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Apartment Digest

Hamilton Market is RED HOT

Hamilton, which has long been known for the smoke billowing from its steel mills, is gaining recognition as one of the hottest housing markets in the country.

Its economy appears to be picking up, its population is growing, and its homes remain affordable even though price growth has been significant. Adding to the momentum is anticipation of increased commuter train service to Toronto once a new station is completed in Hamilton.

"Along with Calgary, Hamilton's housing market is currently the tightest among the major markets as measured by the sales-to-listings ratio," Toronto-Dominion Bank economist Diana Petramala wrote in a recent research note.

She added that the city has been an up-and-coming market since 2009, and the fastest growing in Ontario. Existing home sales have been rising faster than those in Toronto. Prices have risen by about 8 per cent a year since 2010, bringing the price-to-income ratio to "a lofty" 4.8 per cent, which is the fourth highest in Canada after Vancouver, Toronto and Montreal, Ms. Petramala said.

The price of a standard two-storey house in Hamilton rose 5.4 per cent in the second quarter from a year earlier, according to Royal LePage.

Local Re/Max realtor Conrad Zurini notes that Hamilton has a wide variety of neighbourhoods and prices, from the $165,000 simple detached homes in the east end to million-dollar-plus houses in Ancaster.

About one in four buyers are people who were living in the Greater Toronto Area, he says. And part of the appeal is that you can generally get more home for your buck.

A growing number of Toronto residents are choosing condos over houses as the price of houses climbs, but in Hamilton people are still by and large looking for detached homes, Mr. Zurini says. "In Ancaster, the entry level for that is probably somewhere around $325,000 to $350,000, and in the east end it's $160,000 to $170,000," he says. "That's where we're seeing multiple offers, that's where we're seeing a lot of activity. People are just looking at being in a mature neighbourhood with a detached home."

"We're seeing people from the Toronto area say 'I'm going to bank a couple hundred thousand dollars and purchase something in Hamilton,' " he adds.

Ms. Petramala notes that the average price of a home is about $400,000 in Hamilton, versus $550,000 in Toronto, and the price advantage has grown over the years.

"The price differential will remain a draw for residents priced out of more expensive markets within the GTA, thus helping to keep a floor under demand," she wrote. "Even as home sales head moderately lower over the remainder of the 2014-15 forecast horizon, Hamilton is expected to be among the minority of major markets recording modest growth in both construction activity and home prices."

It remains to be seen whether Hamilton will evolve into more of a bedroom community for Toronto.

"GO Transit has provided rush-hour train service to and from Hamilton since 1967," said Metrolinx spokesperson Anne Marie Aikins. "We also provide bus service to Hamilton. But two-way all-day is something the community really is anxiously awaiting."

Source: Globe & Mail
Tera Perkins Jul. 11/14

Economic Indicators:

Real GDP Growth	Q4 2013	+2.9%
Toronto Employment Growth	Mar 2014	+2.1%
Toronto Unemployment Rate	Mar 2014	8.0%
Inflation	Mar 2014	1.5%
Bank of Canada Overnight Rate	Apr 2014	1.0%
Prime Rate	Apr 2014	3.0%
5 Year Mortgage Rate Fixed	Apr 2014	4.99%

Inflation JUMPS 2% in Canada

Canadians will experience a higher cost of living this year as the inflation rate increased to a two-year high of two percent, according to a report released last Friday by Statistics Canada. The federal agency reported the Consumer Price Index (CPI) increased 1.5 percent from the previous month.

Annual energy prices were the biggest factor to the substantial rise. Energy costs in the Great White North increased 8.4 percent in the past 12 months: gasoline prices soared 6.6 percent in the past year, natural gas prices skyrocketed 26 percent and electricity prices rose 4.6 percent.

The core rate, meanwhile, which excludes eight volatile products like energy, mortgage interest cost, transportation and vegetables, increased only 1.4 percent after a previous boost of 1.3 percent. Bank of Montreal economist Doug Porter stated that food, auto and clothing prices "are running close to average."

Bloomberg News survey forecasts had been correct in projecting the increases.

Consumer prices rose in six provinces last month: Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Ontario and British Columbia. Consumer prices remained the same or decreased in Prince Edward Island, Manitoba, Saskatchewan and Alberta.

When compared to other countries, Canada's inflation rate is similar to the United States, a little bit higher than Great Britain and slightly greater than the eurozone. It was definitely less than Australia's 2.8 percent.

Bank of Canada Governor Stephen Poloz said that the inflation rate hit the central bank's target for the first time in two years, though he noted in a statement that he would dismiss higher energy costs because of the economic slowdown.

In addition, Poloz, who succeeded Mark Carney last year, noted that he will intend to focus more on "spare economic capacity" in order to maintain the core inflation rate below two percent until the first quarter of 2016. The central bank will announce its policy interest rate Jun. 4, which has stayed at one percent for four years now, the longest time since the post-World War II era.

"Ideally, the return of core and headline inflation to the 2 per cent target should be the fruit of a more robust economy closer to full potential," Sebastien Lavoie, assistant chief economist at Laurentian Bank Securities in Montreal, wrote in a research note prior to the publication of Friday's report. "However, Canada's economy seems far from that reality. Policy rate hikes are, consequently, far from reality as well."

In the U.S., it is expected that the interest rate will remain at near zero until later next year. In a recent policy meeting, the Federal Reserve indicated that it is transitioning from focusing on tapering its quantitative easing program to attempting to raise interest rates as both the economy and inflation rates accelerate.

"Because the Federal Reserve has not previously tightened the stance of policy while holding a large balance sheet, most participants judged that the committee should consider a range of options and be prepared to adjust the mix of its policy tools as warranted," the minutes of the Federal Open Market Committee (FOMC) Apr. 29 and 30 meeting.

Consumer prices in the U.S. were up 1.1 percent in the month of March, while prices omitting the volatile categories jumped 1.2 percent.

Source: FP Hub Andrew Moran

Apartment Rental Increase 2015 is 1.6%

The Ontario government is capping residential rent increases at 1.6 per cent for the one-year period between Jan. 1 and Dec. 31, 2015. The new guideline applies to approximately 85 per cent of the province's privately owned units.

"While this is higher than the 0.8% rent increase limit set for 2014, it will present a challenge for landlords who face higher cost increases such as water, insurance, energy/heating and maintenance/repairs," says Mike Chopowick, vice president of government and industry relations for the Federation of Rental-housing providers of Ontario (FRPO).

The cap, also known as the rent increase guideline, refers to the highest amount landlords can raise their tenants' rent without first consulting the Landlord and Tenant board.

"The low rent guideline clearly does not reflect the rising costs of managing an apartment building, and makes it difficult for landlords to invest in Ontario's aging rental housing stock," adds Chopowick. "FRPO is strongly recommending the government phase-out rent controls on housing."

Chopowick says Ontario should embrace British Columbia's system, where rent guidelines take into account the CPI index plus an additional two per cent increase for capital repairs.

"Ontario's rent guideline is also capped at a maximum 2.5 per cent, and this cap should be eliminated immediately," he says.

Source: REMI Network

Lenders Stalling Investor Plans

In the face of increasing wait times for lending approval and fearful of missing out on big deals, more investors are switching to the commercial side

As lenders sit on finance applications for longer, frustrated landlords are taking more proactive steps to avoid missing out on opportunities.

"Many investors have been finding that the approval process is slower and so it's a case of having to do something now," says Richard Danby, investor and owner of Rich Ottawa Investments.

"Many are moving to the commercial lending side as it can often be easier to get finance. Obviously, every case is different but that is what we are seeing on the ground."

Michael Dominguez, investor and Realtor from Durham, says sourcing finance for joint-venture deals is proving troublesome for many landlords, with lenders looking for an increasing amount of information and figures.

"Investors have to really work on the deal structure to ensure they get that finance," he says.

"And even the shortest of delays can lose a deal, especially when you are buying properties like multi-family buildings."

Many investors have complained that the approval process has worsened during the summer months.

"Such delays can really create a stressful situation for all members of your investment team," says Danby, adding that lenders seem to be exercising more caution when considering residential investments.

Source: Canadian Real Estate Wealth

Recent Sales - GTA

Address	Units	Price	Price Per Unit	Purchaser
295 Dufferin Street Toronto	201 Condo	$44,000,000	$218,900	Starlight
1475 Bloor Street Mississauga	55	$10,900,000	$198,180	Daniel Gryfe
230 Oak Street Toronto	327	$38,000,000	$116,210	Akelius
3121 Eglinton Ave E Scarborough	80	$7,100,000	$88,750	E. Bisceglia
211 Reedaire Court Whitby	77	$10,100,000	$131,170	Crestview

Source: CFAS and RealTrack

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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.

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