

Working In Pre-Construction

With Buyers and Investors

As a Realtor, working in the condo pre-construction business or, having a knowledge of pre-construction will help you to expand your suite of services that you offer to buyers, sellers and investors.

As house prices continue to rise in the GTA and the average detached home price being close to or over the 1-million-dollar mark, many buyers cannot afford a detached or semi-detached home in the GTA. Condominiums offer a chance for buyers to own a property in the GTA at a more reasonable price.

Stats for 2017 (source TREB)

	Average Price		
2017	416	905	Total
Detached	\$1,386,524	\$948,099	\$1,055,863
Semi-Detached	\$987,404	\$653,936	\$773,897
Townhouse	\$704,449	\$596,028	\$621,081
Condo Apartment	\$552,679	\$436,097	\$519,784

Pre-construction

Your buyer is buying from the builder before construction of the building occurs.

Advantages:



- Your Buyer is first owner of the unit and you get to select or customize certain things; flooring, appliances, cabinetry, minor alterations, etc.
- Pre-construction condos can sometimes be cheaper because there is a risk of delays or in extreme cases, the building is not built.
- Your Buyer has more time to save up for the deposit as it is done in installments as the project develops. You pay the builder a series of payments as a deposit. The deposit usually adds up to 15 to 20% of the purchase price by the time of occupancy.
- If your Buyer has purchased a unit as an investment property (intends to lease), Renters like buyers want the newest and best in suite features and building amenities.



Disadvantages:

- Your Buyers are buying based only on a floor plan without seeing the finishes, the layout or outside view of the building.
- Prepare your buyers to pay “rent.” They are allowed to occupy the unit when it’s ready, but other parts of the building may still be under construction. Until the building is completed and officially registered as a condominium corporation, your Buyers will pay the builder phantom rent, you can’t start paying mortgage payments at this stage, because you don’t officially own the unit.
- At the time of closing, your Buyer will have to pay a number of fees to the builder that can be confusing and expensive.
- Unlike a resale, a pre-construction sale is subject to HST. However, if your Buyers are planning to live in the new condo (rather than rent it out), they might be eligible for an HST rebate.

This is the main way to buy a condo, but there is a second:

Buying a unit from someone who has bought a pre-construction unit instead of buying from the builder. This is called assignment. **Buying an assignment can be very complicated, before your Buyer purchases an assignment, ensure they seek legal council to ensure there is no uncertainty to conditions from builders, etc. (more details on page 11).**

Buyers Counselling Appointment

It is imperative that you sit down with your buyers and define the process of buying a pre-construction condominium. It is also the opportunity to find out the wants, and needs of your Buyers to ensure you are introducing them to the right condo projects that satisfy their requirements for purchasing whether for personal or investment use.



“The purpose of meeting today is to spend some time together, to find out what you are looking for in a pre-construction project, your needs and wants. As well, I wanted to provide you with some information regarding the process of buying a pre-construction condo, that will make our search for the perfect unit(s) easier”.

Qualifying Questions

Qualifying questions are used by sales professionals to gain rapport with clients and discover more about their motivation for wanting to buy a pre-construction condo..

The process of qualifying a client is one most sales representatives rush through. In those cases, the sale representative usually has not discovered the real needs and wants of the buyer. As a result, buyers often do not see the right projects, we call this **‘show and hope.’**

Qualifying questions should always be open-ended and begin with the following: **who, what, when, why, how or tell me about.** This type of questioning requires the client to express their view and give the sales professional additional information that will have an impact on the dominant motivational factor to be purchasing a condo unit. Every question the sale representative asks should be followed by **WHY?**



Utilize the Pre-Construction questionnaire available on WOLFConnect to guide this discussion to ensure you have all the information to start your search.



Right at Home Realty Condominium Wish List

One of the most important aspect of selecting a location and suite is to, truly understand what your needs and wants are in your new unit. Please fill in the following questionnaire and we will discuss in detail to ensure we find you the perfect location and suite for you.

Date: _____

Name:

Current Address:

Contact Info: Phone: _____ Email: _____

Type of Condo

Pre-Construction

Investment

Resale

Condo Apartment

Condo Townhouse

Co-op

Other

If other, please explain:

Style of Unit

One floor

Two Story

Three Story

Bachelor/Studio

Stacked Town

Hard Loft

Soft Loft

Other

If other, please explain:



Right at Home Realty Condominium Wish List

Building

Stories in Tower

5 and below 5 – 10 10 – 20 20 – 30 30+

Area/City:

North South East West Central

Specific Neighbourhood(s) desired:

Specific Building(s) Desired:

Price Range: Min: _____ to Max: _____

Pre-approved? Yes No Did you need assistance with pre-approval? Yes No

Comments/Notes:



Right at Home Realty

Condominium Wish List

Building Amenities and Features

Building						
Features	Preferences	Importance: 1 low 5 high				
View		1	2	3	4	5
Exposure		1	2	3	4	5
Swimming Pool		1	2	3	4	5
Gym		1	2	3	4	5
Party Room		1	2	3	4	5
Guest Suites		1	2	3	4	5
Concierge		1	2	3	4	5
Pets		1	2	3	4	5
Balcony/Terrace		1	2	3	4	5
Locker		1	2	3	4	5
Parking		1	2	3	4	5
Shopping/Retail		1	2	3	4	5
Public Transit		1	2	3	4	5

Other Amenities: _____



Interior Features

Interior						
Features	Preferences	Importance: 1 low 5 high				
Bedrooms	Number:	1	2	3	4	5
Bathrooms	Number:	1	2	3	4	5
Kitchen		1	2	3	4	5
Living Room		1	2	3	4	5
Dining Room		1	2	3	4	5
Den/Study		1	2	3	4	5
Ensuite Laundry		1	2	3	4	5
Flooring		1	2	3	4	5
Fireplace(s)		1	2	3	4	5
Ceilings Height		1	2	3	4	5
Windows		1	2	3	4	5

Other Features

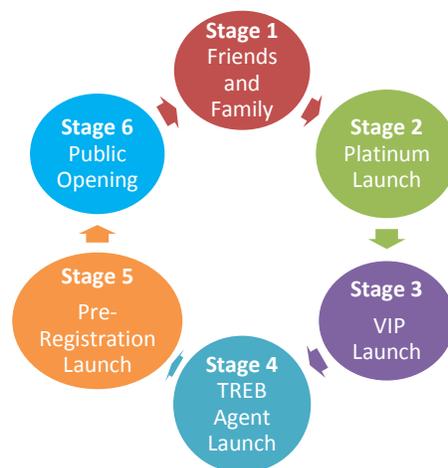
Top Reasons A Buyer

Should Use A Real Estate Professional To Purchase Pre-construction:

1. You are working with our Right at Home Realty Condo Division.

This enables you to get your clients the best prices and floor plans available for sale. By the time the building goes on sale to the public, often the choice units (best view, best suite configuration, etc.) have already been sold.

The Condo Cycle



Stage 1 – Friends & Family

This stage is typically not advertised and is only available to close friends and relatives of the developers. There is not typically an “event” to purchase at this stage. Friends and family members will be invited to purchase before they start to sell.

Stage 2 – Platinum Launch

Platinum Agents are those that typically sell large volume of pre-construction condominiums. Platinum Agents are typically characterized as the following:

- They tend to specialize in pre-construction condominiums and do little to no resale
- They tend to work with large volume of investors.
- They tend to sell 10+ units at major condominium projects.
- The Platinum Launch is typically the best time for investors to purchase a new condominium with the following perks:
 - Day 1 pricing, typically much lower than the other stages of a condo launch
 - Typically the best perks and incentives.
 - Best suite selection (the “prime units” are often sold during the platinum phase.

Stage 3 – VIP Launch

VIP Agents are those that sell pre-construction condominiums but not to the same volume as a Platinum Agent.

- They tend to also work in resale real estate.
- They will be invited to the second round of sales. Prices are typically increased, perks and incentives are removed and the best suites are usually already sold.
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Stage 4 – TREB Agent Launch

Developers will then open up their sales to any TREB agent who may have clients.

- At this time, a majority of the best suites have already been sold, and prices have increased significantly.
- Perks may be added at this time, however, the price of the units are often much higher than the perks being offered.

Stage 5 – Pre-Registration Invites

If your Buyer registers on a developers website, they will get an invitation to be the first of the public buyers able to purchase. However, prices have been increased, perks removed, many additional clauses may be added that will benefit the developer.

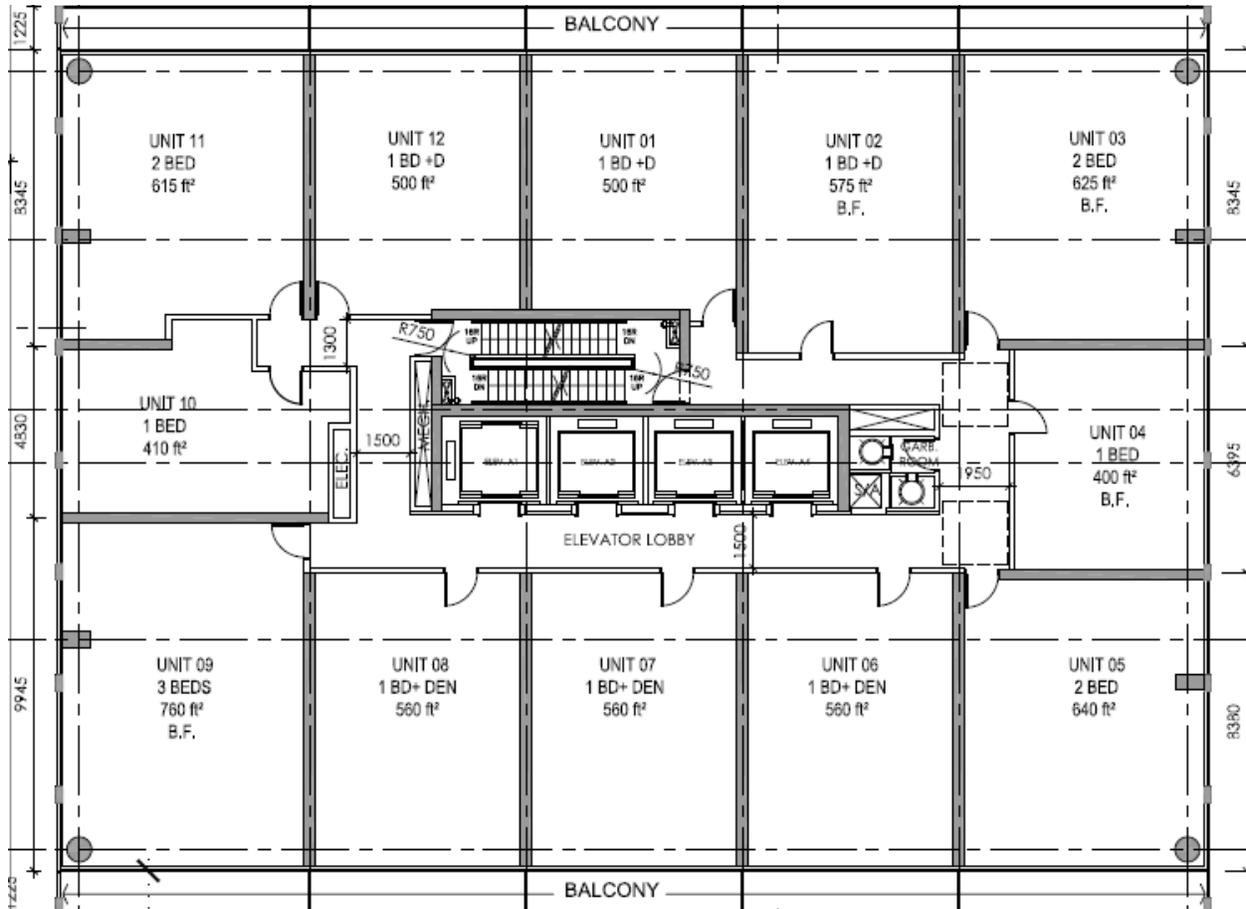
Stage 6 – Public Opening

The final stage of a condo launch is the public opening. By this time there has been 5 groups before that have purchased the best suites, the best prices and the best perks. In Toronto, the basic rule of thumb is “If you are able to walk into a sales office without an agent, your Buyer is way too late”.



2. You can assist your buyers in reading building plans.

- It is important that buyers know where amenities are, elevators, windows on their floor plans, etc.



How many elevators in the building? _____

Do all units have balconies? _____

Which units do you think will be the noisiest? _____

Which is the largest unit? _____

Which is the smallest unit? _____

3. You can assist your buyers in understanding the neighbourhood, amenities, transit, new developments, etc.

- You are the expert, so it is important that you research the neighbourhood and amenities surrounding the condo project for future revitalization but also future projects. There is nothing worse for your buyers than buying real estate only to find out that your view and building will be completely obstructed by a new building. Any sign of cranes or even a zoning amendment application can be detrimental to the value of the property. Do some research with the city.

4. You have access to MLS to do a comparative analysis to assist your buyer in determining if the unit being offered is a fair price.

Factors to consider are:

- **Current competition in your building** – Because condos are seen more as commodities than houses (there are many similar units), the amount, quality and price of the current competition must be taken into account.
- **Current competition for similar condos in similar buildings** – While less important than what's going on in the building, if your buyer have a one bed+ den and there are more on the market than usual, that will impact how long it takes your condo to sell.

5. You will assist in submitting the worksheets and the agreement of purchase and sale to the builder and all negotiations.

- Once your buyers determine which suite you are interested in purchasing, simply complete a suite reservation worksheet and return it condos@rightathomerealy.com agent. The worksheet will outline the suite you are interested in and your contact information
- *Before* your buyers sign a purchase contract, they have the right to review a Disclosure Statement prepared by the developer, according to Section 21.2 of REDMA (Real Estate Development Marketing Act). The Disclosure Statement lays out everything you will be buying including proposed and filed bylaws, common property and storage allocations, and descriptions of appliances, furnishing, and finishes.
- Under REDMA, it also has to include an estimated construction start and end date, as well as any "material facts" that could "reasonably be expected to affect, the value, price, or use of the development unit or development property.

Sample Worksheet

Suite Request Form

1 st Choice	Model _____	Size _____	Level: _____
2 nd Choice	Model _____	Size _____	Level: _____
3 rd Choice	Model _____	Size _____	Level: _____
Parking: Yes <input type="checkbox"/> No <input type="checkbox"/> Number of spaces: _____ Locker: Yes <input type="checkbox"/> No: <input type="checkbox"/>			

First Name _____ Last Name _____ Sin# or Drivers License # include expiry date _____ DOB (MM/DD/YYYY) _____ Current Address _____ City _____ Postal Code _____ Principal Business or Occupation _____ Phone Number Home _____ Phone Office _____ Email Address _____ Is this unit for: Personal Use <input type="checkbox"/> Investor Use <input type="checkbox"/>	First Name _____ Last Name _____ SIN# or Drivers License# include expiry date _____ DOB (MM/DD/YYYY) _____ Current Address _____ City _____ Postal Code _____ Principle Business or Occupation _____ Phone Number Home _____ Phone Office _____ Email Address _____ Notes: _____ _____ _____
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Realtor Info	
Name: _____	Brokerage: _____
Cell: _____	Office: _____
Email: _____	

Make all Cheques Payable to: ABC Realty in Trust

6. You can guide your clients through the important steps of the 10 day cooling off period

- When your buyer buys a newly-built condo, they have the right to cancel the purchase within a 10-calendar day cooling-off period (the clock on this 10-day period starts from the time they receive a copy of the fully signed purchase and sale agreement or the disclosure statement, whichever comes later)
- Your Buyer also have the right to cancel a sales agreement within 10 days after any “material change” (e.g., a significant change) to the disclosure statement
- If your Buyer exercises their right to cancel, the developer must refund any deposit plus any interest that may be payable
- If your Buyer makes a deposit, the developer must make sure that it is held in trust
- A developer can’t terminate your Buyers purchase and sale agreement without the buyers consent or a court order.
- Like all new home purchases, newly-built condo units are covered by the Ontario New Home Warranties Plan Act, which is overseen by [Tarion Warranty Corporation](#)

7. You can assist your client to understand and coordinate the closing costs and details in conjunction with your Buyers lawyers

- Deposit, Land Transfer Taxes, HST (rebates), Tarion Warranty Fee, CMHC Insurance, Legal fees, builder fees, Title Insurance, Utility deposits, Builder and Educational Levies, usually this all adds up to **1 – 4% of the purchase price**

8. You can guide your Buyers through the interim occupancy cost and how the builder calculates these charges.

- **The Interim Occupancy Period:** When the condo is built and ready to be moved into, there is a period of ‘interim occupancy’, where the Buyer can take possession (in other words, move into the unit). During the period of interim occupancy, the Buyer does not yet own the condo; they simply pay the builder an amount roughly equal to what their mortgage payment + condo fees + taxes will equal. No transfer of title has yet occurred, and no mortgage has been given.

Notes: _____

9. You can explain monthly condo fees and potential increases in the first couple of years, sometimes 15 to 20% more than quoted in the declaration and how to budget for these dramatic increases.

- As a condo dweller, your buyers own the inside of your unit. The outside of your unit and the land surrounding the building are owned collectively by you and all the other building residents. The general maintenance and insurance for these “common elements” are covered by everyone’s monthly fees, as are some—but not necessarily all—utilities. A portion of your buyers condo fees will also go into a reserve fund, which is set aside for major repair and replacement costs that occur as a building gets older.
- Of course, the more amenities the condo development boasts—24-hour concierge, upscale fitness centre, valet parking—the more your buyers have to pay.
- Also remember that the larger the unit, the higher the fees. Builders guarantee that the maintenance fees on pre-construction units will not increase for one year after your purchase, but after that, don’t be surprised if they go up substantially
- Before your buyers purchase the unit, find out exactly what the condo fees include: some buildings include the utilities in the maintenance fee, while other buildings have the individual owners pay some of the utilities directly

10. You can explain to your Buyers “the right at assign”, and what conditions might apply.

- **What is an Assignment?**
 - An assignment of an Agreement of Purchase and Sale is when the original purchaser from the Builder agrees to allow a new purchaser to take over the contract with the Builder. The original purchaser does not have to close with the Builder and does not take possession (if occupancy has not taken place) or title to the property. The new buyer takes over and completes the property purchase with the Builder.
- **What are the Advantages of an Assignment?**
 - There are a number of advantages to assigning a contract. They are as follows:

To the Seller/Assignor

- The seller/assignor does not usually have to pay the Builder’s closing costs and land transfer tax;
- The seller/assignor does not have to pay the GST/HST rebate back to the Builder. This would be payable on closing by anyone who does not intend to occupy the property, and sells it, or will not have it occupied by a family member. If the seller/assignor was renting out the property, he would still have to pay the rebate back to the Builder on closing and claim it back from the government. This can be a significant expense.
- The seller/assignor avoids the carrying costs (mortgage, maintenance fees, taxes, etc.) for the time between listing the property and selling a property.

To the Buyer/ Assignee

- The buyer/assignee may receive a price advantage over current properties on the market;
- The buyer/assignee will receive a brand-new home and, depending on when the assignment takes place, have the ability to make finish selections;
 - The buyer/assignee may be able to avoid Toronto Land Transfer Tax if the original Agreement of Purchase and Sale was signed before December 31, 2007;
 - The buyer/assignee may be able to take advantage of the deposits of the original buyer and be able to put less of a down payment on a property than he would otherwise have been able to.

When Can Your Buyer Assign an Agreement?

Unlike standard TREB/OREA agreements, most new home agreements contain a clause that prohibits the assignment of the contract to any individual. There are exceptions to this where, at the time the initial contract was signed; the Builder has specifically agreed to allow for an assignment of the contract. However, this is unusual and the vast majority of new condo's do not allow for the assignment of an Agreement of Purchase and Sale. Moreover, they specifically advise that if the buyer in any way tries to sell, assign, or list for sale (on the MLS system or otherwise) the property, the buyer is in breach of the Agreement of Purchase and Sale and the Builder is entitled to cancel the deal and the buyer loses his deposits. Therefore, it is very important not to list a property for sale on the MLS system or enter into this type of agreement without considering whether or not the original buyer is entitled to assign the Agreement.

Receiving Consent from the Builder

If the original buyer has the right to assign the agreement under the terms of the contract, he should find out what the Builder's requirements for doing so are. There are often specific requirements, fees, and forms which must be completed if the Builder is going to consent to an assignment.

It is still possible to obtain consent to an assignment even though the contract does not include a clause entitling the original buyer to make an assignment. There are many Builders who will allow assignments even though this is not specifically stated in the contract. It is always up to them to waive the prohibition against the assignment and allow the original buyer to assign the agreement. As is the case when the contract allows for the assignment, they will always have their specific forms and criteria, which must be met, as well as a fee to be paid. The sales office should be contacted to determine if the Builder will agree to allow an assignment and if so under what circumstances. Some Builders will allow an assignment but prohibit a listing on the MLS system, while others may not have such a restriction. Each case is different.

If the agreement prohibits an assignment and the Builder does not allow them, there is little, if anything that the original buyer can do and he will have to wait until after closing to sell the property.



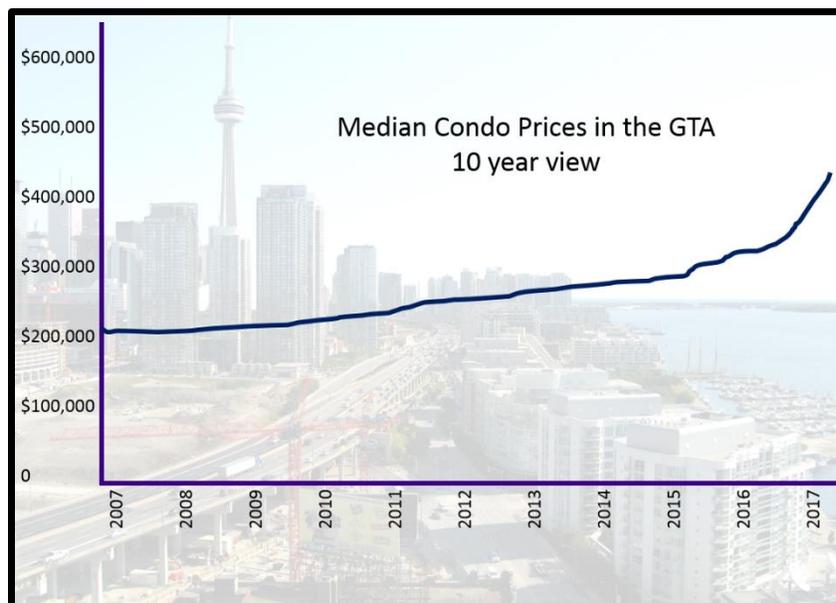
(If your client is thinking of assigning the unit before closing, please direct them to seek legal council from their lawyer before proceeding).

Working With Investors

CMHC recently reported that half of the condo owners in the GTA purchased a second unit for income purposes, one quarter hold two properties and ten percent own three or more which were bought in the pre-construction stage. Selling condo's to investors is the exact same as selling to a regular buyer, except the investor is looking at the condo as an investment and income generator. By understanding the various metrics that investors are looking for, you as their agent can ensure they purchase the right condominium(s) to build their wealth portfolio

The things that appeal to investors are:

- A lower financial burden versus a detached home; a down payment on a regular home can be overwhelming, where in a pre-construction condo the down payment is broken down into installments paid over the construction period with a final payment on occupancy. With payments spaced out over the term of construction, investors have more flexibility in saving for units.
- Lower financial bar to enter into the housing market as you are paying in installments
- Condo prices in the GTA are still growing at a rate of 22% year over year, (2017 stats).
 - *"Condominium apartments will likely account for a greater share of home sales as we move forward in 2018. Consumer polling undertaken for TREB by Ipsos in the spring pointed to increased buying intentions for condominium apartments. With this in mind, it is not surprising that we have continued to see robust price growth, as demand has remained strong relative to available listings," said Jason Mercer, TREB's Director of Market Analysis.*



Pre-Construction is a good way to get a great return on your buyer's investment. Developers offer steep discounts during pre-sales to secure better financing terms with lenders. This benefit is usually passed onto investors who might not otherwise be able to afford to invest.

Appreciation for pre construction condos is a major draw for investors. Investors who buy in the pre-sales period pay a discount rate to begin with and this rate is based on current property values. The sale price does not change a lot over the course of construction and by the time the building is ready for residents, everyone who bought during the pre-construction period has already gained equity.

Once the construction is finished and the first tenant moves in, the financial burden on an investor drops to little or nothing. Condo rents are soaring in the GTA. With the average in the third quarter of 2017 being \$2000.00 per month for a 1 bedroom condo. With these, type of increases investors can expect most if not all of their expenses to be covered by the rent.

Location is everything and by knowing the desirability of the area (transit, amenities, schools, etc.) will ensure the investor, you are working with makes the right choice when investing in pre-construction.

Types of Investors and Best Project Types

Terminology

Market appreciation occurs through the natural growth of the market place and is typically measured at a macro level by looking at the average or median sale prices in a given area.

For the purposes of Pre Construction Condo investing, looking at the average price is not a strong indicator of value, therefore, we look at average prices within specific neighbourhoods and sometimes even within specific buildings in order to determine whether a project is well priced or not.

Platinum Price Appreciation is one of Toronto's condo market secrets. By purchasing early in a condominium launch, investors will benefit from both market appreciation and platinum price appreciation which is achieved when developers increase the prices throughout the condominium launch. **This is why investors turn to real estate agents who have access to these pricing advantages.**

Understanding Short Term/Medium Term/Long Term investing

Short-term Investor:

Referred to as a “flipper” with the goal of selling as soon as possible. The time frame for the investment is 0-5 Years, usually.

Best Projects for the short-term investor: Usually in a established neighbourhood with clear history of appreciation in real estate.

Incentives of importance for the short-term investor: Assignment Clause (able to sell the unit before possession), Caps on Development Levies, Low deposit amounts.

Medium Term Investor:

Medium term investors buy pre-construction condominiums with the intention of closing on the unit and renting it out for 2-4 years before selling. This accounts for about 90% of investors, typically, who deem themselves Medium Term Investors. The average period for the investment is 5-10 years from initial investment.

Best Projects for the Medium Term Investor: In established neighbourhoods with history of appreciation and good rental rates, up and coming neighbourhoods with plans that offer significant growth within the next 10 years, locations with emerging key amenities within the neighbourhood that will increase the value of the condominium when completed. (E.G: Transit City in Vaughan, Rail Roof Park in downtown Toronto, etc.).

Incentives of Importance to the Medium Term Investor: Capping of Developmental levies and Rental Guarantees:

- (When you sign your agreement, you will have a “guaranteed rental” amount per month typically for 1 or 2 years (depending on the development)
- The rental amount is pre-determined and typically calculated at “tomorrow’s rental amount” by using expected rental appreciation rates
- The developer essentially becomes your tenant and they “sub-lease” the unit and are responsible for finding a tenant for you

Long Term Investor:

Long term investors are building a portfolio of condos as a form of wealth accumulation. Long-term investors will close on the unit and rent the suites with no definite timeframe to sell the units.

Best Project for the Long Term Investor: Established neighbourhoods with history of appreciation and rental rates, up and coming neighbourhoods with plans that offer significant growth within 10 years, locations with emerging key features that will be completed within 10 years that will enhance the value of the condominium (example: new transit line, new park etc.)

Key Incentives for the Long Term Investor: Capping of Development Levies, Rental Guarantees

Metrics That Investors Look At When Contemplating On Investing In Pre-Construction

- 1) Cash Flow
- 2) Return on Investment
- 3) Cap Rate

Cash Flow: the amount of money you're left with after each month. Cash flows can be positive, negative or neutral. A positive cash flow is a better investment, but even a negative cash flow is good, as the cost to carry the condo over the term is offset by the equity gained by the price of the unit rising over the long term.

Formula: Income MINUS expenses

Example:

The rent on a one-bedroom condominium in Toronto is 2100.00 per month.

Expenses on the unit are:

Mortgage: \$1200.00 per month

Maintenance fees: \$650.00

Taxes: \$168.00 per month

Utilities: Paid for by the Tenant

Income on the property	\$2,100.00 per month
Expenses	\$2,018.00 per month
Cash Flow	\$82.00

This would be a positive or neutral cash flow

Note: Negative cash flows are not unusual in the Toronto Markets. Remember the investor is still building equity on the unit as condo's prices increase.

Return on Investment (ROI).

Equity from the unit, as a percentage of our cash outlaid for the unit.

Our cash outlay is \$62,000.00 down payment

Our condo is 82.00 cash flow positive, or \$984.00 per year.

The \$650.00 per month maintenance fees is made up of an average (in the first year) of \$320.00 of *principal* and \$330.00 of *interest*.

So that \$320.00 of principal is \$3,840.00 in the first year, plus \$984.00 is the equity in the first year.

From a \$62,000 investment of cash, that's a 7.5% **return on investment**.

Note: some investors will include the transfer tax spread over a number of years, for simplicity; we have shown you this without the inclusion.

Cash Outlay for the Condo	\$62,000.00
Cash Flow (equity)	\$984.00 dollars per year
Maintenance fees (principle only)	\$3,840.00 per year
Total Equity	\$4,824.00 per year
\$4824.00 divided by \$62,000 equals	7.78% return on investment

Capitalization Rate or Cap Rate

The net income as a percentage of the acquisition price, financing not taken into account.

This is the most common metric used by investors even though it works best based on cash purchases. For an investor the higher the cap rate the better. You can find the average cap rates within a demographic from Stratus/Matrix in the commercial market watch.

Our income is \$2100.00 per month.

Our expenses are

Maintenance – \$350.00 per month

Taxes – \$168.00 per month

The purchase price was \$350,000.00

That is a 5.4% **cap rate**.

Gross Income	\$25,200.00 yr.
Minus expenses	\$6,216.00 yr.
Net Income	\$18,984.00 yr.
Divided by the purchase price	\$18,984.00 ÷ \$350,000.00 = 5.4% Cap Rate

Right at Home Realty's Condo Division



Platinum & VIP Pre-Construction Opportunities
January 25th, 2018

Twice weekly we will be updating all Right at Home Realty Agents to the latest Platinum and VIP Pre-Construction Opportunities hosted by our Agents. Please check your email for new projects every week, for the latest opportunities for your Buyers.



ERA CONDOS

Featured Building of January Platinum Access

*The deadline to submit worksheets is January 30th

Please send all worksheets to condos@rightathomerealty.com

- Presented by Pemberton.
- Allocation is limited and is on a first come first serve basis.
- Please send your worksheets as soon as possible.

[Click here to go to](#)

[VIP PRE-BUILD OPPORTUNI...](#)

VIP Pre-Construction Opportunities - Jan. 20, 2018

VIP Pre-Construction Opportunities - Jan 18, 2018

VIP Pre-Construction Opportunities - Jan. 13, 2018

VIP Pre-Construction Opportunities - Jan 6th, 2018

VIP Pre-Construction Opportunities - Jan. 3, 2018

VIP Condo Agent Referral Form (Mandatory)

VIP Event Application for Promotion to RAH Agents

Showing all 7

To assist you and your buyers to gain access to various pre-construction projects, Right at Home Realty has created a condo division. This new Condo Division will assist you in finding and selecting pre-construction projects for both your buyers and investors to select their preferred units within the project at Platinum or VIP Levels. This allows in some cases, you clients to get the most sought after suites before the project is offered to other real estate agents and the public.

To access what pre-construction projects are available for you buyers or investors, go to the VIP pre –construction module on WOLFConnect to review the latest projects, floor plans, pricing and incentives offered. You and your buyers can complete the required worksheets for the project you have chosen and submit them to condos@rightathomerealty.com and the Condo Division will submit the worksheets on your behalf to the builder for consideration. If your worksheets are accepted, the condo division will direct you to the appropriate contacts to complete the agreement of purchase and sale contracts.



If you have VIP or Platinum, status to a pre-construction project and want to advertise to all Right at Home Realty Agents, the application to advertise your project is contained in the same module. Please read the requirements and policies for advertising to all Right at Home Agents and submit the required application to condos@rightathomerealty.com. The Condo Division will review your application to advertise and create a project profile that is emailed to all Right at Home Agents, as well as post the project in the WOLFConnect Pre-construction module for future reference for our sales representatives. The Condo division will only advertise projects with VIP or Platinum Status and must be a new project, the division does not advertise assignments, let over units or leases.

If you have assignments, or ends you want to advertise to all Right at Home sales representatives, you can do this through the Right at Home Realty Listings Facebook page. To gain access to this page, simply search Facebook for the group and ask to join.

Pre-construction Condos Exercises (Investors)

1). The rent on a one-bedroom condo in Toronto is 2800.00 per month.
Expenses on the unit are:

- Mortgage: \$1,500.00 per month
- Maintenance Fees: \$800.00
- Taxes: \$200.00 per month
- Utilities: 50% paid by the tenant and 50% paid by the owner. Total utilities for the month are \$500.00

What is the cash flow on the one bedroom condo?

\$100.00

\$50.00

\$300.00

Is the cash flow on the unit positive, negative or neutral?

Positive

Negative

Neutral

Is this a good cash flow for this unit?

Yes

No

Would you recommend this unit to an investor? Why or Why not?

Notes:

2). An investor wants to purchase a unit in the Toronto Area. They want to rent out the unit for a couple of years and then sell the unit

What type of investor is this?

- Short-term Investor Medium-term Investor Long-term Investor

What are the best projects for this type of investor?

What are important incentives for this type of investor?

3). An investor wants to purchase a unit and would like to have a minimum cash flow of 7.0%. He is looking at a condo in the ABC pre-construction build.

The initial cash outlay for the condo is \$50,000 down payment. The cash flow (equity) is \$1200.00 per year, The maintenance fees (principle only) is \$335.00 per month.

What is the total equity for the year? _____

What is the return on investment? _____

Would you recommend this investment for your investment buyer and why?

An investor is building his wealth portfolio for the future, with no definite time frame for selling.

What type of investor is this person?

- Short-term Investor Medium-term Investor Long-term Investor

What would be the best projects for this type of investor?

What are the key incentives this type of investor is looking for when purchasing?

An investor is looking to purchase a pre-construction unit. They are looking for a cap rate of minimum 7%. The income on the property will be \$2500.00 per month, the expenses on the unit are \$500.00 per month and the taxes are \$170.00 per month. The purchase price of the unit is \$450,000. The condo is located in DT Toronto.

What would be the Cap Rate on this investment? _____

Is this a good investment for DT Toronto? _____

Do cap rates vary according to demographics? _____
