Commercial Focus Realty Inc., Brokerage
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Merry Christmas

APARTMENT DIGEST

2013 Rental Market Report – GTA

Most indicators in the primary rental market in Toronto showed little change in 2013. The average ***vacancy rate for purpose-built private apartments in the Greater Toronto Area (GTA) at 1.7% was unchanged from October 2012.*** The situation in the Toronto Census Metropolitan Area (CMA) was the same, since the easing in the vacancy rate to 1.6% was not statistically significant. The availability rate, which measures units that are vacant or occupied but for which notice has been given, moved up slightly from 3.1% in October 2012 to 3.2% October 2013.

The ***average increase in rents from a fixed sample of units was 3.1%,*** slightly more than the increase in 2012. Both demand and supply factors contributed the stable to market conditions in 2013.

Total demand for rental accommodation was up strongly in the GTA 2013. The relatively large number of people in the younger age groups, which typically rent, benefited from strengthened employment opportunities. The positive impact on rental demand from the stronger employment offset any negative impact from slightly less immigration.

At the same time, outflows from rental, which reduce demand, slowed. Fewer renters moved into ownership and the most rapidly growing age groups were those least likely to change tenure.

The proportion of sales of homes in the lower price ranges declined through most of 2013. These homes are generally purchased by first-time buyers, and their declines signal fewer of first-time buyers bought in 2013. First-time buyers are also more likely to buy condominium apartments because they are among the most accessible homes in Toronto. Sales of new condominium apartments were down throughout 2013.

Most youth aged between 15 and 24 years live with their parents, but among the minority which moves out, 77% become renters. In the 12 months before the GTA, the average level of employment for this group increased 10.3%, and returned to levels reached before the 2008/9 economic downturn. This positive employment experience likely gave more youth the confidence to live independently.

Most of the secondary rental was quite stable, with growth in both demand and supply concentrated in the condominium apartment rental market.

The secondary rental market includes all types of rented accommodation other than privately-initiated purpose-built rental apartments and townhouses in structures with at least three rented units. Rented condominium apartments are the largest group within the secondary rental market, growing to an estimated amount of about 77,000 units this year.

The ***vacancy rate among condominium apartments available for rent rose to 1.8% in October 2013, the highest in more than ten years.*** Although demand in the GTA for rented condominium apartments, as measured by occupied units, was up by more than 20 per cent, supply increased slightly faster

The average rent for condominium rental apartments in the GTA was up 9.5% from 2012.

Source: CMHC

Economic Indicators:

Real GDP Growth
Q3 2013 +2.7%

Toronto Employment Growth
Oct 2013 +3.5%

Toronto Unemployment Rate
Oct 2013 8.0%

Inflation
Oct 2013 +0.7%

Bank of Canada Overnight Rate
Nov 2013 1.0%

Prime Rate
Nov 2013 3.0%

5 Year Mortgage Rate Fixed
Nov 2013 5.34%

OCTOBER 2013 BUILDING PERMITS – UP

Municipalities issued building permits worth $7.2 billion in October, up 7.4% from September. This followed a 4.1% rise in the previous month. The total value of permits showed a slight upward trend on the strength of eight monthly increases since the beginning of the year.

The increase in October resulted from higher construction intentions for both the residential and non-residential sectors, principally in Ontario.

Construction intentions in the residential sector posted their second straight monthly increase, rising 6.4% to $4.4 billion, the highest level since May 2013. Higher construction intentions were registered in six provinces, led by Ontario, Quebec and British Columbia. Alberta had the largest decline.

In the non-residential sector, the value of permits rose 9.0% to $2.8 billion, the sixth monthly increase since the beginning of the year.

Gains were posted in half the provinces, with Ontario and Saskatchewan responsible for most of the increases. Quebec registered the largest decline.

Construction intentions for multi-family dwellings rose 8.4% to $2.0 billion, a second consecutive monthly advance. This gain was the result of higher construction intentions for apartments and apartment-condominiums in four provinces, with Ontario and Quebec accounting for much of the growth. Alberta posted the largest decrease.

The value of building permits for single-family dwellings increased 4.7% to $2.4 billion in October. This was the second consecutive monthly increase.

Gains in five provinces, led by Ontario, British Columbia and Alberta, more than offset declines in the other five provinces. Quebec had the largest decline, followed by Newfoundland and Labrador and New Brunswick.

Canadian municipalities approved the construction of 18,823 new dwellings, up 6.9% from September. This increase was attributable to multi-family dwellings, which rose 12.2% to 12,465 units. Meanwhile, the number of single-family dwellings fell 2.1% to 6,358 units.

The total value of permits was up in four provinces in October, with Ontario leading the way, followed by Saskatchewan and Manitoba.

Ontario had the largest advance by far, with substantial gains in commercial and multi-family construction intentions.

In October, construction intentions were up in 19 of Canada's 34 census metropolitan areas.

The largest increases were in Toronto, followed by St. Catharines–Niagara and Ottawa. In Toronto, the advance was principally attributable to commercial buildings and multi-family dwellings.

The gain in St. Catharines–Niagara was the result of higher construction intentions for both non-residential and residential buildings. In Ottawa, the increase came from residential and commercial buildings.

Conversely, the largest declines in the total value of building permits occurred in Québec, followed by Edmonton and Oshawa. Lower construction intentions in all components, except institutional buildings, explained the decrease in Québec. In Edmonton, the decline originated from multi-family and single-family dwellings, as well as institutional buildings. In Oshawa, institutional buildings were mainly responsible for the decrease.

Source: Statistics Canada

Housing Market Watch GTA – Nov. '13

Greater Toronto Area REALTORS® reported 6,391 residential sales through the TorontoMLS system in November, representing a 13.9% increase over the sales result for November 2012. Over the same period, new listings on TorontoMLS were down by 4.4% and month-end active listings were down by 12.1%.

"Growth in sales was strong for most home types in the Greater Toronto Area. Sales growth was led by the single-detached market segment followed by condominium apartments. Together, singles and condos accounted for almost three-quarters of total GTA transactions," said Toronto Real Estate Board President Dianne Usher.

With National Housing Day having just passed, housing affordability is top of mind in the GTA and indeed nationally.

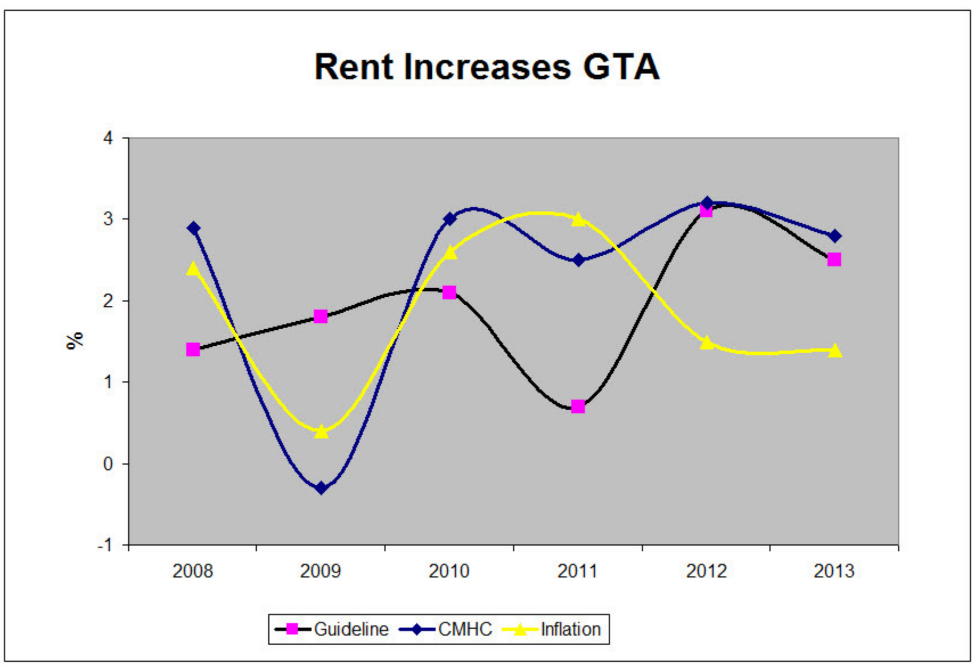
Despite strong price growth and an uptick in borrowing costs this year, monthly mortgage payments on the average priced home remain affordable for a household earning the average GTA income," continued Ms. Usher.

The average selling price for ***November 2013 TorontoMLS transactions was $538,881 – up by 11.3% in comparison to the average of $484,208 reported for November 2012.*** The MLS® Home Price Index (HPI) Composite Benchmark was up by 5.7%t over the same period.

"Whether we consider the average TorontoMLS selling price or the MLS® HPI Composite Benchmark, annual home price growth remained well-above the rate of inflation in November. This makes sense given the fact that competition between buyers increased last month.

Transactions were up strongly year-over-year while the number of homes available for sale was down," said Jason Mercer, TREB's Senior Manager of Market Analysis.

Source: TREB



Source: Ont. Gov't, CMHC, Statistics Canada

Recent Sales

Address	Units	Price	Price Per Unit	Cap Rate
321-349 Marine Drive (Oshawa)	158	$19,750,000	$125,000	5.2%
565 Kennedy Road (Scarborough)	9	$1,400,000	$155,550	4.5%
99 Church Street (St. Catharines)	63	$4,405,000	$83,100	NA
189 Vaughan Road (Toronto)	16	$2,000,000	$125,000	4.4%
81-83 Isabella Street (Toronto)	48	$8,750,000	$182,300	NA
95 Jameson Avenue (Toronto)	66	$8,000,000	$121,200	NA
24 Dixington Crescent (Etobicoke)	63	$8,250,000	$130,950	5.6%

Source: CFAS and RealTrack

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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.

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