



## Message from Scott

Dear Investor,

Isn't it great to have 2020 behind us?! I'm sure that's what we were all saying as the clock ticked over midnight on January 31. I mean, how could things get any worse...rampaging virus, insurrection in the worlds largest democracy, the list goes on. Its like 2021 said to 2020 "hold my drink, I'm gonna take a run at this".

But while all this is true, it is great to look ahead to the positive aspects of what this year will bring. Being positive in our mindset about what we can accomplish both as individuals and as a group will far outweigh any negative.

At Reid's Heritage Properties we are already full steam into what will be a busy year. Current projects under construction such as URBN Lofts and the final two buildings at The W in London will finish. Leasing is active at both projects.

We finished construction activities at Josephs Place (Breslau) the end of last year. We are currently at 40% leased and continue to lease between 5 and 7 units per week. We consider that to be strong demand and good acceptance of both pricing and product.

If he hasn't already, Andrew Long and the AJDL Team will be talking to you about Limited Partnerships. As we complete key milestones in the projects, we will be bringing this forward to you. Essentially, it's a way to participate over a 5-year period in our projects.

We are working through the planning process on 6 projects right now. With varying timelines in both scope and scale this will provide a home for Investment Capital for the next 2 – 4 years depending on the project.

We hope to add somewhere between 2 and 4 projects to this as we move through 2021. The goal is to provide a steady pipeline of projects that keeps us busy in the 3 – 5 year timeframe. The reason for this is that municipal planning process in lengthy in Ontario. Approval timelines are anywhere between 1 and 3 years currently. Working now for the future will secure opportunity for us all.

Andrew Long and I talk daily about the Real Estate markets we are experiencing. It seems each day that we hear one new example of a sale that tops the day before. Is the market gone mad? Well, yes, in a sense, because it has no where else to go. This is partially explained by interest rates and the basic supply vs demand economics. I checked recently and

### JANUARY 2021

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## Message from Scott – cont.....

posted variable rate mortgages were available for 1.39%. This gives incredible purchasing power to the buyer. Their dollar goes proportionally much further at that low rate. In Guelph for example, on average, there is only .6 of a month worth of supply at any given time. This means multiple offers (sometimes over 40 offers) and offers that are consistently 20 – 30% over asking.

As a provider of purpose built rental apartments we are a net beneficiary of this market condition. There are too many buyers for not enough product, and people have no where else to go. We see these broader conditions playing out over this year.

For information I have attached a CIBC note to Clients on interest rate outlook for 2021 which you may find interesting.

We hope to host a golf tournament in September and a year end Investor Appreciation dinner. We will send out notices and hope that you can attend. Of course, I say this while we are all supposed to be “locked down”. Hope springs eternal that all these vaccines coming will do their job....

Best wishes for a successful 2021.

Scott



### Reid's strategy for CRE success: Partnerships, smaller cities



Steve McLean

• Jan. 13, 2021

Reid's Heritage Properties was spun off of Reid's Heritage Homes in 2013 by Scott Reid to focus on building purpose-built rental apartments, and completed its first project in the spring of 2015. It's been working with a variety of development partners in the income-producing property sector ever since.

"We had been building mid-rise multifamily structures for some time by then, and our family decided that it wanted to look a little harder into creating legacy assets and cash-flowing income properties as a way of diversifying," President Scott Reid told RENX.

"Since then we've built about a dozen-or-so projects, some of which we've held on to and others that we've sold off along the way. The driving motive is to continue to build income-producing properties. About two years ago I bought my brother and two sisters out of the business, so it's just myself now."

The company prefers to operate in smaller Ontario markets, such as its hometown of Guelph, and primarily builds mid-rise, medium-density, investment-grade apartment buildings. It's a full-service firm that's able to acquire land, build rental housing, deliver completed facilities, lease buildings and manage properties.

Please click on the link to read more: <https://renx.ca/partners-smaller-cities-success-reids-heritage-properties/>



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## FORECAST

January 14, 2021

### Tell Me Something I Don't Know

by Avery Shenfeld

A winter of our discontent, a glorious summer. It's always darkest before the dawn. There's a light at the end of the tunnel. Any one of these clichés befits what the coming year looks like on the economic front. But in terms of market impacts, investors might be asking for something they don't already know, because some form of the bad news first, good news later outlook must already be largely priced into equities, bond yields and currencies.

Sometimes of course, elements of the consensus are on the mark. After all, we are all relying on the same projections from public health authorities that effective vaccination programs will accelerate this spring and summer. We're also incorporating the fiscal stimulus underway in Canada and Europe, and the likelihood that Congress will bump the \$0.9 tn fiscal package passed in December to the \$1.3 trillion we had built into our early December forecast.

In Canada, a better-than-expected Q4 didn't add to our near-term growth forecast, since it will be offset by a larger contraction in Q1 than we earlier thought, owing to tighter public health restraints. But thereafter, a build up in savings and pent-up demand in the household sector will be the key ingredient in the recipe for a reacceleration after the first quarter. And yes, you've heard that story from us a few months ago, and it's now a common view.

#### What the Rates and FX Markets Don't Yet Know

There are still some nuances in that broad story that will shape investor returns. In

the very near term, the market isn't pricing in enough odds that the Bank of Canada could undertake a final 10-15 basis point trimming in overnight rates this month. It's been flagged as a possibility in recent BoC speeches, as the Bank reconsiders whether a still-lower rate would be more stimulative.

Squeezing lending margins a bit further might actually work to reduce the flow of credit, but the Bank might think it would lean against Canadian dollar appreciation, and its future drag on exports. The evidence from Australia, where the RBA took a similar step, suggests that it might not be effective on currency sentiment. Threatening a cut, or a longer wait for the first hike if the CAD fails to correct, looks to be a better and more likely tactic.

The BoC is likely to announce this year that it will adopt average inflation targeting in 2022. That would also help convince markets that the Bank of Canada could be more patient than the US in terms of the first hike, a contrast with what's now priced into futures. As a result, we see the C\$ bucking a trend that will see the USD losing ground against some other majors, particularly those like the euro and yen that are supported by current account surpluses (Table 2). We've added a few cents of further appreciation to our targets for the euro and others, which has reduced our projections for C\$ depreciation over the forecast horizon.

As we look further out, our expectation is that the economic acceleration will be steeper than some forecasts, and importantly those of North American central banks, now expect. The nearly 4% average growth pace

For the full report please click on the link: [Tell Me Something I Dont Know \(Forecast\).pdf](#)



# RHP PROJECTS

## URBN LOFTS II Guelph

- 57 Units
- Mix of 1 & 2 beds
- Pre-consultation process ongoing
- Underground parking

## 710 WOOLWICH ST Guelph

- Sourcing quotation on Beer Store and town house build
- Submission for Site Plan Approval within the next month

## SARNIA ROAD London

- 142 units – mix 1 & 2 bedroom
- Submission for Site Plan Approval within the next month

## VAUGHAN ST Guelph

- 2.5-acre site
- Prime south location
- Midrise and townhome mix
- Potential closing on site, Summer 2021

## AGNES STREET Mississauga

- Zoning By-law Application approved
- Site Plan work to commence
- Working with General Contractor on start date

## WESTHILL Waterloo

- Rendering imminent
- Working on preliminary plan

# RHP PROJECTS

## Joseph's Place Breslau



## URBN Lofts Guelph



- Curtain floor installation is ongoing
- Interior door and trim starting to be installed on 6<sup>th</sup> Floor
- Roof top generator arrived on site

1515 GORDON STREET  
UNIT 203, GUELPH, ON N1L 1C9

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# RHP PROJECTS

## Sherwood Forest London



Building A – Complete & Occupied

Building B – Under Construction (Fall 2021)



Building D – Under Construction (Fall 2021)

Building E – Complete & Occupied

Building F – Complete & Occupied

Building G – Complete & Occupied

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