



## **Navid Sharifzadeh** (MSc)

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## **12 Secrets in How to Invest Better in Pre-Construction Condos in Toronto**

1. The key is to buy small when buying for investment. Smaller units are easier to sell or rent out and there is less exposure to market fluctuations. For instance, it is better to buy two 500 square foot units comparing to buy one 1000 square foot.
2. Parking isn't worth the money from an investor's perspective as it is selling as high as \$40,000. So my recommendation is to buy near or on transportation lines.
3. Invest in the smaller building as when it comes time to sell if you purchase in a small building there is far less chance of competition. The competition will decrease the amount you will be able to sell your unit for.
4. Buy in the popular location that has staying power. Buy a condo in a location that is close to public transportation such as subway or Go station, with high density of population, and diverse employment. For example Yonge & Sheppard, Yonge & Eglinton, Yonge & Bloor or near CN Tower.

5. Wait at least one year before putting your unit on the market place. The reason is most investors are going to try and realize their profit and then cut and run. The best strategy is to rent your unit to cover your mortgage while your property quietly appreciates.
6. Choosing the floor is depends on the views and the charge per floor. But generally it is not worth it to purchase on a higher floor. Typically, the price you pay for a difference of 10 floors will be difficult to make up in rental income while you hold the property.
7. Do not pay for upgrades. Since you will not be living in the property why are you paying a premium for the enjoyment of future tenants?
8. In pre-construction condo, you should consider the cash flow of rent in their investment calculation in addition to the capital appreciation potential. In other words a pre- construction which will be ready in 1 year from now is worth more than something which will be ready 4 years from now.
9. Deposit structure is sometimes negotiable. Ask your builder to extend the payments as much as possible or even eliminate some of them altogether.
10. When you buy new, you will incur additional closing costs that you do not incur when buying resale, such as TARION Warranty enrolment fee, Assignment fees (if you sell before final closing, or 'flip' your unit) and Utility hook-up fees. Many of these closing costs can be capped at a maximum figure (2% to 3% of purchase price), or eliminated altogether. It's important to have Realtor and a lawyer who are experienced in pre-construction

condos on your side to help you negotiate these terms with the builder.

11. Remember that you can shop around for the best mortgage rate right up until final closing, so even if you obtained an approval during your 10-day cooling off period, you can choose a different lender if you like. That is, your initial pre-approval will satisfy your credit worthiness to the builder, but you can always get another pre-approval from an alternative lender up until you close.
12. Using an Exclusive Buyer's Agent could save you thousands! Every new condo project goes through a staggered sales and marketing process whereby prices increase and availability decreases at each stage of the process. The best agents get their clients in to purchase units at the earliest stages to ensure the lowest possible price and the best possible selection. This also can include, which builders to avoid, which condo finishes to select and what to look out for in a condominium contract.

### **EXAMPLES OF REAL LIFE INVESTMENTS:**

(1 bed) -440 sf (no parking no locker)

Bought pre-construction in 2007 for \$129,200

Total deposit of \$19,230

Further deposit on occupancy \$7,410

Closing costs \$13,000

Sold Jun 2011 for \$245,000

TOTAL INVESTMENT = \$39,640

**TOTAL PROFIT = \$115,800**

**TOTAL RETURN ON INVESTMENT = 292% (over 3 years 11 months)**

All my services are free for the buyers. Some of my services are:

- ✓ First access to inventory
- ✓ First-round of pricing
- ✓ Ability to take advantage of special condo incentives
- ✓ Extended Deposit Structure
- ✓ Additional Cash Discounts
- ✓ Development Levy Cap
- ✓ Assignment clause to transfer unit before the occupancy date
- ✓ And much more.....

Please contact me for more information regarding pre -construction condos in Toronto

**Be Smart! Be VIP!**

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