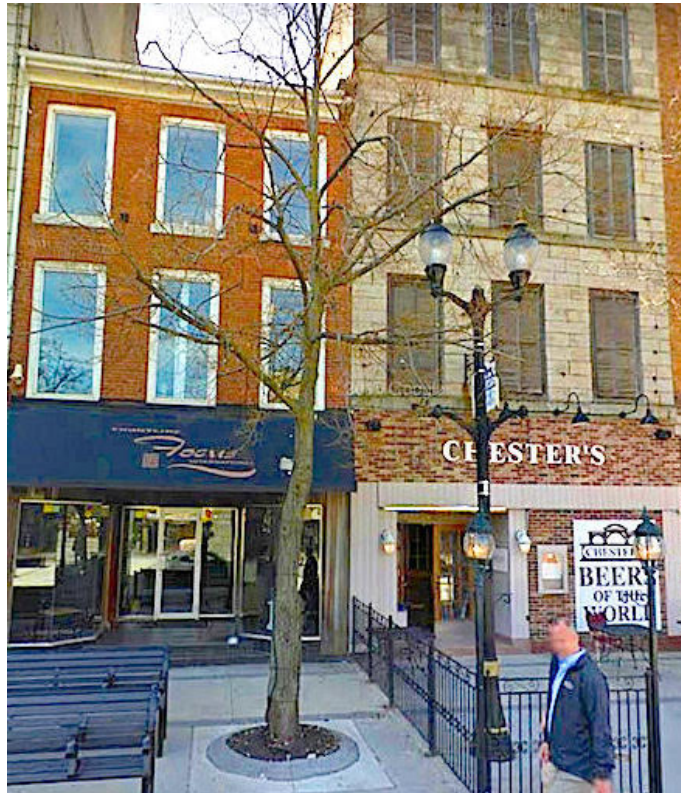




## KING JOHN BLDGS

62 AND 64 KING STREET EAST, HAMILTON

### CONFIDENTIAL LEASING SUMMARY



## Malcolm Silver & Co. Ltd

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## THE BUILDINGS AT 62 AND 64 KING STREET EAST, HAMILTON

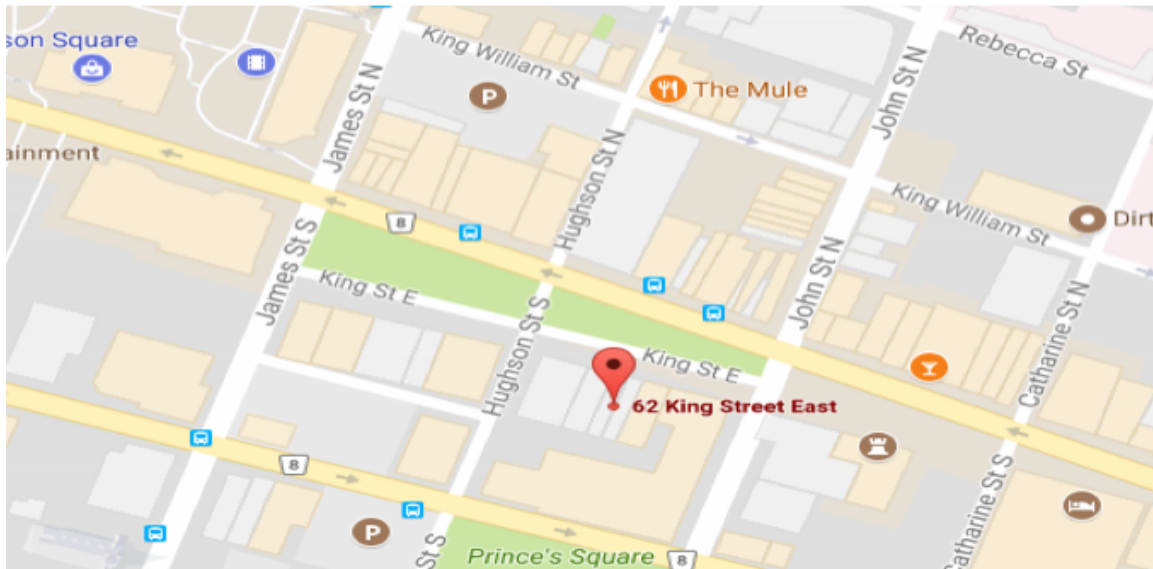
### INTRODUCTION

This is a unique opportunity to lease two adjacent buildings in a prime location in the heart of downtown Hamilton. 62 King Street East is a 13,000 square foot four storey unrenovated, vacant building and 64 King Street East is a 9,000 square foot three storey renovated office building with a vacant apartment on the fourth floor.

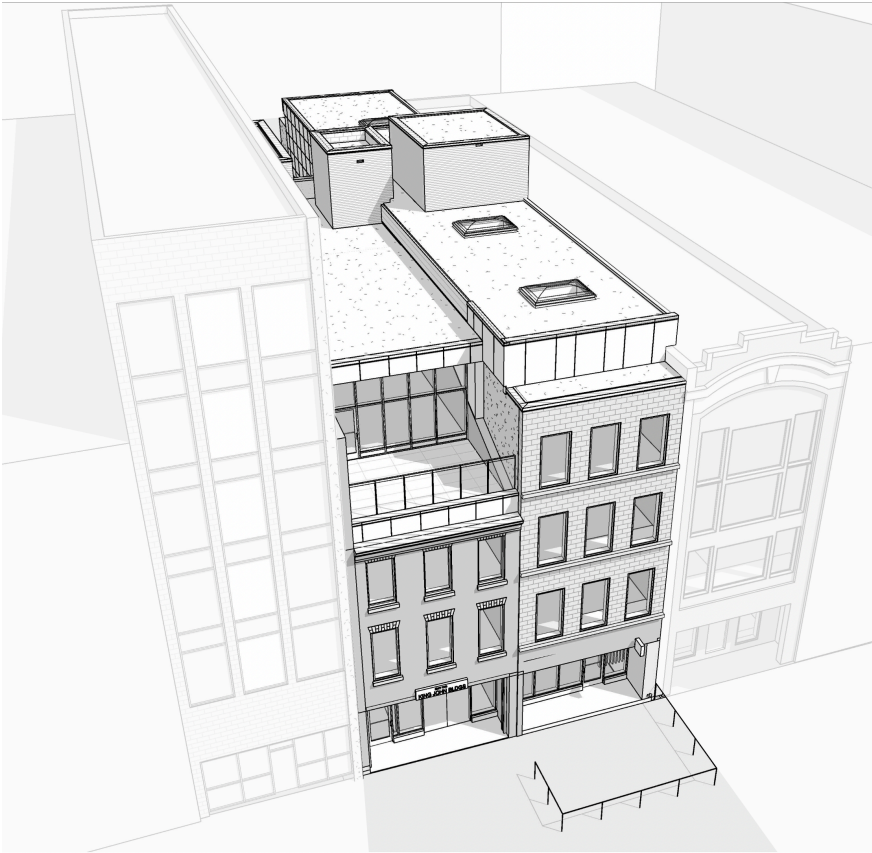
The key leasing opportunity with these buildings is to combine them placing a restaurant /retail on both main floors and create boutique offices on all the combined upper floors. The ability to re-position 2 adjacent buildings that have been neglected and poorly managed on one of the best blocks in downtown Hamilton is rare indeed and will prove far sighted within 3-5 years.

### PROPERTY LOCATION

62 & 64 King Street East, Hamilton, Ontario



## FUTURE PLAN



## THE VALUE CREATION PLAN

The value creation plan is to transform the two vacant buildings into a modern boutique office complex consisting of a smart, contemporary restaurant on the main floor of 62 and hip offices on the upper floors of both buildings. The roof and upper level apartment of 64 King Street East will be removed and replaced by a new floor and roof and 62 will also have a new roof. The sharp new design will be created by the respected young architect Graham McNally of Toms and Mc Nally Design, who are well known in Hamilton for their stunning designs and renovations, mostly for adaptive re-use projects.

## THE BUILDINGS

## **62 KING STREET EAST**

The building is currently a combination of main floor - originally a restaurant and bar - a second floor that was a night club, an empty third floor, and a fourth floor that was an apartment and studio. It is located just a block away from the main downtown intersection of King Street and James Street South right on Gore Park. The site has 23 feet of frontage on King Street East and is 138 feet deep. The square footage comprises approximately 3,150 sf of main floor retail (plus a fully useable basement) and 9,450 sf on three floors of commercial making a grand total of 12,600 sf of rentable space. The property was built around 1880 and is very solid with lots of hidden heritage character. It includes a valuable use of a street-side patio.

## **64 KING STREET EAST**

The building is currently three floors of offices and a one-bedroom apartment on the top (fourth) floor. The site has 20 feet of frontage on King Street East and is 138 feet deep. The square footage comprises approximately 2,800 sf of main floor office and retail (plus a full raw basement) and 5,600 sf on two floors of commercial space making a grand total of 8,400 sf of rentable space plus a new fourth floor and outdoor terrace of 600 sf. There is a large atrium in the center of the building which brings in an abundance of light. It was fully converted into office space fairly recently, but needs complete renovation, in particular opening up rear windows to make the space even lighter, make the floor even and the same height as 62, and add a new store front.

## **THE TENANTS**

The key tenant for the restaurant is expected to be a national or an experienced local operator. Office tenants will be sourced locally and nationally.

## **PLANNED IMPROVEMENTS**

### ***62 King Street East***

- Main floor will be improved for a new restaurant/commercial tenant linked to the main floor of 64 (including a new store front)
- The second, third and fourth floors will be renovated into boutique offices
- Replace the entire HVAC, electric system, windows and roof
- The basement will be rented to the main floor tenant or a new user
- The building interior has been demolished, is vacant and ready for renovation
- The entire rear of the building will be opened up with a glass walled fire escape allowing extra light in and the front windows will be opened up to welcome the spectacular view on Gore Park.
- A new roof will provide a generous ceiling height of 14 feet and the structure will be heavy timber beams.

### ***64 King Street East***

- An elevator will be installed in the lobby and shared with 62
- Rear windows will be replaced to bring in more light
- A new store front will be fitted in keeping with the new usage
- Stair access and emergency exits to all floors will be improved
- Main floor can accommodate a restaurant/bar/café and co-working space flowing into the main floor of 62
- The second and third floors will be renovated into boutique offices
- The top floor apartment and roof will be removed and replaced by a new full floor of offices
- The basement will be finished and partially leased out
- The drop ceilings have been removed as they were in poor condition
- The building is currently vacant and ready for renovation

The revitalization of the Hamilton downtown core is evident with the rapidly evolving range of new stores, offices, residential and mixed-use developments. Our site, which is immediately across from Gore Park, is a prime location for cool offices and a popular higher-end restaurant. It is expected that the properties will increase in value over the next few years as this planned development by the City occurs and the area completely transforms.

Construction started in summer 2020, and will take 9 to 12 months to complete, with an expected investment hold of approximately 5 years.

The downtown of Hamilton declined with the closing of major steel and manufacturing businesses in the 70s and 80's but in the last few years it started to spring back to life due to:

- An influx of people from Toronto attracted by affordable residential real estate
- Major new condo and rental tower construction underway with more coming
- Conversion of vacant buildings into mixed-use buildings: residential and offices
- Opening of many hip new cafes, restaurants, art galleries and specialist retailers
- Significant renovation of older unused buildings into attractive, modern spaces
- Cultural life emerging - especially in visual art, music, film and theatre
- Ability to commute to Toronto by rapid GO Train service
- An increase of higher paid jobs attracting a new young professional class to the substantial and fast-growing Education and Medical facilities in Hamilton
- The conversion of the old Royal Connaught Hotel on King Street East into luxury condos and is sold out with plans to build three more towers around the building
- Opposite 62 and 64 King Street East was an old bingo hall which has been demolished and is being replaced by two 30 storey condo and rental towers
- On nearby James Street North, a high-rise student residence is now complete
- The North America wide trend of smaller city centers once again becoming attractive places to live in, especially for millennials
- The recent purchase of the Jackson Square shopping centre which will be entirely re-configured with possible new residential and commercial buildings
- The proposed new film studios near the Go Train station on James Street North
- Proposed re-vamping of downtown entertainment facilities: First Ontario Centre, First Ontario Concert hall and the Hamilton Convention Centre
- Proposed multi-tower tech hub around City Hall

#### **THE IMMEDIATE SURROUNDING BLOCK**

The property is on a block which has been very neglected with the overall decline of the city center. The area is just starting to attract the attention and re-investment it deserves. The office building at 50 King Street East and Hughson Street has now been demolished and will become the head office of Effort Trust, the preeminent mortgage company and property owner in Hamilton. It will be completely re-built with a spectacular all glass facade and cost \$50 million. Next door at 56 is an old bank, which has been renovated into a luxury nightclub. At 58 is a building, which is almost identical to 62 but two feet narrower, also completely vacant, has just been bought by a businessman who plans a total renovation. There is no 60. Then there is 62 - our property, a four-storey unrenovated building. 64 is a similar but one floor shorter, building that has been modernized into offices with a small apartment added to the top floor. 66 is a non-descript, fairly modern five-floor walk-up apartment building with the busy restaurant Burrito Boyz below. It has been merged with its neighbour at 68, which is a mix of ground floor café and upper floors of walk-up apartments. The new retail tenant of 68 has created a beautiful café and art gallery, a magnet for the successful downtown citizens. It is a sign of the future for the whole block.



**WHAT THE PRESS IS SAYING** - “The Central Business District is clearly turning”.

“Hamilton reigns as top place to Invest”<https://www.investinhamilton.ca/hamilton-reigns-as-top-place-to-invest/>

The City of Hamilton’s Urban Official Plan supports development and density in the downtown core. T

<https://www.thespec.com/news-story/8337321-hamilton-releases-downtown-secondary-plan/>

Here is a recent article from the front page of The Hamilton Spectator – October 2018:

<https://www.thespec.com/news-story/8938818--6m-boutique-hotel-overlooking-gore-park-envisioned-for-downtown/>

“Why Hamilton is the future of Toronto Real Estate” <https://torontolife.com/real-estate/the-new-hamiltonians>

The City of Hamilton has unveiled its much-anticipated plan that paves the way for development and a changing skyline in the downtown through 2031.

**THE PRINCIPALS**

## **MALCOLM SILVER**

Since 2002 Malcolm has been buying run-down buildings in areas of downtown and midtown Toronto that are gentrifying and renovating them into mixed-use properties. Recently he has acquired properties in Hamilton with Patrick Bermingham – a city that is clearly about to change for the better. His philosophy is to buy run-down commercial properties in rising areas near transit that offer positive cash flow and medium-term capital appreciation for his investors.

Malcolm is an FCA and MBA, who has invested over \$6,500,000 in ten commercial properties. He invests his personal capital in every acquisition. Such personal commitment in the investment process helps align his interests with those of the outside capital partners. The average return on cash invested on all properties owned and/or sold is 230%. All have performed well with the two most recent sales more than doubling investors' money in just five years. Current average cash return on properties in existing portfolio is 6% after debt service.

## **PATRICK BERMINGHAM**

Patrick Bermingham is a successful local businessman who headed the well-known Hamilton engineering firm of Bermingham Foundations Solutions, a four-generation family firm. After he sold the business, he focused on investing in Hamilton real estate. He is passionate about creating modern, artistically attractive assets that will revitalize Hamilton's downtown core. It is a major asset to have Patrick, a locally respected business leader, as a partner in understanding Hamilton's landscape and people.



**KING JOHN BLDGS**

# Downtown Hamilton Value is Going Up

Business Owners, Operators and Investors are taking a second look.

A long-time Hamilton business owner is making his first foray into real estate investment with a proposed boutique hotel in the city's downtown. Patrick Bermingham is so optimistic that he's already purchased a second property for redevelopment.

"There is remarkable real estate in downtown Hamilton. We are very lucky to have this opportunity," said Bermingham, who managed his family's 120-year-old heavy construction business that is now part of a French conglomerate.

He is the principal investor in a new venture with the operators of the Beverley Hotel on Queen Street West in Toronto.

Bermingham and business partner Malcolm Silver have purchased 62 and 64 King St. E, side-by-side buildings once home to an aging tavern and a men's clothing store. The upper floors had been long vacant. They are a stone's throw from what is considered the heart of the downtown at King and James streets.

When the operators of the ultra-modern 18-room Beverley Hotel decided to add locations, the No. 1 city on their list was Hamilton, says Bermingham. The hotel team will lease the space, which requires extensive renovations.

The plan is for about 20 generously sized rooms, restaurants at both the roof and ground levels, a café, and plenty of programming and events. Rooms will be for regular stays and long-term rentals.

"Hamilton doesn't have a boutique hotel, a place not just to sleep but to have a great experience. This will be a place people will travel to and they will learn about Hamilton. A great destination will draw people in."

Bermingham says hotels are strong urban catalysts because they bring a



Hamilton's Class A office Space almost half price compared to lease and purchase prices in Toronto.

constant influx of newcomers who then share their experiences in the city with others.

The developers plan to merge the two buildings together, take the roof off the three-storey building at 64 King St. E, add a rooftop terrace and add a fifth and sixth storey to 62 King, St. E. The brick and stone facades will remain unchanged, but everything inside will be new, says Bermingham.

It will be about a \$6-million investment and while Bermingham says he wants to contribute to his hometown's renaissance, this is not altruism.

"There is a real opportunity to make a good return. Hamilton has a lot further to go in its resurgence. It can go way beyond what it was even in its heyday."

The hope is to have the green light to begin construction in the new year and be ready to open by the end of 2019 but Bermingham isn't waiting.

He's so confident of success that he's part of an investment partnership that has

just finalized a purchase of the former Capitol Theatre at 103 King St E. Only the lobby remains of the former movie house.

"I hope we inspire other people to invest in Hamilton because it's the best opportunity around."

## The Ripple effect

The blossoming of James Street North is carrying over to the creation of creative use and work spaces on adjacent streets, including Hughson, King William and Rebecca streets.

"We are seeing young developers repurposing beautiful spaces and that revitalization is continuing and rippling out east and west and north and south," said Judy Lam, manager of the urban renewal section of the City of Hamilton's economic development department.

Among the leaders of cutting-edge adaptive reuse of heritage architecture is Hamilton development company Core Urban. It's latest project, King James, is its sixth venture, tying together three brick-and-beam buildings James Street North and King Street East for commercial tenants.

