

I'm a newcomer: How can I buy my first home in Canada?



SPEAKERS: ENZO CENITI

GIA CHEN

Introduction

In this session, we at iRise intend to:

- Show you why Real Estate is a safe investment in Canada
- Demonstrate how Pre-Construction real estate is an excellent vehicle to enter the market
- Provide several case studies that demonstrate the effectiveness of Pre-Construction for building short & long term wealth
- Introduce strategies for you to enter the real estate market in Canada BEFORE you even arrive

Who are we?

iRise Realty is a boutique real estate brokerage specializing in helping newcomers achieve their financial goal through investing in pre-construction properties.

With 20+ year experience in the real estate investment and approximately \$1 Billion worth of transactions, iRise helps you every step of the way to purchase property in CANADA, whether it is your first or just one of many in your portfolio.

The dedicated team at iRise work with you, to help your dream of Canadian homeownership come true!

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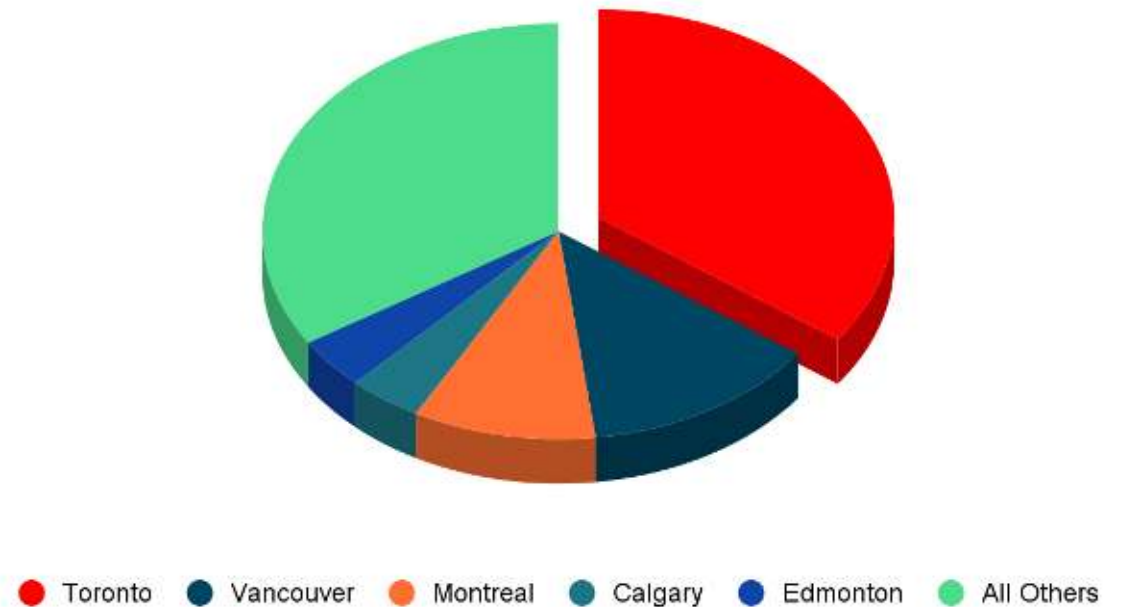


Trends in Canadian Immigration & Housing

IMMIGRATION

- Canada leads the G7 nations in population growth
- Canada currently sits at approximately 38.2 million people (up 10% from 2011)
- The bulk of the population growth over the past decade is driven by increasing international migration
- Approximately 35% of new immigrants take up residence in Toronto and 13% will take up residence in Vancouver

% of New Residents by City



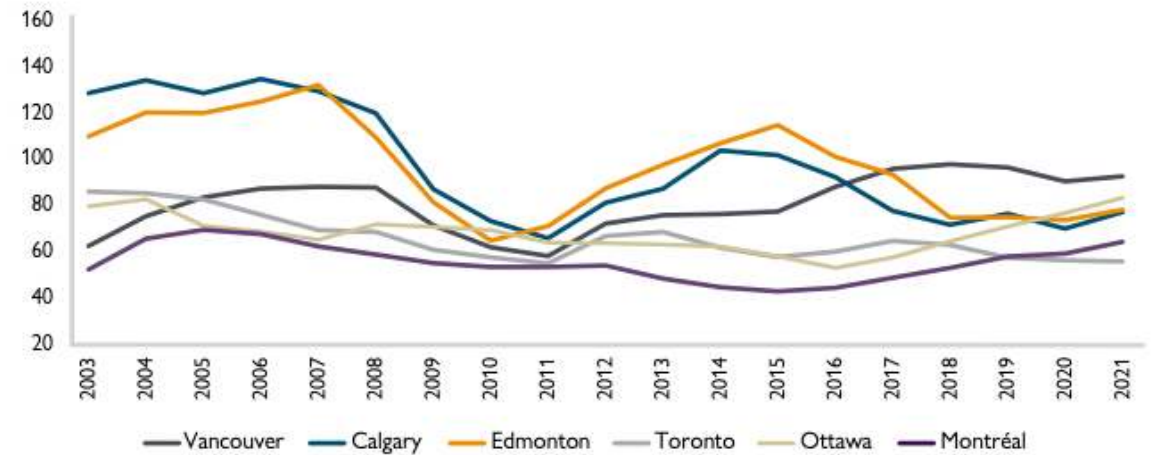
**Source: Stats Canada, IRCC Gov't of Canada*

Trends in Canadian Immigration & Housing

HOUSING

- Housing Starts (new builds) have struggled to keep up with the population growth of the Greater Toronto Area (GTA)
- In 2021, Housing Starts increased from their 10-year average of 38,000 units to about 42,000 units

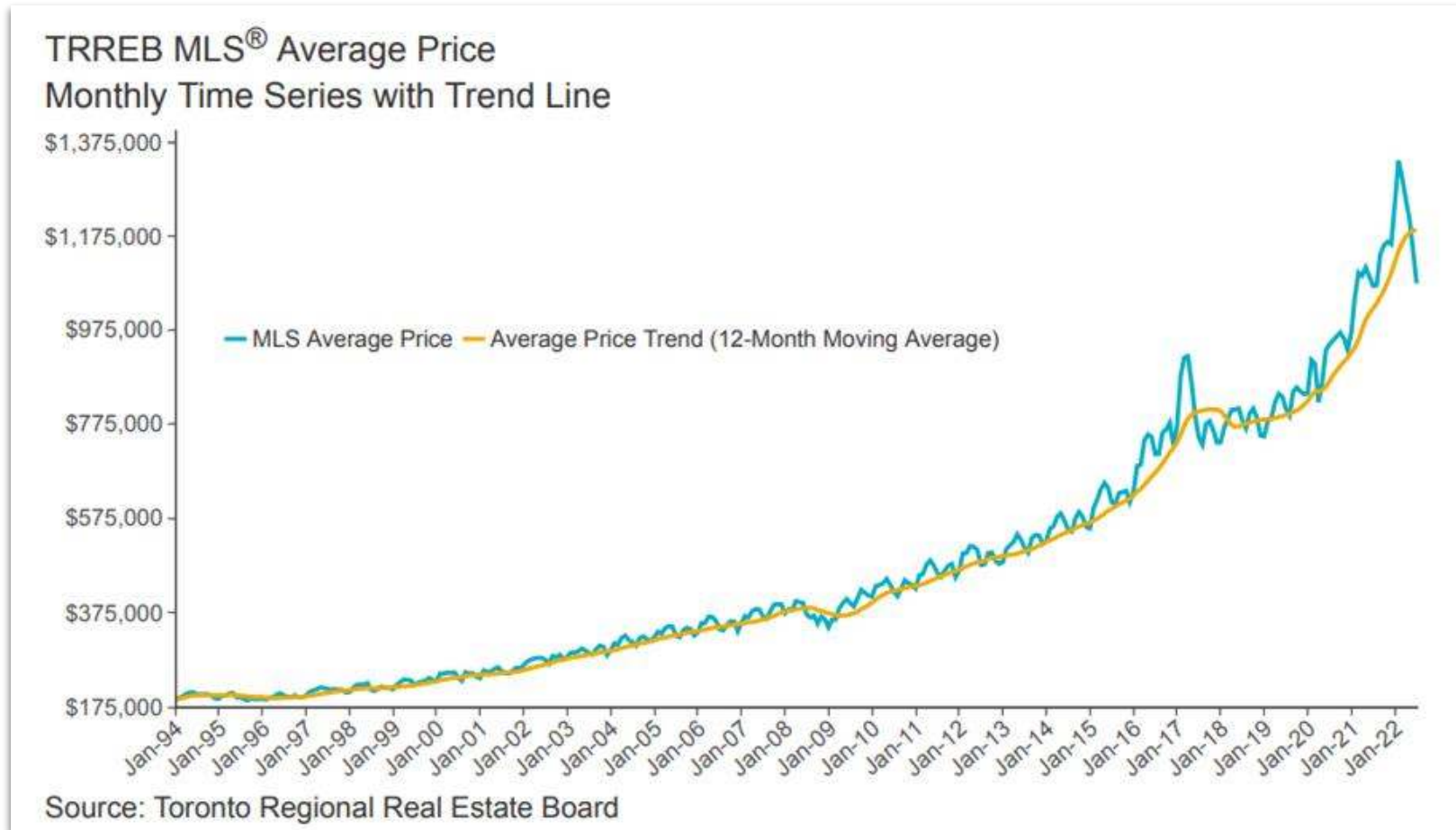
Figure 1: Annual housing starts per 10,000 population*, select CMAs, 2003–2021



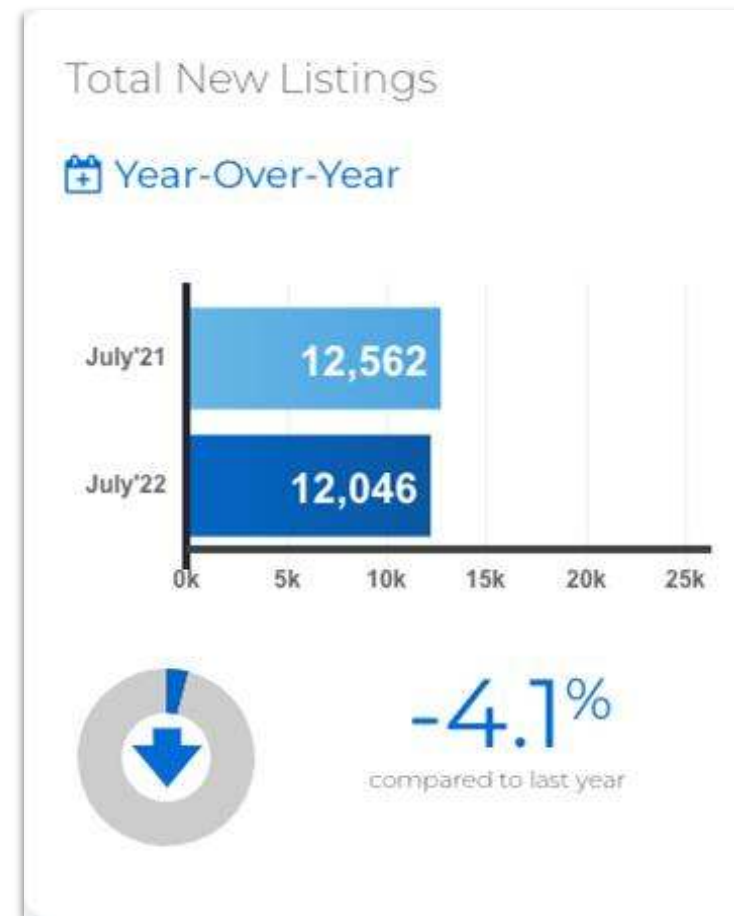
Source: CMHC, Statistics Canada

*Three-year moving average

Trends in Canadian Real Estate (Houses)

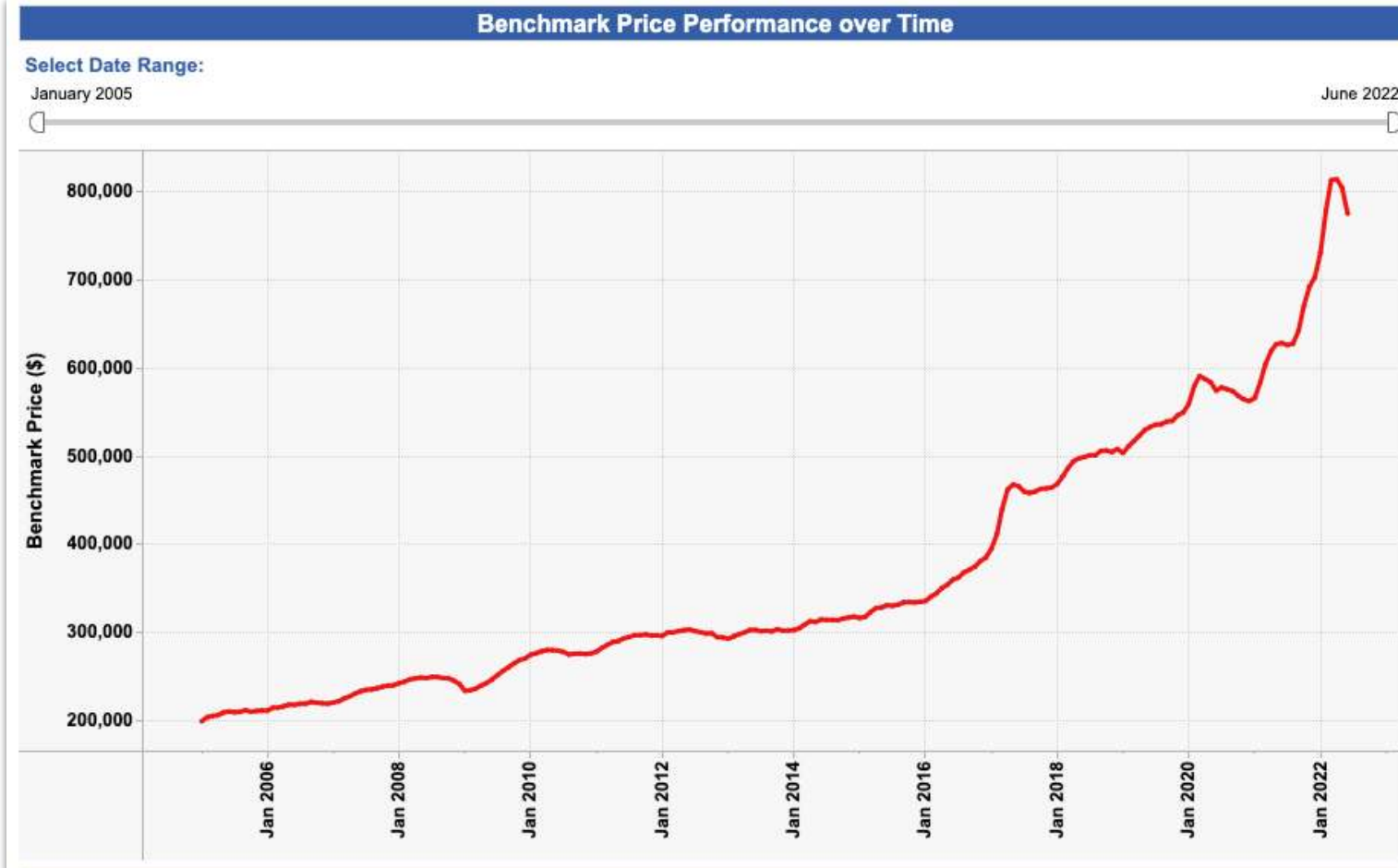


Trends in Canadian Real Estate (Houses)



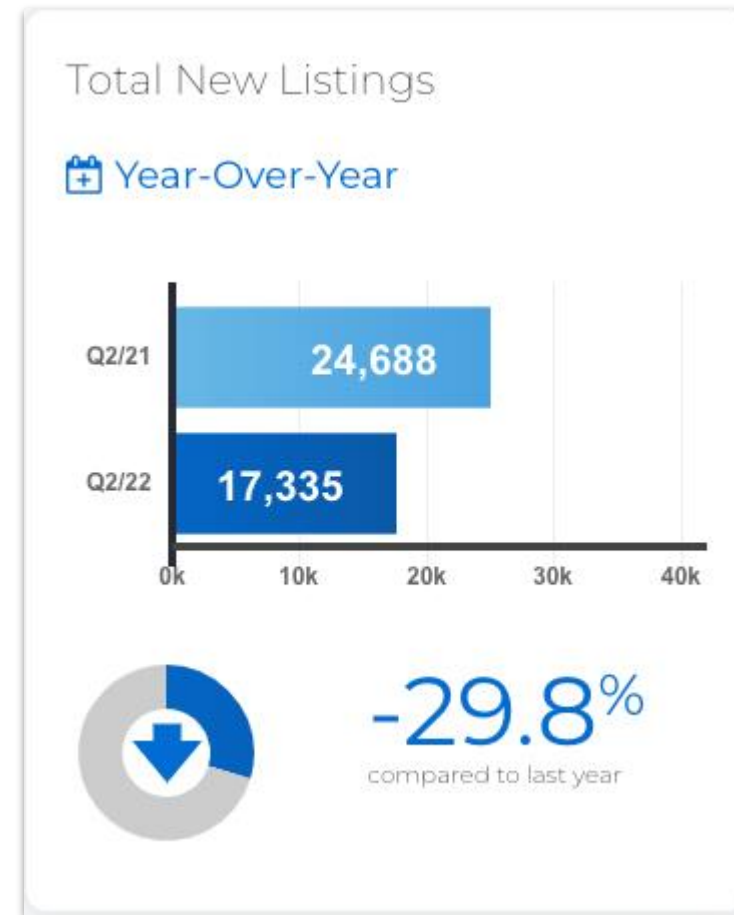
Source: TRREB

15 YR Trend in GTA Real Estate (Condos)



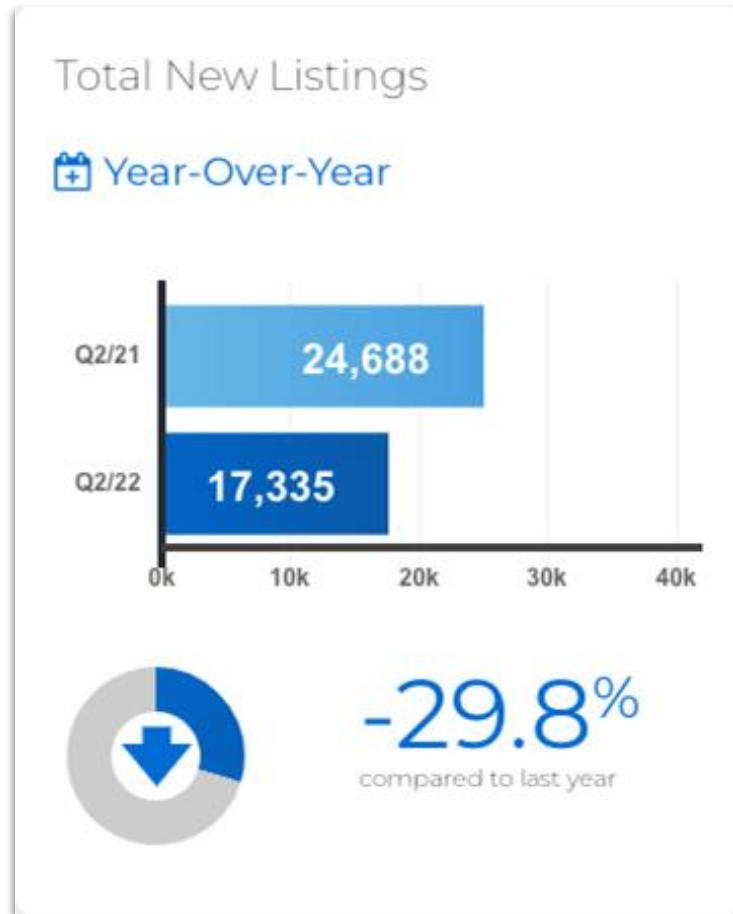
Source: CREA

Trends in Canadian Real Estate (Condos)



Source: TRREB

Condo Trends Continued (Rental)



Source: TRREB

Immigration & Housing Takeaways

- Of the 432,000 immigrants that are forecasted to come to Canada in this year, 35% are expected to take up residence in Toronto and the GTA
- While housing starts in Toronto have increased over their 10-year average, they are under supplied
- We are at historic lows for newly built and unsold housing inventory
- Housing supply simply cannot keep up with the demand
- Toronto home & condo prices continue to remain high
- Rents for condos are at historic highs

Case Study Profile - Javed K.

- Javed K. recently immigrated to Canada from India, taking up residence in Ontario.
- Javed was looking for an investment property
- His intention is to buy and hold, and accumulate more properties to build wealth for his children

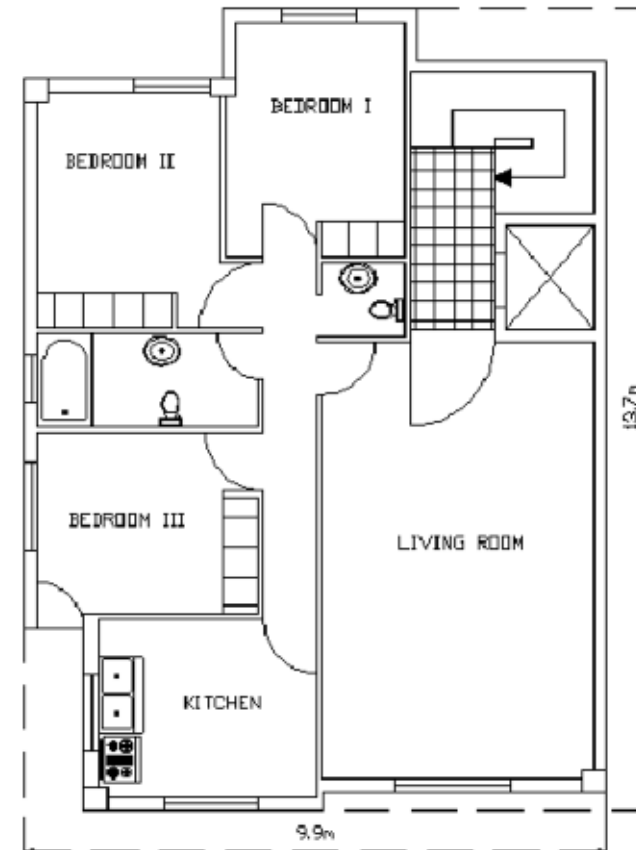
Case Study 1 - The Early Investor

Javed K., Business Owner, Data Compliance - India

DEVELOPMENT	THE DUPONT (Javed)	THE DUPONT	RETURN ON INVESTMENT
PURCHASED UNIT / AVAILABLE UNIT	UNIT 410 - 860 DUPONT ST	UNIT 510 - 860 DUPONT ST	TO DATE, 10% DEPOSIT HAS BEEN PAID, A TOTAL OF \$58,500 PROFIT = NEW PRICE - PAID PRICE \$750,165 - \$585,000 = <u>\$165,165</u> CASH ON CASH RETURN: \$165,165 / \$58,500 = <u>280%</u>
PURCHASE DATE	APRIL 2021	MAY 2022	
COMPLETION DATE	2026	2026	
UNIT TYPE	1 BED + DEN	1 BED + DEN	
PARKING / LOCKER	NONE	NONE	
UNIT SIZE	545 SQFT	545 SQFT	
PRICE	\$585,000	\$750,165	
PRICE PER SQUARE FOOT	\$1073	\$1376	

What is Pre-Construction Real Estate?

- Housing Starts was a very important statistic we looked at when considering housing supply.
- In essence, when we talk about Housing Starts, we are talking about Pre-Construction Real Estate.
- Pre-construction real estate is any real estate, whether it be condos, houses, commercial buildings, that is NOT YET built, but made available for purchase. Essentially, they are new builds, or housing starts.



Resale vs. Pre-Construction Real Estate

RESALE

Any type of property that is already built and available for purchase

Can include Houses, Townhomes, Condos, Commercial buildings, etc.

“Tangible” - you can walk in and see the finished product / space

PRE-CONSTRUCTION

Any type of property that is NOT already built, but is available for purchase

Can include Houses, Townhomes, Condos, Commercial buildings, etc.

“Conceptual” - you’re typically buying off of floor plans and renderings

How Do Pre-Construction Real Estate Sales Work?

BUILDER

Builder has project registered, planned, prepares floor plans, and is ready to make this development available for purchase.

****Some notable builders include TRIDEL, Graywood, Daniels, Pemberton, etc***

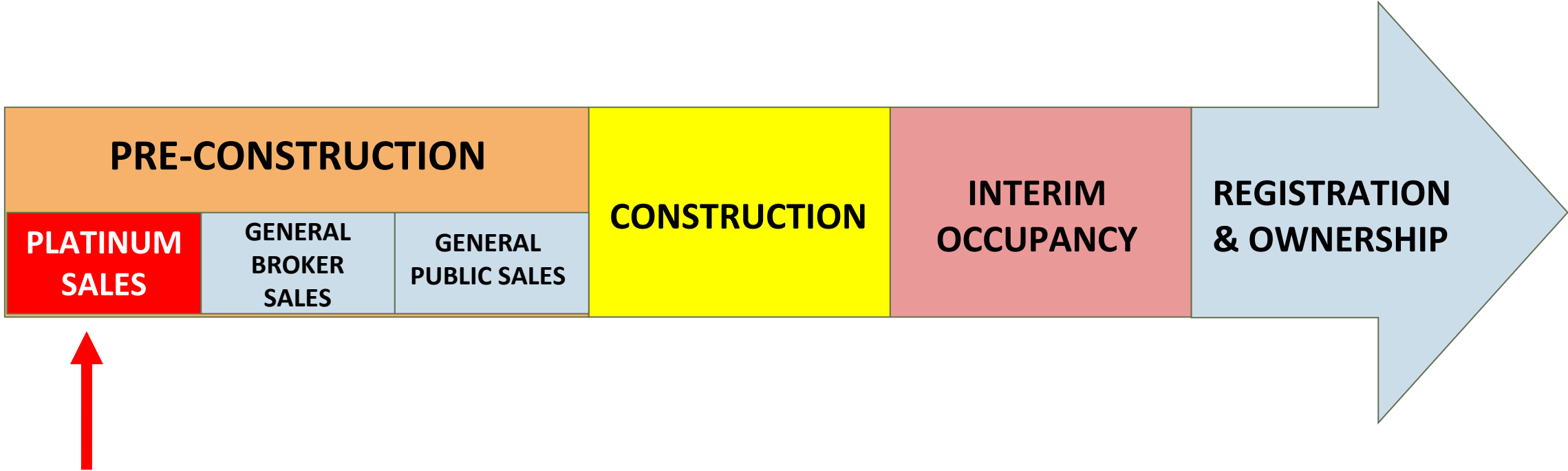
PLATINUM RELEASE

“Platinum” Brokerages / Agents are selected for the First Release of units for sale.

The number of agents / brokerages varies by project or Listing Brokerage relationships

****iRise is considered a Platinum Brokerage and receives first access to developments across Canada***

Pre-Construction Development Stages



THE IRISE
ADVANTAGE

The iRise Advantage

- iRise clients are able to purchase properties during the “Platinum / VIP” stage of the development / sales timeline
- Purchasing during this stage has numerous advantages:
 - Lowest prices available during this stage
 - Largest selection of units available
 - Most builder incentives
 - More time for the property to increase in value BEFORE closing, so you can yield the best return on your investment

Case Study 1 - The Early Investor

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The iRise Advantage

THE DUPONT - PURCHASED APRIL 2021

TIME FRAME	YR 1	YR 5	YR 10	YR 25
INITIAL PRICE	\$585,000	\$585,000	\$585,000	\$585,000
FUTURE PRICE	\$746,625	\$900,527	\$1,158,260	\$2,407,939
NET INCOME	\$14,198	\$22,012	\$34,060	\$92,698
ANNUAL ROI	44%	57.6%	78.6%	182.1%
TOTAL PROFIT	\$167,709	\$364,665	\$702,473	\$2,634,761
CASH RETURN	143%	312%	600%	2,252%

THE DUPONT - IDENTICAL LAYOUT PURCHASED MAY 2022

TIME FRAME	YR 1	YR 5	YR 10	YR 25
INITIAL PRICE	\$750,165	\$750,165	\$750,165	\$750,165
FUTURE PRICE	\$911,830	\$1,108,335	\$1,414,548	\$2,940,744
NET INCOME	\$6,852	\$14,421	\$26,051	\$82,202
ANNUAL ROI	35%	46.5%	64.5%	152.8%
TOTAL PROFIT	\$157,823	\$349,162	\$686,916	\$2,688,919
CASH RETURN	105%	233%	458%	1,792%

Pre-Construction Takeaways

- Pre-Construction real estate consists of any type of real estate that is not yet built
- Working with a brokerage with Platinum Access is key
- Purchasing as early as possible in the sales process will yield the best returns

Why Invest in Pre-Construction?

- Safe investment
 - Real Estate performs very well in comparison to other investment vehicles
- Low Barrier to Entry
 - Pre-Construction Deposit structures tend to be easier and spread over multiple years
- Builder Incentives
 - Builders incentivize buyers with numerous upgrades, cash back at closing, etc.
- Financial Leverage
 - Preconstruction is an early investment opportunity
- Generational Wealth Building
 - People who “Buy and Hold” can take advantage of financial strategies which enable them to acquire multiple properties over time, with minimal financial output
- Multiple “Exit Strategies”
 - Pre-Construction real estate offers multiple ways to divest yourself of your holdings

Low Barrier to Entry

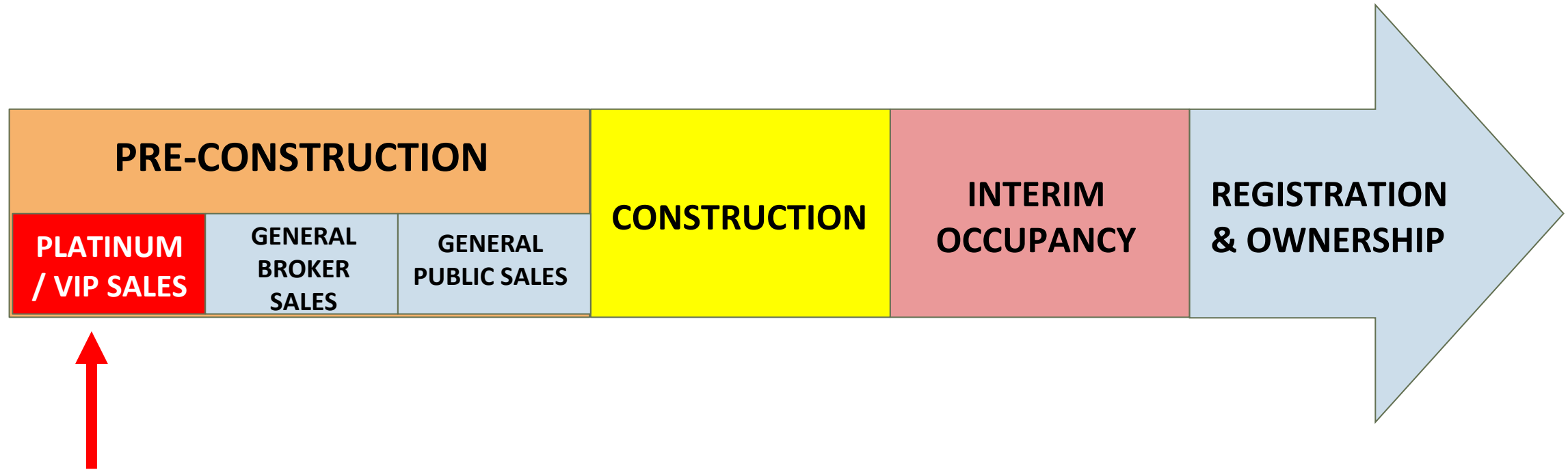
- Each Pre-Construction project has its own unique deposit structure
- Deposits are divided into smaller, more manageable payments that are done over time, and in some cases span several years (FORMA in downtown Toronto has a deposit structure spread over 7 years!)
- A typical deposit structure may look something like this:
 - \$5000 Due on Signing
 - Balance to 5% Due in 30 Days
 - 5% Due in 90 Days
 - 5% Due in 270 Days
 - 5% Due in 450 Days
- Builders often offer deposit incentives, where you could purchase your unit with as little as 5% Deposit

Financial Leverage

- Unique value proposition to Pre-Construction Real Estate
- You earn 100% of the profit, while only paying a small percentage of the sale price (deposit)
- While waiting for your unit to be built, you are also gaining equity (depending on market conditions)
- By investing early in the process (Platinum Sales - The iRise Advantage), your potential return is much greater than if you purchase closer to occupancy

TIME FRAME	YR 1	YR 5	YR 10	YR 25
INITIAL PRICE	\$600,000	\$600,000	\$600,000	\$600,000
DEPOSIT PAID	\$120,000	\$120,000	\$120,000	\$120,000
FUTURE PRICE	\$729,304	\$886,473	\$1,131,389	\$2,352,077
NET INCOME	\$12,079	\$19,557	\$31,080	\$87,061
ANNUAL ROI	40.5%	53.2%	73%	170.6%
TOTAL PROFIT	\$132,829	\$315,737	\$632,442	\$2,465,912
CASH RETURN	111%	263%	527%	2055%

Pre-Construction Development Stages



THE IRISE
ADVANTAGE

Case Study 2

Ruiying J., Senior Campaign Analyst, from China

DEVELOPMENT	WESTERLY	WESTERLY 2	RETURN ON INVESTMENT
PURCHASED UNIT / AVAILABLE UNIT	UNIT 1214	UNIT 502	TOTAL DEPOSIT PAID \$138,800
PURCHASE DATE	NOVEMBER 2020	MAY 2022	NEW PRICE = UNIT SIZE X PRICE PER SQUARE FT 786 SQFT X \$1160 PSF = <u>\$911,760</u>
COMPLETION DATE	2025	2026	PROFIT = NEW PRICE - PAID PRICE \$911,760 - \$694,000 = <u>\$217,760</u>
UNIT TYPE	2 BED, 2 BATH	2 BED, 2 BATH	CASH ON CASH RETURN: PROFIT / DEPOSIT \$217,760 / \$138,800 = <u>157%</u>
PARKING / LOCKER	NONE	NONE	
UNIT SIZE	786 SQFT	677 SQFT	
PRICE	\$694,000	\$784,990	
PRICE PER SQUARE FOOT	\$883	\$1160	

The iRise Advantage

WESTERLY - PURCHASED APRIL 2021

TIME FRAME	YR 1	YR 5	YR 10	YR 25
INITIAL PRICE	\$694,000	\$694,000	\$694,000	\$694,000
FUTURE PRICE	\$885,739	\$1,076,622	\$1,374,073	\$2,856,598
NET INCOME	\$8,858	\$16,405	\$28,012	\$84,185
ANNUAL ROI	38.3%	50.6%	69.7%	163.6%
TOTAL PROFIT	\$190,972	\$388,480	\$732,888	\$2,744,258
CASH RETURN	138%	280%	528%	1977%

WESTERLY 2 - PURCHASED MAY 2022

TIME FRAME	YR 1	YR 5	YR 10	YR 25
INITIAL PRICE	\$784,900	\$784,900	\$784,900	\$784,900
FUTURE PRICE	\$954,051	\$1,159,655	\$1,480,046	\$3,076,909
NET INCOME	\$4,139	\$11,405	\$22,555	\$76,228
ANNUAL ROI	33%	44.2%	61.5%	146.6%
TOTAL PROFIT	\$162,100	\$348,584	\$680,601	\$2,668,729
CASH RETURN	103%	222%	434%	1,700%

Build Generational Wealth

- Purchasing Pre-Construction real estate is NOT a get-rich-quick scheme, it is simply a “get rich” plan, safely, over time
- Once you’ve purchased a good Pre-Construction property (we will advise you which to choose), there’s a good chance it will increase in value, given local market conditions.
- Once you have accumulated some equity in the property (over 1 or more years), you can **BORROW** some of your earned equity, or **REFINANCE** it, borrow against it, and purchase the next one
- Savvy investors often purchase 1 or more units each year by taking advantage of this financing opportunity, that is unique to real estate, accumulating long term wealth in the process

Case Study 3

Sam S., from Pakistan

DEVELOPMENT	GRAND BELL	GRAND BELL 2	RETURN ON INVESTMENT
PURCHASED UNIT / AVAILABLE UNIT	UNIT R		TOTAL DEPOSIT PAID \$63,980
PURCHASE DATE	DECEMBER 2019	MAY 2021	NEW PRICE: 521 SQFT X \$714 = <u>\$371,994</u>
COMPLETION DATE	OCTOBER 2022	SEPT 2025	PROFIT = NEW PRICE - PAID PRICE \$371,994 - \$319,900 = <u>\$52,094</u>
UNIT TYPE	1 BED + STUDY	2 BED, 2 BATH	CASH ON CASH RETURN: PROFIT / DEPOSIT \$52,094 / \$63,980 = <u>81%</u>
PARKING / LOCKER	NONE	NONE	
UNIT SIZE	521 SQFT	643 SQFT	
PRICE	\$319,900	\$458,900	
PRICE PER SQUARE FOOT	\$614	\$714	

Exit Strategies

Pre-Construction lends itself very well to divesting your assets, if need be, via any of the following strategies:

- Sell
 - Close on the property, and then sell the property later as a resale unit
- Hold & Rent
 - You can close on the property and rent it out
 - Rental rates in the GTA remain at historically high levels due to the lack of housing supply
 - Borrow against your equity or refinance and purchase more properties
- Assignment
 - When purchasing Pre-Construction, all you own initially is paper
 - An assignment is the ability to sell said paper for a profit, BEFORE closing

Can I Buy Pre-Construction as a Non-Citizen of Canada?

YES!

- Builders have plans and deposit structures in place specifically for international buyers
- You can even take advantage of Pre-Construction to set yourself up for financial success BEFORE you arrive in Canada

CONNECT WITH US TO LEARN MORE ABOUT:

- Identifying Blue-Chip Projects that will yield the best returns
- Finding the perfect property for you and your family to live in
- The Power of buying through a Holding Corporation
- Legal Strategies for Mitigating your Tax Implications
- Foreign Buyer Taxes

Your next step:

Contact Enzo or Gia on WhatsApp to chat with us in real time, anytime

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Gia: 6473547710 gia@iriserealty.com

Book an appointment with us at our office for a one-on-one consultation

Appendix

Agenda

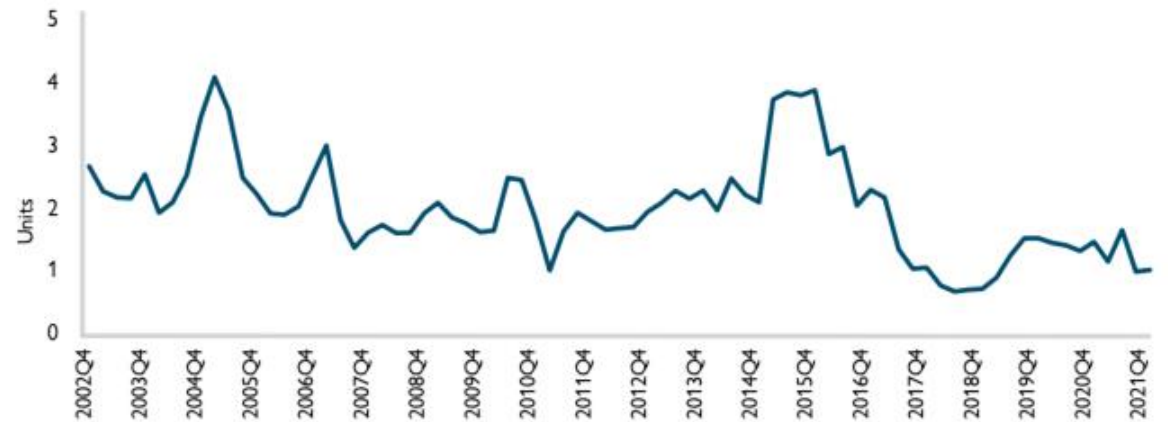
- Introduction
- iRise: Who are we?
- Trends in Canadian Immigration & Canadian Real Estate
- What is Preconstruction Real Estate & How does it work?
- Pre-Construction vs. Resale Real Estate
- Why Invest in Preconstruction Real Estate
- Case Studies
- How can I do this as someone who is not yet a Canadian Citizen?
- Other ways we can help
- FAQ

Trends in Canadian Immigration & Housing

HOUSING

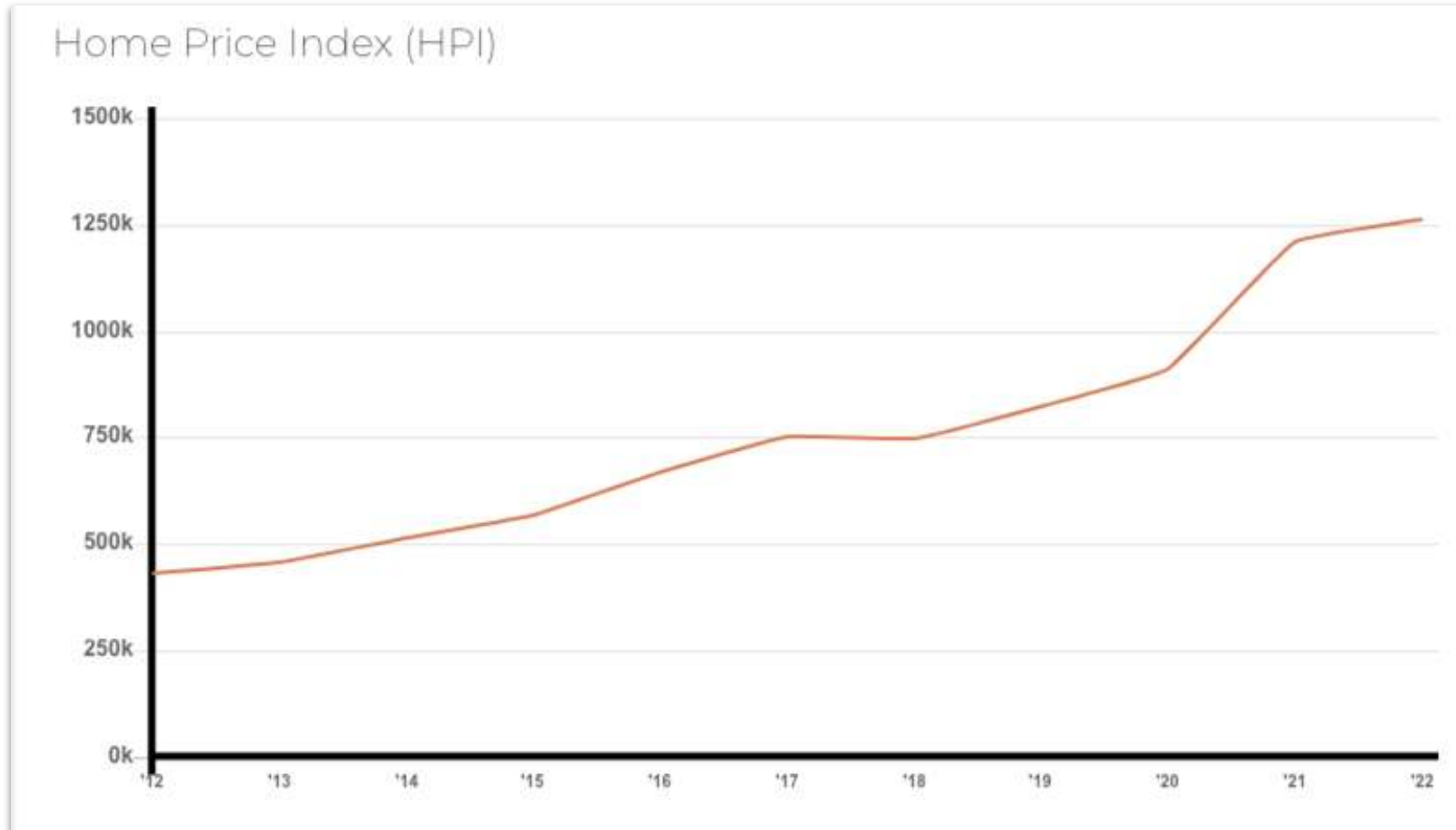
- 2021 saw historic lows in inventory for completed and unsold homes (about 1 newly completed and unsold home per 10,000 population)
- Simply put, demand for housing exceeds supply, and this is especially important as population growth through immigration resumes post-pandemic
- This lack of housing supply (largely due to immigration) creates price pressures

Figure 1: The inventory of newly completed and unsold units per 10,000 population tracking near historic lows



Source: CMHC, Statistics Canada
Data is for the Toronto Census Metropolitan Area. Last data point is 2021Q4.

10 YR Trend in GTA Real Estate (Houses)



Source: TRREB

Trends in Canadian Immigration & Housing

IMMIGRATION

- It is estimated that approximately 432,000 new immigrants will come to Canada in 2022, increasing to 447,000 in 2023 and 451,000 in 2024
- Approximately 35% of those new immigrants (about 150,000 people) are expected to take up residence in the GTA in 2022, and most will require some form of housing

Immigration Class	2022	2023	2024
Economic	241,850	253,000	267,750
Family	105,000	109,500	113,000
Refugee	76,545	74,055	62,500
Humanitarian	8,250	10,500	7,750
Total	431,645	447,055	451,000

Source: CanadaVisa

Some (conservative) assumptions

Returns and long-term profits are being calculated using the following criteria:

- 20% Down Payment
- Rent of \$2500 per month (*current rates*)
- Annual Rent increase of 5%
- Annual Price Appreciation of 5% (*The annual growth average in Toronto for the last 45 years is 6.6%*)
- Mortgage Rate of 3.45% (*currently available*)
- Amortization of 30 years
- Conservative property tax and inflation rates

Investing in Resale Vs. Pre-Construction

	Resale	Pre-Construction
Asset	Tangible – possession right now	Conceptual - you are buying a unit before the building is built. Typically, 1-6 years for a project to finish and take occupancy
Deposit	Deposit paid now – large cash deposit (up to 35% of the purchase price)	Less cash required - smaller, incremental deposits over time. As little as 5% deposit may be required. Low barrier to entry
Mortgage	Mortgage immediately upon closing	Mortgage required at closing (1-5 years away)
Taxes	Foreign buyer taxes – 40%	20% - 35% deposit, which is part of your equity, you don't have to pay the taxes until project completion (if at all - more on that later),
Return	Cash flow quickly	Cash flow after 1-5 years (typically)
Exit Strategies	Fewer Exit Strategies: Sell or keep & rent, refinance	Multiple Exit Strategies: Assignment, sell, keep & rent or refinance and buy
ROI	Transaction closes quickly, very little time for leverage and equity growth	Early Investment = Greater Leverage Opportunity, Equity & Cash Flow