



THE NEXT DECADE OF REAL ESTATE IN TORONTO

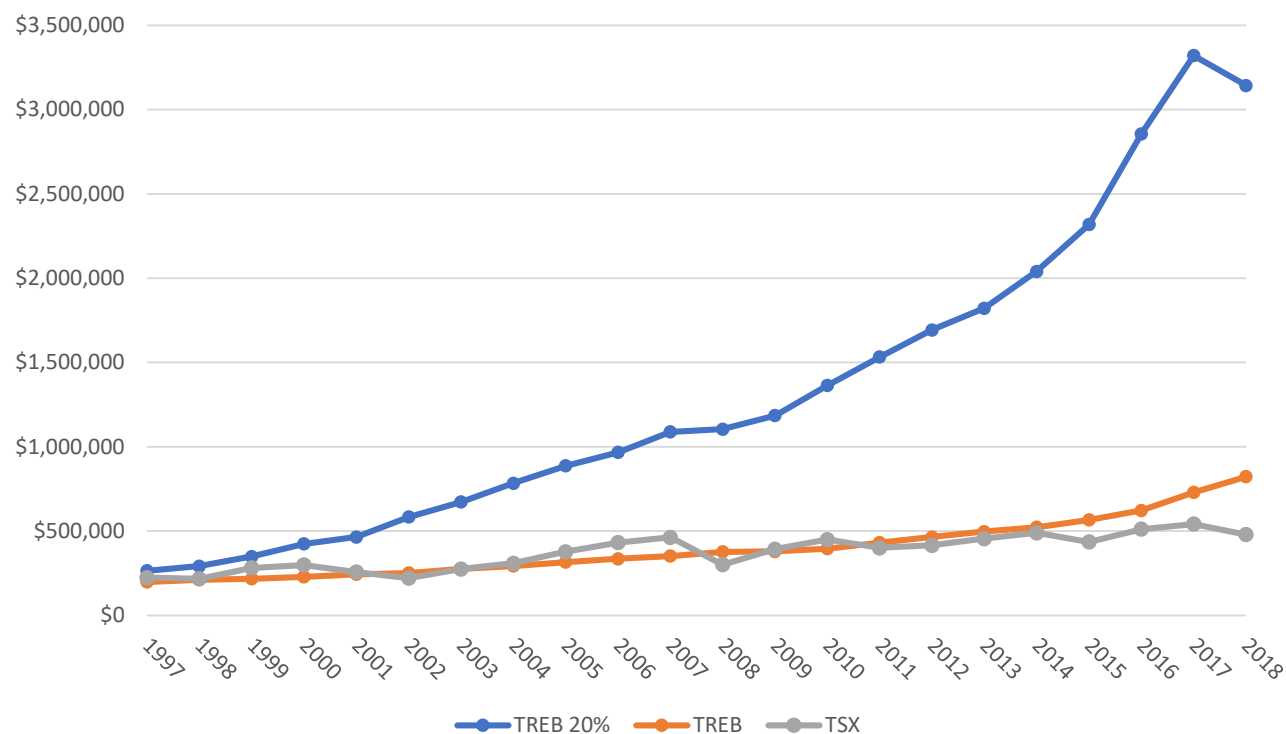
THE DATA, TRENDS & STRATEGIES THAT EVERY INVESTOR NEEDS TO KNOW

MEET THE TEAM

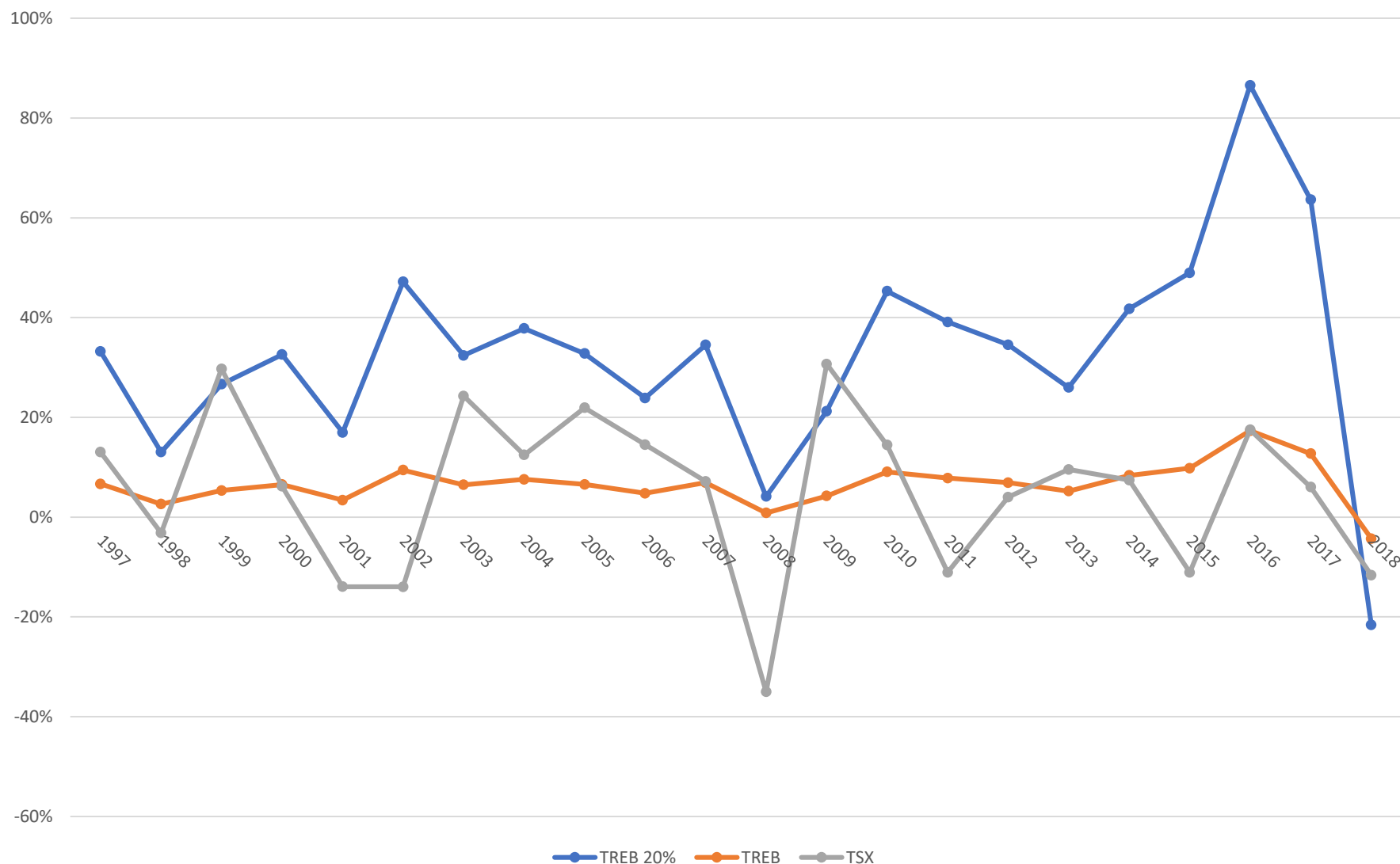


- CONNECT Investment Strategy
- Working with a Winning Team
- Why Toronto? Why condos?
- Why No. 31 and Waterfront properties?
- A return on your investment
- What's next?

Toronto Real Estate vs TSX



Annual Returns TREB VS TSX



CANADA'S POPULATION GROWTH

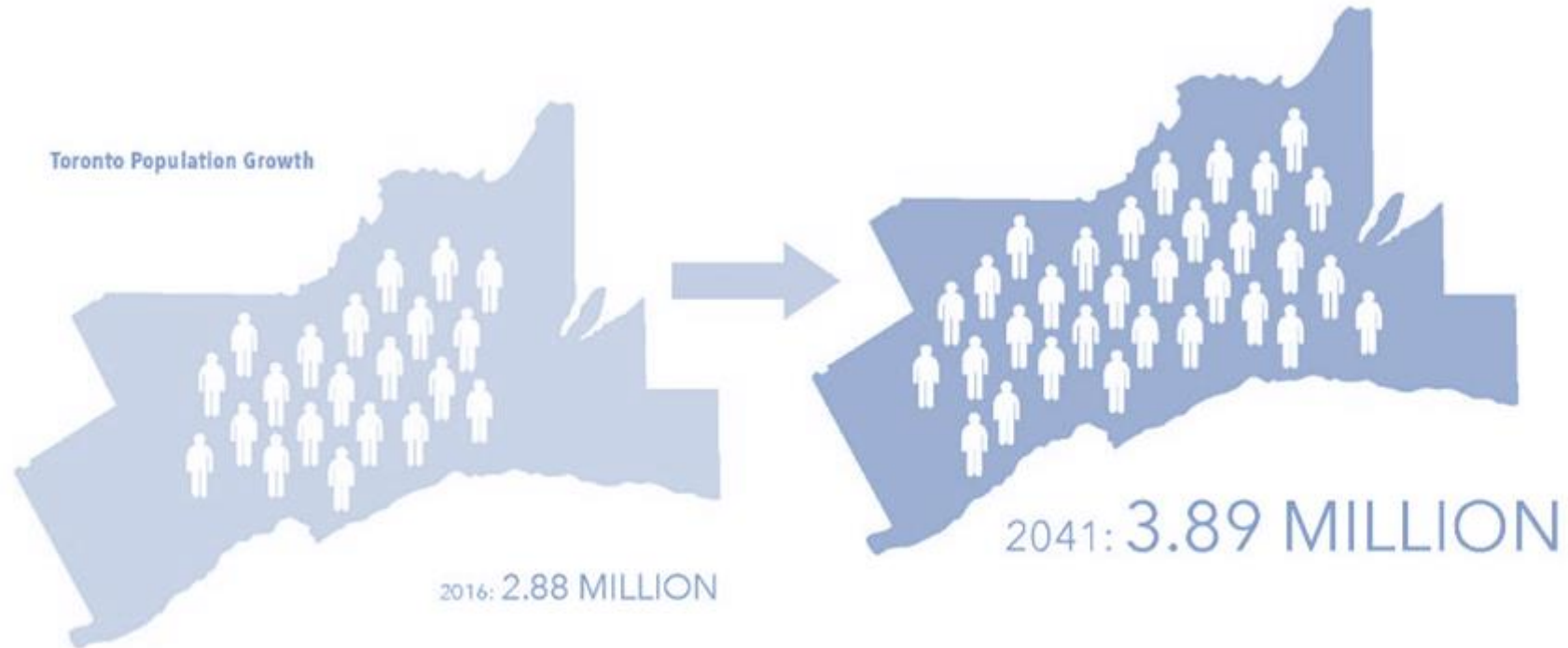


Immigration to Canada

2017	300,000
2018	310,000
2019	330,000
2020	340,000

Source: Statistics Canada

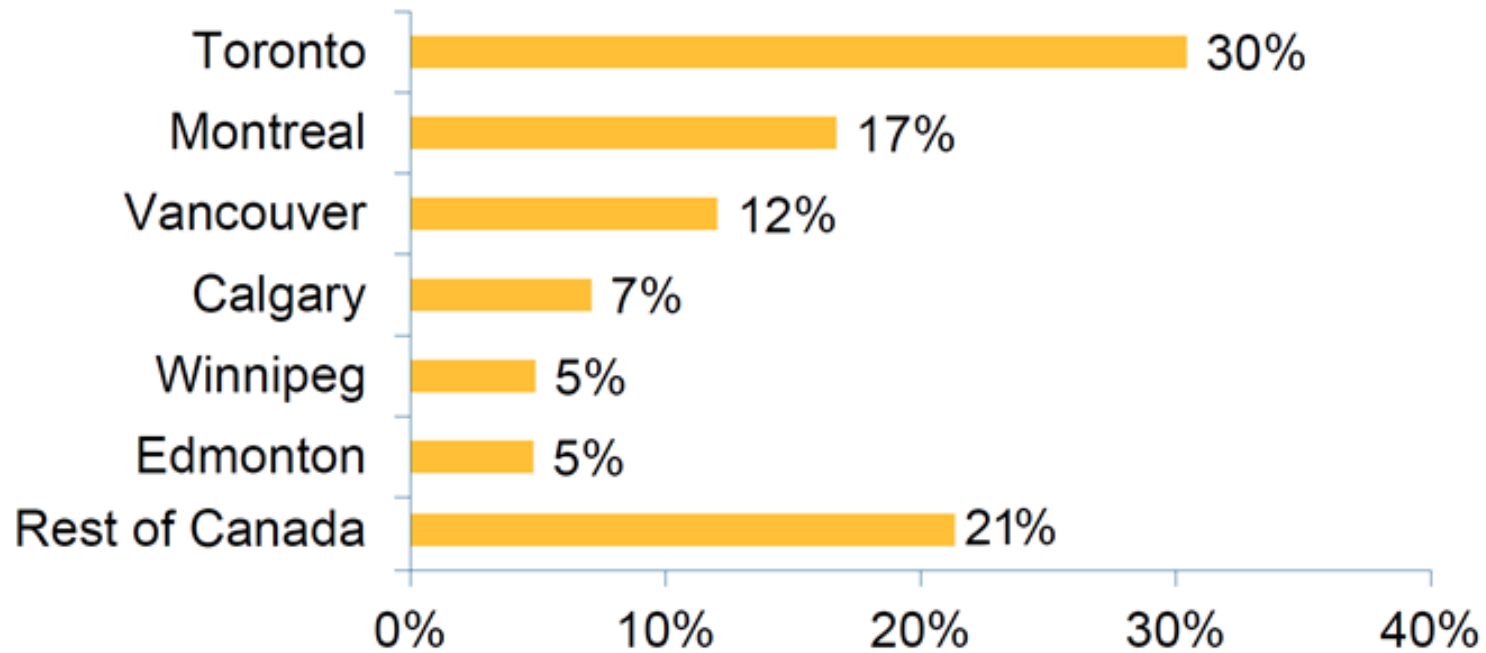
TORONTO'S POPULATION GROWTH



Excerpt from: "Condos - The New Rental Solution", by Monika Wroblewski, BuziBuzi.com

TORONTO'S POPULATION GROWTH

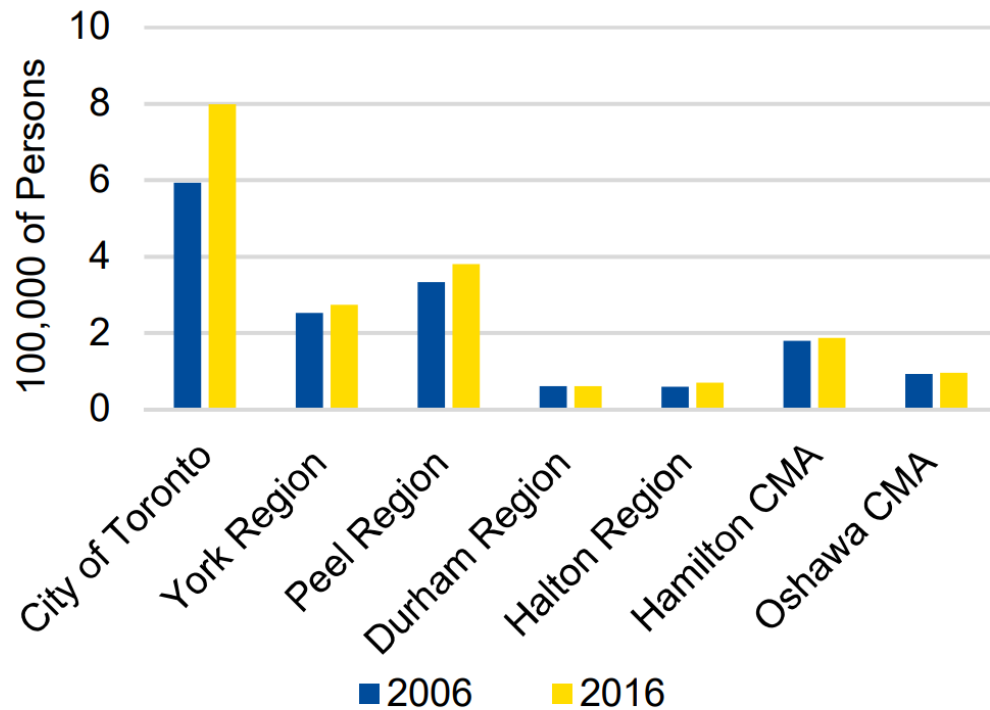
Top Markets for Immigration (% of Total 2011-2015)



Approx. 201,000 newcomers to Toronto over the next two years.

SUPPLY CAN'T KEEP UP WITH THE NEXT DECADE OF DEMAND

Figure 3: Millennial Population by Municipality, 2006 and 2016



Source: CUR based on Statistics Canada Census data

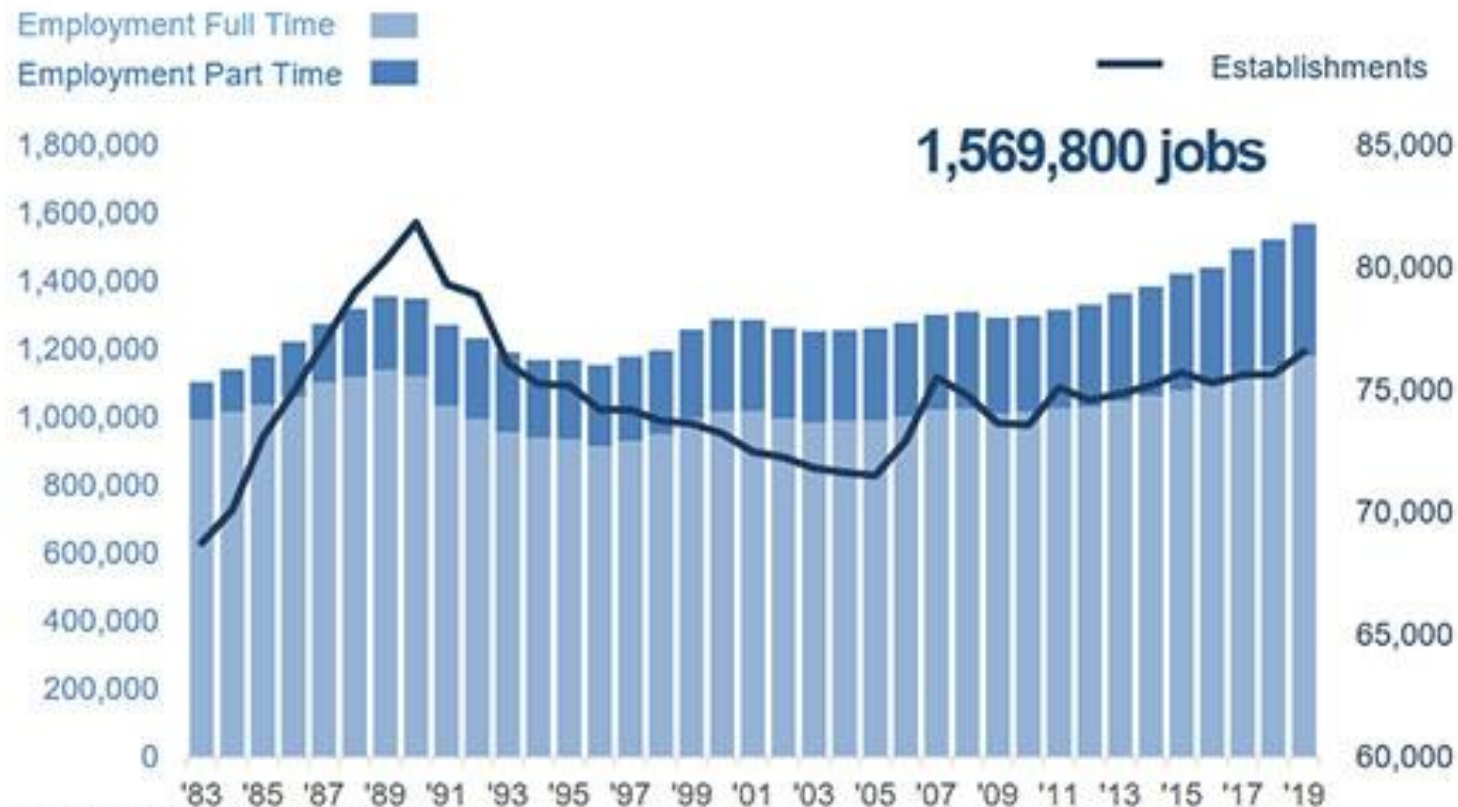
Ryerson University and Statistics Canada 2018 study:

- “**Almost 700,000 Millennials** looking to break off into their own household in the next decade.”
- “Almost **500,000 new Millennial-led households** over the next decade”
- “Robust migration could attract a **further 200,000 or more Millennials** over the next decade.”

It’s already happening - CMHC: “As of October 2019, the population of individuals aged 25-44, a key demographic in the rental market, saw **the strongest year-over-year growth in almost two decades** at 4.9%.”

TORONTO'S JOB GROWTH

Figure 1: Full and Part-Time Employment in the City of Toronto, 1983-2018



Note: See Table 1: Total Employment

Toronto added more than 46,000 net jobs in 2019 (3.1% yoy growth) – including 10,000 in tech sector alone.

Tech sector employs 60,000+ people in Toronto – 16.6% increase from 2018 and 84.6% increase from 2014.

Also 15,000+ new jobs in finance and insurance (9.3% yoy growth) and 10,000+ new jobs in health care (5.6% yoy growth)

Large Tech Talent Markets (>50,000 Labor Pool)

Market	Tech Talent Total	Percent Change ¹	by Volume ²	Concentration ³
SF Bay Area, CA	353,760	33.4%	88,500	10.0%
New York, NY	264,374	20.5%	44,920	3.9%
Washington, D.C.	253,660	2.2%	5,520	8.1%
Toronto, ON	228,500	54.0%	80,100	8.3%
Dallas/Ft. Worth, TX	169,290	15.7%	22,960	4.7%
Chicago, IL	166,620	10.5%	15,790	3.6%
Boston, MA	160,070	2.4%	3,710	5.8%
Seattle, WA	156,770	24.3%	30,680	7.9%
Atlanta, GA	141,580	29.1%	31,880	5.3%
Los Angeles, CA	139,774	16.4%	19,704	3.1%

2019 SCORING TECH TALENT

Influencing Innovation, Economic & Real Estate Growth
in 50 U.S. & Canadian Markets

Toronto tech jobs are the fastest growing in the world – almost *double* the next fastest places

EMPLOYMENT BREAKDOWN

	Employed 2018	Growth 2013-18	Average Wage*	Growth 2013-18
TOTAL TECH OCCUPATIONS	228,500	54.0%	\$81,828	9.7%
Software Developers & Programmers	67,000	79.6%	\$82,805	6.1%
Computer Support, Database & Systems	93,100	77.3%	\$74,526	7.7%
Computer & Information Systems Managers	23,600	44.8%	\$112,008	20.7%
Technology Engineering-Related	44,800	5.9%	\$79,643	11.7%
TOTAL NON-TECH OCCUPATIONS	369,000	12.4%	\$57,212	5.9%
Sales	28,600	19.2%	\$46,051	-12.7%
Administrative & Office Support	192,700	7.0%	\$45,282	10.2%
Business Operations & Finance	97,700	20.3%	\$77,002	3.1%
Marketing	50,000	16.0%	\$70,907	1.9%

Source: Statistics Canada (Metro Area), April 2019.

*Data in C\$

Massive growth in high-paying tech jobs in Toronto over the last 5 years – with no signs of slowing down

(Almost double the growth of non-tech jobs)

FIGURE 7: WHERE ARE TALENT WORKERS COMING FROM AND WHERE ARE THEY HEADED?

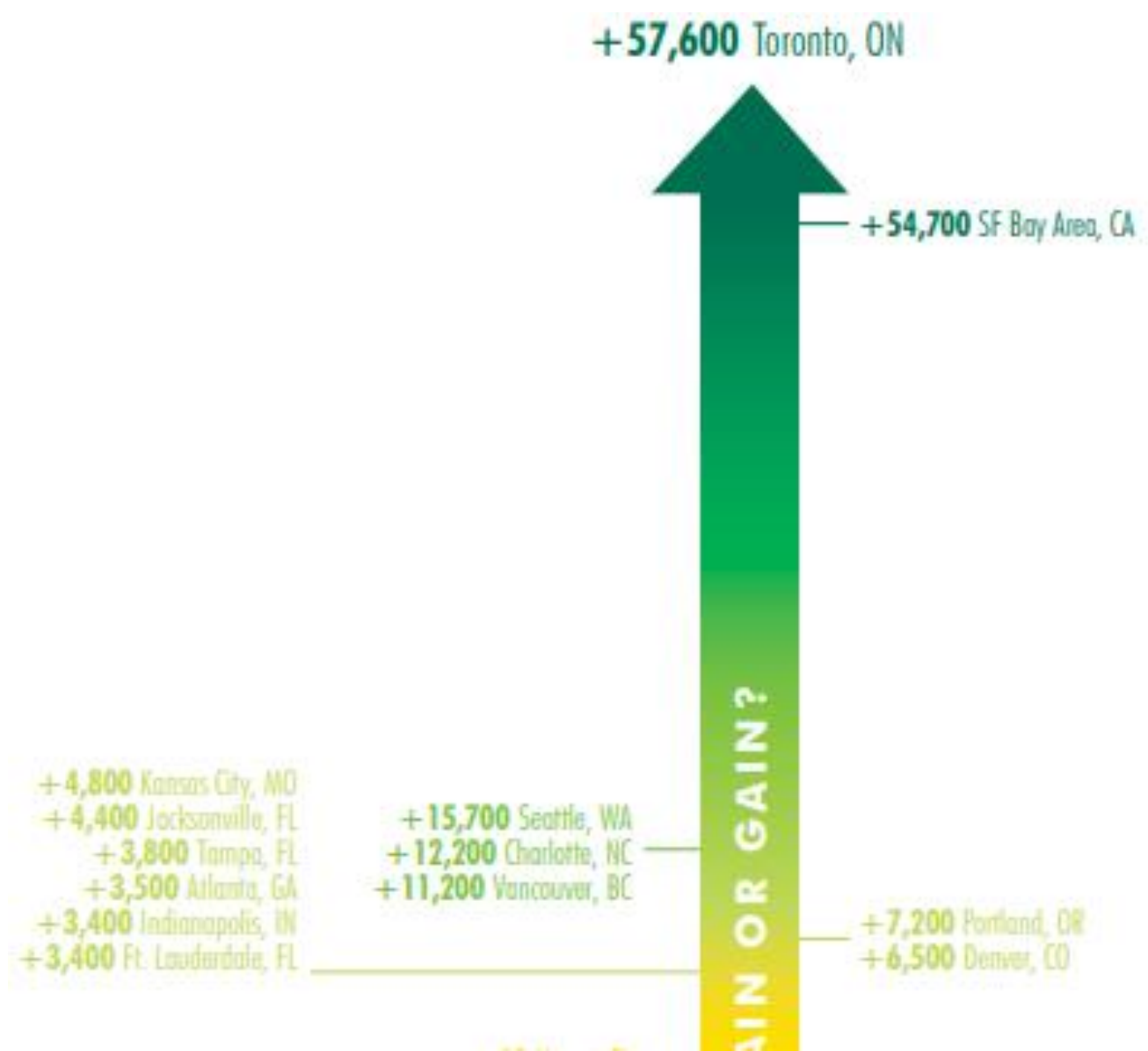


FIGURE 13: TECH TALENT QUALITY VS. COST ANALYSIS

Average Annual Salary for Software Engineer (US\$)

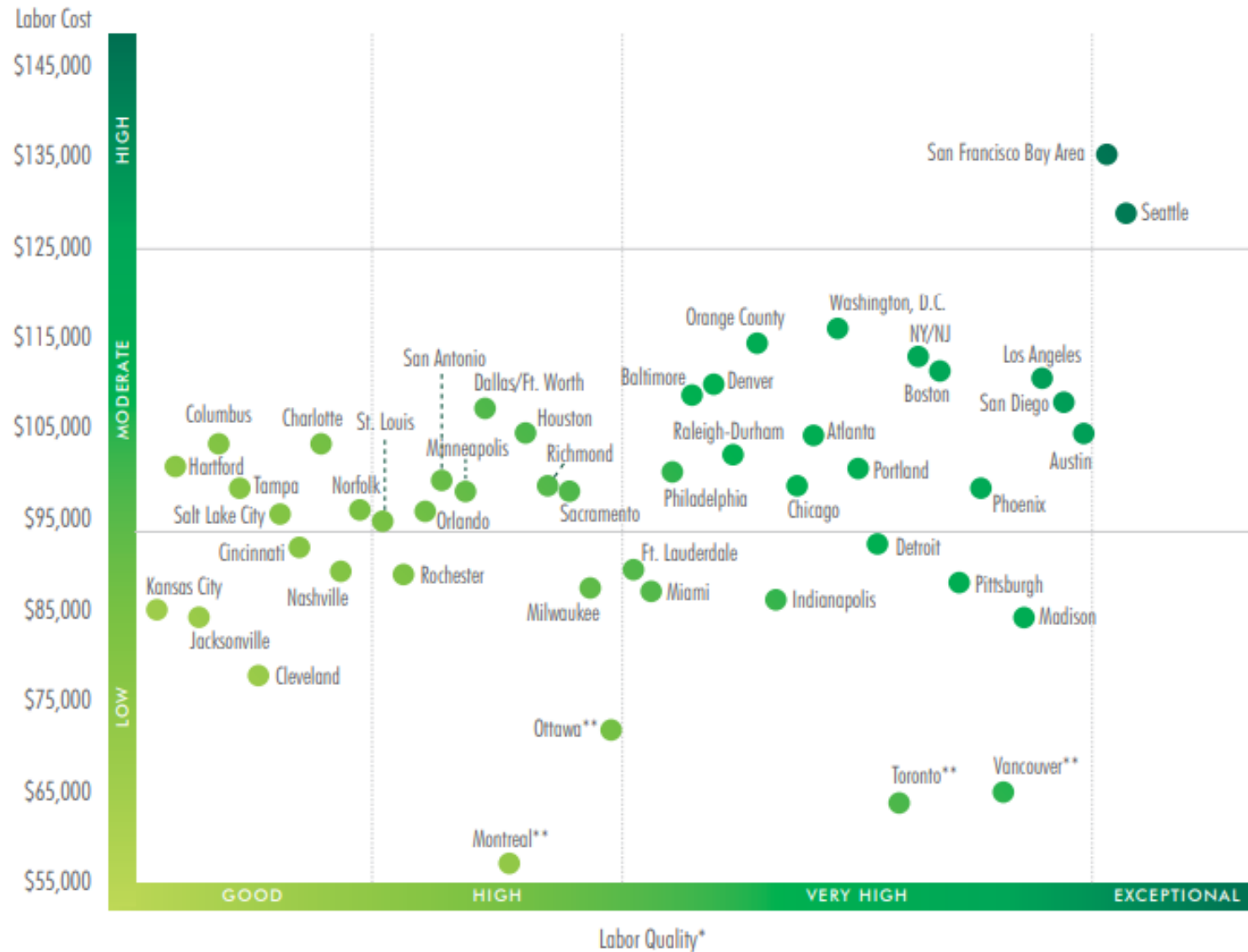


FIGURE 2: TECH TALENT SCORECARD RANKING



Toronto is #3 in the world in terms of tech talent – and the only Canadian city in the top 10.

(Vancouver as #12 and Montreal as #13)

TORONTO'S JOB GROWTH

Tech Sector Clustering within the Official Plan Geographies, 2019

Geography	Total Employment	% of 2019 Tech Employment	Total Establishments	% of 2019 Tech Establishments
Downtown	29,701	49.2%	689	39.8%
Centres	7,262	12.0%	114	6.5%
Employment Areas	17,836	29.5%	589	34.1%
Rest of City	5,609	9.3%	337	19.5%

City of Toronto's Employment Survey Report:

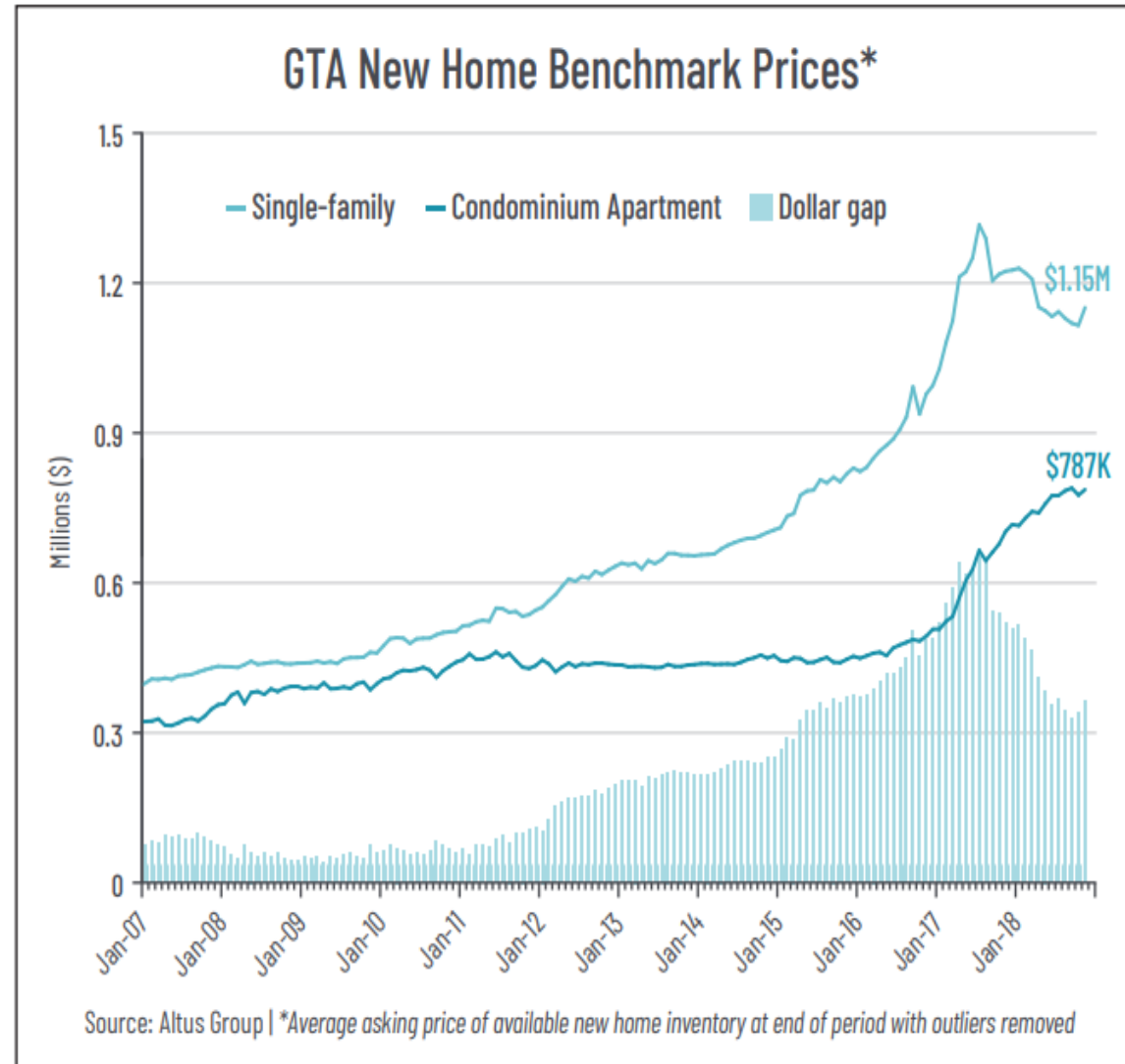
“While Toronto is affordable in comparison to some of the international tech centres, a concern was raised that as employees start families they may have to move further away, potentially resulting in higher staff turnover.”

FIGURE 17: TECH WAGE TO APARTMENT RENT RATIO

Market	Annualized Apartment Rent (2019)	Average Annual Tech Wage (2018)	Rent-to-Tech Wage Ratio
New York, NY	\$49,445	\$113,500	43.6%
Long Island, NY	\$26,911	\$94,780	28.4%
SF Bay Area, CA	\$34,272	\$129,718	26.4%
Los Angeles, CA	\$26,871	\$104,005	25.8%
Orange County, CA	\$24,990	\$101,876	24.5%
Boston, MA	\$25,964	\$106,634	24.3%
Miami, FL	\$19,557	\$88,118	22.2%
San Diego, CA	\$23,443	\$106,047	22.1%
Ft. Lauderdale, FL	\$19,039	\$89,179	21.3%
Chicago, IL	\$18,057	\$86,159	21.0%
Vancouver, BC*	\$12,827	\$61,824	20.7%
Toronto, ON*	\$12,623	\$63,154	20.0%
Washington, D.C.	\$21,046	\$112,735	18.7%
Newark, NJ	\$20,597	\$110,772	18.6%
Portland, OR	\$16,372	\$91,735	17.8%

Toronto's rent is **extremely competitive** and proportioned well compared to the average tech wage in other cities

CONDOS: THE NEW AFFORDABILITY SOLUTION



TORONTO'S RENTAL MARKET

BUSINESS

Toronto rents shot up at the fastest rate in a decade in 2019



By Tess Kalinowski Real Estate Reporter
Wed., Jan. 15, 2020 | 3 min. read

Key Analysis Findings

- Rising supply in both primary and secondary rental markets has had some impact on loosening vacancy rates, but tight market conditions remain overall.
- Millennials and newcomers to the GTA continue to drive rental demand.
- Rent growth is strong in both primary and secondary rental markets.

Canadian Mortgage and Housing Corp's Rental Market Report:

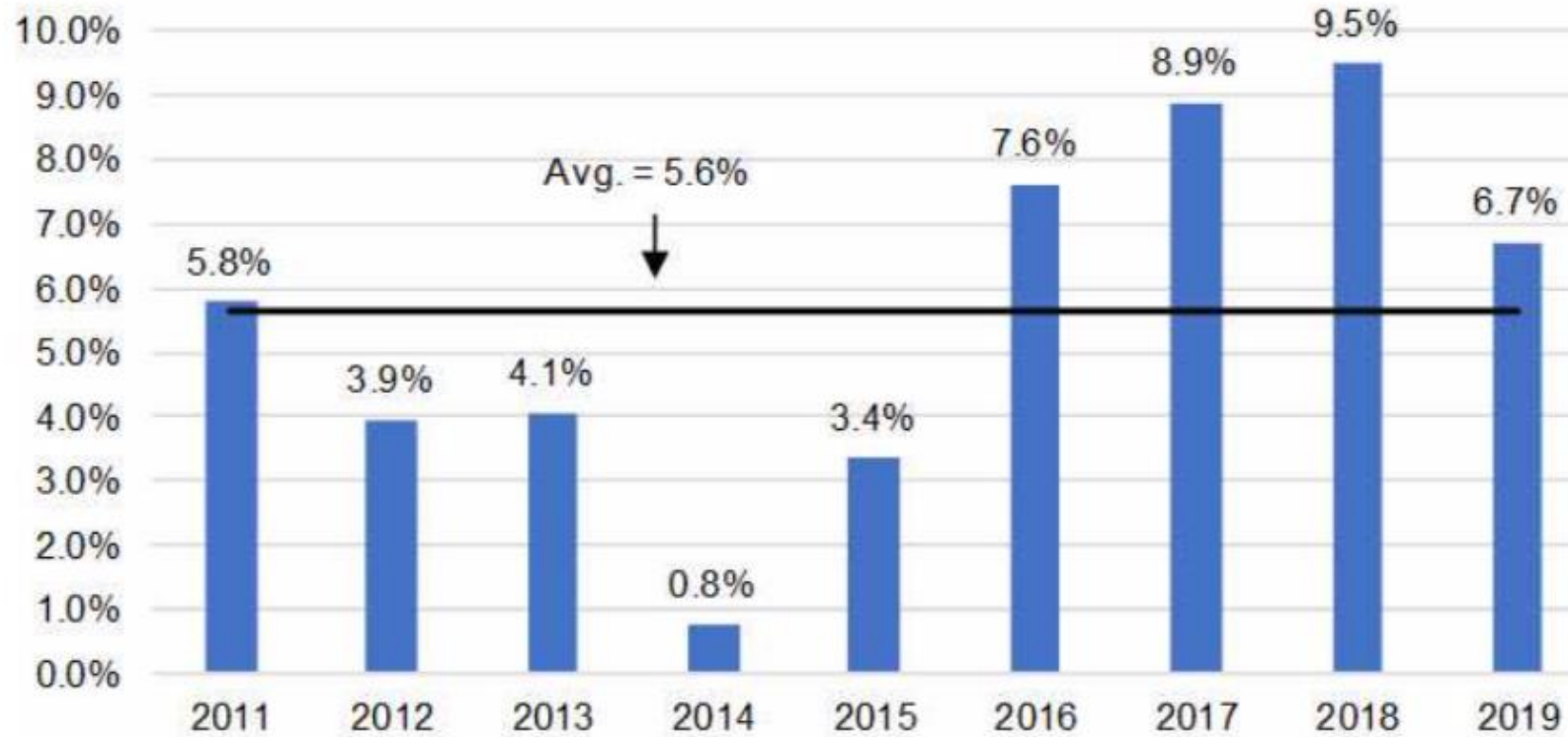
- **Condo vacancy rates are consistently low (almost half of other units):**
 - GTA vacancies in general increased to 1.5% from 1.1% - but condo vacancy rates have stayed consistently low at 0.8% from 0.7%
 - 1-bedroom studio apartments at 1.7% and 2-bedrooms at 1.4%

UrbaNation's 2019-Q4 report:

- **A record 30,727 condominiums were leased via the MLS system in 2019, rising 11% from 2018**

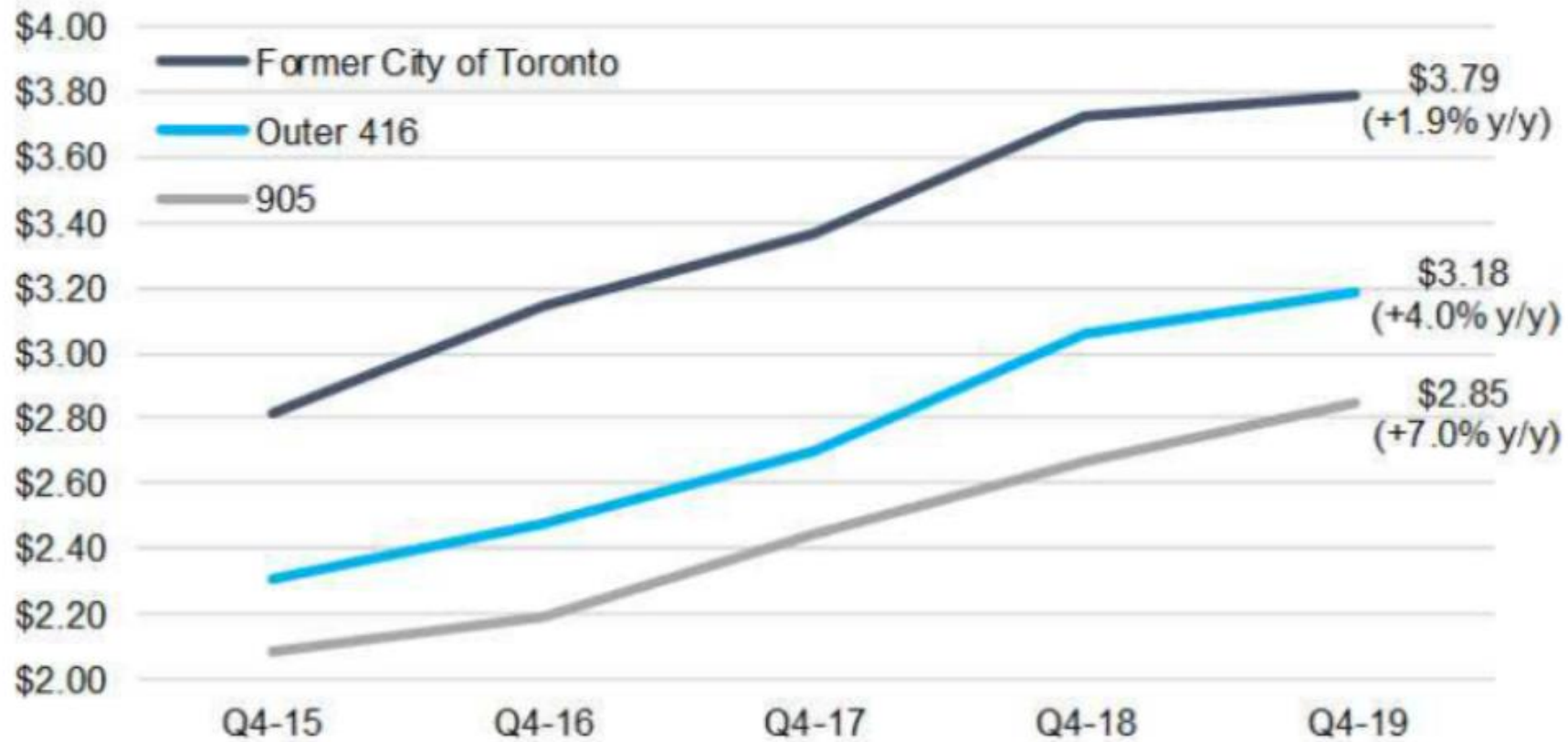
Source: Urbanation Inc., MLS

Annual Average Growth in Condo Rents Per SF Greater Toronto Area: 2011 to 2019



Source: Urbanation Inc., MLS

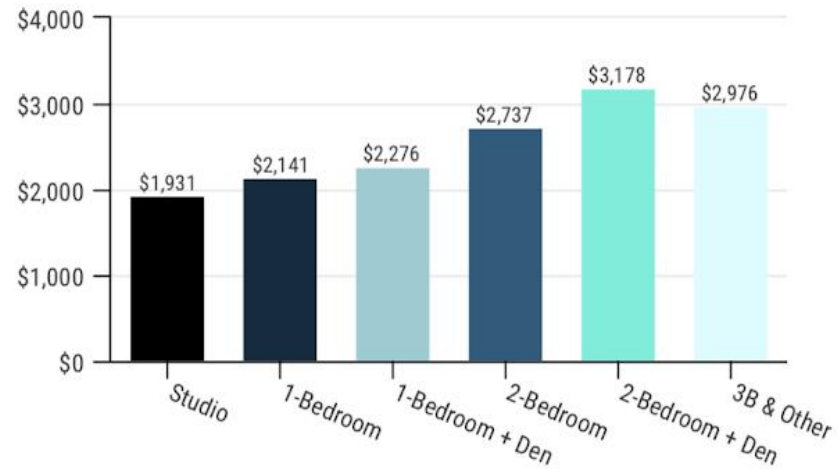
Average Condo Rents Per SF by Region Greater Toronto Area: 2015 to 2019, Q4 periods



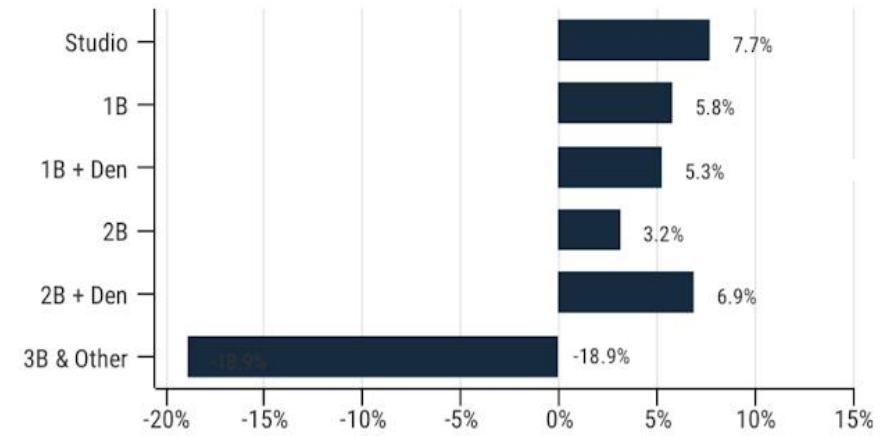
Source: Urbanation Inc. MLS

CONDO RENTAL MARKET - BY TYPE & SIZE

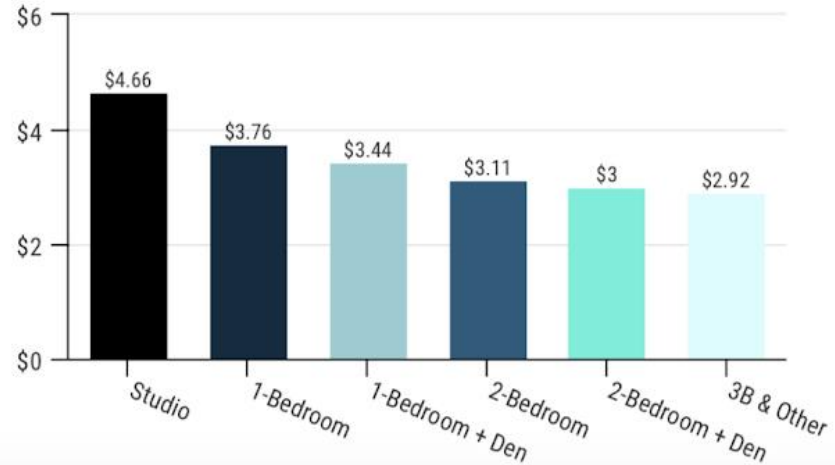
AVERAGE RENT BY Unit Type



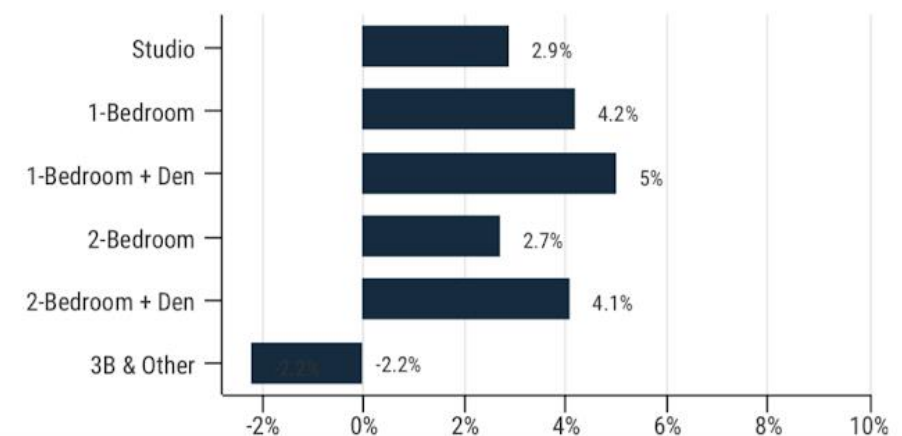
Y/Y CHANGE IN AVG. RENT By Type



AVERAGE INDEX RENT BY Unit Type



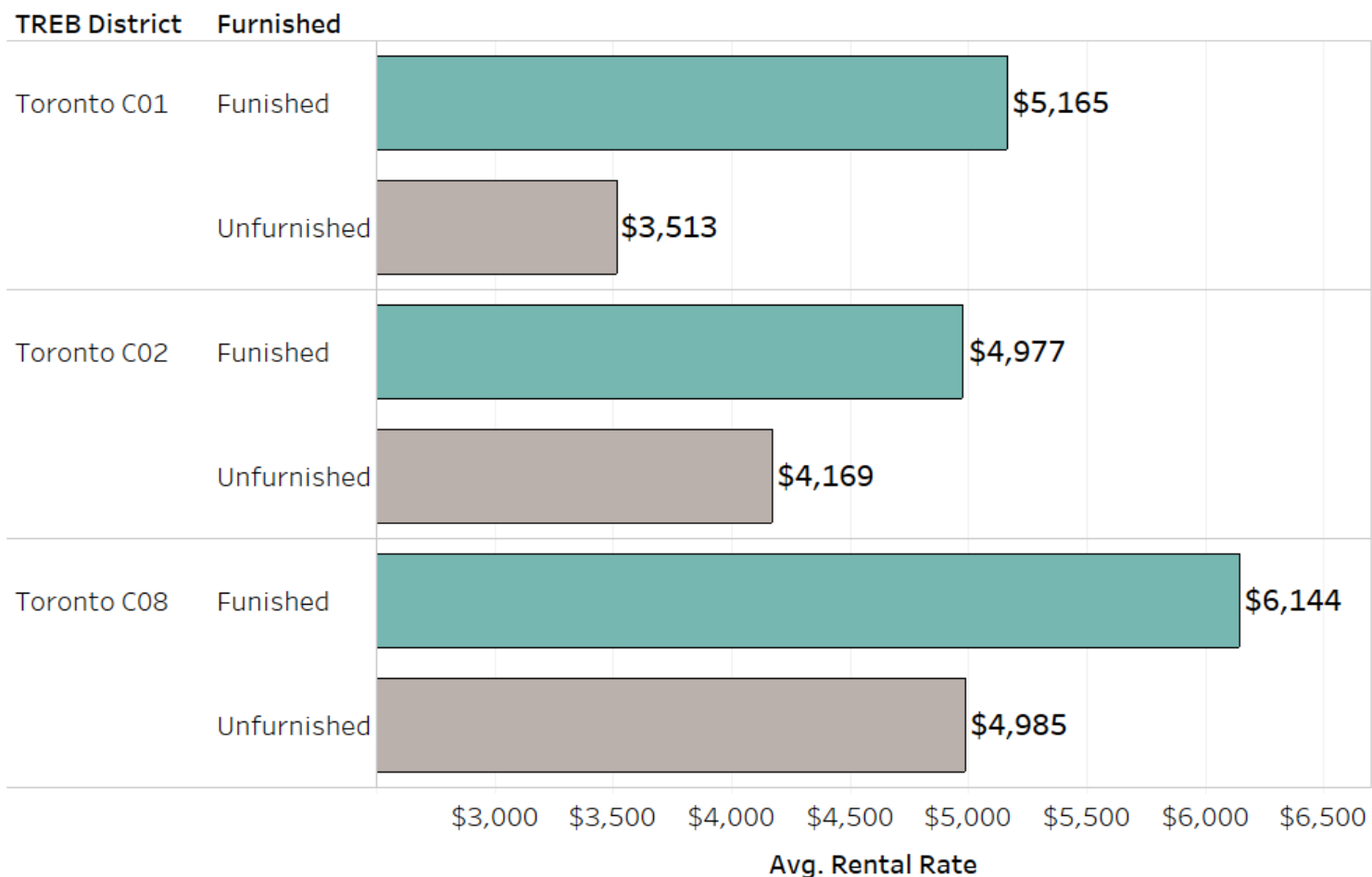
Y/Y CHANGE IN INDEX RENT By Type



KEY STRATEGIES

1. No Work – **Money works for you**
2. Leverage
3. Risk minimization
4. Return Maximization
5. Deal types
6. Furnished units

Average Rental Rate for Furnished versus Unfurnished Units, Select Luxury Resale Condo Projects, August 2017 to August 2019



**TURBOCHARGE YOUR
INVESTMENT WITH MARCO**

Furnished luxury condo
units go for a 20% plus
premium.

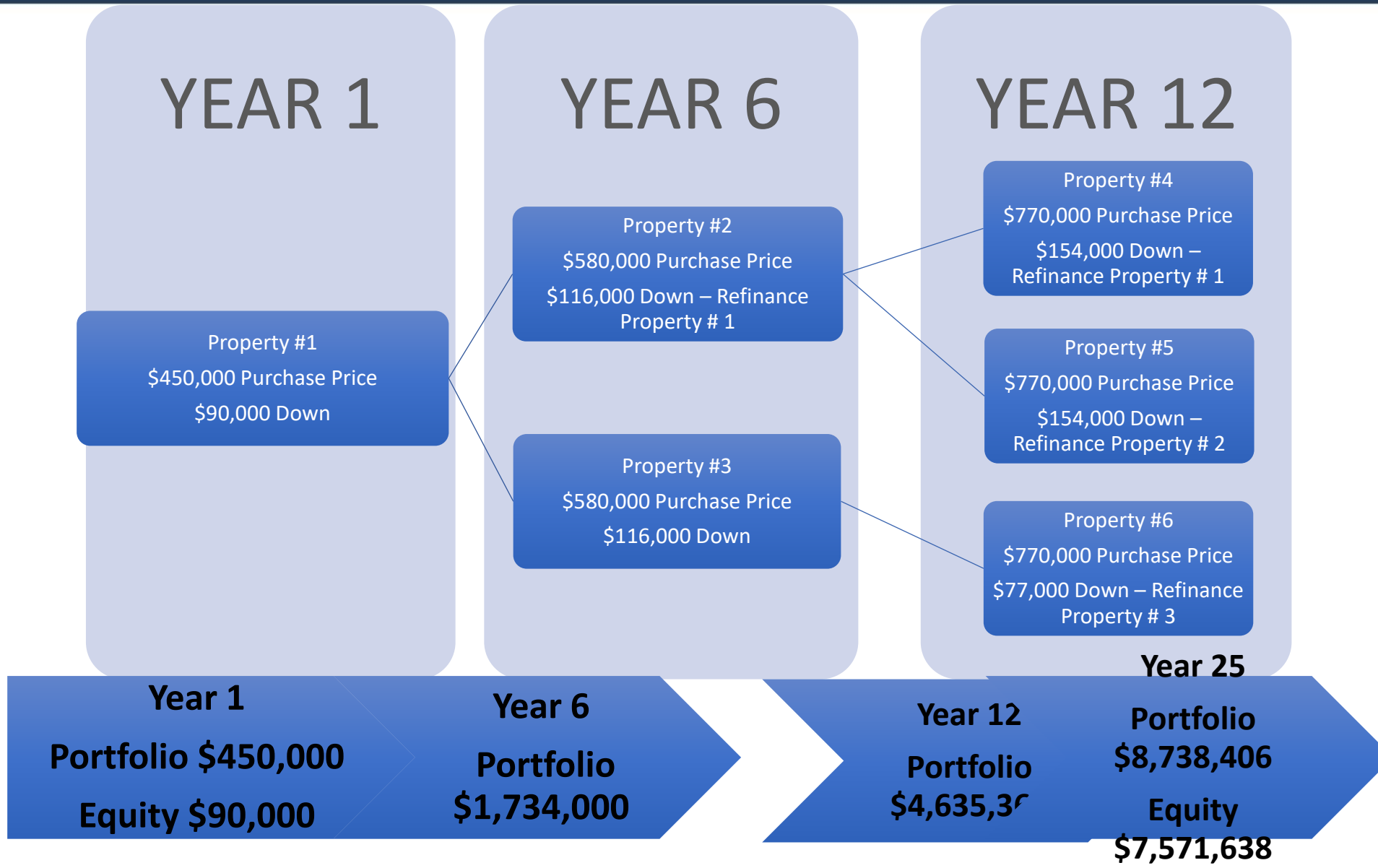
MARCO TORONTO

- Toronto's leading property furnished rental company for more than 20 years
- Specializes in short-term executive rentals for corporate, film and television, and sport companies
- Offers Airbnb services and executive furnishing package
- One year FREE property management including pre-delivery inspection, listing and marketing (co-opt paid for by owner), tenant selection, maintenance management, rent collection, and lease extension
- True turn-key service for completely hands-off investment
- Maximize your ROI and cash flow

WEALTH MULTIPLIER PORTFOLIO IN YEAR 25

- ✓ **Initial investment: \$103,000**
- ✓ Portfolio value: \$4,369,203
- ✓ Equity value: \$3,785,819
- ✓ 6 condos
- ✓ Total income Annual income: \$171,000
- ✓ Total return: 3,675%
- ✓ Annualized return: 15.5%

WEALTH MULTIPLIER PORTFOLIO IN YEAR 25





Wrong Bank ***Wrong Result***

DUANE ROY

***Need to
focus on the
goal first,
rates second
OPM- Other
People's
Money-
refinancing***

- **Wrong Bank... Bad result**
- Assume:
- Income \$120,000
- Current Home - \$2,500 Cost per month
- One Rental - Rent \$3,200 - Cost \$2,800
- Purchasing another rental - Rent \$2,800

Result Decline

- 50% add to Income on Purchase
- 50% add to Income on Rental

Result - \$520,000 purchase price

- 50% add to Income on Purchase
- Rental offset on Rental

Rental offset on Rental

- 80% Rental offset on purchase
- As long as it's reasonable – They look at current property.
- As long as it covers - \$1.5 MILLION.

*Focus on
goals first,
rates second.*

Usually, the goal is to build net worth. As part of the previous example, a B mortgage should get you the property.

- B mortgage has a 1% fee and a 1% higher rate = 2% cost
- Example:
 - \$500,000 property
 - \$100,000 down payment
 - \$400,000 mortgage
 - 5% real estate appreciation
- $\$500,000 \times 5\% = \$25,000$ GAIN+
- $\$400,000 \times 2\%$ Higher rate = \$8,000
- **STILL \$17,000 BETTER OFF**

Side Note – Credit Unions



NO STRESS TEST



**ALLOW GREATER AMOUNT
OF PROPERTIES OWNED**

OPM - Other people's money - Refinancing

- **I call it the Bank effect !!**
- We have money in our Bank accounts
- They give us 0.5% return
- They lend it out for 8.5% on average
- Basically they make 8% off our money
- Many people have lots of equity sitting doing nothing in their home

Two ways to make money:

1. Us working
2. Have your money/equity work for us

OPM

Other People's Money

- Plan
- Refinance and take \$100,000 out of our properties
- Cost 3%
- Take the money and invest in a rental property
- \$100,000 Down payment - \$500,000 Rental Property
- A side appreciation in the real estate market is a 25% return on our investment
- $(\$500,000 \text{ property} \times 5\% \text{ gain}) \times \$100,000 \text{ Down payment}$
- Paying down of the mortgage is usually a 7% return
- Cash flow neutral
- Give us a 32% investment return
- less 3% cost
- **= 25% Return on other people's money (OPM)**
- As long as you can increase the cash flow, it's a great way to increase your net worth



WE ARE PERSONALLY INVESTING IN NO. 31

At the same insider
prices and VIP
exclusive incentives
being offered to you!

WATERFRONT IS WORTH 40% MORE

40%

The average uplift
for a waterfront
property across
12 cities.



Waterfront properties are also amongst the most liquid. Even in a depressed market, due to their position and scarcity, a front-line waterfront property will face strong demand with prospective buyers aware that their future exit strategy is also secure."



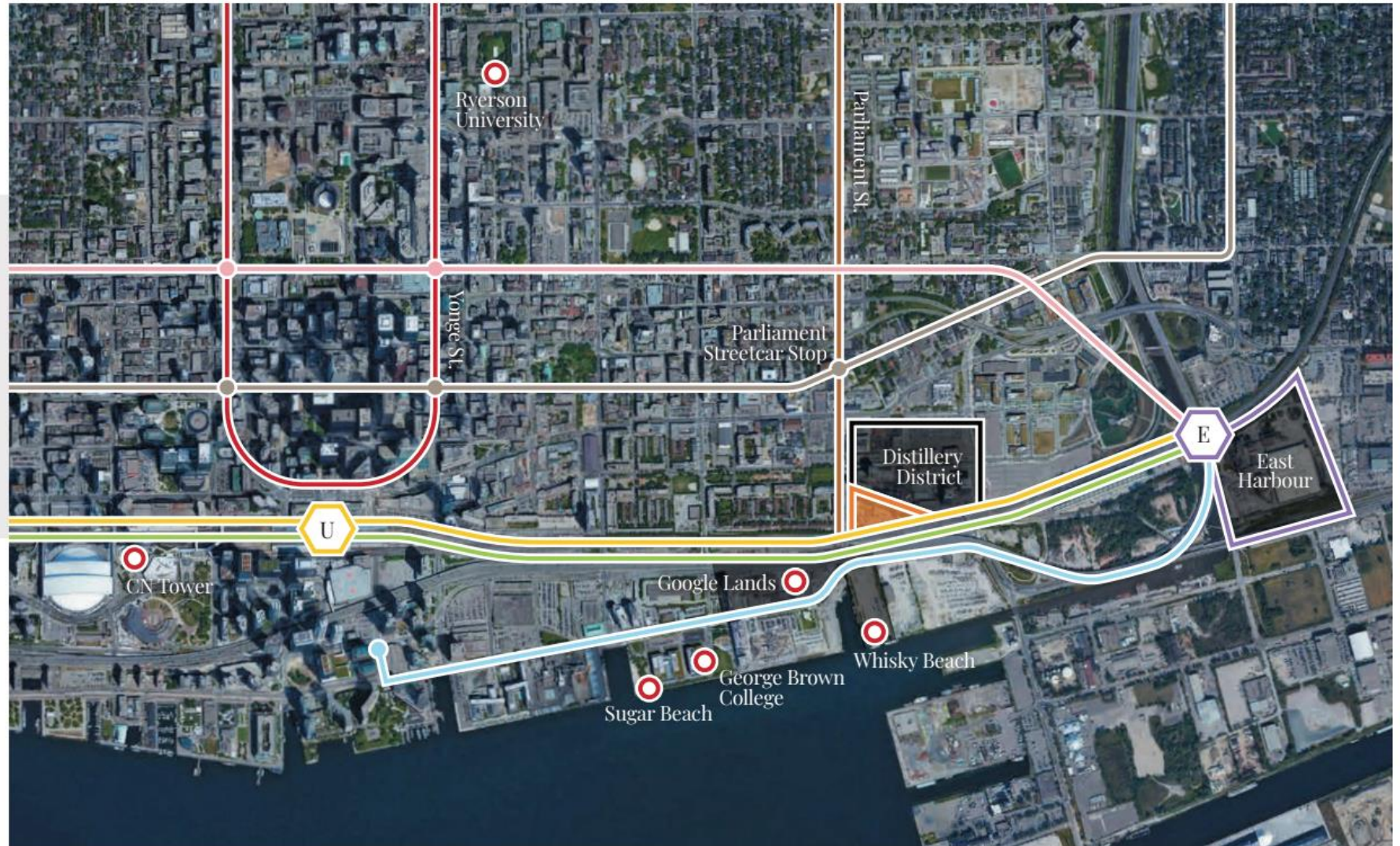
Illustration is artist's concept

ALL WITHIN FIVE MINUTES OF NO. 31

- No. 31
- Union Station
- Distillery District
- Future East Harbour + Transit Hub

connect
to the future

- GO Train Line
- SmartTrack
- TTC Subway Line
- Future Relief Line
- King Streetcar
- TTC Streetcar

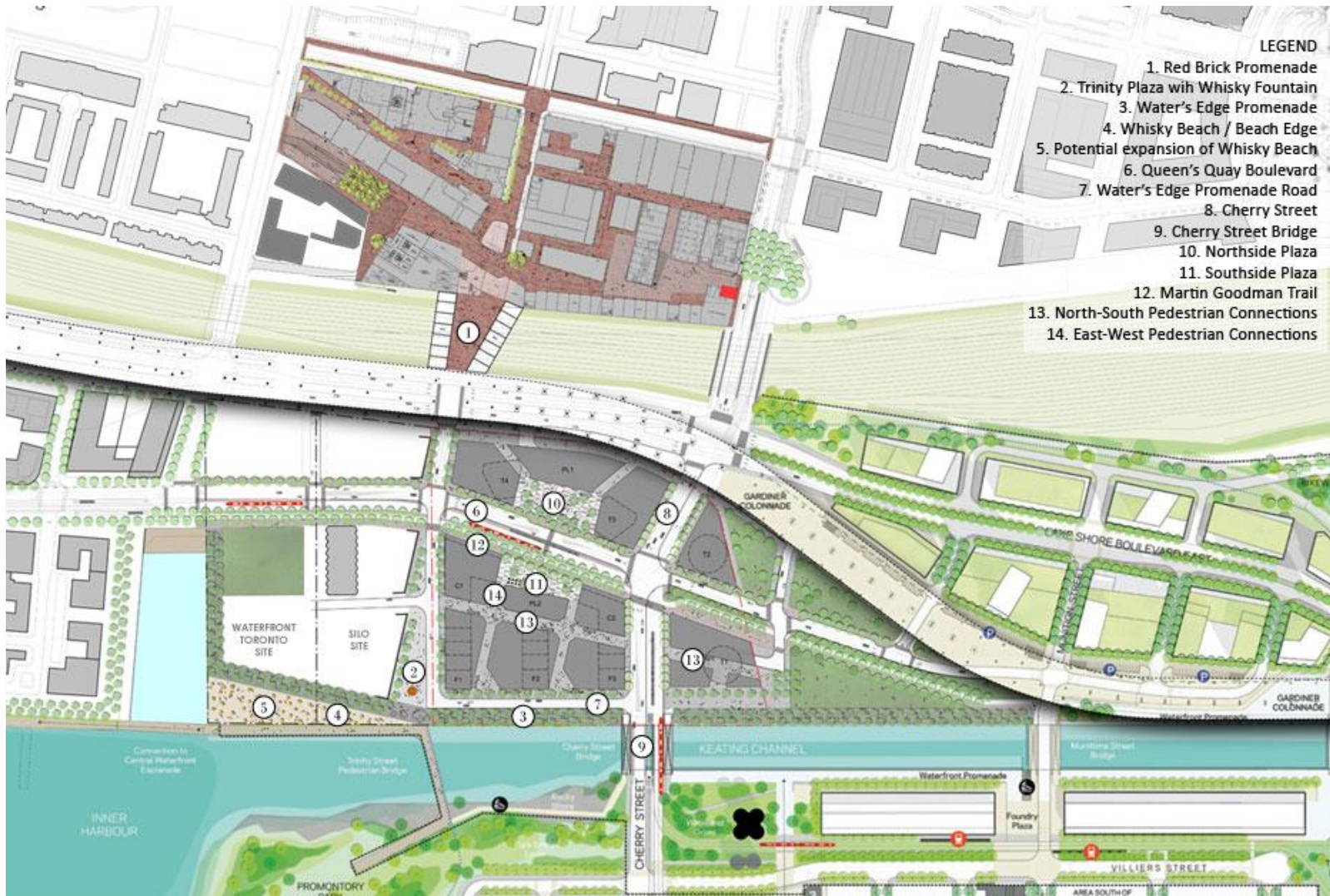


GOOGLE'S SIDEWALK LABS



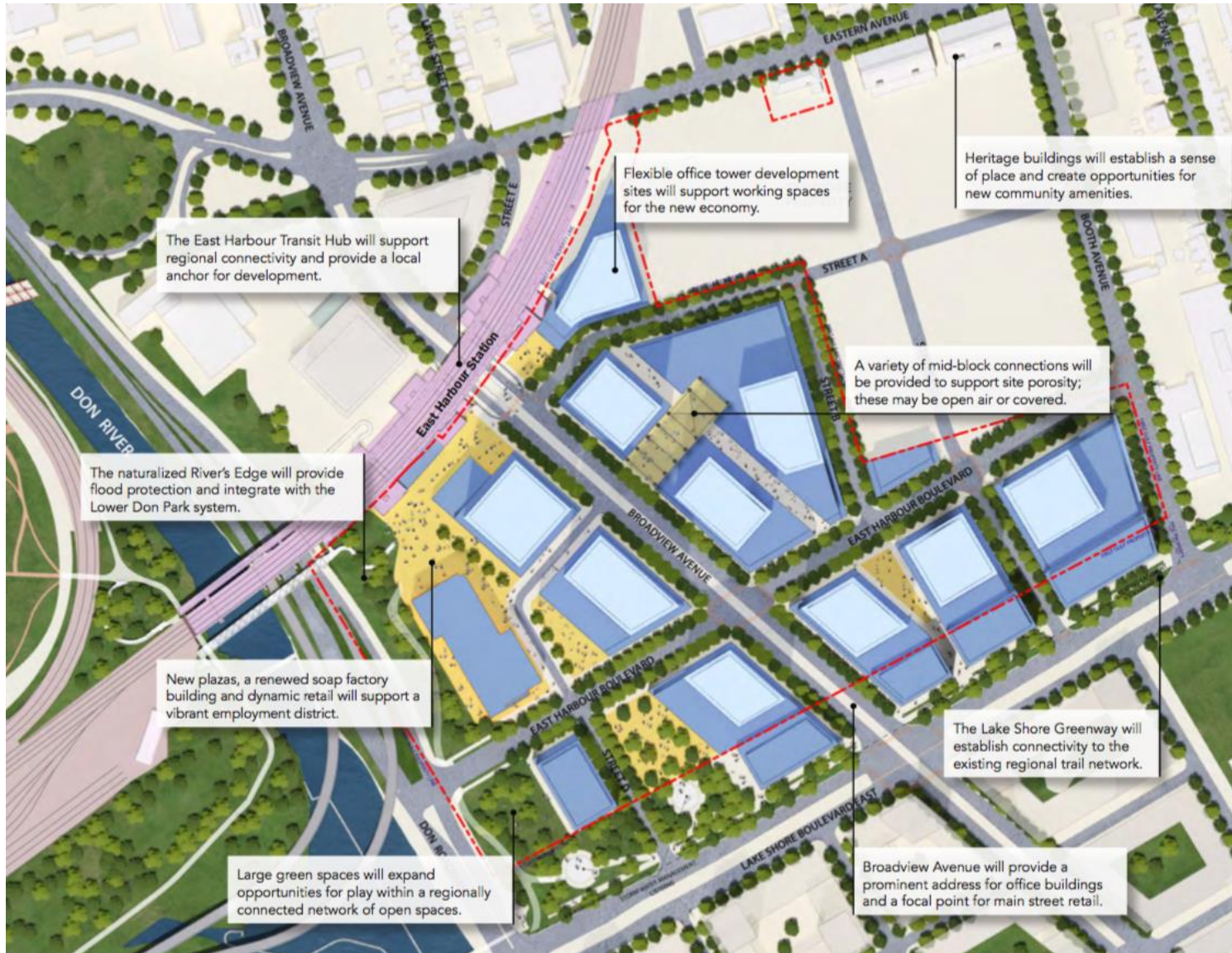
- **\$38 billion** of waterfront revitalization
- **New LRT**
- **11 million sq. ft** of employment space
- **300 hectares** of parks and public spaces
- **44,000 high-paying full-time jobs**

3C WATERFRONT AND RED BRICK PROMENADE



- **13.5 acres** featuring 2.4 million sq. ft of office and retail space
- A large concourse and passageway leads from the Distillery District along the Trinity Street axis culminating at the third urban beach on the Toronto Waterfront, **Whisky Beach.**

EAST HARBOR – MASSIVE TRANSIT UPGRADES



- Cadillac Fairview's new project valued at **\$8 - 10bn**
- **12 million sq. ft** office, institution, and retail neighborhood
- **77,000 new full-time workers**
- **Massive transit re-development** is planned including a second Union Station with Subway Relief Lief, Queens Quay Street Car, GO train, Smart-track, and buses.

LANTERRA: 25 YEARS OF EXCELLENCE

Multi-award winning Lanterra Developments has established a reputation as a company that creates landmark residential communities admired for their exceptional architecture, brilliant interior design, and an array of amenities that make urban living truly exciting and vital.

Lanterra Developments is firmly committed to delivering state-of-the-art urban environments. The firm has been honoured locally by the Greater Toronto Home Builder Association (now BILD) with Project of the Year for Toy Factory Lofts, Project of the Year for The Residences of Maple Leaf Square, Best Model Suite for Neptune at Waterpark City, Best High-Rise Building Design (Pinnacle) for 50 Scollard and earned international recognition at the prestigious Nationals for Murano, Toy Factory Lofts, The Residences of Maple Leaf Square, ICE Condominiums at York Centre, Rodeo Drive Condominiums, and 50 Scollard for Logo Design and Multi-Family Community of the Year (Pinnacle).



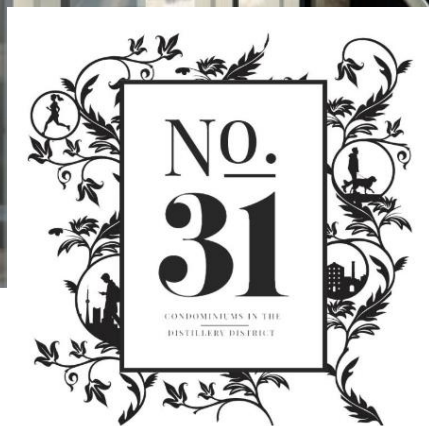




Illustration is artist's concept









EXCLUSIVE INCENTIVES

Studios to 1 bed + den

In addition to regular promotion

1year Free Maintenance

1 Bedroom Extended Deposit Structure

\$2,000 with the offer, Balance to 5% in 30 days,
5% in 90 days, 5% in 425 days, 5% in 540 days,
2% on occupancy.

2 & 3 Bedrooms

In addition to regular promotion

2 years Free Maintenance

2 Bedroom Extended Deposit Structure

\$2,000 with the offer, Balance to 5% in 30 days,
5% in 180 days, 5% in 540 days, 5% in 900 days,
2% on occupancy

Opening Promotion

Laminate wood floors included in bedrooms

\$10,000 towards upgrades

Or

\$7,500 Credit*

\$0 Assignment Fee

Deposit Structure

\$2,000 with the offer

Balance to 5% in 30 days

5% in 90 days

5% in 180 days

5% in 270 days

2% on occupancy

And **one year FREE turnkey property management** provided by Marco Toronto

WHAT HAPPENS NEXT?



WE ARE HERE TO HELP YOU

If you have any questions, please see Matt or Ryan

If you would like to fill in a worksheet, please see one of our reps that have a clipboard.

Please have your chequebook and government issued photo ID ready.

