

# APARTMENT DIGEST

## Toronto Apartment Condo Trends

TORONTO, July 17, 2015 – Toronto Real Estate Board President Mark McLean announced that there were 7,656 condominium apartment transactions reported through TREB's MLS® system in the second quarter of 2015, representing a year-over-year growth rate of 17 per cent relative to Q2 2014.

Sales growth greatly outpaced growth in listings, with new listings up by a lesser rate of 7.3 per cent year-over-year and active listings at the end of the second quarter down by 1.3 per cent.

“Much of the new condominium apartment inventory that has been brought to bear on the market in the recent past has been absorbed. In

fact, market conditions have tightened with months of inventory trending lower. This suggests that recent condominium apartment completions, while strong from a historic perspective, simply helped satisfy a growing demand for this housing type. Absorption rates and price growth statistics point to a healthy market,” said Mr. McLean.

The average selling price for condominium apartments in the TREB market area as a whole grew by 5.8 per cent year-over-year to \$388,066.

In the City of Toronto, which accounted for 70 per cent of sales in the GTA, the average selling price of \$416,728 represented a 6.1 per cent increase compared to Q2 2014.

“Condominium apartment prices have been appreciating at a moderate pace, on average, over the past year, especially when compared to low-rise home types like detached and semi-detached houses and townhouses. However, it is possible that we could see an acceleration in condo price growth in the second half of this year, as growth in sales remains strong relative to growth in listings,” said Jason Mercer, TREB's Director of Market Analysis.

Source: TREB

### Economic Indicators:

**Real GDP Growth**  
Q1 2015 -0.6%

**Toronto Employment Growth**  
Jun 2015 2.4%

**Toronto Unemployment Rate**  
Jun 2015 6.9%

**Inflation**  
Jun 2015 1.0%

**Bank of Canada Overnight Rate**  
Jul 2015 0.5%

**Prime Rate**  
Jul 2015 2.7%

**5 Year Mortgage Rate Fixed**  
Jul 2015 4.6%

### Condominium Apartment Market Summary<sup>1,6</sup> Second Quarter 2015

	2015		2014	
	Sales	Average Price	Sales	Average Price
Total TREB	7,656	\$388,066	6,541	\$366,939
Halton Region	235	\$360,981	192	\$345,822
Peel Region	1,041	\$277,706	949	\$271,052
City of Toronto	5,365	\$416,728	4,629	\$392,598
York Region	837	\$375,267	620	\$359,734
Durham Region	167	\$266,412	137	\$240,449

## Toronto CONDOS Lead Another Record Sales 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

## Reinvesting in Aging Toronto Rental Towers

High-rise apartment buildings are permanent fixtures in Toronto's rapidly changing landscape. But, from the inner-suburbs to the outer perimeter of the city's ever-expanding sprawl, these mostly brown concrete blocks, born out of post-war expansion, are hardly seen as architectural jewels.

In the 1950s through 70s, advertisements lured starry-eyed tenants with images of chic couples and young professionals enjoying the types of extravagant amenities once reserved for the rich and famous. Known as "Towers on the Park," they promised a better life—a quiet suburban existence in elegant rental suites overlooking resort-like grounds, just a five-minute drive to anywhere.

Skip ahead thirty or forty years and the reality is much starker. In the shadows of Toronto's shiny new condominium towers, the old apartments look lacklustre at best. Words like "luxury" have long since dropped from the vacancy ads. Restrictive zoning prohibits commercial developments on the properties, effectively isolating tenants from the shops, restaurants and essential services that define most energetic neighbourhoods.

"One of the big issues with these towers is that they were never intended for the demographics we are seeing in them today," says Graeme Stewart, a registered architect and associate with

ERA Architects, and a key initiator of the Tower Renewal Project. "They have become landing pads for newcomers to Toronto. On the one hand, this has helped immigrants by creating a ready-stock of affordable housing. On the other hand, it's created barriers. Convenience wasn't part of the original plan, and nor were large families. The buildings were intended for young couples and professionals seeking a suburban lifestyle; for people who owned cars."

Stewart points out that unlike most cities in North America, Toronto's apartment buildings are not concentrated in one central downtown neighbourhood. "If you include Hamilton and Oshawa, we have about 2,000 aging high-rise apartment buildings spread across the region, in places only accessible by bus (not subway). This is a huge amount of housing stock and one that we can't afford to lose. About one million people live in these towers."

Of course, the lack of transit is just one obstacle facing tenants and management—sub-par living conditions, inefficient building systems, high unemployment rates and security issues are also taking a toll on some of the communities.

But, as Stewart points out, changes are happening. In the past five years, he's seen several property owners reinvest in their older buildings through energy-efficient upgrades, improvements to units, and the addition of community-enhancing amenities.

"Some are making the upgrades and we're seeing the results. But most, particularly those in the outer reaches of the city, are at that stage where they need reinvestment," he says. "The good news is, there is huge opportunity to re-imagine these vertical communities and how to best use the open space around them to meet future needs and growth."

The pilot project for Tower Renewal came about in 2008, initiated by former mayor David Miller. It began as a program to encourage apartment owners to retrofit their aging towers for improved energy efficiency. According to the City's website, Tower Renewal is a program to drive broad environmental, social, economic, and cultural change by improving Toronto's concrete apartment towers and the neighbourhoods that surround them.

Building owners interested in taking improvement steps are shown how to incrementally build capacity to undertake more substantial projects, which will lead to energy efficiency, utility savings and improved living conditions for tenants.

*Source: Erin Ruddy  
REMI*

## Recent Sales

Address/City	Suites	Price MM	Price Per Suite	Cap Rate
730 St. Clarens Avenue Toronto	276	\$24MM	\$86,960	NA
111 Lawton Boulevard Toronto	152	\$46MM	\$302,635	NA
823 Wilson Avenue North York	44	\$6.186MM	\$140,600	4.25%
74 Curlew Drive North York	112	\$14MM	\$125,000	4.0%
472 Brock Avenue Burlington	116	\$39.85MM	\$343,535	4.0%
110 Oriole Parkway Toronto	33	\$8.0MM	\$242,425	4.25%

Source: CFAS & RealTrack

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