



The Boiron Report

“In spite of the cost of living, it's still popular.” – Kathi Norris

Investing in Land

When one considers commercial real estate, one pictures cash-flow-generating property and improvements.

An often-overlooked alternative involves land with no improvements and no cash flow; and is more akin to speculation.

Unlike typical commercial real estate investments, which produce income and capital appreciation, land development usually relies only on the latter. If the investment is sound, the land is purchased at a good price and then sold later at a higher price; with no income in the interim.

Land is a limited resource that appreciates in value, and enjoys higher demand, every year. The increase in value can be accelerated further through improvements that don't actually involve physical changes.

A typical example of this, and one we've profited from ourselves, is an investment in open land for a residential subdivision. Agricultural land is converted into residential lots through rezoning and Official Plan Amendment (OPA).

Several steps are necessary, before the land is ever built on: The submission of a rezoning application and an OPA, surveys, a draft plan of subdivision, clearing conditions that municipalities place on the approval of a plan, traffic, noise and vibration studies, a Functional Servicing Report, environmental site assessments, meetings with municipal planners, etc.

An astute investor, with sufficient capital and patience, can purchase agricultural land, perform these initial steps and then resell the land. Since each step brings the individual residential lots closer to readiness for sale, significantly adding value, the investor will enjoy sometimes – spectacular capital gains –

without ever breaking ground.

Like any other, these investments are not without risk. Not all land is suitable for conversion. An investor must select land that is fairly priced, is likely to draw enough demand from buyers, and escapes the many pitfalls that are inherent in land development.

The Boiron Group has a wealth of experience in land development; particularly in residential subdivisions. We encourage you to contact us for assistance whether you're investing personally or with others.

As the Mercury Falls

Cold weather is approaching fast. Energy costs, including heating costs, play an important role in commercial real estate. A wise owner will regularly consider improvements to their buildings that result in savings by reducing energy costs. Here is a brief list of some things to consider:

Insulation: The simplest way to reduce the cost of heating (or cooling) a building is to improve its insulation. Most insulation is very long-lived and if the amortization cost is less than the energy saving, one instantly reduces one's operating costs, and increased the value of the property! Common upgrades include: Double- or triple-glazed windows, new or additional roof insulation, retrofitted exterior or interior wall insulation, and revolving door or dual-door entrances.

Heating, Ventilating, and Air-Con. (HVAC): Many building owners overlook their HVAC system as a potential source of savings. Advances in technology have resulted in more efficient HVAC systems for commercial buildings. A building, with an old plant, may increase in value if that plant is replaced. These systems can also be augmented

with a heat-recovery ventilator, which draws fresh air into a building, and recovers heat (and sometimes moisture) from the air that is exhausted.

Lighting: Lighting technology has advanced significantly in recent years. There are now inexpensive ways to light building interiors and exteriors using less energy and with less maintenance. Light Emitting Diode (LED) and fluorescent tube lighting have advanced rapidly in recent years and provide significant cost savings, if used wisely. Natural lighting options can also provide significant cost savings during the day.

Green Energy: Why simply save energy when one can also harvest green energy? The most applicable sources of green energy are solar and geothermal. One can use solar for heating (air and water) or to generate electricity, which the Ontario Power Authority is subsidizing. (We are currently working on solar projects on our own properties, and can assist you with yours.) Geothermal energy involves burying a heat exchanger or sinking it in a pond; effectively harnessing cheap energy from the earth for heating or cooling.

Hot Listings

Mississauga Sale and Leaseback
\$3,775,000 — 40,000 sq. ft.

Subdivision (Everett)
\$10,500,000 — 129.70 Acres
439 Residential Lots

Retail Space in Barrie
\$12.95/sq.ft.—1,140 sq.ft.

Premium Retail Yonge/Finch Condo
\$1.69 M—1,500 sq. ft.

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Should you be interested in a free consultation to see whether a roof sign, or even billboard on your property could be allowed, and you be paid for it, with more than 10 years in the industry, On Route Media is the company to speak with. Call or email Claude Boiron to be put in touch with On Route Media.

Claude Boiron (Sales Rep.)
claudio@rementor.ca

Pierre Boiron (Sales Rep.)
pierre@rementor.ca
(905) 882-8800

www.realestatemtor.ca



Brokerage information: Tel: (416) 496-9220 — Address: 211 Consumers Road, Suite 105, Toronto, Ontario, M2J 4G8
Each office is independently owned and operated.