return, developers respect us, and offer incentives such as unit price discounts, free assignments, discounted parking or better deposit structures.

Incentives vary by development so let us know what development you are interested in, and we can tell you how you'll get the best deal possible.

For more information including pricing, plans, our Investor Report and a reservation form please register: www.torontoriversidesquare.com www.danielswaterfrontdevelopment.com

DANIELS WATERFRONT

- Daniels Waterfront-Lighthouse Tower is touted as one of the most anticipated launches of 2015. Soaring 45 storeys above Lower Jarvis, in the heart of the East Bayfront neighbourhood, Daniels Waterfront will provide a true live-work-play community combining residential, commercial, retail, and educational space all on one site.
- Building amenities include a full size tennis court, state-of-the-art fitness centre, art/music studios, a home theatre, lounge, and roof top terrace.
- Why Invest? Daniels Waterfront-Lighthouse Tower will prove to be an iconic development for years to come. Unique elements such as The Yard, a pedestrian promenade with stores, restaurants and services will create a live-work community, and the rapidly expanding East Bayfront neighbourhood is seeing a high level of investment that will continue for years to come.



RIVERSIDE SQUARE

- Riverside Square is going to be a master planned community by Streetcar Developments on connected and thriving Queen Street East. The building will have a sustainable design with green roofs, as well as commercial and retail spaces. With its fantastic Riverside location, residents will enjoy unparalleled views of the downtown skyline.
- Why Invest? A public square will anchor the development and feature a mix of smaller and larger retail spaces fronting Queen Street that will include a grocery store, cafés, restaurants and an assortment of shops and commercial spaces.



PSF Starting Prices:

- Studio: \$707
- One Bedroom: \$653
- One Bedroom + Den, 1 Bath: \$642
- One Bedroom + Den, 2 Bath: \$648
- Two Bedroom: \$639
- Three Bedroom: \$787

Pro Forma			
	1 Bed + Den	2 Bed 2 Bath	3 Bed 2 Bath
Purchase Price:	\$ 274,900	\$ 287,950	\$ 287,950
Down Payment:	\$ 50,000	\$ 60,000	\$ 60,000
Size (sf):	581	6 581	685
Unit Type	A	B	C
Rent:	\$ 19,200	\$ 20,400	\$ 20,400
Property Tax:	\$ 3,554	\$ 3,722	\$ 3,722
Insurance:	\$ 350	\$ 350	\$ 350
Condo Fees:	\$ 2,022	\$ 2,314	\$ 2,314
Maintenance:	\$ 364	\$ 416	\$ 416
Total Income:	\$ 12,910	\$ 13,598	\$ 13,598
Mortgage:	\$ 10,091	\$ 10,549	\$ 10,549
Net Cash Flow:	\$ 2,819	\$ 3,029	\$ 3,029
Principle Paid Down:	\$ 5,611	\$ 5,922	\$ 5,922
Net Income:	\$ 8,430	\$ 8,951	\$ 8,951
Annual Return	14.86%	14.92%	14.92%
Capital Appreciation:	\$ 13,140	\$ 13,742	\$ 13,742
Total Annual ROI:	29%	29%	29%

Note: Full property management, heating and cooling equipment not included. Does not include parking price. Condo fees are \$2.75/sq ft, which includes water, gas, sewer, common utility, landscaping, amenity, storage and gym. Condo fees also include, interest and a reserve for common maintenance. All figures are approximate and subject to change. Please contact the developer for more info. Capital Cost Allowance can be written off against the net income. Realistic financing cost based. Based on the property to be sold in the first 12 months of the project. Speak to your financial advisor or accountant for more information about Capital Cost Allowance.

PSF Starting Prices:

- Studio: \$518
- One Bedroom: \$521
- One Bedroom + Den: \$537
- Two Bedroom: \$490
- Three Bedroom: \$532

Pro Forma			
	1 Bed + Den	2 Bed 2 Bath	3 Bed 2 Bath
Purchase Price:	\$ 274,900	\$ 287,950	\$ 287,950
Down Payment:	\$ 50,000	\$ 60,000	\$ 60,000
Size (sf):	581	6 581	685
Unit Type	A	B	C
Rent:	\$ 19,200	\$ 20,400	\$ 20,400
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WHERE TO INVEST NEXT

We always have our eye on the next great opportunity for our clients. Register at the links provided, and we'll give you the information as soon as it becomes available.

75 THE ESPLANADE

- o 75 The Esplanade is set to rise 34 floors, comprised of 350 units in the heart of the St. Lawrence neighbourhood. Designed by Peter Clewes of Architects Alliance, this building is expected to have great design and dramatic finishes.
- o Why Invest? Steps from the world renowned St. Lawrence Market, recently upgraded Market Street, fine restaurants, boutiques, and world class performing centres. A short walk to Union Station, and the Financial District.
- o For more information including plans, pricing, and exclusive incentives, register now at: www.seventyfiveesplanade.com



WHITEHAUS CONDOMINIUMS

- o Whitehaus Condominiums by Lifetime Developments will be located in the popular Yonge and Eglinton neighbourhood. The building will be 29 stories, and house 234 units with units ranging from 377-1056 square feet. Occupancy is expected for 2019.
- o The location of Whitehaus allows a truly cosmopolitan lifestyle with countless restaurants, shopping, and services in the bustling Yonge and Eglinton neighbourhood. Just moments from downtown on the subway, residents will enjoy quick access to the best the city has to offer. Bonus: with the Eglinton Crosstown opening in 2021, higher returns are expected in the area with greater accessibility in the already convenient and central location.
- o Receive plans, pricing and CONNECT insider incentives as soon as they become available at: www.torontowhitehaus.com



WHY PRE-CONSTRUCTION?

Buying pre-construction condos is something we believe in. The potential for profit is lucrative and given strong demand in both resale and rental markets, the market fundamentals remain strong.

The four top reasons why we believe in buying pre-construction are:

1. Buying a unit off the floor plan will be the cheapest the unit will ever sell for. Most people like to see and touch what they are purchasing. By buying from a plan, you are getting in on the ground floor and purchasing something that will be constructed in the future where it will have greater value.

2. Buying with only a deposit. In comparison to buying resale, purchasing a pre-construction condominium only requires a deposit, with taking out a mortgage and paying the full purchase price years down the road. Instead of putting all the money into the unit immediately, you can rest assured knowing you own the unit, while the money can be placed in another investment of your choice (including another pre-construction condominium!)

3. Positive Cash Flow. When the condo is finally ready to occupy (take out a mortgage and close) then in theory you have instant equity built into the property and rents have been increasing 3-5% per year and you are in a VERY GOOD cash flow positive position, which you can't get with buying resale assuming you put down only 20%. The instant equity gives you

flexibility and the option to refinance and buy more property with no more money out of your pocket.

4. Purchasing with CONNECT provides you with the best service, knowledge, incentives, and pricing available. As we have special relationships with developers, we at CONNECT will strive to get you the best deal on your purchase as possible. This can include improved deposit structures, discounts off the purchase price, free assignment, and many more. Plus, we know the business well, can answer questions or concerns you may have, and you can enjoy added benefits such as our Investor Reports, Quarterly Reports, Financial Pro-Formas, and webinars. We want you to be the most informed you can possibly be about such an important investment, and that's why we go above and beyond to deliver you the best service possible.



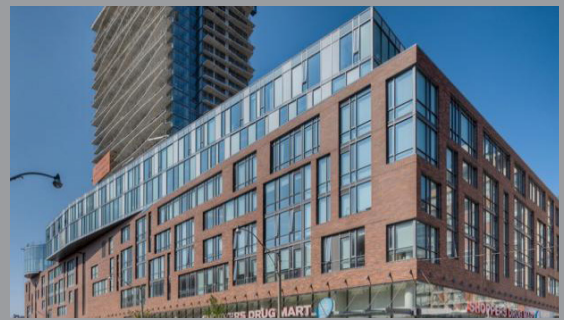
PROFIT POTENTIAL

In case you didn't believe us about the benefits of buying pre-construction, we wanted to provide a few examples of our own clients who purchased a unit pre-construction and sold it resale years later upon building completion. While results vary per unit and development, we see results similar to these consistently.

Building Name: **James Cooper Mansion**
Unit Type: 1 Bed + Den, 1 Bath
Purchase Price in 2011: \$264,130
Sold Price in 2015: \$396,000
Profit: \$131,870
%Change: 49.92%
Annual % Change: 12.48%



Building Name: **Market Wharf**
Unit Type: 2 Bed + Den, 2 Bath
Purchase Price in 2013: \$507,522
Sold Price in 2015: \$622,500
Profit: \$114,900
% Change: 22.65%
Annual % Change: 11.33%



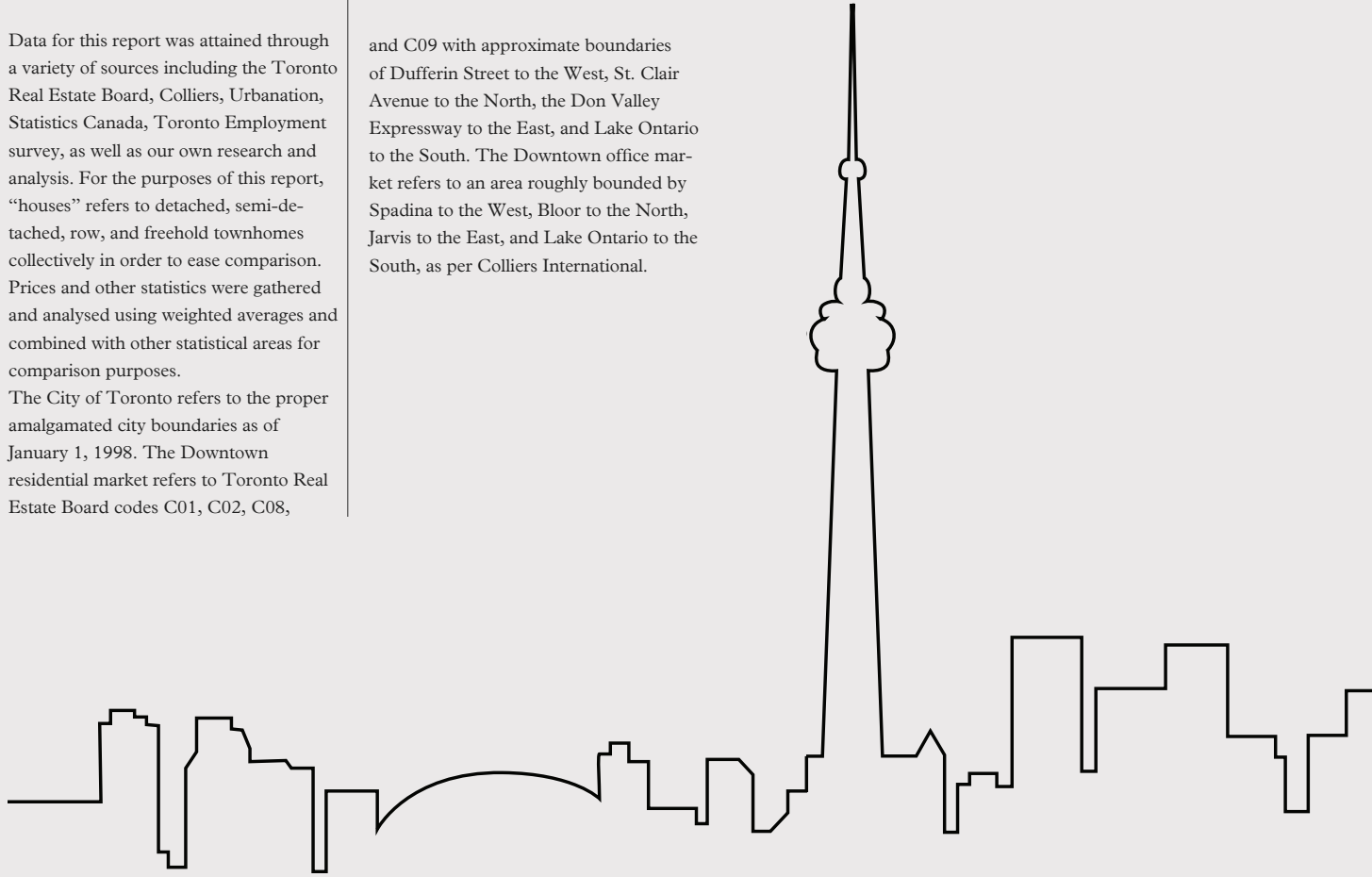
METHODOLOGY

This report should be used for informational, and personal use.

Data for this report was attained through a variety of sources including the Toronto Real Estate Board, Colliers, Urbanation, Statistics Canada, Toronto Employment survey, as well as our own research and analysis. For the purposes of this report, “houses” refers to detached, semi-detached, row, and freehold townhomes collectively in order to ease comparison. Prices and other statistics were gathered and analysed using weighted averages and combined with other statistical areas for comparison purposes.

The City of Toronto refers to the proper amalgamated city boundaries as of January 1, 1998. The Downtown residential market refers to Toronto Real Estate Board codes C01, C02, C08,

and C09 with approximate boundaries of Dufferin Street to the West, St. Clair Avenue to the North, the Don Valley Expressway to the East, and Lake Ontario to the South. The Downtown office market refers to an area roughly bounded by Spadina to the West, Bloor to the North, Jarvis to the East, and Lake Ontario to the South, as per Colliers International.



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