The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of January 2018

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New Condominium Apartment Dashboard

Altus Group

January 2018			YTD December 2017	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
886	**8,253**	**$714,430**	**36,636**	**$619,423**
-47%	**-27%**	**41%**	**26%**	**31%**
Lowest January in 5 years	***2nd lowest January on record***	***Record high for January***	***Record high***	***Record high***

% change is from same period a year earlier

Highlights

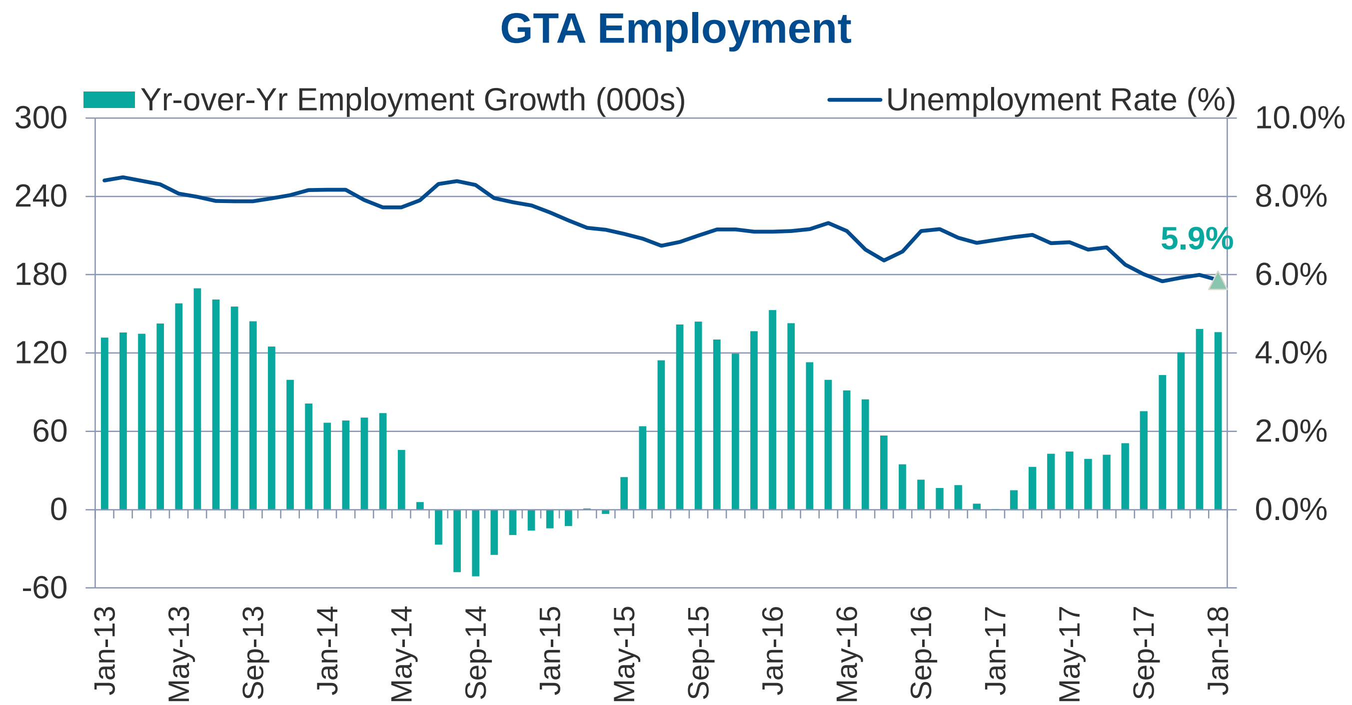
- **New condominium apartment sales in January were down by almost half from the record for January set a year ago**. To put January 2018 in perspective, however, the 886 sales were in line with the average for the previous 10 years.
- **Available inventory to purchase was up modestly from December but remains low** (the lowest January since January 2000).
- **Looking ahead, the market in 2018 may be challenged in surpassing 2017 sales** due to such factors as the narrowing of the price differential between new condominium apartments and resale single-family homes and additional hurdles for mortgage qualification introduced by B20 stress tests. However, the underlying need for additional housing for the growing population and still challenging availability and affordability of new single-family housing should keep condominium apartment sales for 2018 as a whole above the 10 year annual average.

GTA Condominium Apartment Key Performance Indicators

	Jan-17	Dec-17	Jan-18	Yr-Over-Yr % Change	YTD December 2016	YTD December 2017	Yr-Over-Yr % Change
New Condominium Apartments (Altus Group data)*					\		
Total active sites	344	281	280	*-19%*	405	285	*-30%*
New projects opened	7	1	5	*-29%*	107	121	*13%*
Units in new projects opened	1,738	170	1,080	*-38%*	19,558	32,995	*69%*
Total sales (units)	1,658	901	886	*-47%*	29,132	36,429	*25%*
Sales as % of total new & resale	*50%*	*37%*	*41%*		*49%*	*57%*	
Inventory (units)	11,269	7,964	8,253	*-27%*	15,740	8,927	*-43%*
Sales-to-inventory ratio	15%	11%	11%	*-27%*	16%	34%	*112%*
Months of inventory	4.6	2.6	2.8	*-39%*	7.7	3.0	*-60%*
Benchmark price	$507,511	$716,772	$714,430	*41%*	$472,895	$619,423	*31%*
Price PSF Benchmark	$625	$805	$802	*28%*	$590	$734	*24%*
Unit size Benchmark (sq. ft)	812	890	891	*10%*	801	841	*5%*
Units completed	2,242	579	362	*-84%*	18,733	14,866	*-21%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	1,636	1,562	1,275	*-22%*	29,841	26,988	*-10%*
New listings (units)	2,418	1,579	2,239	*-7%*	43,089	40,732	*-5%*
Inventory ("active listings", units)	1,946	2,627	2,591	*33%*	4,323	3,110	*-28%*
Sales-to-inventory ratio	84%	59%	49%	*-41%*	61%	80%	*31%*
Months of inventory	0.8	1.2	1.2	*51%*	1.9	1.3	*-33%*
Average price of units sold	$442,598	$503,968	$507,492	*15%*	$415,979	$512,318	*23%*
HPI constant quality price index (Jan 2005=100)	196.1	234.4	235.2	*20%*	180.1	224.5	*25%*

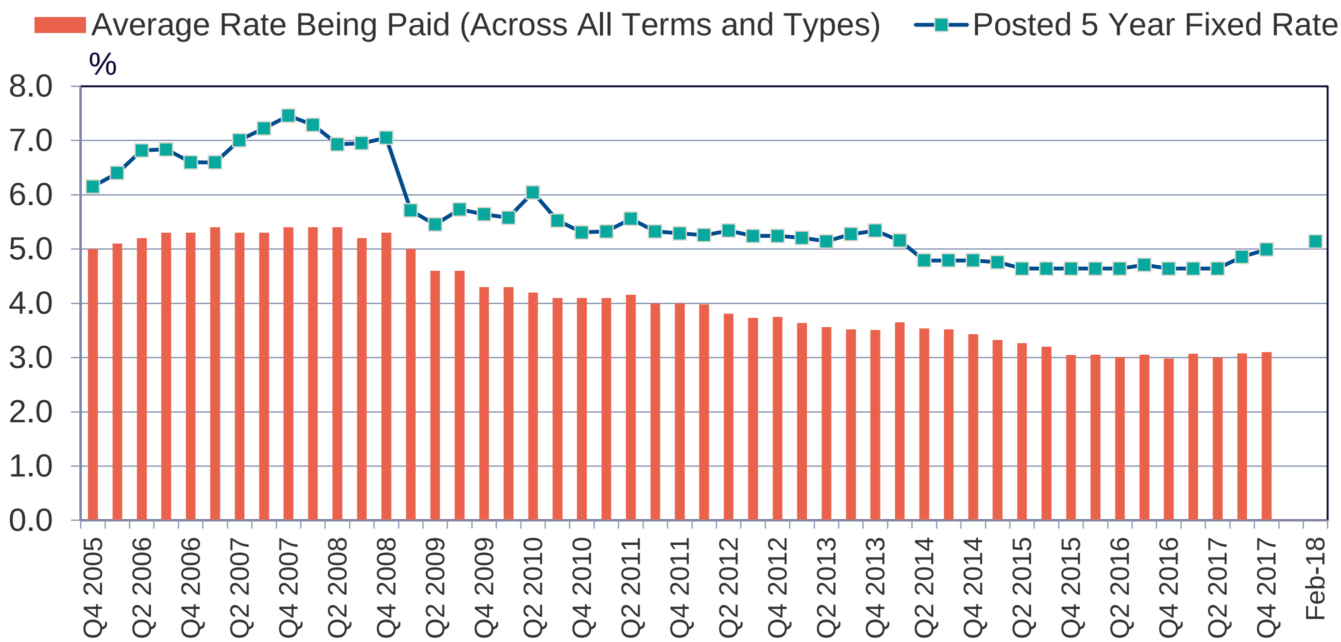
** see end of report for Definitions*

- Year-over-year employment growth in the GTA has remained elevated, with **over 136,000 jobs added for the 12 months ending January**. The unemployment rate nudged back below 6%.
- The average effective mortgage rate being paid by current mortgage holders in Canada has remained relatively flat, according to Altus Group FIRM Survey data (*chart next page*). However, posted mortgage rates have moved up, which means **those setting up new mortgages, or renewing, are facing higher rates than a year ago**. With slower economic growth recorded in the 4th quarter of 2017, and uncertainty surrounding NAFTA negotiations and recently announced tariffs on steel and aluminum, **the Bank of Canada is unlikely to raise its target for the overnight rate at the next rate announcement on March 7.**
- **GTA households still want to buy homes**, with overall homebuying intentions up slightly from last year (*chart next page*). However, the mix is different this year, with intentions down sharply among renters (the key first-time buyer pool), but up among current owners. Some potential repeat buyers may have been holding off buying in the 2nd half of 2017 and early 2018 pending more clarity on where housing prices might settle.



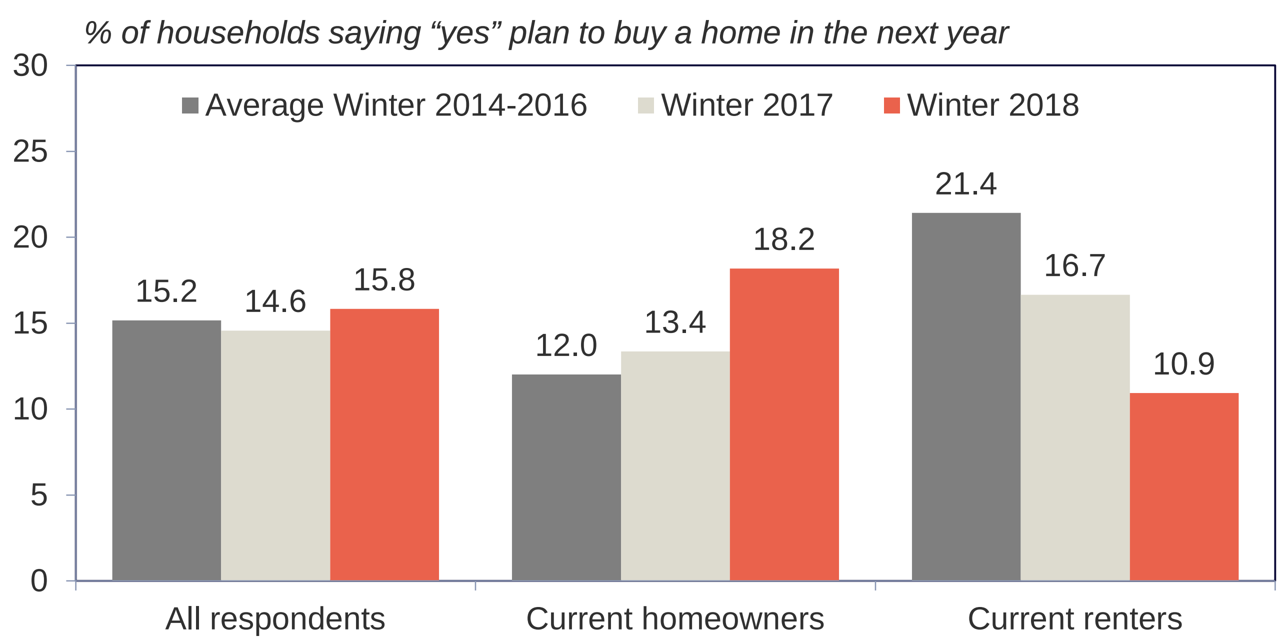
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



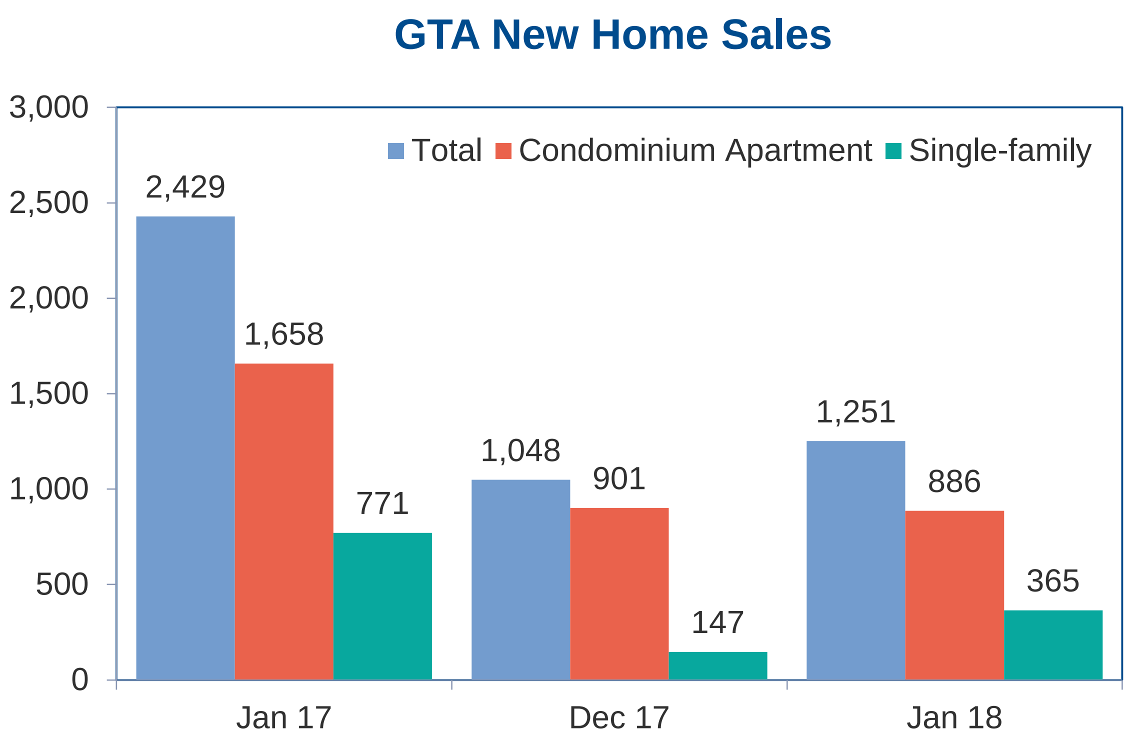
Source: Altus Group and Bank of Canada data

GTA Homebuying Intentions



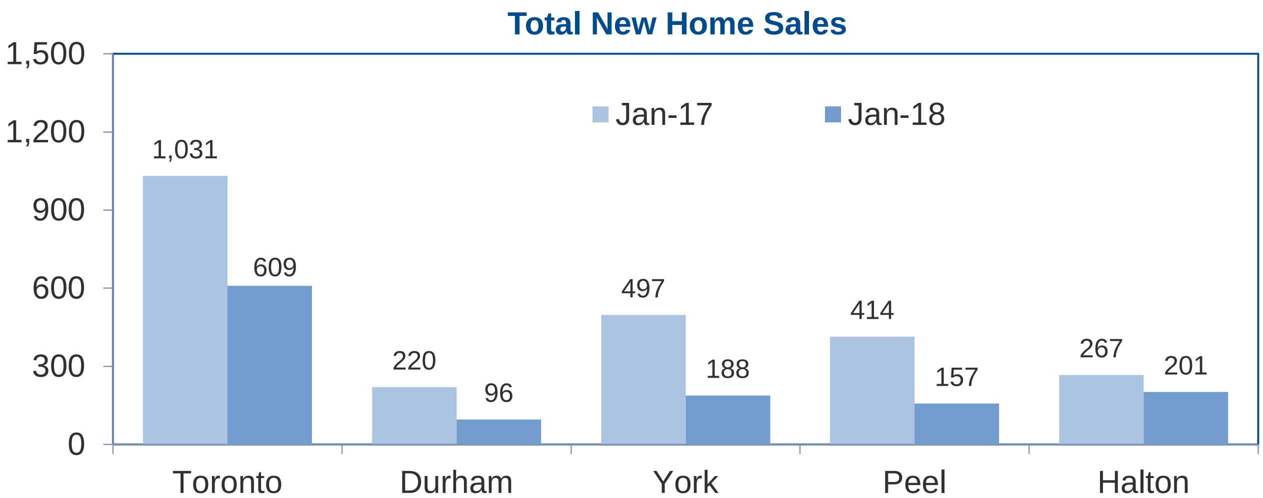
Source: Altus Group

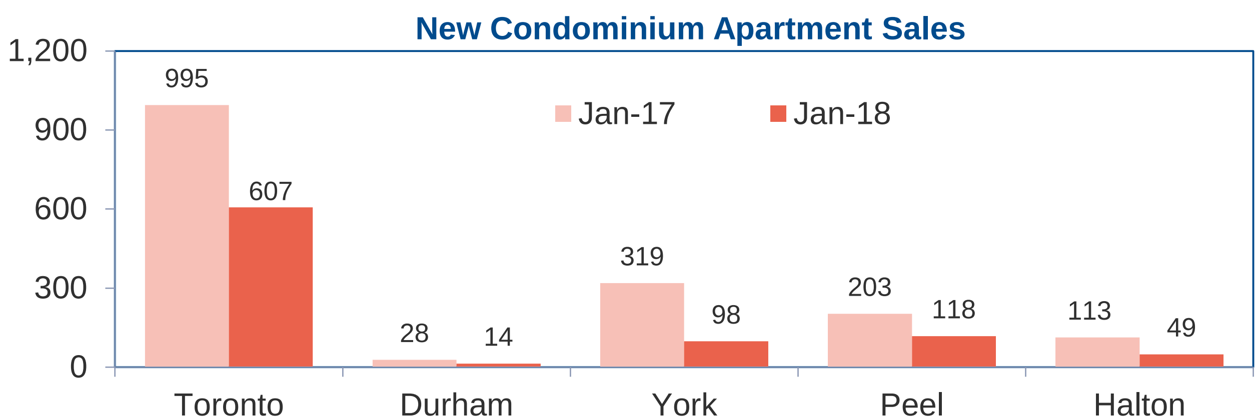
- Total sales of new homes in the GTA in January were down by about half from January 2017, but up from December 2017 (the normal seasonal pattern). While January is typically a slower month for sales (after December), **total sales were well below the previous 10 year average of just under 1,900**.
- **Both single-family and condominium apartment new home sales were down in January from a year earlier**. Single-family sales were the lowest January yet recorded by Altus Group. While condominium apartment sales were down by about half from last year, the drop needs to be put into context: last January was the strongest January ever, and this January is in line with the previous 10 year average.
- **New home sales were down across the GTA regions in January compared to a year ago** (*charts next page*). In general, the declines were for both single-family and apartments sales - the lone exception was Halton, where single-family sales matched January 2017.

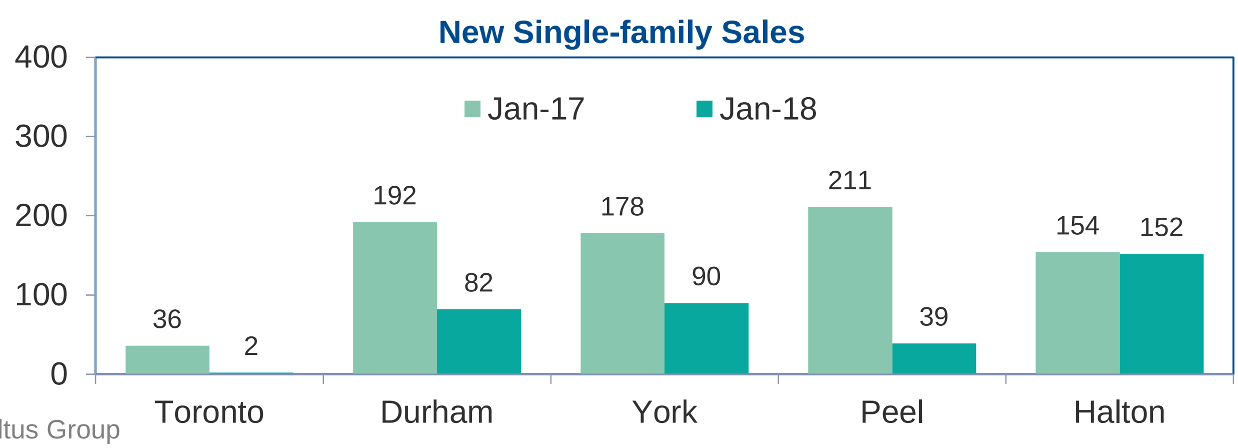


Source: Altus Group

GTA New Home Sales by Region

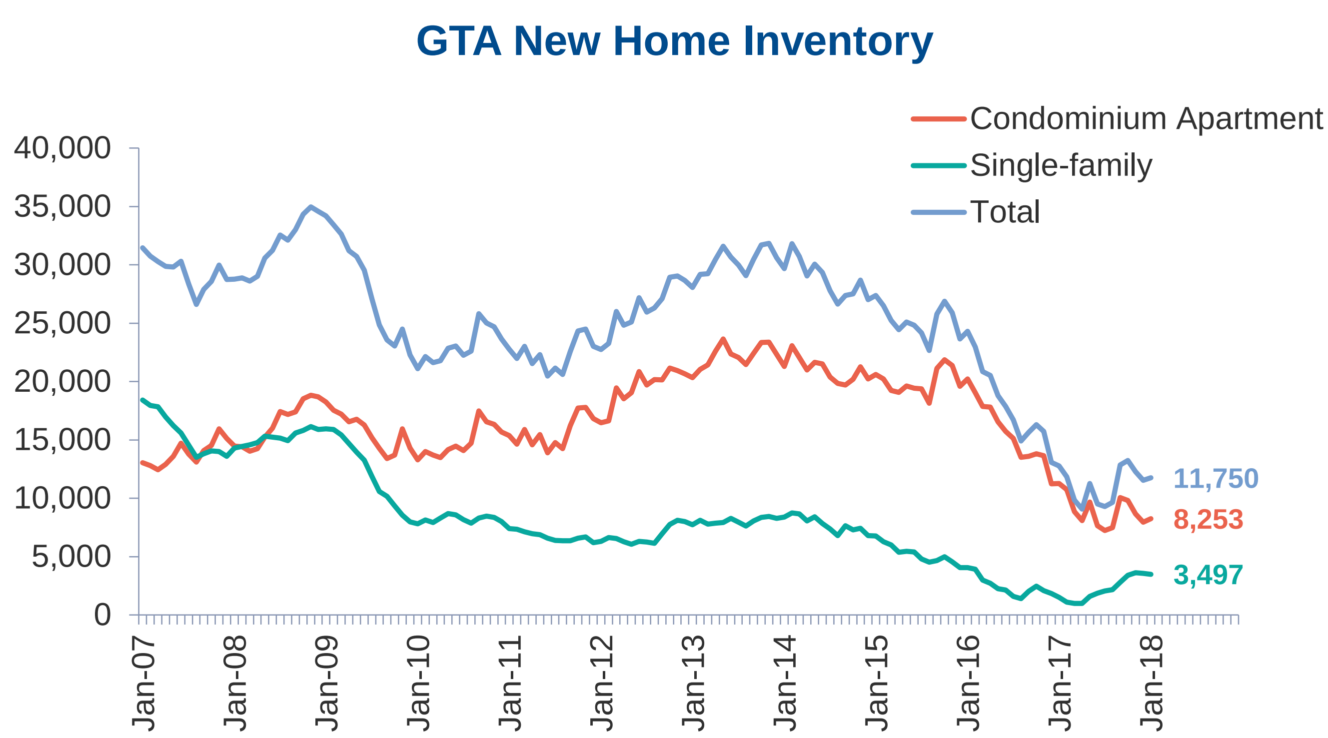






Source: Altus Group

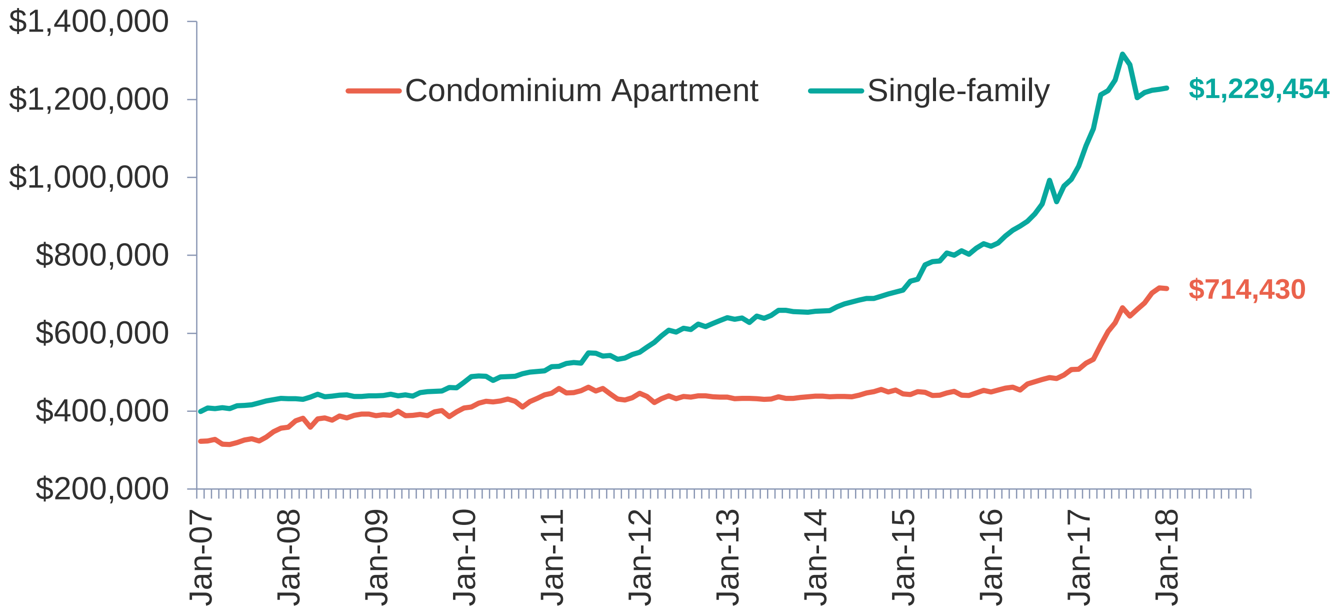
- **Total new home inventory available to purchase was relatively stable in January**. While sales in January were down from last year, there were also fewer new openings (1 single-family and 5 condominium apartment projects).
- **New single-family inventory edged down for the 2nd month in a row – and remains low in historical terms.**
- **New condominium apartment inventory nudged up slightly in January** but is still the lowest level since January 2000. Based on sales in the past 12 months, the inventory represents less than 3 months of sales (compared to the average of 11 months for the previous 10 years).



Source: Altus Group

- **The Benchmark price for a new single-family home increased for the 4th straight month in January**, although the increase was marginal. While year-over-year-price increases have now moderated (*chart bottom of next page*), the single-family Benchmark price in January was still 20% ahead of a year earlier.
- **The increases in the Benchmark price for a new condominium apartment came to a halt in January.** The January average asking price was 41% ahead of January 2017, and is consistent with the declines in inventory that have occurred in the past year (*chart top of next page*).
- The dollar gap in average asking price for a new condominium apartment and a new single-family home continues to make condo apartments an attractive option.

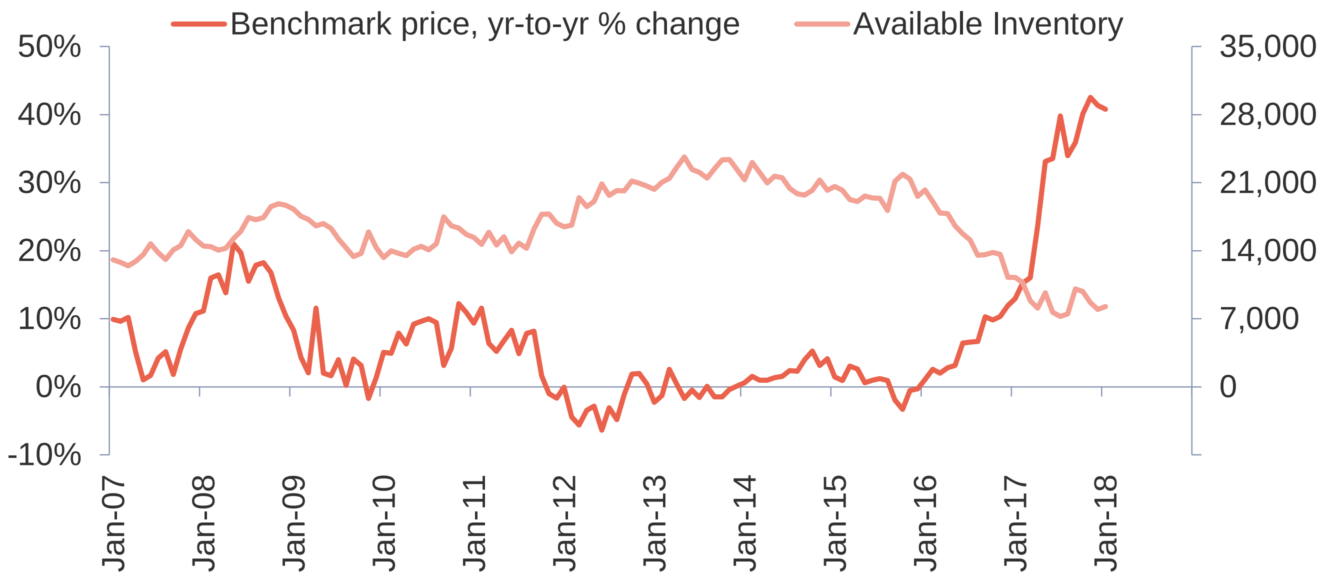
GTA New Home Benchmark Prices*



** Average asking price of available new home inventory at end of period with outliers removed*

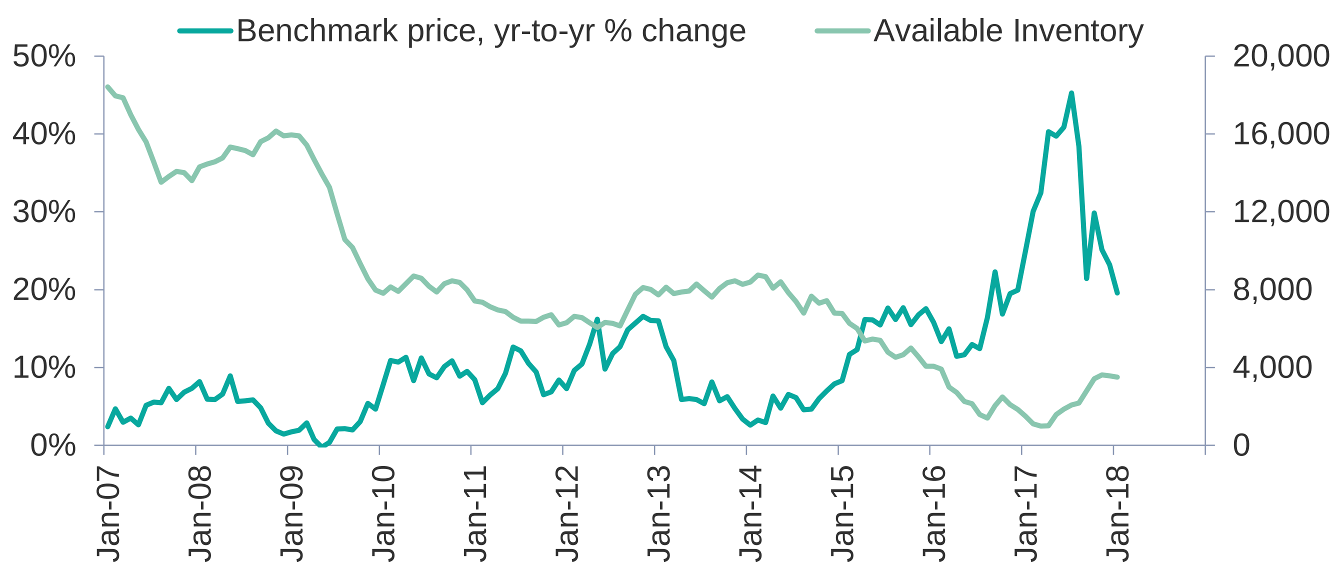
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

GTA New Single-Family Home Benchmark Price Changes and Available Inventory

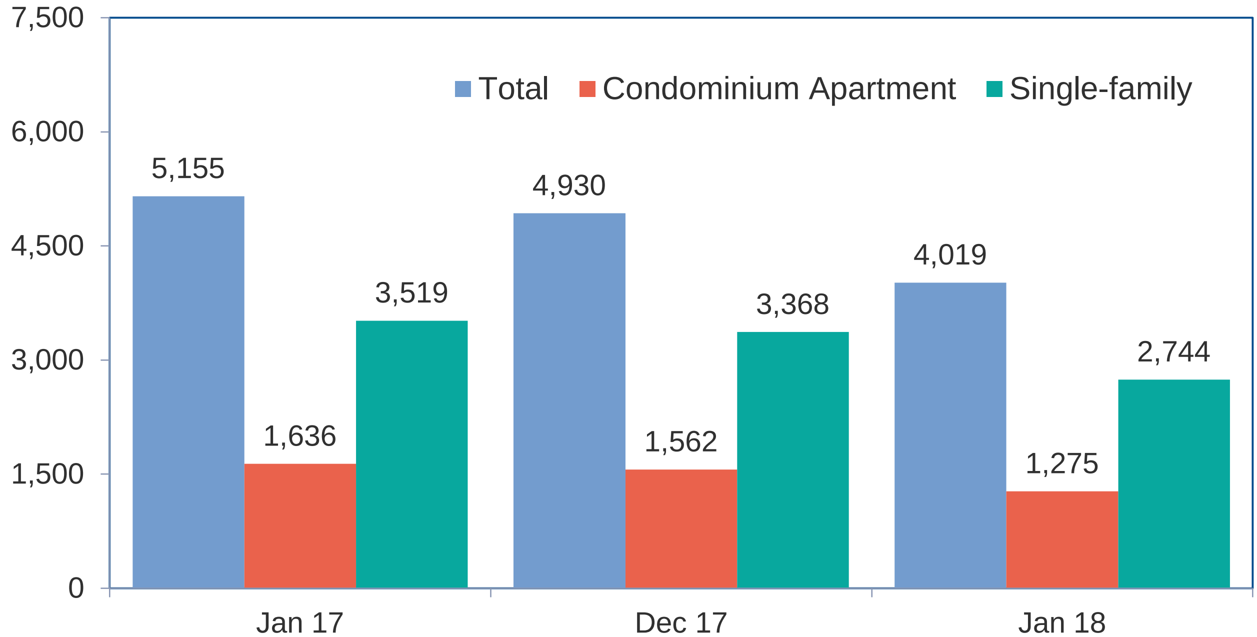


Source: Altus Group

Resale Home Market - Sales

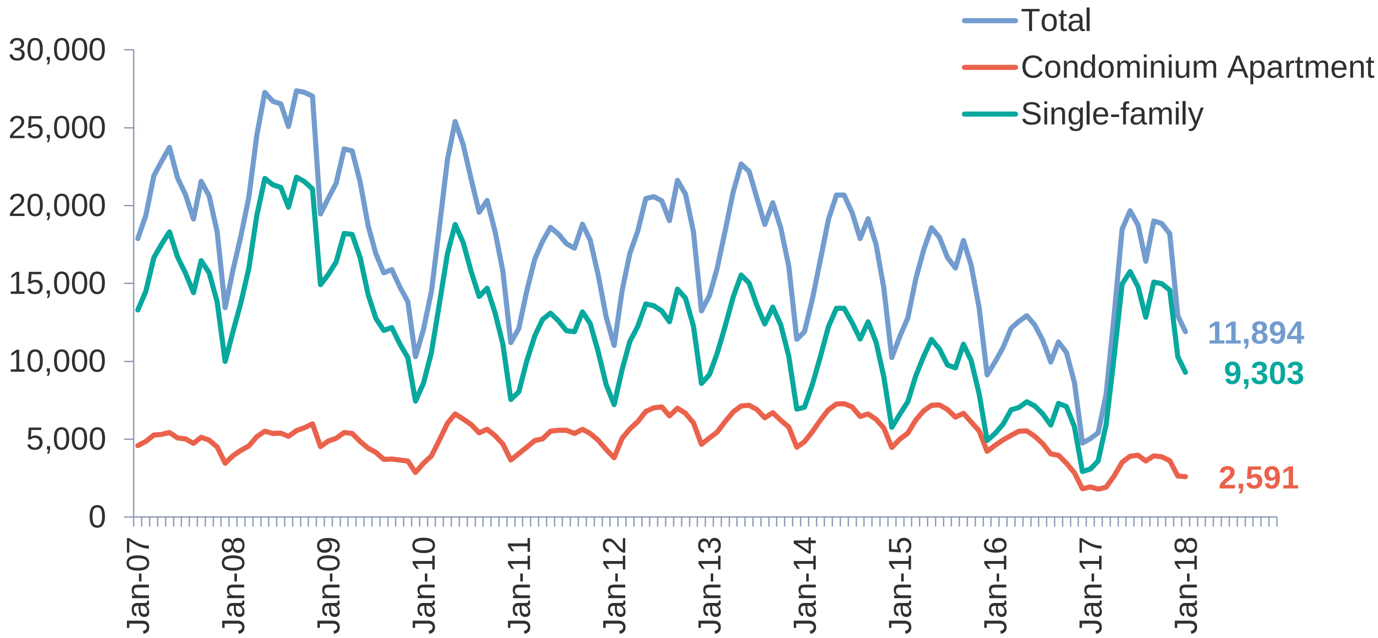
- **Total sales in the resale market** (as reported by the Toronto Real Estate Board) **were down in January both compared to January 2017 and December 2017**. Typically, January sales are near December levels – the month-to-month decline in January is likely at least in part due to moved up activity from January to December in order to avoid the additional B20 stress testing criteria.
- Both single-family and condominium apartment resales were down from a year earlier.
- The average sales price for a resale single-family home in January was 8% below a year earlier, as excess inventory continues to play a role (*charts next page*). **The situation however is different for resale condominium apartments**, **where inventory is still relatively low** (representing just over 1 month, at the pace of sales over the past year) **and prices in January were 15% ahead of a year earlier**.

GTA Resale Home Sales



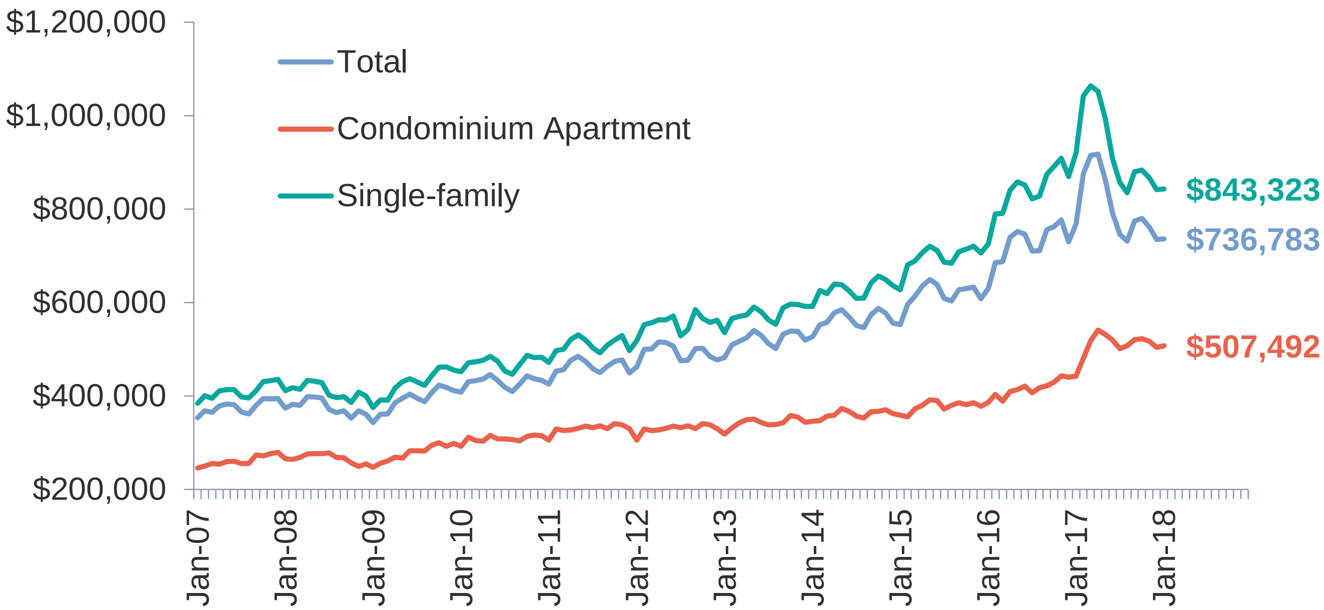
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory (“Active Listings”)



Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Prices

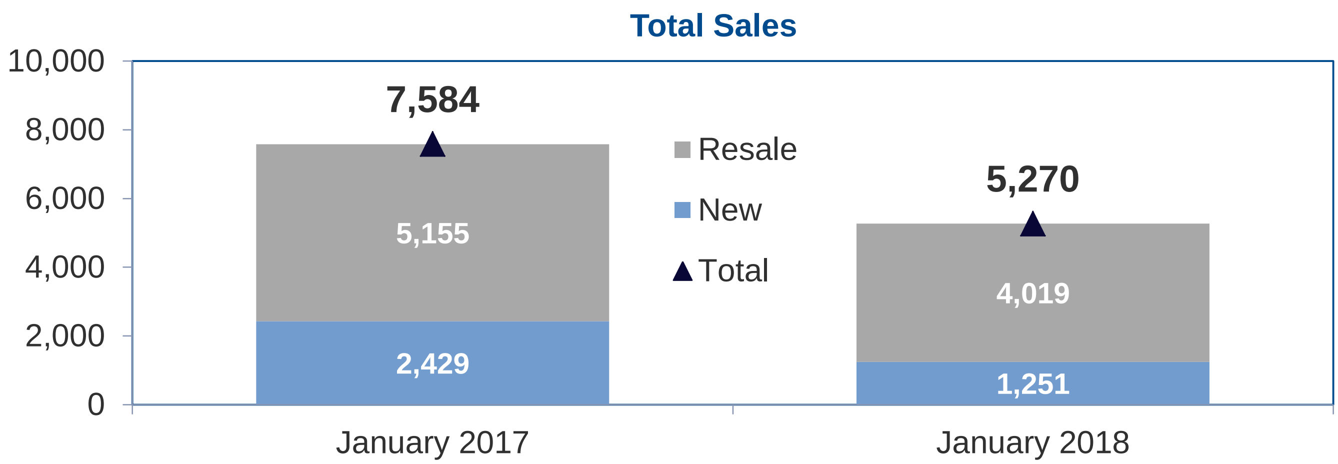


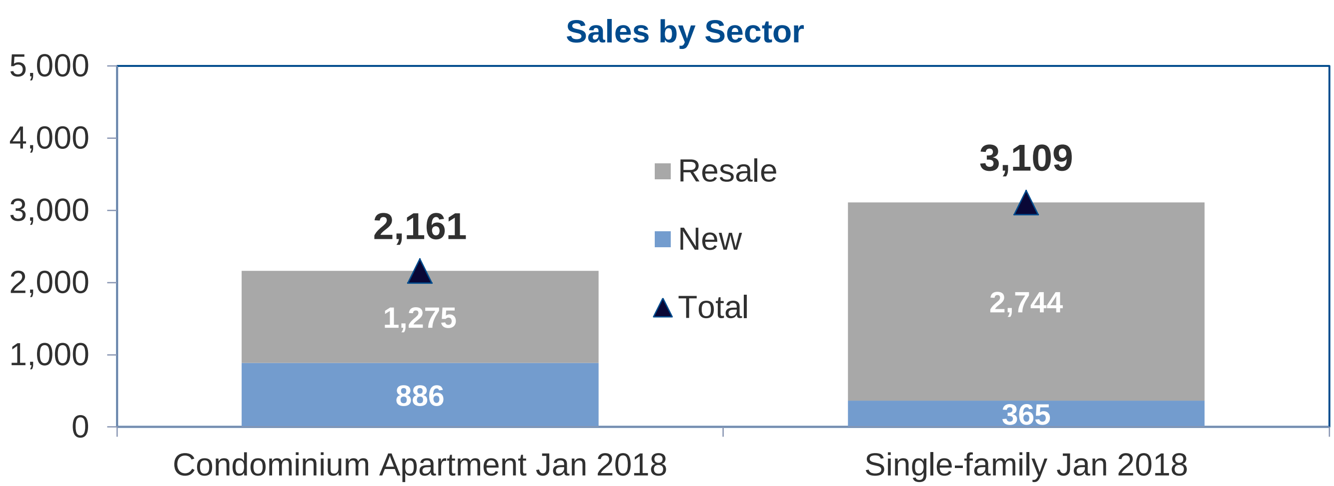
Source: Altus Group based on Toronto Real Estate Board data

Overall Home Market - Sales

- **Combined resale and new home sales** as measured by TREB and Altus Group totaled just under 5,300 units in January 2018, **down just under one-third** from January 2017. Both the new and resale sectors contributed to the decline.
- About 1 in 4 home sales in January 2018 were new homes – compared to 1 in 3 a year earlier. The ratios however are quite different for single-family homes, with new accounting for over 1 in 10 sales, and condominium apartments, where about 4 in 10 sales in January were new condos.

GTA Combined New & Resale Home Sales

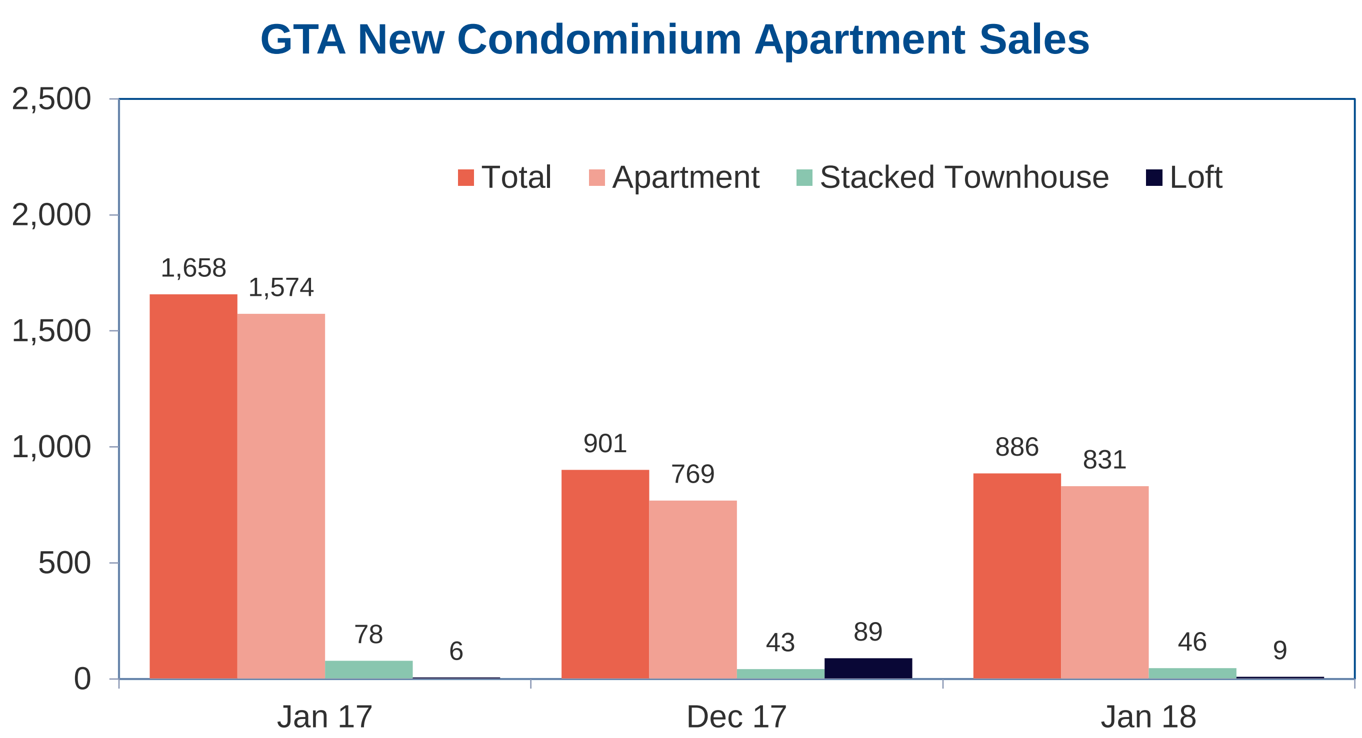




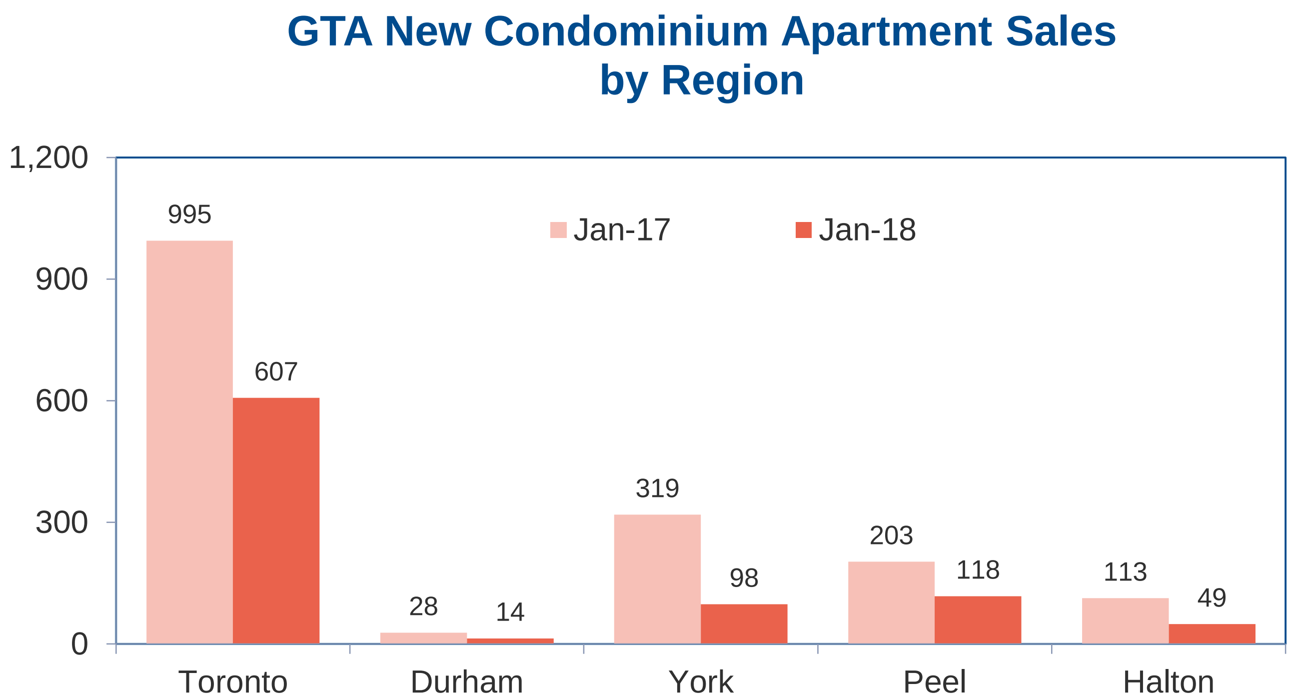
Source: Altus Group and Toronto Real Estate Board data

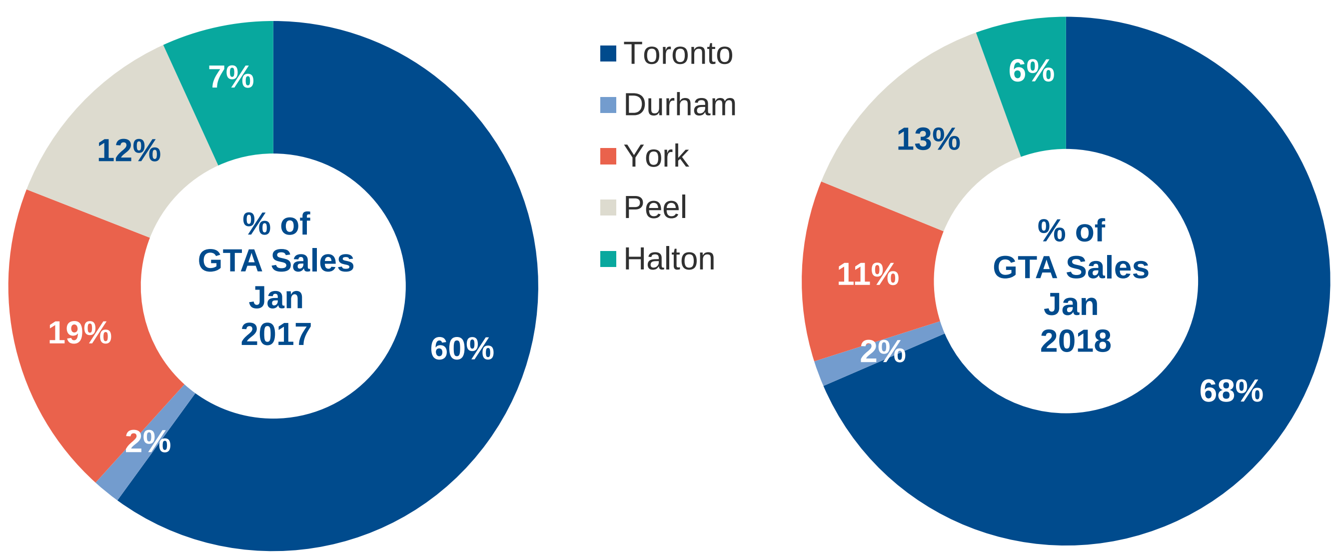
New Condominium Apartments - Sales

- **New condominium apartment sales in January were down by about half from last year**, The drop needs to be put into context: last January was the strongest January ever, and this January is in line with the previous 10 year average. As shown later in this report, there were 5 new projects opened during the month, although they were all opened in the 2nd half of the month.
- Stacked townhouses and lofts combined accounted for about 6% of total condominium apartment sales.
- **New condominium apartment sales were down in all Regions in January** (*chart next page*). Two-thirds of January sales were in the City of Toronto (*chart next page*).



Source: Altus Group



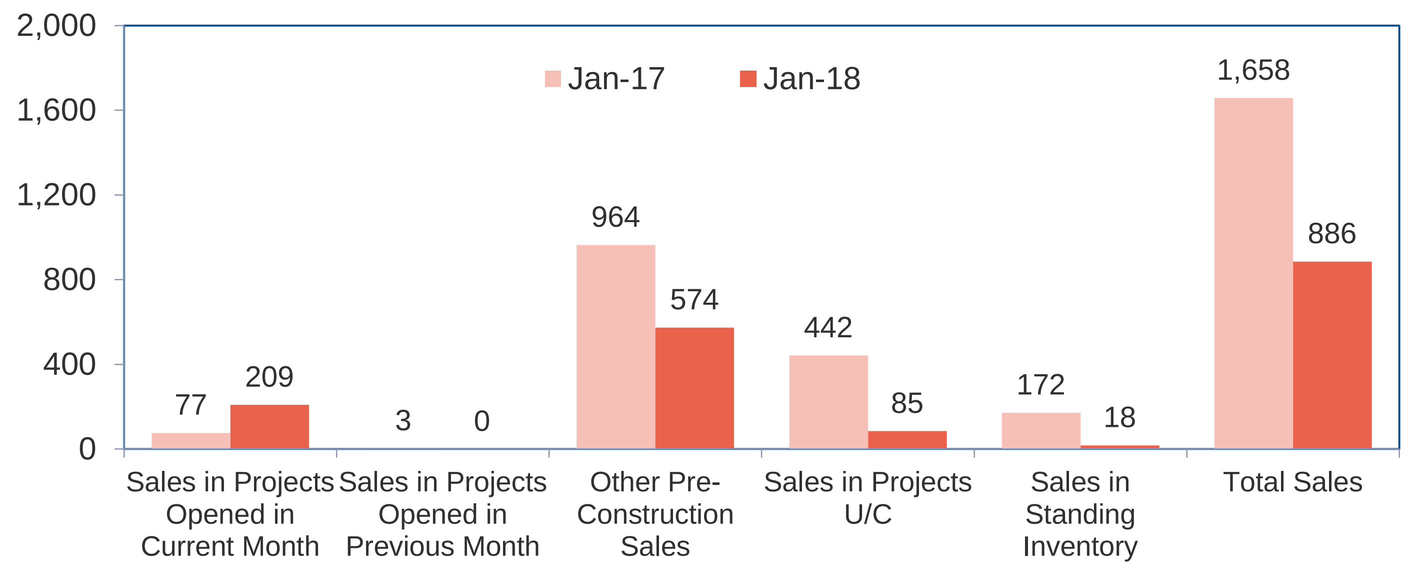


Source: Altus Group

New Condominium Apartments - Sales

- **About one-quarter of the new condominium apartment sales in January 2018 occurred in projects opened in January.** Most of the remaining sales were in other pre-construction projects.
- Projects that have completed construction (“standing inventory”) accounted for relatively few condominium apartment sales in January 2018, which reflects the limited amount of inventory available to purchase (as discussed on the next page).

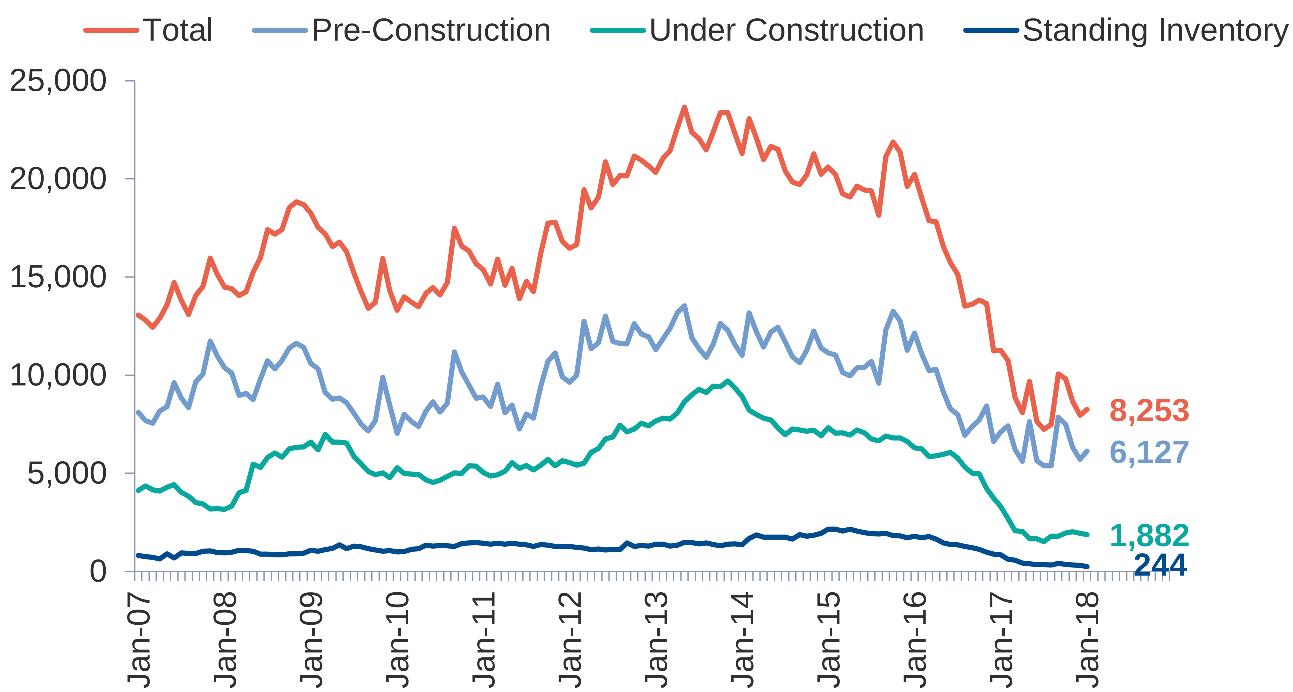
GTA New Condominium Apartment Sales by Construction Status

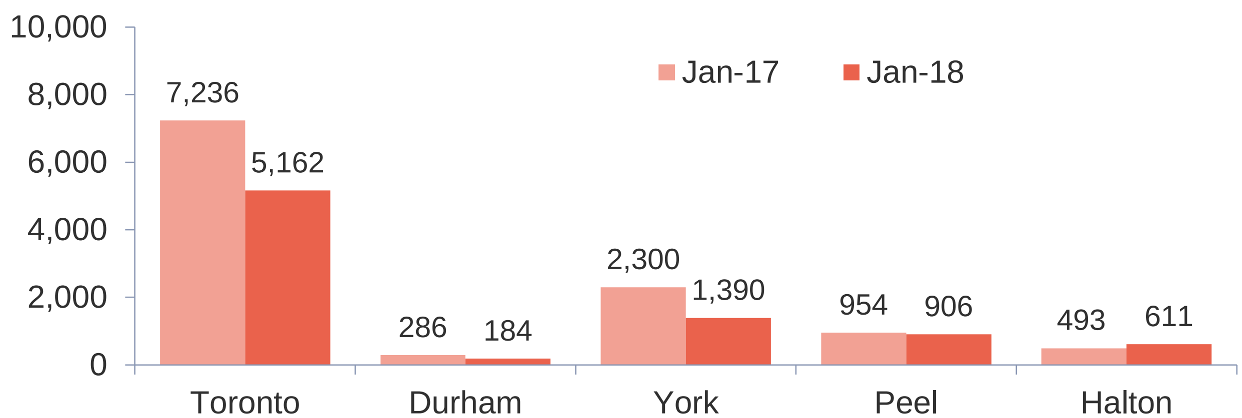


Source: Altus Group

- **New condominium apartment available inventory inched up in January, but remains very low in historical terms.**
- About three-quarters of the inventory is in pre-construction projects, and most of the remainder is in projects under construction. **There are only 244 units available to purchase in standing inventory** (i.e. units not yet sold in completed projects) – this compares to the previous 10 year average for January of about 1,300 units, and is **the lowest level yet recorded by Altus Group**.

GTA New Condominium Apartment Inventory

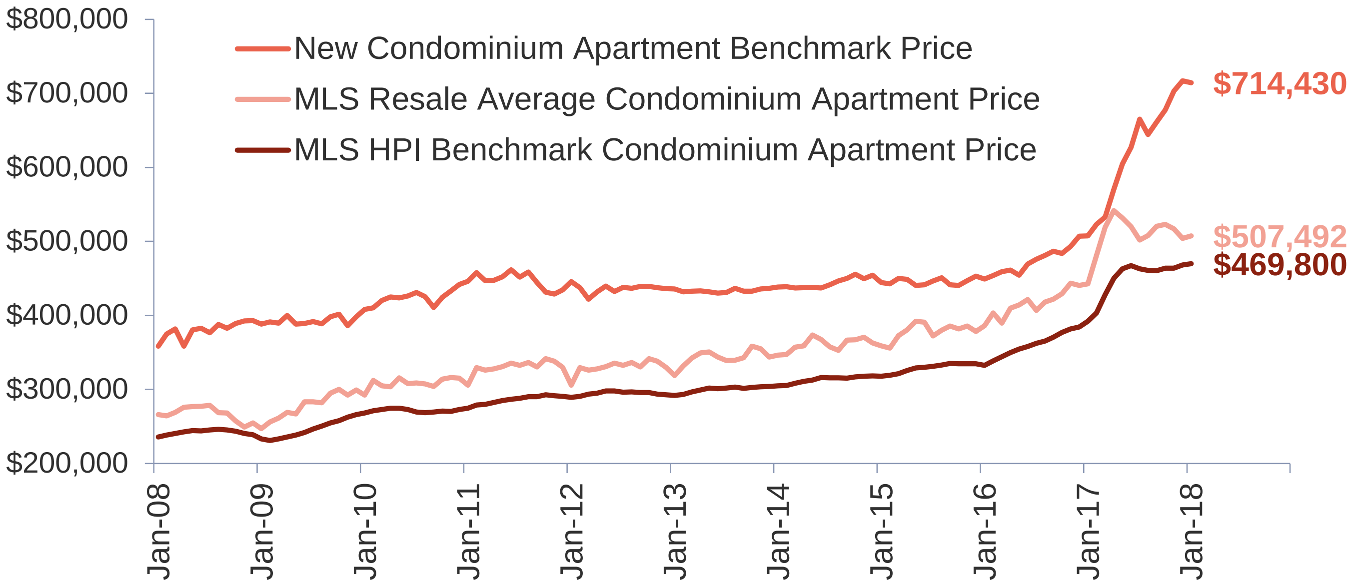




Source: Altus Group

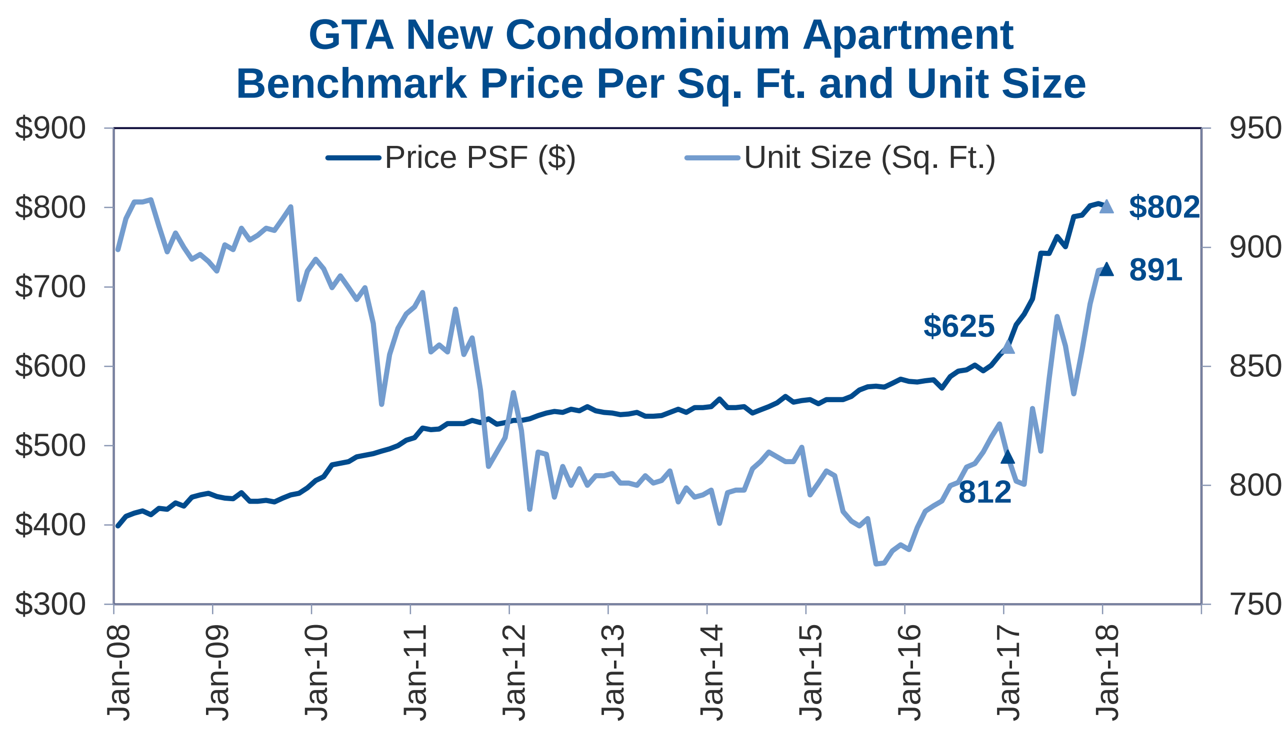
- **The gap between average new and resale condominium apartment prices has opened up again**, after narrowing during the 2013 to early 2017 period.
- This has improved the relative “competitive advantage” of resale product to some extent. However, as discussed earlier, resale condo apartment inventories remain low.

GTA New and Resale Condominium Apartment Prices



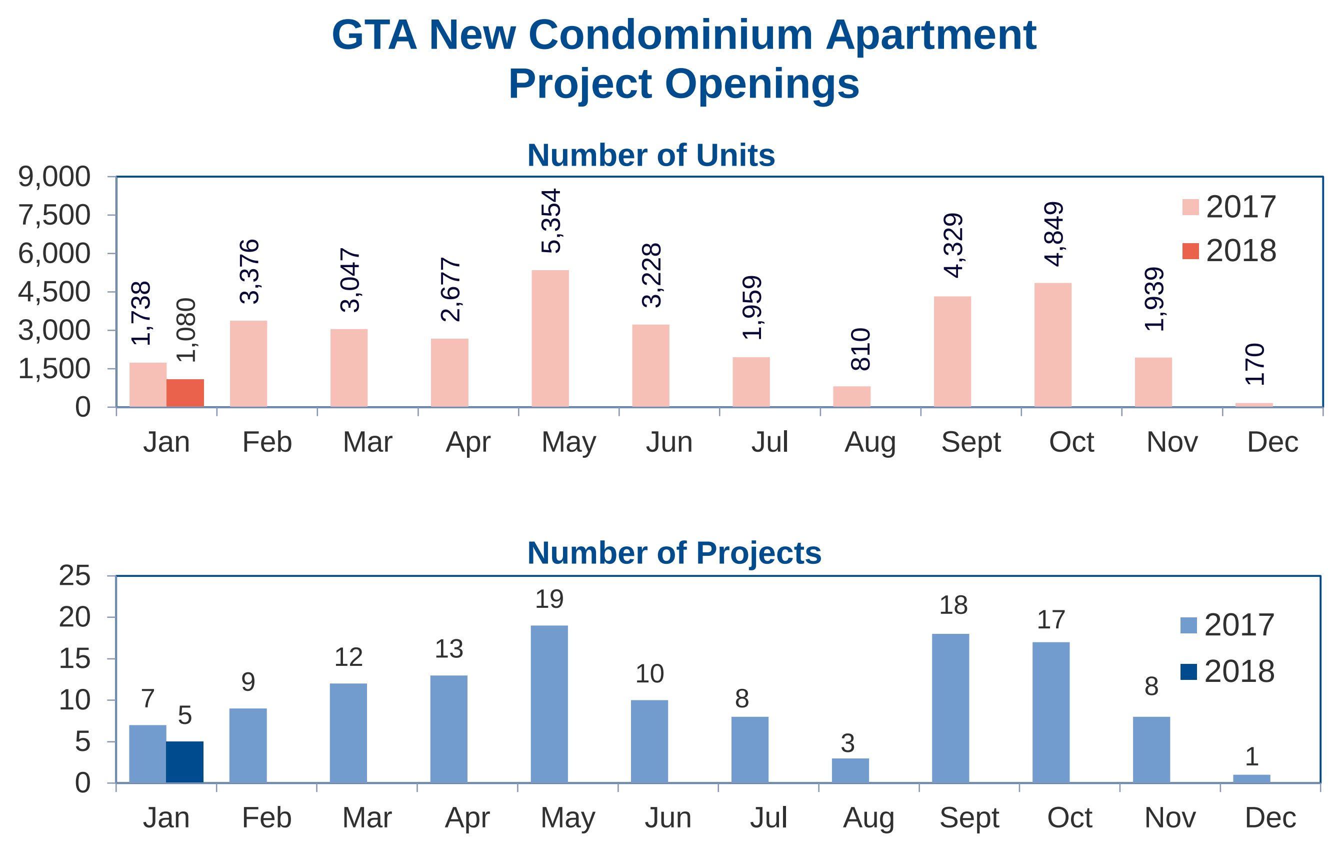
Source: Altus Group and Toronto Real Estate Board data

- The 41% increase in average asking prices for available new condominium apartments in January 2018 compared to a year earlier was been a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 28% from a year earlier**, and remains the primary driver behind overall increases in the benchmark price. In conjunction with low inventory of available units to purchase, confidence in the GTA condominium apartment market has continued to drive demand as well as price increases.
  - The unit size Benchmark was also up from a year ago – i.e. **larger unit sizes for remaining inventory were also a factor in driving up average prices**, although this factor played a smaller role.



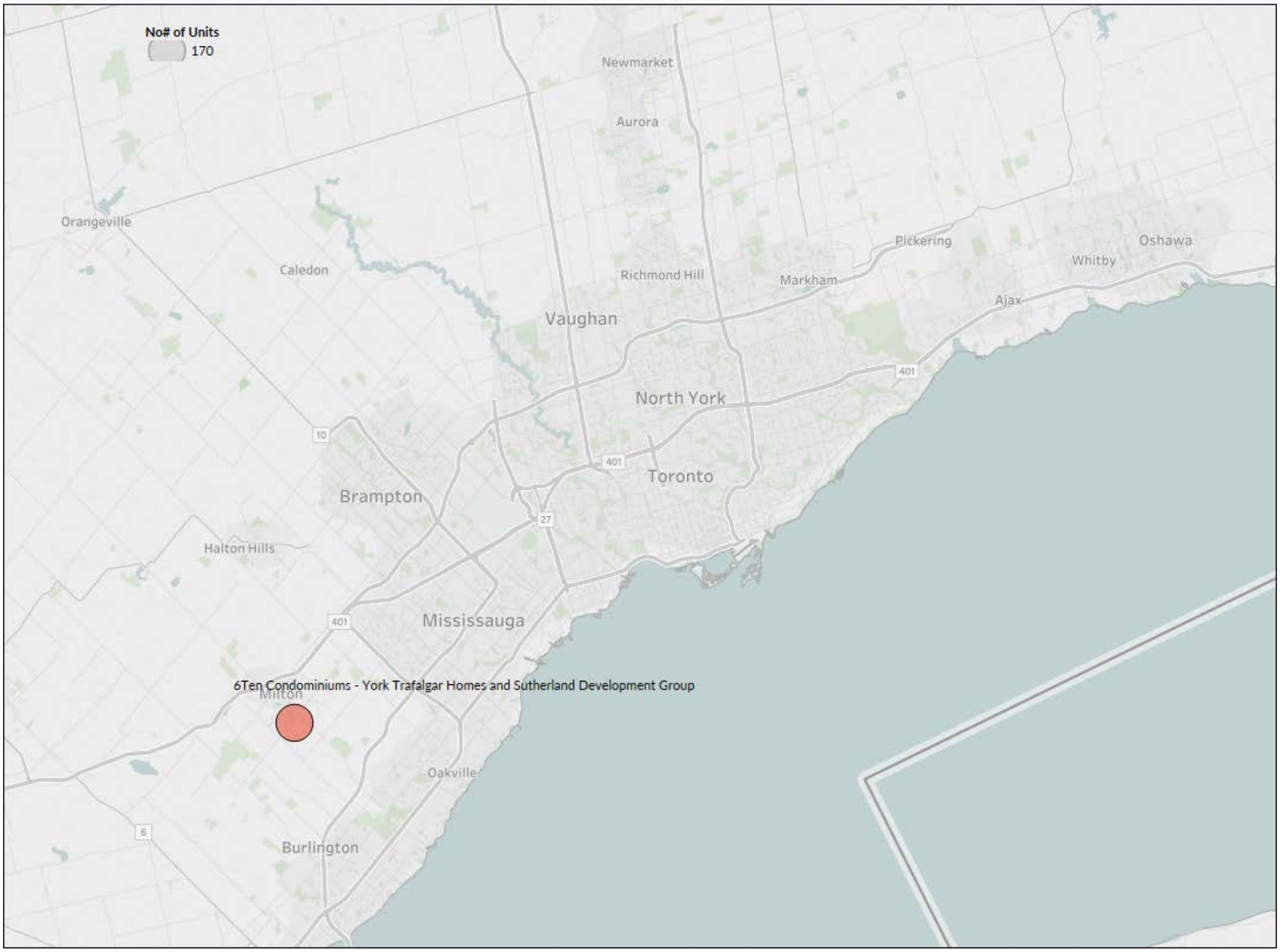
Source: Altus Group

- **In January , there were 5 new condominium projects opened in the GTA.** The 1,080 units in new projects opened is down substantially from the roughly 1,700 units brought to the market in January of each of the previous 3 years. However, it is the 4th highest January on record.
- Following this page are maps showing the location of new projects launched in December and January, accompanied by summary tables with additional detail on each project.
- *Note: clicking on the "project record" link in the summary tables will take logged-in Altus Group RealNet GTA High-Rise module subscribers directly to the full on-line record for that project; as the on-line record becomes updated, specific data may be more up-to-date than information contained in the report here.*



Source: Altus Group

December 2017 New Project Launches by Number of Units



Source: Altus Group

For December project openings, sales for both the opening month (December 2017) and the subsequent month (January 2018) are provided on the following table.

Altus Group

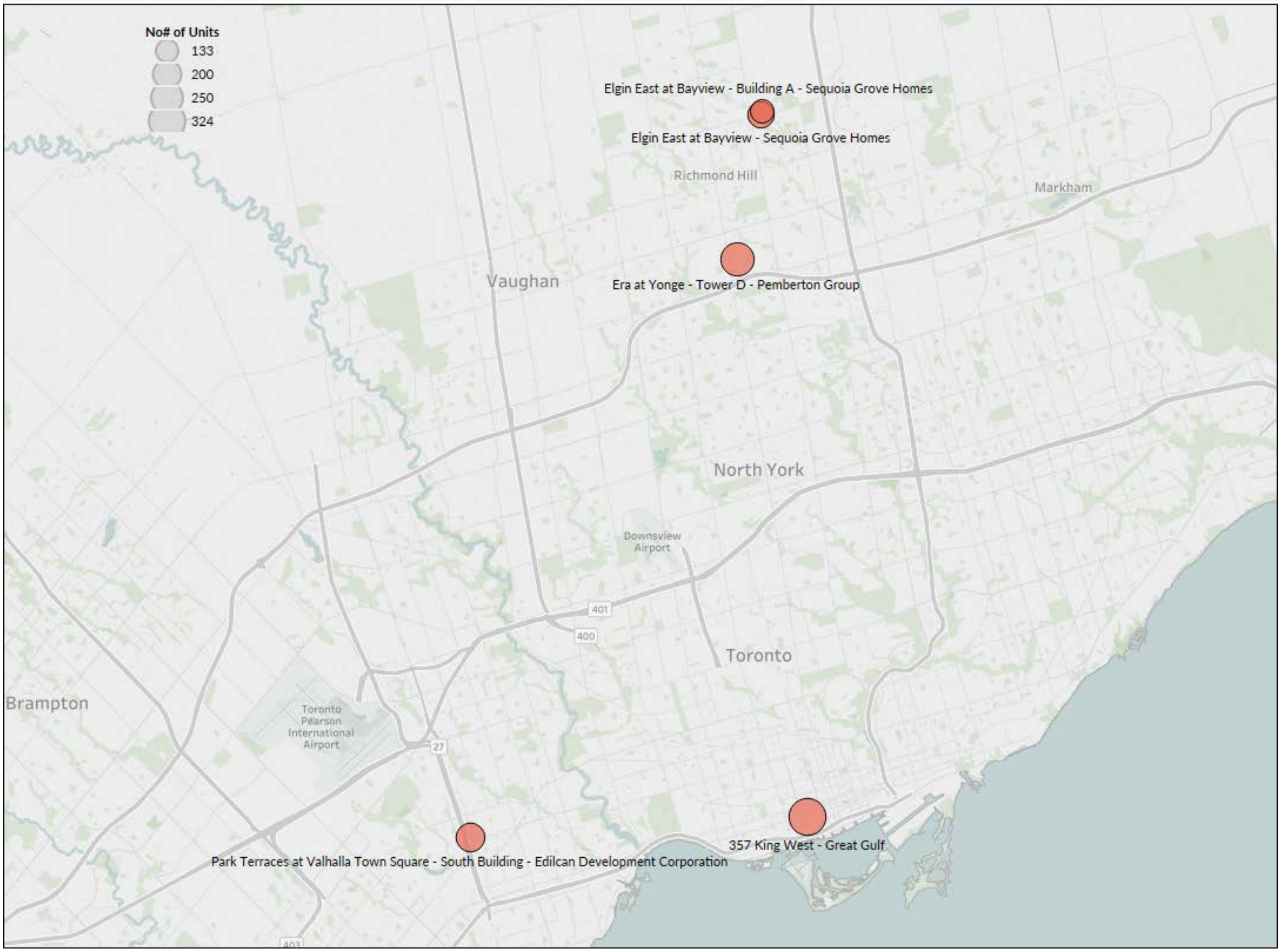
Project Record 6Ten Condominiums

New Condominium Apartment Project Openings - December 2017	
Project Name	**6Ten Condominiums**
Developer	York Trafalgar Homes and Sutherland Development Group
Date Opened	2017-12-06
Municipality	Milton
Region	Halton
Structural Type	Apartment
Floors	6
Number of units	**170**
Studio	--
1 bedroom	23
1 bedroom + den	34
2 bedroom	54
2 bedroom + den	59
3 bedroom & up	--
Penthouse	--
Other	--
Opening month sales	**78**
Next month sales	**0**
% Sold	*46%*
Remaining inventory	92
Original $PSF	$453
Minimum Size (sq. ft.)	681
Maximum Size (sq. ft.)	1,224
Minimum Price	$342,900
Maximum Price	$492,900
Notes	

Source: Altus Group

New Condominium Apartments - Openings

January 2018 New Project Launches by Number of Units



Source: Altus Group

New Condominium Apartments - Openings

AltusGroup

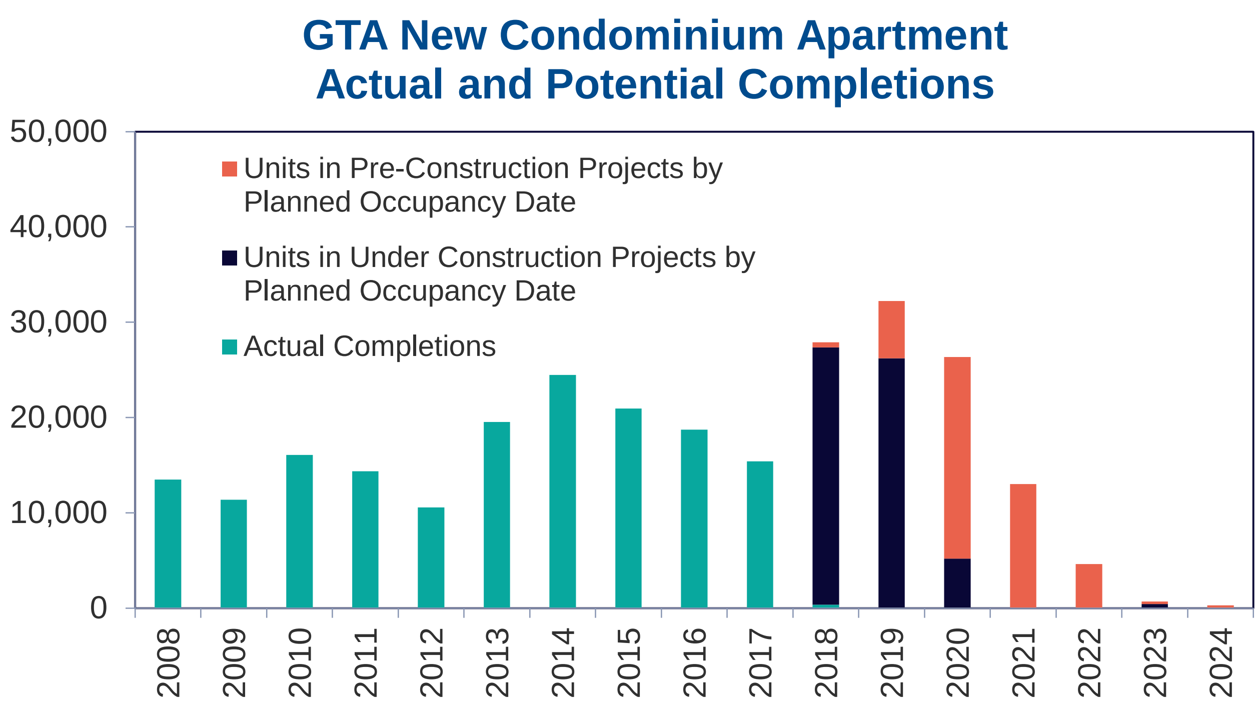
Project Record	[357 King West]	[Elgin East at Bayview - Building A]	[Elgin East at Bayview]	[Era at Yonge - Tower D]	[Park Terraces at Valhalla Town Square - South Building]

New Condominium Apartment Project Openings - January 2018

Project Name	**357 King West**	**Elgin East at Bayview - Building A**	**Elgin East at Bayview**	**Era at Yonge - Tower D**	**Park Terraces at Valhalla Town Square - South Building**
Developer	Great Gulf	Sequoia Grove Homes	Sequoia Grove Homes	Pemberton Group	Edilcan Development Corporation
Date Opened	2018-01-17	2018-01-24	2018-01-24	2018-01-18	2018-01-17
Municipality	Toronto	Richmond Hill	Richmond Hill	Richmond Hill	Etobicoke
Region	Toronto	York	York	York	Toronto
Structural Type	Apartment	Apartment	Stacked	Apartment	Apartment
Floors	42	10	3	25	10
Number of units	**324**	**133**	**164**	**263**	**196**
Studio	--	--	--	--	--
1 bedroom	144	18	--	22	70
1 bedroom + den	72	30	--	88	16
2 bedroom	72	43	106	91	65
2 bedroom + den	--	34	--	62	22
3 bedroom & up	36	8	58	--	23
Penthouse	--	--	--	--	--
Other	--	--	--	--	--
Opening month sales	**130**	**0**	**0**	**0**	**79**
% Sold	*40%*	*0%*	*0%*	*0%*	*40%*
Remaining inventory	194	133	164	263	117
Original $PSF	$902	$633	$579	$654	$606
Minimum Size (sq. ft.)	521	566	950	575	446
Maximum Size (sq. ft.)	1,095	1,233	1,798	970	1,130
Minimum Price	$474,990	$289,990	$573,900	$389,990	$335,000
Maximum Price	$943,490	$699,900	$985,900	$620,990	$775,000
Notes		No firm sales as all deals were subject to the 10-day conditional period.	No firm sales as all deals were subject to the 10-day conditional period.	No firm sales as signings began near the end of the month and all deals were subject to the 10-day conditional period.	

Source: Altus Group

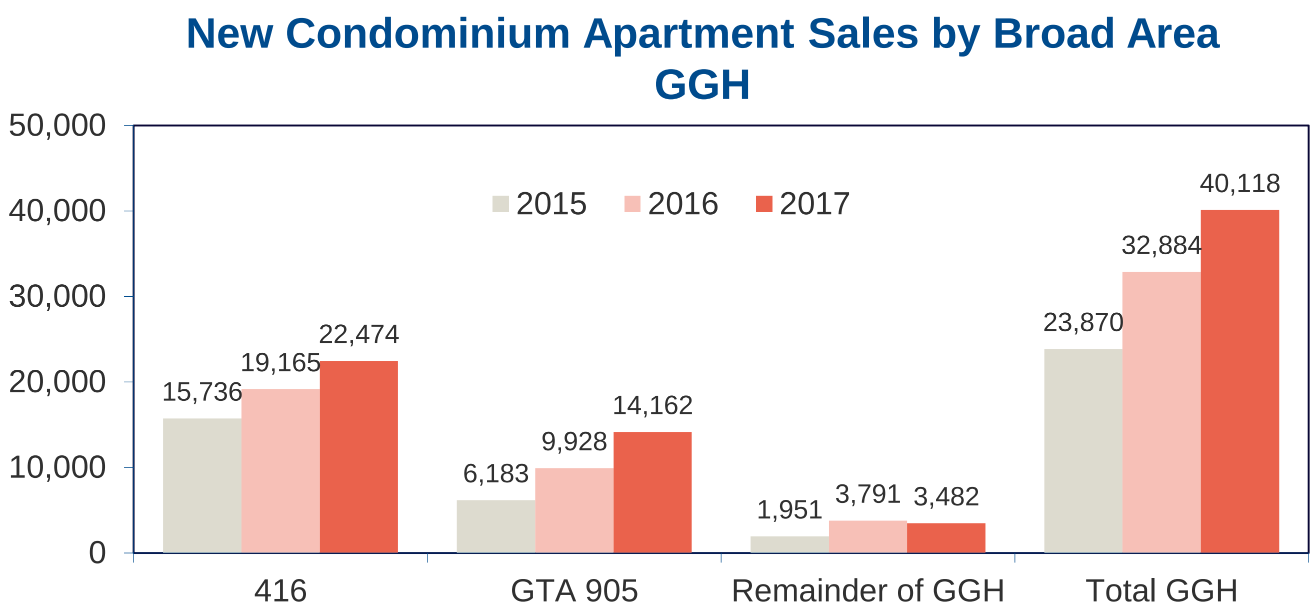
- As of the end of January 2018, there were just under 105,000 new condominium apartment units in projects either under construction or in pre-construction stages.
- **During 2017, about 15,400 units were completed, based on Altus Group data, down for the third year in a row. The constrained levels of new rental supply have kept the rental vacancy rate low, which is positive for achievable rents.**
- Based on planned occupancy dates, and only considering units currently under construction, it is possible that completions of condominium apartment units could be significantly higher in 2018 and 2019 than in recent years. **This will mean a larger number of investor-purchased condominium apartment units entering the rental market over the next few years.** However, industry capacity thresholds will likely push the delivery timeline for some of these units out further than originally planned dates.



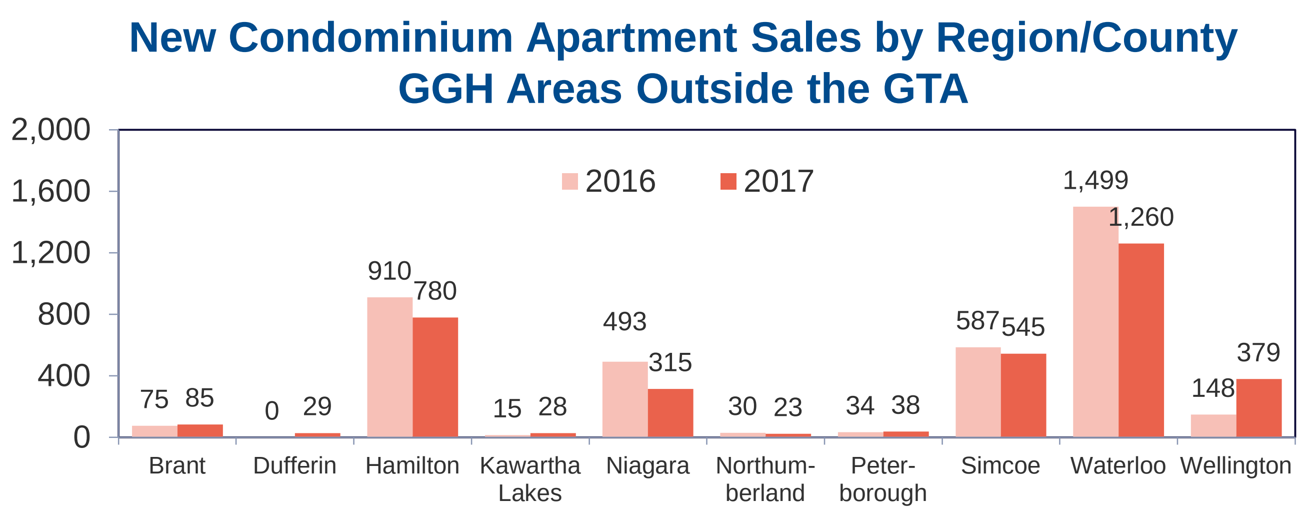
Source: Altus Group

New Condominium Apartments – GGH Sales

- Altus Group now also tracks new home sales in the areas of the Greater Golden Horseshoe (GGH) outside of the GTA.
- **While GTA new condo apartment sales were up in 2017, for other areas of the GGH combined sales were down by 8%**; this followed a 94% increase in annual 2016 over 2015.
- **Most of the new condominium apartment activity in the other GGH regions is occurring in City of Hamilton, Waterloo Region and Simcoe County** – these three regions accounted for about three-quarters of GGH sales outside the GTA in 2017.



Source: Altus Group



Source: Altus Group

Altus Group GTA New Home Data Definitions

Condominium apartment	Includes condominium apartment structures of all heights (low, medium and high-rise), stacked townhouses, and loft units. Replaces the former RealNet term “high-rise”.
Single-family	Includes detached, link, semi-detached and townhouse units (excluding stacked townhouse). Replaces the former RealNet term “low-rise”.
Inventory	New units available to purchase/unsold at end of the period. Includes available units in pre-construction, under construction, and completed projects.
Months of inventory	Unsold inventory at period end divided by average monthly sales for a defined previous period (e.g. previous 12 months). Indicates how long current inventory would last assuming same pace of sales (and no additional product added).
Average price	Average asking price of all available new home inventory at end of period.
Benchmark price	Average asking price of available new home inventory at end of period with outliers removed. Replaces the former RealNet term “Price Index”
$PSF Benchmark	Average asking price per square foot for units in remaining inventory at the end of the period with outliers removed.
Unit size Benchmark	Average size (sq. ft.) of units in remaining inventory at the end of the period, with outliers removed.
Completions	Units in projects that have reached occupancy status during the period.
“Record” performance	All “record highs” and “record lows” are based on the time period over which Altus Group has been tracking the variable.