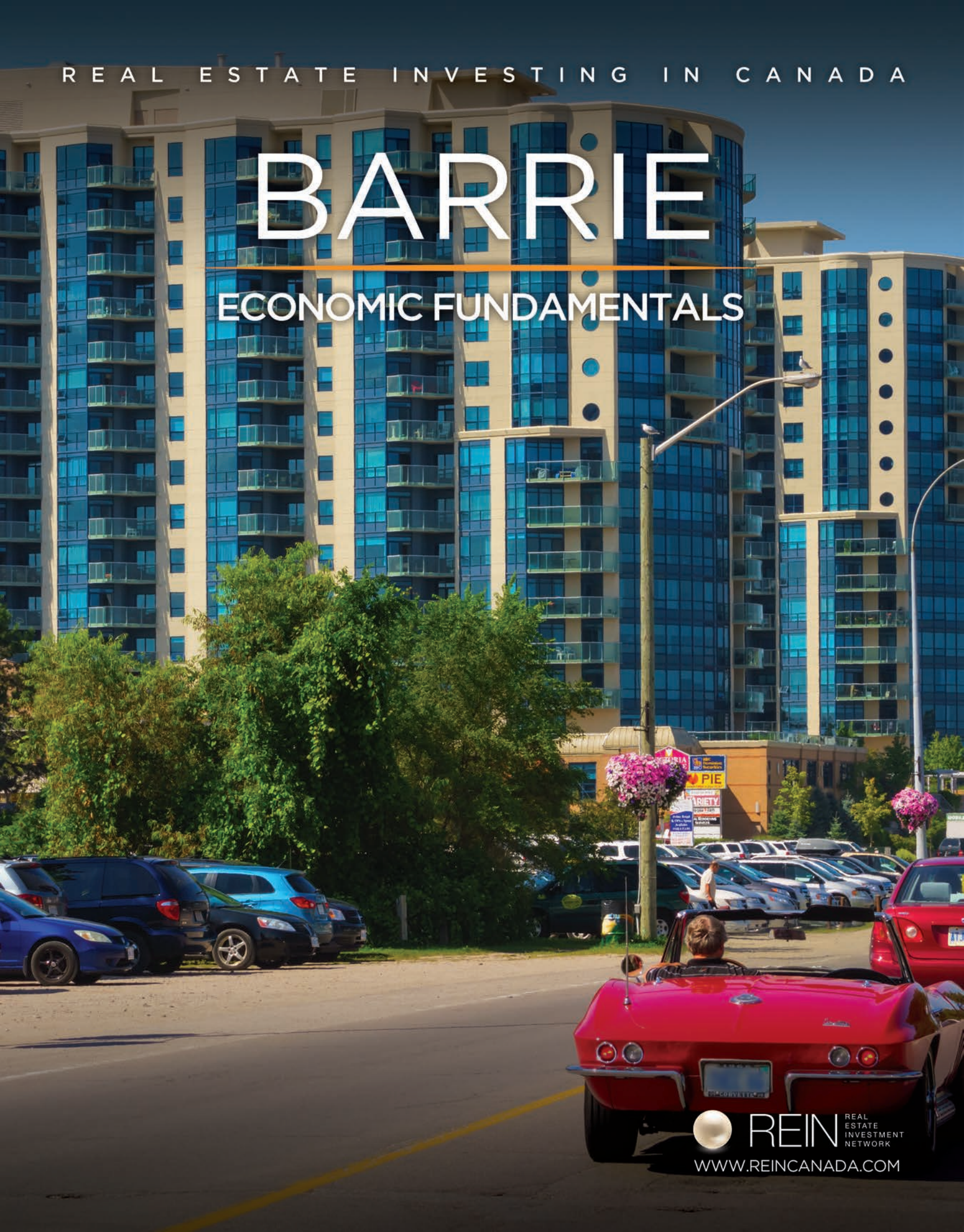


REAL ESTATE INVESTING IN CANADA

BARRIE

ECONOMIC FUNDAMENTALS



REIN

REAL
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EXECUTIVE SUMMARY

BARRIE, ONTARIO



Strategic investors look for cities where the economic underpinnings are strong enough that housing market swings are mitigated. This is especially important when investing in smaller cities, where we must look to diverse economic foundations, geographic positioning, demographics, and other key drivers to identify a gem.

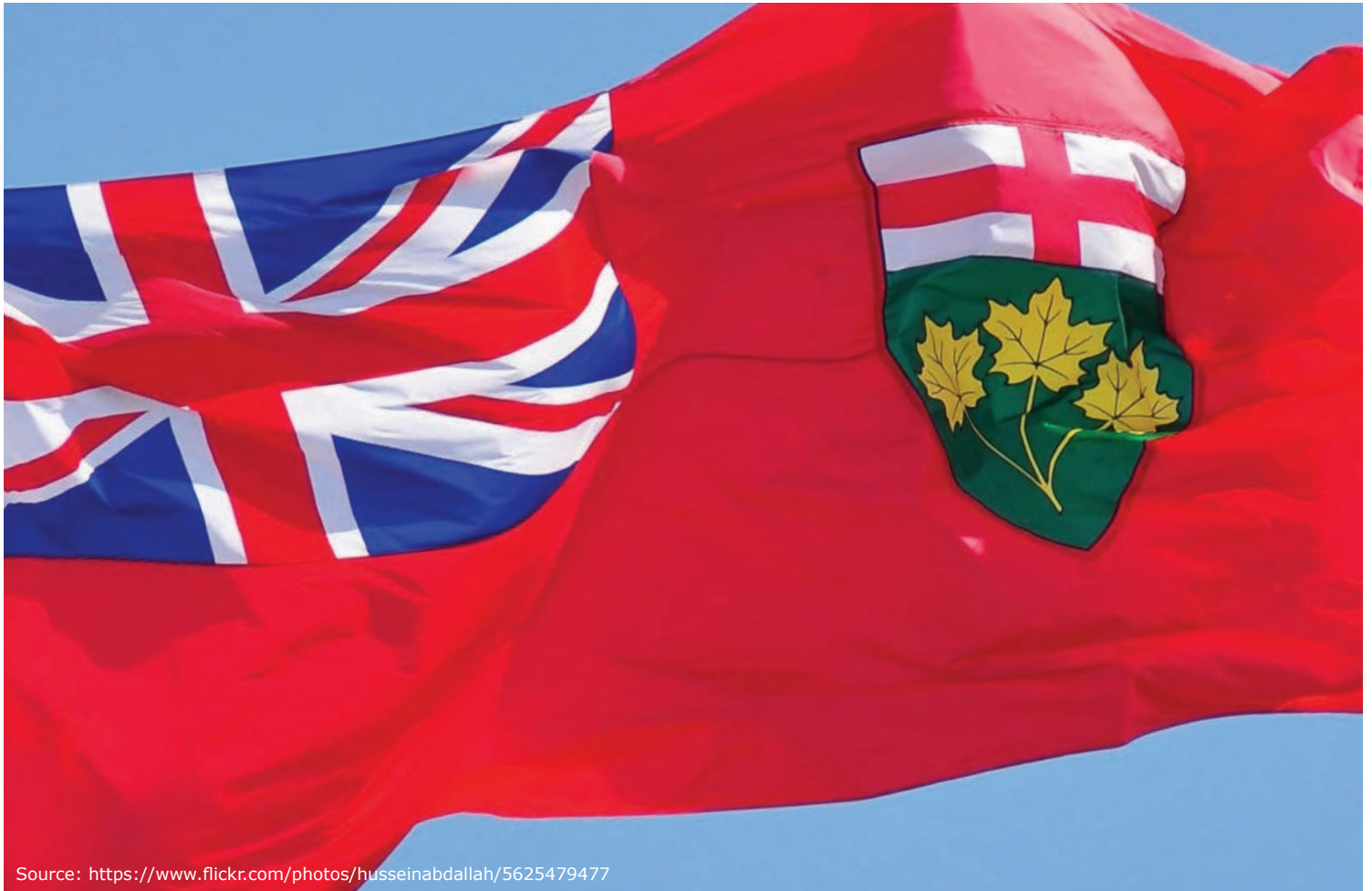
Barrie is one of these gems! It has all of the fundamentals lined up in support of a bright future. As a strategic investor, GDP and employment growth are foundational for success, as described in REIN's Long-Term Real Estate Success Formula. While these are the most important drivers, they are only two of the many key drivers used when assessing a market. The key is long-term, and the long-term forecast for Barrie's economy and employment rate is promising with both public and private sector employers expanding and forecasting realistic growth. While Barrie is a smaller centre, its economic foundations are sound and its GDP is poised to increase. The city has the right mix of these fundamentals driving the economy forward: The GoTrain, Places To Grow Act, growth in post-secondary education and a focus on diversifying the economy.

In addition to a stable economy, which we will explore throughout this report, Barrie's demographics are another key driver worth paying extra attention to. With the average age of new residents decreasing, the City of Barrie has begun to attract a younger population. This shift is influenced, in part, by an increase in the student cohort as the city experiences a growth in post-secondary education. The city's ability to attract younger, new residents is also influenced by Barrie's growing reputation as a place for families and young, active professionals. With the re-institution (and subsequent expansion) of the GoTrain service from downtown Toronto, Barrie is no longer just a weekend destination. Professionals can continue to work in downtown Toronto then end the day sitting by the lake or in a much more affordable backyard.

With the post-secondary school expansion, nearby new high-tech hub development in Orillia, and near proximity to the GTA, we see Barrie and surrounding areas continuing to attract and sustain a younger population. The current mayor and council have identified their city as a hub and are creating policies to help attract even more job-creating businesses, thus further stabilizing the economy and reducing the magnitude of pendulum swings in Barrie.

ONTARIO SUMMARY

PROVINCIAL OVERVIEW



Ontario's economy is central to the overall success of Canada, and has been essential throughout Canada's history. It is diverse; it is a large employer and with its large population it is a major contributor to Federal taxes.

Ontario is the largest contributing province to Canada's gross domestic product (GDP). RBC Royal Bank forecasts Ontario's real GDP will grow by 2.5 per cent through 2017, and then 2.0 per cent through 2018. A GDP growth rate of two per cent or above is critical for such a large and diverse economy to create jobs – which is particularly important to support Ontario's burgeoning population.

While traditional economic engines have historically contributed to Ontario's GDP growth, its high-tech and innovation industries are surfacing as key economic drivers while traditional manufacturing industries have found the U.S. market more competitive.

In order to be strategic in this large and very economically diverse province, one must drill deeper into specific regions and towns. In the coming decade there will be some regions that will prosper while others lag. Strategically, you must be positioned in areas that will prosper - and these may not be the traditional hot spots.

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METHODOLOGY

THE REAL ESTATE INVESTMENT NETWORK

Many sources were consulted in order to provide the most comprehensive information. These included the variety of research reports published by Canadian Mortgage and Housing Corporation (CMHC), Statistics Canada's most recent census information available at time of printing (2011), Multiple Listing Service (MLS), Craigslist, Kijiji, Canadian Home Builders' Association, City Economic Development, the provincial government, and City and Regional Real Estate Boards. Additionally, real estate investors, who were well acquainted with particular cities and towns, were consulted to provide 'real time' and 'on the street' experiences that may be more applicable than government statistics can provide. This triangulation of data collection is anticipated to provide the reader with the most comprehensive information to form their investment strategies.

Please note that there may be inconsistency in some variables due to the different methods of data collection between many of these agencies. This is largely due to the parameters used to define each of the variables, that is, rental income may be based on all apartments or just one or two bedrooms, depending on the information available. Sale prices may be averages (the total value of sales divided by the total number of sales) or medians (half of the houses sold were worth more and half were worth less), or may include all sales or only new homes for example. The authors have taken these data inconsistencies into account when completing their analysis for this report. Where possible, sources are cited for cross reference.

Although some statistics will quickly become outdated in this fast paced market, we have provided resources for the reader to cross check and update numbers, rates, and prices. Each reader should ascertain his or her risk tolerance, access to finances, investing style, and particular factors such as their own location, as part of the city's fit for investment purposes.

These data are merely a synopsis of the demographic and statistical data available. For a more comprehensive look at particular city, please consult the source documents and the town's Economic Development Office.



Remember, with every real estate purchase, investors must do their due diligence by thoroughly and independently researching and verifying all the information available on the town and even more specifically the property itself. No matter how hot the market, there will always be properties that don't do well. The way to avoid owning one of these underperformers is to follow a proven investment system that forces you to ask the tough questions while ignoring market hype and misinformation.

To make it easier to predict what is going to occur in their local real estate markets, investors and homebuyers can use the formula shown at the bottom of the next page. Long term increasing prices of real estate stem from economic (GDP) growth. Without economic growth a real estate market is not sustainable. Sure there can be upward and downward shifts not attributed to economic growth, (such as when the governments meddle), but these are just short term unsupported shifts.

To become a strategic investor, it is imperative that one understands the real estate cycle and its phases. To determine these phases, key drivers are analyzed and

scored. It is important to understand market conditions indicated by key drivers are not set in stone; however, key drivers do allow strategic investors to gain crucial insight on current and future market trends. A simpler way to understand it is: GDP Growth = Job Growth = (12 months later) Population Growth = Increased Rental Demand = Decreased Vacancies = Increased Rents = (18 months later) Property Purchase Demand = Increase in Property Prices.

Sustainable real estate price increases occur approximately 18 months after a region's economy begins to grow and they drop approximately 18 months after the economy in a region begins to shrink. This formula works both ways, over roughly the same time lines.

As an investor or home buyer, it is critical that you consider the underlying economic structure propping up your region and confirm that it has long term sustainability. Identifying regions with a well-structured and well supported future must remain your number one priority.

This method analyzes each city through five categories, including:

1. GROSS DOMESTIC PRODUCTS (GDP)

- ➔ Key contributing industries
- ➔ GDP growth rate
- ➔ Key economic industry drivers

2. EMPLOYMENT

- ➔ Job growth rate
- ➔ Top employers by industry

3. POPULATION

- ➔ Population growth rate
- ➔ Median age
- ➔ Migration rate

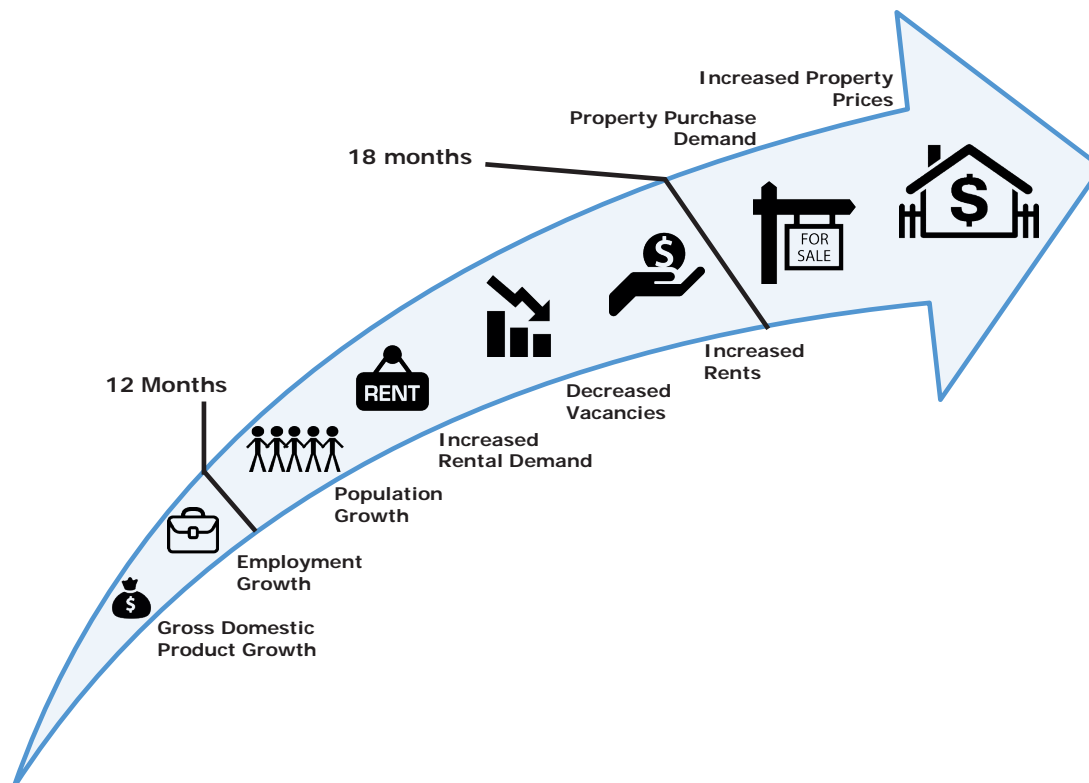
4. HOUSING MARKET

- ➔ Rental demand
- ➔ Vacancy rates
- ➔ Rent rates
- ➔ Property purchase demand
- ➔ Property prices

5. SUPPORTING KEY DRIVERS

- ➔ Infrastructure
- ➔ Accessibility
- ➔ Public transit
- ➔ Political climate
- ➔ Tax rates
- ➔ Business incentives
- ➔ Secondary suites
- ➔ Rental rules
- ➔ Post-secondary education

THE LONG TERM REAL ESTATE SUCCESS FORMULA





Source: City of Barrie.

BARRIE

Welcome to Barrie, where great hiking trails, outdoor recreation and theatre **are just the beginning.**

Barrie is the major urban centre of Simcoe County. The city is home to 145,614 residents, yet it retains the small-town feel that many families are seeking. It has become a vibrant city with an economy that continues to diversify while sustaining a family-friendly and affordable lifestyle. Barrie is strategically located within 100 kilometres of nine million people in the nearby Greater Toronto Area (GTA). This ready access supports companies and their employees with all the benefits of proximity to a major metropolis, a diverse economy, multiple housing style choices, and a lake-side lifestyle that is the envy of many.

ANALYST INSIGHT: BY DON R. CAMPBELL, REIN SENIOR ANALYST

"As you will discover in this REIN report, Barrie has become a city with strong economic roots. Strategic investors understand that housing markets are like

pendulums, they often over-respond with price increases, then again when the economy slows, the market over-responds by swinging towards the negative direction. Over-supply swings to under-supply, demand increases in accordance to market fear, city economies grow, and then they slow. This cycle is especially true in smaller markets which, despite being home to 145,614 people, Barrie, Ontario is still considered a relatively small market.

The extra bonus that strategic investors must understand is that under the provincial Places To Grow Act¹, Barrie has been identified for densification and population increase, meaning policies are also in place to encourage and support these elements. These restrictive land use policies (in support of densification), although important, also have the side effect of increasing residential and commercial property values as demand outstrips supply of certain asset types – like single-family homes."

GDP

Ontario is the largest contributing province to Canada's gross domestic product (GDP), producing 763,276 (millions of Canadian dollars) in 2015, representing a total of 38.4 per cent of the national GDP. 77.2 per cent of this GDP produced comes from the services sector, while the other 22.8 per cent comes from goods. Given Ontario's major economic centres are located adjacent to the United States, it comes as no surprise that 80.5 per cent of the province's exports head south². RBC Royal Bank forecasts Ontario's real GDP will grow by 2.5 per cent throughout 2017, and then 2.0 per cent throughout 2018³.

Barrie is located in what is known as the Greater Golden Horseshoe, which is the southern portion of Central Ontario. This southern area accounts for upwards of 70 per cent of Ontario's GDP. The tourism industry is a major contributor to this GDP; Simcoe County alone welcomes nine million visitors annually, contributing one billion dollars of spending to the economy⁴. With Barrie being one of the two major centres in Simcoe County, it is evident a large portion of these tourism dollars are spent directly within the City of Barrie itself.

EMPLOYMENT

One of the most prevalent key drivers used to determine economic state is employment, more specifically the unemployment rate. Barrie previously had one of the worst unemployment rates in the country at an alarming 9.4 per cent as of April 2016. Fast-forward a year and this rate improved drastically to 7 per cent. Now in May 2017, we see it drop to a record low of 5.8 per cent, below the national average. Although experts predict it will stabilize around 6-6.5 per cent, the drastic improvements in this rate over a relatively short period of time suggest Barrie's economy is experiencing a boom – with the fundamentals to support it.

Health and social assistance, accommodation and food services, educational services, and construction are the top four industries of employment in the area, representing 39 per cent of all employment⁵.

The top five public sector employers in Barrie⁶:

1. Simcoe Muskoka Catholic District School Board (3,400)
2. Georgian College (2,500)
3. Royal Victoria Regional Health Centre (2,465)
4. City of Barrie (1,265)
5. MCA of Simcoe-Muskoka (1,024)

The top five private sector employers in Barrie⁷:

6. Wolf Steel / Napoleon Appliances (800)
7. Georgian International Ltd. (675)
8. Sinton Transportation (589)

9. Transcom (490)

10. Scotiabank (400)

POPULATION

POPULATION GROWTH

According to the last Federal Census in 2016, Simcoe County had a population of 479,650. This represented a 7.5 per cent increase from the previous census of 2011⁸. This shows a slightly higher growth than that from 2006-2011, a period that saw a growth rate of 5.7 per cent. Canada as a whole saw a growth rate of 5 per cent from 2011 to 2016, so Simcoe County is outpacing the rest of the country. Barrie alone is home to around 145,614 residents, and saw its population grow by 3.7 per cent from 2011 to 2016, slightly slower than the rest of the region.

Projected growth is expected to steadily increase for the next five years given the trends from the past censuses. In 2020, we anticipate the population of Simcoe County to be somewhere in the range of 520,000. Barrie is expected to see the population rise to 210,000 by 2031 representing strong growth over the next 15 years.

MEDIAN AGE

The median age of the population versus the national median age is an important metric for strategic investors. In 2011, Barrie had a median age of 37.2, while Simcoe County's median age was 41.8, slightly above that of the national average of 40.6. However, it should be noted that although Simcoe County is becoming more and more attractive for young families, the projected per cent increase of residents aged 65+ is greater than any other age demographic⁹. This means that the middle-aged population is not being fully replaced, resulting in growth of both the younger family and age 65+ demographics.

Older populations tend to indicate an area must prepare to care for an aging population. Simcoe County is preparing for this with its focus on long-term care. From a real estate investor's perspective, you want to look for property close to long-term care facilities because there will be demand for patient housing, as well as housing for those who are employed by the care facilities. Judging by the 2016 census information, households that contained two people were the most common while households containing one-, three-, or four- persons were similar in numbers. This demonstrates there will be a need for two- and three- bedroom properties.

MIGRATION RATE

It is also important to explore the province's immigration and migration statistics when evaluating a city's population growth. The number of new immigrants entering Ontario has been hovering around 100,000 people over the past five years. This number has been limited by federal

legislations as demand to enter Canada is indefinitely forecasted to be high. Interprovincial migration on the other hand, has not been a significant factor to Ontario's growth in the past 30 years. In fact, net interprovincial migration has averaged negative 1,100 people per year over these past 30 years¹⁰. It should be noted that this was largely due to the outflow of people to developing prairie provinces, namely Alberta. However, since 2015, trends have shown that outflow rates to Alberta have dramatically decreased compared to before and people are once again migrating to Ontario. Lastly, interprovincial migration numbers have been ranging from 350,000 to 430,000 people over the past two decades. These numbers are expected to gradually increase as more and more people venture out of the GTA due to rising real estate prices.

HOUSING MARKET

Factoring in the ratio of housing prices to rents is also part of making a smart business decision when it comes to determining if a city is a viable place to invest in residential real estate. Will an investor make money given the purchase price of a home (and its related monthly expenses) compared to its current market rent? Is there a reasonable expectation that rents will increase? It is crucial to look at a variety of housing market statistics to see if an area is investment-worthy.

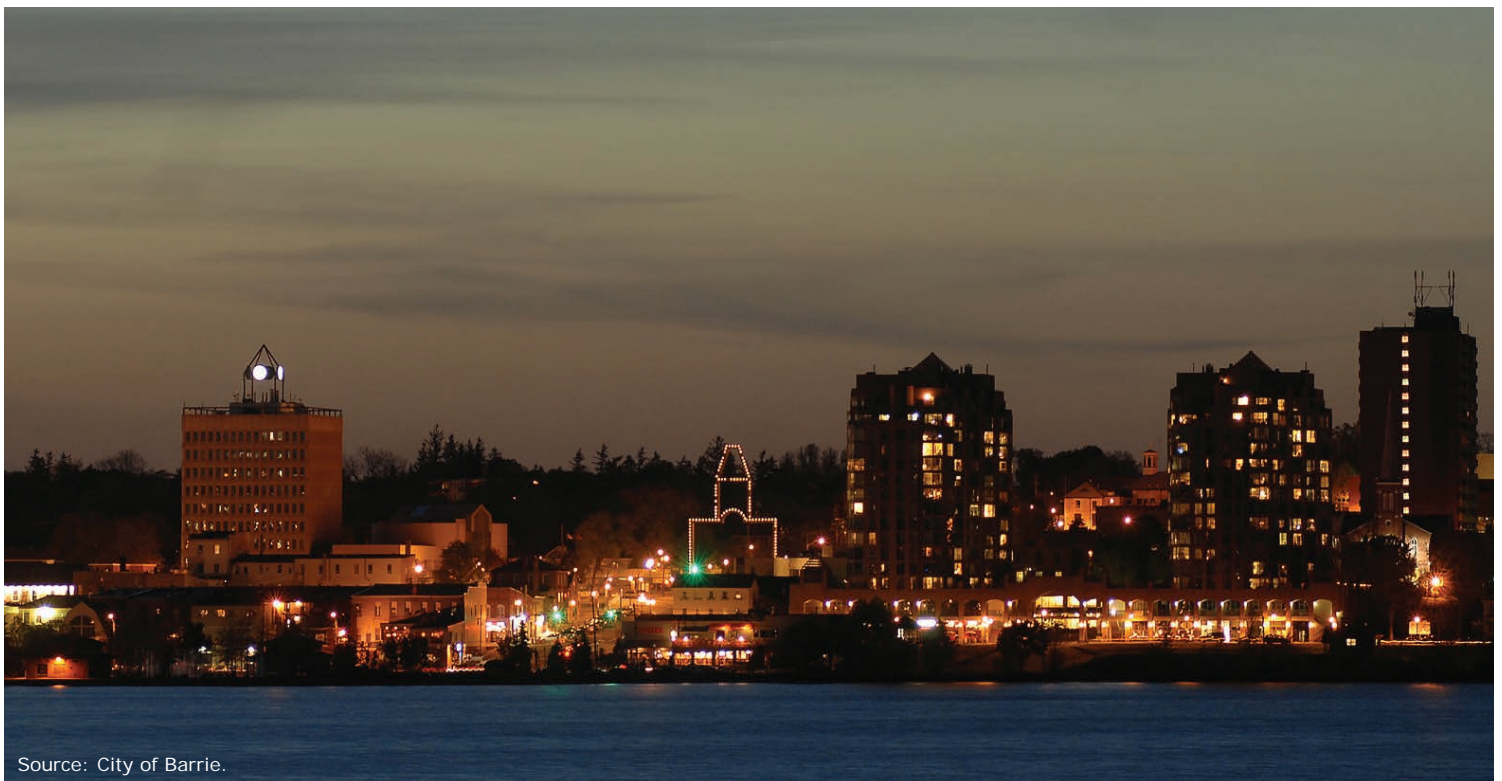
As you move further from the core of Toronto, the chance of receiving a great return on investment (ROI) increases considerably. Housing prices outside Toronto are feeling the ripple effect of the hot Toronto housing market. As a result, there are fewer and fewer properties that can support cash flow based on conventional financing.

However, they are out there – and it is our job, as strategic real estate investors, to find them. There are absolutely some properties that fit the model of a good cash flowing property, but it takes tenacity and creativity to find them. Always remember to do your due diligence and to persevere. Consider using REIN's cash flow zone and the REIN property analyzer in your Member Back Office to support your analysis – these exclusive online REIN Member tools make the crucial task of searching for the perfect performing property much more efficient!

RENTAL MARKET

The demand for rental properties in the City of Barrie remains on a steady incline even though the vacancy rate is expected to slightly increase as it is currently at an all-time low. Why is this? This is due to the city experiencing a sizeable population increase and property prices sky rocketing in early 2017 which, in turn, has resulted in rent rates drastically increasing and affordability becoming an issue for many. This is especially true for one-bedroom apartments as they are now much closer in price compared to multi-bedroom apartments than ever before. The growing costs are largely caused by demand steadily increasing and newer, more expensive apartments being completed - both adding to the supply and replacing older units. In short, it's the result of an economic boom.

There is an obvious demand in the affordable housing market, especially with an increasing number of the city's population moving into the 65 and older category and not being replaced by middle-aged residents (who tend to be able to afford more) as most new residents tend to be young families. This has resulted in a large demand for more affordable one-bedroom units, an



Source: City of Barrie.

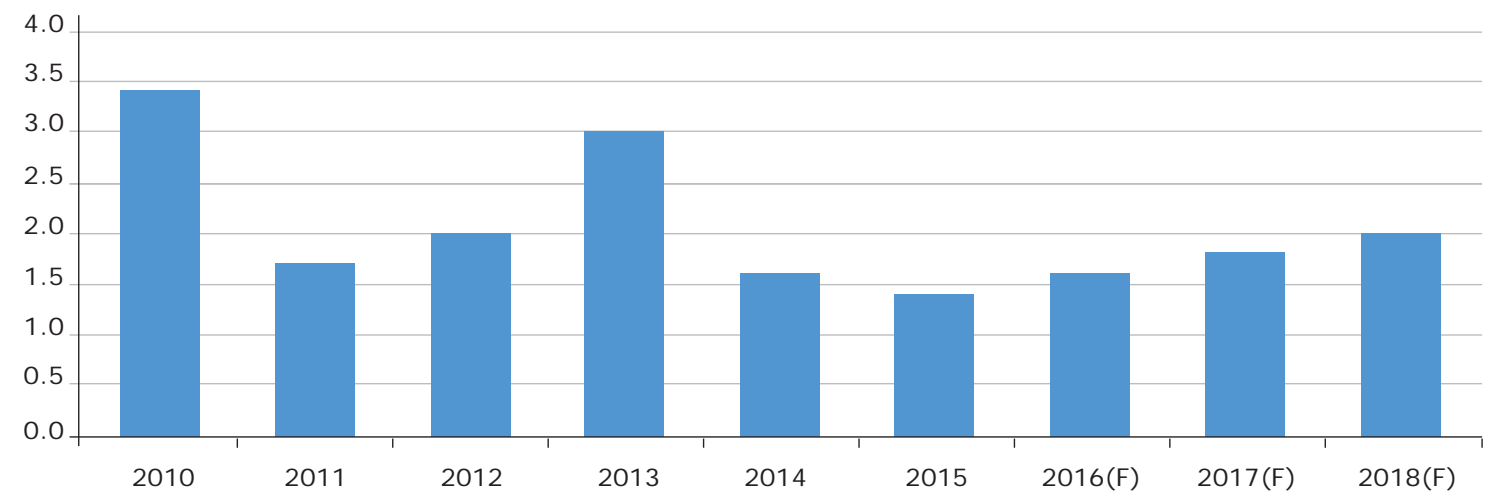
opportunity real estate investors can capitalize on. It is important for this sort of plan that you are buying below market value as your tenant niche will be a lower monthly income demographic and longer-term. Indeed, a word of caution on this niche market - REIN research consistently demonstrates that two- and three-bedroom units outperform one-bedroom units.

VACANCY RATES

Vacancy rates are another key metric for strategic real estate investors to watch - with low vacancy being in favour of the investor. In 2017, vacancy rates hovered right around the 2 per cent mark, roughly within +/- 0.5 per cent of this figure which is right on track with CMHC forecasts. This is an increase from 2016; however, this is not an entirely bad thing for investors as this increase is, for the most part, due to the gradual increase in the price of

rents, more specifically one-bedroom apartments/suites. Current trends indicate that this correlation between the slight vacancy rate increase and rent increase will stay consistent and no drastic influxes in the ratio will occur. Another contributing factor to this recent increase in the vacancy rate is the younger population is unable to afford monthly rent and, therefore, is opting to live at home with their parents longer. Furthermore, CMHC cites a cause of the increased vacancy rates to be the rise in supply of purpose-built rental apartments coming onto the market. With these higher vacancy rates, you run the risk of not filling your rental unit, so it is important to err on the side of caution when doing your due diligence. Overall, vacancy rates are expected to slightly increase through 2017, but investors can expect to see the vacancy rate stabilize around 2 per cent throughout 2018.

Barrie Vacancy Rates



Source: 2016 CMHC Housing Outlook

RENT RATES

When considering investing in a specific area, be sure to pay attention to realistic asking rent prices for a variety of units. The best way to get a sense in an area is to do a quick scan on Craigslist, Kijiji, Padmapper, and Rent Board. As of spring 2017, two-bedroom apartments were the highest inventory available, while smaller three-bedroom houses were the close runner-up.

The following shows the results of our rental market scan:

Rental Rates	Low	High	Average
One-bedroom apartment	\$895	\$1,450	\$1,050
Two-bedroom apartment	\$925	\$1,350	\$1,200
Three-bedroom apartment	\$1,250	\$1,975	\$1,300
Three-bedroom house	\$1,350	\$2,200	\$1,680

Source: www.rentboard.ca

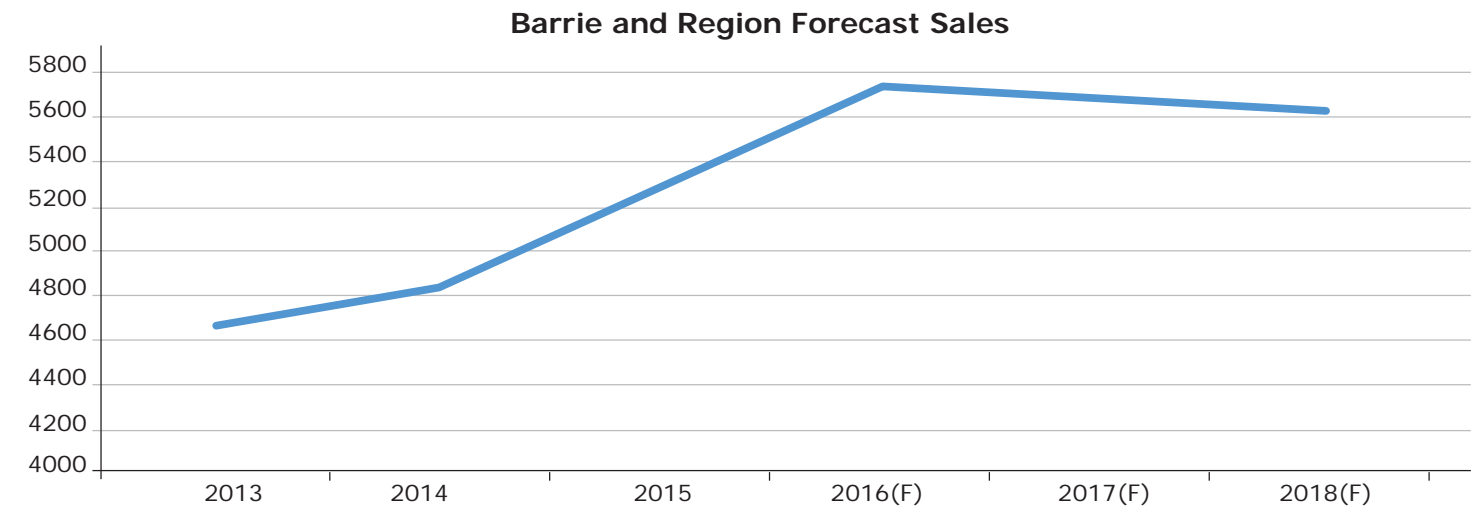
The three-bedroom apartment prices tended to be lower as all the units advertised were older and in need of some upgrades. There were a set of three-bedroom townhouses available at \$1,475 per month and two larger four-bedroom homes at \$1,699 and \$1,850 per month, indicating that

the price discrepancy between multi-bedroom homes and single-bedrooms is not all that much. Be sure to check updated prices oon Craigslist, Kijiji, Padmapper, and Rent Board and pay close attention to the age and size of the property in comparison to its asking price.

PROPERTY PURCHASE DEMAND

Strategic investors also pay attention to the number of real estate sales in a city. If no homes are selling, the chances of you entering the market are slim. When lots of homes are selling, there is a higher chance you will be able to purchase a home in the area, potentially below the asking price.

In Barrie and the region, the number of new home sales is projected to hold steady into 2017 and further into 2018. The following graph represents Barrie's forecasted home sales for the coming two years and reflects previous trends.

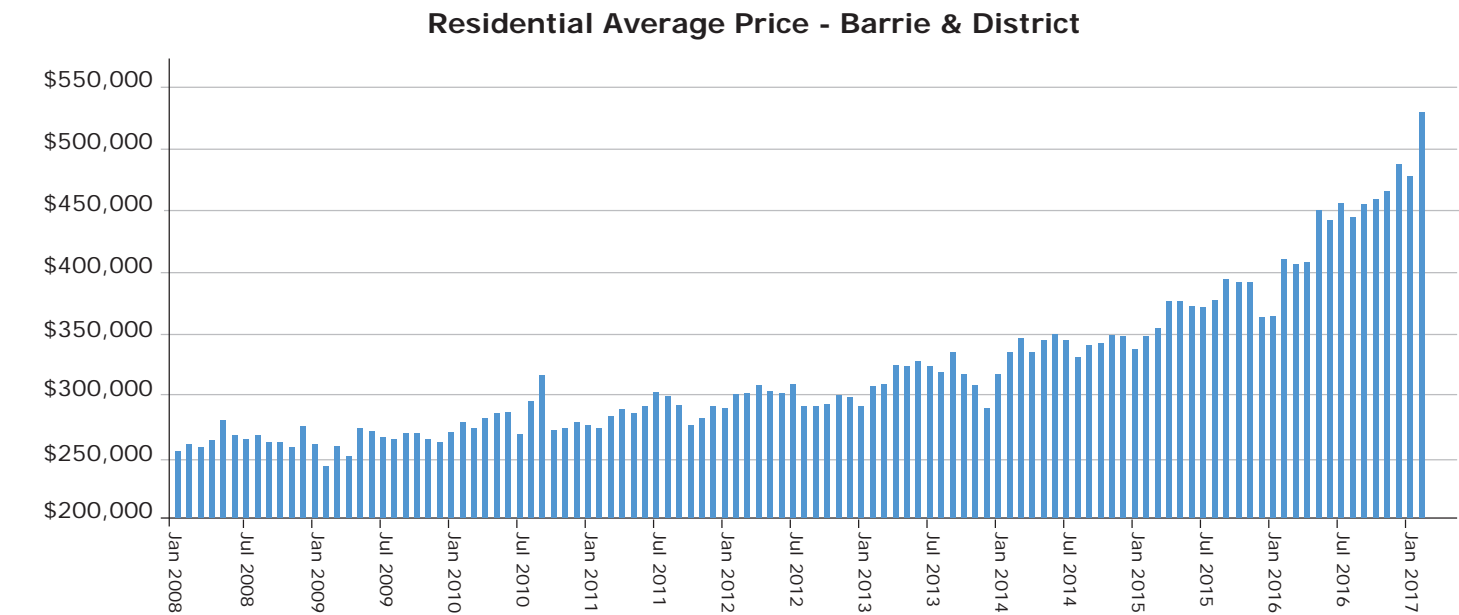


Source: CMHC Housing Market Outlook Fall 2016

PROPERTY PRICES

As a strategic real estate investor, you are always interested in the price of property and the growth trend of your market. It is easy to notice from the graphs below that average property prices have been increasing over the past three years in Barrie and surrounding regions, with prices forecasted to continue increasing over the

next two years. This increase in price is coming largely due to a lack of land for residential development. As of March 2017, the year-to-date average price of homes sold is an unprecedented \$520,624, up approximately 37 per cent from 2016¹¹.

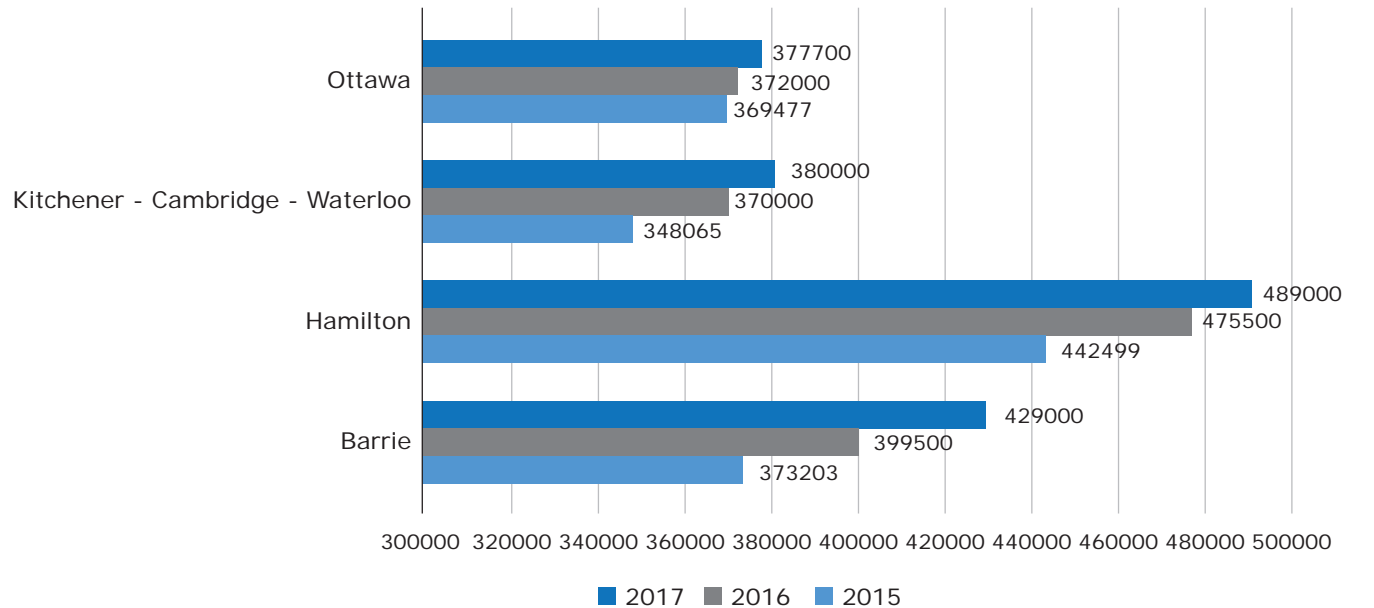


Source: The Canadian Real Estate Association

The following graph represents a comparison of Barrie to the rest of Ontario, with regards to both number of sales and average sales prices.

As you see, Barrie is expected to experience the greatest increase in housing prices in 2017 compared to these other large cities.

Ontario Housing Market • Re-Sale Market Prices Forecast



Source: CMHC Housing Market Outlook Fall 2016



SUPPORTING KEY DRIVERS

INFRASTRUCTURE

Infrastructure is important to meet residents' needs. As the population continues to grow, leadership must ensure infrastructure is sufficient now - and for the future. People tend to leave cities without the necessary infrastructure capacity to educate its children, mend its ill-stricken, or arrest its criminals. Furthermore, hospitals, schools, emergency services, as well as water, sewer, and roads are other elements of paramount importance.

The City of Barrie is, indeed, planning ahead, including growing infrastructure and supporting future businesses and jobs. This is confirmed on the City of Barrie's official website where a variety of plans including Land Use, Special Policy Areas, Road, and Intensification plans are listed in detail with timelines¹².

Barrie has a wide range of industrial office space ready for use. Maplevue West Business Park is one of the largest and is already home to Canplas Industries' head office and BMO Financial Group's Data Centre. This business park's stellar location just off of Highway 400, combined with excellent physical infrastructure, make it a prime business location ready to boom. With that boom will come more employees to the Barrie area and an increase in demand for housing nearby.

FAST FACT

40% of all patients that use the Royal Victoria Regional Health Centre come from outside the city of Barrie

Another benefit to the City of Barrie is that it is home to Simcoe County's main hospital: the Royal Victoria Regional Health Centre. They provide highly specialized services, procedures, and technology not found anywhere else in the region. The area surrounding this facility attracts diverse, hospital- focused residents including:

- ➔ The elderly looking for new or affordable one-bedroom units;
- ➔ Professionals in the healthcare industry looking for nicely appointed two-bedroom units to whole homes; and
- ➔ Patients or family of patients in long-term treatment at the hospital and visiting healthcare providers seeking furnished rentals.

Accessibility - Land

Barrie is in a great, easily-accessible location along Highway 400N, only 100 kilometres north of Toronto's downtown core. This highway is the busiest in Canada, facilitating the movement of goods across the province, country, and south into the U.S. marketplace. Most of the 18 municipalities in Simcoe County are situated directly along Highway 400N making it easy to get around the region and province.

Highway 11 is also a key contributor to movement throughout the surrounding region, connecting Simcoe County's two major hubs, Barrie and Orillia, with the smaller towns. It turns the 36 kilometre distance into about a 28-minute distance, making it easier for trade or commuters who may want to live farther from work.

Economically, it is important that a city has access to international trade at their doorstep. Barrie is only two and a half hours away from many 24-hour U.S. border crossings, providing continuous and convenient access to trade opportunities for local businesses. This access to international road gateways helps draw new business into the area, bringing with them jobs and people - who will need housing.

Accessibility – Air

Simcoe County is home to one smaller airport that services international and local flights: Lake Simcoe Regional Airport. The airport is relatively new, so it offers modern facilities to all passengers and aircraft. It is fully serviced by the Canadian Border Service Agency, which allows commercial Port-of-Entry status, accommodating international passengers and freight¹³. Although smaller, the airport is a nice addition to the region, bringing jobs and great international trade opportunities.

It is unnecessary for Simcoe County to focus on developing a more major airport, given its close proximity to Canada's largest and busiest airport. Toronto Pearson International Airport is a mere one-hour drive away, off Highway 400N. It services 41 million passengers annually and offers 1,200 daily flights – upwards of 443,000 flights yearly. In fact, one of Barrie's largest employee bases – its Air Canada employees - enjoy the family-oriented, lake-style living of Barrie with only a one-hour commute to Air Canada's busiest hub.

Public Transit

Cities throughout Simcoe County operate their own independent public transit systems. Barrie offers a conventional bus service with Barrie Transit, as well as a Specialized Transit System. Barrie Transit operates a total of nine two-directional routes. There are five main transit hubs providing ease of access throughout the city¹⁴. Note there is no light-rail system in Simcoe County. It is not needed at this time as all of the cities that make up Simcoe County are in close proximity and can be easily accessed by car or bus transit.

GO Transit services all of the Greater Toronto Area and it offers routes connecting Barrie with the core of Toronto and the GTA. There are bus and train routes offered, so it is easy to commute from Barrie into Toronto. From an investor's perspective, this makes it easier for commuters to move further away from the big city, while still being able to easily access work.



Source: <https://commons.wikimedia.org/wiki/File:GoTransitTrainMap.png>



Source: City of Barrie.



Source: http://www.gotransit.com/timetables/en/PDF/Maps/04170617/system_map.pdf

POLITICAL CLIMATE

Political climate is generally indicative of how open for business a city is: do they encourage revitalization, development, and business? It ranges from how attractive the region makes it for new businesses - usually with incentives, tax breaks, and low mill rates - to policies and bylaws affecting rental real estate, such as secondary suite legislation and rent control in addition to what the province imposes.

As a whole, Simcoe County has an official plan outlining a variety of improvements and developments scheduled before 2031. The plan is designed to set broad policies that work with provincial policy. The following are a few key parts of the plan¹⁵:

- ➔ **More options for transportation**
Policy to encourage transportation options including transit, bike lanes, and trails.
- ➔ **Stronger Economy**
Employment policies and areas to ensure a strong, prosperous and diverse economy.
- ➔ **Density Targets Established**
Ensure greater utilization of existing settlement areas through densification and infilling so there is less demand on expansion.

The City of Barrie also has a community improvement plan offering financial incentives to encourage private sector investment in the core of the city. First

off, there is the newest part of the plan introduced in 2016 focusing on the following¹⁶:

- ➔ **Renovation Program**
Providing grants to promote the renovation and restoration of existing buildings within the Urban Growth Centre
- ➔ **Redevelopment Program**
Providing various grants that support key objectives such as a provision of affordable housing, and mixed-use development with the intensification areas identified on Schedule 1 of the Official Plan

The city also has a plan focused on downtown Barrie. The plan is designed to “encourage revitalization of existing heritage buildings, as well as the development of uses that promote linkages to the waterfront and diversity to the defined Community Improvement Area”. The financial incentive package includes:

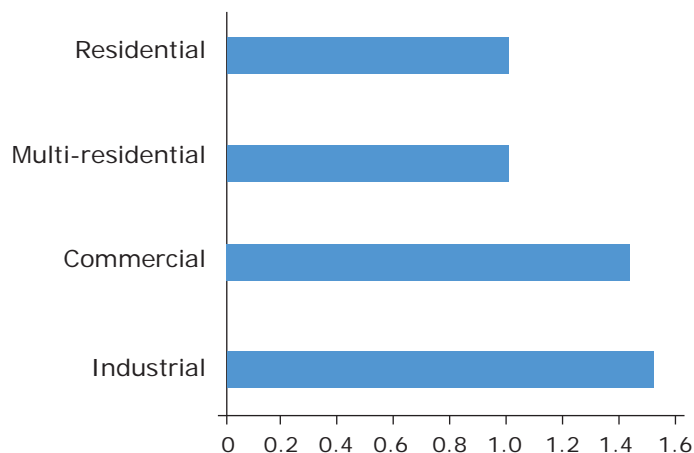
- ➔ A tax increment grant program
- ➔ Application fees, permit fees, and special fees grants
- ➔ An adaptive re-use and upgrade to the building code program
- ➔ A façade and signage loan program

For more information and up-to-date changes on these plans, visit the City of Barrie’s or Simcoe County’s economic development pages.

Property Taxes

Barrie has a variety of tax options depending on your property type. It is important to remember in Ontario there is an education tax levied on property taxes. This is already included in the following graph.

Barrie Tax Ratios



For more information on the Education Act, visit: <https://www.ontario.ca/laws/statute/90e02>

For full details on Barrie’s tax laws, visit: <http://www.barrie.ca/Living/Housing-and-Property/Property-Taxes/Pages/Tax-Rates.aspx>

BUSINESS AND DEVELOPMENT INCENTIVES

The City of Barrie offers various financial incentives for business within city limits, and most recently in October 2016 introduced a new Community Improvement Plan. This plan focuses on offering financial incentives designed to achieve current goals as well as target key planning and growth management objectives for future development. The program focuses on a renovation grant designed to promote restoration of existing buildings within the Urban Growth Centre and redevelopment grants that focus on a variety of other objectives.

Barrie was recently ranked third by KPMG in the lowest costs in office leasing and transportation, and first for lowest costs in manufacturing operations of plastic products. Combine this with the second lowest property taxes in Canada and the city is home to ample opportunity for business growth.

SECONDARY SUITES

Always a benefit for real estate investors is the ability to increase income by having a secondary suite in the home. This mitigates the risk of vacancy by increasing the odds that there will be some income to cover expenses if an owner is unable to find a suitable tenant. The City of Barrie defines secondary suites as "self-contained units with a kitchen and bathroom within homes, and must be registered with the city. The creation of a second suite involves the conversion of a single-dwelling unit into a two-unit house."¹⁷

The city permits secondary suites in accordance with The Strong Communities through Affordable Housing

Act. There are three main steps to add or register a secondary suite within the city:

1. Obtain a zoning certificate
2. Obtain a building permit or a change of use permit
3. Obtain a registration certificate from By-Law Services

It is important to note that secondary suites are not allowed in the Georgian area due to the effort being made by the city to build more student housing.

Permitting secondary suites here would undermine the work done and would only increase existing issues in the area.

RENTAL RULES

Housing in Barrie, like all Ontario counties and cities, is governed by the Ontario Residential Tenancies Act, which serves the purpose to "provide protection for residential tenants from unlawful rent increases and unlawful evictions, to establish a framework for the regulation of residential rents, to balance the rights and responsibilities of residential landlords and tenants and to provide for the adjudication of disputes and for other processes to informally resolve disputes." The act mandates that the maximum allowable rental increase for 2017 is 1.5 per cent, so with the proper notice, a landlord is allowed to increase a \$1,000 rent by \$15 this year.

For more information on the Residential Tenancies Act see: <https://www.ontario.ca/laws/statute/06r17>.



Source: City of Barrie.

POST-SECONDARY EDUCATION

The existence and option of post-secondary institutions serves many purposes when it comes to real estate. Not only does it keep its residents from leaving to pursue college, it attracts new, often younger, people to the area, it creates jobs at all levels of salary and lends to the brain trust and creativity of its residents, all of which has an undeniably good impact on quality of life. Students are large consumers of rental housing and move frequently, creating vitality in the housing market. Additionally, employees of the university need places to live. Most importantly, people seek education in both good and bad economic times, contributing to economic stability and insulating the housing market.

The City of Barrie is home to Georgian College – with campuses in both Orillia and Barrie. This college is home to 11,000 full-time students and 28,000 part-time students. It employs 2,600 staff and faculty and offers more than 125 programs with an economic impact of \$188 million annually¹⁸. Georgian College offers minimal on-campus housing in Orillia and only houses 524 students in Barrie. Therefore, there is a need and demand for off-campus housing near the campus.



Source: <https://www.flickr.com/photos/remedy451/6179864962/>

UPDATING STATISTICS

It is important to remember that the real estate housing market is constantly changing year by year, month by month, and day by day. As the market changes, so do the numbers that come with it. Sales prices, vacancy rates, and rent rates all adjust to follow along with the market. It is important that you are always keeping your numbers as up to date as possible and the following are sources to refer to:

CMHC

The CMHC is the leading housing market research company in Canada, and publishes annual reports on housing markets across Canada. Their research includes National, Provincial and Regional levels; rental reports, forecasts, sales prices and economic indicators to name a few.

<https://www.cmhc-schl.gc.ca/en/index.cfm>

STATISTICS CANADA

Statistics Canada is consistently studying the Canadian population, providing great information for a basis to compare cities from across the country. With the major 2016 census soon to be released, a vast amount of new information will be available for the public to access.

<http://www.statcan.gc.ca/eng/start>

CITY ECONOMIC DEVELOPMENT

Most cities have an economic development department or officer focused on forward movement in their city. These divisions are an incredible source of up to date city information, including demographic facts and tax rates, growth information, policies, and incentives. They also provide key insights into ongoing and future projects in the city.

<http://www.barrie.ca/Doing%20Business/Business-Development/Pages/default.aspx>

THE LANDLORD AND TENANT BOARD (LTB)

Be sure to check this site yearly for allowable rental increases. For the following year, increase rates are posted by October to allow for the required three month notice of increase. For more information on rules and regulations regarding the tenancy in Ontario, visit:

<http://www.sjto.gov.on.ca/ltb/>

WHAT'S NEXT?

Now that you have a firm understanding of the economic foundation of real estate in this city and have updated any necessary numbers through the sources available, continue on the REIN Property Ladder. Contact REIN to find out about the next steps on the ladder.

The Economic Fundamentals are one piece of the Property Goldmine Scorecard that helps to inform your investing decisions. These are the fundamental keys that affect the value, both current and future, of every piece of real estate. Sophisticated investors drill deeper to get the facts, moving from the best place to invest in the country, to the province, to the city, to the neighbourhood, to the specific property. The Property Goldmine Scorecard is the analysis tool that will get you all the information you need before analyzing the specific property and making the purchase.

Contact REIN to get more information if you don't already have access.

Please remember that not all properties in a great area will do well; conversely some properties in questionable areas will do well. The economic fundamentals give you a good level of risk awareness in order to move to the next level of research.

The economic fundamentals found on the REIN's Long-Term Real Estate Success Formula give you the indicators you need to feel secure in your investment choice; note that it is important to keep an eye on your chosen city or town because the arrow goes both ways. REIN monitors what is going on across the country and interprets what the early indicators signal. For more information on how else REIN can help you, contact our office.

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