

# WHO IS AVENUE LIVING?

At Avenue Living, we serve a significant segment of Canada's lower and middle income workforce and offer them a special place to call home. We own and operate B and C class apartments and townhomes in over 20 regions across Canada's prairie provinces and manage our thousands of properties with considerable care and concern for the well-being and safety of our residents.

## THE NEED FOR AFFORDABLE WORKFORCE HOUSING

From our very beginnings, Avenue Living has successfully navigated various economic cycles due to our unwavering focus on one clear objective: providing safe, well-managed workforce housing at affordable prices. Working families want to live in a place they can proudly call home – even when supply and inflation are becoming growing concerns. When it comes to housing affordability, we know that we are very much part of the solution. In 2021 we managed over 7,000 suite showings, a clear marker of the demand for housing.

Our experience shows that under rising interest rate environments, the demand for rental housing increases as homeownership becomes more difficult to achieve. Since January 2019, the annual cost of homeownership has increased by 40 per cent in the U.S. and 50 per cent in Canada — exacerbating affordability concerns and creating a greater barrier of entry for first-time buyers. As inflation surges globally, the Bank of Canada continues to raise interest rates aggressively in a bid to cool demand. These increases are causing monthly mortgage payments to climb in a housing market that is already out of reach for many. And the hikes are expected to continue, driving up monthly mortgage payments to over 15 per cent by next year.

As economic swings persist, we use the Canadian Mortgage and Housing Corporation's (CMHC) affordability construct — which recommends rental costs should not be more than ~30 per cent of household income — to measure housing affordability. At Avenue Living, the average annual household income for our renters is \$56,000 and our rents are actively below the affordability construct threshold at ~23% of household income for our residents (\$1,050/month on average). We also aim to maintain operations well within this threshold and consider this diligence another demonstration of our commitment to responsible management.

### Mortgage Payments & Interest Rate Changes

Home Value	Down Payment (5%)	CMHC Premium (4%)	Monthly Payment (*2.25% IR)	Monthly Payment (*2.75% IR)	Payment Differential (5.77%)
\$400,000	\$20,000	\$15,200	\$1,724	\$1,823	\$99
\$500,000	\$25,000	\$19,000	\$2,154	\$2,279	\$125
\$600,000	\$30,000	\$22,800	\$2,585	\$2,735	\$150
\$700,000	\$35,000	\$26,600	\$3,016	\$3,190	\$174
\$800,000	\$40,000	\$30,400	\$3,447	\$3,646	\$199
\$900,000	\$45,000	\$34,200	\$3,878	\$4,102	\$224

Table data as of April, 2022



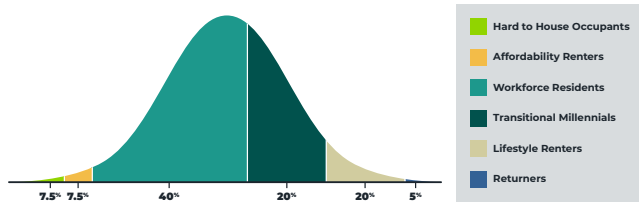
Read more in this whitepaper co-authored with Grant A. Wilson, Ph.D., and Assistant Professor in the Faculty of Business Administration at the University of Regina. This whitepaper guides how Avenue Living operates given the economic challenges that our residents face.

## PRIVATE RENTAL TARGET MARKETS: A COMPREHENSIVE SPECTRUM

Not all real estate trust models operate with the same strategic drivers. There is a large spectrum, ranging from those that are in the cosmetic upgrade and flip business, to companies like Avenue Living, that consider our duty of care with a socioeconomic class that is a big part of Canada's economy. Throughout our 16 years in the residential rental space, we've gained a deep understanding of our customer base and we use those insights to guide our decision-making.

We've always focused on the workforce housing resident and have made it our mission to create a business model that serves their specific needs. Our operations and acquisition strategy are truly built around the preferences of this vital demographic we serve.

### THE NORTH AMERICAN RENTAL SPECTRUM



Recently, our CEO and Founder, Anthony Giuffre, co-authored an article that illustrates a rental housing spectrum that goes beyond classifying renters by their length of tenancy and identifies their lifestyle, demographics, and value propositions. Through this research, it showcases six distinct groups and the driving factors behind the type of rentals they choose. Read more on our peer-reviewed findings, published by the International Real Estate Review. [www.avenuelivingam.com/private-rental-target-markets-a-comprehensive-spectrum/](http://www.avenuelivingam.com/private-rental-target-markets-a-comprehensive-spectrum/)

## INVESTING IN PRE-EXISTING ASSETS FOR EVERYDAY CANADIANS

As Canada contends with a shortage of acceptable housing options, Avenue Living focuses on:

- Older, existing buildings that can benefit from capital improvements
- Increasing the number of economically and environmentally responsible residential buildings in Canada's communities
- Transforming these aging properties into safe and comfortable homes for residents
- Working within existing building footprints, and retrofitting them to operate far more efficiently
- Avoiding the pitfalls of new construction such as permit delays, labour shortages, and rising construction costs

According to CMHC data, almost 90% of the properties in the Canadian rental universe were built in the previous century and will require considerable upgrading based on the age of these buildings. From Statistics Canada's (2020) population projections, although some new construction is required to service the rental universe, it is clear that existing rental properties will continue to play a big role in the Canadian housing market. More needs to be done to support the maintenance, succession, and investment of current aging properties to align with the need for housing affordability.

***"Between rising costs, permitting delays, labour shortages and supply chain issues it is, simply put, becoming even more difficult to develop new housing. Sadly, this comes at a time when communities across the country are in desperate need of more housing of all types." - Caitlin Walter, NMHC Vice President of Research***

### FOCUSED ON THE RESIDENT EXPERIENCE

At **Avenue Living**, we take care to complete all renovations between lease terms, allowing us to make upgrades with little disruption to our residents. When we renovate, we do so within an affordability construct and do not engage in renoiction practices. Our goal is always to bring our properties to a higher quality standard for the same resident profile. In Q1 2022 our team successfully upgraded 1,149 suites – with more modern designs and environmental updates to such things as fixtures, paint, appliances, flooring, and more. It's our directive to continuously improve upon the institutional level of service that our residents know they can rely on. When someone becomes a resident of Avenue Living Communities, they are part of our community, and we strive to provide exceptional customer experience each and every day.

**WE INVITE YOU TO  
LEARN MORE ABOUT  
OUR BUSINESS AND  
OUR PEOPLE.**

**PLEASE CONTACT:**

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