

The Resurgence of Purpose-Built Rental

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On the spot William Lyon Mackenzie and company plotted the Upper Canada Rebellion that led to this nation's creation, Rockport Group has just launched a mixed-use purpose-built rental apartment project. (Show the Brits you're still angry by shopping there but pretending not to like it.)

It's the site where Montgomery's Tavern once stood on Yonge Street north of Eglinton Avenue. Bisnow met Rockport CEO Jack Winberg there on Wednesday,

snapped with Northwest Atlantic broker Ira Bond in front of the old post office, a heritage building bearing the insignia of King Edward VIII (a rarity in the Commonwealth, given he reigned for under a year). The post office, which the community calls its jewelry box, will house 20k SF of retail, potentially eateries and a grocery store, plus a rooftop patio. The front portion of the property will remain a public square; behind this will rise a 27-storey rental apartment building, with 230-plus units.



Rockport Group has built many a condo—Jack’s father, Bert, introduced the concept to TO in the late 1960s—but Jack notes he had personal reasons for wanting Montgomery Square to be a rental building. “A guy like me doesn’t get to own real estate at Yonge and Eglinton very often,” he tells Bisnow. “So this would be a trophy for our portfolio.” While it can be tough to make the economics work on purpose-built rentals, Jack says Yonge and Eglinton is one of the few places in the city that can support the rents Rockport will be asking at Montgomery Square: \$3 to \$3.25/SF for units averaging 650 to 700 SF.



Toronto hasn't seen much new purpose-built rental since Ontario introduced rent controls in the mid-1970s. (Condos have served as the de facto source of new rental supply.) But rental buildings are making a comeback. Rockport's not the only builder doing them; Concert Properties and Morguard, among others, are also developing projects. "Pension funds and institutional investors love rental buildings because they're such stable investment assets," says Jack, noting Rockport has partnered with Access Self Storage and Woodburn Capital to finance Montgomery Square.



Construction is underway on the project, featuring an indoor dog walking area/wash station, outdoor swimming pool, gym, lounge areas and movie theatre. Ira says the goal for the commercial space--with 16-foot main floor ceilings; 12-foot on upper levels--is to “transform the area into a more significant midtown retail node.” The post office building will be retained and redeveloped fully intact, not just its facade, as can often be the case with heritage restorations. “This is not just four walls and a front door,” Ira points out. “There’s a lot of character in what Rockport is designing here.”