

Mainstreet increases local stake

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Mainstreet Equity Corp. is paying \$16.6 million for 359 apartment units in Edmonton, bringing its total rental portfolio to 4,098 units.

The Calgary-based real estate company also said Tuesday that it has sold a "non-strategic" block of 66 multi-family residential units in Red Deer for \$3.12 million, for a net gain of \$600,000.

Mainstreet is trying to focus its operations on four key markets: Vancouver/Lower Mainland, Calgary, Edmonton and the greater Toronto area.

It has already closed the purchase of 152 of the 359 Edmonton units it is acquiring, with the remaining deals to close this month. The properties are 14 walk-up apartments. Mainstreet said the current rents are "significantly below market rents, offering excellent potential for value creation."

The \$16.6-million price tag amounts to about \$46,000 per unit, and was paid with first mortgages at an average short-term interest rate of 6.5 per cent, as well as with cash.

"Properties are being acquired well below replacement costs and market values and have in-place rents that are significantly below current market rents," CEO Bob Dhillon said in a release.

"This presents an opportunity for Mainstreet to apply its proven 'Value Chain' model to renovate the suites, increase rents, stabilize occupancy, and refinance the properties to create higher market value."

Mainstreet also announced Tuesday it has obtained approval from Canada Mortgage and Housing Corporation to refinance mortgages worth \$10 million at 4.66 per cent, down from 5.22 per cent, from which the company expects to realize additional funds of about \$2.4 million.
