

THE LAND DIGEST

CMHC Release House Price Analysis

Economic Indicators:

Real GDP Growth	
Q1 2015	-0.6%
Toronto Employment Growth	
May 2015	0.9%
Toronto Unemployment Rate	
May 2015	7.1%
Inflation	
May 2015	+0.9%
Bank of Canada Overnight Rate	
Jun 2015	0.8%
Prime Rate	
Jun 2015	2.9%
5 Year Mortgage Rate Fixed	
Jun 2015	4.6%

Canada Mortgage and Housing Corporation (CMHC) released updated results today from its House Price Analysis and Assessment (HPAA) framework, which is designed to detect the presence of problematic conditions in Canadian housing markets.

The overall assessment of risk detected by the framework is high for Toronto, Winnipeg and Regina. In Toronto, the high overall risk reflects a combination of price acceleration and overvaluation. The high level of risk in Winnipeg reflects risks of overvaluation and overbuilding, while in Regina it reflects price acceleration, overvaluation and overbuilding, particularly of condominium apartments.

"Nationally, CMHC continues to detect a modest risk of overvaluation. However, our overall assessment of the risk of problematic conditions varies from centre to centre due to regional differences in housing markets. Imbalances in local housing markets could be resolved with further moderation in house prices or improving economic conditions," said Bob Dugan, CMHC's Chief Economist.

"In the case of Toronto, strong price acceleration in 2015 reflects a larger share of sales

of pricier homes. The rise in house prices have not been matched by growth in personal disposable income, giving rise to a modest risk of overvaluation".

The risk of problematic market conditions continues to be assessed as moderate for Montréal and Québec due to the detection of some risk of overvaluation.

In Toronto, Ottawa and Montréal, we are monitoring the risk of overbuilding. Condominium units under construction are near historical peaks. Inventory management is therefore necessary to make sure that these condominium units under construction do not remain unsold upon completion.

Low overall housing market risk is observed for Vancouver, as none of the individual risk factors are currently detected.

The results released today include those for the national market as well as 15 Census Metropolitan Areas (CMAs) - Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Toronto, Hamilton, Ottawa, Montréal, Québec, Moncton, St. John's and Halifax (with Victoria, Hamilton and Moncton being added from the previous report released in April).

The centres recently added, Victoria, Hamilton and Moncton are assessed as low overall risk. None of the risk factors are detected in Victoria, while overheating is detected in Hamilton, and overbuilding in Moncton.

The HPAA is a comprehensive framework that is designed to assess housing market conditions by taking into consideration the economic, financial and demographic drivers of housing markets. The use of multiple indicators of housing conditions, which incorporate various data sources and price measures, provides a robust picture of overall housing market conditions.

Additional information explaining the results for the 15 CMAs is available in the attached backgrounder. As well, the full text of the latest HPPA update is available in the August supplement of Housing Now - Canada Edition at <http://www.cmhc.ca/HPAA>

Source:

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Toronto Condos Lead Another Record Breaking Month

There were 9,880 house and condo transactions in July — up 8 per cent from July of 2014. The average sale price hit a new high of \$609,236. Detached homes saw 13.2 per cent price growth.

The month of July was a scorcher for more than just weather as Toronto hit another record month for house sales and appears bound for a record year.

Leading the way were condos — with sales up 14.4 per cent year over year last month — as the price of low-rise houses, especially detached homes, continued to skyrocket out of sight, according to figures released by the Toronto Real Estate Board Thursday.

There were 9,880 house and condo transactions in July — up 8 per cent from July of 2014 and a record for what's usually a slower month for home sales as buyers head for the beach.

The average sale price hit a new high of \$609,236 last month, up 10.6 per cent over a year ago, says TREB, with detached homes seeing the highest price growth of all housing types at 13.2 per cent.

The MLS Home Price Index Composite Price — which factors out sales at the extreme ends of the spectrum — was up by 9.4 per cent.

The previous sales record was set in 2007, when 93,193 homes were bought and sold across the GTA.

The average selling price back then, however, was just \$376,236.

While detached homes in the sought-after City of Toronto surpassed the average sale price of \$1 million mark earlier this year, that was driven largely by a surge in higher-end sales of infill and completely remade older homes in prime neighbourhoods by developers looking to cash in on Toronto's unrelenting — and some say unsustainable — housing boom.

The average price of a detached house in the City of Toronto actually dipped slightly in July to an average of \$996,770 — a likely reflection more of the types of detached sold than any decline in overall value as bidding wars continue to dominate the house market in the face of a continuing shortage of listings.

A balanced market — where buyers and sellers are on a somewhat equal footing — is considered six months worth of housing inventory available for purchase. Toronto hasn't seen that in years as sellers remain firmly in the driver's seat and supply continues to lag demand: New listings were down 2.5 per cent in July and total active listings were down a stunning 14.7 per cent, according to TREB's figures.

"With the level of inventory in the GTA trending below two months, many things contributed to generate a lot of interest from buyers," said Jason Mercer, TREB's director of market analysis in a statement.

Surprising to some, but not to developers who have been seeing a surge in condo buying the last two months that has helped cut the inventory of unsold new units may be the strength of condo sales, and prices.

Some 2,429 condo suites sold in July, up 14.4 per cent over a year ago, and average prices across the GTA were up 4.1 per cent, says TREB.

That brought the average price of a condo in the 416 region to \$394,504, up 4 per cent year over year, and to \$317,564 in the 905 regions, up 5 per cent.

Detached homes sales were up 7.1 per cent across the GTA. Sales were actually down 0.7 per cent in the City of Toronto — as supply remained tight — and up 9.5 per cent across the 905 regions.

Detached prices were up 13.3 per cent in the City of Toronto, to an average of \$996,770.

Semi-detached sales were up 6 per cent across the GTA. The average sale price of a semi in the 416 region was \$716,160, up 12.7 per cent.

Townhouse sales were up 3.4 per cent across the GTA. The average sale price in the City of Toronto was \$536,212, up 8.3 per cent year over year.

Source: Toronto Star
Susan Pigg

OUR RECENT SALES

Address/City	City	Price	Notes
117 Broadway Ave.	Toronto	\$20.0MM	71 unit apt. future high rise rental site
127 Broadway Ave.	Toronto	\$16.8MM	60 unit apt. assembled with 117
18 Cumberland St.	Toronto	\$3.77MM	Commercial development site
55 Broadway Ave.	Toronto	\$44.5MM	130 unit apt. high rise condo site
Yorkville – Confidential	Toronto	\$42.0MM	Mixed use building bought as condo high rise site

Source: CFAS and RealTrack

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Not only can we assist in the purchase and sale function, but CFR has the contacts and expertise to participate the whole development process. We have affiliations with planners, architects and other consultants which can assist our clients.

The key members of the Land Development Group are well tied into the development community.

In many cases they have acted on their behalf in consulting situations. This allows the team great access to leading edge information regarding future growth areas, highest and best use, and new paradigms in development densities.

The Land Development Group started in 2012 and to date has sold over \$80 million worth product.

With an in house planner and accredited appraiser as part of the team, the Group can offer to its clients services like no other Brokerage. These professionals are quick to assess the potential development of property and its hidden values.

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