The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of February 2018

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February 2018			YTD February 2018	
Sales	Inventory	Benchmark Price	Sales	Benchmark Price
1,895	9,285	$729,735	2,755	$722,083
-50%	-14%	40%	-49%	40%
4th highest February	*Lowest February in 16 years*	*Record high*	*4th highest*	*Record high*

% change is from same period a year earlier

Highlights

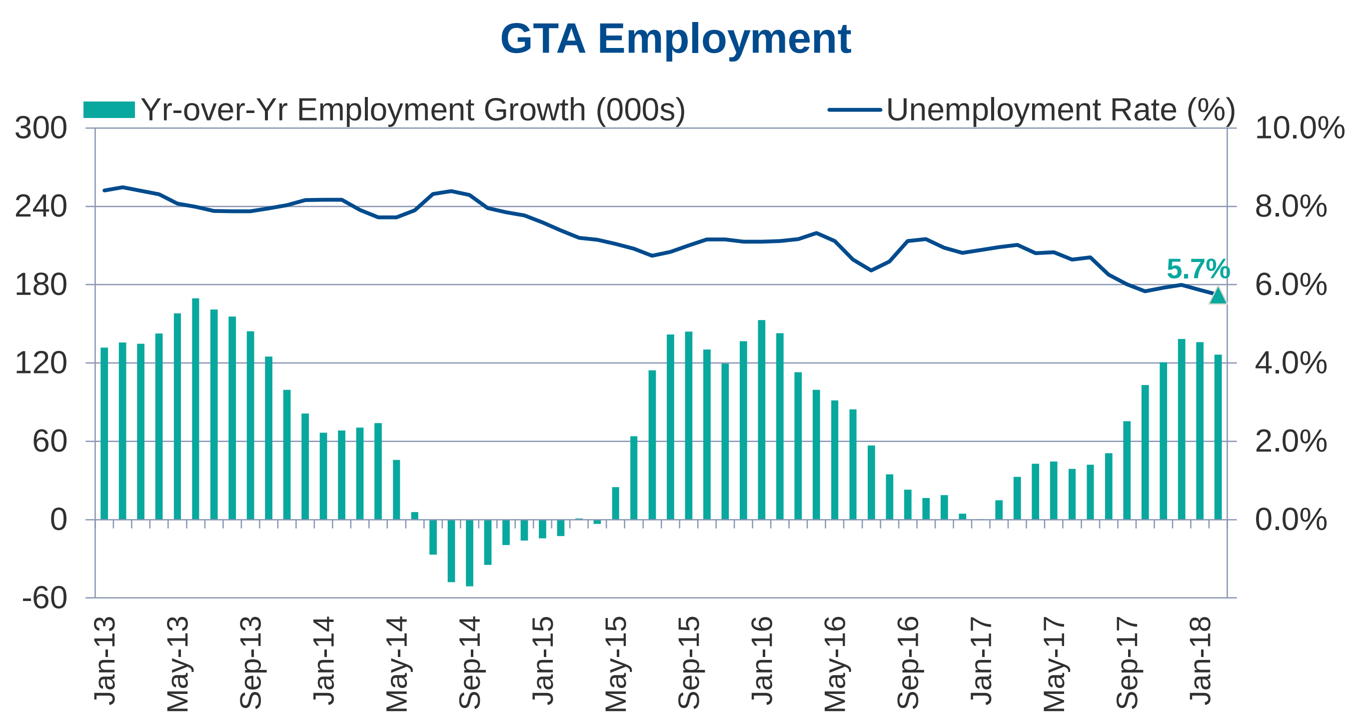
- **New condominium apartment sales in February were down by half from the record for February set a year ago.** To put February 2018 in perspective, the almost 1,900 sales were above the February average for the previous 10 years (of about 1,500).
- **Available condominium apartment inventory to purchase was up for the second consecutive month but remains low** (the lowest February since February 2002).
- **We expect condominium apartment sales in 2018 to be above the previous 10 year average of 22,000.** However, the steep rise in prices over the past year, combined with more challenging lending criteria, has put new condominium apartments out of the reach of many buyers, both end-users and investors, which suggests sales will come in well below last year's record performance.

GTA Condominium Apartment Key Performance Indicators

	Feb-17	Jan-18	Feb-18	*Yr-Over-Yr % Change*	YTD February 2017	YTD February 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*					\		
Total active sites	318	282	281	*-12%*	332	282	*-15%*
New projects opened	9	5	10	*11%*	16	15	*-6%*
Units in new projects opened	3,376	1,101	2,599	*-23%*	5,114	3,700	*-28%*
Total sales (units)	3,779	860	1,895	*-50%*	5,434	2,755	*-49%*
Sales as % of total new & resale	*62%*	*40%*	*54%*		*58%*	*49%*	
Inventory (units)	10,777	8,448	9,285	*-14%*	11,040	8,867	*-20%*
Sales-to-inventory ratio	35%	10%	20%	*-42%*	25%	15%	*-38%*
Months of inventory	4.1	2.8	3.3	*-20%*	4.3	3.1	*-29%*
Benchmark price	$523,087	$714,430	$729,735	*40%*	$515,299	$722,083	*40%*
Price PSF Benchmark	$652	$802	$814	*25%*	$639	$808	*27%*
Unit size Benchmark (sq. ft)	802	891	896	*12%*	807	894	*11%*
Units completed	1,144	362	1,082	*-5%*	3,386	1,444	*-57%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	2,360	1,275	1,631	*-31%*	3,996	2,906	*-27%*
New listings (units)	2,638	2,239	2,486	*-6%*	5,056	4,725	*-7%*
Inventory ("active listings", units)	1,791	2,591	2,768	*55%*	1,869	2,680	*43%*
Sales-to-inventory ratio	132%	49%	59%	*-55%*	108%	54%	*-50%*
Months of inventory	0.7	1.2	1.3	*82%*	0.7	1.2	*66%*
Average price of units sold	$481,194	$507,492	$529,782	*10%*	$465,393	$520,002	*12%*
HPI constant quality price index (Jan 2005=100)	201.9	235.2	239.9	*19%*	199.0	237.6	*19%*

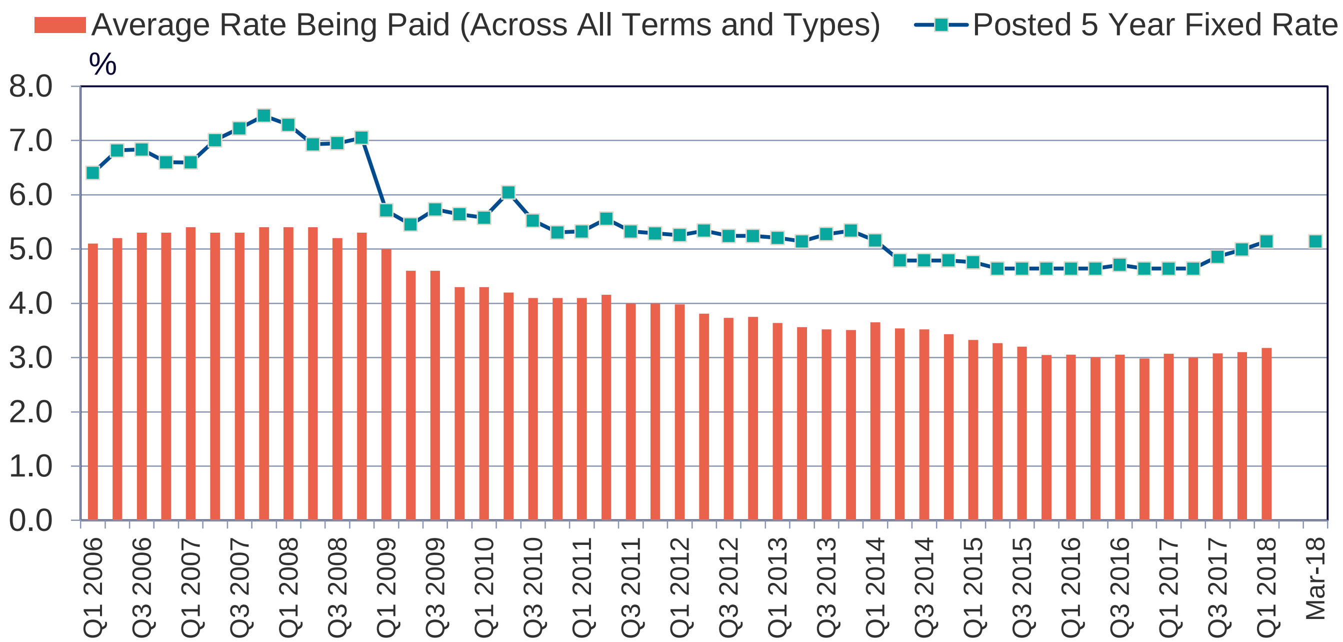
** see end of report for Definitions*

- Year-over-year employment growth in the GTA has remained elevated, with **over 126,000 jobs added for the 12 months ending February**.
- Despite the fact that the unemployment rate remains below 6%, **GTA households showed more concern this year about potentially losing their job**, according to results from Altus Group's FIRM Survey (*chart next page*).
- 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 are at their highest level in 4 years and **those setting up new mortgages, or renewing, are facing higher rates than a year ago**. The Bank of Canada held steady on the overnight rate at the latest rate announcement on March 7, indicating that "*while the economic outlook is expected to warrant higher interest rates over time, some continued monetary policy accommodation will likely be needed to keep the economy operating close to potential and inflation on target.*" The next rate announcement is April 18.



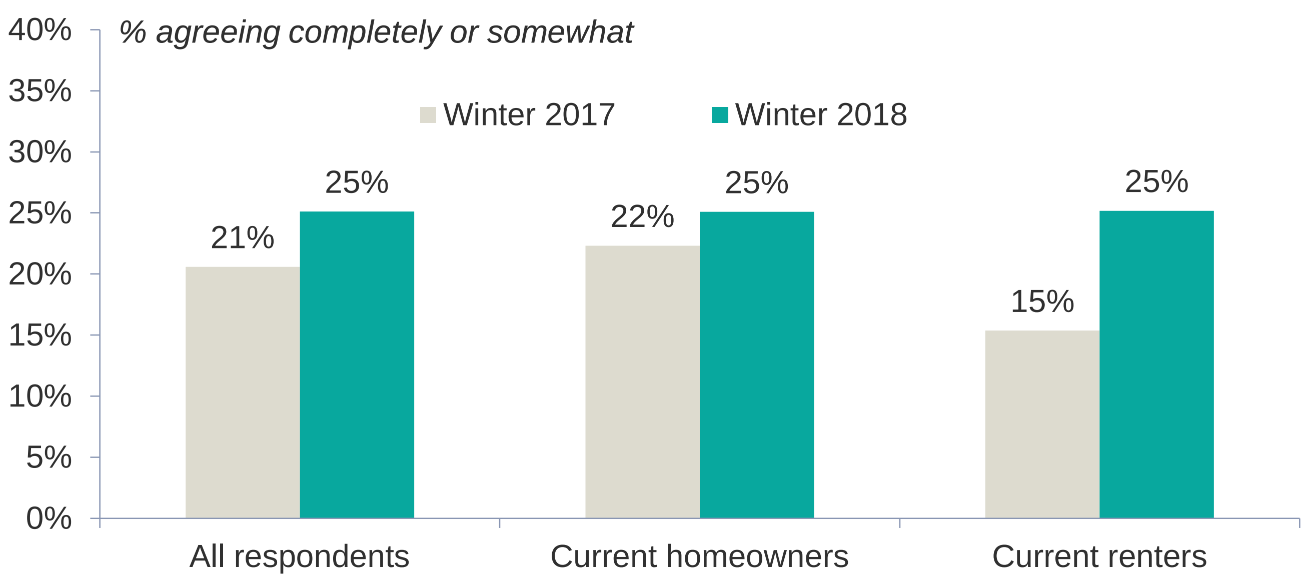
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



Source: Altus Group and Bank of Canada data

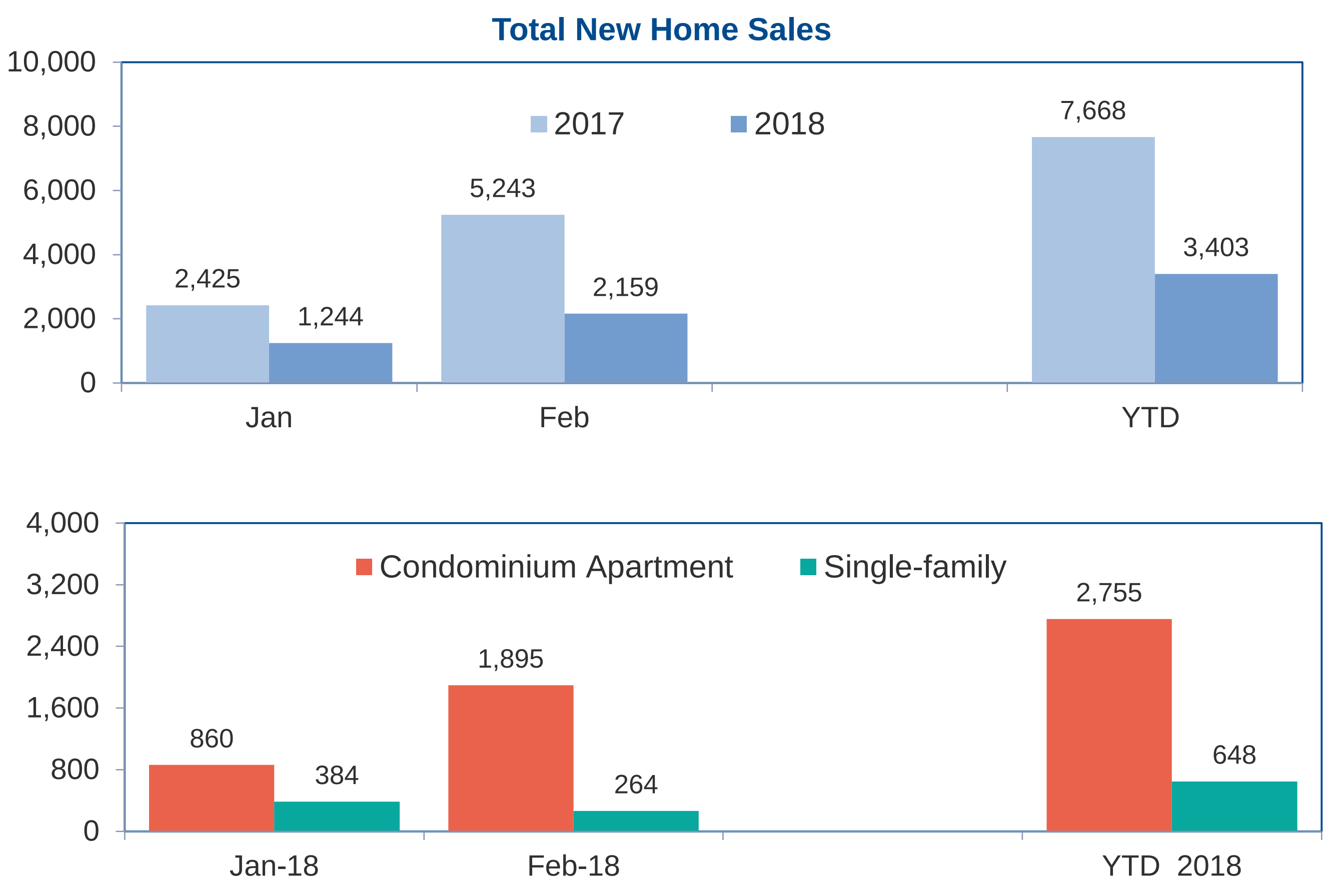
Concerned About Self/Spouse Losing Job Over Next Year, GTA



Source: Altus Group

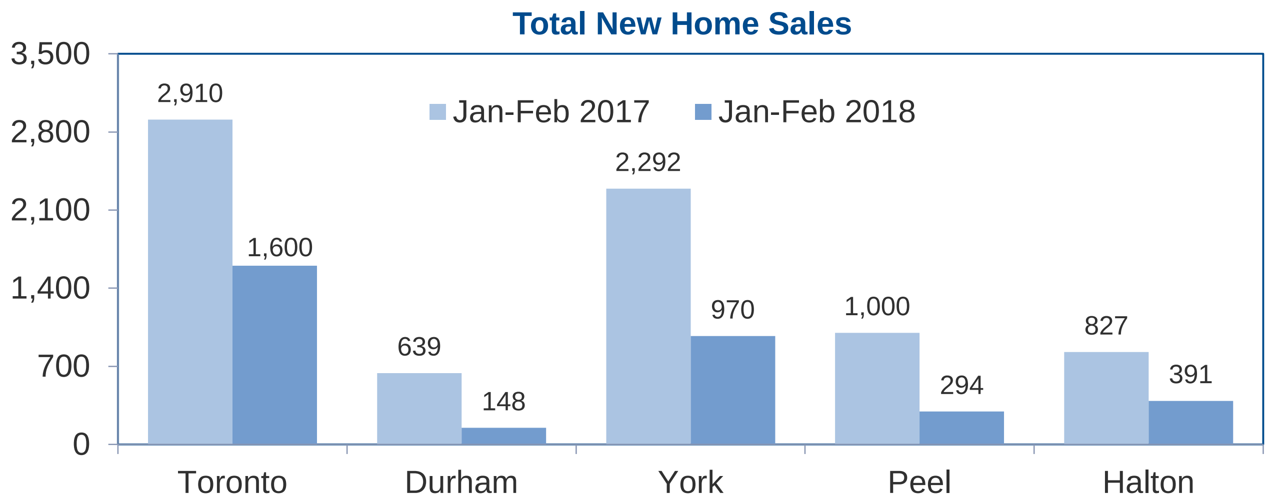
- Total sales of new homes in the GTA in February were down by 59% from February 2017, but up from January (the normal seasonal pattern). **The 2,159 total sales were well below the previous 10 year average of just over 2,900 units**.
- **Both single-family and condominium apartment new home sales were down in February from a year earlier**. Single-family sales were the lowest February 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 February was the strongest February ever, and this February is above the previous 10 year average (of about 1,500).
- **New home sales year-to-date are down across the GTA regions compared to a year ago** (*charts next page*), for both single-family and condominium apartment sales.

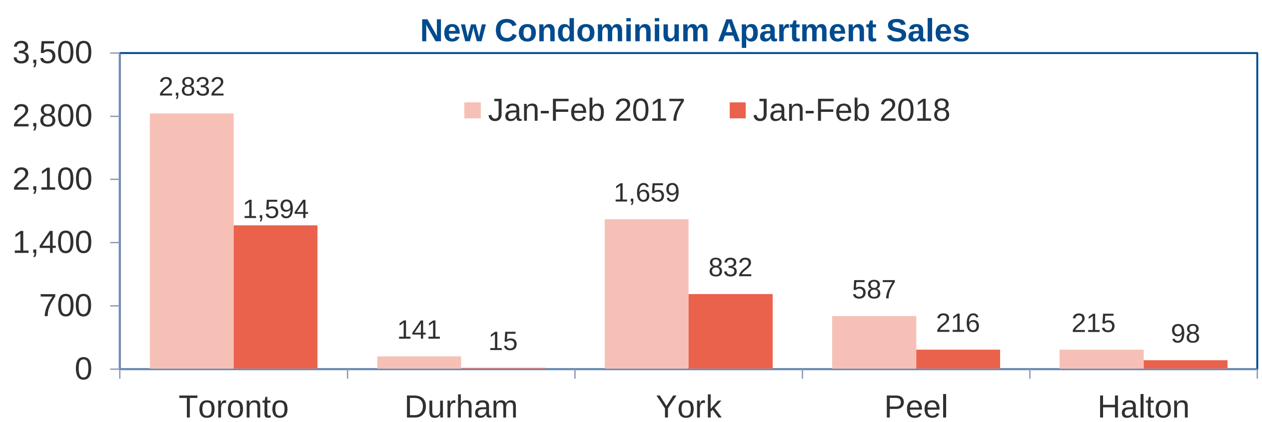
GTA New Home Sales

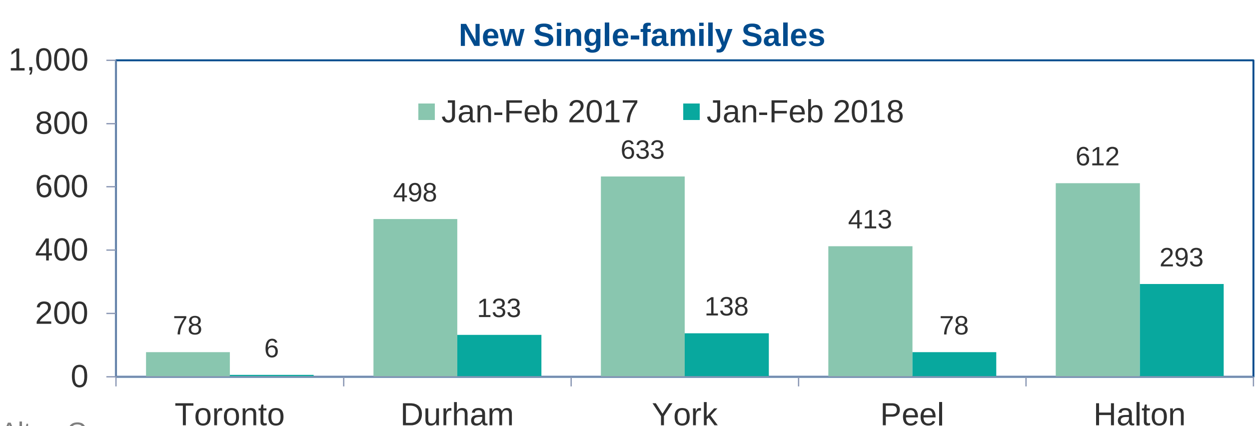


Source: Altus Group

GTA New Home Sales by Region



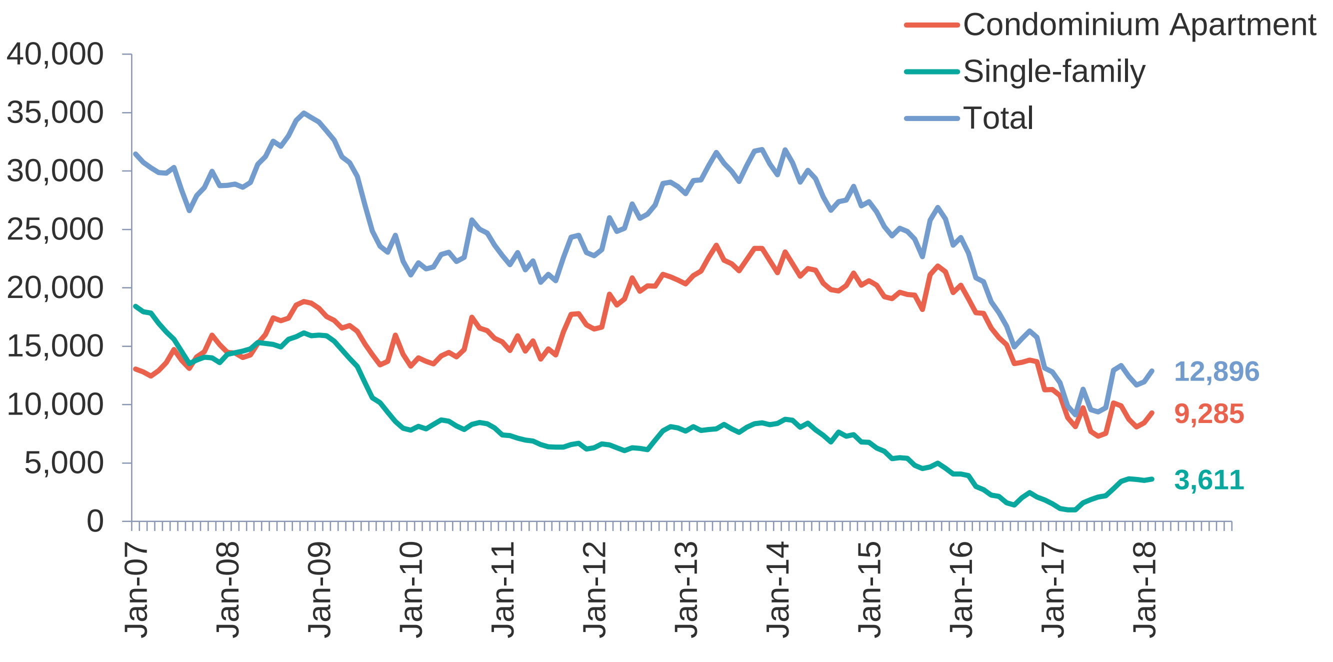




Source: Altus Group

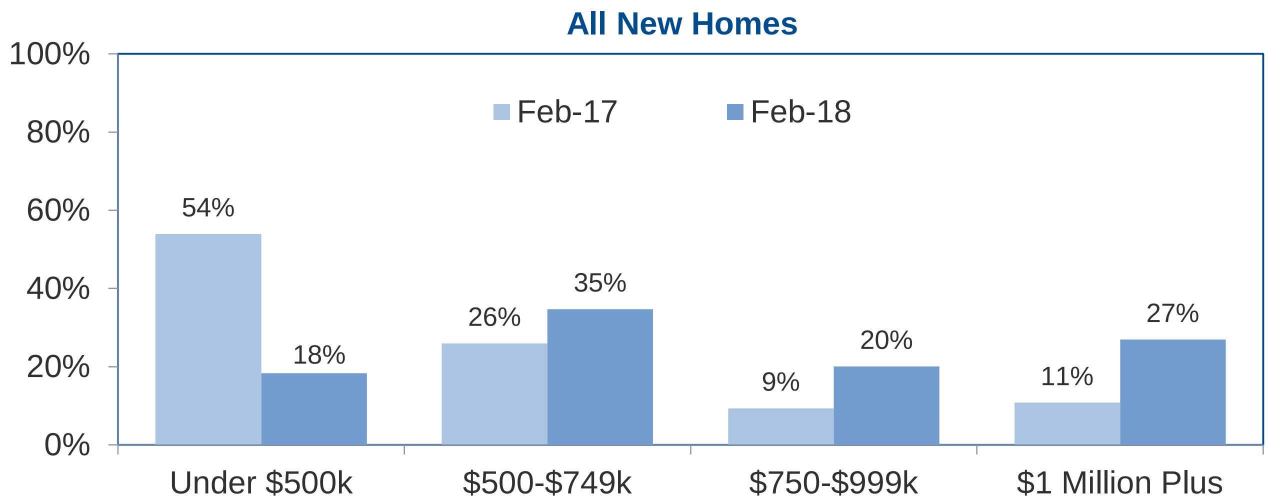
- **Total new home inventory available to purchase edged up in February.**
- **The increase was very modest for single-family homes**, and inventory remains low in historical terms. Moreover, the inventory that is available to purchase is not affordable to a broad range of potential buyers, with only about 1 in 5 available single-family homes priced at less than $750,000 (*chart next page*).
- **New condominium apartment inventory was also up slightly in February** but was the lowest February since 2002. Based on sales in the past 12 months, the inventory represents just over 3 months of sales (compared to the average of 11 months for the previous 10 years). Moreover, with price increases over the past year, affordable condominium apartment inventory is becoming more scarce – with only less than 3 in 10 available units this year priced below $500,000, compared to about 6 in 10 a year ago (*chart next page*).

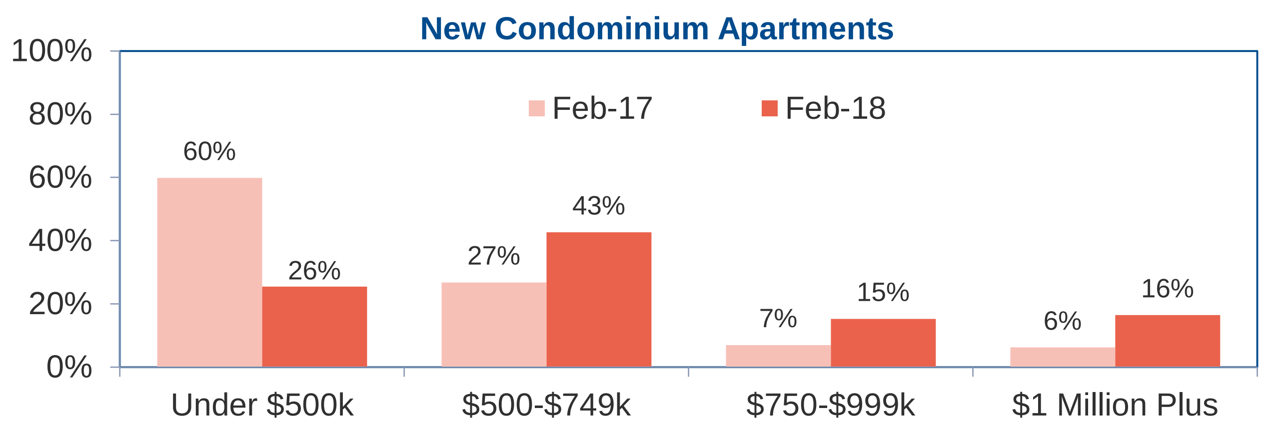
GTA New Home Inventory

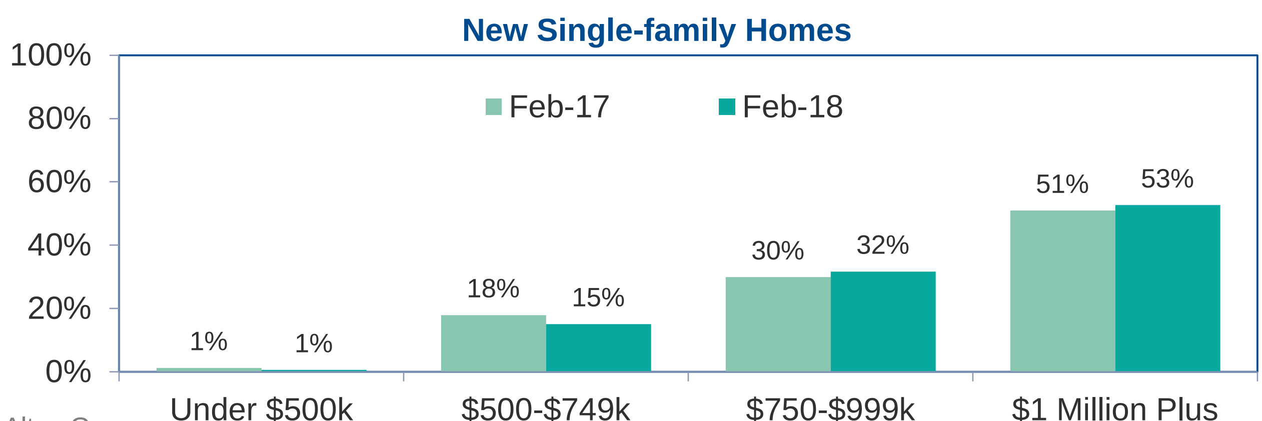


Source: Altus Group

Available Inventory by Price Range



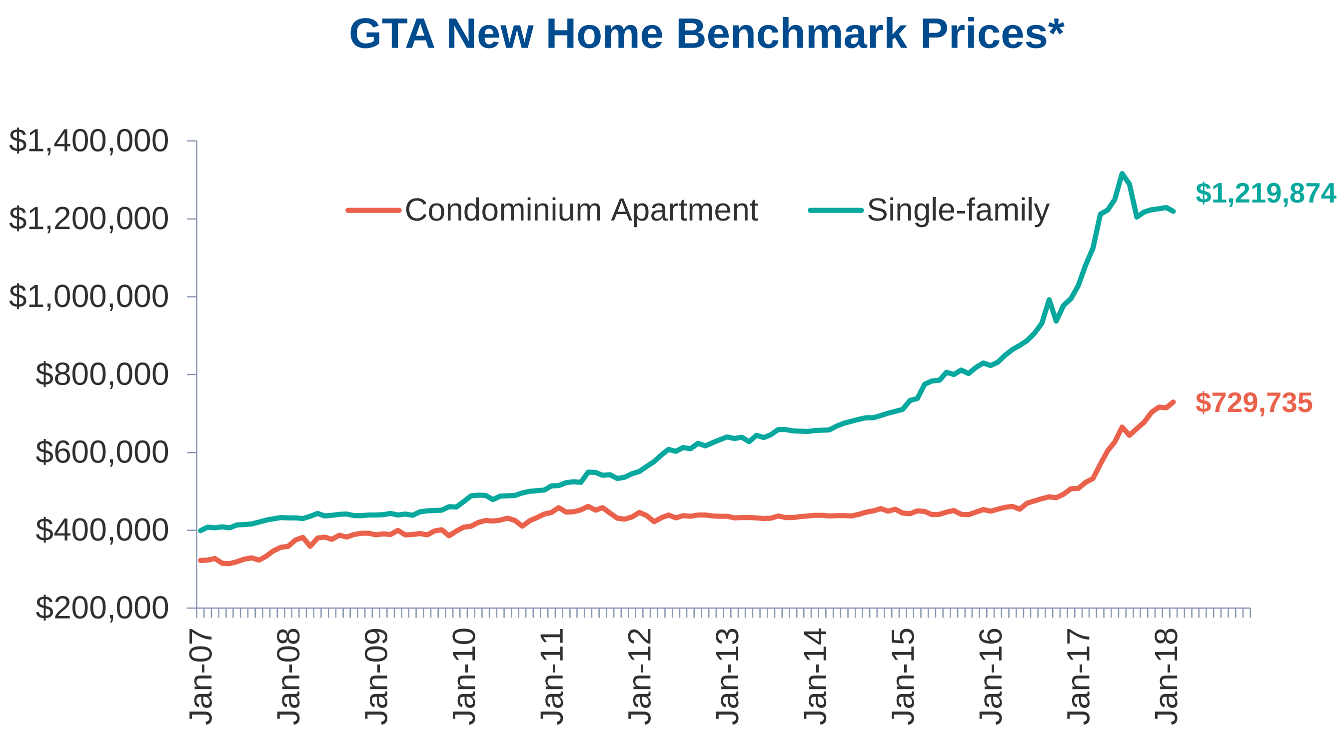




Source: Altus Group

New Home Market - Prices

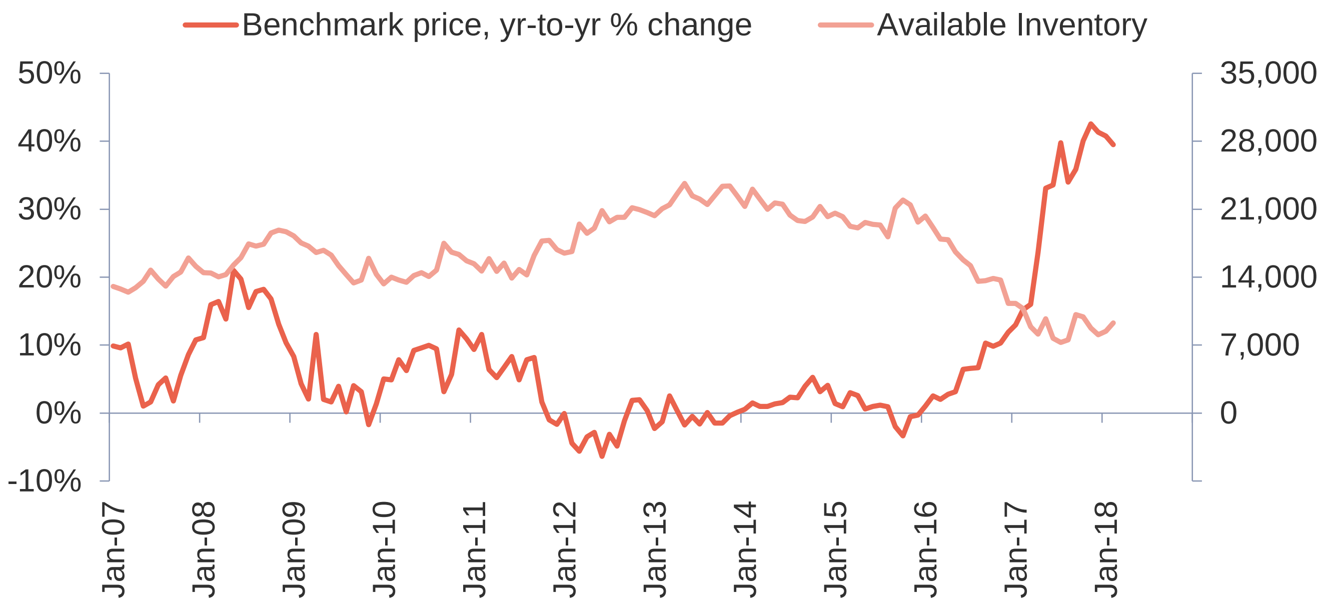
- **The Benchmark price for a new single-family home declined slightly in February after 4 consecutive months of increases.** While year-over-year-price increases have now moderated (*chart bottom of next page*), the single-family Benchmark price in February was still 13% ahead of a year earlier (and about 7% below the peak reached in July 2017).
- **The Benchmark price for a new condominium apartment reached a new record high in February.** The February average asking price was 40% ahead of February 2017, and is consistent with the declines in inventory that have occurred in the past year (*chart top of next page*). The acceleration in year-over-year price increases however has come to a halt.
- 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 in relative terms, although the gap has narrowed since last Spring.



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

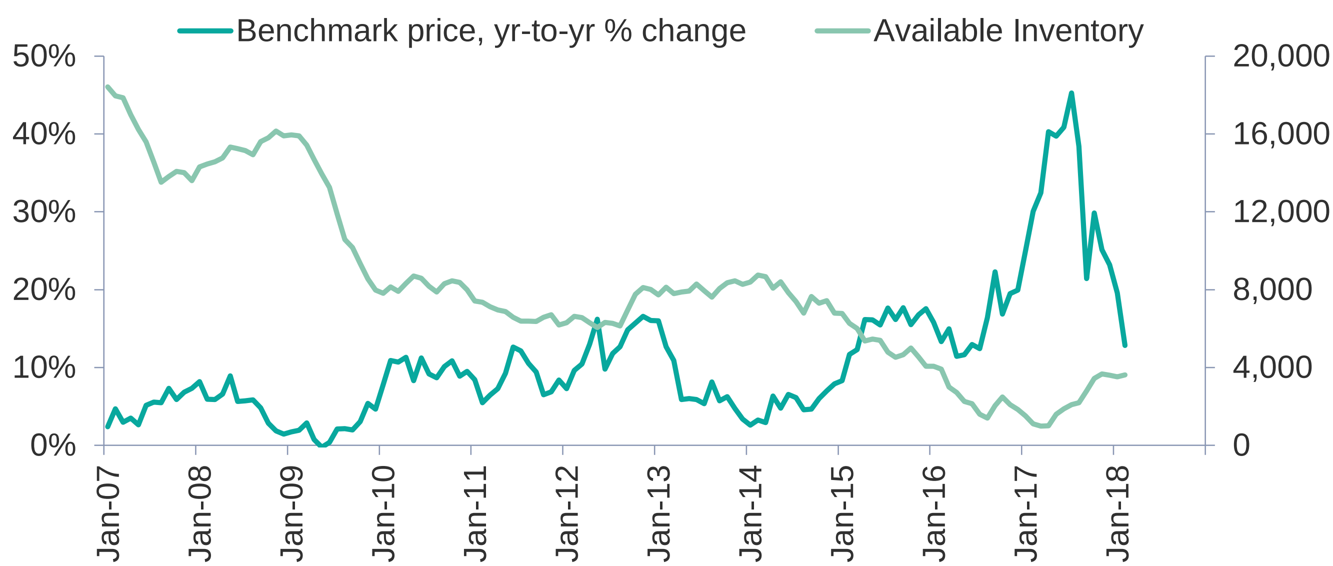
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

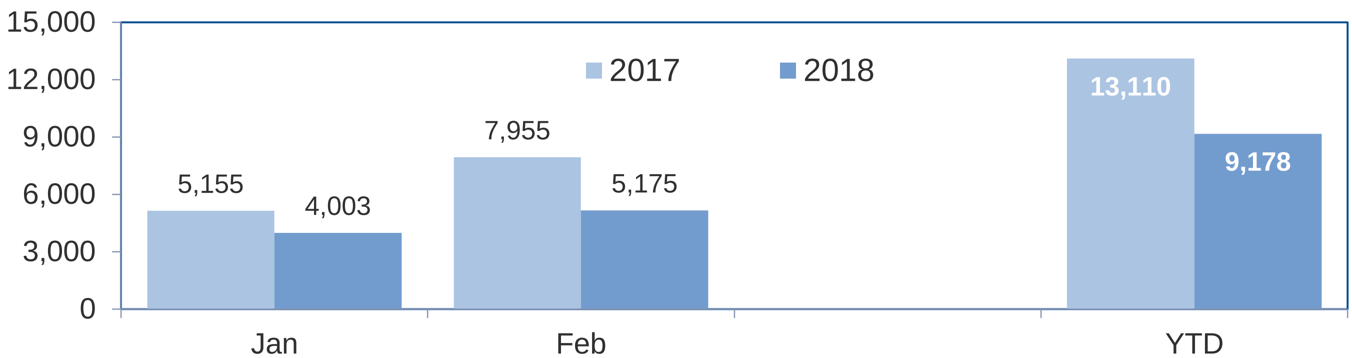
GTA New Single-Family Home Benchmark Price Changes and Available Inventory

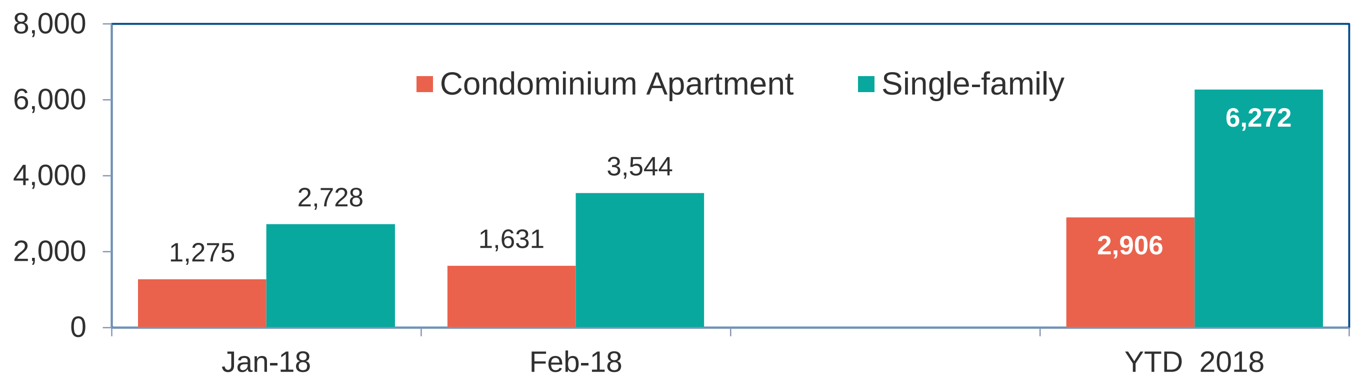


Source: Altus Group

- **Total sales in the resale market** (as reported by the Toronto Real Estate Board) **were down in February compared to February 2017, but up from** January (the typical seasonal pattern). Both single-family and condominium apartment resales were down from a year earlier.
- The average sales price for a resale single-family home in February was 16% 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 February were 10% ahead of a year earlier**.

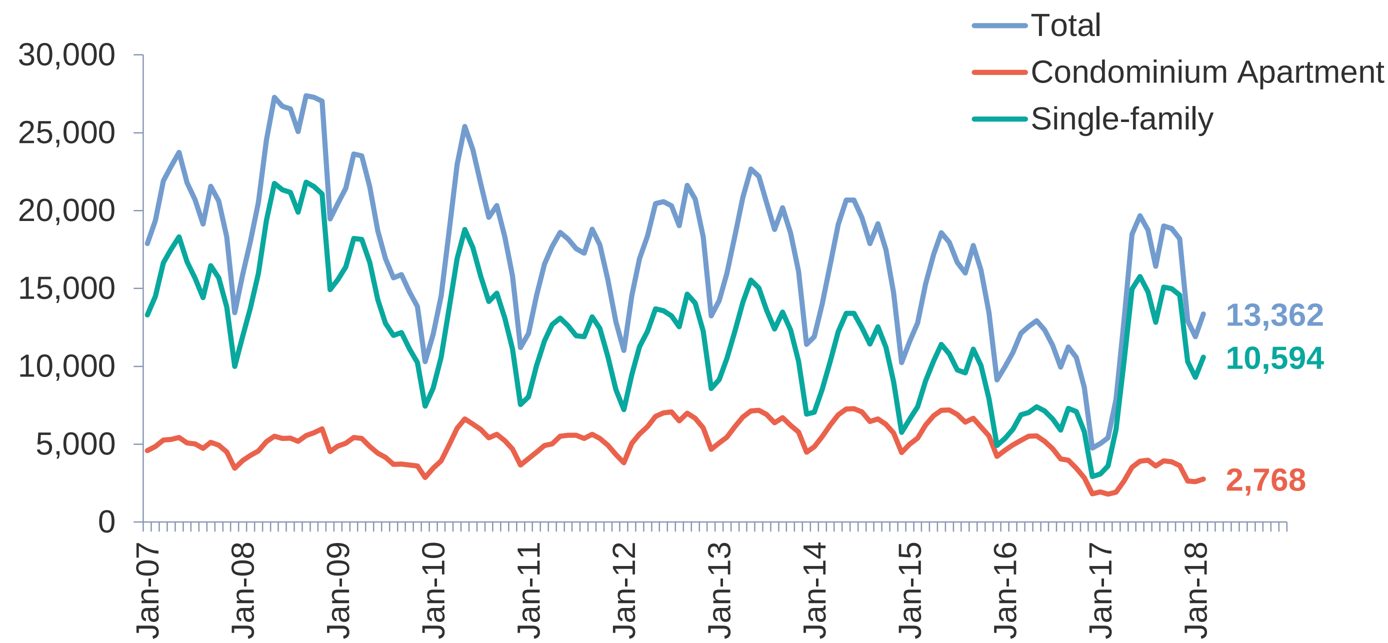
GTA Resale Home Sales





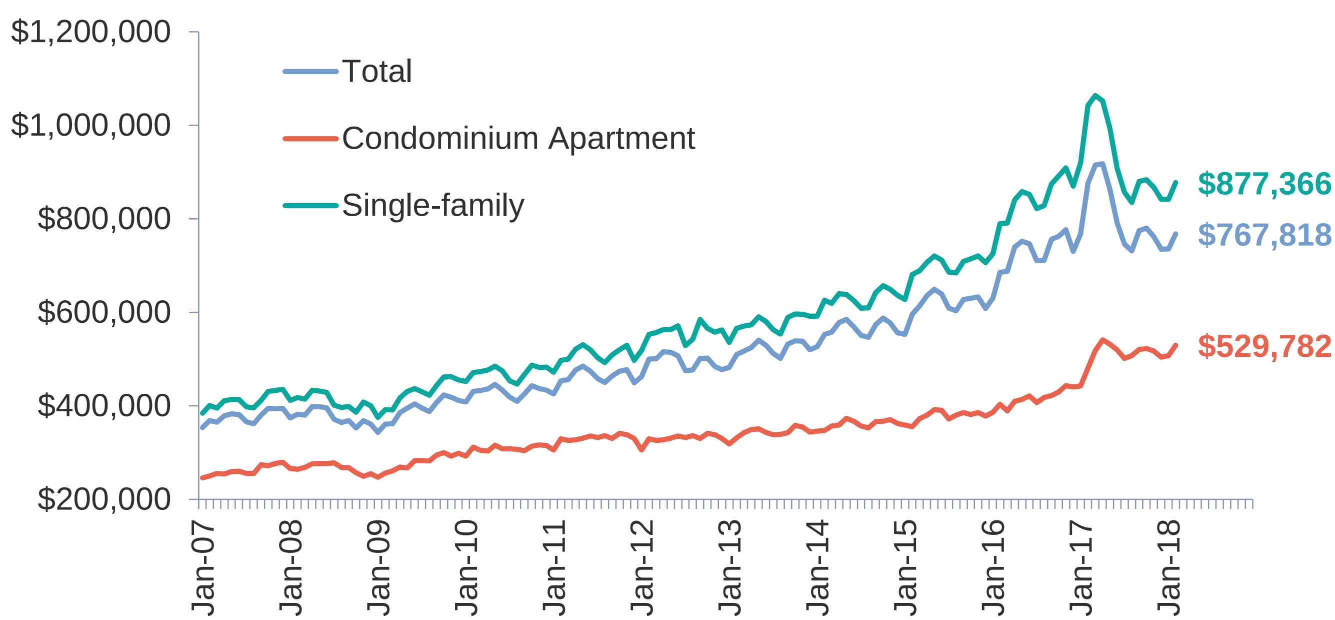
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

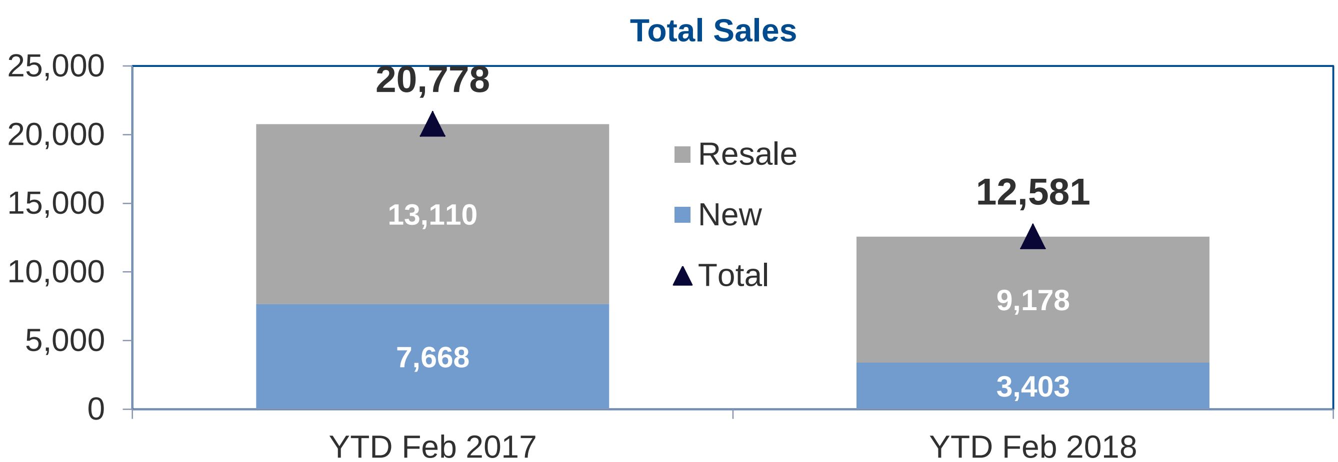
GTA Resale Home Prices

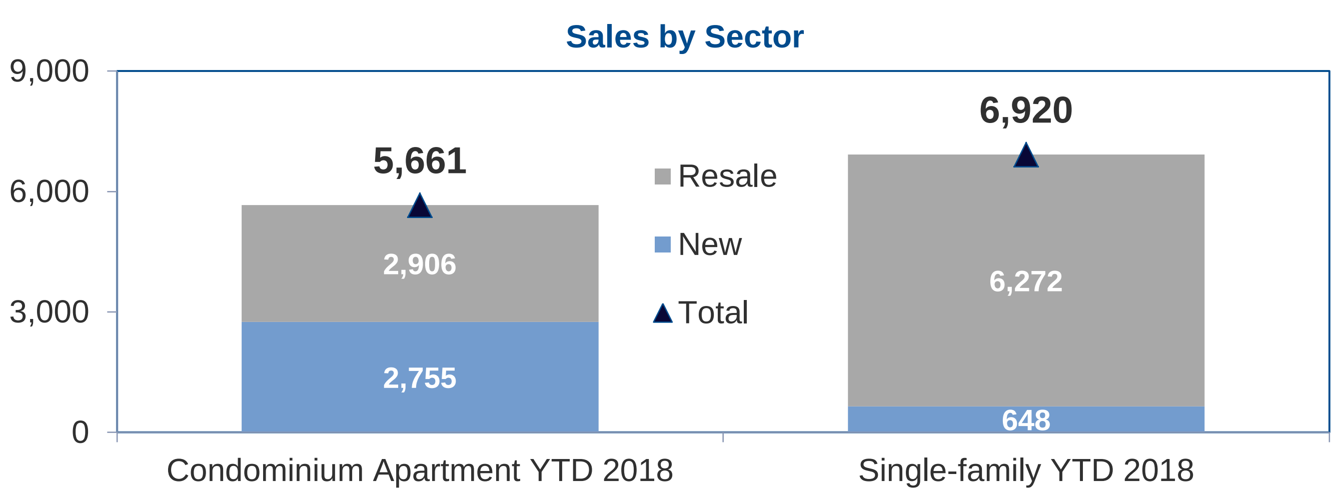


Source: Altus Group based on Toronto Real Estate Board data

- **Combined resale and new home sales** as measured by TREB and Altus Group totaled over 12,500 units for year-to-date February 2018, **down 39%** from the same period in 2018. Both the new and resale sectors contributed to the decline.
- About 1 in 4 home sales thus far in 2018 have been new homes – compared to 1 in 3 a year earlier. The ratios however are quite different for single-family homes, with new accounting for less than 1 in 10 sales, and condominium apartments, where almost half of sales year-to-date have been new condos.

GTA Combined New & Resale Home Sales



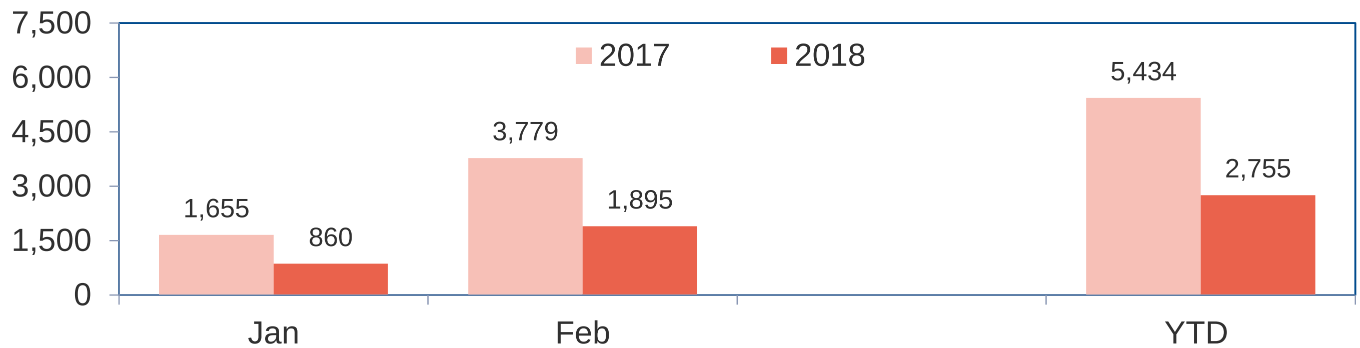


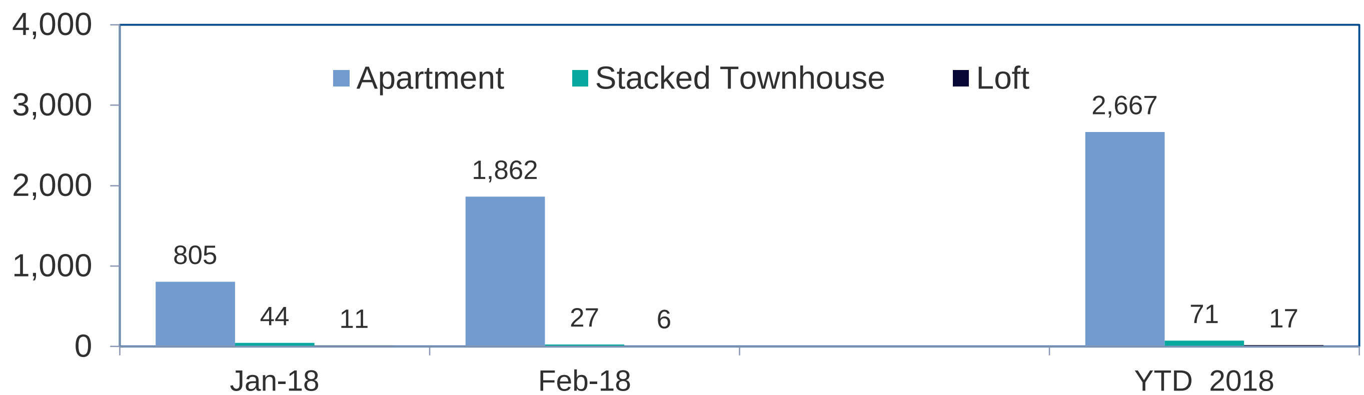
Source: Altus Group and Toronto Real Estate Board data

New Condominium Apartments - Sales

- **New condominium apartment sales in February were down by half from last year**, The drop needs to be put into context: last February was the strongest February on record, and this February was well above the previous 10 year average (of about 1,500 units).
- Stacked townhouses and lofts combined have accounted for less than 100 sales in the first 2 months of the year.
- **New condominium apartment sales were down in all regions in February** (*chart next page*).

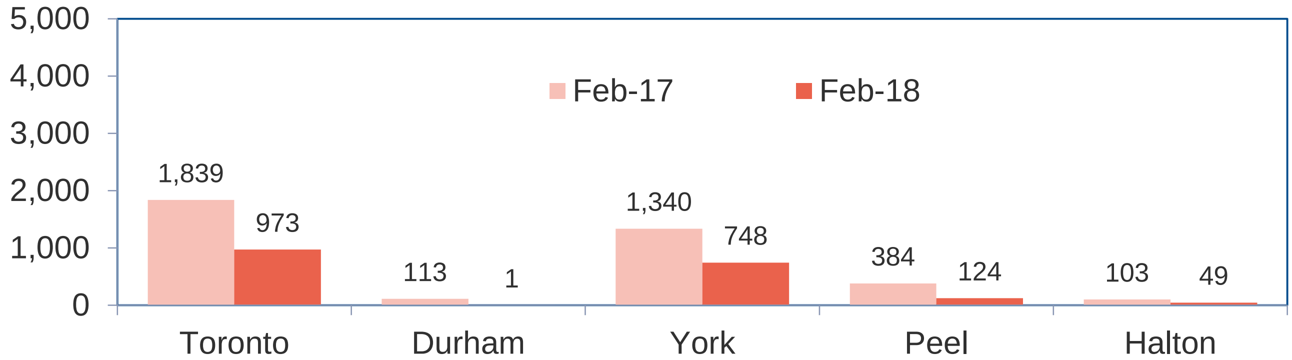
GTA New Condominium Apartment Sales

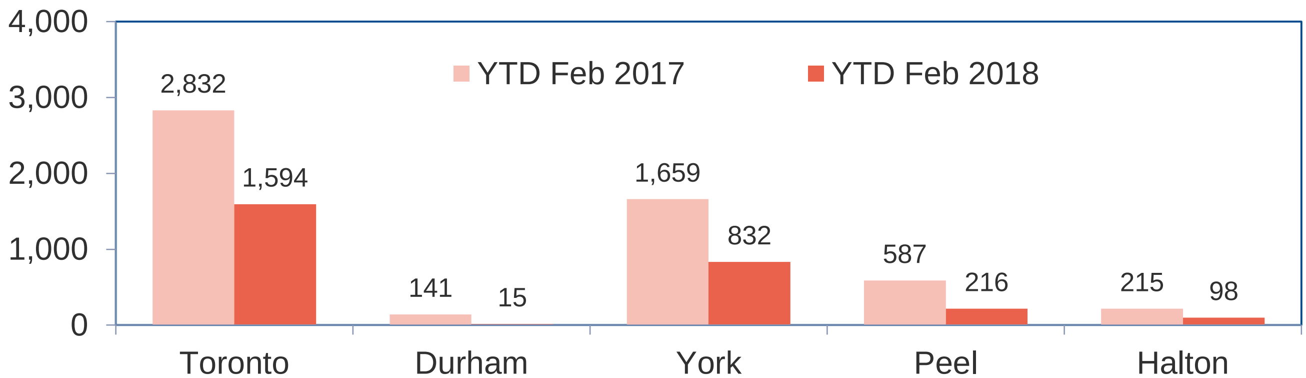


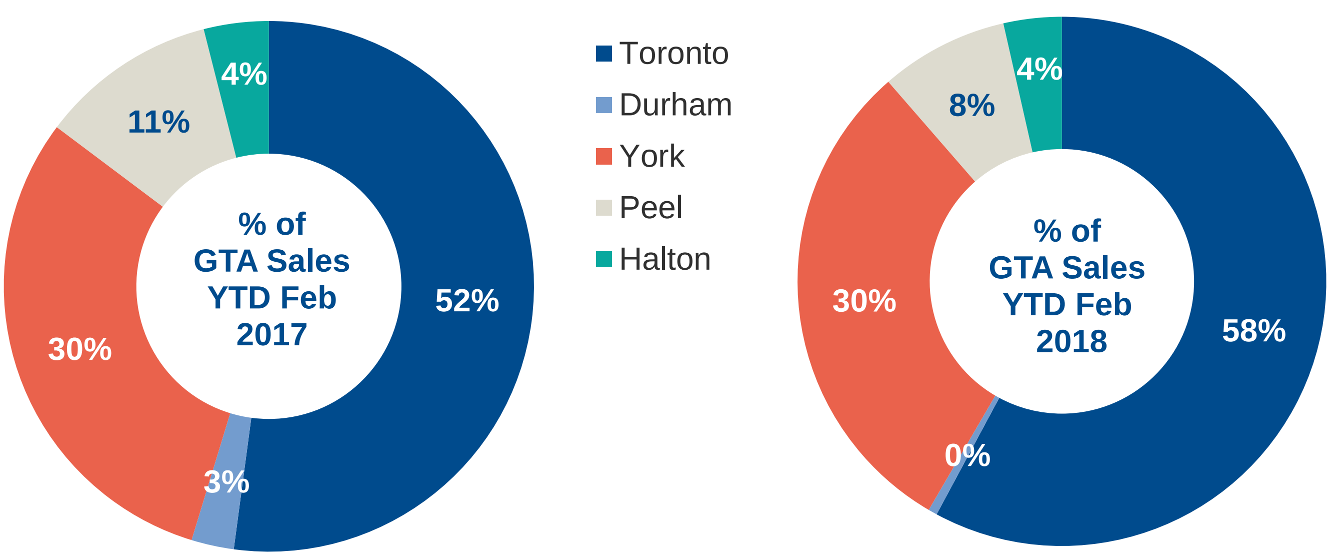


Source: Altus Group

GTA New Condominium Apartment Sales by Region





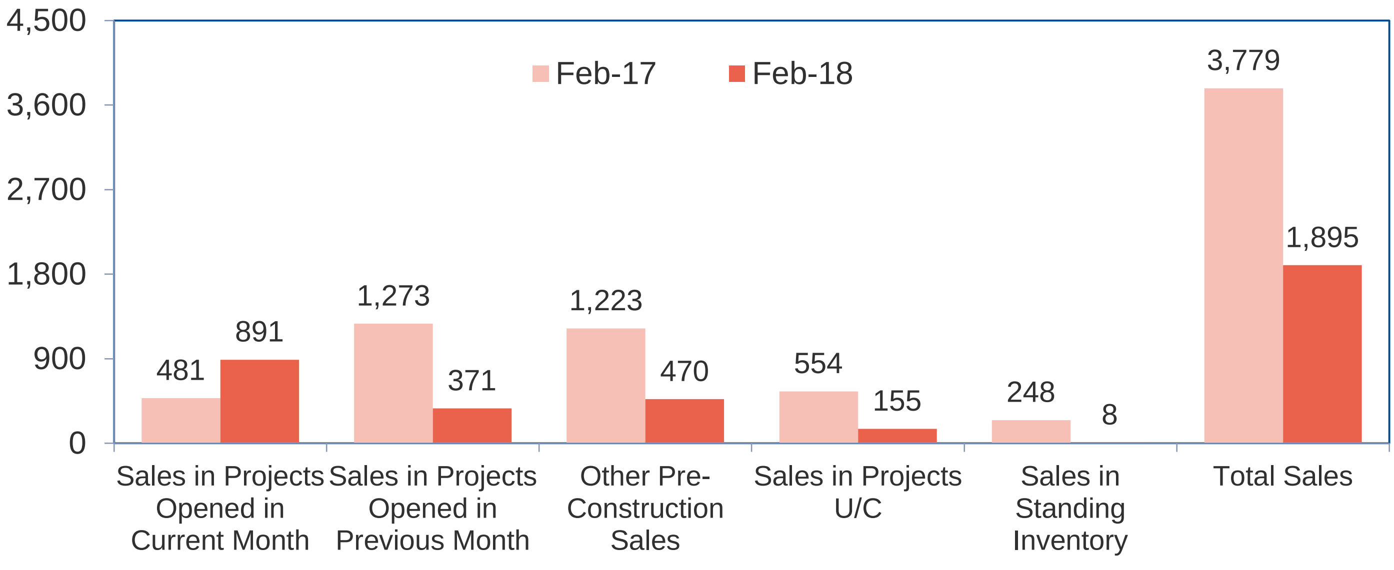


Source: Altus Group

New Condominium Apartments - Sales

- **Almost half of the new condominium apartment sales in February 2018 occurred in projects opened during the month.** 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 February 2018, which reflects the limited amount of inventory available to purchase (as discussed on the next page).

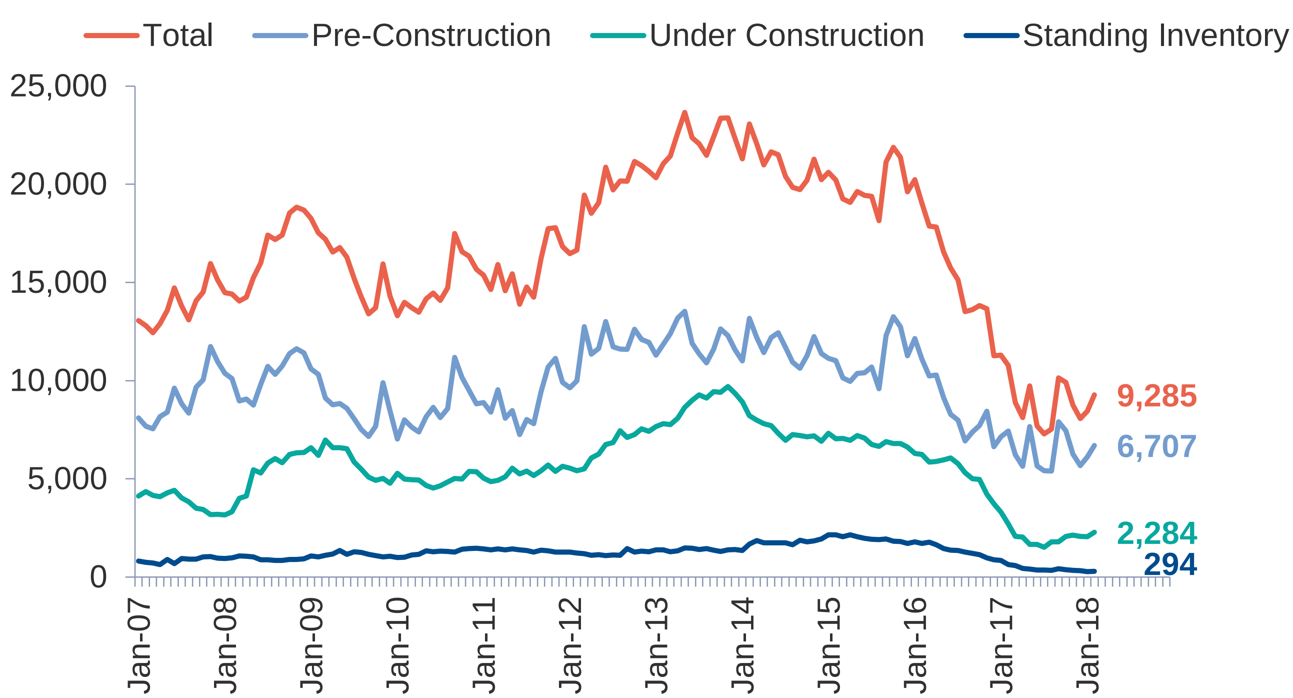
GTA New Condominium Apartment Sales by Construction Status

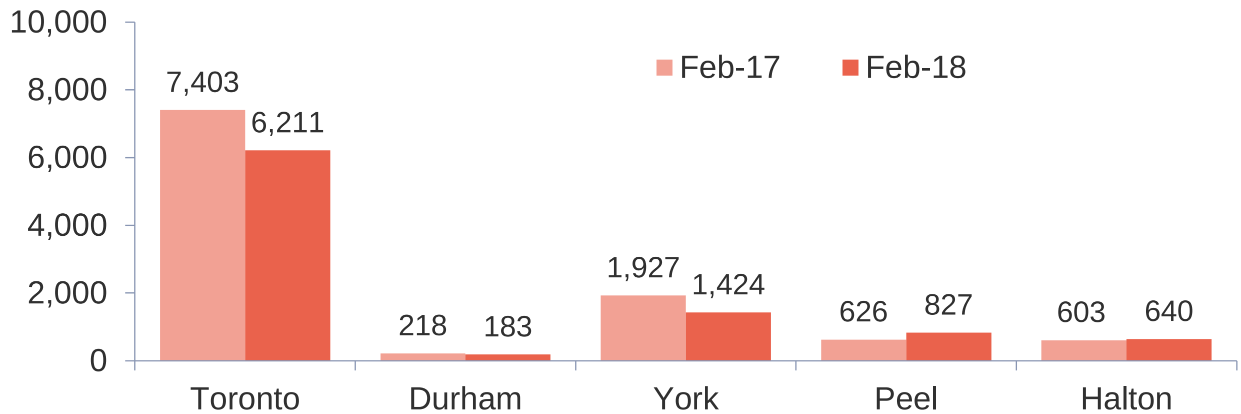


Source: Altus Group

- **New condominium apartment available inventory inched up again in February, 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 294 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 February of about 1,300 units.

GTA New Condominium Apartment Inventory

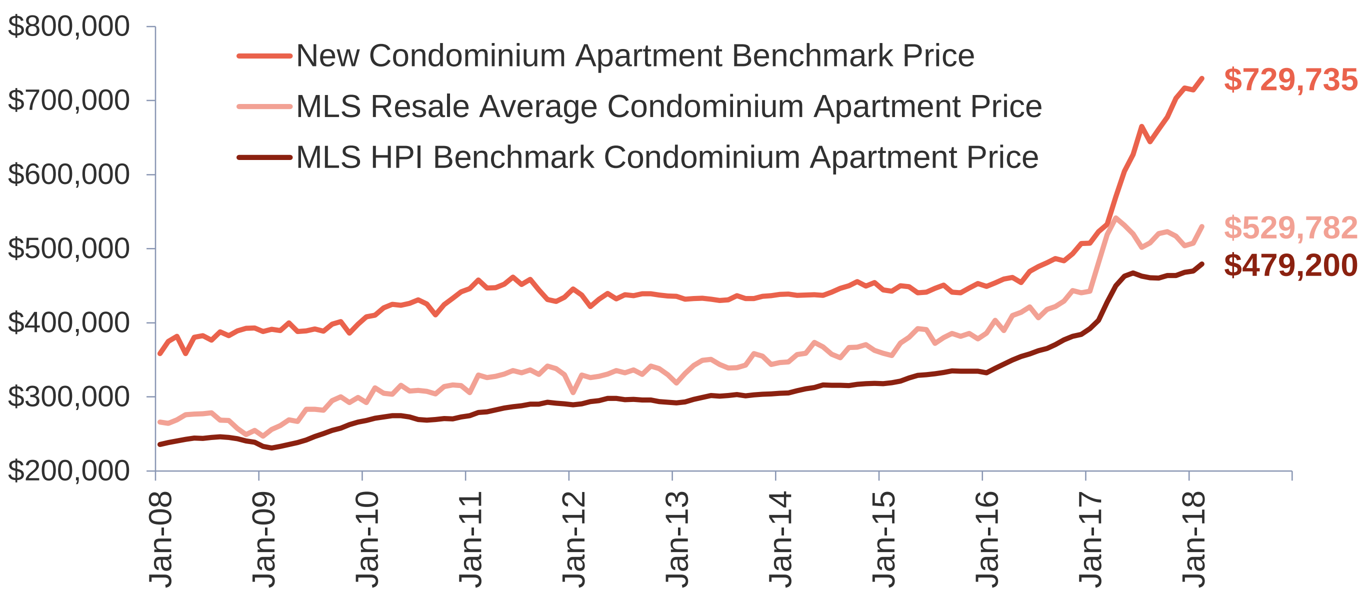


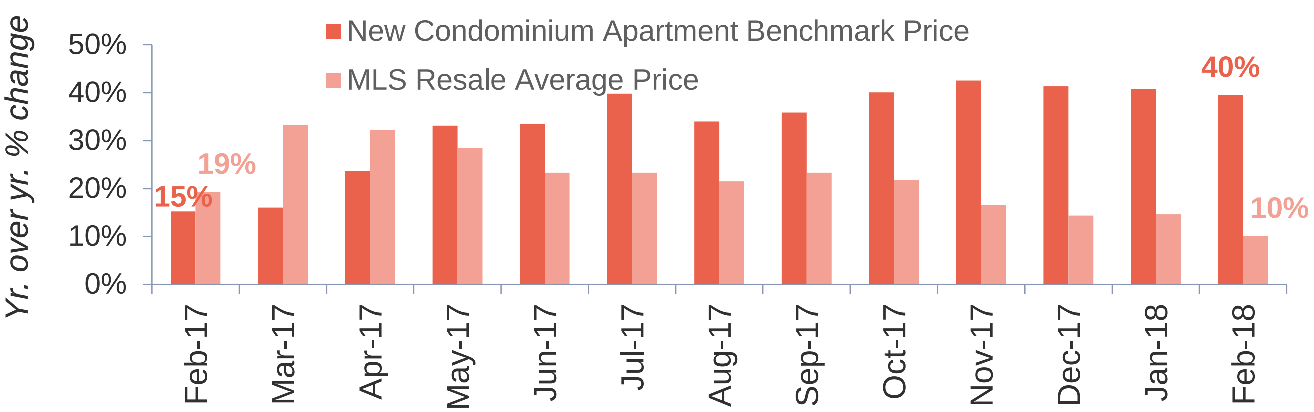


Source: Altus Group

- **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.

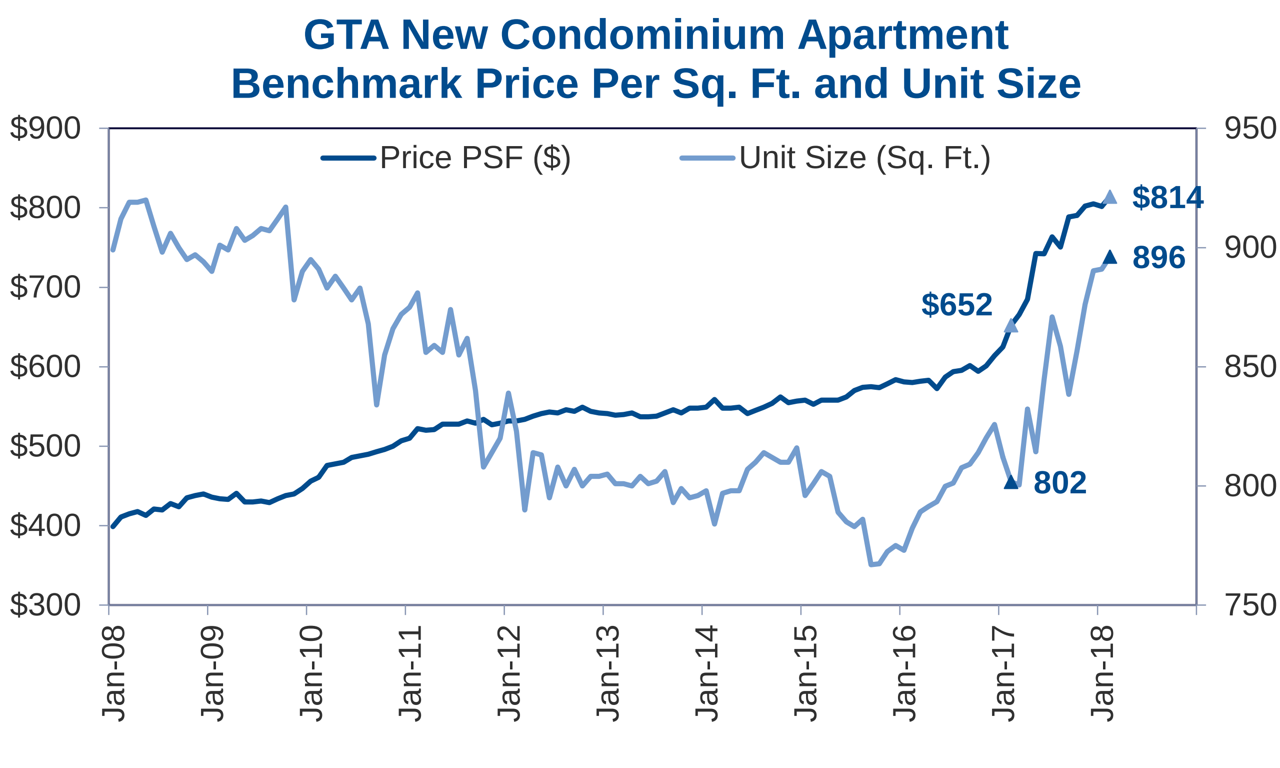
GTA New and Resale Condominium Apartment Prices





Source: Altus Group and Toronto Real Estate Board data

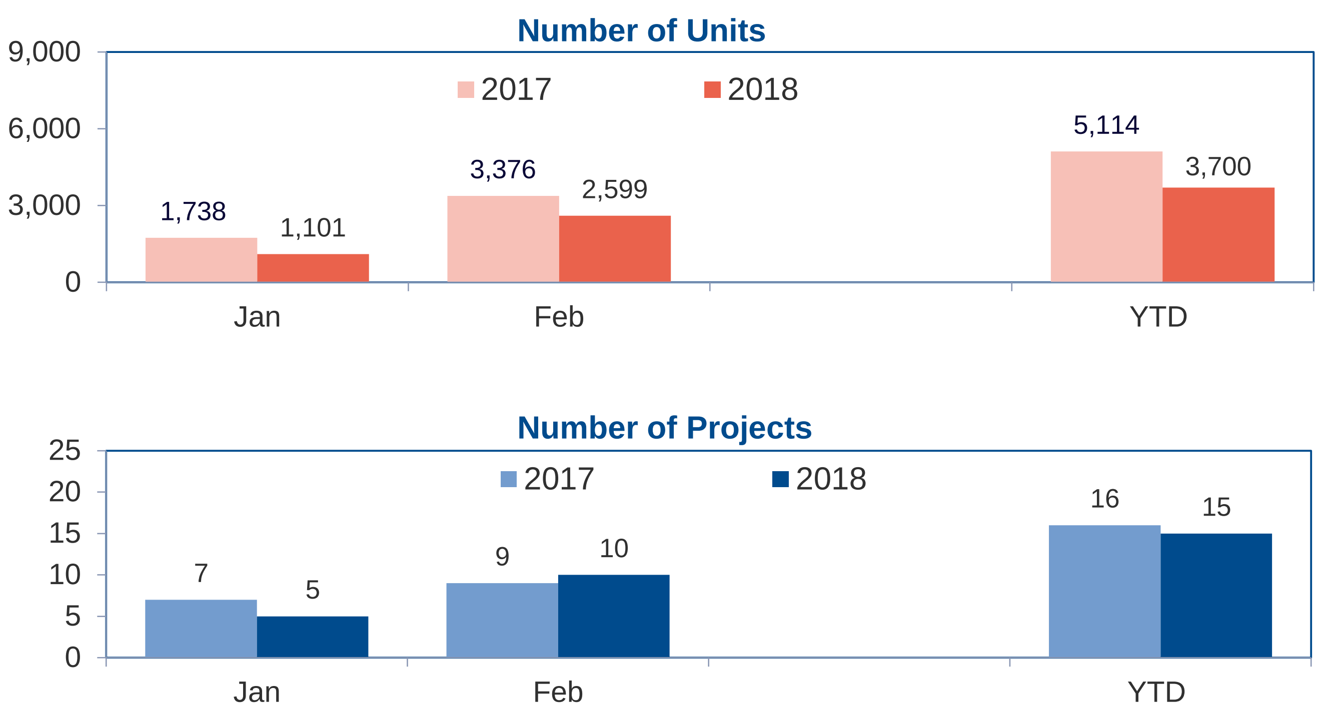
- The 40% increase in average asking prices for available new condominium apartments in February 2018 compared to a year earlier was been a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 25% from a year earlier**, and remains the primary driver behind overall increases in the benchmark price.
  - 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

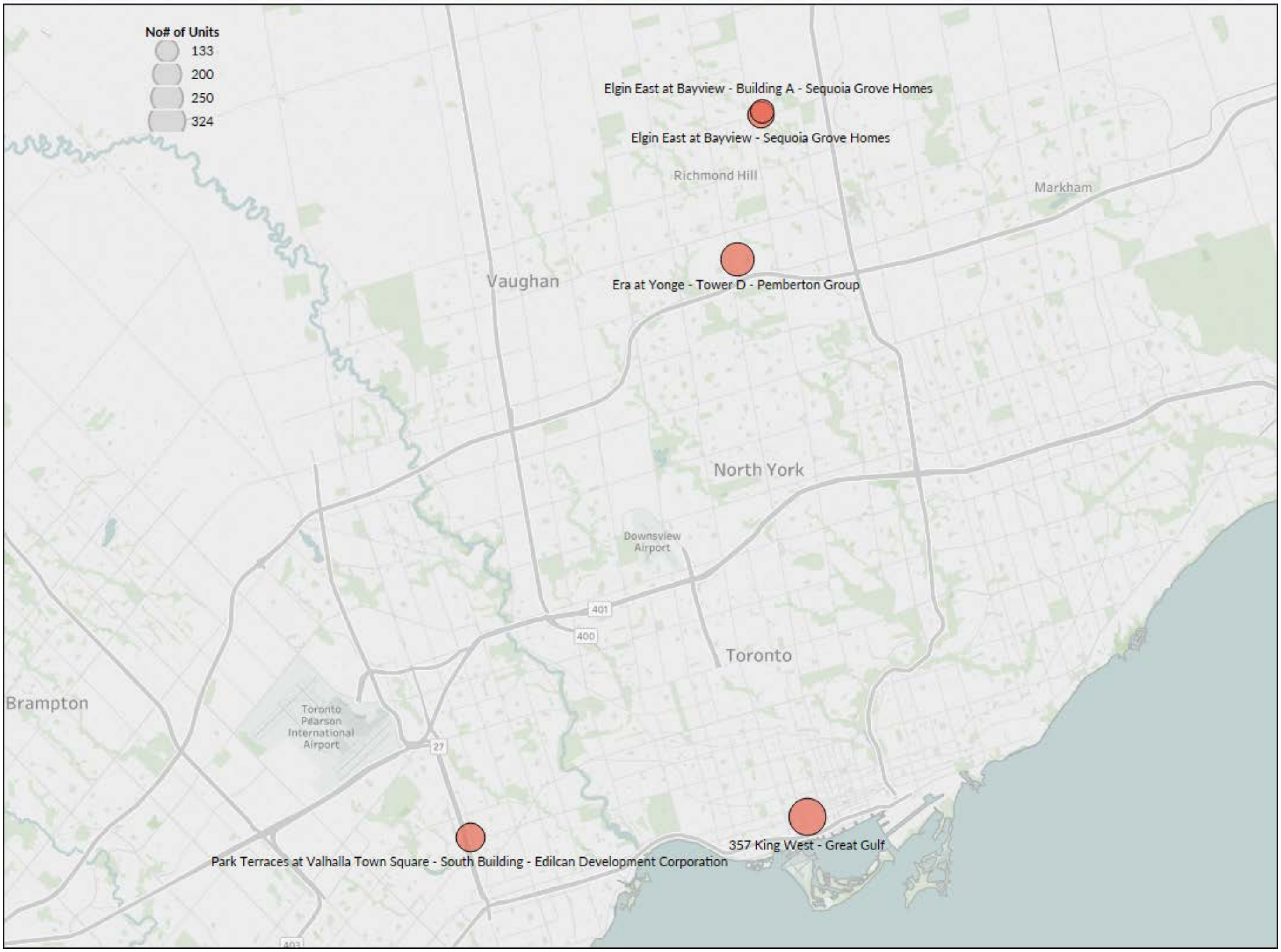
- **In February , there were 10 new condominium apartment projects opened in the GTA.** The 2,599 units in new projects opened is down from last year, but well ahead of the previous 10 year average for February (of about 1,600 units). Moreover, it is the 3rd highest February on record.
- Following this page are maps showing the location of new projects launched in January and February, 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.*

GTA New Condominium Apartment Project Openings



Source: Altus Group

January 2018 New Project Launches by Number of Units



Source: Altus Group

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

New Condominium Apartments - Openings

Altus Group

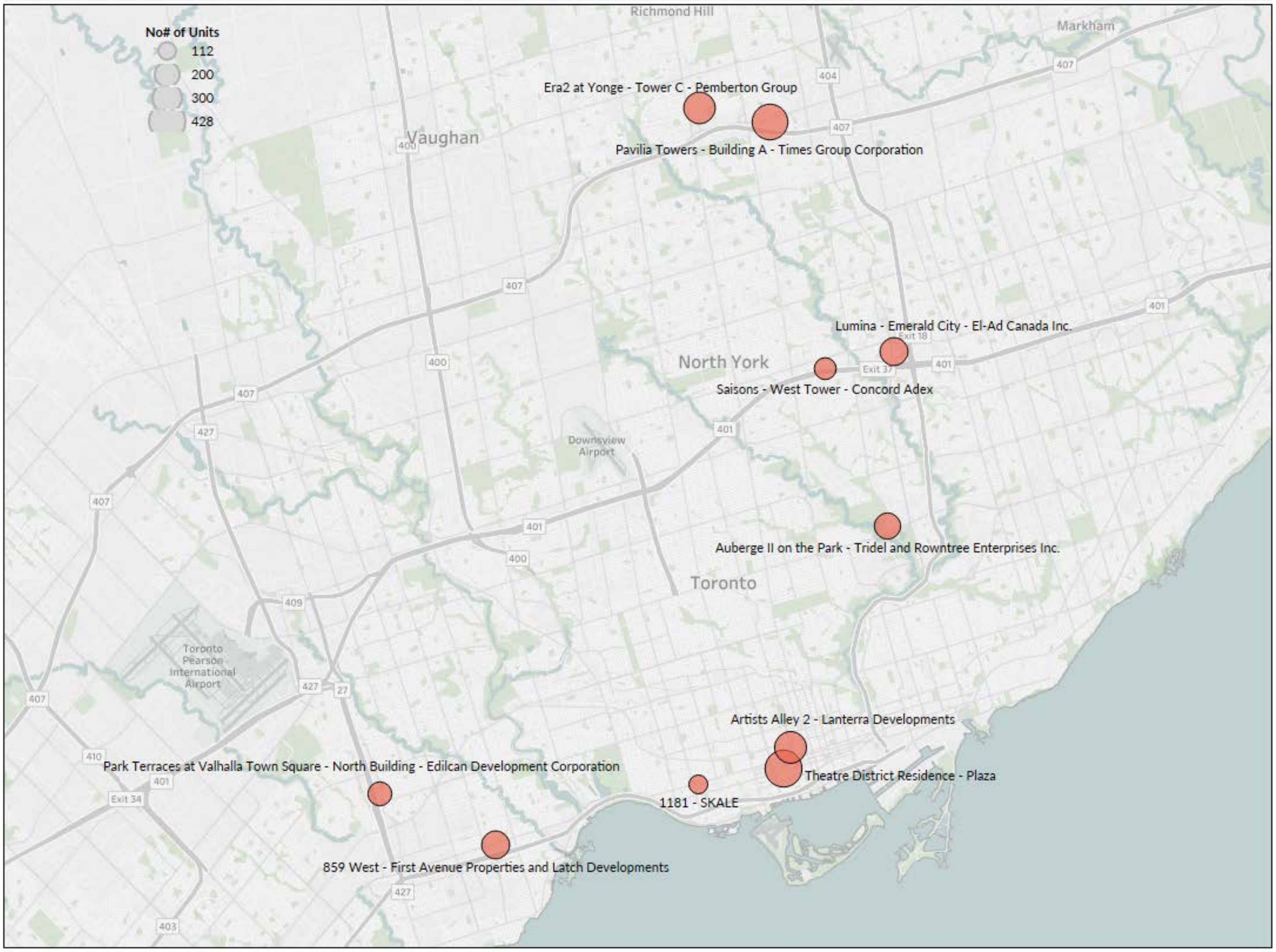
Project Record	357 King West	Elgin East at Bayview - Building A	Elgin East at Bayview	Era at Yonge - Tower D	Park Terraces at Valhalla Town Square - South Building

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**	**154**	**164**	**263**	**196**
Studio	--	--	--	--	--
1 bedroom	144	18	--	22	70
1 bedroom + den	72	30	--	88	16
2 bedroom	72	60	106	91	65
2 bedroom + den	--	36	--	62	22
3 bedroom & up	36	10	58	--	23
Penthouse	--	--	--	--	--
Other	--	--	--	--	--
Opening month sales	**130**	**0**	**0**	**0**	**79**
Next month sales	**31**	**39**	**20**	**262**	**19**
% Sold	*50%*	*25%*	*12%*	*100%*	*50%*
Remaining inventory	163	115	144	1	98
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	357 King West is temporarily sold out of the units that were released for sale - remaiinning units will be released at a later date				

Source: Altus Group

February 2018 New Project Launches by Number of Units



Source: Altus Group

Project Record	859 West	1181	Artists Alley 2	Auberge II on the Park	Era2 at Yonge - Tower C

New Condominium Apartment Project Openings - February 2018

Project Name	**859 West**	**1181**	**Artists Alley 2**	**Auberge II on the Park**	**Era2 at Yonge - Tower C**
Developer	First Avenue Properties and Latch Developments	SKALE	Lanterra Developments	Tridel and Rowntree Enterprises Inc.	Pemberton Group
Date Opened	2018-02-28	2018-02-27	2018-02-13	2018-02-10	2018-02-12
Municipality	Etobicoke	Toronto	Toronto	North York	Richmond Hill
Region	Toronto	Toronto	Toronto	Toronto	York
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	14	15	36	29	30
Number of units	**238**	**112**	**318**	**215**	**312**
Studio	1	--	56	--	--
1 bedroom	28	22	58	30	--
1 bedroom + den	94	13	56	32	130
2 bedroom	55	52	113	89	146
2 bedroom + den	51	9	--	30	33
3 bedroom & up	9	11	35	12	3
Penthouse	--	--	--	7	--
Other	--	5	--	15	--
Opening month sales	**0**	**0**	**200**	**0**	**202**
% Sold	*0%*	*0%*	*63%*	*0%*	*65%*
Remaining inventory	238	112	118	215	110
Original $PSF	$657	$1,086	$1,050	$873	$676
Minimum Size (sq. ft.)	505	546	448	541	640
Maximum Size (sq. ft.)	1,190	1,719	876	3,548	1,070
Minimum Price	$344,900	$549,900	$459,900	$435,000	$456,990
Maximum Price	$739,900	$2,159,900	$1,132,900	$3,800,000	$699,990
Notes	No firm sales as all deals were subject to the 10-day conditional period.	2-storey units are included in Other. No firm sales as all deals were subject to the 10-day conditional period.		Townhouse units are inlcuded in Other. No firm sales as all deals were subject to the 10-day conditional period.	Only 233 of the total 312 units were released for sale. The remaining units will be released at a later date.

Source: Altus Group

Project Record: Lumina - Emerald City | Park Terraces - North Building | Pavilia Towers - Building A | Saisons - West Tower | Theatre District Residence

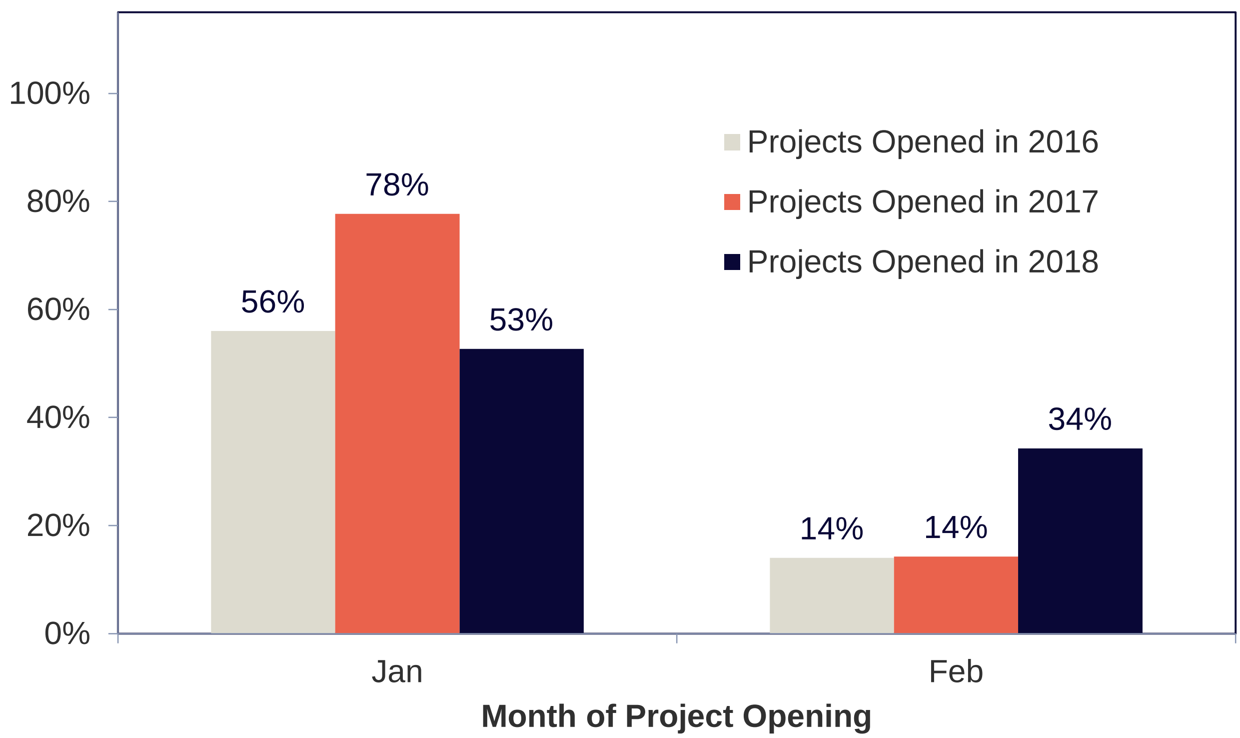
New Condominium Apartment Project Openings - February 2018 (continued)

Project Name	**Lumina - Emerald City**	**Park Terraces at Valhalla Town Square - North Building**	**Pavilia Towers - Building A**	**Saisons - West Tower**	**Theatre District Residence**
Developer	El-Ad Canada Inc.	Edilcan Development Corporation	Times Group Corporation	Concord Adex	Plaza
Date Opened	2018-02-22	2018-02-22	2018-02-12	2018-02-10	2018-02-02
Municipality	North York	Etobicoke	Markham	North York	Toronto
Region	Toronto	Toronto	York	Toronto	Toronto
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	13	10	36	15	49
Number of units	**245**	**180**	**400**	**151**	**428**
Studio	--	--	--	--	126
1 bedroom	7	67	--	40	14
1 bedroom + den	171	21	247	34	46
2 bedroom	49	59	97	42	169
2 bedroom + den	16	17	38	8	--
3 bedroom & up	2	16	18	27	67
Penthouse	--	--	--	--	--
Other	--	--	--	--	6
Opening month sales	**0**	**0**	**71**	**66**	**352**
% Sold	*0%*	*0%*	*18%*	*44%*	*82%*
Remaining inventory	245	180	329	85	76
Original $PSF	$833	$0	$675	$1,031	$995
Minimum Size (sq. ft.)	498	446	616	505	380
Maximum Size (sq. ft.)	894	1,087	1,645	760	2,368
Minimum Price	$390,900	$0	$400,400	$520,000	$362,500
Maximum Price	$756,900	$0	$1,225,000	$800,000	$2,500,000
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.			Townhouse units are inlcuded in Other.

Source: Altus Group

- **More than half of the units in new condominium apartment projects opened in January 2018 had been sold through the end of February.** While this proportion is down from the January openings last year, it is similar to the absorption timing from new projects opened in January 2016.
- About one-third of units in projects opened in February 2018 have been sold. Caution needs to be used in comparing sales in projects opened in the latest month, as the proportion of projects opened in the last 10 days of the month (when firm sales are not recorded) can vary from one year to another.

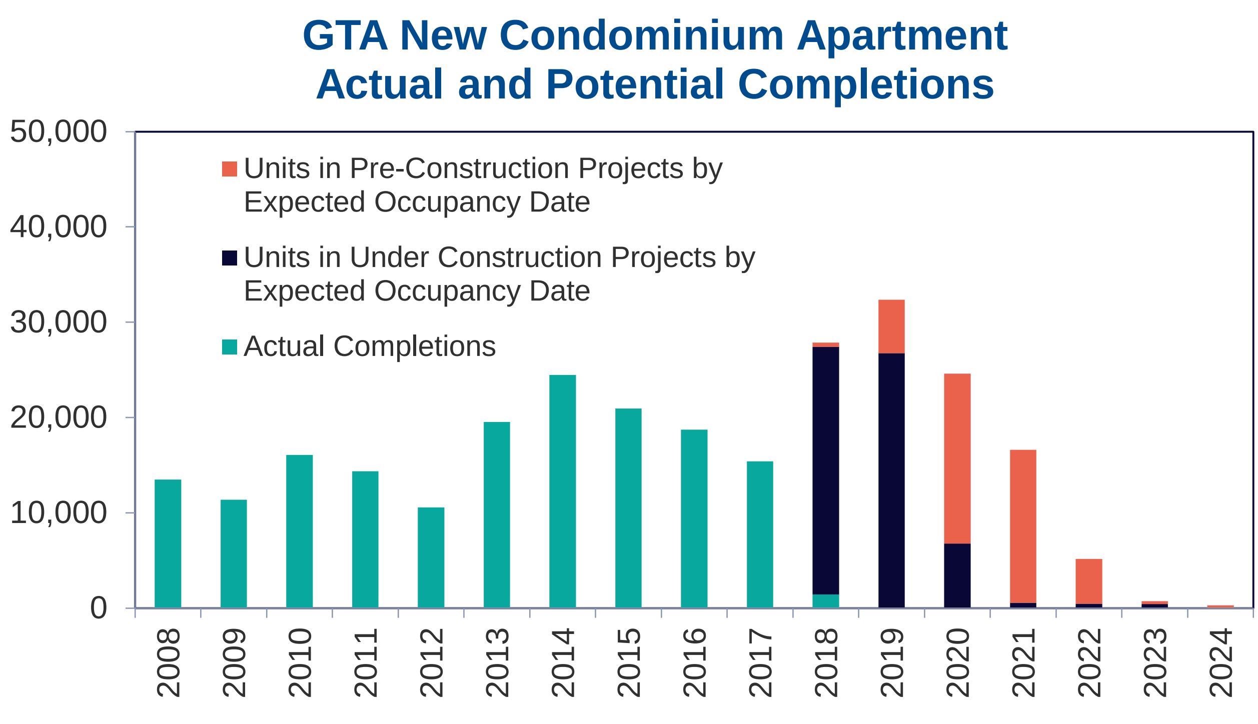
GTA New Condominium Apartment New Project Absorption Timelines (% of Units Sold Through February)



Source: Altus Group

New Condominium Apartments - Completions

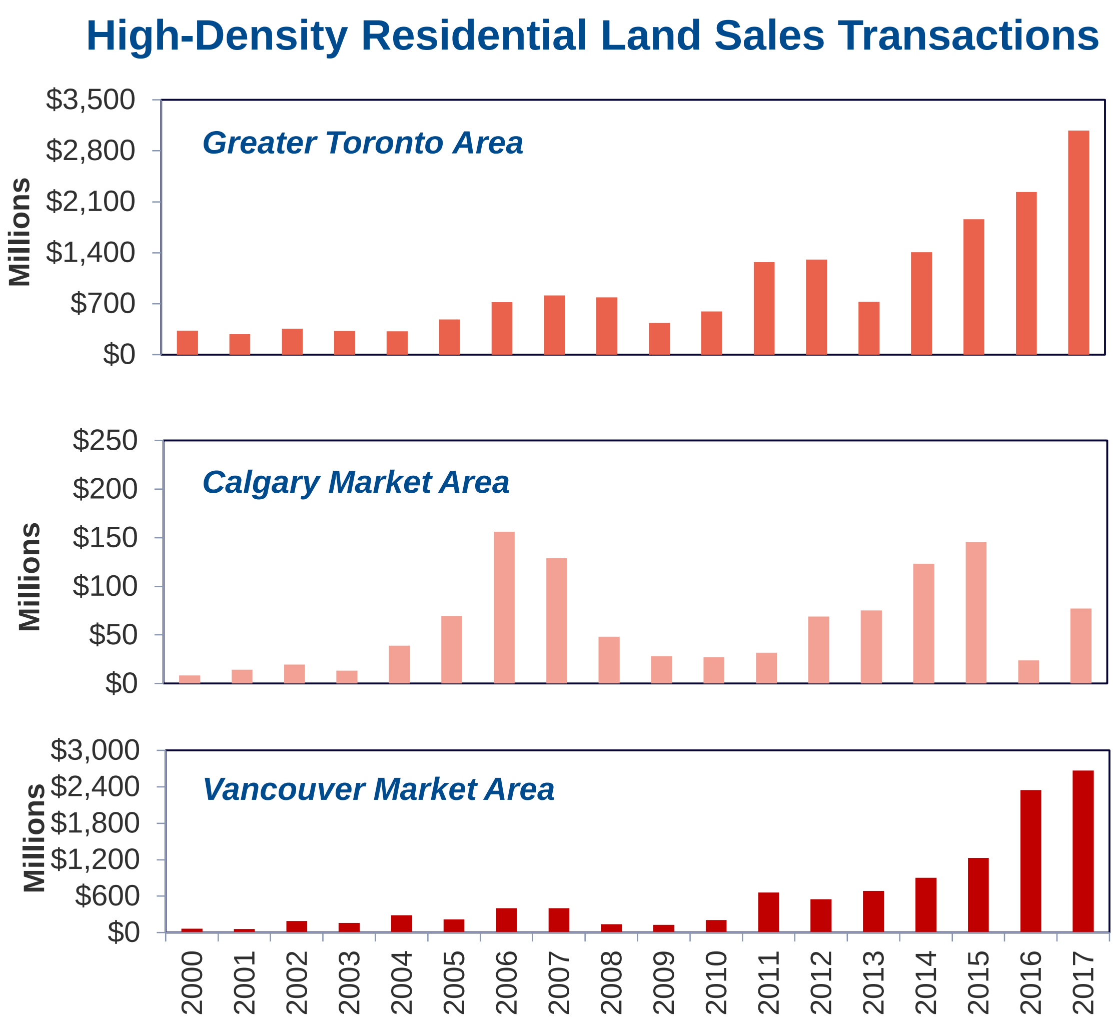
- As of the end of February 2018, there were about 106,000 new condominium apartment units in projects either under construction or in pre-construction stages.
- During 2017, about 15,400 units were completed, based on Altus Group data.
- Based on planned occupancy dates, and only considering units currently 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

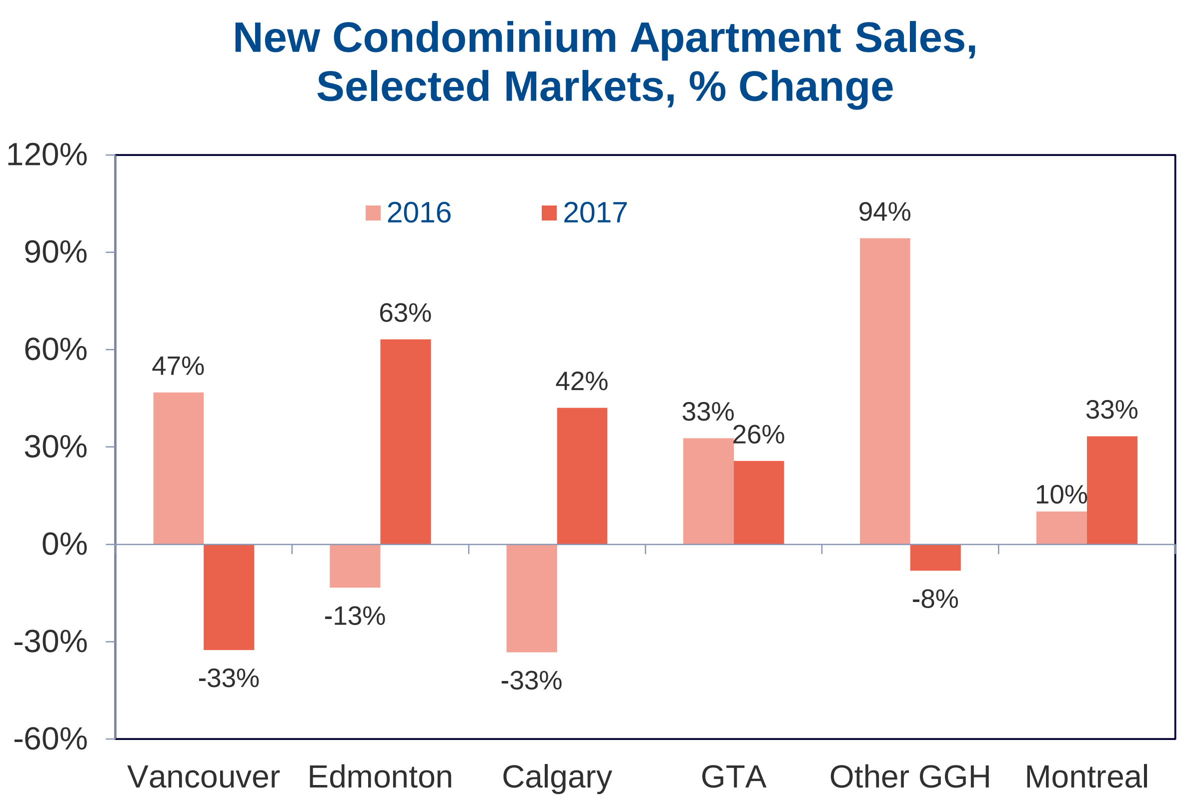
High-Density Residential Land Sales

- Sales of high-density residential land in the GTA - potential land for future condominium apartment and purpose-built rental projects – increased for the 4rd straight year in 2017 to an annual record of about $3.1 billion.
- How does the GTA pattern compare to other major markets in Canada?
  - **Vancouver high-density residential land sales also reached a new record high in 2017,** with the total dollar volume reaching $2.7 billion, just shy of the GTA performance.
  - **In Calgary, high-density residential land sales posted a partial recovery in 2017** following a plummet in 2016.



New Condo Apartment Sales Across Canada

- The increase in new condominium apartment sales in 2017 was not limited to the GTA.
- Based on sales in the other Canadian markets tracked by Altus Group, **Edmonton and Calgary posted solid improvements over 2016's low levels, and Montreal sales continued to advance**.
- **The reduced sales activity in 2017 in Vancouver and areas of the Greater Golden Horseshoe outside of the GTA** came after impressive pickups in 2016.



Source: Altus Group

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.

Note: all historical data is subject to revision