

Lennard:



2421-2423 Keele Street

24 Suite Multifamily Investment Opportunity in Toronto



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Executive Summary

Located in midtown Toronto, at the intersection of Keele Street and Lawrence Avenue West, 2421-2423 Keele St offers investors the opportunity to acquire two neighboring apartment buildings comprising 24 rental units. Located near parks, shopping malls, grocery stores, and along major transit arteries, tenants have every imaginable amenity within close proximity.

Having been owned by the same family for 16 years, pride of ownership is evident from the moment you step into the buildings. With minimal deferred maintenance, every dollar invested will ultimately drive revenue. The property features an excellent suite mix with four one bedroom suites, and 20 large two bedroom suites. Of the 24 suites, 9 have been renovated with new kitchens and bathrooms since 2018 and a further seven have had just the bathrooms renovated. Additional tenant conveniences include on-site laundry, as well as surface and garage parking.

Investment Highlights

- Well-constructed and maintained property, with no deferred maintenance expenses
- Large suites allow new management to increase rental income on turnover
- Located in a high-demand rental market
- Significant income growth potential given the demand for clean, well-appointed suites
- 1 vacant two bedroom suite on closing

Asking Price
\$7,980,000

YE 2022 NOI
\$308,242



2 Buildings



Circa 1954



24 Suites



0.58 Acres



4 - One Bedroom
20 - Two Bedroom



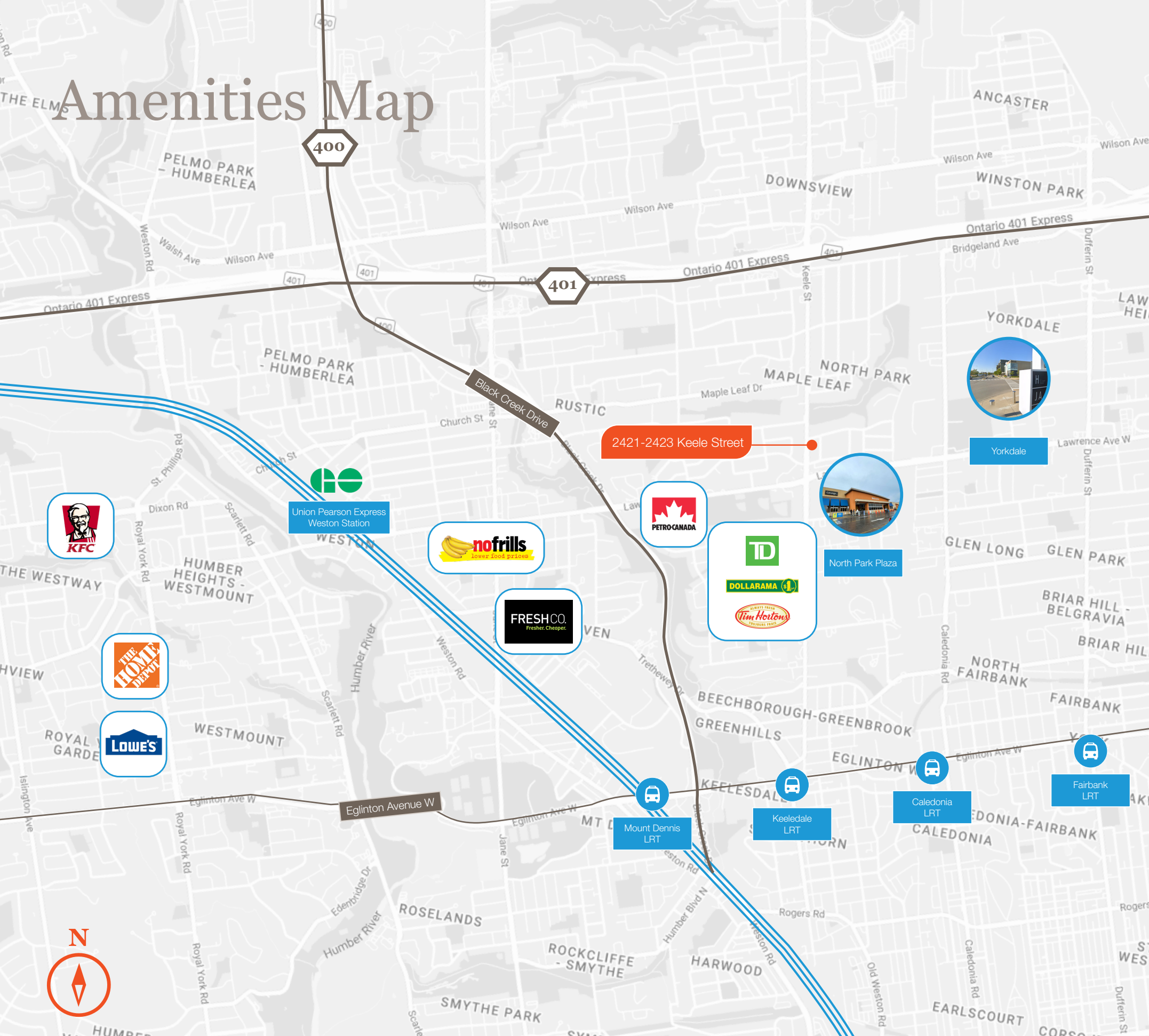
Individually
Metered Suites



12 Garage Stalls
21 Surface Stalls



Amenity Rich
Location



Amenities Map



North Park Plaza

Located just 200 meters south of 2421-2423 Keele Street, North Park Plaza is home to an array of attractive amenities for tenants. This strip plaza is home to a Metro Grocery Store, Walmart, Dollarama, LCBO, Subway, Tim Hortons, Pizza Pizza, Pet Valu and Penguin Pickup.



Yorkdale Mall

Originally opening in 1964, and currently the third largest mall in Canada at almost 1.8M square feet, Yorkdale is home to an array of stores, ranging from Apple, Nordstrom, Sporting Life and The Hudson Bay Company. Located at the intersection of Highway 401 and the Allen Road, Yorkdale is only a five minute drive from 2421-2423 Keele Street.

Drivetimes

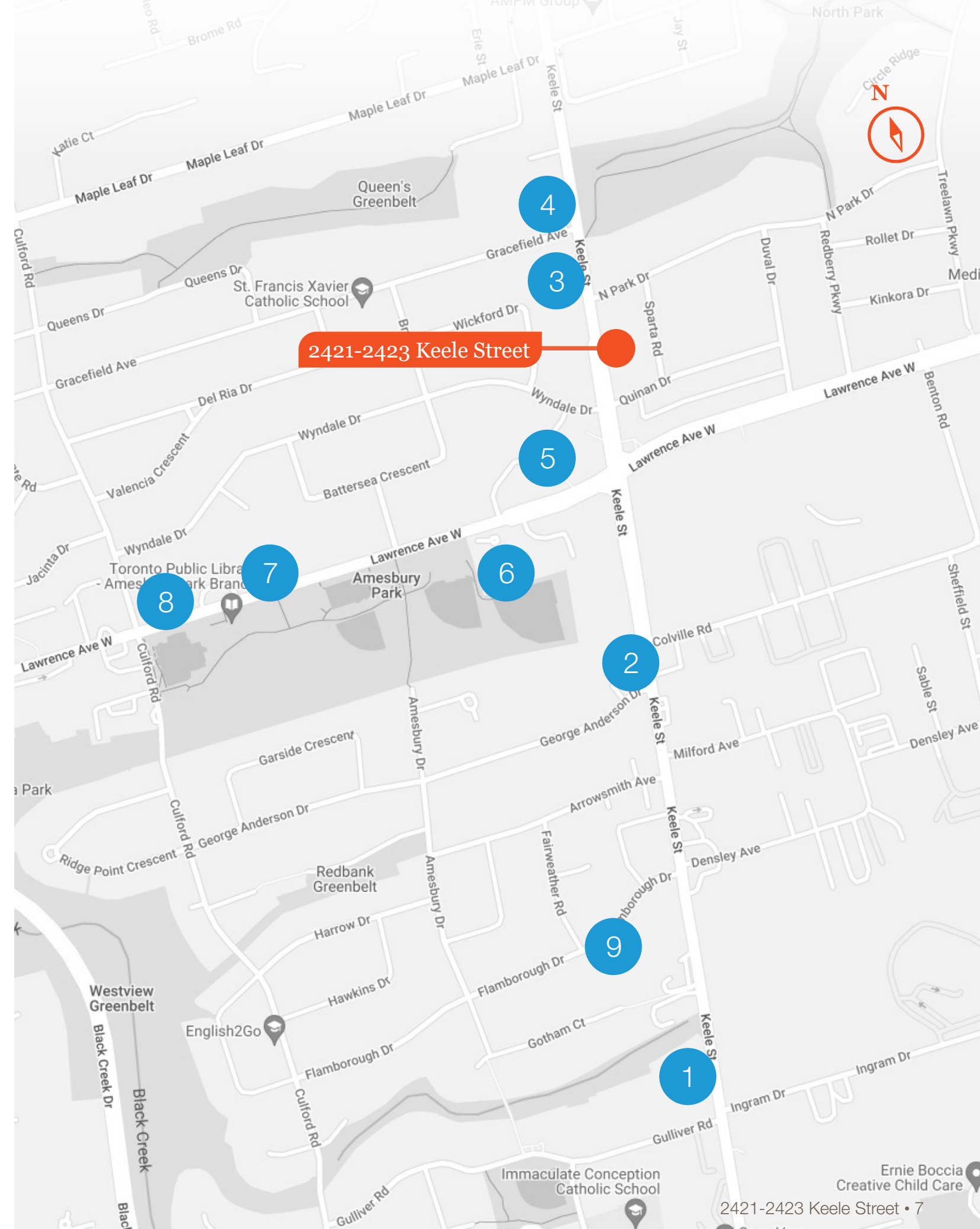
-  Drivetime to Highway 401
5 min
-  Drivetime to Weston GO Station
13 min
-  Drivetime to Keele LRT
7 min

Rental Market Analysis

In order to determine supportable market rents for 2421-2423 Keele St, Lennard conducted a rental survey of similar properties in the immediate area. Lennard also surveyed the property managers in order to determine what the achievable asking rents are in the neighbourhood. Lennard surveyed nine properties in the area in August 2022. Based on our rental survey, the location, and potential of the property, Lennard projected market rents are higher than the current asking rents.

Address	1 Bedroom	2 Bedroom	Hydro Inc.	Parking	Notes
1 2110 Keele St	\$1,625	\$1,800	No	Available	Updated Kitchen & Bathroom, On Site Laundry, Balcony
2 2360 Keele St	\$1,475		Yes	Included	Updated Kitchen & Bathroom, Carpet, On Site Laundry, No Balcony
3 2440 Keele St	\$1,500		No	Available	Original Kitchen & Bathroom, On Site Laundry, No Balcony
4 2460 Keele St	\$1,425	\$1,800	No	Available	Updated Kitchen & Bathroom, On Site Laundry, Balcony
5 1440 Lawrence Ave W	\$1,700	\$1,900	No	Available	Updated Kitchen & Bathroom, On Site Laundry, Balcony
6 1465 Lawrence Ave W	\$1,877	\$2,347	No	Available	Renovated Kitchen & Bathroom, Stainless Appliances, On Site Laundry, Balcony
7 1524 Lawrence Ave W	\$1,825	\$2,200	No	Available	Renovated Kitchen & Bathroom, Stainless Appliances, On Site Laundry, Balcony
8 1560 Lawrence Ave W	\$1,650	\$1,900	No	Available	Updated Kitchen & Bathroom, New Flooring, On Site Laundry, Balcony
9 33 Flamborough Dr		\$1,400	No	Available	Original Kitchen & Bathroom, On Site Laundry, No Balcony

High	\$1,877	\$2,347
Average	\$1,635	\$1,907
Low	\$1,425	\$1,400
Lennard Market Rent	\$1,700	\$2,200

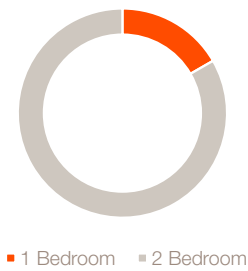


Rent Roll Summary

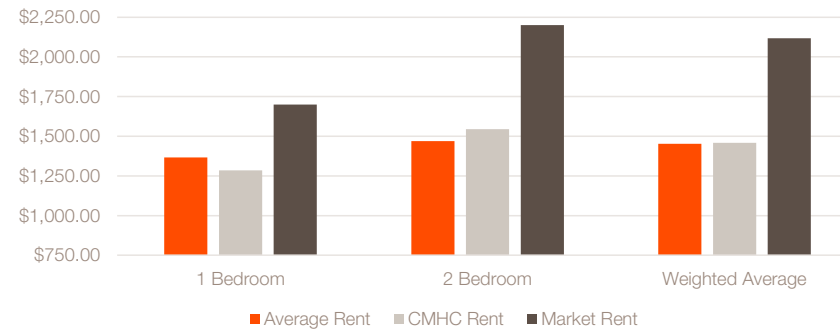
Suite Type	# of Suites	Rental Range		Average Rent	Current Monthly Income	Market Rent	Potential Monthly Income	Mark To Market	Upside %
		Low	High						
1 Bedroom	4	\$996	\$1,593	\$1,366	\$5,463	\$1,700	\$6,800	\$334	24%
2 Bedroom	20	\$1,108	\$2,200	\$1,521	\$30,419	\$2,200	\$44,000	\$679	45%
Total / Weighted Average	24			\$1,495	\$35,882	\$2,117	\$50,800	\$622	42%
Gross Annualized Rent					\$430,584		\$609,600		

The Rent Roll summary makes the assumption that vacant suite # 12 will be leased at \$2,200 per month. Currently the highest rent in the building is the two bedroom suite # 11 which was rented for \$2,045 on August 1st, 2022.

Suite Mix



Upside Rental Income Potential



CMHC Rental Market Statistics

	1 Bedroom	2 Bedroom	Total
Vacancy Rate	5.4%	2.7%	3.8%
Turnover Rate	11.1%	9.0%	9.7%
Average Rent	\$1,285	\$1,544	\$1,459

Rent Roll

Suite Count	Building	Suite #	Type	Current Rent	Market Rent	Mark to Market	Rental Date	Condition
1	2421	1B	1 Bedroom	\$996	\$1,700	\$704	2013-06-01	Renovated
2	2421	1	1 Bedroom	\$1,579	\$1,700	\$121	2018-10-01	Renovated
3	2421	2	2 Bedroom	\$1,172	\$2,200	\$1,028	2012-09-01	Renovated Bath
4	2421	3	2 Bedroom	\$1,831	\$2,200	\$369	2019-10-01	Renovated
5	2421	4	2 Bedroom	\$1,218	\$2,200	\$982	2006-12-01	Renovated
6	2421	5	2 Bedroom	\$1,148	\$2,200	\$1,052	2007-12-01	Original
7	2421	6	2 Bedroom	\$1,177	\$2,200	\$1,023	2013-08-01	Renovated Bath
8	2421	7	2 Bedroom	\$1,882	\$2,200	\$318	2019-11-01	Renovated
9	2421	8	2 Bedroom	\$1,108	\$2,200	\$1,092	2009-04-01	Original
10	2421	9	2 Bedroom	\$1,160	\$2,200	\$1,040	2009-03-01	Original
11	2421	10	2 Bedroom	\$2,045	\$2,200	\$155	2022-08-01	Renovated
12	2421	11	2 Bedroom	\$2,200	\$2,200	\$0	Vacant	Renovated Bath
13	2423	1A	1 Bedroom	\$1,295	\$1,700	\$405	2022-06-01	Renovated
14	2423	1	1 Bedroom	\$1,593	\$1,700	\$107	2017-06-01	Renovated Bath
15	2423	2	2 Bedroom	\$1,209	\$2,200	\$991	2012-11-01	Renovated Bath
16	2423	3	2 Bedroom	\$1,393	\$2,200	\$807	2016-02-01	Renovated
17	2423	4	2 Bedroom	\$1,900	\$2,200	\$300	2021-09-01	Renovated
18	2423	5	2 Bedroom	\$1,900	\$2,200	\$300	2019-02-01	Renovated
19	2423	6	2 Bedroom	\$1,124	\$2,200	\$1,076	2010-01-01	Renovated Bath
20	2423	7	2 Bedroom	\$1,296	\$2,200	\$904	2015-08-01	Renovated
21	2423	8	2 Bedroom	\$1,386	\$2,200	\$814	2015-08-01	Renovated
22	2423	9	2 Bedroom	\$1,436	\$2,200	\$764	2018-01-01	Renovated Bath
23	2423	10	2 Bedroom	\$1,954	\$2,200	\$246	2022-01-01	Renovated
24	2423	11	2 Bedroom	\$1,880	\$2,200	\$320	2022-03-01	Renovated
Monthly Total				\$35,882	\$50,800	\$14,918		
Annual Total				\$430,584	\$609,600	\$179,016		
Average				\$1,495	\$2,117	\$622	2016-01-05	

Financial Pro Forma

OPERATING INCOME	% EGI	\$/Suite	YE 2022	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Potential Rent	134.7%	\$25,400	\$609,600	\$621,792	\$634,228	\$646,912	\$659,851	\$673,048
Loss To Lease	39.6%	\$7,459	\$179,016	\$182,596	\$163,871	\$144,772	\$132,749	\$120,486
Base Rental Income	95.2%	\$17,941	\$430,584	\$439,196	\$470,357	\$502,141	\$527,102	\$552,562
Turnover Increase	-	-	-	\$11,189	\$11,189	\$7,459	\$7,459	\$3,730
Garage Rental	4.6%	\$864	\$20,736	\$21,151	\$21,574	\$22,005	\$22,445	\$22,894
Laundry Income	1.3%	\$240	\$5,760	\$5,875	\$5,993	\$6,113	\$6,235	\$6,360
Gross Income	101.0%	\$19,045	\$457,080	\$477,410	\$509,112	\$537,717	\$563,241	\$585,545
Vacancy & Credit Loss	-1.0%	-\$190	-\$4,571	-\$4,774	-\$5,091	-\$5,377	-\$5,632	-\$5,855
Effective Gross Income	100.0%	\$18,855	\$452,509	\$472,636	\$504,020	\$532,340	\$557,608	\$579,689
OPERATING EXPENSES	% EGI	\$/Suite	YE 2022	Year 1	Year 2	Year 3	Year 4	Year 5
Property Taxes	8.1%	\$1,534	\$36,825	\$37,562	\$38,313	\$39,079	\$39,861	\$40,658
Insurance	1.8%	\$346	\$8,292	\$8,458	\$8,627	\$8,800	\$8,976	\$9,155
Hydro	0.7%	\$140	\$3,358	\$3,425	\$3,494	\$3,563	\$3,635	\$3,707
Water & Sewer	5.2%	\$980	\$23,520	\$23,990	\$24,470	\$24,959	\$25,458	\$25,968
Gas	3.8%	\$716	\$17,176	\$17,519	\$17,870	\$18,227	\$18,592	\$18,964
Repairs & Maintenance	4.8%	\$900	\$21,600	\$21,600	\$22,032	\$22,473	\$22,922	\$23,381
Management	4.0%	\$746	\$17,897	\$18,693	\$19,934	\$21,054	\$22,053	\$22,927
Salaries & Benefits	3.2%	\$600	\$14,400	\$14,400	\$14,688	\$14,982	\$15,281	\$15,587
Miscellaneous	0.3%	\$50	\$1,200	\$1,224	\$1,248	\$1,273	\$1,299	\$1,325
Total Operating Expenses	31.9%	\$6,011	\$144,267	\$146,871	\$150,676	\$154,411	\$158,077	\$161,671
NET OPERATING INCOME	68.1%	\$12,843	\$308,242	\$325,765	\$353,345	\$377,930	\$399,531	\$418,018

Financial Assumptions

Operating Income

Gross Potential Rent

Gross potential rent is based upon all suites rented at Lennard Market Rent(LMR). LMR assumes that a dedicated renovation campaign will be completed to common areas and all interior suites to a similar standard as the leading rental buildings in the area. A 2.0% annual increase is applied in Year 2 and thereafter. Refer to page 6 for an analysis of LMR.

Loss to Lease

Loss to lease demonstrates the potential difference between scheduled rents for each fiscal year and projected LMR.

Base Rental Income

This figure is based on a July 2022 rent roll. A 2.0 % assumption plus the annual amount from Rental Increase on Turnover from the previous year is assumed throughout the remainder of the analysis.

Turnover Increase

The current average blended rental rate at the property is \$1,495 per month. We make the assumption that new ownership will undertake an in-suite renovation campaign and bring asking rents in line with the local market. Refer to the Rental Market Analysis on page 6. Existing rents are on average \$665 per month below Lennards Projected Market Rent for the Property.

An approximate tenant turnover rate of 15% is applied in Year 1 which estimates that 3 suites would turnover to current asking rents. The annual rental increase would be \$22,377 but assuming a staggered tenant anniversary date we apply that increase over six months for \$11,189. A diminishing turnover calculation is used in the following years to assume that suites at market rate will be included in the annual rollover.

Rental Increase on Turnover

Year	Turned Suites To Market	Annual Rental Increase	Budgeted Rental Increase
1	3	\$22,377	\$11,189
2	3	\$22,377	\$11,189
3	2	\$14,918	\$7,459
4	2	\$14,918	\$7,459
5	1	\$7,459	\$3,730

Garage Rental

Currently management is renting 11 of the 12 garage spots to building tenants or local area residents. Each garage rents for between \$139 and \$145 per month. We make the assumption that the 12th garage will be rented at \$145 per month. This income is increased by 2.0% annually.

Laundry Income

Laundry income is estimated at \$20 per suite per month for Year 1 and increased by 2.0% each year thereafter.

Vacancy & Credit Loss

We have estimated a vacancy and credit loss allowance of 1.0% Gross Rental Revenue throughout this analysis.

Operating Expenses

Property Taxes

Based on the 2022 property tax assessment provided by management and increased by 2.0% annually.

Insurance & Utilities

Based on 2021 expenses provided by management and increased at a rate of 2.0% annually.

Repairs & Maintenance

An annual per unit allowance of \$900 has been made in consideration of the building type, size and the overall quality and recent upgrades. This amount should be adequate to maintain and improve the appearance and structure of the Property. The R&M allocation is increased by 2.0% in Year 2 and beyond.

Management

A Management fee of 3.5% + HST of the Effective Gross Income is assumed throughout this analysis.

Salaries & Benefits

For the purpose of this analysis, we have stabilized the Salaries & Benefits at an annual market estimate of \$600 per suite. A 2.0% increase is applied in Year 2 and beyond.

Miscellaneous

For the purpose of this analysis, we have included an annual allowance of \$50 per unit miscellaneous expense to cover advertising, general and administrative fees. This expense is increased by 2.0% in Year 2 and beyond.

2421 Keele Street

Heating

One natural gas Raypak boiler which was completely refurbished in 2019.

Hot Water

One natural gas Rheem Rudd 72 gallon hot water tank, replaced in 2005.

Roof

Coal tar pitch built up roof, replaced around 2005.

Windows

Double pane, horizontal aluminum sliders. Approximately 1/3rd from 1987, 1/3rd replaced between 1987 and 2006, and 1/3rd replaced between 2006 and 2022.

Garage Roof

Flat roof, replaced in 2017.



2423 Keele Street

Heating

Two natural gas Galaxy Slant Fin boilers in good working condition and serviced yearly.

Hot Water

One natural gas fired Rheem Rudd 72 gallon hot water tank, replaced in 2018.

Roof

Coal tar pitch built up roof, replaced around 2005.

Windows

Double pane, horizontal aluminum sliders. Approximately 1/3rd from 1990, 1/3rd replaced between 1990 and 2006, and 1/3rd replaced between 2006 and 2022.

Garage Roof

Flat roof, replaced in 2017.



Offering Guidelines



Data Room Contents

Once a confidentiality agreement has been executed, access to a ShareFile data room will be granted. Information contained in the data room includes:

- Confidential Information Memorandum (CIM)
- 2005 & 2011 Phase 1 Environmental Site Assessment
- 2005 Underground Storage Tank Removal Report
- 2021 & 2022 Property Tax Assessments
- 2021 & 2022 Utility Bills
- Fire & Safety Inspections
- Additional Property Photos

Tours

Property tours are available by appointment only. Please do not go direct or walk the property without consent from the listing agents. Please reach out to listing agents for available tour dates.

Legal Description

PT LT 34-38 PL 3309 NORTH YORK AS IN NY432052 AND NY480105; TORONTO (N YORK) , CITY OF TORONTO

Assumable Mortgage

There is currently an assumable \$1,200,000 CHMC first mortgage on the property at 2.0% interest with four years remaining. CIBC has offered a second mortgage matching the term of the first at market rates to qualified buyers.

Submission Guidelines

Parties are invited to submit an Agreement of Purchase and Sale for 2421-2423 Keele Street. Potential purchasers are encouraged to include as part of their submission an outline containing key principles of the company, ability to close a real estate transaction of this magnitude as well as a brief business history. A first deposit of no less than \$75,000 shall be paid by certified cheque or wire transfer to Lennard Commercial Realty Brokerage, In Trust, upon acceptance of an APS. A further deposit of at least \$125,000 shall be submitted upon removal of the purchaser's conditions. Please provide at least 48 hours irrevocable on all submitted offers.

Prospective Purchasers should note that the Vendor is under no obligation to respond to, nor accept, any proposal. The Vendor reserves the right to remove the Property from the market and to alter the offering process (or the timing thereof) at its sole discretion, without being obliged to justify its decision in any way.

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Submission Date

The vendor is open to reviewing any / all offers starting at 2:00 pm on Wednesday September 21st, 2022. Please submit all offers to the listing agents by email.

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