

Hamilton Real Estate Hotspot Report

Which neighborhoods to buy in TODAY
for maximum cash flow and strong appreciation



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Investing in Hamilton can be challenging. There are neighborhoods where investing makes a lot of sense, but you must approach with a discerning street level awareness. Street to street differences can be huge and create pitfalls as well as opportunities for investors. Luckily Hamilton has some of the strongest economic fundamentals of any city in Canada. It was rated as 6th top investment city in Canada by the Real Estate Investment Network (2nd in Ontario). With plenty of transitioning areas, a proactive economic development office and many transportation changes there are great ways to position yourself to profit as a real estate investor. However, BE CAREFUL: You may be in a great neighborhood, transitional, new developments coming in, but choose your street wrong and you could have significantly more problems than necessary. Choose well and you'll enjoy:



- Lower vacancies
- Higher rents
- Stronger appreciation
- Higher cash flow

When I speak with investors who are interested in purchasing property in Hamilton, one of their top concerns are rough areas and rough tenants profile. And the truth is : This represents only a small portion of what is really going on. I would agree Hamilton has roughness in areas that comes from it's steel town past. However, it is a city of 500,000 people and now has very diverse economy. A look at it's future paints a much different picture. For a closer look at what's happening economically check out www.investinhamilton.ca a city website, or my blog at www.harbourproperties.ca

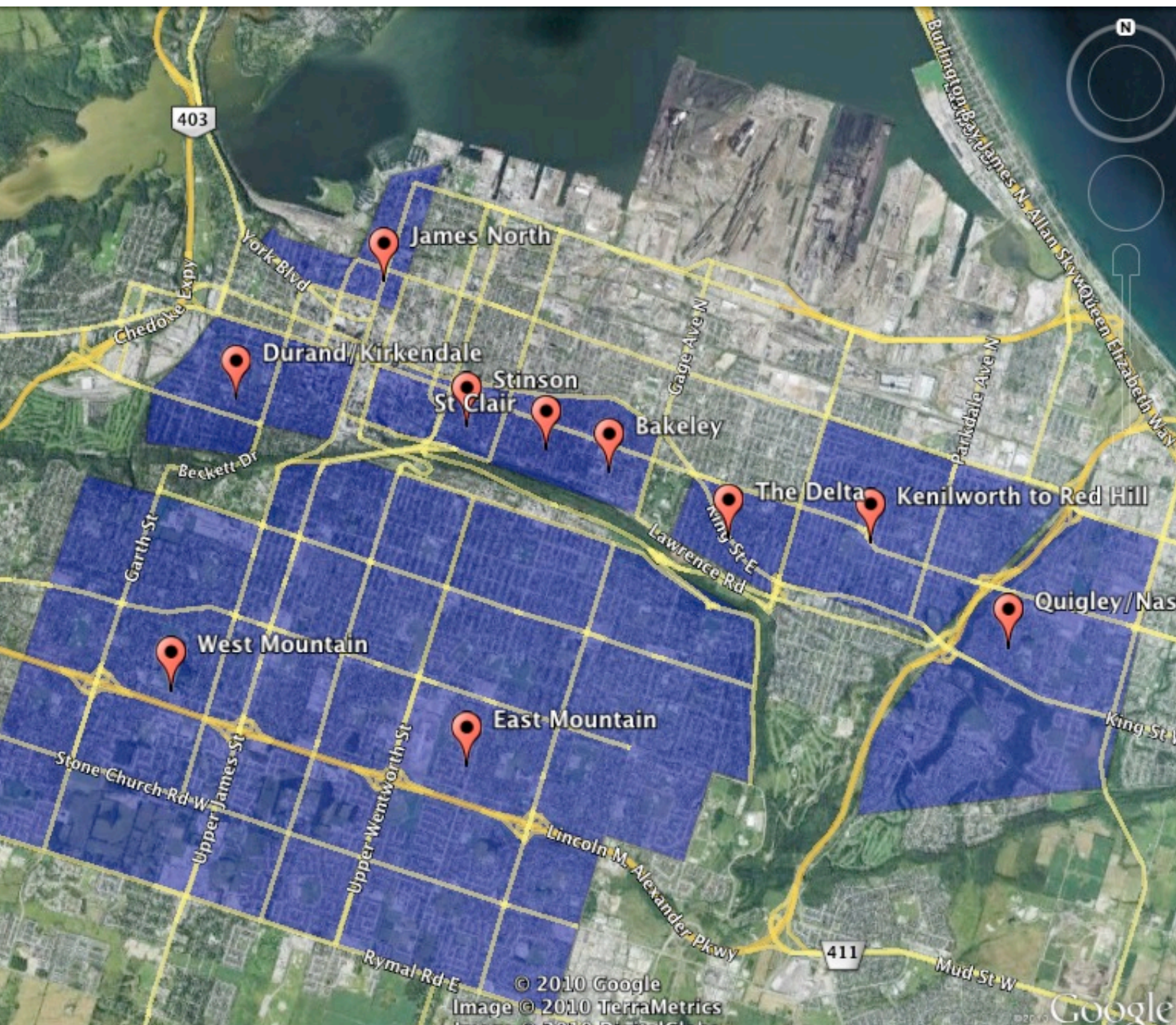
My goal in this report is to take the guess work out of choosing a neighborhood to invest in. I have left out average prices and rents. (Choose a good realtor to help you here) I will report, in most cases, on developments that are occurring and will be coming. Not rumors. As investors, it's important to focus on where projects are approved and in progress, not just being talked about.

In this report you will find the top neighborhoods. Nothing is left to speculation. I still recommend you visit the area to see for yourself what streets make sense for you. I have personally been to every area I'm writing about and investing in many of them, I have interviewed economic development officers about city projects, private developers and talked with local investors who are on the ground.

This is not an exhaustive report on every area worth investing in. There are other regions to invest in Hamilton. I have left out a number of areas because they either have fallen the farthest and will take the longest to recover or rents to purchase price don't make sense.....So lets get started!

There are 8 key areas identified in this report.

- West Harbour/James North
- Durand/Kirkendale - (Aberdeen st, Hess Village)
- West Mountain
- East Mountain
- Stinson, St Clair and Bakeley
- The Delta
- Kenilworth to Red Hill Expressway
- Quigley Rd and Nash Rd



West Harbour/James North

Status: Transition occurring!

This area has been on the cities radar for many years as a targeted revitalization area. At the 2010 Hamilton Economic Summit, guest speaker and reknown US revitalization expert Storm Cunningham spoke about how Hamilton has one of North Americas best opportunities for realizing its waterfront as a sought after living and lifestyle destination.



There has been a significant amount of interest from new residents settling in this area, specifically from young professionals and the arts community. Adaptive reuse is extremely popular with buyers. Renovated and converted older buildings are in demand, and the supply cannot keep up. Especially in character buildings.

James North revitalization is in full swing with growth from the arts sector. There continues to be a migration of Toronto artists settling in this area due to affordability and lifestyle choices. “Renovate and they will come” is becoming a theme here. Clean up a building and realize increased values as well as attract quality tenants with higher than average rents.

GO train service is coming to this neighborhood in 2014. Confirmation has been given. They are currently completing environmental assessments. Train service to Toronto will be every 20 minutes at peak times and hourly during off peak times. Preferred station location is on James North (Liuna station), though there are 2 other locations within 1km that are possible alternatives.

Great news for local residents, trains will be parked overnight in an East end location - lower Stoney Creek (Lewis and Mcneely). No noisy dead heading in the neighborhood!

As part of the planned development of the waterfront stadium, the city has purchased a number of properties surrounding the Tiffany/Barton area from residents. At time of writing there is no definite plan for the stadium, however these lands will be developed by the city with or without the stadium.

As you get closer to the waterfront, housing prices increase, with typically more owner occupied residing in prime locations.

The economic development office has a master plan for the West Harbour called “Setting Sail” available at www.hamilton.ca.

West Harbour and James St North



Latest Developments:

366 Bay st

A redevelopment project converting an old character building into 6 or 8 plex condo's. Fully approved and gone to market.

193 James st North

50-60 unit condo new development is in planning approval phase. Million dollar upper units with greenhouses catering to retiring portuguese business owners.

51 Murray St

Mission services has sold their building to a private investor with plans for adaptive reuse project: 36 condo apartments. Still awaiting planning approvals from the city. Already gone to market. Sold 21 in the first weekend...without planning approval!

Neighborhood mega trend occurring: Gentrification. Mission services provides a food bank, shelter, a training center and a women's health drop in. According to Mission services: their "flock", the ones who use mission services, isn't in the James North area anymore, they've moved east to Barton and Kenilworth areas. A tangible sign gentrification is occurring. Mission services decided to sell their building and move their center east, out to where their services are needed most.

95 King St West

Former strip club. Purchased by the city. 3.5 million dollar project approved, paid for by the City of Hamilton. A catalyst forming project. Plans include an Art gallery on main floor with 10 residential live in workspaces above.

Hamilton Grand - John St and Main St

A 13 storey residential, commercial, hotel and office condo with concierge services. Residential units are 70% sold.



Cam's tip: A great area for rehabbing older properties.

A tested strategy that works very well here is to market rentals to artists and post grad students: clean, bright spaces with a work area attract higher rents and quality tenants. Tenant Profile: C to B+

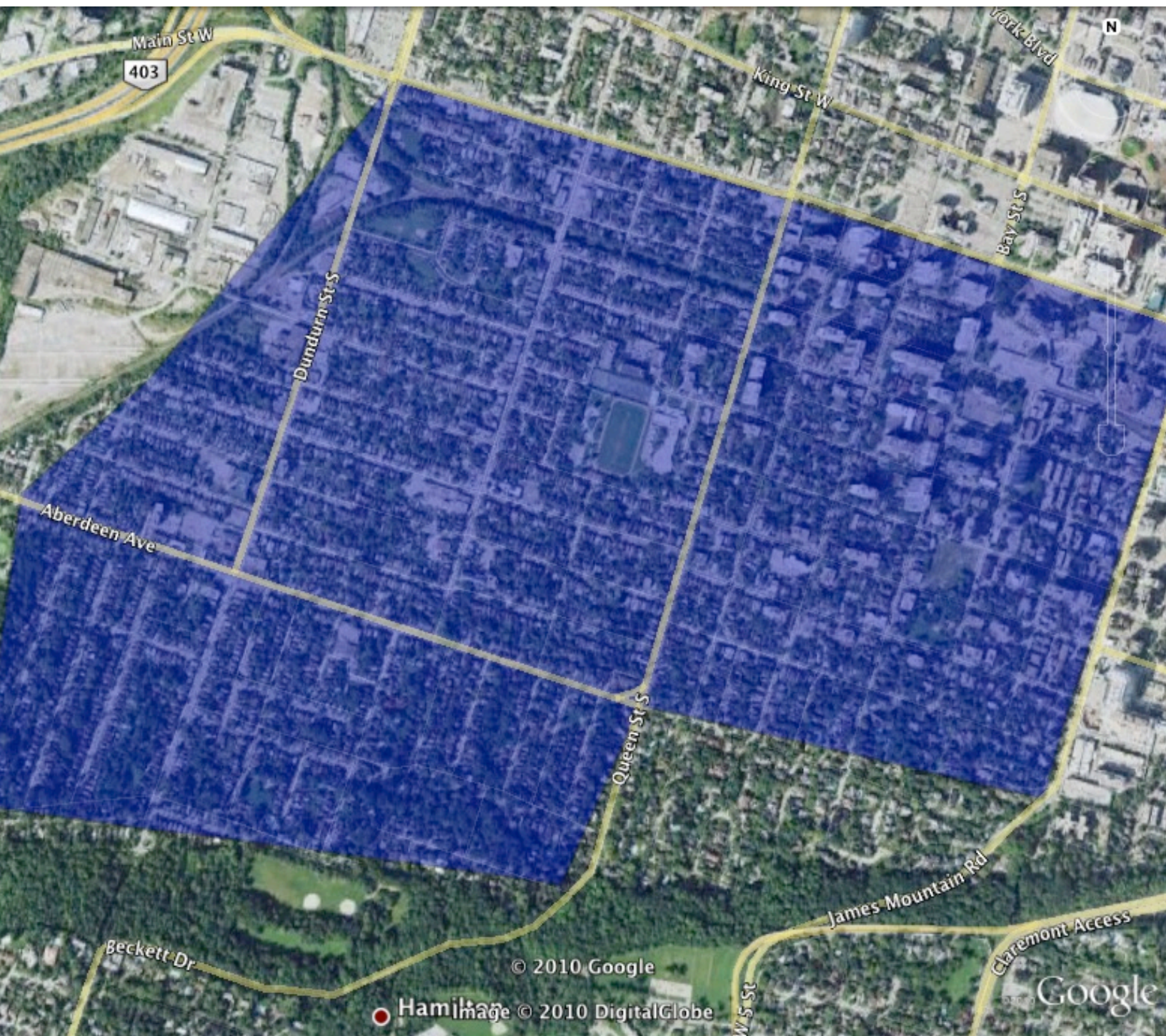
A note on Tenant profiles:

- **A: Excellent but likely will become buyers soon**
- **B: Quality**
- **C: Rough**
- **D: Preferred method of rent collection is with a baseball bat!**

South West Durand and Kirkendale Neighborhoods

Status: Stable and gentrified

A favorite of many, the secret has long been out on this area. Excellent tenant profile. If you have a clean unit you will have no problem finding B to A tenants. **Purchase prices are higher here than almost anywhere “off” the mountain.** Some of the largest homes anywhere in Canada. This is where factory owners who built Hamilton's industrial economy at the turn of the 20th century lived. Now you can find them converted in duplex, triplex, 4 and 5 plex's and rented out. Bigger Multi's and apartment



buildings are not commonly on the market here. Investors are holding and doing very well.

McMaster Innovation park located on Longwood rd will provide a large full time civil service and private sector job base as it develops. Opportunities for investors to cater to quality renters as well as a furnished suites.

Go train and bus station at James South and Hunter.

Hess village (Hess and Main). Restaurants, bars and clubs. On weekends streets are closed and the 4 blocks become busy with nightlife.

Locke St has gone through a gentrification and reached a plateau, with restaurants, shops and bakeries servicing a high end clientele. Starbucks has moved into the neighborhood, a sure sign of gentrification.



St Josephs Hospital is a major employer and destination for Ontario interns, doctors in training and medical professionals. Currently undergoing huge expansion.

Latest developments:

Hilton suites building a hotel in the Hess village area, starting construction fall of 2011.

Herkimer at Bay - A gorgeous building being given top-notch renovations and conversion to condo. 50% sold out on the first weekend in spring of 2010.

427 Aberdeen at Dundurn. New 60 unit Condo development almost sold out.

Neighborhood mega trend occurring: Reverse migration. We're seeing young professional families purchasing nice homes near the escarpment and bringing their parents to live closer to them in newer condos. We're seeing a convergence of demographics. 20 somethings and upper generations living in the same area.

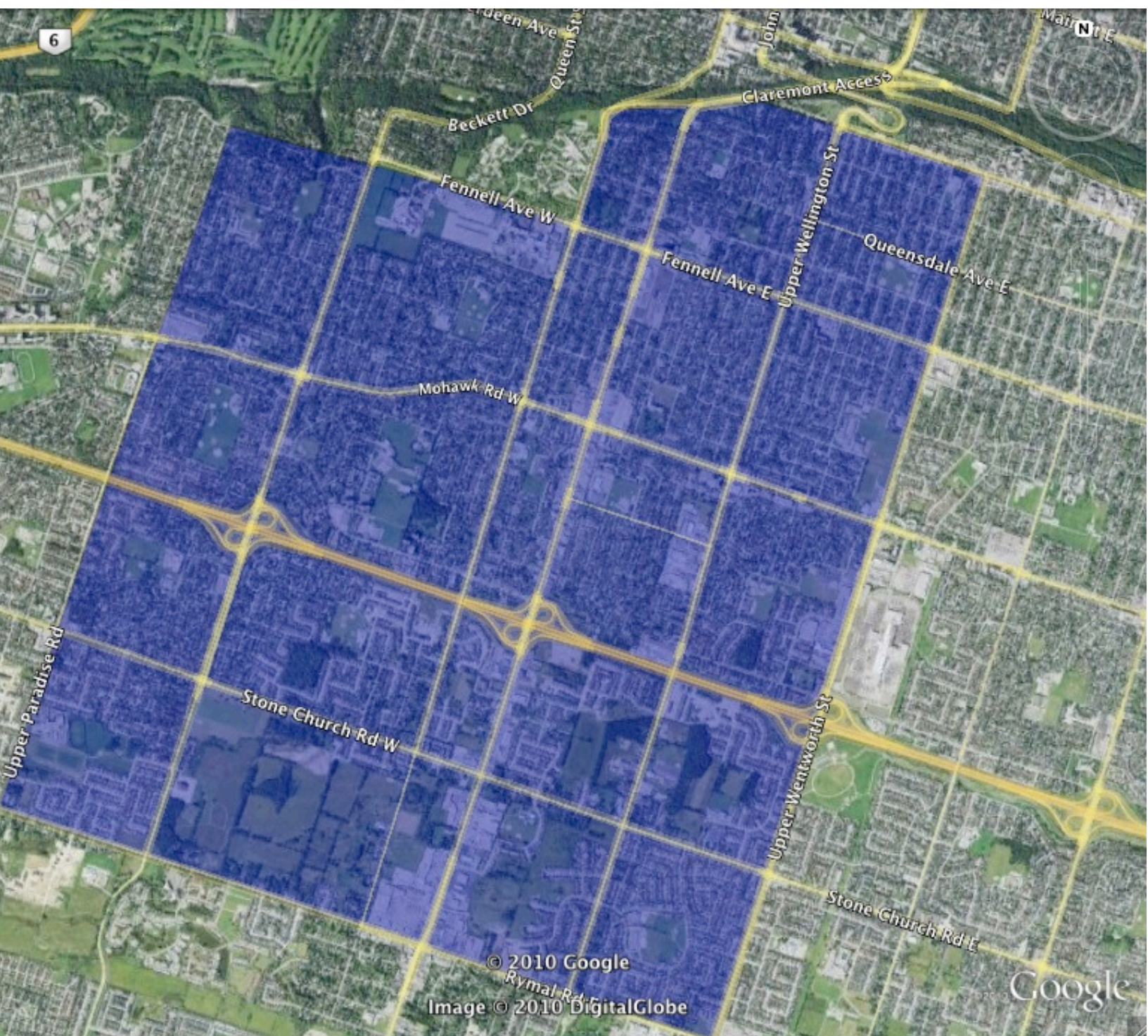


Cam's tip: Young professionals, and interns love this area. Large tree lined streets, close proximity to St. Josephs Hospital, Innovation park and a Go station. I know investors catering to medical interns, providing laundry and very nice, modern, clean units and fetch very high rents, resulting in great cash flow. Good marketing is key!

West “Mountain”

Status: Stable

The West mountain is split up into 2 zones: the North west, which contains Mohawk college student rentals and the South west.



North west is primarily bungalows and 2 storey single family houses. Lots of opportunity for student rentals. Mohawk college expansion will bring 2000 more students to the college in January 2011. There has been no significant increase in student accommodation on campus. So there is going to be real demand for good student housing.

Huge multi million dollar complete rebuild of the St Josephs Health care centre on West 5th and Fennel. Construction begins 2nd Quarter 2011.

New smart centre redevelopment on Fennel and Upper James. Where the big box stores build you will see growth. They do their research!

B to A tenant profile and student rentals.

South West Mountain is a very desirable and sought after area for both owner occupied and rental's. Many clean, well maintained townhouse condominiums are providing solid cash flow for investors. Easy highway access via the Lincoln Alexander Parkway shaves time off commutes. B to A tenant profile.

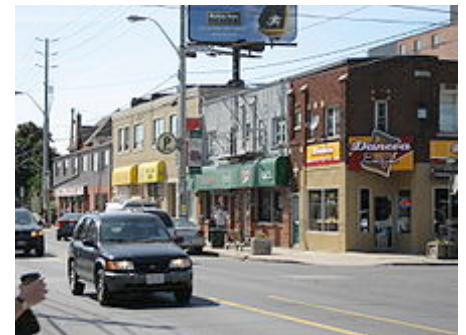
East Mountain

Status: Stable and new developments

Lots of varied housing stock, bungalows, 2 storeys and townhouses. Some larger multis as well. Concession Street business area is undergoing a revitalization. Multicultural grocery stores and restaurants are defining its character. Vacancies are low. McMaster Faculty of Health Sciences Hospital on Concession has completed a massive redevelopment in infrastructure. Some transitioning housing closer towards concession.

A significant amount of townhouses in good areas. Another strong area for cash flowing townhouses.

The outer south east is being newly developed with significant growth. New housing, serviced lots, big box stores and commercial centers are expanding the residential and commercial footprint of Hamilton. This area (south east) is helping Hamilton set another year of Record residential and commercial permits. Many newer owner occupied houses.



Concession St

East Mountain



Stinson, St Clair and Bakeley

Status: Transition occurring!

Stinson

No, this area's not named after Harry Stinson the developer. However he is converting a school into condo lofts here which is 50% sold.

Single family, and multi unit houses and buildings.

We are seeing a lot of pride of ownership in the last few years. It used to be pretty rough, and there are still remnants of that from street to street. You will have one very nice street, owner occupied, renovated with upgrades taking place, and the next street over, tired and neglected. Lots of opportunity when the right property comes on the market. Tenant Profile: C to B



Cam's tip: Renovate and upgrade tired homes here, choose a street that's already transitioning. Don't be the first one on the street! Look for gardens and upgraded fronts. Find a property that is surrounded by homes with pride of ownership and let the neighborhood pull your value up.

St Clair/Bakeley

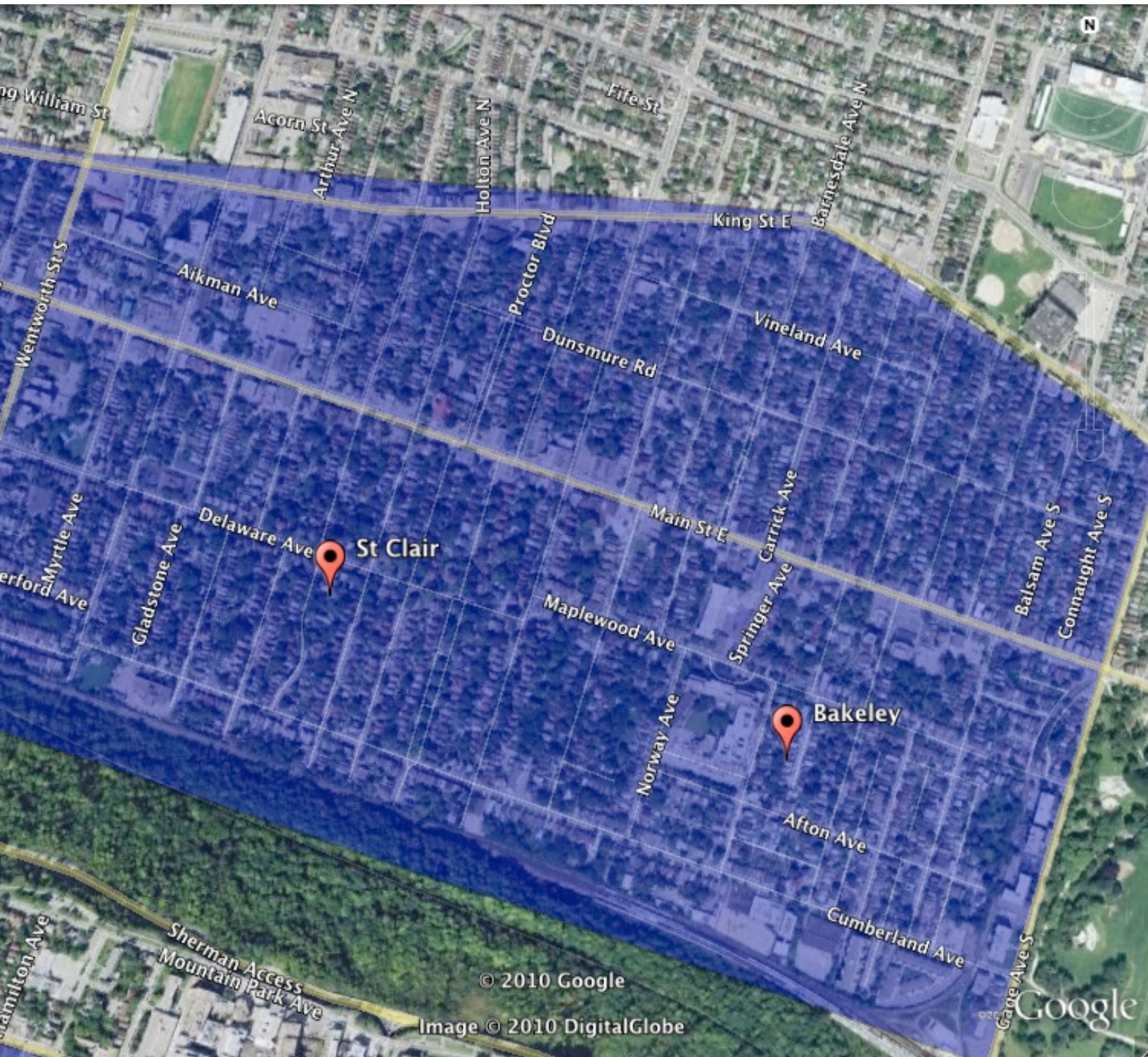
Single family, duplex, triplex, 4 plex and multi's.

A beautiful pocket that attracts good tenants and higher rents than many neighboring areas. Some sections have already been through significant upward transition in the last 10 years, many owner occupied with families. Still some rough patches though. Good opportunity to clean up and take advantage of neighborhood pride of ownership. Tenant Profile: C to A

Stinson (including Corktown)



St Clair and Bakeley



The Delta

Status: Stable

Tucked between Gage park and the escarpment, you'll find bungalows and 2 storey homes. Lots of owner occupied, well cared for homes. Very close to transitioning Ottawa street, a commercial and business sector success story. Ottawa St. (which intersects with King St), has gone from high double digit commercial vacancies 5 -7 years ago to a remarkable 2% vacancy rate. Known as a fabric specialty business section, its attracting small business and local and out of town customers.



Kenilworth to Red Hill Expressway. South of Barton towards the escarpment.

Status: Stable

Mostly bungalows and 2 storey houses.

Since the completion of the Red Hill Expressway, new accessibility makes this an attractive area for commuters working in Burlington, Oakville and Toronto. Studies show that real estate located near new highway on-ramps (especially depressed highways like this section of the Red Hill) will see a 12-15% rise in values vs the rest of the market. So if values go up, you'll see a 12-15% lift. If prices drop you'll see less of a drop by 12-15%. This combined with the revitalization of Ottawa St and the new Center mall will affect property values positively.





CAUTION

CAUTION: There have been significant problems with flooding basements in the Kenilworth to Parkdale area. Sewer back up is a common problem. The city has a plan to improve sewer infrastructure, but will take a few years to remedy. Do your diligence if buying in this area. You don't want to buy a problem property. Ask questions and inspect accordingly!

Quigley and Nash Rd

Status: Stable

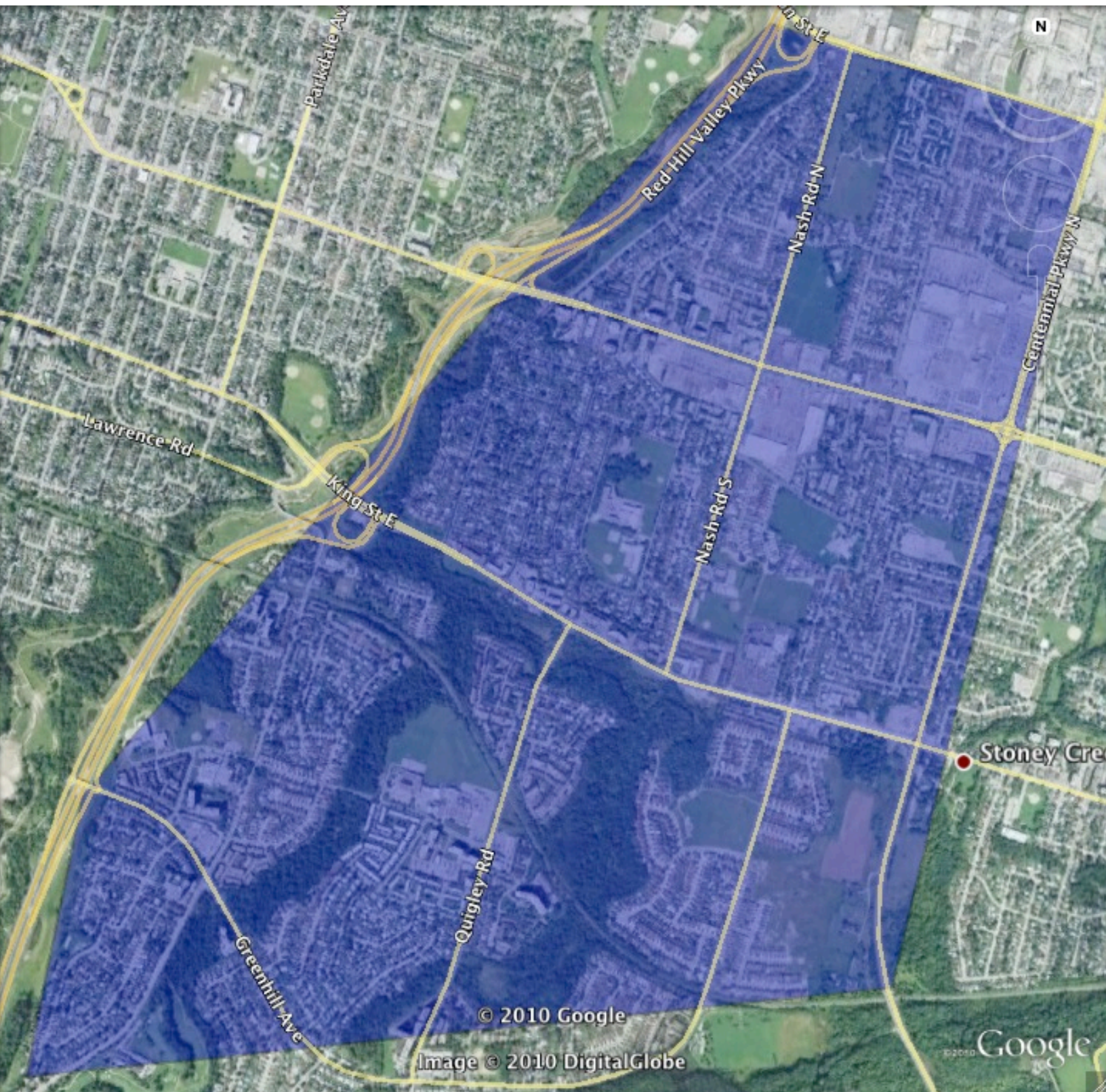
Lots of nice bungalows and 2 storey homes as well as townhouse complexes. Close proximity to the new Red Hill again provides investors with a nice 12-15% lift. (see Kenilworth to Parkdale).

Close to Stoney Creek, where average incomes are \$85,000. Character downtown restaurants and parks make for good lifestyle options. This area is already starting to see a lift in values from Red Hill Expressway completion. Mostly stable residential neighborhoods with some commercial projects.

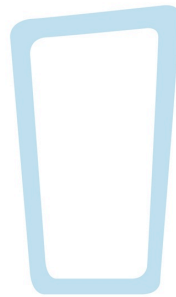


Red Hill Expressway

Quigley and Nash Rd (Red Hill Expressway)



Cam McCarroll



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