

APARTMENT DIGEST

Condominium Rental UP in Q1 – 2013!

Economic Indicators:

Real GDP Growth Q4 2012	+0.6%
Toronto Employment Growth Mar. 2013	+4.1 %
Toronto Unemployment Rate Mar. 2013	8.4%
Inflation Mar. 2013	+1.0%
Bank of Canada Overnight Rate Apr. 2013	1.0%
Prime Rate Apr. 2013	3.0%
5 Year Mortgage Rate Fixed Apr. 2013	5.14%

Greater Toronto Area REALTORS® reported a substantial increase in the number of condominium apartments rented through the TorontoMLS system in the first quarter of 2013.

There were 4,277 condominium apartments rented – up by almost 13 per cent on a year-over-year basis.

The total number of rental properties listed on TorontoMLS during the first quarter was up by more than 25 per cent year-over-year to 8,816. “Demand for rental condominium apartments remained strong during the first quarter of the year.

People looking for higher end rental accommodation, including those who have

temporarily put their decision to purchase on hold, were likely driving rental activity during the first three months of the year,” said Toronto Real Estate Board President Ann Hannah.

The average monthly rent for one-bedroom condominium apartments in the first quarter was \$1,597 – up by almost four per cent compared to Q1 2012.

The average two-bedroom condominium apartment rent was up by slightly more than one per cent over the same period to \$2,114.

“The rental market has remained quite tight over the last year. Competition between renters has been strong enough to drive increases in average rents.

However, growth in the number of units listed outstripped growth in the number of rental transactions in the first quarter, suggesting that renters benefitted from more choice.

If this trend continues, the pace of rent growth could moderate,” commented Jason Mercer, TREB’s Senior Manager of Market Analysis.

Source: TREB

Rental Market Summary: First Quarter 2013

Apartments^{1,2,3}

	All Bedroom Types		Bachelor		One-Bedroom		Two-Bedroom		Three-Bedroom	
	Listed	Leased	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent
Q1 2013	8,816	4,277	97	\$1,308	2,380	\$1,597	1,700	\$2,114	100	\$2,737
Q1 2012	7,020	3,796	95	\$1,306	2,109	\$1,537	1,517	\$2,090	75	\$2,079
Yr./Yr. % Chg.	25.6%	12.7%	2.1%	0.2%	12.8%	3.9%	12.1%	1.2%	33.3%	31.6%

Townhouses^{1,2,3}

	All Bedroom Types		Bachelor		One-Bedroom		Two-Bedroom		Three-Bedroom	
	Listed	Leased	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent
Q1 2013	695	284	3	\$1,417	26	\$1,509	94	\$1,889	161	\$2,002
Q1 2012	588	276	3	\$1,263	34	\$1,403	73	\$1,696	166	\$1,933
Yr./Yr. % Chg.	18.2%	2.9%	0.0%	12.1%	-23.5%	7.6%	28.8%	11.4%	-3.0%	3.6%

Prices and sales in the diverging U.S. and Canadian housing markets

U.S. new single-family home sales in March, at 417,000 units seasonally adjusted and annualized (SAAR), were +1.5% on a month-to-month basis and +18.5% year-over-year, according to a joint press release from the Census Bureau and the Department of Housing and Urban Development.

The number of unsold single-family units increased from 150,000 in February to 153,000 in the latest month. As a result, the number-of-months inventory — which divides unsold units by the current monthly sales rate — remained the same at 4.4.

The number-of-months inventory figure reached as high as 12.2 months in January, 2009. Since then, with the exception of a spike after April 2010 when a tax incentive expired, the stockpile figure has been falling in steady stages until reaching a low of 4.0 in January of this year.

What about the existing homes market in the U.S.? According to the National Association of Realtors (NAR), resale activity encompassing singles, townhouses, condos and co-ops was 4.92 million units SAAR (i.e., just below 5.0 million) in March, a decline of 0.6% from February but an increase of 10.3% versus March 2012.

In its press release, the NAR says a tight inventory of available properties is restricting sales volume at this time. Many potential home sellers are waiting for further price improvements.

There'll be more on the subject of house prices several paragraphs down.

The number-of-months inventory of resales is currently 4.7 months. A year ago, there was a 6.2-months build-up of existing homes for sale. The NAR's report highlights two key indicators of an improving real estate market. The prevalence of multiple bids has picked up noticeably. And more transactions are being finalized above the asking price.

The median time from listing to selling for all homes has dropped to 62 days versus 74 in February. At the same time last year, homeowners had to endure a median wait time of 91 days before divesting their property.

In Canada, existing homes sales are monitored by the Canadian Real Estate Association (CREA). March 2013's level of resale activity was 15.3% below the same month a year ago.

Also in March, according to CREA, the number-of-months inventory of homes for sale nationally in Canada was 6.5, down from 6.7 in February.

How are prices stacking up according to the various publicly available data sources?

The U.S. Census Bureau, in partnership with the Department of Housing and Urban Development, says the median sales

price — i.e., that point at which half the transactions took place at a higher value and half at a lower amount — of single-family new homes sold in the U.S. in March was \$247,000. The average sales price was \$279,900.

In the U.S. existing homes market, the NAR has calculated that March's median price was \$184,300, with the West being most expensive (\$258,100) and the Northeast not far behind (\$237,000).

Resale homes were cheapest in the Midwest (\$141,800), while the South (\$161,700) also offered "bargain" accommodation.

On the important subject of percentage change, the NAR says existing home prices are up 11.8% when compared with March 2012. The latest year-over-year percentage increase is the strongest since November 2005 (+12.9%).

In Canada, new homes prices were +0.2% month-to-month (SAAR) and +2.1% year-over-year in March, according to Statistics Canada. As calculated by CREA, existing home prices were ahead by +2.5% on an annual basis.

North of the border, new home construction is on a gentle slide downward, accompanied by worries that the angle of descent may grow steeper. In

America, now home starts are picking up nicely, finally bettering the elusive one-million-unit mark in the latest month.

As a result, U.S. media attention is beginning to focus on increasing construction costs in the homebuilding sector. The price of lumber has skyrocketed and many providers of other materials are seizing the opportunity presented by the demand versus supply mismatch.

That's the material side. As for the skilled labour required to build single-family and highrise residential projects, availability was depleted in the long painful period of decline in U.S. housing starts from 2006 through 2009.

Furthermore, various measures to reduce the undocumented worker population in the U.S. are now hitting the market with a double whammy.

Not only is the reversal in the illegal immigrant population taking away from overall housing demand, it's also one of the causes of the worker shortage at construction job sites.

Source:
Daily Commercial New
ALEX CARRICK
Chief Economist, CanaData

Labour Force Survey Results – Improving

Following an increase the previous month, employment declined by 55,000 in March, all in full time. The unemployment rate rose 0.2 percentage points to 7.2%. Despite the decline in March, employment was 1.2% or 203,000 above the level of 12 months earlier, with the increase mainly in full-time work. Over the same period, the total number of hours worked also rose by 1.2%.

Provincially, employment declined in Quebec, British Columbia and Alberta, and edged down in Ontario. The only province with an increase was Nova Scotia.

In March, there were fewer people employed in three industries: accommodation and food services, public administration and manufacturing. At the same time, there was little change in the other industries.

There were 85,000 fewer private-sector employees in March, while the number of self-employed rose by 39,000 and the number of public-sector employees was little changed. Compared with 12 months earlier, the number of private-sector employees increased by 1.0% or 111,000, while the number of self-employed was up 2.1% or 55,000 as a result of the gains in March. Public-sector employment was little changed over the 12-month period.

Employment in March decreased among people aged 25 to 54, while there was little change among youths and people aged 55 and over.

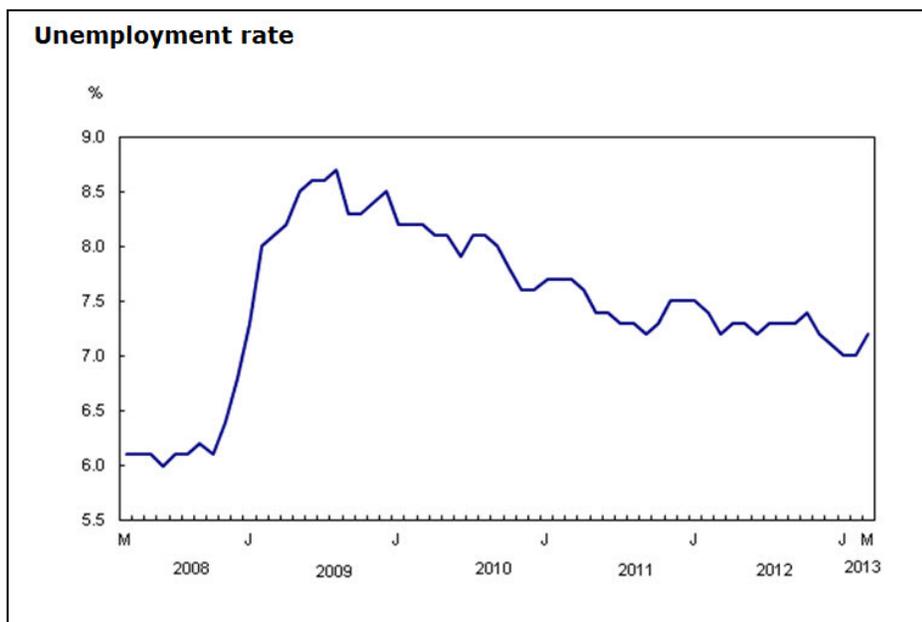
In Ontario, employment edged down by 17,000 in March, following an increase of 35,000 the month before. The

unemployment rate held steady at 7.7%, a result of fewer people participating in the labour force. Year-over-year employment growth in the province was 0.8%.

In March, there were notable employment declines in accommodation and food services, public administration and manufacturing.

Among people aged 25 to 54, employment declined by 47,000. Employment among those aged 55 and over was little changed in March. Among youths aged 15 to 24, employment was also little changed in March. Employment among youths has been on a slight upward trend since August 2012.

Source: Statistics Canada



Declining Cap Rates Out of GTA 2013

Address	Units	Price	Price Per Unit	Cap Rate
8800 Willoughby Drive Niagara Falls	71	\$5,200,000	\$73,240	5.90%
11 & 23 McClary Avenue London	34	\$2,310,000	\$67,940	6.25%
70 Roehampton Avenue St. Catharines	64	\$5,990,000	\$93,590	5.70%
255-265 Wilson Road Wellland	112	\$6,600,000	\$58,930	5.50%
150-158 Heiman Street Kitchener	36	\$3,200,000	\$88,889	4.80%
Source: Realtrack and CFR				

COMMERCIAL FOCUS REALTY INC., BROKERAGE

35 The Links Road
Suite 202
Toronto, Ontario
M2P 1T7

Phone:

(416) 972-9220

Fax:

(416) 972-9588

We're on the Web!

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www.cfrealty.ca

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The Apartment Group is a dedicated team of professionals specializing in the sale of multi-residential investment properties. With over 40 years of combined experience, the team brings together their strengths including strong negotiation and sales skills along with highly technical market analysis and appraisal methods.

The Group has been involved in the sale and acquisition of all types of multi residential real estate from small 10 suite walk

up to portfolios over 800 suites in scale.

The Group has experience with those first time buyers and sellers who need that extra level of attention and experience with larger institutional buyers and REITs.

Their success is proven with the fact that over the past decade they have sold over \$3.0 billion worth of apartment buildings across Ontario and throughout Canada.

The market today is very tight. Having the right Broker working for you is more important than ever.

Can your Broker bring you off market deals? Can they realistically analyze the deals they bring you? Can they be creative and show you the upside? Can they assist you in working through the mortgage mind field today?

Please call us to see how we can help you.

COMMERCIAL FOCUS REALTY inc.

Brokerage

Lorenzo DiGianfelice, AACI

Broker of Record & Owner
Direct – 416-907-8281
ldigianfelice@cfrealty.ca

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Mitchell Chang

Salesperson, President & Owner
Direct – 416-907-8280
mchang@cfrealty.ca