

First builder of condos in Toronto now looks to rental

Rockport Group plans 27-storey apartment tower at Yonge and Eglinton



KEITH BEATY/THE TORONTO STAR

Jack Winberg at the corner of Yonge and Montgomery, where his company Rockport Group plans to raise a purpose-built rental tower.

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When Jack Winberg was a kid, he had his own miniature pair of construction boots.

He'd spend hours on Saturday afternoons back in the 1950s strolling through empty fields with his father Bert, the founder of development company the Rockport Group, as he plotted housing subdivisions in the burgeoning Scarborough Bluffs and, later, the booming easterly 905 regions.

In 1965, Bert went to California for a visit and was wowed by a new affordable home ownership concept hitting the west coast.

There, it was known as strata housing. When the concept finally made its way to Ontario in 1968, they would be known as condominiums. And Rockport would build the first in Toronto, by converting a 59-unit rental townhouse project already under construction in Rexdale.

To this day, that complex — thousands of other townhouses would follow from 1968 to 1985 — is known as York Condominium 1.

“That was an enormous challenge,” says Jack, now 63, with a roster of some 12,000 to 15,000 condo units under Rockport's belt. “People didn't even know how to spell condominium, let alone understand what they were.

“You had a whole different set of terms and concepts that were new to the housing industry. But condominiums made home ownership affordable and, as my father used to say, more people can buy Volkswagens than Cadillacs.”

By 1988, Jack would leave a career in law to return to his roots — and his own pair of construction boots. Now CEO of the Rockport Group, he would oversee Rockport’s move in 1995 into high-rise condominium construction and, later, seniors’ housing and even self-storage facilities for all those condo buyers looking for a place to keep their extra stuff. Now, once again, Rockport Group is ahead of the curve. It’s about to launch into a form of housing that has rarely been seen in this city over the last 40 years — purpose-built rental.

Construction of a 233-suite, 27-storey apartment building, called The Montgomery, is expected to start in January.

The site, on the west side of Yonge St. just north of Eglinton Ave., is historically significant: It was once the site of Montgomery’s Tavern, the headquarters for William Lyon Mackenzie, leader of the Upper Canada Rebellion.

The project harkens back to Toronto’s past in another way — the area was a magnet for new apartment construction in the 1960s and ’70s, and thanks to the young urban professionals who rented them, the neighbourhood was dubbed Young and Eligible.

“The art of building rental apartments has largely been lost in Ontario. For decades, the legacy of rental controls has stymied rental building,” says Derek Lobo, a Burlington-based apartment-sector consultant and CEO of boutique commercial brokerage ROCK Advisors.

“As the condo market has been slowing, I’ve been hearing from a number of condominium developers who are now seriously looking at the purpose-built rental market.”

That would have seemed ludicrous just a few years ago. But low interest rates and climbing rents are helping produce profits — and healthy long-term investments — for developers who also see tax benefits of adding apartments to their development mix.

Since 2000, a total of just 6,000 rental apartment units have been built across the GTA, says Lobo.

“But there are about 5,000 units in the planning stages right now. Some of those may never go ahead, but they have a good chance as long as interest rates stay low and the Canadian economy stays strong.” Winberg believes the time is right for rental, with house prices climbing out of sight. (The average sale price of a detached home in the City of Toronto was \$935,122 in November.) Winberg believes Toronto is headed the way of other major world cities, like Manhattan, where 70 per cent of residents rent and just 30 per cent own.

He even took a team to Chicago to see how rental is done there — that market is similar to Toronto’s, but renting there has exploded, as it has across much of the U.S., because so many people lost their homes in the U.S. housing meltdown.

Winberg was wowed by the amenities, in some cases better than in modern condo towers, especially in terms of technology; some use hotel-like swipe cards rather than keys, allowing locks to be “changed” quickly if keys are lost or a tenant moves out.

He plans not only a dog-washing station, but a dog-walking area off the sixth-floor pool, and an amenities area to ease the rush to work.

But the best thing The Montgomery will offer, he says, is on-site staff and security of tenure over rental condos, where the landlord can live in Hong Kong or Vancouver and can reclaim a unit unexpectedly. Winberg expects rental rates to be about the same as in downtown condos — about \$3 to \$3.25 per square foot for units averaging 650 to 700 square feet.

The biggest challenge, Winberg has found, is getting construction loans approved by a generation of bankers who, for the most part, weren’t even working when apartments were still being built.

They’ve grown up with the less risky condo-construction model where, in most cases, at least 70 per cent of units have to be sold — with the five to 20 per cent deposits a form of surety — before multi-million dollar construction loans are approved.

But Winberg’s found one thing that’s helped overcome that hurdle — the fact the building will be constructed in the prime live-work tenant magnet of Yonge and Eglinton.