



RE/MAX MILLENNIUM REAL ESTATE

PRE-CONSTRUCTION GUIDE

New Life Homes

Buy | Sell | Invest

A Real Estate Business Center

New Life Homes

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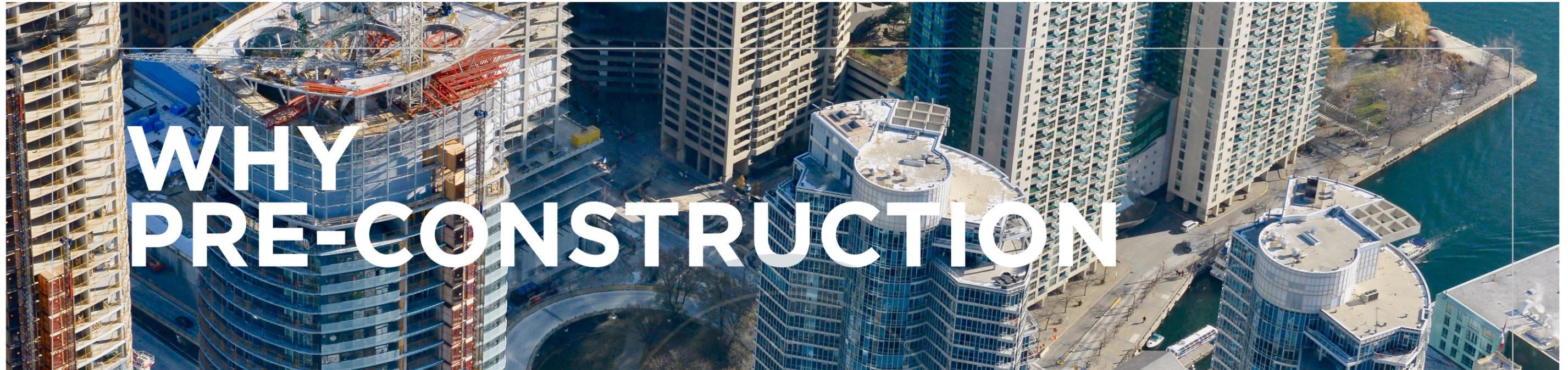
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WHY PRE-CONSTRUCTION

BE THE FIRST TO LIVE IN A BRAND-NEW BUILDING

Buyers will be proud to be the first tenants to live in a newly constructed building. Enjoy new, state-of-the-art appliances, and experience everything first.

OPPORTUNITY TO CUSTOMIZE YOUR SUITE

Customization options are only available during the pre-construction phase. Tailor finishes, appliance upgrades and even your floor plan!

OPPORTUNITY TO OWN A RENTAL PROPERTY

Build your equity by renting out your unit to pay off your mortgage. Rental rates in Ontario have been consistently on the rise for decades.

OWN A TANGIBLE INVESTMENT

Why not own an investment that you can actually touch, see and use? Condos are traditionally a very safe long-term investment.

CONDOS ARE MORE AFFORDABLE

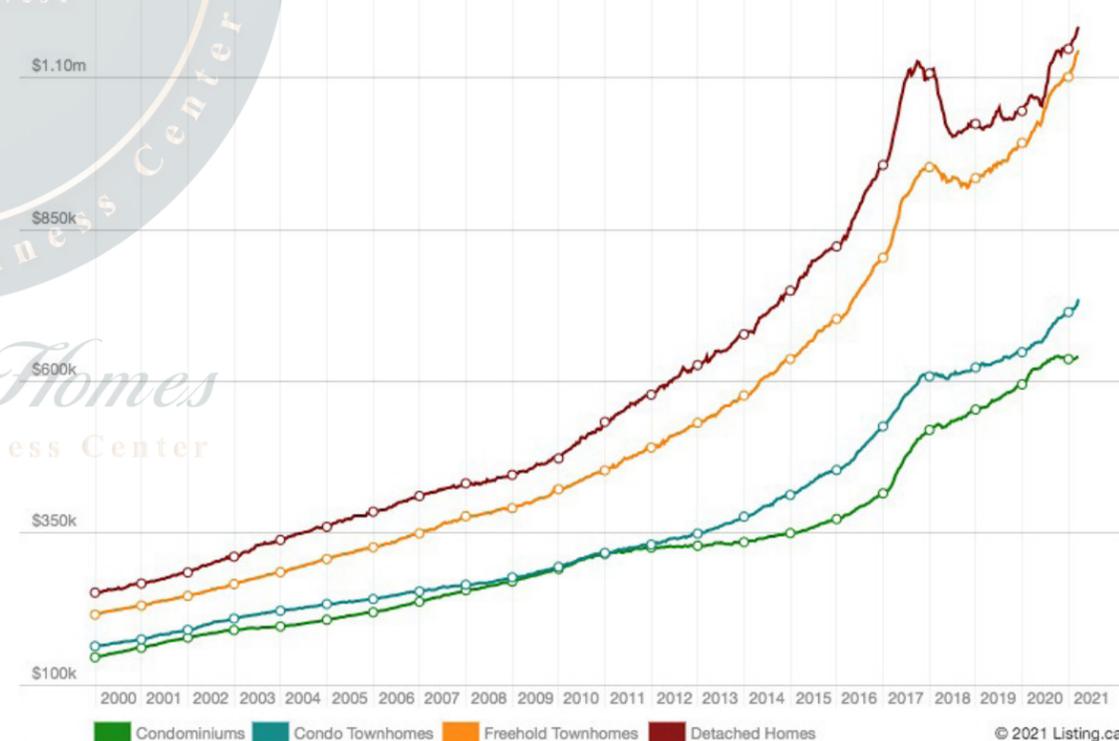
Detached homes have been listed for record-high prices. Pre-construction prices during VIP sales are typically cheaper by 5 to 10%.

TORONTO CONDO MARKET

+64.3%

YEAR-OVER-YEAR FEB 2021

Toronto Real Estate Price History [Source: Listing.ca]



THE GTA CONDO MARKET

1,200,000

NEWCOMERS BY 2023

40% OF 1.2M

IMMIGRANTS EXPECTED IN THE GTA



The Greater Toronto Area (GTA) is one of the **most diverse areas of the world**. Toronto itself has the **#1 highest annual per capita immigration rate**. An average of 30 of all Canadian immigrants settle in Toronto, bringing the best minds and talent from all around the globe which drives demand for housing upwards.

Toronto is a world-class city and is constantly generating interest from international investors. The GTA is a global leader in **attracting highly skilled employees** and major technology companies. The GTA already has offices for Shopify, IBM, AMD, Ubisoft, Amazon eBay, Kijiji, Paypal, and Uber, with **plenty more to come**.



PRE-CONSTRUCTION EXPLAINED

Pre-construction is a stage in real-estate development where the construction of a building has not yet commenced. Many people who are interested in pre-construction real estate have the misconception of thinking that registering directly on a developer's website is the way to get priority access to units at the lowest price. However, registrants on the developer's list usually receive information and pricing only after there has been price increase. Toronto pre-construction sales typically follow the below timeline.



PLATINUM REALTORS / BROKERS

are those who have sold a large numbers of volume at a developer's past projects with a solid sales track record. Developers authorize Platinum Realtors to share floor plans, pricing and all relevant materials pertaining to the project with their registrants.

Before most people are even aware that the project is available for sale, over a large percentage of the pre-construction real estate is already sold by a Platinum Realtors.

Want to learn more about what we as a Platinum Realtors can do for you?

Call or email us to discuss your next purchase or investment!



PLATINUM BROKERAGE



FRIENDS & FAMILY OF DEVELOPERS



VIP BROKERS



DEVELOPERS REGISTRANTS



GENERAL REALTOR / PUBLIC

IDENTIFYING THE BEST PRE-CON PROJECTS

There are a variety of pre-construction projects at any given time. Identifying a worthy project requires time and care.

ONLY 5% OF CONDOS LAUNCHED DAILY ARE WORTHY INVESTMENTS.



THE DEVELOPER



THE LOCATION



VALUE PROPOSITION

THE DEVELOPER

Research their past projects and feedback on them. Did they deliver on quality and craftsmanship? Do they deliver on time? These are important considerations.

THE LOCATION

Buy a location primed for growth. Ideal locations are close to living amenities such as: schools and recreational spaces, educational centres, and public transit.

VALUE PRPOSITION

Be aware of the cost per square feet for pre-construction condos. We can help you compare resale value trends and understand your ROI.

THE BUYING PROCESS

WHAT SHOULD I EXPECT?

1

WORKSHEET

During the pre-construction phase, a **set of units is allocated to each Platinum Brokerage** to sell to their clients. The set typically contains models ranging between 1 to 3 bedrooms and reservations for a unit can be made by submitting a worksheet along with a valid I.D. The worksheet is not a binding agreement, which means you are not obligated to purchase a unit after submitting one, but it is mandatory.



10-DAY COOLING PERIOD



In Ontario you legally have **10 days to review your purchase and are 100% protected if you decide to cancel**, with no questions asked and no financial penalties. During the 10 days we highly recommend that you take your purchase agreement to a lawyer who is familiar with pre construction real estate to review the agreement with you.

3

2

ALLOCATION

After submitting a worksheet you will receive an update call from us. If you are **satisfied with the unit** that has been allocated to you, a **signing appointment will be booked** at the sales centre or virtually. It is at this point that you will **sign the APS** (Agreement of Purchase and Sale).



LAWYER REVIEW



You will typically meet your lawyer on 2 different occasions. The first will be just before interim occupancy and you will be expected to sign necessary documents as well as make any outstanding deposits; providing post-dated cheques for the **interim occupancy fee** payments (also referred to as a “phantom mortgage”).

4

THE BUYING PROCESS

WHAT SHOULD I EXPECT?

5

MORTGAGE PRE-APPROVAL

It's time to obtain your mortgage pre-approval letter. This is not an actual registered mortgage but simply a letter from your financial institution **signifying adequate funds for 75-80% of your total purchase amount.** Depending on the builder, they may require a mortgage commitment.



DECOR CENTRE

Approximately one year prior to the occupancy date, the decor centre will contact you for your suite colour selection, choice of finishes and any additional suite upgrades you may require.

7

6

THE DEAL IS FIRM

Congrats! Now that your contract is firm and binding your post dated deposit cheques will be processed according to the deposit structure in your purchase agreement. **It is very important that the funds are available in your account on the specified dates;** you will receive a receipt for each deposited cheque.



FINAL CLOSING

On the day of final closing you will be contacted by the builder to schedule a date of final closing through your lawyer. This is the day **where title will be transferred and registered under your name.**

8

FREQUENTLY ASKED QUESTIONS

WHAT HAPPENS TO MY DEPOSITS IF I CHANGE MY MIND?

If you decide to change your mind during the 10-day cooling period, your deposits will be returned to you in full by the developer.

DO I NEED A LAWYER?

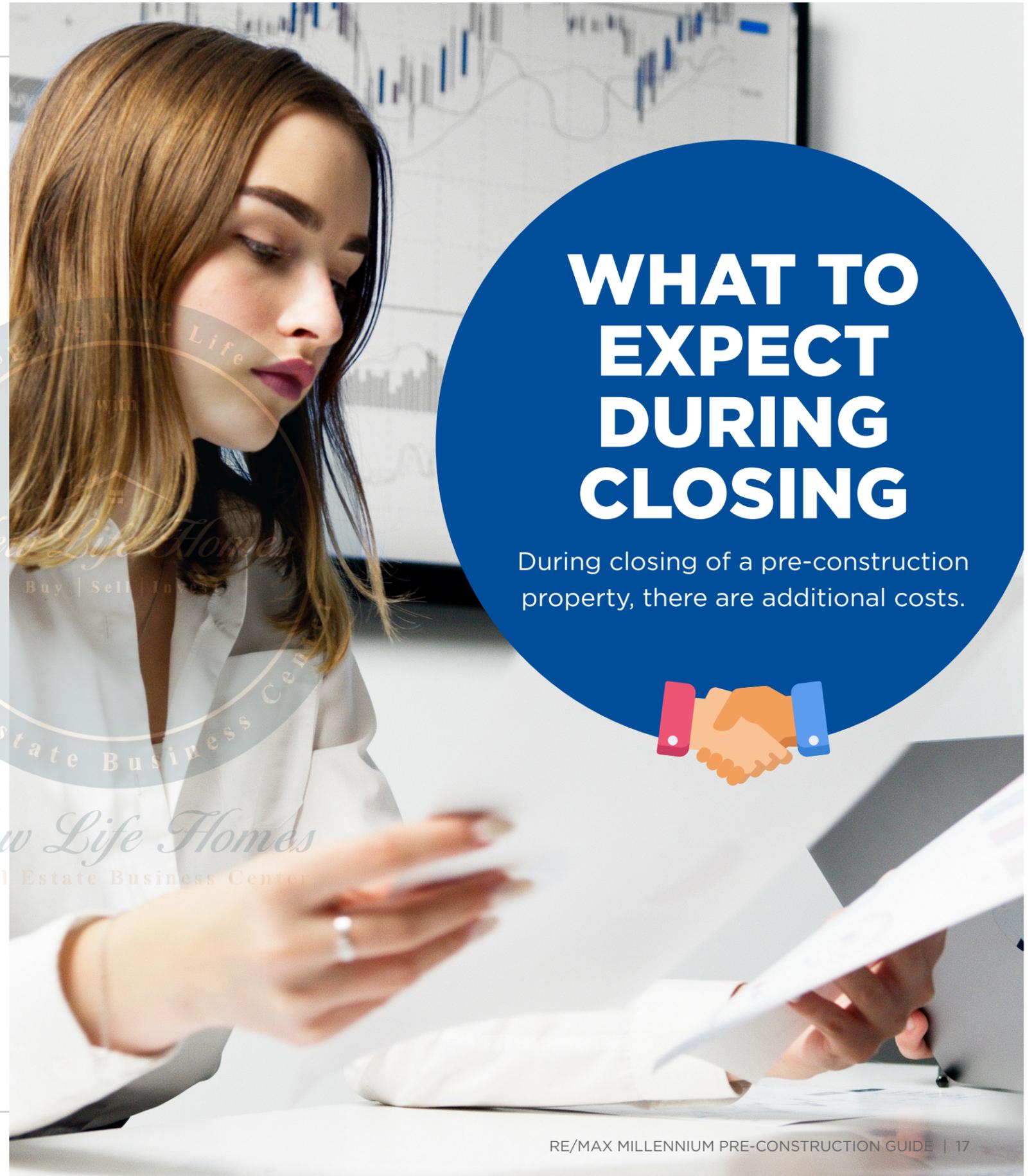
Yes, your lawyer will need to review the Agreement of Purchase and Sale during the 10-day cooling period, at the interim occupancy stage and during final closing.

WHAT HAPPENS IF I CANNOT CLOSE THE PROPERTY DUE TO FINANCIAL CHANGES?

Anything can happen during the time before occupancy. Developers usually permit purchasers to “assign” your unit which generally means that you will be able to sell your contract. Be sure to always look for an assignment clause in your agreements!

WHAT IS AN INTERIM OCCUPANCY FEE?

The interim occupancy fee is charged on buyers during the “interim occupancy phase”, where the building is awaiting full completion and can’t be registered. During this phase, it is legal to live or rent out your unit, but you will not have ownership title and can’t yet register a mortgage. The interim occupancy phase can sometimes last from a few months to two years.



WHAT TO EXPECT DURING CLOSING

During closing of a pre-construction property, there are additional costs.



REGARDING TAXES

New goods and services are subject to a sales tax. However, the government provides a rebate on these fees provided certain conditions are met.

HST/GST/PST



PRINCIPAL RESIDENCE VS INVESTMENT PROPERTY

Anyone in the province who purchases a new condo or home from a builder is eligible for the Ontario HST rebate for new homes. Depending on your intention of use for the unit purchased, you have a choice between two separate rebates:

- **THE FIRST REBATE:**
The builder usually handles the rebate and will have considered the HST rebate amount when setting the purchase price. For a principal residence, you or someone directly related to you must be the first occupant of the property and remain so for a minimum of one year.
- **THE SECOND REBATE:**
For investment properties, the full HST is paid up-front on final closing, and the purchaser must apply for the Ontario New Residential Rental Property Rebate (NRRPR) after closing.

PROPERTY TAXES



Property taxes on a new development may take some time to be assessed. Builders usually prorate an estimated amount and charge you for it. Upon assessment you will then begin paying the taxes to the government directly. In Toronto, property taxes are roughly 0.7-1% of the assessed value of your property.

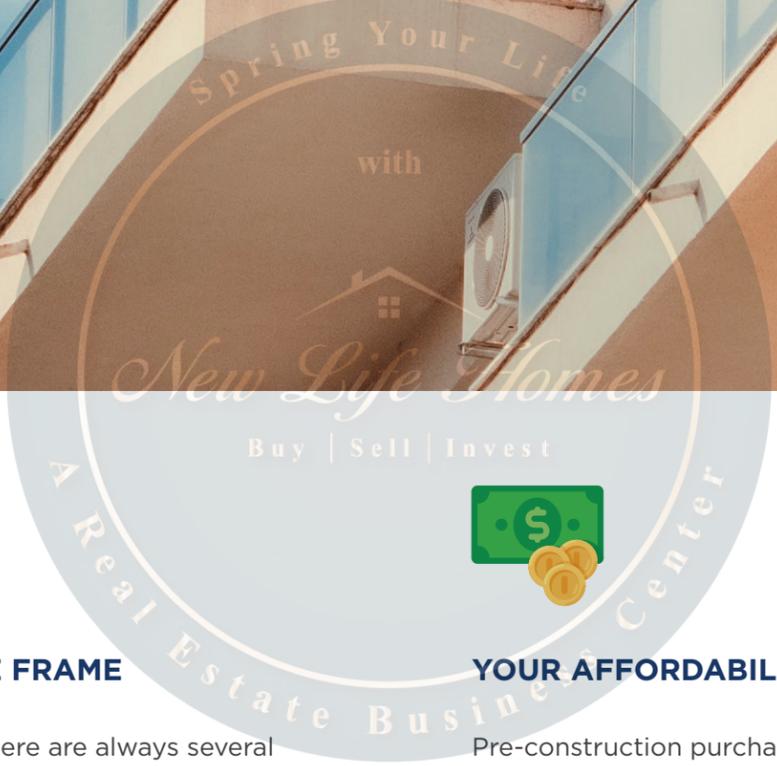
CAPITAL APPRECIATION



In Canada, your principal residence is exempt from capital appreciation tax. However, if you are purchasing a new home as an investment or second home, you will have to consider capital gains tax. Capital gains tax can easily be estimated as half of your marginal income tax rate.

WHERE SHOULD I BUY?

The best place to buy depends on the buyer's intention, time frame, affordability and lifestyle. Depending these 4 factors, we will help guide you towards various projects that best fit your needs.



YOUR INTENTION

Investors: we provide you with statistics and market research to help you save money, maximize your return on investment and capital gains.

End-Users: we will find a project that best fits your lifestyle, time frame and affordability, with various options that provide long-term value.



YOUR TIME FRAME

In the GTA, there are always several pre-construction projects available to purchase from at any given time. These projects could all have different closing dates that usually range from a few months, and up to 5 or 6 years in the future.

Whether your plan is to live in your new home in 2 months or 2 years, we will find you one.



YOUR AFFORDABILITY

Pre-construction purchases typically require a down payment equal to 20% of the purchase price, usually with staggered payments spanning between 10 days after signing and upon final closing of the unit.

We can provide you with several options that fit your budget after considering how much cash will be required for future deposits.



YOUR LIFESTYLE

Ask yourself, "Do I prefer tall, sleek high-rises, or cozy boutiques?"

Our access to many top-notch projects during the platinum phase will enable you to shop between various options after answering the questions that matter to you.

We'll sit down, get to know each other, and narrow down the options based on your preferences.

CONDOMINIUM INVESTING

THINGS TO CONSIDER

1. DEVELOPMENT GROWTH

Areas with any upcoming development plans, transit growth and housing opportunities are always great choices for investors. Staying in the know, ahead of the crowd can create a huge gain on your return on investment if you get in at the right time.

2. EMPLOYMENT

Being within close proximity to jobs is a huge benefit for home buyers. Find a place close to many job opportunities to increase the value of the property.

3. R.O.I

Compare between other similar properties and check if they offer a positive return on investments.

4. RENTAL RATES

Again, we'll compare between other similar properties and ensure rental rates are optimal for you.

5. LOCATION, LOCATION, LOCATION!

Location plays a huge role in real estate investments. Find a place that does well in all of the above, and your investment will be sound.

↑ **702,000**

PROPERTIES ARE EXPECTED TO CHANGE HANDS THROUGH CANADIAN MLS SYSTEM IN 2022.

*UP FROM **551,262** RECORDED IN 2021



BENEFITS AND THE PROCESS OF INVESTING

INTO PRE-CONSTRUCTION CONDOMINIUMS

Release of the keys to the owner at the occupancy date.

Usually you would need to make another 5% deposit payment and/or bring the total down payment to 20%. It's a requirement to receive financing from the bank.



3 YEARS

Property Management

The property can be rented out at this point. Either you can connect to your RE/MAX Millennium realtor or can help you find a property management company.



6-7 MONTHS

The Final Closing

Much easier to obtain financing from the bank since the value of your condo unit may have risen considerably.



ASSIGNMENT SALE

Sell your contract with the builder 2-3 months before the final closing.

Rental for 1-2 Years

Continue to rent the unit on a long-term basis, thus generating rental income and increasing overall value of your condo unit.



1-2 YEARS

SELL AFTER 1-2 YEARS OF RENTING

Only 50% of your net profit (profit minus all expenses) will be subject to Capital Gains Tax.

Refinancing

Depending on your situation your condo unit can be refinanced without selling it, and the money to be used either for personal use or as a down payment for another property.



NEXT INVESTMENT

Invest into another pre-construction property.

Long-Term Holding

Continue to rent the condo over a longer period of time, generating more equity due to the rising value of the condo. Use this equity to refinance and buy more investment properties.



PRE-CONSTRUCTION CONDO PURCHASE THROUGH **VIP ACCESS**

FOR EARLY RELEASES

- ▶ LOWER DEPOSIT STRUCTURE
- ▶ BETTER CONTRACT CONDITIONS
- ▶ WIDER AND BEST SELECTION OF AVAILABLE UNITS
- ▶ DISCOUNTED PRICES

NOTE: Usually **15% down** spread over two years.

NAVIGATING THE PROCESS

8 WAYS WE CAN HELP

01

ACCESS TO PRE-VIP PLATINUM EVENTS

We will grant you access to VIP events. Enjoy access to the best prices and floorplans that will be available for sale.

02

NEGOTIATION

We will negotiate the agreement in your best interest. Many things are negotiable and your experienced agent can help you navigate this process.

03

ASSIGNMENT

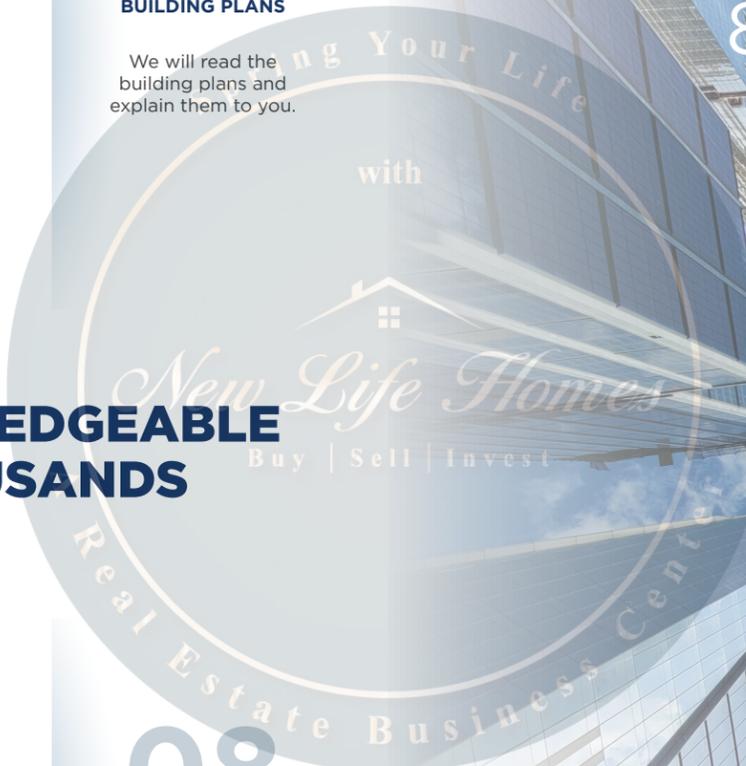
We will explain the importance of "The Right to Assign."

04

BUILDING PLANS

We will read the building plans and explain them to you.

THE EXPERT ADVICE OF A KNOWLEDGEABLE REALTOR CAN SAVE YOU THOUSANDS



05

COORDINATION

We will coordinate all the closing costs and details with your lawyer.

06

HST AND IMPLICATIONS

We will connect you with experts and educate you on how the HST will affect your closing costs and discuss any HST rebates that you may be eligible for on your purchase.

07

INTERIM OCCUPANCY

We will explain how the interim occupancy costs work and how the builder calculates these charges.

08

CONDO FEES

We will explain the changing reality of your monthly condo fees.

TRREB CONDO MARKET REPORT Q2 2021

NEW LISTINGS

14,437

↑ **64.6%** Y-O-Y

ACTIVE LISTINGS

4,085

↓ **5.4%** Y-O-Y

Q2 2021 GTA CONDO SALES RISE SUBSTANTIALLY

CONDO SALES RISE



SUMMARY OF CONDOMINIUM APARTMENT TRANSACTIONS

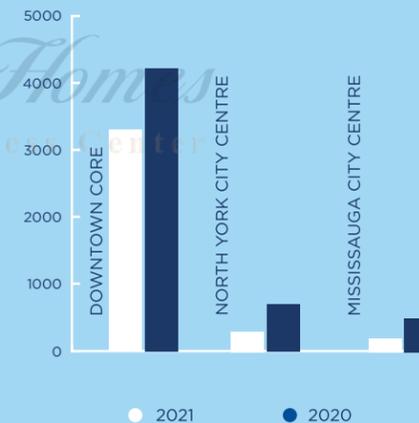
REGION	SALES	AVG. PRICE
BURLINGTON	73	\$482,353
HALTON HILLS	1	\$494,000
MILTON	48	\$510,264
OAKVILLE	61	\$561,284
BRAMPTON	66	\$459,254
MISSISSAUGA	344	\$524,506
CALEDON	0	-
TORONTO WEST	585	\$569,420
TORONTO CENTRAL	1,570	\$727,311
TORONTO EAST	339	\$515,300
MARKHAM	87	\$586,496
NEWMARKET	8	\$439,238
RICHMOND HILL	76	\$522,924
VAUGHAN	66	\$583,912
OSHAWA	22	\$245,227
WHITBY	18	\$423,806

CONDOMINIUM APARTMENT MARKET SUMMARY

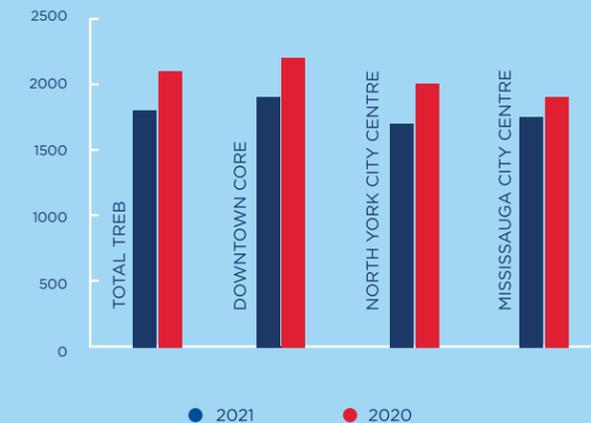
REGION	2021		2020	
	SALES	AVG. PRICE	SALES	AVG. PRICE
HALTON REGION	452	\$661,207	183	\$516,048
PEEL REGION	1,079	\$566,864	410	\$514,002
CITY OF TORONTO	6,053	\$721,109	2,494	\$661,458
YORK REGION	970	\$655,156	243	\$560,537
DURHAM REGION	190	\$514,177	108	\$409,751

RENTAL MARKET SUMMARY

NUMBER OF UNITS RENTED
Q2 2021 VS. Q2 2020



AVERAGE ONE-BEDROOM RENTS
Q2 2021 VS. Q2 2020



GLOSSARY OF KEY TERMS

10-Day Cooling Period

In Ontario you legally have 10 days to review your purchase and are 100% protected if you decide to cancel, with no questions asked and no financial penalties.

APS (Agreement of Purchase & Sale)

A written contract between a seller and a buyer for the purchase and sale of a particular property. In the Agreement, the buyer agrees to purchase the property for a certain price, provided that a number of terms and conditions are satisfied. The process begins when the purchaser makes an offer, which is irrevocable for a certain time-period. If there are no counter-offers, the Agreement becomes a legally binding agreement if the offer is accepted by the seller, within the time-period set by the buyer.

Capital Appreciation

Capital appreciation is a rise in an investment's market price.

Interim Occupancy Fee (a.k.a "Phantom Mortgage")

The period between the occupancy date the builder gives you and when the condo finally closes (and ownership transfers to you) is known as the "interim occupancy period." The fee you pay to the builder during this time is known as the "interim occupancy fee."

Investment Property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Mortgage Pre-Approval letter

A prequalification or preapproval letter is a document from a lender stating that the lender is tentatively willing to lend to you, up to a certain loan amount. This document is based on certain assumptions and it is not a guaranteed loan offer.

Platinum Realtor/Broker

Are those who have sold a large number of volume at a developer's past projects with a solid sales track record.

Pre-Construction

Pre-construction is a stage in real-estate development where the construction of a building has not yet commenced.

Principal Residence

Your principal residence can be any of the following types of housing units: a house, a cottage, a condominium, an apartment in an apartment building, an apartment in a duplex, a trailer, mobile home, or houseboat. A property has to qualify to be a principal residence.

Return On Investment

ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost.

Value Proposition

An innovation, service, or feature intended to make a company or product attractive to customers.

Worksheet

A worksheet is a term that the industry uses for a "Suite Reservation Form" or "Condominium Wish List". In condominium projects with high demand, developers will ask buyers to complete a Worksheet which indicates the following: The Name, Address and Contact Information of the client wishing to purchase.



LET'S GET STARTED
**ON YOUR DREAM
INVESTMENT**



POWERED BY:

