

Massive Real Estate Investing: Hamilton

This special report has been prepared by:



Mike Beer
647-203-2337
mike@mikebeer.ca
mikebeer.ca

A long-exposure photograph of a city at night, showing a dense grid of streets and buildings. The lights from the city and the movement of vehicles have created long, colorful light trails in shades of yellow, white, and blue, radiating from the center towards the edges of the frame. The sky is dark with some light clouds.

welcome to
unstoppable.

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Preface - COVID

With COVID significantly impacting the global economy it is very difficult for anyone to predict where it will be in the near future. The economy during the pandemic has taken a very unusual amount of negative pressure. The economy will recover at some point but no one knows when and what will trigger the recovery so even during a pandemic opportunities for a great investment come up. One may even profit more than usual due the perception of the economy. Multifamily real estate has proven to be one of, if not the most, resilient asset classes during the pandemic. Simple logical reason is that people need a place to live and will always need a place to live. Office buildings and shopping malls emptied but residential homes were more relevant than ever as significant number of people had the ability to work from home. Population may change where they live or how they live and if they work from home but they will always need a place to live. What's interesting is that we found that by selecting the right location, multifamily building, and tenants, our units actually were in more demand than competitor's units during the pandemic. How? Start by reading this report.

Why Invest In Real Estate?

Many investors are frustrated and feel stuck with traditional investments such as mutual funds or stocks. Do you feel like you can't truly get ahead of the pack and are just not thrilled where you are with your investments? Do you feel the weight of the financial gap where you deserve to be vs. where you are? This report is for the person that is looking to be more and get more out of life.

By many, real estate is considered "The King of all investing classes". More people became millionaires via real estate than any other asset class. You can profit from real estate 5 different ways. No other investment can provide you with monthly cashflow, appreciation, tax advantages, mortgage pay down, and opportunities to "force appreciation". See [this](https://www.mikebeer.ca/post/5-ways-you-can-profit-from-real-estate) video for more information on the 5 ways you can profit from real estate: <https://www.mikebeer.ca/post/5-ways-you-can-profit-from-real-estate>

If you are motivated, real estate approached correctly can provide you with: financial freedom, more options in life to do what you truly deserve, the financial future you truly deserve and even generational wealth. You can invest in real estate in two ways. If you have a lot of time, with a lot of studying and hard work you can invest in real estate yourself directly. The second option is for you if you lead a busy life, your time is very valuable, and you prefer to get there even faster you can own real estate as a money partner with an experienced investor. Passive investing as a money partner with someone like us can yield better returns than spending thousands of hours investing yourself but with less risk. By partnering with us you can "instantly" start moving towards your financial abundance. You acquire real estate right away

and know that we have a highly experienced team with the track record, a proven system, and the relationships to find off market deals in the most desirable areas.

Massive Investing Fundamentals

A very common problem with investors is that they gather data based on unfounded predictions from the media and buy into a deal based on “huge potential”. Later to find out that the market or the location or the team has not performed as expected and the investment is a flop. Deep understanding of the market is one of the most important factors to determine if the real estate investment will be profitable long term and will drive your risk down significantly. This report will be of great value to you by putting you “ahead of the pack” and you will become a much more savvy investor.

The Massive Real Estate Investing reports are created to summarize tremendous amount of analysis done by our team on a particular city to ensure your investment is based on solid economic fundamentals. Over time focusing on the fundamentals, positions your investments to outperform the majority of real estate in the country and will give you the confidence needed during the market’s inevitable fluctuations. While others are buying and selling their properties based on emotional reactions to the news, feel confident that we have found the formula of looking at the market in a much more responsible way that maximizes returns. This is the Mike Beer Investments advantage - our company doesn’t simply invest in a town or city because the values have increased over the past few years. We provide solid research and sound advice in order to determine the future potential of the real estate market.

Long-Term Real Estate Success Formula

We follow the long term real estate success formula. The formula shows overtime what needs to happen for real estate to increase in value in a particular city.

As you can see in Figure 1 below, it takes a lot for the property prices to increase in a town or a city. Tendency is to think about real estate as country wide but really one town due to it’s GDP can have significantly different market than another town not too far away. Take Ottawa and Hamilton in Ontario as an example, regardless of how Canada’s overall GDP is performing Ottawa and Hamilton will be different because of their local economies. Then we also look deeper on which neighbourhoods are going to perform better than others within the city itself. Starting at the bottom left of the Long-Term Success Formula we believe that if a city has strong Gross Domestic Product (GDP) and employment growth, it is a great candidate to investigate further to see if it fits our Massive Real Estate Investing profile.

Once there is GDP growth everything starts moving. GDP can grow for a number of reasons and that’s why local governments try to attract industries to stimulate their local economies. The things that affect the formula are economic and demographic fundamental key drivers combined with the market influencers. Examples could be a new plan to set up a factory, or

Long-Term Real Estate Success Formula

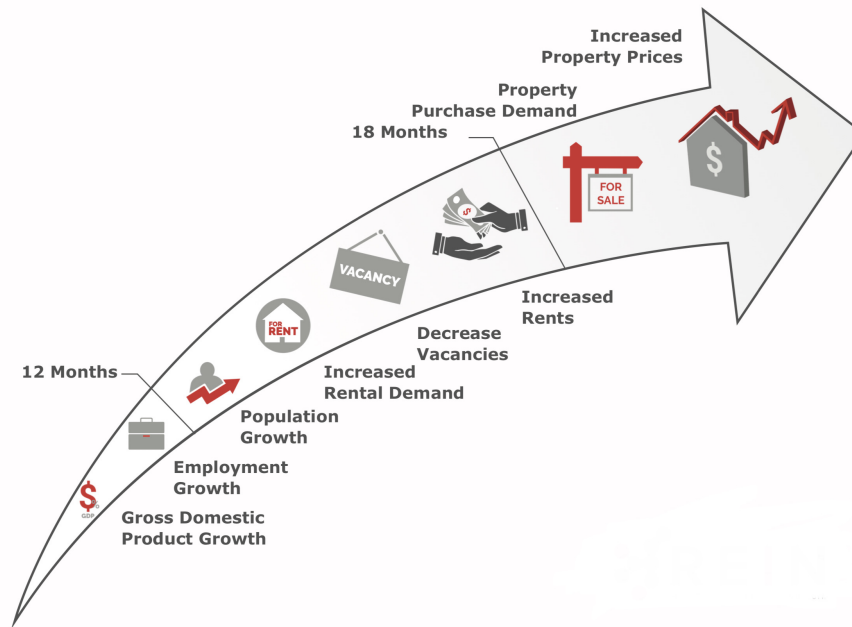


Figure 1

open up a university. When that happens there is a need for more employees in that city. People prefer to live close to where they work so they start looking for a place to live and rental demand increases. Naturally with more demand vacancies go down and landlords can increase rents. In about 18 months or so the demand for properties increase because they generate more rent and property prices increase. After this all happens the happy investor's properties increase in value and they are sitting on a gold mine!

Key here is that it is best to predict real estate price increases based on real economic fundamentals in a city. This is the way to reduce risk and maximize returns over the long term.

Economic Fundamentals - Key Drivers

We've performed deep analysis on the market factors that propel the real estate market through a real estate cycle. We discuss the real estate cycle in more detail below. Key drivers directly affect economic supply and demand which is critical to many real estate aspects such as tenant supply, vacancies, and availability of properties. One example of a key driver that we discussed above is the city's GDP. Other driver examples are:

- a large trade agreement changes to NAFTA and reducing tariffs on cars that that are produced in that city
- a geopolitical event that affects climate change and the city happens to produce wind turbines

The real estate market is a very local market. Hence, one city could be performing great while another city not too far away in the same province could have completely different market drivers and outlook.

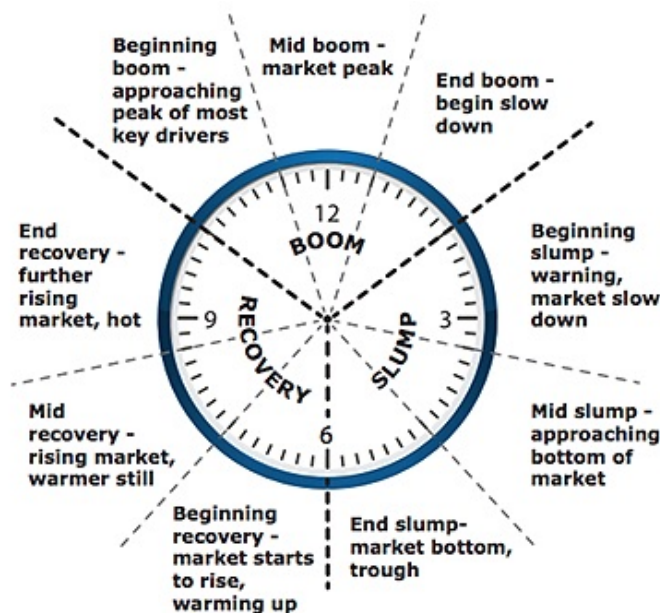
Economic Fundamentals - Market Influences

Market influences affect change in the market as well. Typically they are more temporary such as bank interest rates. If banks lower interest rates significantly investors flock to buy because it is cheaper on a monthly basis to carry the property. Market influencer could also be longer lasting like a health pandemic. One of many market influencers we study are changing provincial and municipal laws and incentives and how they affect real estate i.e. Foreign Buyer's Tax.

Real Estate Cycle

All real estate is cyclical. It moves from a boom, to a slump to a recovery and back to a boom as in Figure 2 below. So the three phases are:

1. Boom - property prices are at their peak
2. Slump - property prices are down
3. Recovery - property prices are moving up



Real Estate Cycle - Figure 2

There are no rules on how quickly real estate moves through these cycles. The media loves to predict these cycles with very little data or accuracy. Although these cycles are significant to purchasing real estate we find that it's good to be aware of the current phase but more important is the real estate deal and how it is structured. Money can be made in any one of the

three real estate phases using different tactics. Generally for residential real estate the cycles are more important than apartment buildings/multifamily properties. However, if the intention is to purchase the property and hold it for a few years than it is optimal to purchase the right property in the right area during a slump. Spotting a slump can be tricky and it is a bit beyond the scope of the report but for now just be aware of the cycle. Multifamily property values align more with their net operating income rather than real estate market confidence. A multifamily report with more insight and why we choose larger multifamily properties is coming soon.

Understanding the economic fundamentals with the appropriate tactics in the real estate cycle is not an easy task but it is critical. Our team spends hundreds of hours studying and performing analysis and more importantly proving that this works via growing our portfolio. As an investor if you are not interested or don't have the time to do this yourself just know that we have your back.

Thus, the Massive Real Estate Investing city reports provide the research and expertise that is necessary when considering investment opportunities, projecting how your financial gap will close, and making a sound investment decision. Ask us about our Massive Multifamily Investing Approach and how you can start passively investing in Hamilton's Multifamily properties. Also here is a mini-class to understand "[The 3 Critical Fundamentals or Real Estate Investing](https://www.mikebeer.ca/post/mini-class-3-critical-fundamentals-of-real-estate-investing)", take a look at this video: <https://www.mikebeer.ca/post/mini-class-3-critical-fundamentals-of-real-estate-investing>



Overview - Hamilton

Over the last few years the city of Hamilton has been growing significantly and this opened up tremendous opportunities for real estate investment. There is an immense opportunity now to invest in Hamilton's real estate market since it has matured, yet it has a lot of room to grow over the next several years. This section of the report will illustrate why we regard Hamilton so highly and why you should seriously consider investing in Hamilton real estate.

Hamilton is located in Ontario, Canada. Ontario is a province with a very diversified and attractive economy. It is one of, if not the most, stable economy out of all the provinces in Canada. When new immigrants land in Canada approximately 50% of them choose to settle first in Ontario. Canada receives approximately 400,000 new immigrants each year and 50% of them rent for the first 4 years, and then 50% of them continue to rent after their first 4 years in Canada. New immigrants are very important to rental housing providers because they are a large part of the tenant pool.

Hamilton is located on the western shore of Lake Ontario, approximately 70km southwest of Toronto. The City of Hamilton vision is to be "the best place to raise a child and age successfully". With just over half a million people, it is much more affordable than Toronto or the neighbouring cities to Toronto such as Mississauga, Brampton etc. It includes many great neighbourhoods, as well as the downtown core that features walkable areas with excellent restaurants and entertainment.

The city approved a Light Rail Transit System (LRT) that will make the city even more accessible. The LTR will integrate with the GO Train stations and ultimately will connect major parts of Hamilton with not only Toronto, Mississauga, and Oakville, but also the Niagara region. Hamilton is a commuter friendly city that provides a lower cost of housing and living while still making it possible to commute to areas that attract some of the highest wages in the province. Hamilton has benefited immensely from the Toronto boom and as people move to Hamilton from the GTA so do businesses, artists, and restaurateurs.

GDP & Economic Health

Hamilton has gone through an enormous transformation in the past couple of decades and has reinvented itself as a service region, particularly for health sciences and education. Research-focused healthcare and education are the largest employers. St. Joseph's Healthcare and McMaster University have won global awards for research. Annually more than \$200 million in research comes into Hamilton. The community actively seeks out partnerships with private companies to position local products and services to the global market.

Hamilton is known to have one of the largest and busiest cargo airports in the country. With Toronto Pearson Airport being costly and overwhelmed, Hamilton Airport has been growing as a lower cost passenger hub as well. WestJet and other airlines fly out of Hamilton to many of the Canadian provinces, as well as, international tourist destinations.

Employment

A pandemic is an influencer that pushes the employment numbers down. However, this influencer will diminish in time and employment will rise again. Employment in Hamilton has been very positive and had been steadily growing. Overall, according to the 2016 census 63% of Hamilton's eligible population is participating in the labour force, which is a great number that is only reflective of Ontario's few top cities. The median income in 2016 census was approximately \$88,000. Hamilton continues to create new jobs due to revitalization of its water front and there are positive signs that the steel industry will ramp up again in Hamilton as well.

Population

The population of the city of Hamilton has grown significantly over the past decade at about 3% annually. The city has 537,000 residents and Hamilton metro area just over 763,000. The provincial government created the Greater Golden Horseshoe Growth Plan which identifies Downtown Hamilton as a key growth area. This plan dictates urban planning and densification measures such as re-zoning for more density. It also includes specific minimum density targets for people and jobs in the major transit areas. This means that there is tremendous support both from the province, as well as, the city of Hamilton to grow the population and this is very favourable to investors that are looking to add suites to their property or increase the number of units in a building. Another factor of population growth is immigration and migration from the GTA. As 50% of all immigrants coming into Canada settle in Ontario many of them find Hamilton attractive because rents are much more affordable while still being located fairly close to Toronto. In addition, families chose to upsize and the older generation choses to downsize from the GTA to Hamilton due to the lower home prices and rents.

Rental Market Trend and Vacancy Rates

The rental market has been on a significant upswing in Hamilton. Keep in mind that the entire city of Hamilton is not created equal. Some neighbourhoods and even sub neighbourhoods are much more desirable than others. Selecting the wrong neighbourhood could mean troublesome tenants for years and low rent gains. However, selecting a good or upcoming neighbourhood could mean significantly higher returns, lower risk, and a more enjoyable investing experience.

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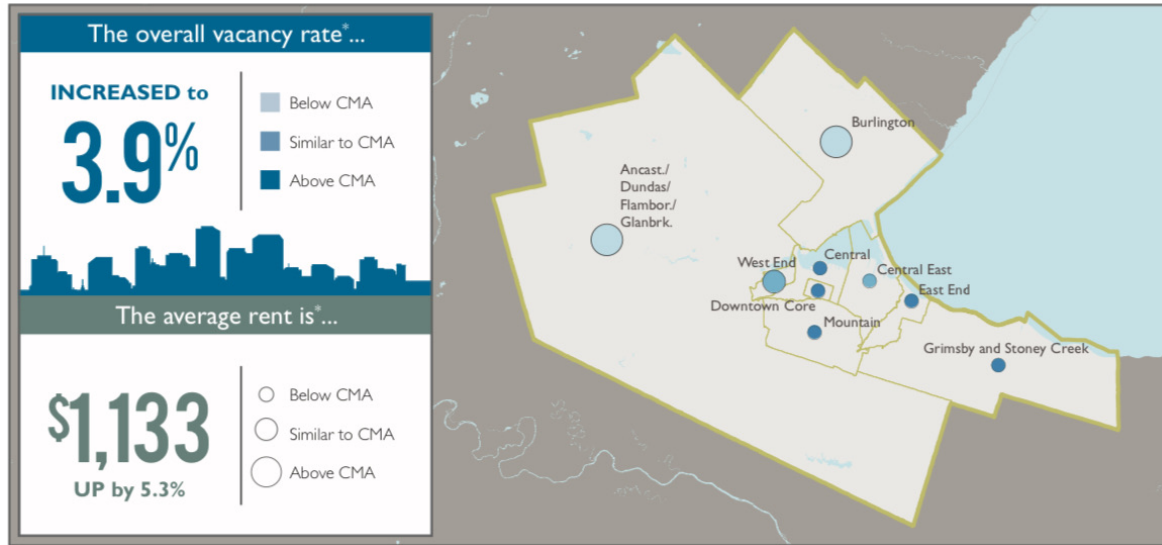


Figure 3 - CMHC Hamilton Vacancy and Average Rent

According to the Canadian Mortgage Housing Corporation (CMHC) traditionally Hamilton has been experiencing vacancy rates around 3.1%. Even during the pandemic the vacancy only increased by 0.8% which is astoundingly low. This is illustrated in Figure 3. Residential real estate is a very stable asset and continues to perform even during the most challenging times. Sustained low vacancies are great because they keep the rental income predictable since there is always demand for good apartment units in the right areas. Another reason is that low vacancies over time provide the opportunities to increase rents consistently. This means that if an apartment unit becomes vacant there is demand to get it rented right away since people are always looking for a place in Hamilton. Consistent and predictable rental income growth is what we find very attractive about Hamilton as investors. Last but not least, it is important to note that there is no current licensing requirements for landlords in Hamilton so that's positive because it reduces administration and licensing cost.

Rental Market Inventory, Sales, and Values

Property prices continue to increase as more and more Torontonians, and in fact the GTA in general, persist to relocate to Hamilton. Overall home prices continue to increase because of the demand. The number of properties sold also continue to increase steadily as seen in Figure 4. This is a good sign for the rental market. In the same way that home prices increase and sales volume are consistent, rents continue to be strong since there is a very large market segment that either can't afford to buy a home or simply chooses not to. This is especially evident with younger families, young work force, and elders. Canada is becoming more and more "a nation of renters". This means that culture is shifting and an increasing amount of people prefer to rent and enjoy life now as opposed to grinding to save enough to buy their own home. Another

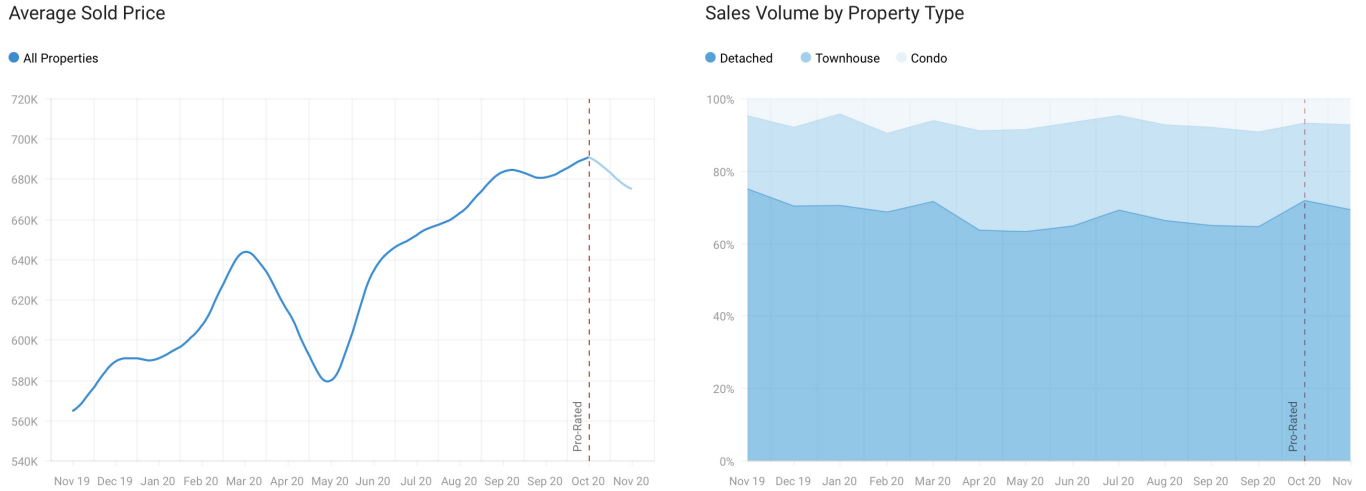
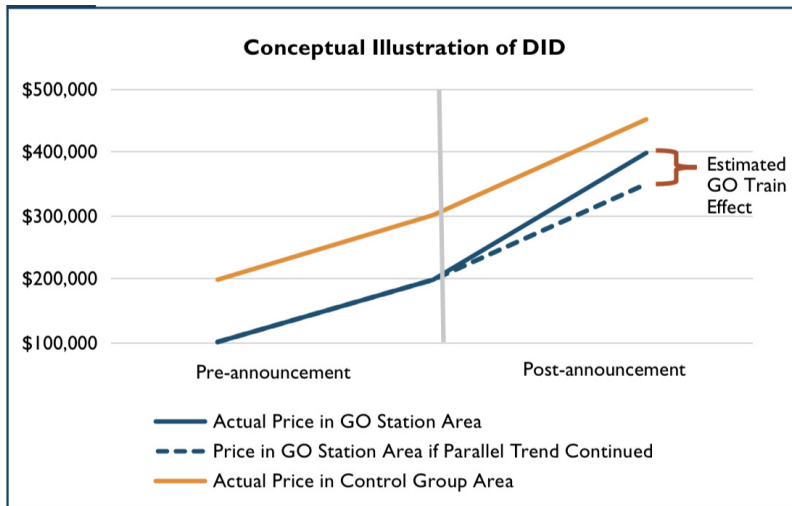


Figure 4 - Real Estate Sales in Hamilton

factor is that there is less new construction in Hamilton than in the previous years and this further increases demand for sales and rentals.



Source: CMHC

Figure 5 - Go Train Effect

A major factor that has affected prices in Hamilton is transit. The provincial plan to expand the GO Transit in is having a very positive effect in Hamilton. Now more of Hamilton residents are able to commute to the GTA for work or play. Due to the continued expansion of the GO Train service in Hamilton the prices of properties are increasing more than in other communities. Figure 5 from CMHC shows this trend.

Final Thoughts

Mike Beer Investments holds many successful investments in Hamilton. One of the keys is that we evaluate the market constantly and deeply before, during, and after purchases. We primarily focus on apartment buildings / multifamily properties. There is a significant opportunity now in mid-size to large multifamily buildings in Hamilton. Using our proven system that includes the Massive Investing Fundamentals and city information from this report, our investors have been able to and continue to profit significantly. Ask us about our Massive Multifamily Investing Approach and how you can start passively investing in Hamilton's Multifamily properties. Join our investor circle that provides amazing investing tips and great reports like this one [here: mike-circle.gr8.com](http://mike-circle.gr8.com).



Hamilton is one of a few unique gems. Overall the global market sees Canadian real estate as a great investment and Hamilton is one of these unique opportunities. The city has seen significant population growth over the last few years as a ripple effect from Toronto's spectacular rise in prices, a re-focus of employment industries, and an expanding population. Our Massive Investing Fundamentals Analysis illustrates that Hamilton has an impressive solid foundation and potential for further growth. So a real estate investor in the right asset class, in the right neighbourhoods, and with the right team can profit tremendously over the next 5-10 years. Happy investing and *"don't wait to invest but rather invest and wait"*.