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Toronto is developing by leaps: almost all major world companies already have their offices in the city or planning to open them here in the nearest future.

At the beginning of the year, **Google** announced its ambitious plans to build the **Smart city** in Toronto's downtown. Microsoft Canada is planning a large new Canadian headquarters that will be located in the east downtown area. Amazon is in the middle of negotiations with the government to open their offices in the city. That is the news for the first eight months of this year alone.

After a long-term lull in the last few years, construction of offices and commercial buildings has sharply intensified. The shortage in this segment is very large, and, undoubtedly, the pace of the construction will only increase.

Over the past year, Toronto jumped from the 20th to the 4th place in the world to invest in the commercial estate. In the nearest future, the number of high-paying jobs in Toronto will increase by hundreds

TORONTO - THE CITY OF INVESTMENT

of thousands, which, in turn, cannot but affect the rental prices, as well as the total value. Therefore, those who invest in the residential real estate in Toronto, have very good prospects. In the last decade, the Toronto real estate has skyrocketed in value, which offers huge profits to the investors. Nevertheless, I believe, aside from calculating the profitability of the investment deals, it is necessary to consider more average indicators.

Real estate investment is an exact science based on different statistics, including general economic indicators, city development plans, the population growth, etc. Once those indicators are carefully collected and verified, it is easy to identify what and when you should buy.

Our company specializes in strategic buy-outs of apartments in multi-residential condominiums and distributing them among working with us investors.

As a rule, investors are divided into three categories:

- 1. Long-term investors (10-year investment)**
- 2. Medium-term investors (4-5-year investment)**
- 3. Short-term investors (3 (or less)-year investment)**

Here, I deliberately chose the examples with average profits. Frequently, our clients have a 100% annual profit or higher.

LONG-TERM INVESTMENTS:

UNIT - 850 SQ.FT, PARKING, LOCKER, HIGH FLOOR, BLOOR/BAY AREA	2 BR, 2 BATHS
PURCHASE PRICE	\$ 360,000
PURCHASE YEAR	NOVEMBER 2006
TOTAL INVESTMENT	\$ 90,000
HOLD PERIOD	11 YEARS
SOLD YEAR	NOVEMBER 2017
SOLD PRICE	\$ 940,000
PRINCIPAL PAID DOWN BY TENANT	\$ 90,000
CASH FLOW	\$ 66,000
TOTAL PROFIT	\$ 736,000
ROI	74.3 % PER YEAR
COMMENTS: Client generated \$67,000 in profit per each year of the 11 years investment period, from an initial \$90,000 investment.	

MEDIUM-TERM INVESTMENTS:

UNIT - 730 SQ.FT, PARKING, LOCKER, UNIVERSITY/ADELAIDE AREA	2 BR, 2 BATHS
PURCHASE PRICE	\$ 514,000
PURCHASE YEAR	NOVEMBER 2013
TOTAL INVESTMENT	\$ 117,000
HOLD PERIOD	4 YEARS
SOLD YEAR	NOVEMBER 2017
SOLD PRICE	\$ 733,000
PRINCIPAL PAID DOWN BY TENANT	\$ 10,000
CASH FLOW	\$ 3,000
TOTAL PROFIT	\$ 229,000
ROI	48.9 % PER YEAR
COMMENTS: Client generated \$57,000 in profit per each year of the 4 years investment period, from an initial \$117,000 investment.	



SHORT-TERM INVESTMENTS:

UNIT - 608 SQ.FT, LOCKER, GARISON POINT AREA	1 BR, 1 BATH
PURCHASE PRICE	\$ 358,000
PURCHASE YEAR	AUGUST 2014
TOTAL INVESTMENT	\$ 54,000
HOLD PERIOD	3 YEARS
SOLD YEAR	AUGUST 2017
SOLD PRICE	\$ 490,000
PRINCIPAL PAID DOWN BY TENANT	0
CASH FLOW	0
TOTAL PROFIT	\$ 132,000
ROI	81 % PER YEAR
COMMENTS: Client generated \$44,000 in profit per each year of the 3 years investment period, from an initial \$54,000 investment.	

The examples can be found at the NewGtaCondos.com website, in the [INVESTOR GUIDE](#) section.

Of course, long-term investments are the most reliable: here, the level of risk is zero. If you look at the chart of the real estate prices for the last 50 years, you will see that they do not always rise. There are periods of stagnation and even short-term falls. How-

ever, after such crises, in a few years, the prices inevitably return to the previous level and begin to rise sharply. Such crises are no threat to long-term investors. Moreover, they can even benefit from them because, while many buyers leave the market, the rental prices are still growing dramatically.

Unfortunately, those crisis bricks create certain risks for short-term investors. Nevertheless, they can also minimize those risks by choosing the right project.

We carefully analyze the projects and choose only those, where prices are prone to rise in any event, even if the market stands still. In addition, the beauty of investing in apartments at the beginning of construction is that you do not have to decide today, which way to go. You can make your choice after coordinating your plans with the market conditions in the future.

Additionally, I would like to briefly dwell on the financing of investment transactions and taxation of profits.

In the event of the new mortgage rules, it is not very easy to get a good financing. However, this relates mainly to those who are buying their own properties. Their qualification for a mortgage, in this case, is based on their personal income.

When it comes to pre-construction condos, everything is much simpler. Namely, at the time of the completion of construction, you already have a large amount of equity (your deposit + increase in the value). Moreover, by the moment of closing the deal, the apartment is already rented, and you have income from it. In fact, the banks also take that income into account when qualifying you for a mortgage.

As for the taxation, we use a number of absolutely legal schemes that allow to minimize the tax burden and, thereby, increase the return on the investment.

In recent years, the investment tax legislation has undergone some changes. However, even today it is possible to reduce taxes significantly. You just need to know how.

To receive the in-depth information about investment and further counselling, you can schedule an appointment by calling at 416-832-8343 or emailing at contact@investconnect.ca

The office is located at 10376 Yonge St, Unit 306, Richmond Hill.

