

CANADIAN

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Apartment

RISE OF THE
LUXURY
RENTAL

CATERING TO A
DISCERNING TENANT

plus

MARKET HIGHLIGHTS

FINANCING 101

CAPITAL UPGRADES

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CATERING TO DISCERNING R

Rising in Toronto's opulent Yorkville neighbourhood is Two St. Thomas, a joint venture between real estate companies Bentall Kennedy and KingSett Capital. The \$130-million 26-storey tower made of glass, stone, wood and copper is the picture of modern sophistication, as first imagined four years ago by Hariri Pontarini Architects.

Photos: Ben Ehrensperger



THE ENTER

When it comes to Luxury Living,
Bentall Kennedy Aims to Please

by Erin Ruddy





With occupancy set for this December, Gary Lee, Senior Vice President of Residential Services for Bentall Kennedy, says expectations are high, but demand is even higher. Quite simply, Canada needs more purpose-built rentals and Two St. Thomas is an example of the kind of high quality, modern accommodations successful young professionals and baby boomers are looking for.

"We believe we are catering to an underserved market for discerning people who choose to rent. In our view, there is strong market demand for high quality product that comes with professional management and security of tenure," Lee says. "Yorkville hasn't seen a purpose-built rental building in almost 15 years, but with this property, we will be delivering a level of luxury and service that residents will find exceptional for a building of this type. We are excited about the new living choices that Two St. Thomas brings to the Yorkville neighbourhood."

Unique opportunity

Given Toronto's red-hot rental market, Bentall Kennedy, through its Prime Canadian Property Fund, and in partnership with KingSett Capital's

Income Fund, saw Two St. Thomas as a unique opportunity to develop high quality, luxury apartments in one of the city's most desirable neighbourhoods. Lined with European-style cafes, museums, lavish hotels and high-end fashion boutiques, Yorkville is a humming locale. The elegant high-rise was crafted to fit into this cultural epicenter, while creating a core asset that would generate stable, consistent returns.

"The development of purpose-built rental buildings has been a key area of focus for Bentall Kennedy for a number of years," says Lee. "We're developing thousands of units across major centres throughout North America. In Canada, we are in the midst of three other major projects that will continue to play to this strength."

Those projects include: Portfolio, a recently completed 26-storey, 210-unit development in the Beltline district of Calgary; a new (unnamed) 114-unit project in Vancouver, set for construction in Q4; and a new mixed-use development featuring 34- and 25-storey towers, coming soon to Toronto's Liberty Village.

"These buildings will become centrepiece additions to the



neighbourhoods where they will reside,” says Lee. “They’ll offer residents the advantages of renting, combined with the luxuries, amenities and service levels typically reserved for condominium developments.”

Investing in rental

Given housing shortages in cities across Canada and demographic shifts in the marketplace, there’s a continued need for all types of purpose-built rental—from affordable to mid-level to luxury, contends Lee. But at the end of the day, for Bentall Kennedy it all comes down to delivering that strong return on investment.

“We believe multifamily assets, and in particular new-generation multifamily assets, can be a strong component of a well-diversified portfolio. Multifamily investments tend to provide a solid, stable return profile, which is an attractive investment characteristic for our investors.”

Some of the key trends in the marketplace apply to the two primary demographics: the baby boomers who are downsizing from large family homes,

and the millennials who want to live where they work and play. “Both segments seek good quality housing, in a convenient location wherein they can remain active and connected to the surrounding community,” says Lee.

Better, smarter suites

Of course, when it comes to anyone’s living space, design is always important. Lee points to the shift in desire for higher quality finishes and technology-equipped suites—a trend that’s steadily gaining momentum. “At Two St Thomas, a great deal of attention has been invested in the quality of design, materials and luxury finishes by award winning architects and designers. We have also incorporated simple, seamless technologies, like destination dispatch for the elevators, keyless entry to suites using smart phones, and smart thermostats. It’s attention to these details that set this property, and Bentall Kennedy’s overall approach to multi-residential property development, apart.”

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**GARY LEE
SENIOR VICE PRESIDENT
BENTALL KENNEDY**

**A peak inside:**

Each suite at Two St. Thomas offers high-end, built-in features, including:

- >> stainless steel appliances
- >> “smart” thermostats
- >> custom kitchen islands
- >> quartz countertops
- >> walk-through closets
- >> SALTO keyless locking systems
- >> spacious terraces or balconies

Despite policies such as Ontario’s renewed commitment to rent control, Canada’s purpose-built rental scene is thriving. A few recent facts:

- In total, there are roughly 20,000 units under construction across the country
- In Toronto, 13,000 units are in the development pipeline
- In Vancouver, apartment units account for 20 per cent of all housing starts
- Since 2016, Bentall Kennedy has introduced 644 units to the Canadian rental market, with another 1,000 in development

Hotel-style amenities are a well-established trend, and Lee believes that the value placed on these amenities factors heavily into the lifestyle choices residents today are making.

“We have a large roof top terrace with outdoor lounge and fireplace on the 12th floor, two dining rooms with gourmet kitchens, and a professionally appointed fitness studio,” he says. “There’s a luxurious lounge with a fireplace, an in-house pet spa and an automated parcel management system. Concierge service has become a staple of luxury condominiums, and Two St. Thomas will offer no less, with full time concierge services and the building professionally managed by Bentall Kennedy Residential Services.”

Another trend that’s been gaining momentum is occupant interest in the sustainability standards of the buildings

themselves. “Bentall Kennedy’s attention to the environmental performance and sustainability of our properties is a core value of the company,” asserts Lee. “There is a growing public sentiment that expects the buildings we occupy to adhere to lofty sustainability standards, empowering us to make lifestyle choices that benefit the environment, too. Two St Thomas is targeting LEED Gold designation. Every fixture has been selected to meet these demands, and every suite will have a central “master-off” switch for in-suite lighting and parking for electric cars.”

As construction of Two St. Thomas comes to a close and Yorkville prepares to welcome its newest residents, Bentall Kennedy anticipates huge pay-offs--in both customer satisfaction and investor returns. 