

Booming multi-family apartment market keeps Primecorp

Partner running

By David Hatton, REXN.ca, May 13, 2009

Sales in the multi-residential sector appear to be leading the first signs of economic recovery in Canada's real estate investment market, according to industry executives.

"I'm working almost non-stop around the clock right now dealing with clients. Apartment buildings have continued to be one of the most popular asset classes with both institutional and private investors alike," said Aik Aliferis, Principal of Primecorp Commercial Realty Inc. (shown in the picture below).



Ottawa-based Primecorp – which describes itself as a major real estate advisory firm with a national scope – closed one of the biggest deals in the country last year. As most brokers were complaining about the lack of deals due to the recession, Mr. Aliferis issued a press release announcing 1,657 residential apartment units had been bought by Skyline Apartment REIT, in a deal valued at approximately \$116 million.

Conundrum Capital Residential Income Fund I, the vendor in the sale, owned a portfolio of over 2,150 rental apartments. Conundrum Capital Residential Income Fund I is expected to close on the remaining properties with a different purchaser in the second half of 2009 for an additional \$84 million generating a combined sale value of nearly \$200 million.

"The apartment sector is one you want to watch in the coming months ... or risk being left behind. Current market attributes allow investors to achieve yields in the multi-family sector that have not been available for years and this will not last forever" Mr. Aliferis quipped.

"The investment approach is simple: You want to get in at the lower end, or downside, of the bull. Are we at the bottom end of the curve? Honestly, who knows? But there are opportunities right now at prices you wouldn't have seen in the market before. Interest rates are more than affordable. Opportunity is knocking, for sure," says Mr. Aliferis.

One example of inexpensive financing is that being offered by the Canada Mortgage and Housing Corp. (CMHC), Mr. Aliferis added. CMHC mortgages are currently available in the 3.5 per cent range compared to between 4 and 5 per cent level a year ago.

PrimeCorp has created a buzz across the Canadian real estate market as it has completed more than 500 transactions valued in excess of \$3 billion since start-up 11 years ago.

"Every deal I do is interesting. There are certain challenges but I enjoy them immensely. This isn't really like work, to be honest. Many of our clients have become friends, so I get to say I go to work every day and spend time with all my friends," Mr. Aliferis said.

"I believe there are still deals to be made during the recession. Some of them are from clients who are rebalancing their portfolio to stay within certain levels while others want to take advantage of the opportunities that are out there right now. We have become known as the 'go-to guys' in order to get something done."

When asked about the chemistry between the firm's other founding partners: Sam Firestone, Nick Pantieras and Steve Lerner, he said "That's a big part of our success. We work hard together to create great relationships with our clients. Everybody is on the same team and we each have different strengths."

The numbers speak for themselves," said Mr. Aliferis. My partner Sam Firestone and I have become one of Canada's most informed and effective specialists in the multi-residential sector. It is an area where we have concentrated our efforts since our firm started in 1998.

As a result of the industry's respect for his achievements in the sale of apartment assets in Canada Mr. Aliferis has been selected to chair the 2009 National Apartment Investment Conference, being held this September in Toronto.

In addition to the multi-residential class over the past five years Primecorp has developed expertise in the Commercial and Industrial asset classes. Drawing on the partners network of long standing friendships and business relationships it has developed a strong commercial team led by Nick Pantieras.

Continuing seemingly unscathed through the recession Primecorp currently has several assignments from large institutional investors as well as private clients who are considering sales at this time.