

# MULTIPLIX BUYER'S GUIDE



## FALL 2019

Complete Buyer's Guide



# THE ULTIMATE PLEX BUYER'S GUIDE

Buying a multiplex requires preparation, education, negotiation skills and a cold head when it comes to decision making.

This comprehensive guide is to help you better understand the ins and outs of the purchase process and to educate you on the regulations, procedures and common buyers trap.

If at any moment during your transaction process you feel overwhelmed, stressed out or lost behind comprehension, give us a call. We can jump in at any step of the process and intervene on your behalf making sure you get the fullest for your money.

**As your broker I represent solely your best interest throughout the whole purchasing process.**

# GEORGE SPIROPOULOS

Commercial & Residential  
Real Estate Broker  
Re/Max Pro-commercial

**REPRESENTING SOLELY  
YOUR BEST  
INTERESTS**

**ÉLITE PROPERTY BUYING**

## **BUYER'S BROKER**

I always found that a comprehensive buying service dedicated to buyers was lacking in the industry. This is why I create buyersbroker.ca to help potential real estate buyers get the maximum of that important transaction.



# ABOUT BUYERS BROKER

BUY RIGHT & PROFIT!



Tired of going through online listing without ever finding the property you dreamed of?

Frustrated of missing great opportunities because of bad timing?

Do you wish that buying your property could be as fun and simple as on property hunters on HGTV?

**BUYERS BROKER IS THE SOLUTION FOR YOU!**



**A UNIQUE & UNPARALLELLED  
ÉLITE PROPERTY BUYING SERVICE**



# ELITE PROPERTY BUYING SERVICE

BUY RIGHT  
& PROFIT!

**WE TAKE CARE OF EVERYTHING. FOR FREE!  
SIT BACK, RELAX & ENJOY!**

Property Search & Alerts, Property Visits, Inspections,  
Negotiations, Financing & more depending on your needs!

# ELITE PROPERTY BUYING SERVICES

We will guide you, coach you, negotiate on your behalf; Representing solely your best interests throughout the buying process.

## MONTREAL NEWCOMERS

**A unique elite property purchase service dedicated and tailored to first time buyers.** We've helped many newcomers buying their 1st home in Montreal and are proud of the connections we've made.

## CONDO LIVING

Elite condo purchase service dedicated and tailored to condo buyers. We've built a strong network of condo developers and a unique expertise in condo buying negotiation.

## MULTIPLEX & COMMERCIAL INVESTMENT

### **Ready to become a landlord through a revenue property or a multiplex?**

There are thousands of revenue properties in every district. Although some may look alike, there are Substantial differences. Revenues, expenses, are the key factors of determining if a purchase should be made or not. Knowing the area, understanding how to communicate with your collaborating broker and continuous research is the key to success of your investment .

## UPSCALE REAL ESTATE

Our Ethics, Our Reputation & Our Excellent Track Record make us **predominant players in the upscale Montreal Real Estate Market.**

## 1<sup>ST</sup> TIME BUYERS

**Buying a first property is an important step in life that should be approached with caution.** We've helped many 1<sup>st</sup> time buyers ensuring their 1<sup>st</sup> transaction to be a positive and profitable one. .

# MULTIPLY BUYING SERVICE

Ready to become a landlord?  
Invest in real estate, invest in a revenue property.

Investing in Real Estate can be quite lucrative if done properly, but it could also be disastrous if not done carefully. Ensure yourself that your investment is a safe one by using our buyer's broker services, we will educate you on the real estate market and guide you towards the best investment available.

We specialize in commercial real estate transactions for multiplexes, warehouses, and commercial land.

Commercial real estate is a specific niche within the real estate market with its own set of rules and challenges; which must be approached differently from residential real estate. We offer a professional and very complete service to our clients who wish to invest in commercial real estate.

We have developed a strong network of commercial contacts and partners as well as unique expertise and in-depth knowledge of the different commercial markets and the opportunities it offers.

# WHAT OUR CLIENTS SAY

Our greatest success is our clients satisfaction.



**MILA MILLO**  
CLIENT

"I first heard about George Spiropoulos on his radio commercial with CJAD 800 AM. When I listened to his commercial, I was intrigued because it made so much sense to have a broker that catered specifically to buyers. From the first conversation with George, I could tell that he was passionate about the industry and he demonstrated his capabilities in getting the right property for his clients. It was also easy to align him with my strategy in real estate investing and he knew exactly what I was looking for. Throughout the course of the property search, I never felt pressured to purchase a property vs another. George took the time and was patient to help us find the right property and was excellent at negotiating the right price that we were comfortable with paying. I would highly recommend George to anyone looking to make a property purchase.



# WHAT OUR CLIENTS SAY

Our greatest success is  
our client's satisfaction.

## **PAUL CHAVOUSTIE**

Mayor & 25 years Real Estate Investor.

George always has the absolute highest and best interest of his clients at heart. Every interaction I've had with George is absolutely top notch, fun, professional and beneficial. I highly recommend George.

## **TOM SMITH**

C1 Business

Great Experience !George is honest,  
reliable and high energy.  
All transactions were smooth and fast!  
Highly Recommend !

## **Tamara & Mack**

Triplex Buyers

George works like 15 brokers ! Purchased our dream home at an excellent price, even when we almost lost hope. Thank you very much & God bless you !



# MULTIPLY BUYER'S TIPS

**Start with a pre-approval:** A pre-approval strengthens your offer by proving to the sellers that you have already been qualified for a mortgage loan by a bank. In a competitive market, having a pre-approval could mean the difference between winning or losing a bidding war.



## Shop around for a mortgage:

With interest rates on the rise, buyers are recommended to shop around for the best terms before signing on the dotted line. You can and should compare loan quotes across multiple lenders to find the best interest rates and terms. Over the course of a 25 year mortgage, a .1% decrease in your interest rate will save you \$3,756 on a \$300,000 home.

## Work with a Broker: Let me represent you.

An experienced broker will save you plenty of money and time, by steering you away from risky investments, completing a fair market analysis for each considered property, and negotiating on your behalf with the selling agent.

# MARKET CONDITION

Sales-to-New-  
Listings-Ratio

SNLR

Sales-to-New-Listings-Ratio (SNLR) is a common metric used to determine whether a real estate market is advantageous to sellers or buyers. It compares the number of new properties listed for sale with the number of homes sold within the same timeframe.<sup>2</sup>

The Canadian real estate association classifies a market with an SNLR of 0-39% as a buyer's market. In this scenario inventory exceeds demand, which typically increases buyers' bargaining power. Sellers in these markets may find that it takes longer to sell their property, and price growth is likely to stall or even decrease. A market with an SNLR between 40%-60% is considered a balanced market.

A high SNLR over 60% is indicative of a seller's market. In this scenario, several buyers compete for limited inventory, which pushes up prices and increases the occurrence of bidding wars. In this type of market, sellers hold more bargaining power than buyers do.

Sales to new listing ratios can offer valuable insight into whether it is the right time to buy or sell a home in a particular area.

\*All statistics are sourced from Centris data for the first quarter of 2019. Neighborhoods with insufficient statistics were excluded from the list.\*

# MARKET CONDITION

BUYER'S MARKET

BUYER'S MARKET

Municipality / Borough	SNLR	Average Sold Price	Average Asking Price
L'Île-Bizard/Sainte- Geneviève	16.67%	\$440,000.00	\$794,382.35
Montréal-Est	28.57%	\$633,000.00	\$486,446.15
Saint-Laurent	37.84%	\$618,464.29	\$718,161.29

In this scenario inventory exceeds demand, which typically increases buyers' bargaining power.



UP &  
COMING  
MTL-EST

# MARKET CONDITION

BUYER'S MARKET

Proximity Public Transports & Metro systems;

Proximity to downtown;

20 mins from north shore and south shore Market

**Prices are close to municipal value;**

5% and 20% above the Municipal Value

vs 50 to 100% in other trendy areas in Montreal;

Rents are low (great area to buy a revenue property);

Newer Buildings;

**We can safely extrapolate that within  
the next years the value of purchased  
properties will go up at least 10%.**

# MARKET CONDITION

BALANCED MARKET

Municipality / Borough	SNLR	Average Sold Price	Average Asking Price
Rivière-des-Prairies/Pointe-aux-Trembles	40.54%	\$490,933.33	\$636,603.63
Ville-Marie	43.75%	\$813,000.00	\$1,264,700.00
Côte-Saint-Luc	45.45%	\$598,500.00	\$2,206,957.14
Verdun/Île-des-Soeurs	46.43%	\$674,692.31	\$837,955.66
Le Plateau-Mont-Royal	48.48%	\$965,002.71	\$1,453,659.11
Anjou	50.00%	\$536,384.62	\$746,540.00
Outremont	50.00%	\$1,496,666.67	\$1,819,888.89
Dollard-Des Ormeaux	50.00%	\$600,000.00	\$639,000.00
Montréal-Nord	51.49%	\$453,098.08	\$620,090.87
Saint-Léonard	52.11%	\$676,375.68	\$847,235.81
Côte-des-Neiges/Notre-Dame-de-Grâce	52.31%	\$716,457.50	\$1,138,028.32
Lachine	53.33%	\$492,296.88	\$634,891.24
Ahuntsic-Cartierville	55.65%	\$674,570.31	\$852,218.16
LaSalle	55.91%	\$545,284.62	\$695,447.52
Le Sud-Ouest	56.10%	\$615,615.22	\$883,059.63

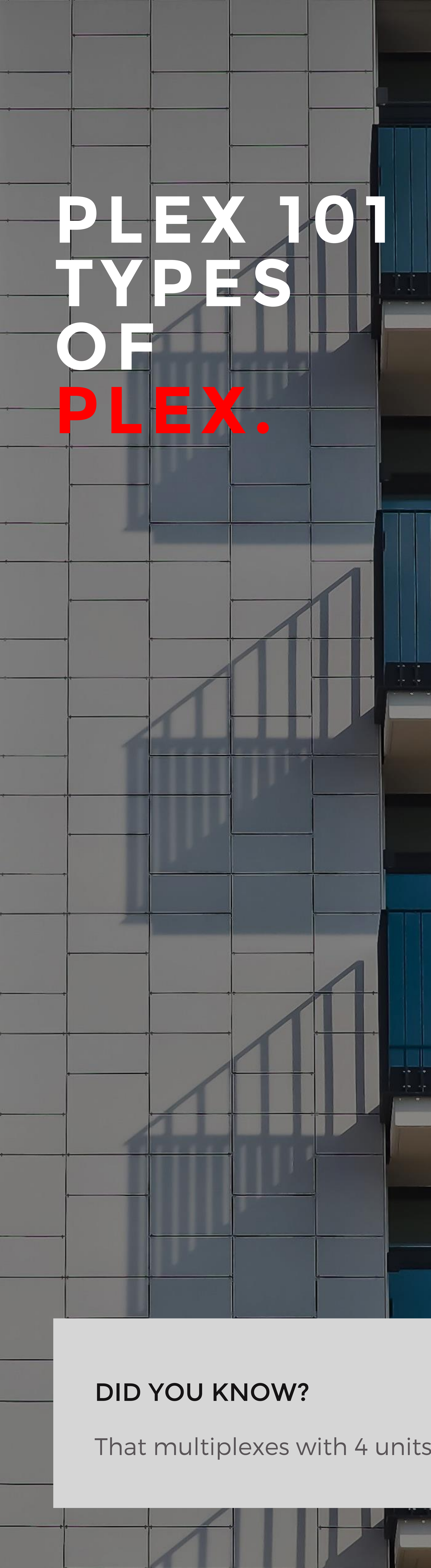
This could mean, receiving a counter offer after finding your dream home and having to go through tougher and tighter negotiations.

# MARKET CONDITION

SELLERS MARKET

Municipality / Borough	SNLR	Average Sold Price	Average Asking Price
Rosemont/La Petite-Patrie	61.22%	\$713,363.48	\$860,439.25
Mercier/Hochelaga-Maisonneuve	62.84%	\$581,185.22	\$721,224.16
Villeray/Saint-Michel/Parc-Extension	63.01%	\$620,918.48	\$707,073.58
Mont-Royal	66.67%	\$710,000.00	\$1,261,000.00
Montréal-Ouest	100.00%	\$518,333.33	\$669,333.33
Dorval	100.00%	\$507,500.00	\$821,975.00
Hampstead	100.00%	\$920,000.00	\$1,368,861.00

In this scenario, several buyers compete for limited inventory, which pushes up prices and increases the occurrence of bidding wars.



# PLEX 101 TYPES OF PLEX.

## **Working-class duplex:**

This type of Montreal duplex is built right on the edge of the sidewalk. The backyard is accessible through a carriage gate. These two-story buildings usually have a plain brick facade, with side-by-side doors leading to the ground floor and second-floor unit.

## **2-unit, 3-unit duplexes:**

This style of duplex has two stories, with one unit per floor or one unit on the ground floor and two units on the second. Set in from the sidewalk, they usually have a small backyard.

## **3-unit triplex:**

This type of triplex has one unit per floor. Windows over a small backyard provide light to the middle of the unit. An exterior staircase in front goes up to an interior stairwell, made bright by skylights, that leads to the second floor.

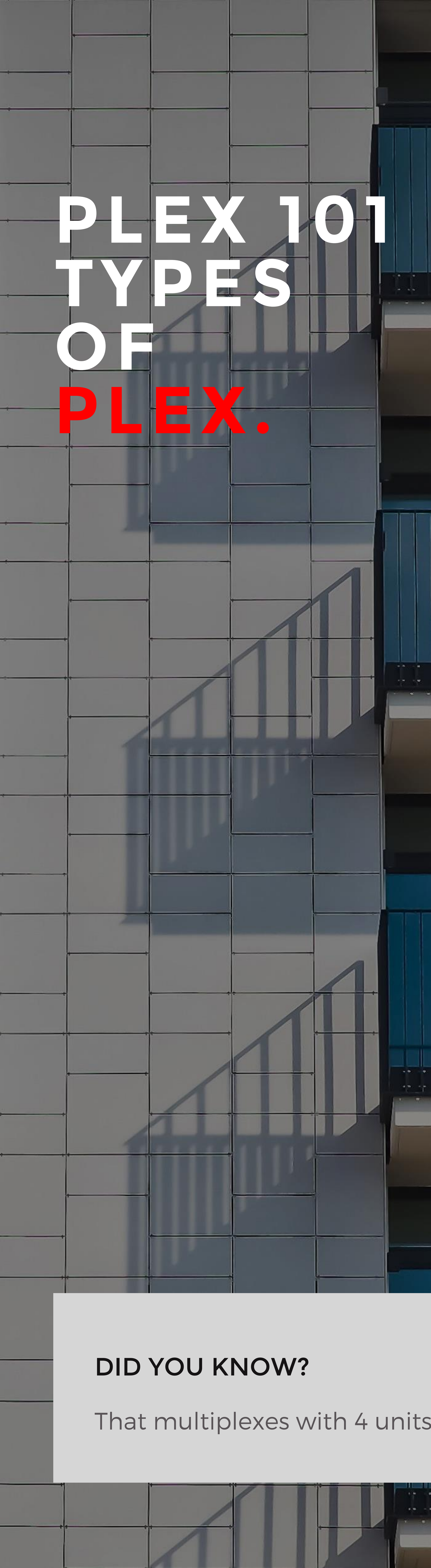
## **5-or 6-unit triplexes:**

Have one or two units on the ground floor, and two units on each subsequent floor. The defining feature of these buildings is the large balcony supported by columns right up to the third floor.

### **DID YOU KNOW?**

That multiplexes with 4 units and more are considered commercial real estate?





# PLEX 101 TYPES OF PLEX.

## **Semi-detached duplex:**

This type of Montreal duplex is built right on the edge of the sidewalk. The backyard is accessible through a carriage gate. These two-story buildings usually have a plain brick facade, with side-by-side doors leading to the ground floor and second-floor unit.

## **Apartment building:**

Apartments in Montreal can be divided into two types: ones that have up to four floors and no elevator, and ones that have at four floors or more and an elevator.

Apartment building: Usually found in more urban areas, typically this type of building take up a block or several lots. Some have offer special services and amenities like a doorman, a gym or a pool.

More recently, a third type has been appearing – the recycled building. A recycled building, also called warehouse conversion, is an old non-residential building transformed into bright living spaces with high ceilings and exposed beams.

## **DID YOU KNOW?**

That multiplexes with 4 units and more are considered commercial real estate?



# **PLEX 101 5 REASONS TO BUY A PLEX**

## **1. KEEP YOUR URBAN LIFESTYLE**

In Montreal, well-located single-family homes can be quite costly, living in and owning a plex allows buyers to keep their urban lifestyle and stay in the city. Preferable to most, to the option of moving to the suburbs and having to buy a second car. The revenue from the plex will lower your mortgage payment and own housing costs.

## **2. REDUCE YOUR HOUSING COSTS**

Purchasing a multiplex is you might already know, more expensive than buying a house. That being said, the building revenues from the rent will cover part of the mortgage, different taxes, insurances fees and maintenance repairs. As a rule of thumb, the cost of living in a unit of the plex should be less than the cost of living in a condominium or a single-family home.

## **3. NUMEROUS TAX BENEFITS**

Depending on the portion you are planning to occupy in the multiplex there are numerous tax benefits that come with owning a multiplex such as deductions for: Portion of interests on the mortgage; Portion of the building taxes; Portion of the maintenance & repairs; Portion of the general expenses.



# **PLEX 101 5 REASONS TO BUY A PLEX**

## **4. ASSET DIVERSIFICATION**

Adding commercial real estate to your portfolio is always a good strategy for diversifying your assets, investments, funds, shares or company ownership. To be a viable asset the multiplex must be carefully shop and all possible revenue growth factors taken into account. This can be tricky : I recommend using our BUYERS BROKER COMMERCIAL services to do so, especially is this is your 1st commercial real estate transaction.

## **5. 1ST STEP TOWARDS FINANCIAL FREEDOM**

After five or ten years, and often even before, the equity in the first multiplex will allow the purchaser to acquire one or more other rental properties. The leverage effect of real estate can be a powerful medium- and long-term wealth-building tool.

Once the mortgage is paid, rental income will help you achieve greater autonomy when you decide that you would like to slow down professionally.

# PLEX 101

## Downsides



Keep in mind, that there aren't only advantages to owning a multiplex. **Owing a rental building is like running a business;** you have to be willing to manage the property, the customers (renters), the problems that arise, the suppliers, etc.

It doesn't always consist of a passive revenue stream that we often read about, but rather an alternative or secondary income.

# PLEX 101

## Factors to consider before buying.

**Building's Location:** Before purchasing a building, make sure you know the area and its potential. Real estate is very local and investing in an area you have made no research on can be disastrous and limit or void your potential for profit.

**Building's Physical Condition:** Have a reputed professional complete a full building inspection and go with him. Once you have the complete building inspection report, you can determine the cost of any repairs that needs to be done. Make sure to include this cost onto your offer calculation; Always negotiate the purchase price with this in mind. **By using our services you are eligible to up to 10 000\$ back and we will leave no stone unturned to make sure you make a safe and lucrative investment.**

**Non Conformities:** Call your town's urban planning and fire departments. They can inform you about any non-conformities they are aware of, for example, the absence of a second emergency exit for the third-floor unit. Such non-conformities can easily cost you a few thousand dollars.

# PLEX 101

## Factors to consider before buying.

**Potential VS Actual Income:** You need to base your estimate of the building on the actual income in order to determine the fair price of the multiplex. Why pay top dollar for a building whose units are rented at half their market value? The arrival of new tenants could be an opportunity to increase your income.

### Building's Operating Expenses

**Insurances:** You can sometimes save hundreds of dollars on your premium just by switching to another insurance company.

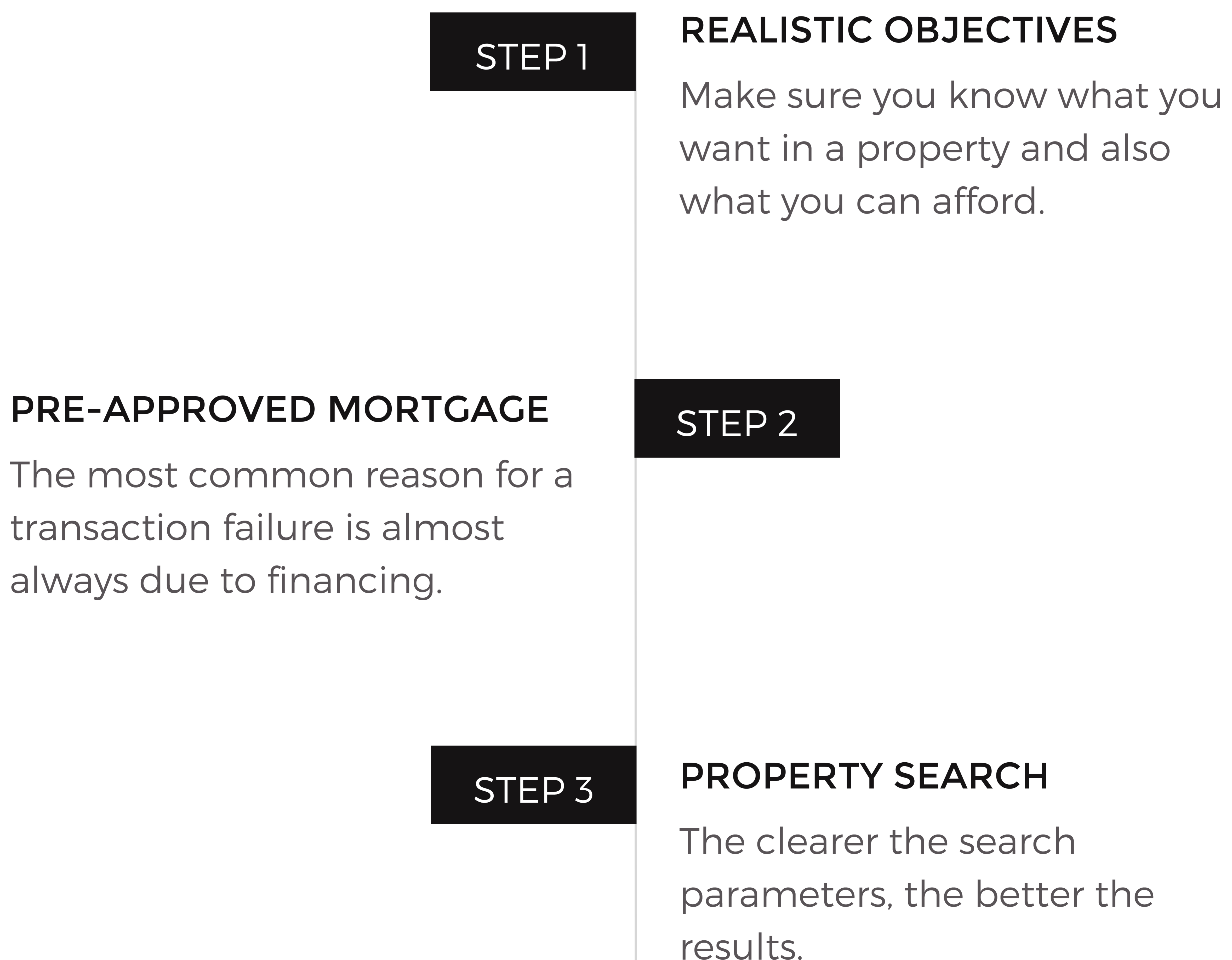
**Electricity:** verify the accuracy of the listed electricity costs. A yearly plan or minor energy efficiency repairs, might save you thousands of dollars.

**Energy Efficiency:** The private and the public sectors offer grants and tax credits for such improvements.

# THE PERFECT PLEX BUYING PROCESS

## BUYER'S BROKER TIMELINE

Although all Real Estate transactions are different, here is an ideal timeline when it comes to multiplex purchase.



## THE OFFER

Now that the inspections are done and that you have established what you want to pay for the building; it is time to make an offer to the seller.

## STEP 4

## STEP 4B

## THE CONTER

The seller might put conditions to the acceptance of your offer.

Another buyer might also have made an offer on the plex and you now have to make a conditional offer that matches is and respect your maximum budget. Buy with your head, Not with your heart.

## SIGNATURE AT THE NOTARY

Nothing is final until it is signed at the notary's office.

## STEP 5

# HAPPY MOVING IN

If you have questions regarding any of those steps, it will be our pleasure to answer them in details.



# MAKING AN OFFER

Not all offers are the same: Most offers will include price, deposit, terms (including financing details), conditions, specific inclusions that comes with the building as well as the exclusions and last but not least the closing date.



## Negotiations

Once you've made your offer the seller will either accept your offer, reject it or make a counter offer based on factors like the price, the conditions, the closing date or any other inclusion or exclusion.

Conditional offer accepted  
... now what?

- Final Building Inspection
- Notary Signature Deed of sale

# IMPORTANT DOCUMENTS PRE-PURCHASE

These documents will not only help you establish the price of the building; they will also be your negotiation tools.



**BUILDING  
INSPECTION  
REPORT**

**BUILDING  
EVALUATION  
REPORT**

**COPY OF PAST YEARS  
BUILDING REVENUES**

**COPY OF PAST YEARS  
BUILDING COSTS**

# IMPORTANT DOCUMENTS POST-PURCHASE



**CERTIFICATE OF  
LOCATION**



**DEED OF SALE**

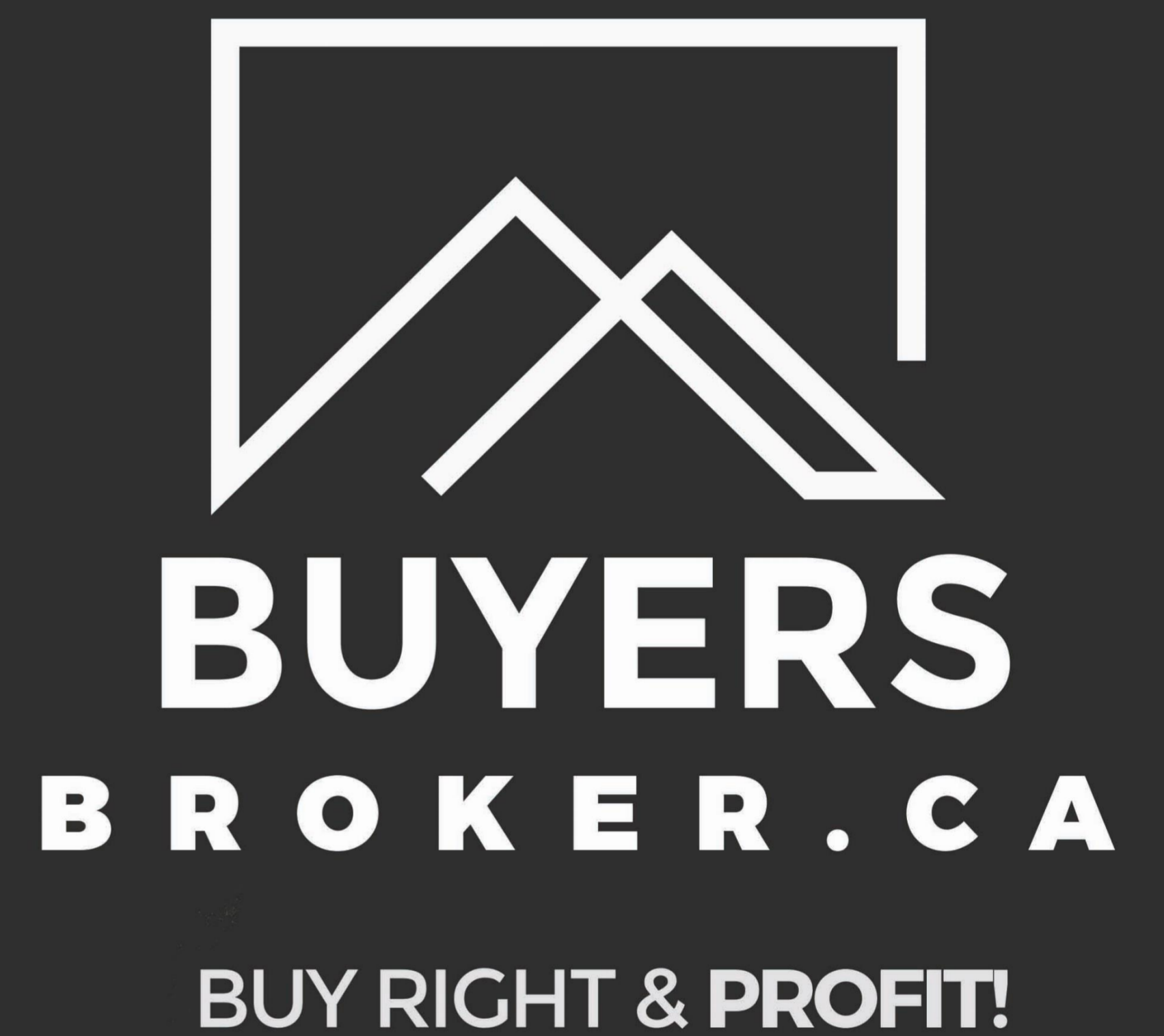
**DEED OF LOAN**



**REGISTER  
SERVITUDES**

# CONTACT US

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