

APARTMENT DIGEST

CPI Moving Up Will Interest Rates Follow?

The Consumer Price Index (CPI) rose 1.1% in the 12 months to February, following a 1.5% increase in January.

The smaller year-over-year rise in the CPI in February compared with January was mainly attributable to gasoline prices, which fell 1.3% in the 12 months to February, following a 4.6% increase in January. On a monthly basis, gasoline prices rose 2.3% this February, a smaller increase than in the same month a year earlier (+8.4%).

Of the eight major components, six recorded gains in the 12 months to February. Higher shelter costs and food prices led the increase in the CPI. At the same time, the indexes for transportation and for clothing and footwear contributed the most to the deceleration in the CPI.

Shelter costs advanced 2.2% on a year-over-year basis after rising 2.1% the previous month. Consumers paid more for electricity (+4.7%), property taxes (+3.2%) and rent (+1.5%) in February compared with the same month a year earlier.

Food prices rose 1.1% in the 12 months to February, matching the increase in January. Prices for food purchased from stores increased 1.0% on a year-over-year basis, led by higher prices for fresh fruit (+7.5%) and meat (+2.1%). In contrast, prices for dairy products, sugar and confectionery as well as fruit juices declined in February. Prices for food purchased from restaurants increased 1.1%.

Prices for transportation rose 0.4% in February compared with the same month a year earlier, following a 2.0% advance in January. In addition to

gasoline, the index for the purchase of passenger vehicles decelerated, up 0.3% in the 12 months to February following a 0.9% gain in January.

The clothing and footwear index declined 0.4% in the 12 months to February after rising 1.5% in January. On a monthly basis, clothing prices recorded a smaller increase this February (+2.4%) than in the same month last year (+5.0%).

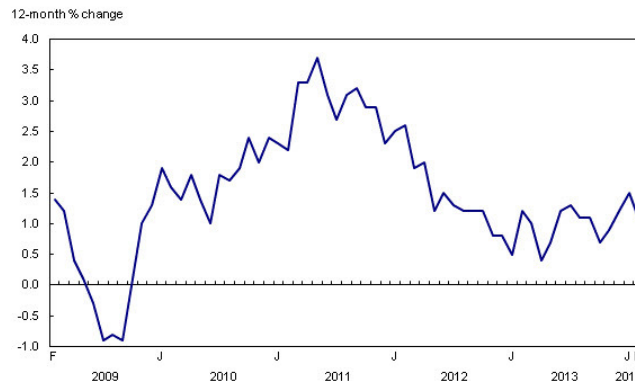
Prices for alcoholic beverages and tobacco products rose 2.5% in the 12 months to February, led by a 4.7% increase in cigarette prices. The federal excise tax on cigarettes increased on February 12, 2014.

Source: Statistics Canada

Economic Indicators:

Real GDP Growth	
Q4 2013	+2.9%
Toronto Employment Growth	
Jan 2014	+1.6%
Toronto Unemployment Rate	
Jan 2014	8.4%
Inflation	
Jan 2014	+1.5%
Bank of Canada Overnight Rate	
Feb 2014	1.0%
Prime Rate	
Feb 2014	3.0%
5 Year Mortgage Rate Fixed	
Feb 2014	5.24%

The 12-month change in the Consumer Price Index



Strong Price & Sales Growth – Q4 Condo Market

January 22, 2014 -- Greater Toronto Area REALTORS® reported the sale of 4,586 condominium apartments through the TorontoMLS system in the fourth quarter of 2013. This result was up by 21 per cent in comparison to Q4 2012 when 3,789 condominium apartments changed hands. Both new listings of this home type during the quarter and active listings at the end of the quarter were down on a year-over-year basis.

“This time last year many were predicting that the condo apartment market would experience a downturn, both in terms of sales and selling prices. While there was a temporary lull in sales and price growth in the first half of 2013, we saw an about face in the second half of the year, as buyers realized home ownership remained affordable.

As the demand for condos rebounded, competition between buyers increased and the pace of price growth accelerated,” said Toronto Real Estate Board President Dianne Usher.

The average selling price for condominium apartments in the fourth quarter was \$353,665 – up 6.5 per cent compared to Q4 2012. In the City of Toronto, where condo apartments account for approximately half of sales, the average selling price was up by 8.3 per cent to \$381,008.

“If market conditions in 2014 remain similar to what we experienced in the last six months of 2013, we will continue to experience year-over-year average price growth for condominium apartments above the rate of inflation.

However, there was an increase in condo completions last year. The degree to which investors list their newly completed units for sale and the degree to which these units are absorbed will play a large role in dictating the pace of price growth,” said Jason Mercer, TREB’s Senior Manager of Market Analysis.

The condominium apartment rental market became better supplied in some parts of the GTA in the fourth quarter of 2013, particularly in the City of Toronto. The number of condo apartments listed for rent increased at a greater year-over-year pace compared to rental transactions.

Source: TREB

**Number of Units Listed
Q4 2013 vs. Q4 2012**



Market Watch – Residential Sales UP Feb ‘14

March 5, 2014 -- Toronto Real Estate Board President Dianne Usher announced that February 2014 home sales reported by Greater Toronto Area REALTORS® were up by 2.1 per cent compared to the same period last year. Total February sales amounted to 5,731 compared to 5,613 last year.

“Despite the continuation of inclement weather in February, we did see a moderate uptick in sales activity last month. The sales increase was largely driven by resale condominium apartments. New listings of resale condominium apartments were up on a year-over-year basis, giving buyers ample choice. This is in

contrast to the listings situation for singles, semis and townhomes, where supply continued to be constrained. Some would-be buyers had difficulty finding a home that met their needs,” said Ms. Usher.

“If we see renewed growth in listings for low-rise home types, the pace of sales growth will accelerate as we move through the year,” Ms. Usher continued.

The average selling price for February 2014 sales was up by 8.6 per cent to \$553,193, compared to the average of \$509,396 reported for February 2013. The MLS® Home Price Index (HPI) Composite Benchmark was up by 7.3 per cent year-over-year.

“While the strong price growth experienced over the last year should prompt an improvement in the supply of listings, sellers’ market conditions will continue to prevail this year. Home prices, on average, will trend upwards at a pace well-above the rate of inflation. The impact of strong price growth on affordability will be mitigated by low borrowing costs,” said Jason Mercer, TREB’s Senior Manager of Market Analysis.

Source: TREB

Year-Over-Year Summary^{1,7}

	2014	2013	% Chg.
Sales	5,731	5,613	2.1%
New Listings	10,897	11,005	-1.0%
Active Listings	14,019	15,969	-12.2%
Average Price	\$553,193	\$509,396	8.6%
Average DOM	26	28	-7.1%

Sales & Average Price By Major Home Type^{1,7} February 2014

	Sales			Average Price		
	416	905	Total	416	905	Total
Detached	668	2,028	2,696	\$955,314	\$640,405	\$718,432
Yr./Yr. % Change	-8.0%	3.2%	0.1%	15.7%	10.4%	11.2%
Semi-Detached	202	388	590	\$668,298	\$425,052	\$508,333
Yr./Yr. % Change	-11.8%	4.0%	-2.0%	8.0%	5.6%	4.9%
Townhouse	207	634	841	\$545,043	\$400,165	\$435,825
Yr./Yr. % Change	-8.8%	-4.1%	-5.3%	20.7%	7.3%	10.9%
Condo Apartment	1,031	463	1,494	\$372,628	\$290,650	\$347,222
Yr./Yr. % Change	9.6%	19.6%	12.5%	6.0%	3.0%	4.8%

CFR – Recent Sales

Address	Units	Price	Price Per Unit	Cap Rate
31 Roehampton Avenue Toronto	31	\$8,500,000	\$242,860	3.25%
222 Nonquon Road Oshawa	139	\$9,850,000	\$70,860	8.15%
210 North Street Stayner	30	\$3,500,000	\$116,670	5.89%
425 East 42 nd Street Hamilton	36	\$4,900,000	\$136,100	5.15%
19 Hycrest Road North York	1	\$1,140,000		
2 Rodeo Court North York	1	\$665,000		

Source: CFAS and RealTrack

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!

See us at:

www.cfrealty.ca

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 \$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
ldgianfelice@cfrealty.ca

We have a collection of seasoned Agents that can serve your needs. Whether you are buying or selling, let us show you how we can help. On staff we have appraisers, accountants, mortgage brokers and planners. **This is a total one stop real estate company that can assist you through the entire process.**

Mitchell Chang

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