



MAXIM BAGINSKIY

REAL ESTATE BROKER/INVESTMENT ADVISOR

EMAIL: mbaginskiy@gmail.com

PHONE: (416) 832-8343, FAX: (416) 981-7710

WWW.REMLIS.CA

Right at Home Realty Brokerage Inc., 905-695-7888

I deal with selling condos at the foundation stage. Most of my clients are investors who purchase with the intention to sell the contract by the completion of the project or make the condo available for rent. These deals are significantly different from those made on the secondary market and those regarding the pre-construction of homes and "freehold" townhouses. Many of my clients – especially those purchasing for the first time – ask me the same questions. In this article, I will provide an answer for the most common and interesting questions.

WHEN IS THE BEST TIME TO BUY? AND HOW?

Unlike the regular real estate market, the market of newly built projects is not subject to seasonal fluctuations; however, in periods of low activity, developers try to avoid starting new projects. Prices rise from project to project which is why options that work well in the secondary market (when buying in the fall will result in a lower price than buying in the summer of the same year) do not work well in the pre-construction market.

Certainly the best option to buy is on VIP sales. There are several types of VIP sales. The best discounts and incentives on one-day VIP sales but they do not happen in all projects. Access to these sales is limited to a certain amount of Platinum brokers and even among these there are VIP agents who are able to be consistently successful in selling from project to project. As a result, they are given more trust from the developers and receive extra privileges. These are the so-called insiders: no more than 3-4 agents per project. Usually, these agents work with 5-10 projects per year and choose particular areas or developers to work with. Working with this kind of agent will help you purchase a unit under the best possible incentives.

BUYING A CONDO at the «PRE-CONSTRUCTION» Stage

QUESTIONS AND ANSWERS

WHERE TO BUY?

A considerable factor in determining where to buy an investment real estate is its location. Buying in an area with a developed infrastructure will leave you depending on a market price hike. If you buy in an area where infrastructural projects – office centres, parks, subways, malls, hospitals, universities, etc. - are planned to be built, then not only will the market experience a price appreciation but also the area, which in fact can surpass the market escalation. When choosing an area, it is important to know the major constructional projects that will occur in the next 5-7 years. This will enable you to make the right choice.

WHAT TO BUY?

There is no definite answer to this question. Everything depends on the particular project. In some projects, you can buy practically any unit whereas in others we recommend selectivity. This decision depends on the project's location, prices, and other factors. Always consider the area. For example, it is not favourable to buy one bedroom apartments in projects located near universities because they bring minimal profits. It is a better choice to buy a two bedroom unit or studio instead. In the exclusive areas with high prices, however, it is best not to buy studio as they may not be in high demand. In areas with a vast amount of office buildings, the best option is a one bedroom unit or a one bedroom with a den.

The floor of the unit depends on your plans. If you plan to resell the contract or give the unit up for rent for 1-2 years followed by reselling, then consider buying a unit on a high floor with a nice view. If you plan a long-term rent investment, lower floors would be quite suitable. Apartments on the lower floors are cheaper while the rent price is not much different which will give you even more profit. If looking at the statistics that show the amount of apartments in projects undergoing construction compared to the overall amount, we can see that the amount of 2-bedroom, 2-bedroom + den, and 3-bedroom apartments has significantly decreased in the past few years. On the other hand, the amount of 1-bedroom and 1-bedroom + den apartments has increased as they bring the most profit to the builder. Developers are forced to construct spe-

cifically these units because in the past years, due to the sudden increase in town government fees, the income of developers has struck an all-time minimum. Considering this factor, in the next 3-7 years, we will experience a lack of large apartments. As a result, they will appreciate faster.

SHOULD I BUY PARKING?

If the apartment is in downtown, which, from the perspective of investment projects, is the location of the most profitable projects, then parking should be purchased only in buying a 2-bedroom units – or larger. Also, take into account whether or not you plan to sell the apartment in the near future. Generally, apartments up for rent come without parking as 90% of tenants do not need it. However, should such a need occur, the parking can always be rented separately.

An exception is the projects that have a limited amount of parking spaces relative to the amount of apartments and as such, parking is in high demand. In such projects, the parking rent is expensive and there is no guarantee in vacant parking spaces. In this case, it is better to buy parking as in the future it can become the source of significant profit. In reality, there are not many of such projects as the developers usually forced by the city development department to construct enough parking spaces which are often not sold out during pre-construction sales.

WHEN IS IT BEST TO RESELL THE CONTRACT?

The best time to resell the contract is between the times that you were handed the key (interim occupancy day) and the official closing. This time period is generally six months and is favourable due to the fact that you do not have to establish a mortgage and pay land transfer taxes. At the same time, the apartment is already built and you have the opportunity to show it to potential buyers.

**You welcome read my
other publications on my website:
WWW.REMLIS.CA
under I AM IN THE MEDIA. For your
convenience, the site functions
in Russian and English.**