

APARTMENT DIGEST

GTA Condo Market Trends

Economic Indicators:

Real GDP Growth Q4 2016	2.6%
Toronto Employment Growth Mar 2017	1.2%
Toronto Unemployment Rate Mar 2017	7.1%
Inflation Mar 2017	1.6%
Bank of Canada Overnight Rate Apr 2017	0.5%
Prime Rate Apr 2017	2.7%
5 Year Mortgage Rate Fixed Apr 2017	4.6%

TORONTO, ONTARIO, April 25, 2017 – Toronto Real Estate Board President Larry Cerqua announced that Greater Toronto Area REALTORS® reported a double-digit annual increase in condominium apartment sales in the first quarter of 2017. A total of 7,251 condominium apartments changed hands through TREB's MLS® System during the first three months of 2017 – up 21.7 per cent compared to the same period in 2016.

Over the same period of time, the number of new condominium apartment listings entered into the MLS® System was down by 18.8 per cent to 9,036 compared to 11,123 new listings a year earlier.

“Condominium apartments have historically been the housing type of choice for many first-time buyers due to the relatively lower price point compared to ground-oriented housing options. Given that more than half of intending home buyers are expected to be first-time buyers in 2017, according to a recent Ipsos poll conducted for TREB, it makes sense that demand for this housing type has remained strong,” said Mr. Cerqua.

The average selling price for condominium apartments in the first quarter of 2017 was \$489,551 – up 24.3 per cent compared to an average of \$393,858 for the first quarter of 2016. The average price was highest in the City of Toronto, at \$521,842, representing a year-over-year increase of 24.3 per cent.

“Market conditions became much tighter in the condominium apartment segment over the past year, with sales accounting for a greater share of listings. As competition between buyers increased further, the pace of price growth accelerated,” said Jason Mercer, TREB's Director of Market Analysis.

Greater Toronto Area REALTORS® reported 6,680 condominium apartment lease transactions through TREB's MLS® System during the first quarter of 2017. This result was up by 3.5 per cent compared to the first quarter of 2016.

The number of condominium apartments listed for rent at some point during the first quarter was up on a year-over-year basis, but by less than one per cent. The average one-bedroom condominium apartment rent for the TREB market area as a whole was up by 7.8 per cent to \$1,791. The average two-bedroom rent was up by 6.8 per cent to \$2,432.

Source: TREB

Year-Over-Year Summary ^{1,6}

	2017	2016	% Chg.
Sales	7,251	5,959	21.7%
New Listings	9,036	11,123	-18.8%
Active Listings	1,922	5,245	-63.4%
Average Price	\$489,551	\$393,858	24.3%
Average DOM	16	31	-48.4%

StatsCan – More Seniors – Less Working People

From 2011 to 2016, Canada registered the largest increase in the proportion of seniors since Confederation. This acceleration of population aging is the result of the first baby boomers reaching the age of 65.

Many aspects of Canadian society are being shaped by the fact that the first baby boomers turned 65 in 2011 and many of them have now left the labour market. More Canadians are receiving an old age pension and are seeking more health care and services. Meanwhile, proportionately fewer people are working and paying income tax. Housing and transportation needs are changing, as is consumption, which is shifting towards goods and services for seniors. The number of families made up of couples whose children have left home is also on the rise.

The first baby boomers turning 65 in 2011 led to the largest increase (+20.0%) in the number of people 65 years of age and older in Canada in 70 years. By comparison, Canada's overall population grew by 5.0% from 2011 to 2016 and the number of children 14 years of age and younger increased by 4.1%.

Other generations also had an influence on the size of age groups. For example, the population aged 40 to 49 decreased from 2011 to 2016, as people who reached these ages (people born in the late 1960s and early 1970s and often referred to as "generation X") are smaller in number than their predecessors, the baby boomers.

Centenarians were the fastest-growing population from 2011 to 2016 (+41.3%). This population has been growing rapidly for many years, mainly due to the gradual increase in life expectancy.

For the first time, the share of seniors (16.9%)—the share they represent of the total Canadian population—exceeded the share of children (16.6%). The increase in the proportion of seniors from 2011 to 2016 was the largest observed since 1871—a clear sign that Canada's population is aging at a faster pace.

The 2016 Census enumerated 23.4 million 15 to 64 year olds, or 66.5% of the total population. This was down from 68.5% in 2011.

Although 30 years of sustained immigration has had a significant impact on Canada's population growth, it did not have much influence on the aging of the population for two reasons. First, immigration flows have been relatively stable since the late 1980s. Secondly, most immigrants arriving in Canada are in their thirties and grow older here in Canada.

By 2031, close to one in four Canadians (23%) could be 65 years of age or older, while the proportion of children 14 years of age and younger could remain similar to the 2016 level (16%). The share of people aged 15 to 64 will likely continue to decrease.

Given that women have a longer life expectancy than men, the aging of the Canadian population is also changing the distribution by sex.

Since the mid-1970s, there have been slightly more women than men in Canada. In 2016, women accounted for 50.9% of the total population. This proportion is likely to continue to increase as the large generation of baby boomers grows older.

Among people 65 years of age and older, the number of women exceeded the number of men by more than 20% and there were two women for every man in the 85-and-older population.

The most common type of private dwelling in Canada in 2016 was the single-detached house, accounting for 53.6% or 7.5 million of the 14.1 million private occupied dwellings in Canada. This share has been declining since the early 1980s.

In 2016, 425,750 or 1.2% of Canadians lived in nursing homes or residences for senior citizens. Given population aging, this type of living arrangement is expected to continue to grow in the future.

Source: StatCan

TREB Rental Market Report Q1 – 2017

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The number of condominium apartments listed for rent at some point during the first quarter was up on a year-over-year basis, but by less than one per cent.

“As the population and, by extension, number of households continues to grow in the Greater Toronto Area, the demand for housing increases. Some of this demand is

pointed at the rental market, including condominium apartments that owners have chosen to rent out to tenants. The problem is that the supply of units available for rent has not kept up with demand, leading to more competition between renters and strong upward pressure on average rents,” said Mr. Cerqua.

The average one-bedroom condominium apartment rent for the TREB market area as a whole was up by 7.8 per cent to \$1,791. The average two-bedroom rent was up by 6.8 per cent to \$2,432.

“It is important to remember that the rental market meets the housing needs for a substantial number of GTA residents, including newcomers to Canada who choose to settle in the region. As a result, the rental market often falls under the public policy lens. Policies pointed at the rental market should be based on solid empirical evidence and should not hamper the supply of rental listings, which has been the main issue impacting renters over the last year,” said Jason Mercer, TREB’s Director of Market Analysis.

Source: TREB

Rental Market Summary: First Quarter 2017

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 2017	11,529	6,680	218	\$1,507	4,038	\$1,791	2,311	\$2,432	113	\$3,083
Q1 2016	11,445	6,452	195	\$1,376	3,889	\$1,662	2,230	\$2,278	138	\$2,789
Yr./Yr. % Chg.	0.7%	3.5%	11.8%	9.6%	3.8%	7.8%	3.6%	6.8%	-18.1%	10.5%

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 2017	959	492	3	\$1,275	50	\$1,593	208	\$2,002	231	\$2,209
Q1 2016	881	411	1	\$1,100	36	\$1,492	166	\$1,842	208	\$2,095
Yr./Yr. % Chg.	8.9%	19.7%	200.0%	15.9%	38.9%	6.7%	25.3%	8.7%	11.1%	5.4%

RECENT SALES – FOCUS London Ontario

Address	Suites	Price MM	Price Per Suite	Cap Rate
116-133 Arbour Glen	18	\$1.9	\$105,556	NA
1459 Trafalgar Street Condo	47	\$3.725	\$79,255	5.5%
75 High Street	48	\$5.3	\$110,417	5.7%
185+195 Berkshire	122	\$10.0	\$81,967	5.5%
104 Devonshire Avenue	25	\$2.58	\$103,200	NA
131 Elmwood Avenue	17	\$1.513	\$89,041	NA

Source: Realtrack,

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About The Apartment Group

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 **\$4.0 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.

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COMMERCIAL FOCUS REALTY inc.

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