

2015 PROPERTY FORECAST

MANITOBA

This province continues to climb the ranks as one of the best places to invest in Canada. Increases in its population have pushed the demand for housing, thus drawing in many new buyers

KEY FACTORS



UNEMPLOYMENT RATE:
5.5%



MLS REAL ESTATE PRICES:
\$266,200



POPULATION GROWTH:
1.31%



HOUSING STARTS:
6,400

By most accounts, Manitoba is the forgotten western province – it doesn't have the hip factor that B.C. does, it doesn't have as much oil as Alberta and it's not as flat as Saskatchewan. But in its lapsed existence stems its appeal: Manitoba is Canada's best-kept investment secret.

Manitoba benefits from an influx of immigration, as several thousand people enter the province each year, ready to work in one of the province's many industries. In fact, immigration is one of the largest growth factors the province can boast.

"The people immigrating here typically have jobs and are working, not like other places where they're vanity markets," investor Stefan Aarnio says. "No one is moving to Winnipeg for the dream, they're moving here for economic stability."

Indeed, Manitoba is one of the most stable and steadily growing markets in Canada. In turn, that stable growth draws more workers to the province – it's a healthy cycle that's starting to turn investors who are sick of the skyrocketing prices in fancier markets like Toronto and Vancouver.

In Manitoba, sales have risen 2.6 per cent, while the average house price hiked more than three per cent to \$275,232. Vacancy rates hover around one per cent for the province, while rental rates, depending on location and property type, average at \$1,000 per month.

"Manitoba is a great province – it's the cheapest province in Western Canada," Aarnio says. "Winnipeg, the major centre, is a steadily growing city."

Much of that stability is a result of the fact that Manitoba is not reliant on a single dominant industry, but rather is supported by 10 to 12 separate industries, insuring that, should one market slip, the entire economy doesn't go bust.

Manufacturing does make up a significant portion of the economy, but agriculture, mining and electrical power generation hold their own in the province's industrial race. In terms of employment, the trades and manufacturing provide the most jobs for the population, though health care and social work come a close second. Professional scientific and technical services, as well as educational services also employ a good number of people.

However, the province's harsh winters do pose a significant drawback to investing in Manitoba. While that might seem irrelevant for investors, Aarnio says that the horribly cold season can actually wreak havoc on the physical property, adding a cash suck that investors – especially out-of-town investors – don't need.

Aarnio also says the extreme weather can make it difficult to find renters during certain times of the year. "No one wants to move or rent when it's brutally cold," he says.

Regardless, Manitoba's benefits to investors far out-weigh its drags. It really only has room to grow.

"I personally think Manitoba and Winnipeg are one of the best kept secrets in Canada," Aarnio says. "[Manitoba] is a good little gem that doesn't get a lot of publicity. There's lots of money to be made here."

ECONOMIC GROWTH DRIVERS

- ✓ Low vacancy
- ✓ Diverse economy
- ✓ Lots of immigration and growth

MARKET OUTLOOK WINNIPEG

Winnipeg is an obvious choice for investors. Not only is it the province's capital city, but it's also Manitoba's most populated, with some 663,000 people. The city is on track to top one million citizens by 2033, mainly due to its steady draw from immigration.

"Eight thousand to 10,000 people move there every year," Aarnio says.

As a result of that steady growth, vacancy rates are low – just 2.5 per cent for the city – especially compared to Winnipeg's big-city counterparts like Vancouver, Toronto and Calgary. In particular, Winnipeg's River Heights neighbourhood is popular with renters.

"From young professionals to families, the area is a prime residential area for a wide demographic," says local property expert Reg Kehler.

That demand for housing is, in turn, moving investors to scoop up as many properties as possible and pushing up sales in the city. Garret Wong, an investor with GaraMark, says rents, too, are expected to continue to increase with inflation rates.

The city is on track to top one million citizens by 2033, mainly due to its steady draw from immigration

"We have very affordable housing compared to other centres, and we're close to intrinsic value," Aarnio says. "There's also a lot of older inventory which can be fixed up and rented or fixed up and sold. So there's a lot of inventory to make money off of."

Housing starts, however, have stalled after a particularly strong 2013. But, those completed properties have led to increased home sales in the city – which are expected to continue to rise in 2015 as well.

POINT DOUGLAS

Point Douglas is not only a suburb of Winnipeg, but is also the oldest neighbourhood in the city. Since it's located in the city's north end – just barely removed from Winnipeg's downtown core – Point Douglas hasn't yet experienced the price growth as other areas of the city. For that reason, Aarnio says it's a good investment spot.

"Winnipeg's downtown core is getting revitalized now with all of the money being pumped there," he says. "The next logical step in terms of residential development is Point Douglas."

Immigration, too, is driving growth in Point Douglas, mainly by those attracted to the neighbourhood's proximity to Winnipeg's downtown, as well as the affordable rents there.

"A lot of artists are already going to that

area and once they start going in, you know it's an area that is going to change from a less-than-desirable area to a trendy one in a few years," Aarnio says.

Aarnio specifically points to investors looking for buy-and-hold properties, as it will still be a little while before the area sees a good amount of development, he says.

BRANDON

While Winnipeg is enjoying its time as Manitoba's hidden hotspot, Brandon is making its way up the ranks as one of the province's best investment towns. Brandon boasts a series of stable economies, as well as a robust student population, sinking vacancy rates to just 2.7 per cent.

"There's a lot of growth in Brandon," says local real estate agent, Amanda Day. "It's a small [town] but it's a big town. We have everything you could need."

BIGGEST DRAGS

- ✗ Low and old inventory
- ✗ Draconian governmental services
- ✗ Difficult weather conditions

TOP 3 AREAS TO WATCH

1	BRANDON	Average price: \$190,857
		Cap rate: 7.78%
		Vacancy rate: 2.7%
		Average rent: \$1,350
2	POINT DOUGLAS	Average price: \$175,000
		Cap rate: 6.29%
		Vacancy rate: 3%
		Average rent: \$1,100
3	RIVER HEIGHTS	Average price: \$250,000
		Cap rate: 6.16%
		Vacancy rate: 4%
		Average rent: \$1,400

Renters in Brandon are either workers or students. The workers find employment in either the nearby oil fields – the city's oil production is competing with the big players in Alberta and Saskatchewan – or at Maple Leaf Foods, which employs more than 1,000 people at its pork processing and packaging centre. The welding and electrical industries are also bountiful.

Students, meanwhile, attend one of the two major post-secondary institutions in Brandon: Brandon University or Assiniboine Community College. Day says the student rental sphere is also a big reason for the town's low vacancy rate.

"It's a really good opportunity [for investors]," Day says. "We have a lot of commercial [opportunities] that are growing, a lot of residential growth." ■

EXPERT FOCUS



GREGORY KLUMP,
Chief Economist,
Canadian Real Estate
Association

"International immigration will provide further support to housing

demand as it continues to offset the steady outflow of people moving to Alberta and other provinces. Sales are expected to surpass the 10-year average in 2015, and the average price in 2015 is forecast to rise by a modest 1.9 per cent to \$273,200. While this represents a new annual record, it is also the smallest annual increase in average price since the year 2000."



STEFAN AARNIO,
Investor,
Freedomway.ca

"I personally think Manitoba and Winnipeg are some of the best kept secrets in Canada. [Winnipeg

is] one of the most investable cities [in Canada]. It's a good little gem that doesn't get a lot of publicity. There's lots of money to be made here."



GARRET WONG,
Investor,
GaraMark

"Any residential property in need of rehabilitation is a great investment. Properties that can generate

monthly cash flow combined with equity paydown [by tenants] and potential increase in value over time are always a good catch."



Simplifying Real Estate Investing for You!

Over 20 years of providing real estate investments that you own and control without the headaches. Want to know more? Visit our website link below for complimentary copies of 3 Special Reports:

"Why Geographic Diversification Makes Sense", "Why Investing in Multifamily Real Estate Makes Sense". and "Risks & Rewards - Understand Safe Leverage Before You Start Investing".

To keep current about our latest property opportunities, and updates be sure to call or email me, or sign up to receive my TIPS Newsletter full of real estate investing tips.

Email: Andrew@StrategicInvestmentRealty.com

Call toll free: 1-855-876-7334 ext. 101



www.strategicinvestmentrealty.com/crew1