Altus Group

The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of March 2018

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March 2018			YTD March 2018	
Sales	Inventory	Benchmark Price	Sales	Benchmark Price
1,649	8,756	$742,801	4,273	$728,989
-67%	-1%	39%	-59%	40%
Lowest March since 2013	*Lowest March since 2002*	*Record high*	*Lowest YTD March since 2013*	*Record high*

% change is from same period a year earlier

Highlights

- **March was a quiet month for the condominium apartment sector in the GTA.** Sales were well below the March record set last year, but also below the 10 year average. Only 2 new condominium apartment projects opened during the month.
- **Sales, however, did outpace units in new projects opened**; as a result, available inventory was down again. At the monthly pace of sales in the past 12 months, this inventory represents less than 4 months of supply, compared to an average of 11 months over the previous 10 years.
- **While there has been recent media attention on high profile project cancellations, the fact is that cancelled projects are a normal part of the market.** In the 2005 to 2017 period, the annual number of cancellations ranged from a low of 6 to a high of 25.

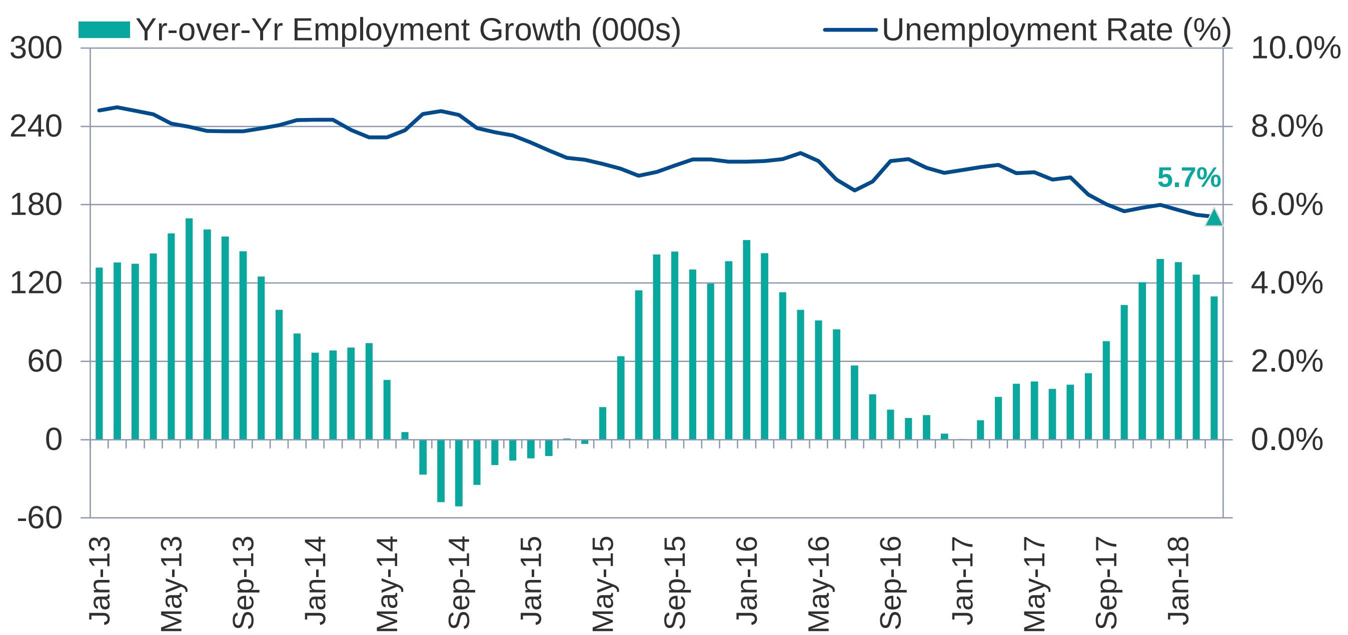
GTA Condominium Apartment Key Performance Indicators

	Mar-17	Feb-18	Mar-18	*Yr-Over-Yr % Change*	YTD March 2017	YTD March 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*					\		
Total active sites	285	282	280	*-2%*	313	281	*-10%*
New projects opened	12	11	2	*-83%*	28	18	*-36%*
Units in new projects opened	3,042	3,095	446	*-85%*	8,156	4,642	*-43%*
Total sales (units)	4,932	1,768	1,649	*-67%*	10,347	4,273	*-59%*
Sales as % of total new & resale	*60%*	*52%*	*43%*		*59%*	*46%*	
Inventory (units)	8,818	9,883	8,756	*-1%*	10,227	9,021	*-12%*
Sales-to-inventory ratio	56%	18%	19%	*-66%*	35%	16%	*-56%*
Months of inventory	3.2	3.5	3.5	*7%*	4.1	3.3	*-21%*
Benchmark price	$532,792	$729,735	$742,801	*39%*	$521,130	$728,989	*40%*
Price PSF Benchmark	$666	$814	$825	*24%*	$648	$814	*26%*
Unit size Benchmark (sq. ft)	800	896	900	*12%*	805	896	*11%*
Units completed	1,756	1,082	1,596	*-9%*	5,142	3,040	*-41%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	3,261	1,631	2,183	*-33%*	7,257	5,089	*-30%*
New listings (units)	3,981	2,486	3,305	*-17%*	9,037	8,030	*-11%*
Inventory ("active listings", units)	1,922	2,768	3,012	*57%*	1,886	2,790	*48%*
Sales-to-inventory ratio	170%	59%	72%	*-57%*	129%	60%	*-53%*
Months of inventory	0.7	1.3	1.5	*96%*	0.7	1.3	*76%*
Average price of units sold	$518,879	$529,782	$551,003	*6%*	$489,428	$533,300	*9%*
HPI constant quality price index (Jan 2005=100)	214.1	239.9	244.3	*14%*	204.0	239.8	*18%*

** see end of report for Definitions*

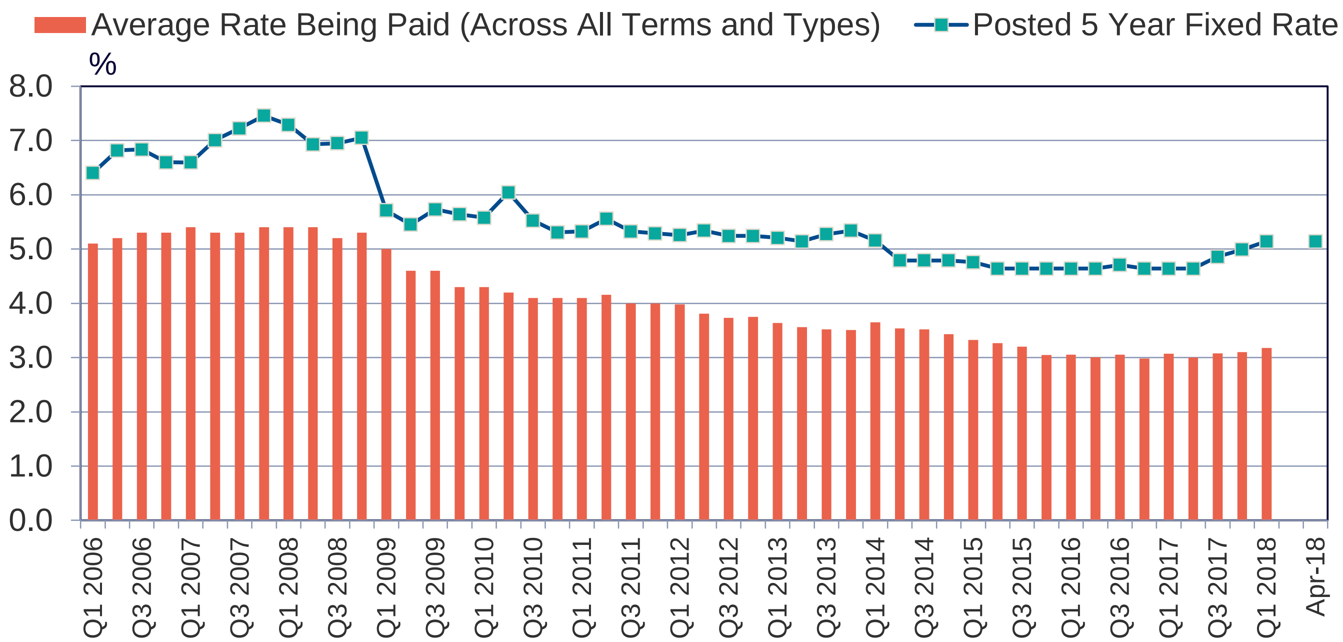
- Year-over-year employment growth in the GTA continued to slow in March, but remains relatively buoyant, with about **110,000 jobs added for the 12 months ending March**. However, on a quarter-to-quarter basis, Q1 2018 was at a standstill compared to Q4 2017. Despite the short-term stall in employment growth, the unemployment rate remains low in historical terms.
- 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, with additional increases in posted rates being introduced by major lenders over the past week. As such, **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 1.25% at the latest rate announcement on April 18, indicating that "*higher interest rates will be warranted over time, although some monetary policy accommodation will still be needed to keep inflation on target. The Bank will also continue to monitor the economy's sensitivity to interest rate movements and the evolution of economic capacity."* The next rate announcement is May 30.
- Despite house prices softening in the past year, the increases in house values as a whole in recent years means that homeowners in the GTA still overwhelmingly believe that owning a home is a good investment – and that perception is even higher than a year ago (*chart next page*). While renters (a subgroup of who are potential first-time buyers) are somewhat more ambivalent, there has also been an increase among this group in the belief that owning a home is a good investment.

GTA Employment



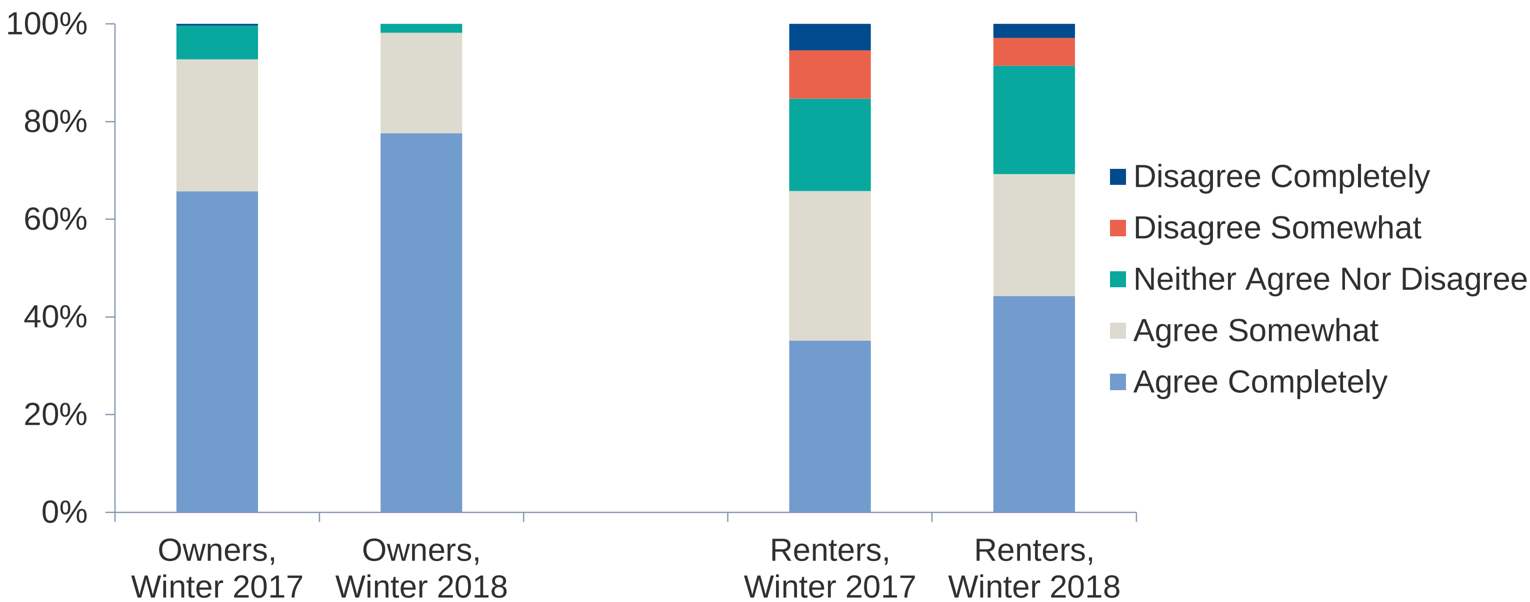
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



Source: Altus Group and Bank of Canada data

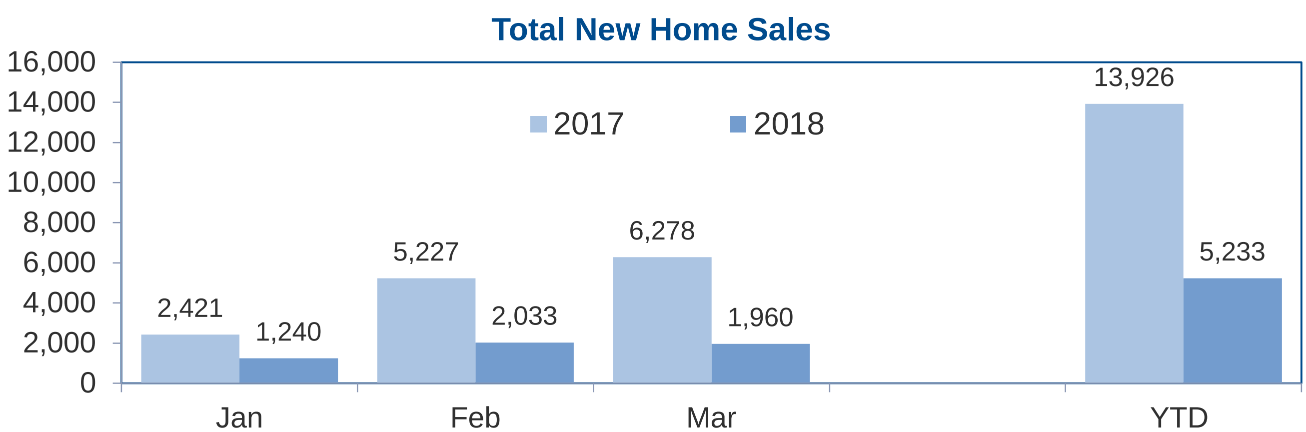
Owning a Home is a Good Investment, GTA

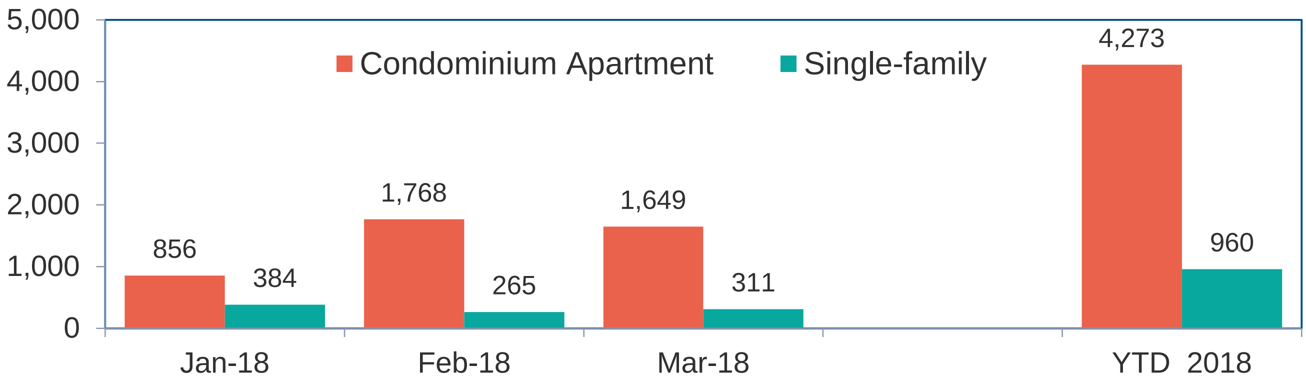


Source: Altus Group

- Total sales of new homes in the GTA reached their lowest March level since the recession-impacted March 2009. **The 1,960 total sales showed no improvement from February, bucking the normal seasonal pattern.**
- **Both single-family and condominium apartment new home sales were down dramatically in March from a year earlier**. Single-family sales were the lowest March yet recorded by Altus Group by a wide margin (the previous low being 995 sales in March 2013). While condominium apartment sales were down by about two-thirds from last year, the drop needs to be put into context: last March was the strongest March on record and the 3rd highest month ever.
- **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. **Richmond Hill was the only local municipality to post higher new homes sales in Q1 this year versus last year** *(chart after next page).*

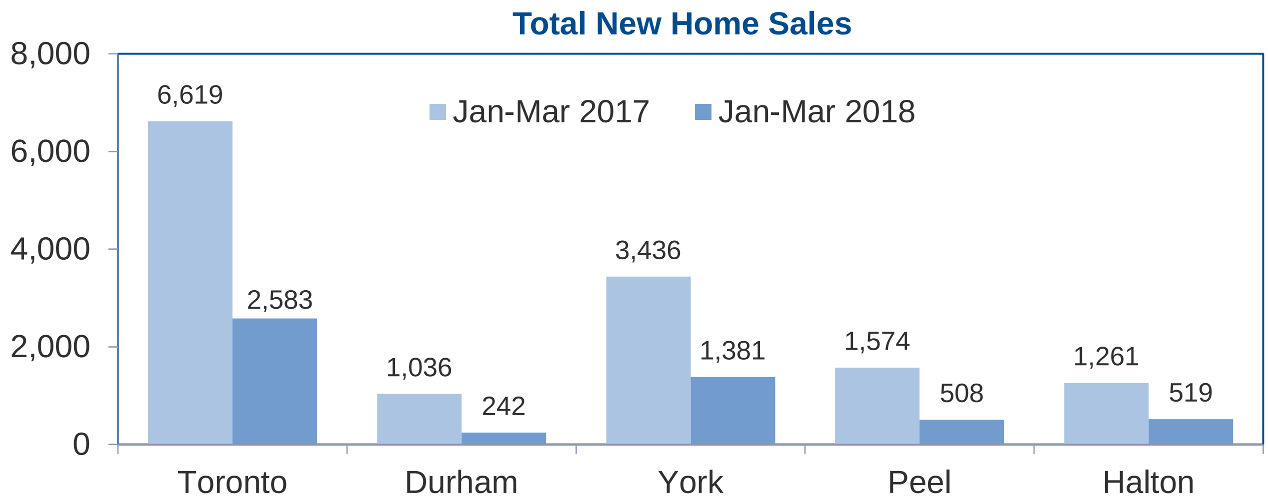
GTA New Home Sales

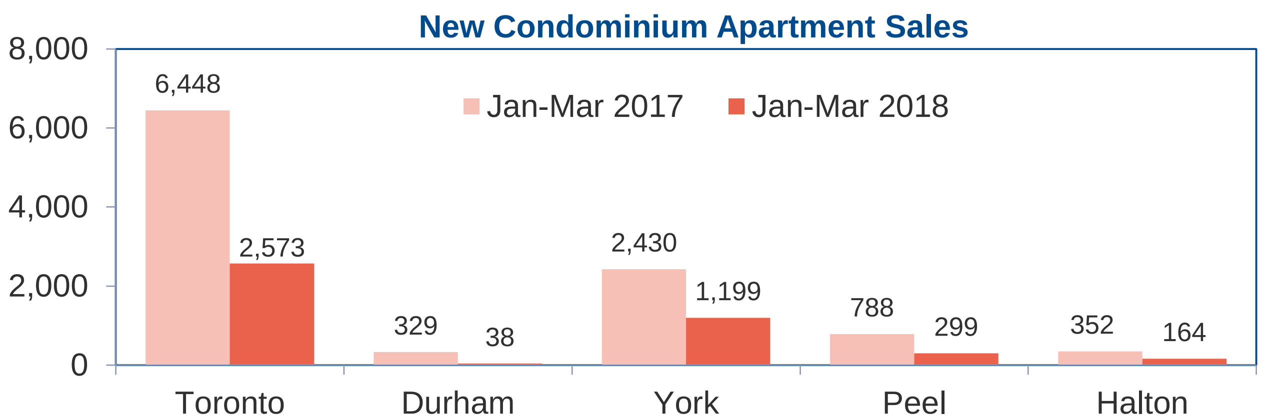


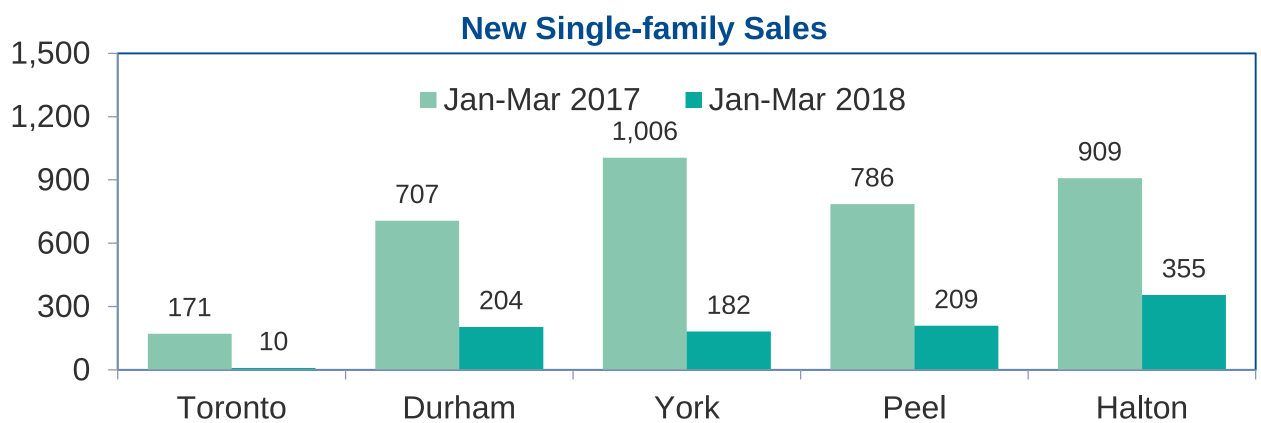


Source: Altus Group

GTA New Home Sales by Region



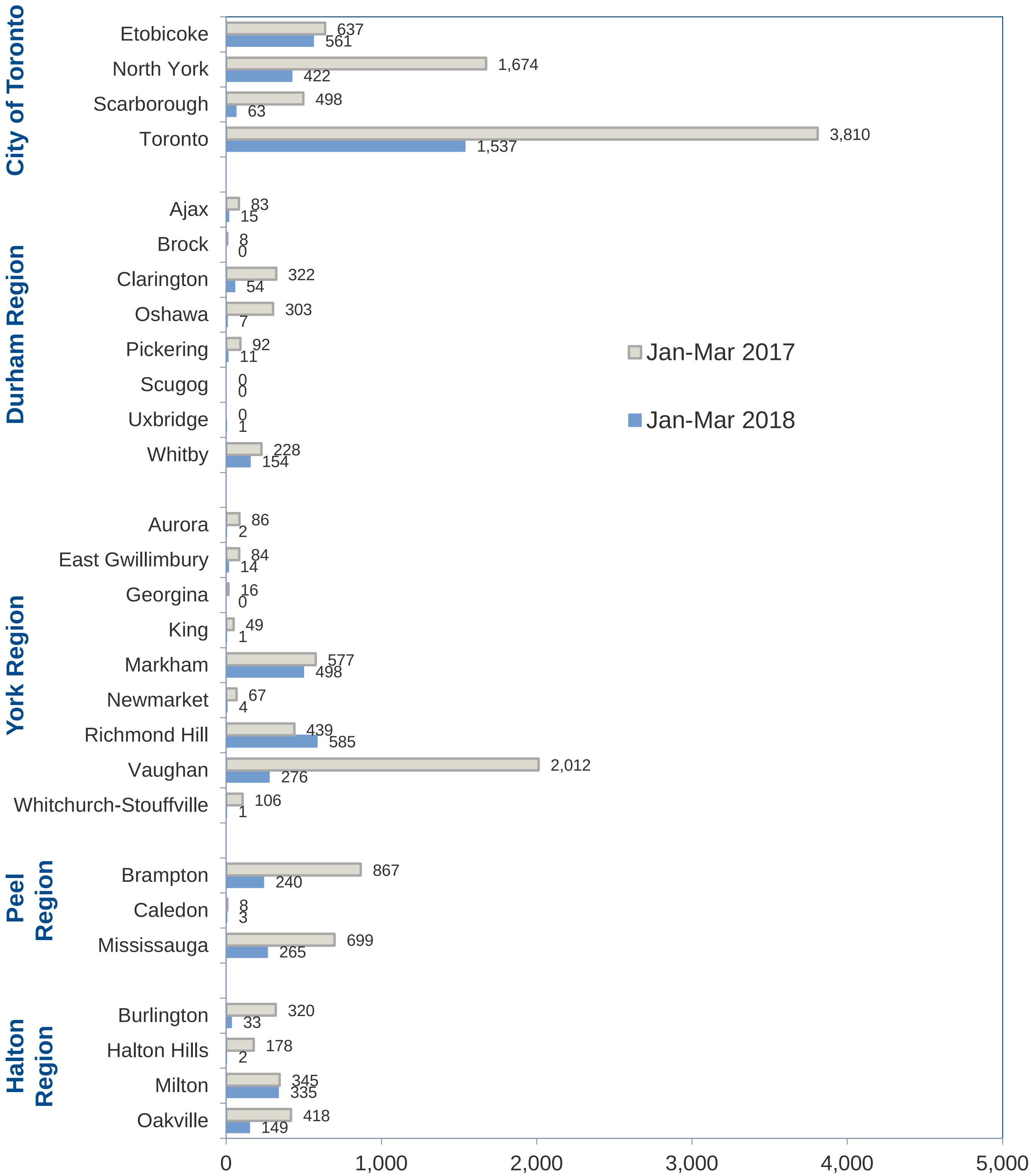




Source: Altus Group

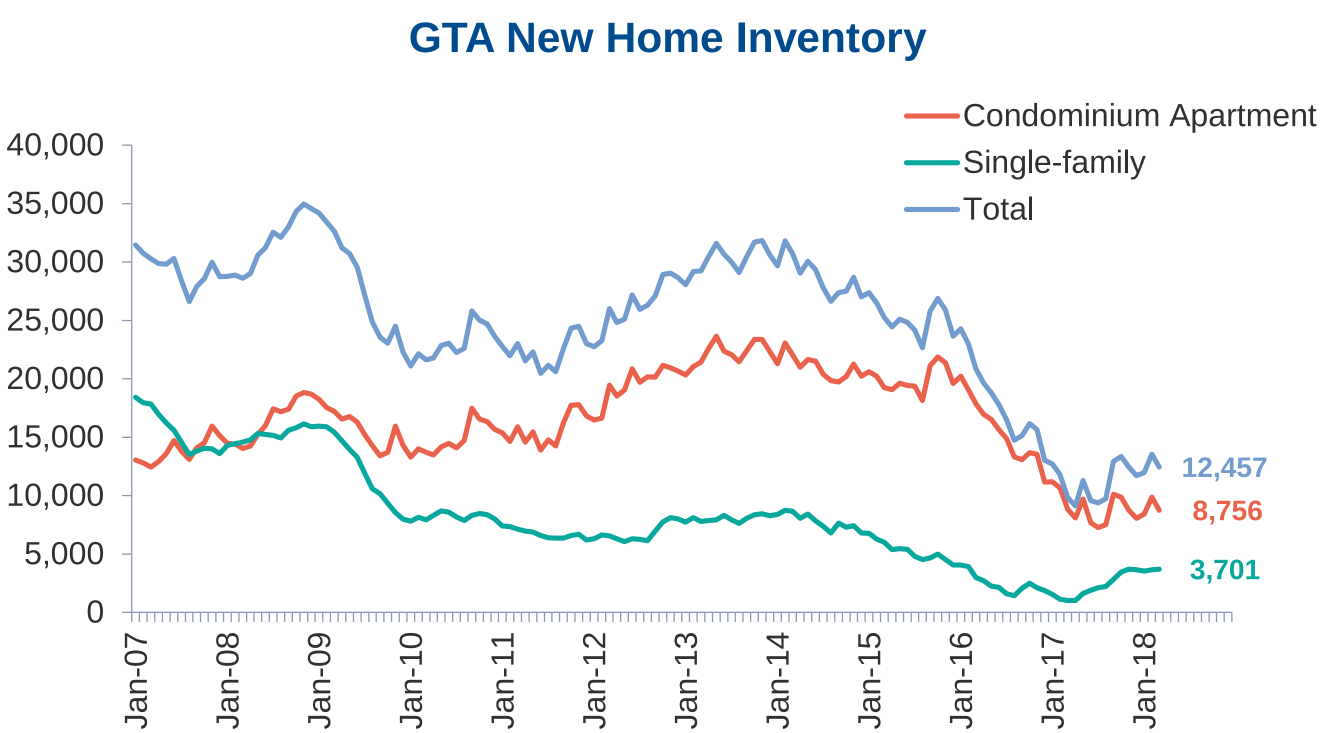
Altus Group

GTA Total New Home Sales by Municipality



Source: Altus Group

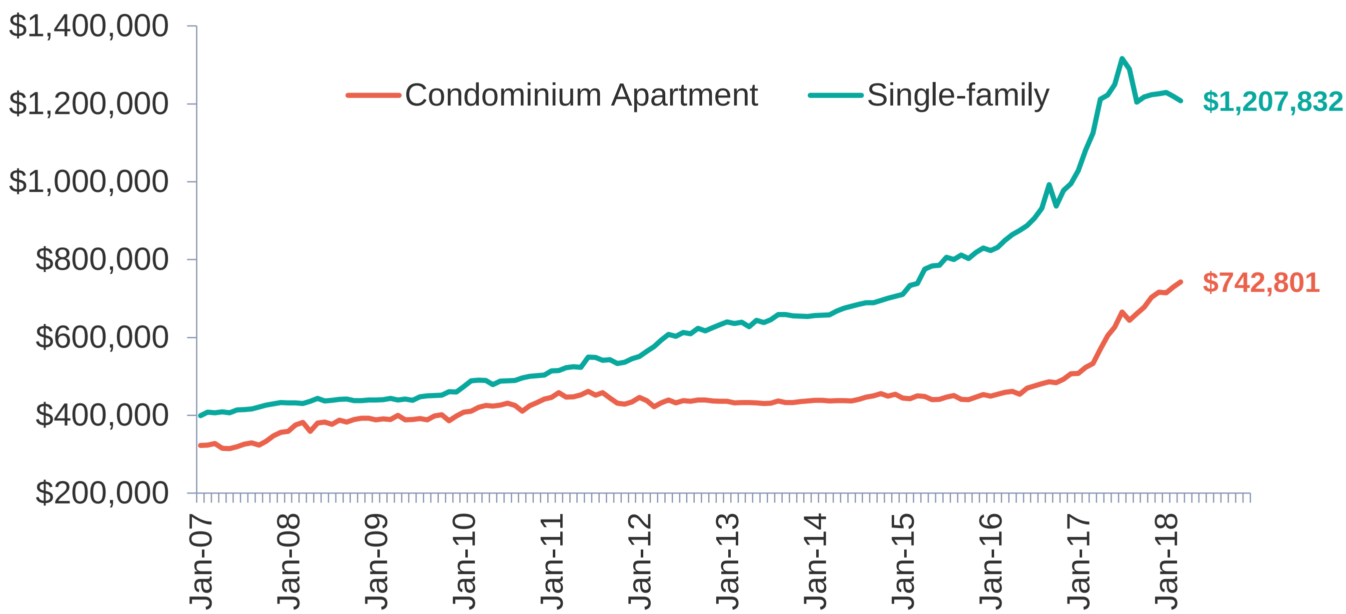
- **Total new home inventory available to purchase dipped down again in March**, driven by the condominium apartment sector.
- **The inventory of single-family homes remains low in historical terms**. Moreover, the inventory that is available to purchase is not affordable to a broad range of potential buyers.
- **New condominium apartment inventory is just below March of last year**. Based on sales in the past 12 months, the inventory represents just 3.5 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 declined again in March**, and year-over-year-price increases have now moderated to single-digit territory, at 7% (*chart bottom of next page*).
- **In contrast, the Benchmark price for a new condominium apartment continued to set records in March.** The March average asking price for available inventory was 39% ahead of March 2017, and is consistent with the low levels of inventory in relation to product demand in the past year (*chart top of next page*). While the acceleration in year-over-year price increases however has come to a halt, unlike the single-family sector, they have not moderated as yet.
- 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. **Back in March 2017, the average asking price for a new single-family home was 2.1 times that of a condominium apartment; in March 2018 that has declined to 1.6 times.**

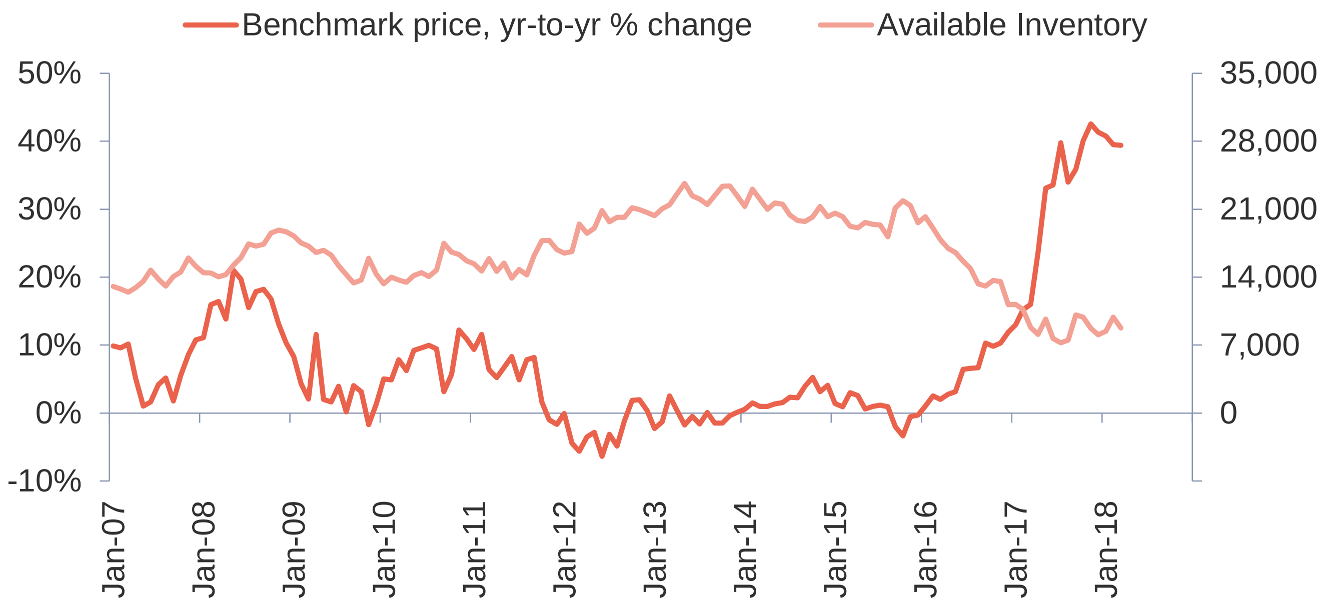
GTA New Home Benchmark Prices*



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

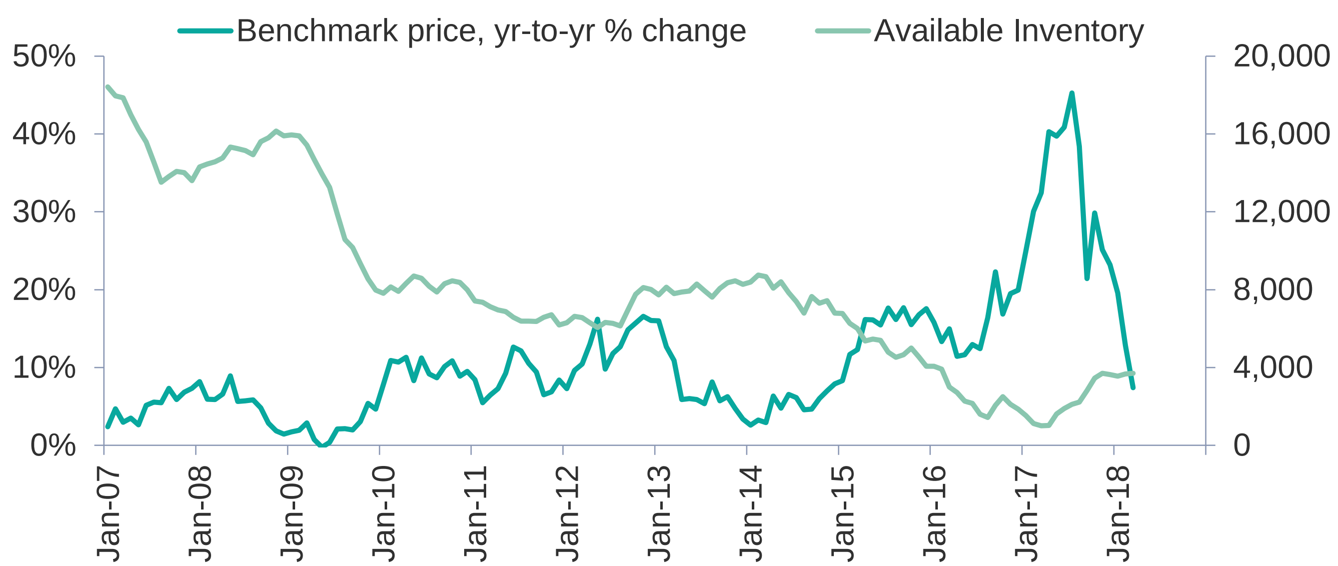
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

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

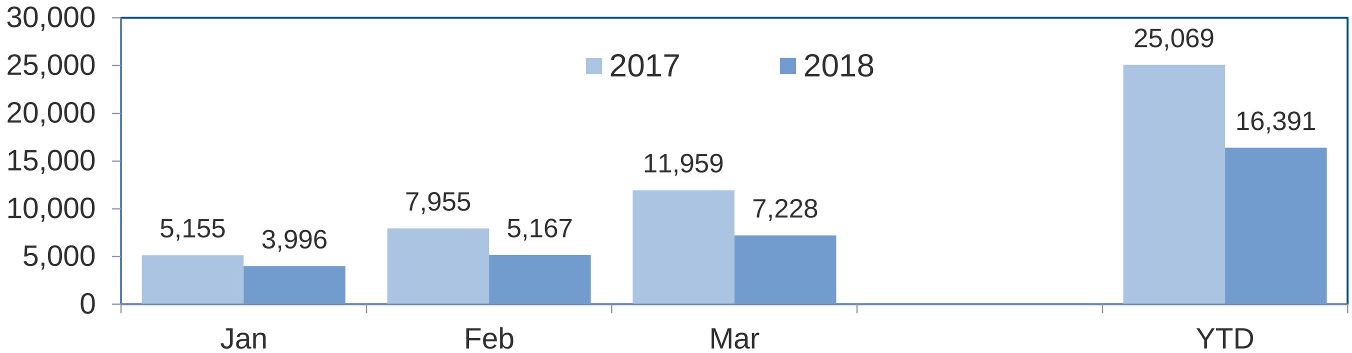


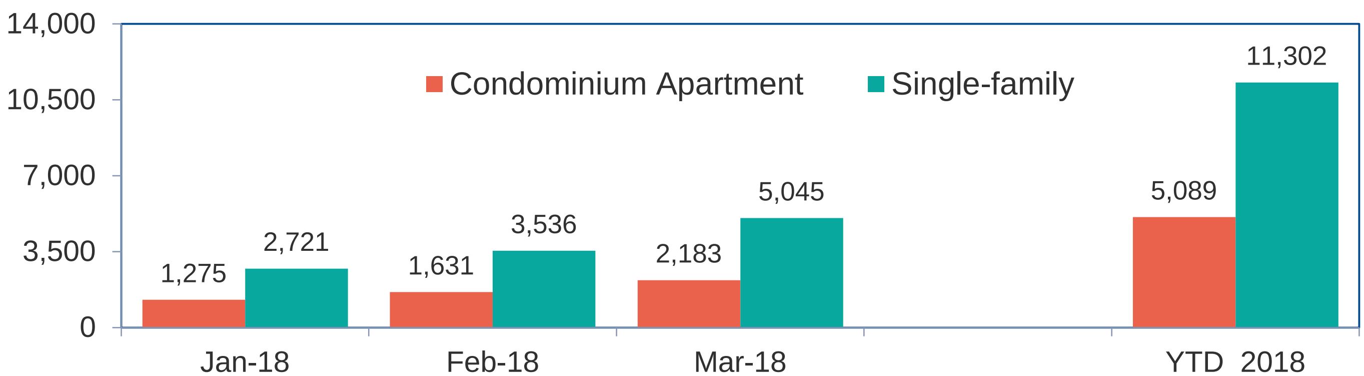
Source: Altus Group

Resale Home Market - Sales

- **Total sales in the resale market** (as reported by the Toronto Real Estate Board) **were down in March compared to the very strong March 2017 levels, but up from February** (the typical seasonal pattern). Both single-family and condominium apartment resales were down from a year earlier (by 42% and 33% respectively), but showed improvement from February.
- **The average sales price for a resale condominium apartment in March was not only above a year ago, but at a record level** (*chart next page, bottom*), although the year-over-year increases are slowing. Single-family resale prices increased for the 3rd month in a row, but were 17% behind last March, as historically high inventory levels have made it a buyers market.

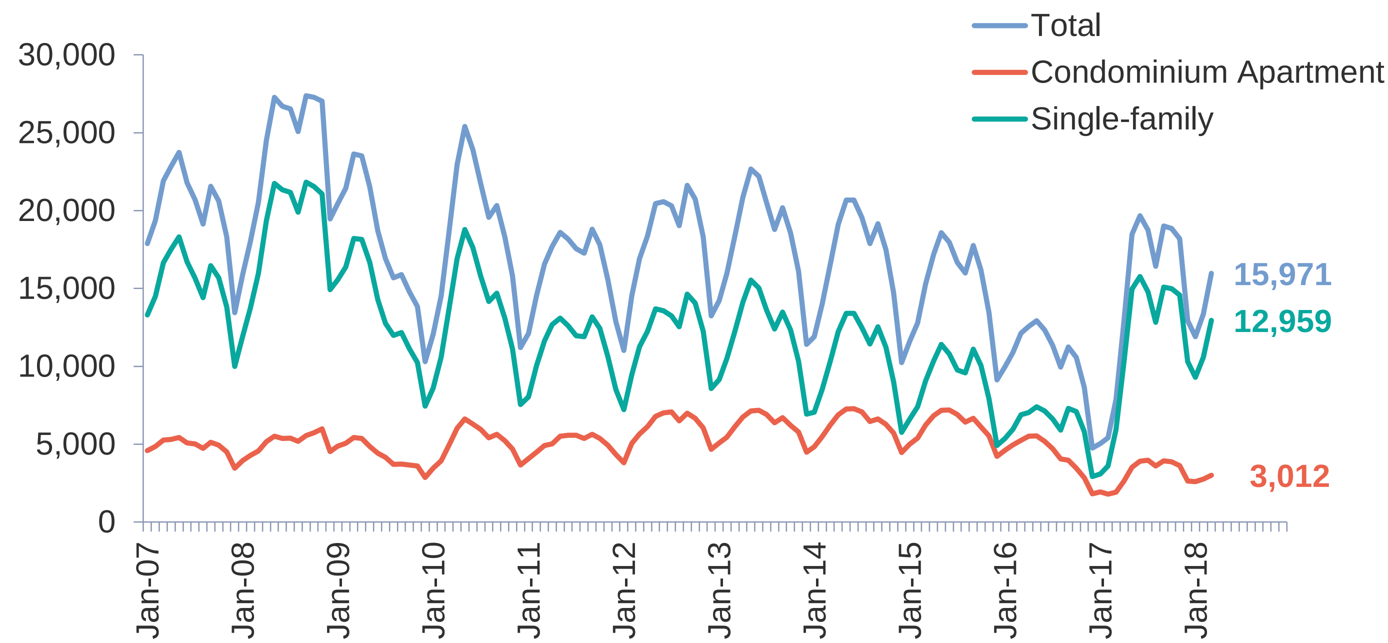
GTA Resale Home Sales





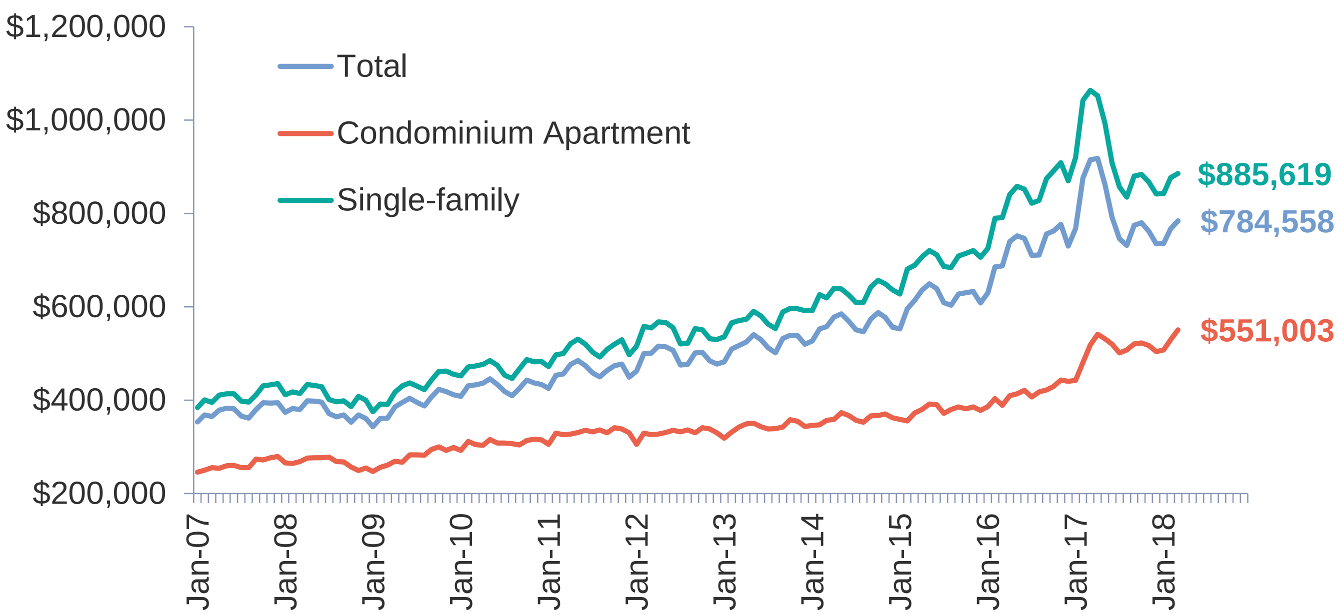
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

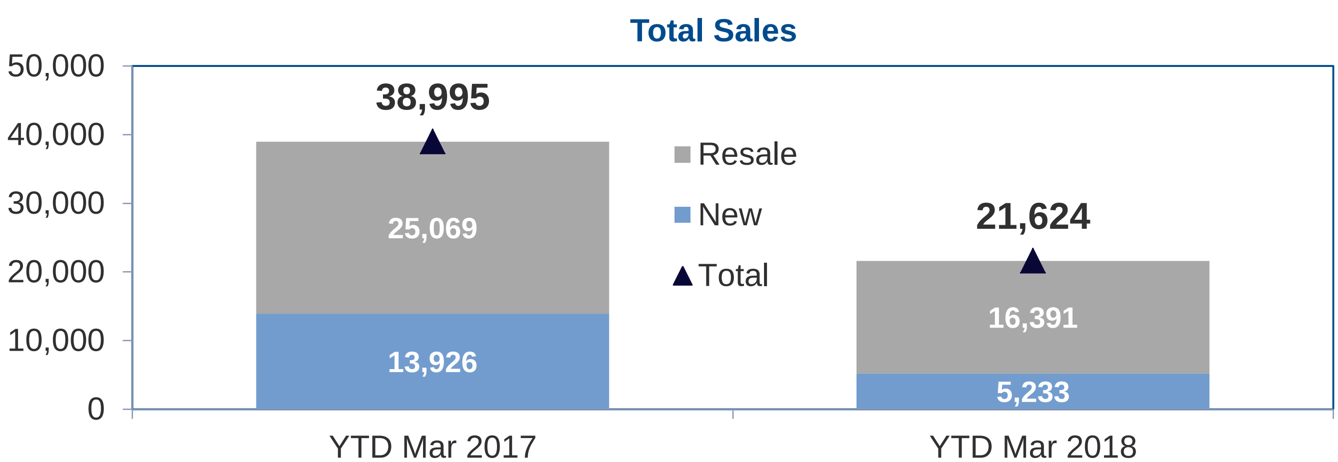
GTA Resale Home Prices

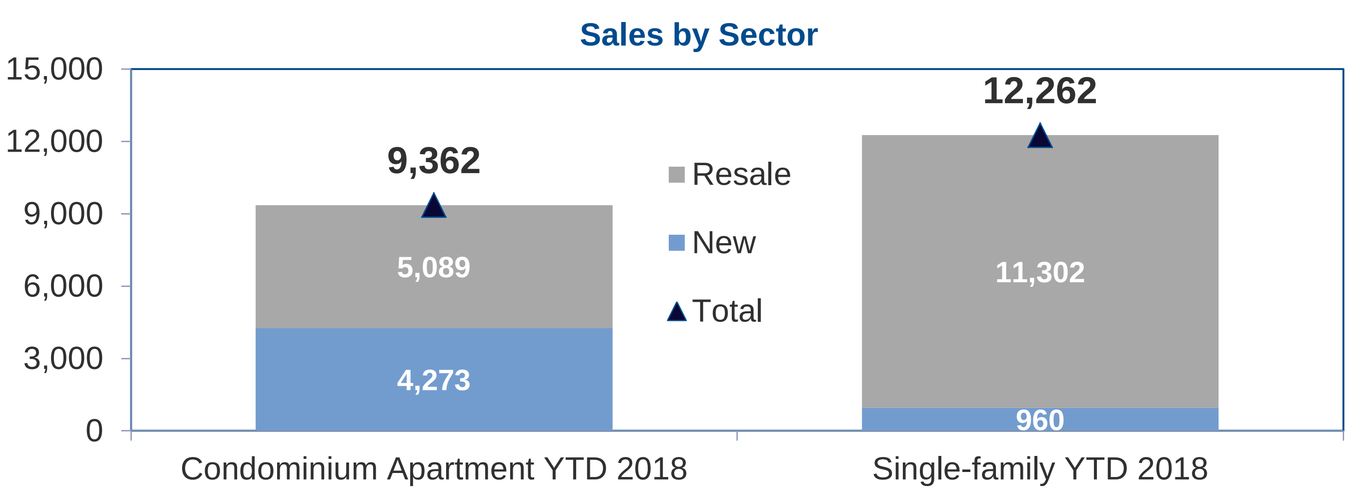


Source: Altus Group based on Toronto Real Estate Board data

- **Combined resale and new home sales** as measured by TREB and Altus Group totaled over 21,600 units for year-to-date March 2018, **down 45%** from the same period in 2018. Both the new and resale sectors contributed to the decline, although the drop has been more pronounced for the new home sector.
- **About 1 in 4 home sales thus far in 2018 have been new homes – compared to 1 in 3 a year ago**. 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

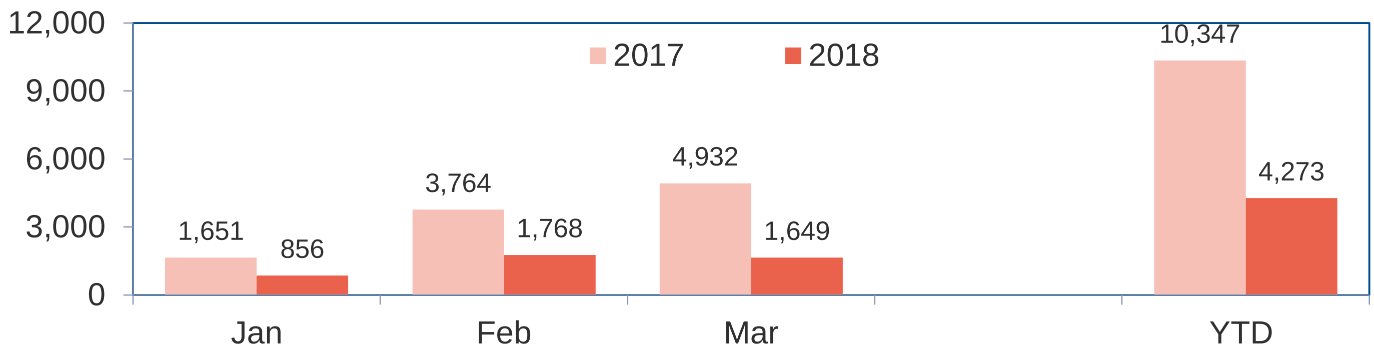


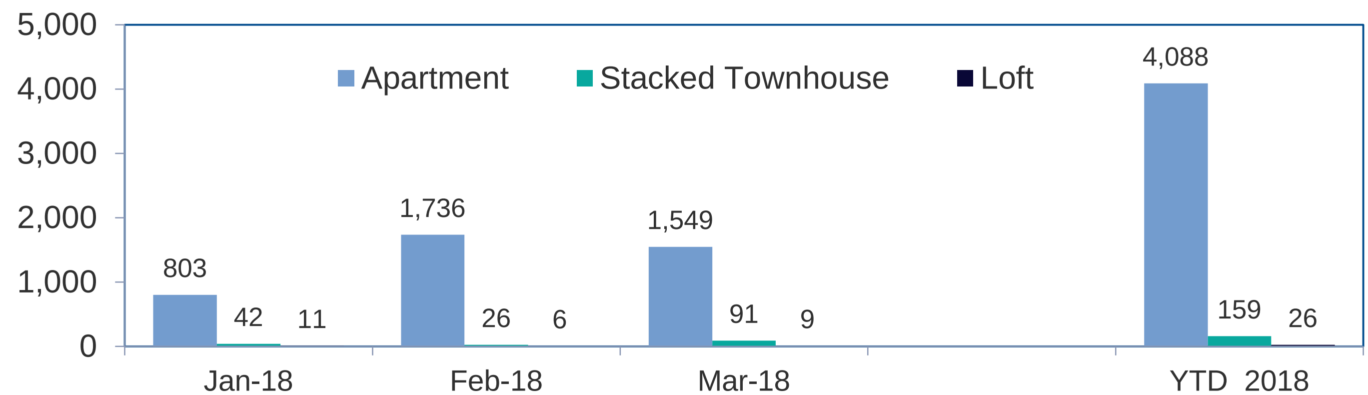


Source: Altus Group and Toronto Real Estate Board data

- **New condominium apartment sales in March were only one-third of the level of a year ago.** The drop needs to be put into context: last March was the strongest March on record, and the 3rd strongest month ever. Year-to-date sales are in line with the levels achieved in the first quarters of 2014, 2015 and 2016.
- Stacked townhouses and lofts combined accounted for about 4% of total condominium apartment sales in the first quarter.
- **New condominium apartment sales were down in all regions in the first quarter** (*chart next page*). York Region is capturing a slightly larger share of GTA sales than a year ago, although activity has shifted from Vaughan to Richmond Hill and Markham (*chart after next page*).

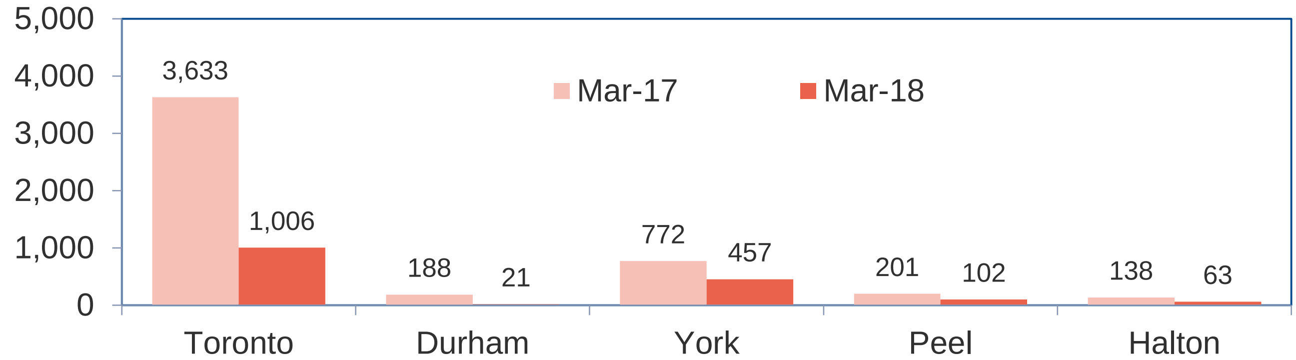
GTA New Condominium Apartment Sales

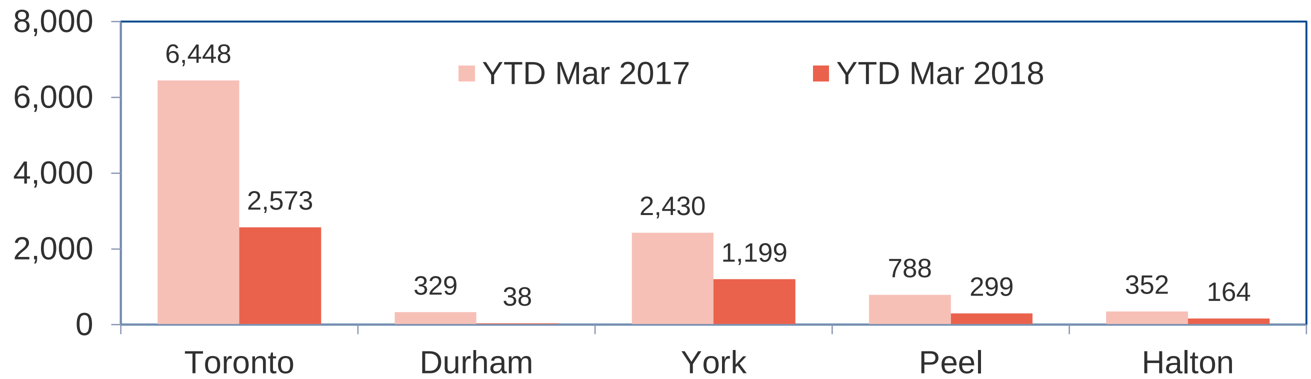


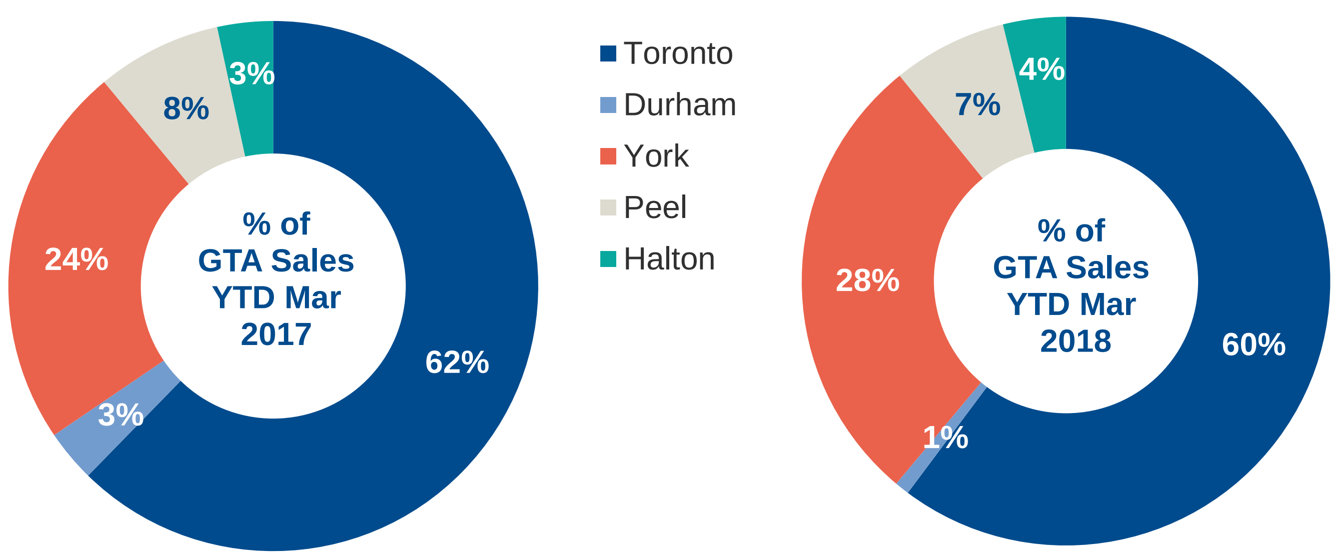


Source: Altus Group

GTA New Condominium Apartment Sales by Region

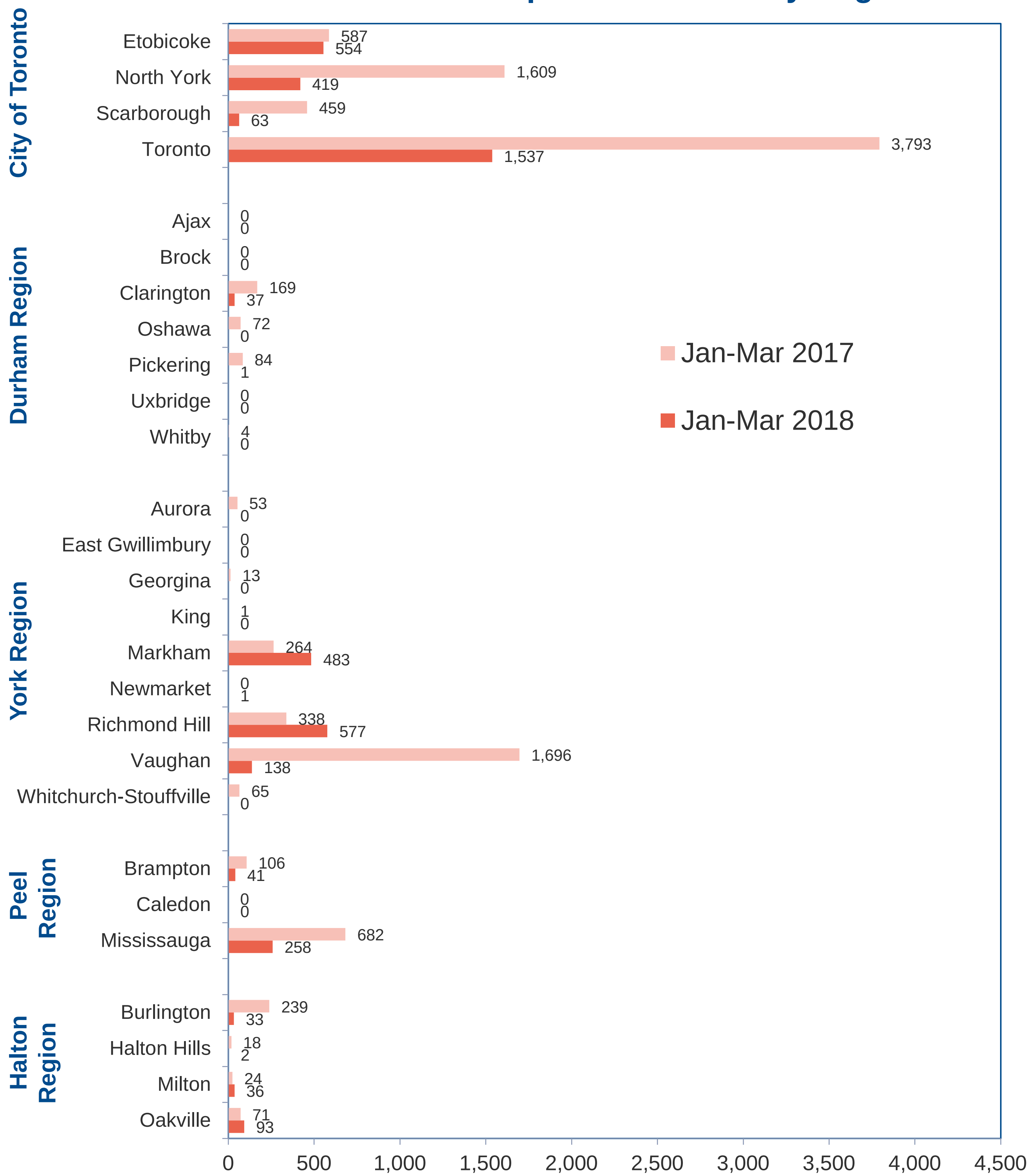






Source: Altus Group

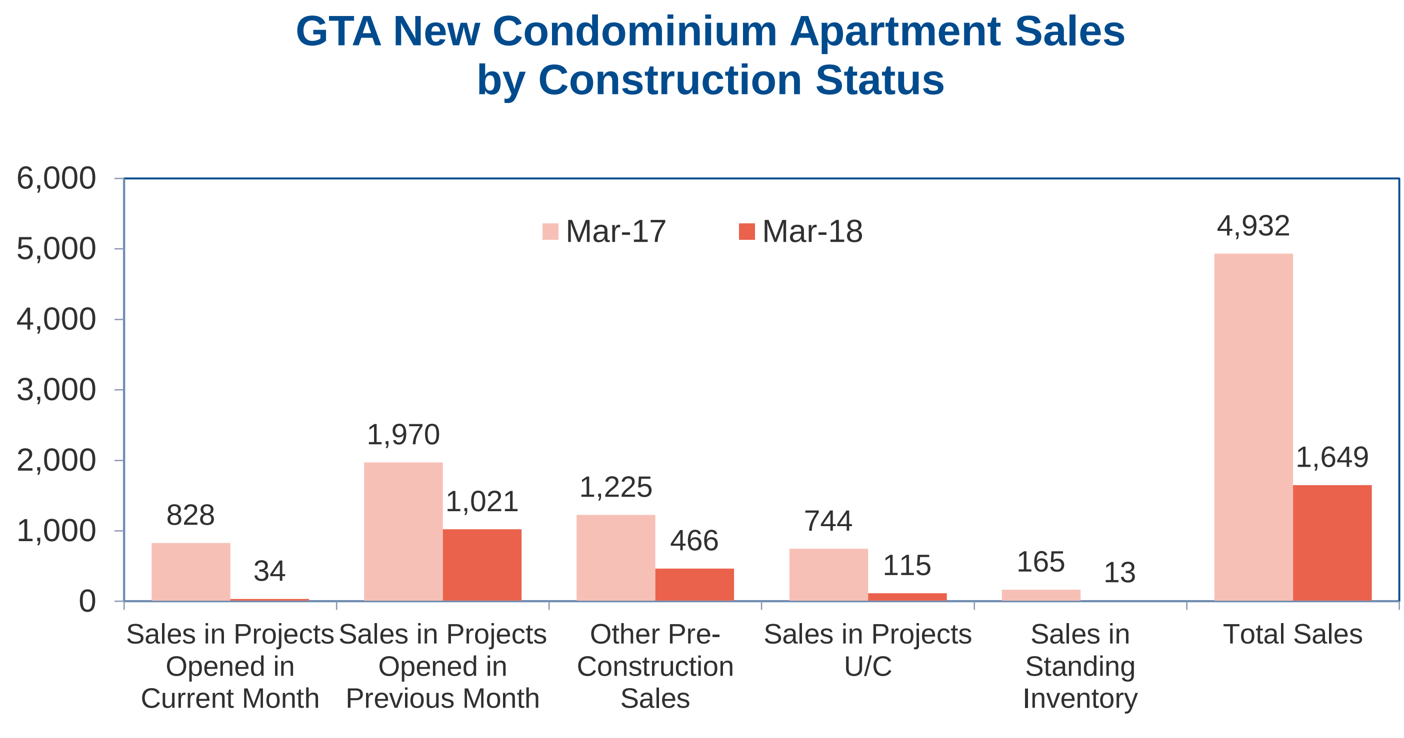
GTA New Condominium Apartment Sales by Region



Source: Altus Group

New Condominium Apartments - Sales

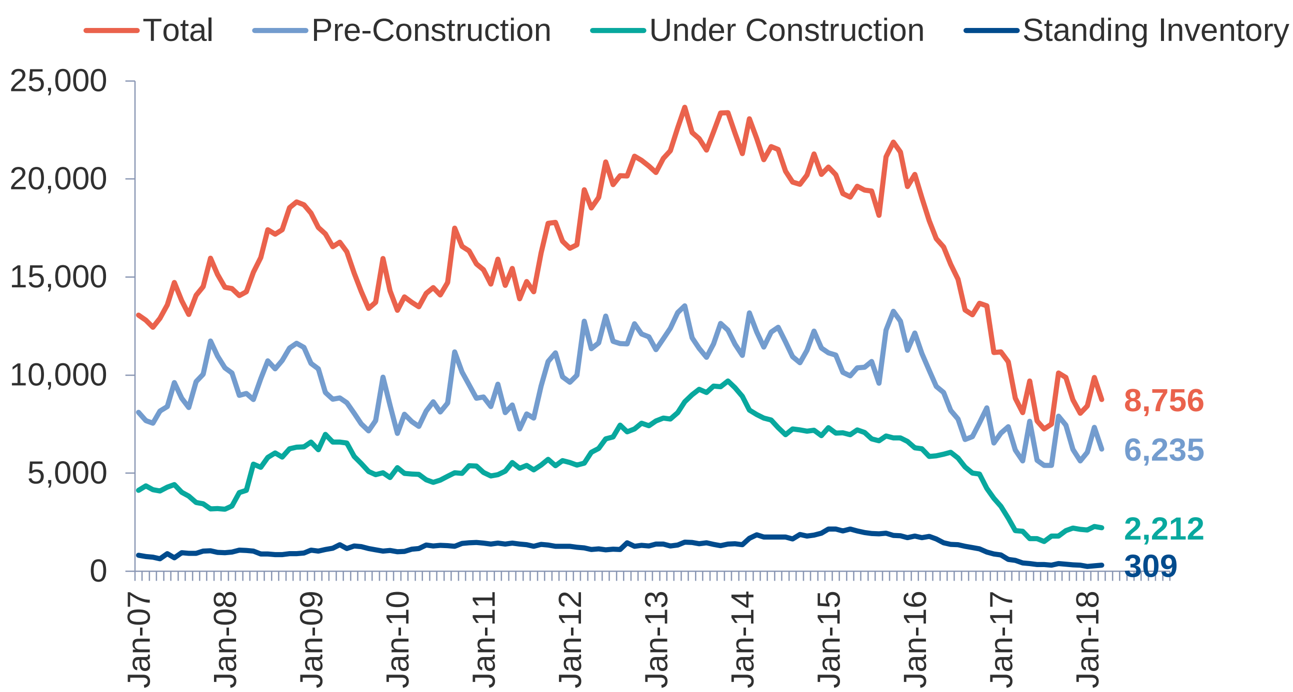
- **Almost two-thirds of the new condominium apartment sales in March 2018 occurred in projects opened during February.** Most of the remaining sales were in other pre-construction projects. Only 2 projects opened during March (both mid month), with a combined 34 sales during the month.
- Projects that have completed construction ("standing inventory") accounted for relatively few condominium apartment sales in March 2018, which reflects the limited amount of inventory available to purchase (as discussed on the next page).

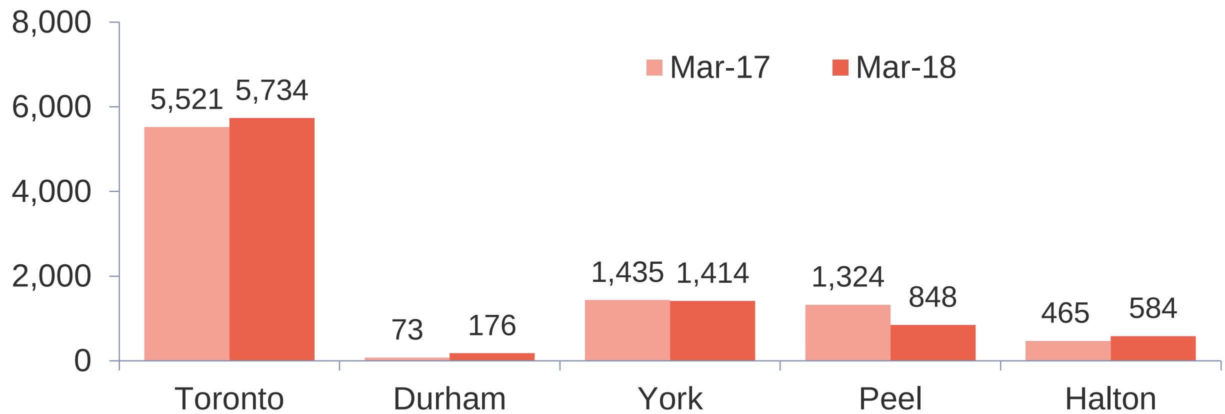


Source: Altus Group

- **New condominium apartment available inventory** receded again in March (to a level similar to a year ago), and **remains very low in historical terms.**
- Just under three-quarters of the inventory is in pre-construction projects, and most of the remainder is in projects under construction. **There are only 309 units available to purchase in standing inventory** (i.e. units not yet sold in completed projects) – one-fifth of the average for March over the previous 10 years.

GTA New Condominium Apartment Inventory

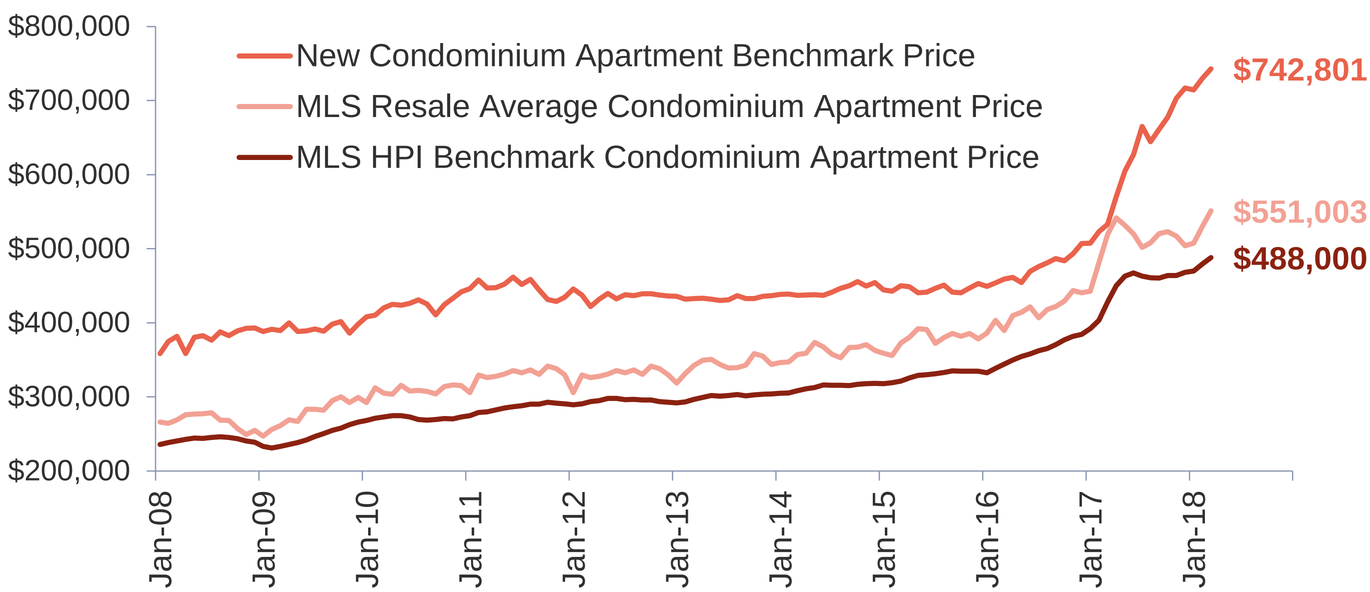


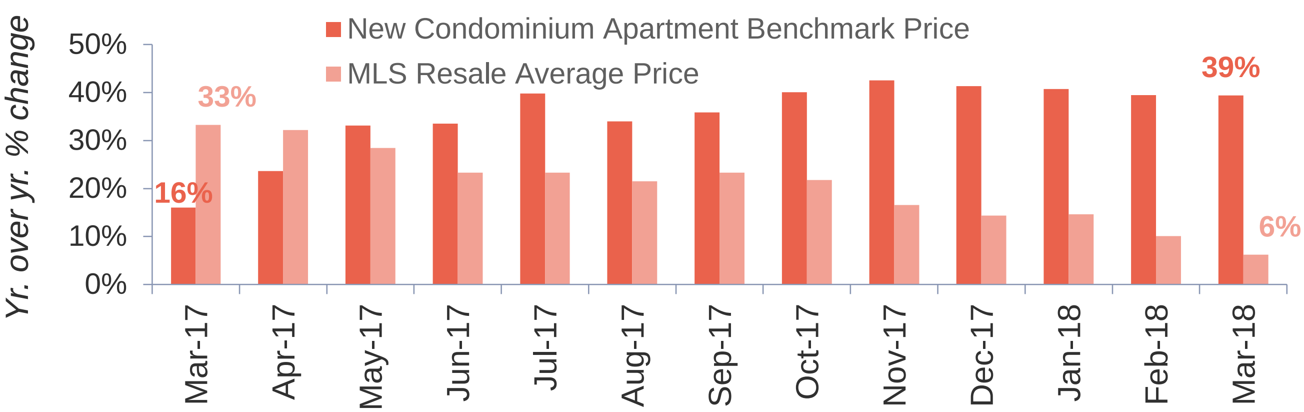


Source: Altus Group

- **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 and **the average resale condo apartment prices moved up in March, joining new condo prices at record levels**.

GTA New and Resale Condominium Apartment Prices

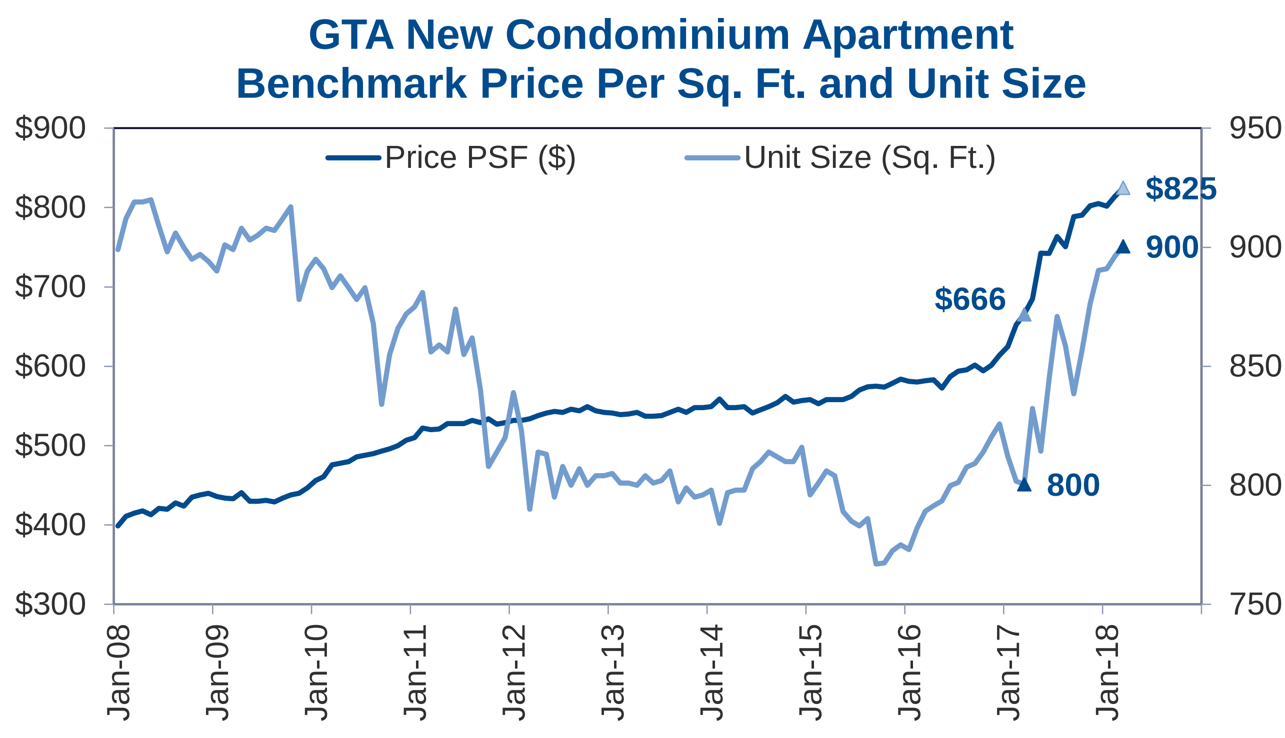




Source: Altus Group and Toronto Real Estate Board data

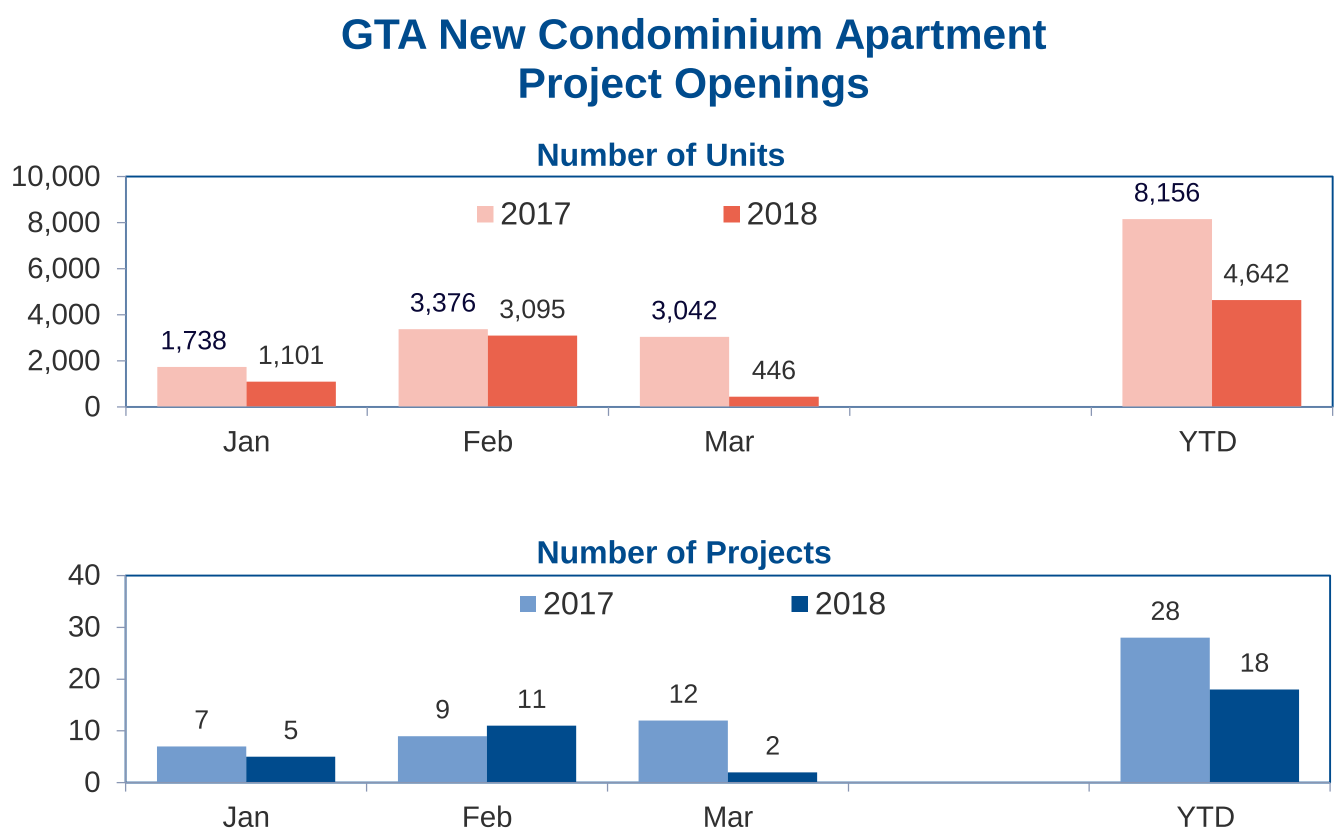
New Condominium Apartments - Prices

- The 39% increase in average asking prices for available new condominium apartments in March 2018 compared to a year earlier was been a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 24% 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

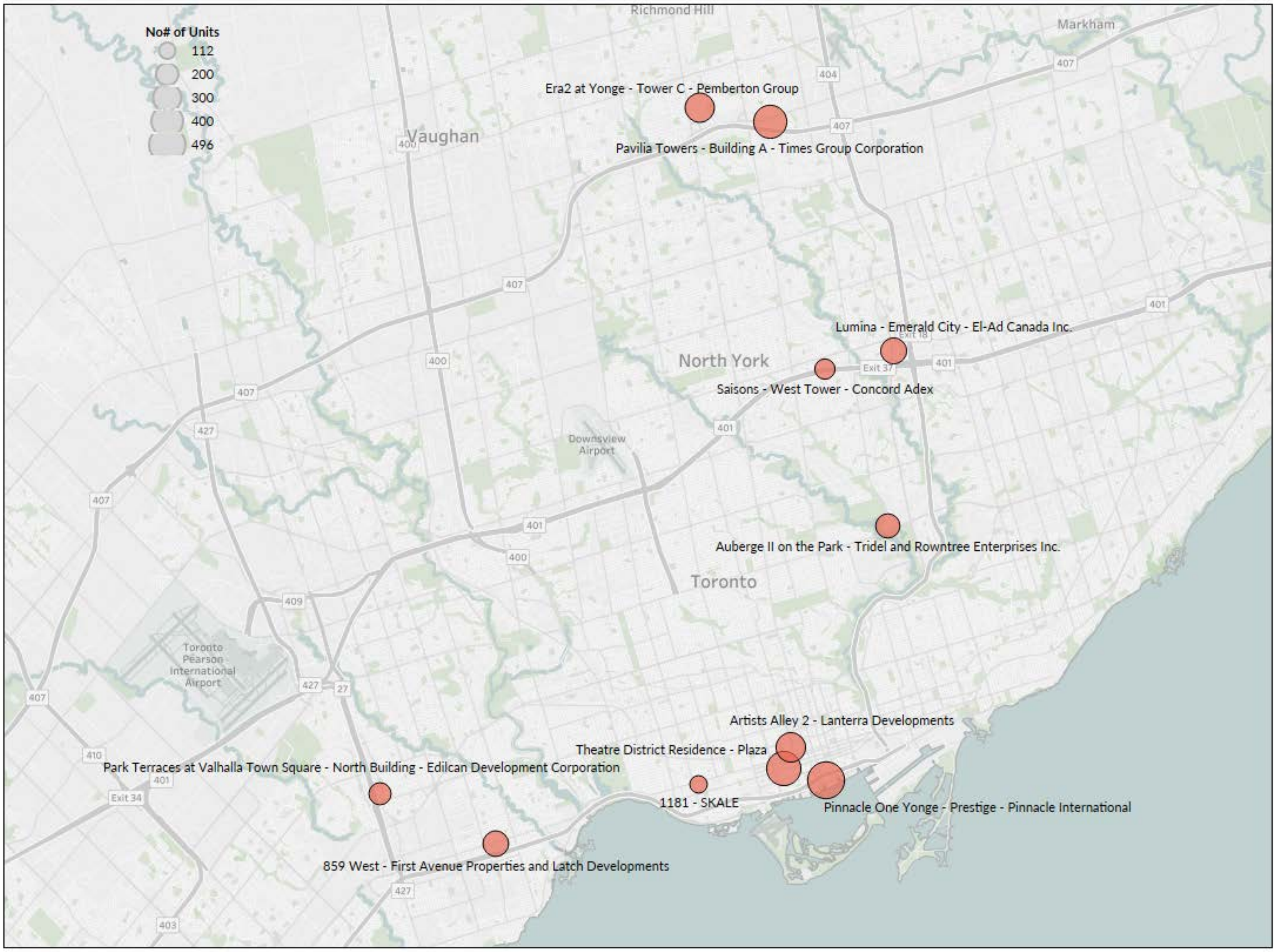
- **There were only 2 new condominium apartment projects opened in the GTA in March 2018.** The 446 units in new projects opened in March is not only down dramatically from last year, but the 2nd lowest March level yet recorded (next to the zero recorded during recession-impacted March 2009).
- Following this page are maps showing the location of new projects launched in February and March, 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

New Condominium Apartments - Openings

February 2018 New Project Launches by Number of Units



Source: Altus Group

Note that one February project opening not covered in the February report is included here and on the table on the next page

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

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**	**196**
Next month sales	**166**	**79**	**0**	**110**	**4**
% Sold	*70%*	*71%*	*63%*	*51%*	*64%*
Remaining inventory	72	33	118	105	112
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		2-storey units are included in Other.		Townhouse units are inlcluded in Other.	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	Pinnacle One Yonge - Prestige	Saisons - West Tower	Theatre District Residence

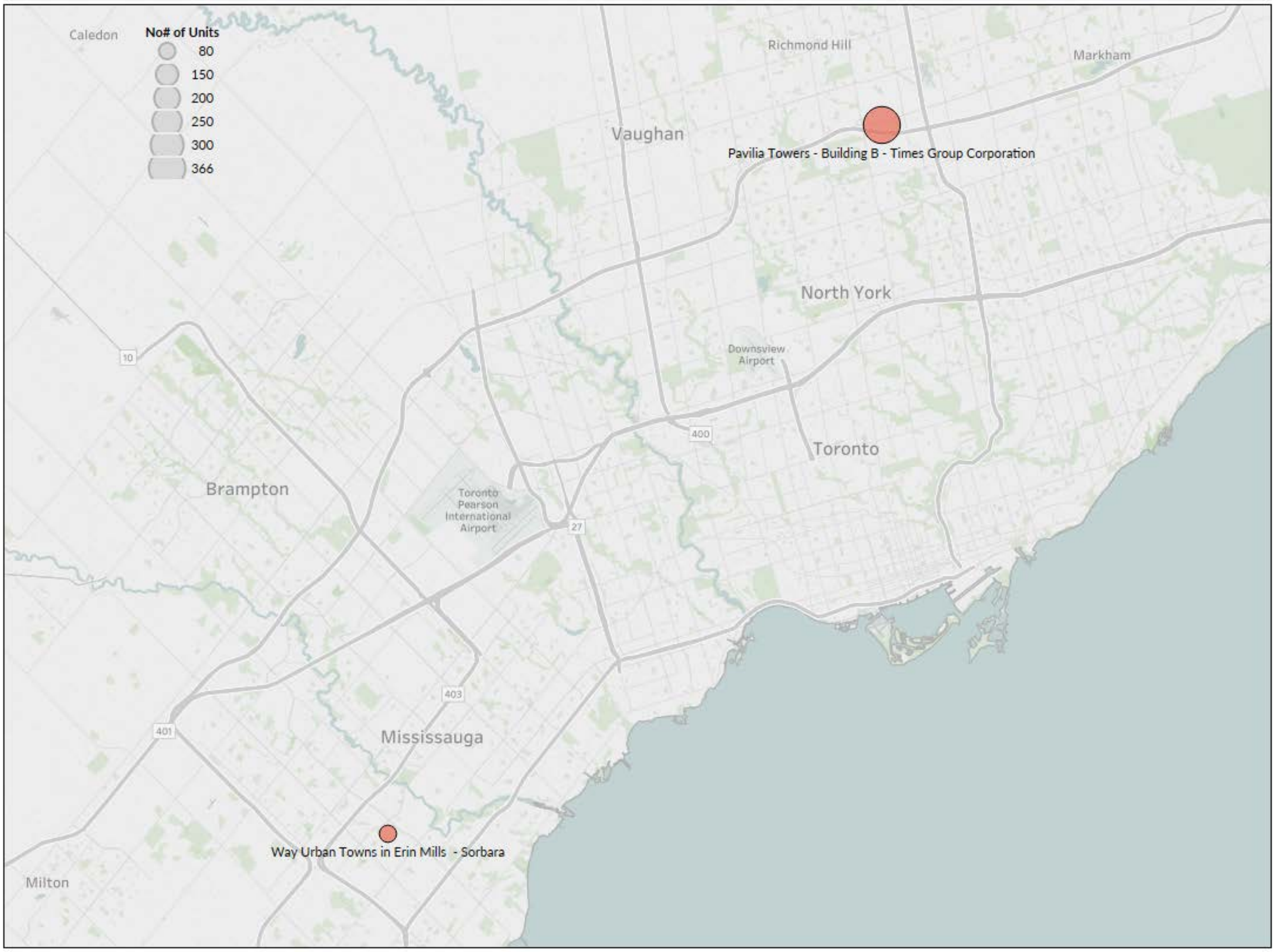
New Condominium Apartment Project Openings - February 2018 (continued)

Project Name	**Lumina - Emerald City**	**Park Terraces at Valhalla Town Square - North Building**	**Pavilia Towers - Building A**	**Pinnacle One Yonge - Prestige**	**Saisons - West Tower**	**Theatre District Residence**
Developer	El-Ad Canada Inc.	Edilcan Development Corporation	Times Group Corporation	Pinnacle International	Concord Adex	Plaza
Date Opened	2018-02-22	2018-02-22	2018-02-12	2018-02-01	2018-02-10	2018-02-02
Municipality	North York	Etobicoke	Markham	Toronto	North York	Toronto
Region	Toronto	Toronto	York	Toronto	Toronto	Toronto
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	13	10	36	65	15	49
Number of units	**245**	**180**	**400**	**496**	**151**	**428**
Studio	--	--	--	--	--	126
1 bedroom	7	67	--	66	40	14
1 bedroom + den	171	21	247	230	34	46
2 bedroom	49	59	97	111	42	169
2 bedroom + den	16	17	38	--	8	--
3 bedroom & up	2	16	18	34	27	67
Penthouse	--	--	--	55	--	--
Other	--	--	--	--	--	6
Opening month sales	**0**	**0**	**71**	**0**	**66**	**352**
Next month sales	**95**	**72**	**294**	**160**	**10**	**31**
% Sold	*39%*	*40%*	*91%*	*32%*	*50%*	*89%*
Remaining inventory	150	108	35	336	75	45
Original $PSF	$833	$0	$675	$1,258	$1,031	$995
Minimum Size (sq. ft.)	498	0	616	518	505	380
Maximum Size (sq. ft.)	894	0	1,645	1,873	760	2,368
Minimum Price	$390,900	$0	$400,400	$619,900	$520,000	$362,500
Maximum Price	$756,900	$0	$1,225,000	$2,899,900	$800,000	$2,500,000
Notes				Penthouse units have not been released yet.		Townhouse units are inlcuded in Other.

Source: Altus Group

New Condominium Apartments - Openings

March 2018 New Project Launches by Number of Units



Source: Altus Group

Project Record | Pavilia Towers - Building B | Way Urban Towns in Erin Mills

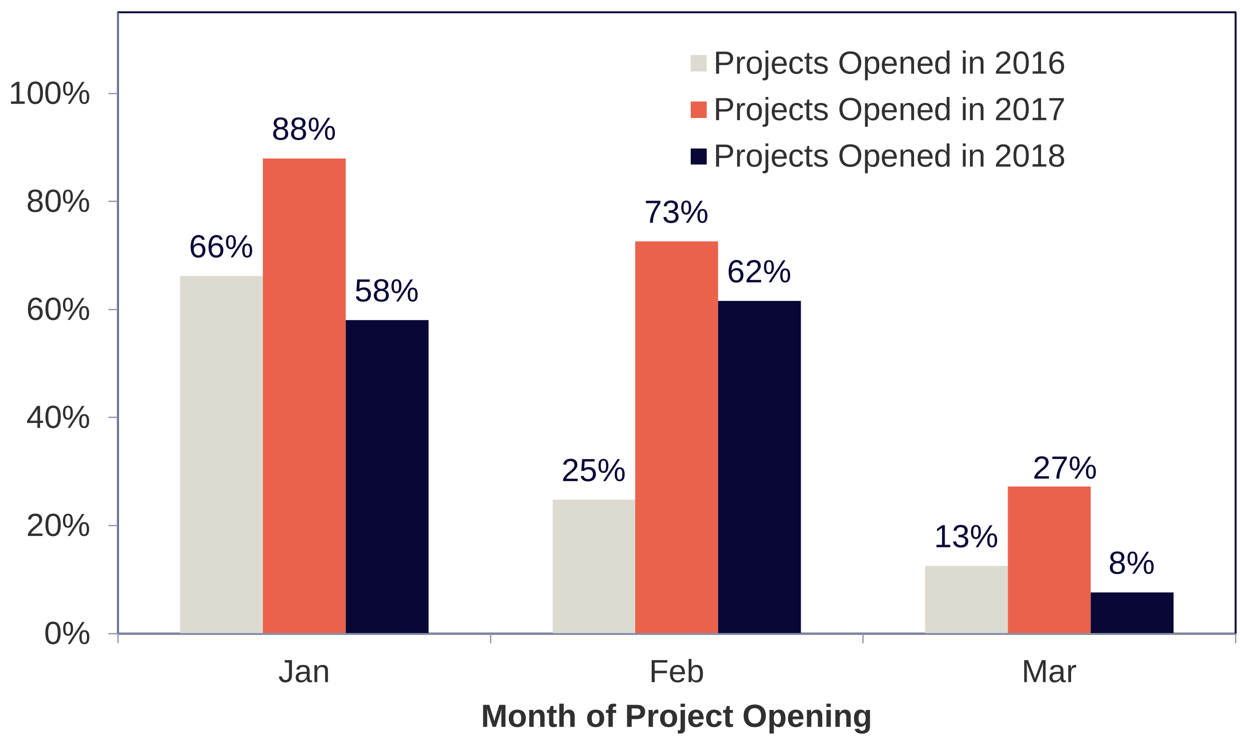
New Condominium Apartment Project Openings - March 2018

Project Name	**Pavilia Towers - Building B**	**Way Urban Towns in Erin Mills**
Developer	Times Group Corporation	Sorbara
Date Opened	2018-03-17	2018-03-15
Municipality	Markham	Mississauga
Region	York	Peel
Structural Type	Apartment	Stacked
Floors	33	4
Number of units	**366**	**80**
Studio	1	--
1 bedroom	55	--
1 bedroom + den	167	--
2 bedroom	111	80
2 bedroom + den	13	--
3 bedroom & up	19	--
Penthouse	--	--
Other	--	--
Opening month sales	**4**	**30**
% Sold	*1%*	*38%*
Remaining inventory	362	50
Original $PSF	$683	$525
Minimum Size (sq. ft.)	581	988
Maximum Size (sq. ft.)	1,785	1,339
Minimum Price	$394,600	$554,900
Maximum Price	$1,320,000	$666,900
Notes		

Source: Altus Group

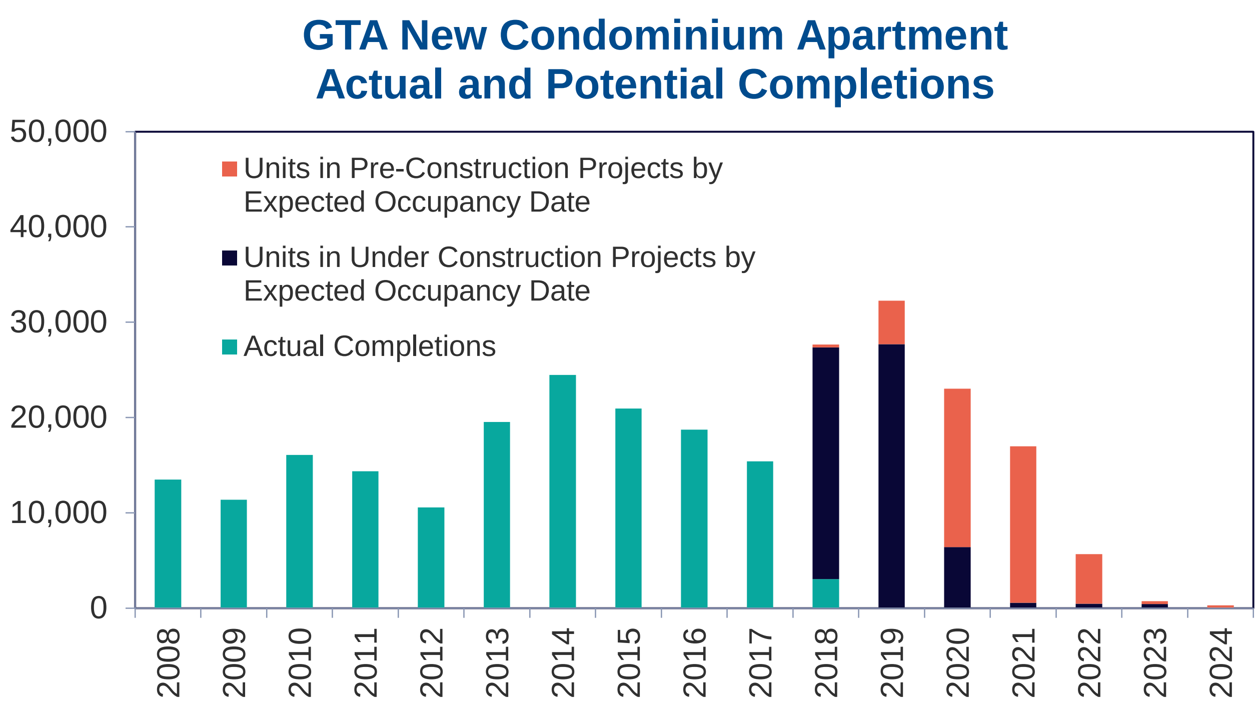
- **In general, absorptions in new project openings have slowed this year.** For example, for projects opened in January 2017, 88% of units were sold by the end of March 2017; the comparable proportion for January 2018 openings was 58%.
- Caution needs to be used in comparing sales in projects opened 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 March)



Source: Altus Group

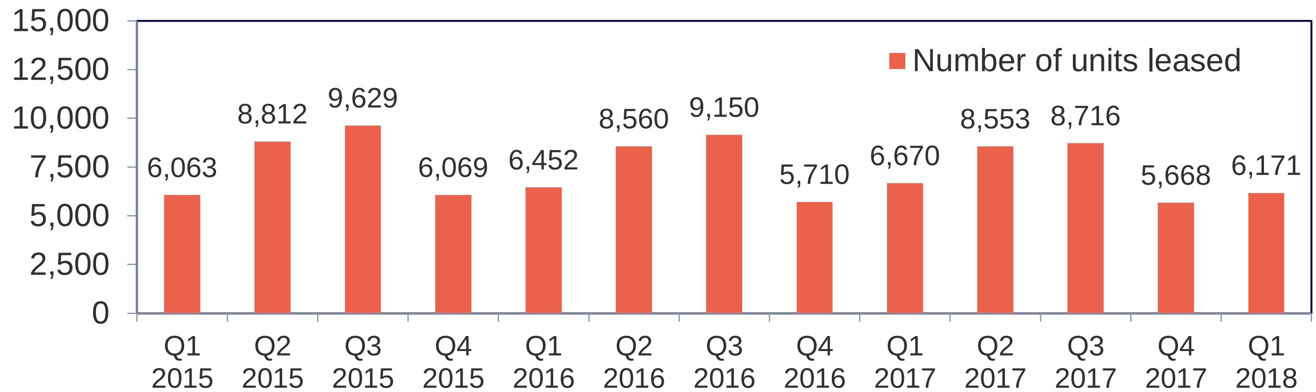
- As of the end of March 2018, there were about 103,500 new condominium apartment units in projects either under construction or in pre-construction stages.
- In Q1 2018, just over 3,000 units were completed, based on Altus Group data.
- Based on planned occupancy dates, and only considering units currently under construction, **it is possible that completions of condominium apartment units could be significantly higher in 2018, 2019 and 2020 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.

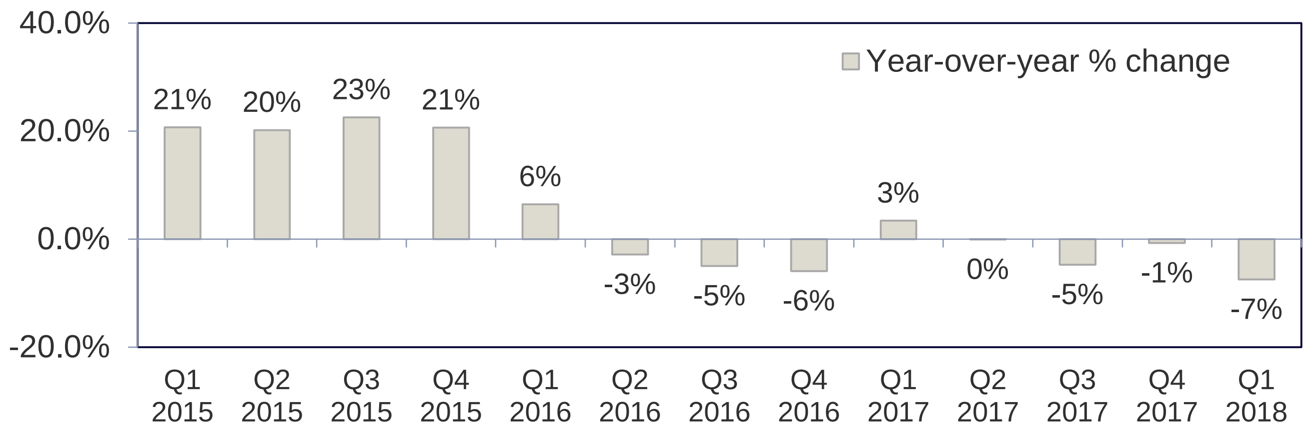


Source: Altus Group

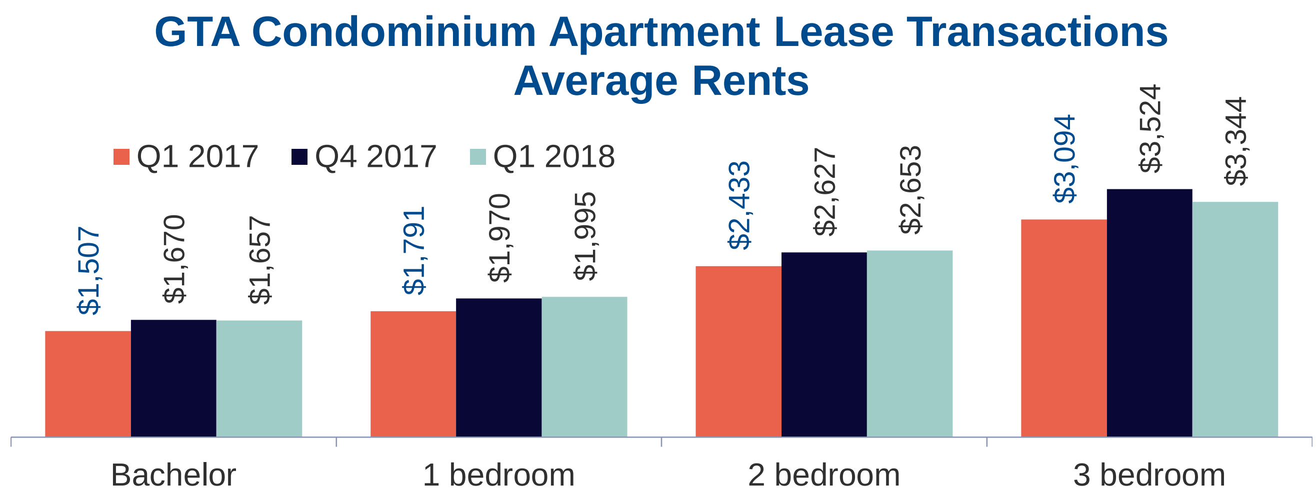
- The number of lease transactions for rented condominium apartment units (this includes both newer and older buildings) was up in Q1 2018 from the previous quarter, according to data from the Toronto Real Estate Board. However, this is a typical seasonal pattern; **year-over-year, the number of lease transactions was down about 7% from Q1 2017**.
- Rents for leased condominium units in Q1 2018 were relatively stable on a quarter-to-quarter basis for most bedroom configurations (*chart next page*), the exception being some dip for 3 bedroom units. However, with relatively few new units being delivered in Q1 (see previous page), **there is potential for renewed upward pressure on rents** as tenants turn over (as vacated premises will not be subject to the recent rent control extensions).
- Year-over-year, average rents for 1 bedroom units were up about 11% in Q1 2018 from a year earlier. One-bedroom units accounted for 58% of the lease deals, followed by 2-bedroom units at 35%.

GTA Condominium Apartment Lease Transactions (All Bedroom Types)

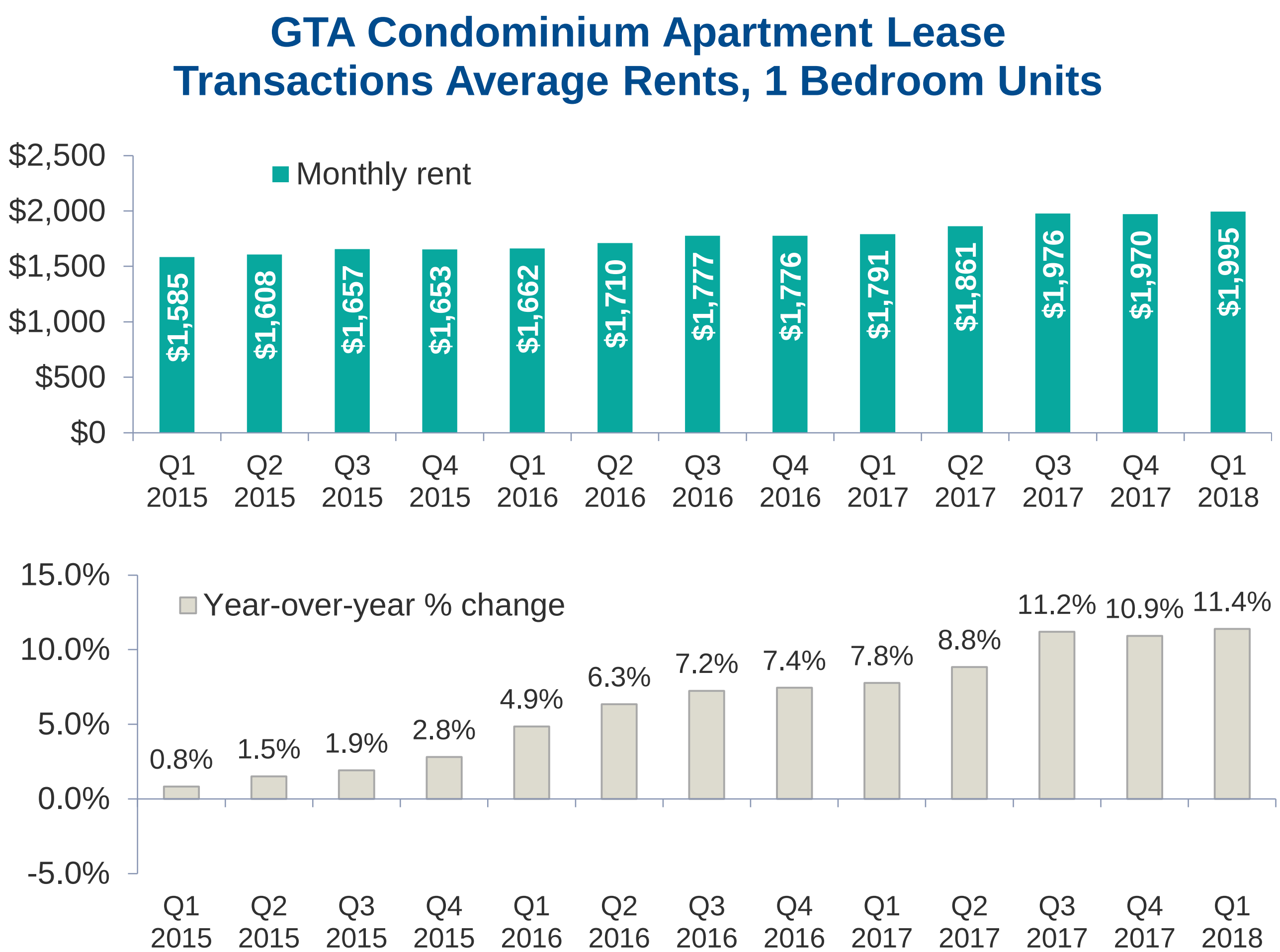




Source: Altus Group based on Toronto Real Estate Board data

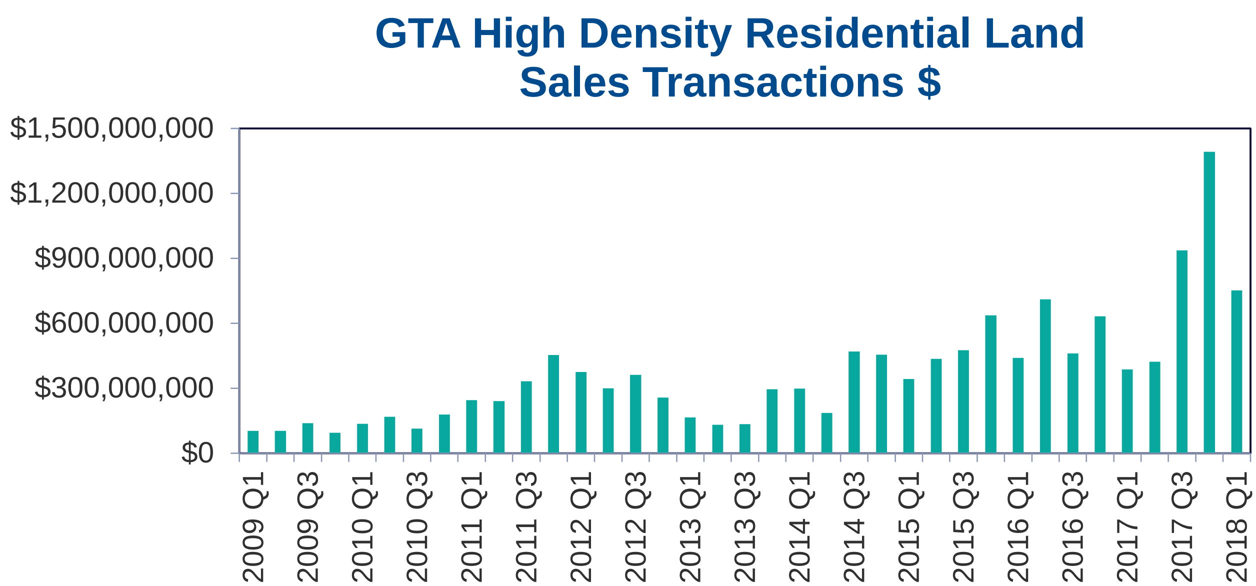


Source: Altus Group based on Toronto Real Estate Board data

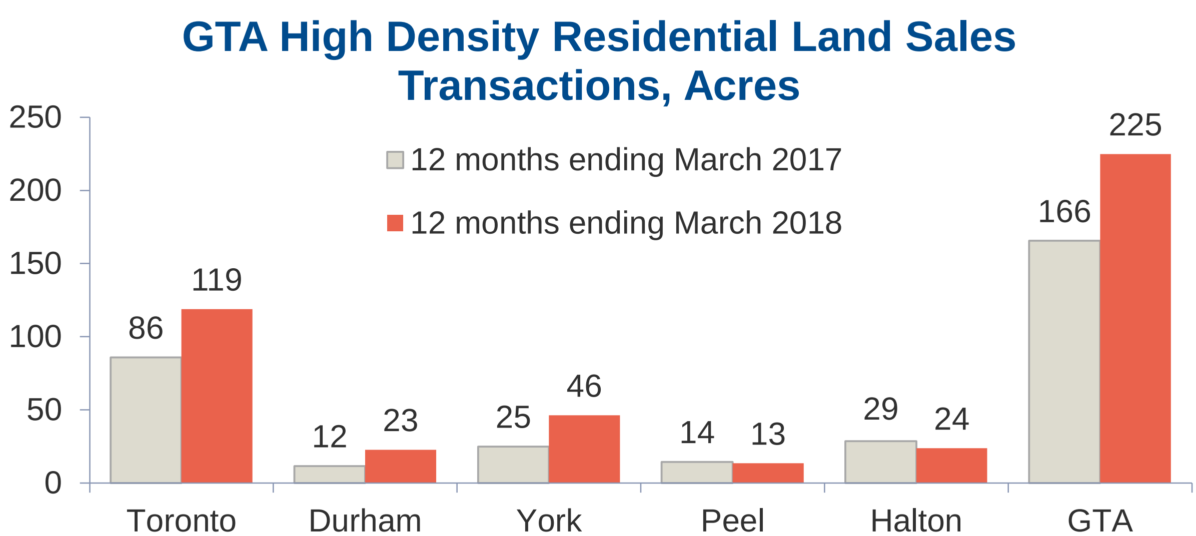


Source: Altus Group based on Toronto Real Estate Board data

- **The dollar volume of sales of high density residential land in the GTA fell back in Q1 2018, after setting a record quarterly high in Q4 2017**, but remained relatively buoyant, according to Altus Group transactions data. In Q1 2018, high density residential land sales – potential land for future condominium and purpose-built rental projects – totaled $753 million, almost double the $387 million recorded in Q1 2017.
- For the 12 months ending March 2018, 225 acres of high density residential land was purchased, a one-third increase from the previous 12 month period.



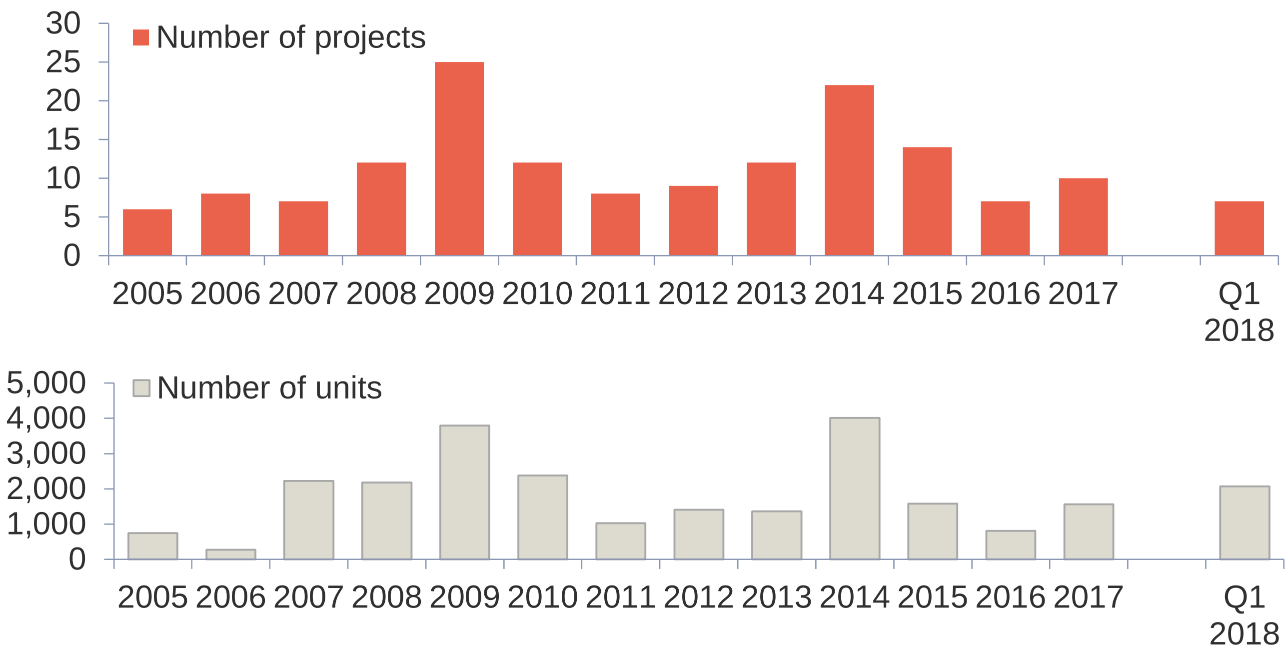
Source: Altus Group



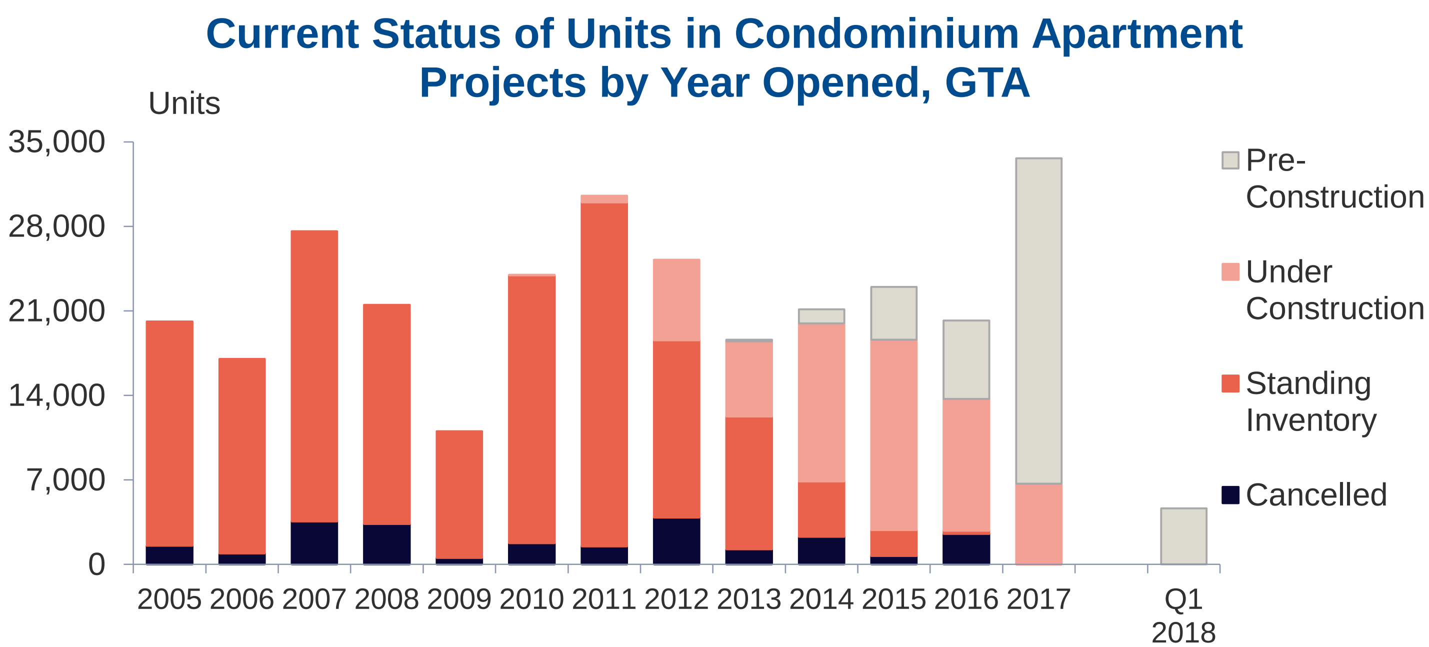
Source: Altus Group

- While there has been recent media attention on high profile project cancellations, the fact is that **cancelled projects are a normal part of the condominium apartment market**. In the 2005 to 2017 period, the annual number of cancellations ranged from a low of 6 to a high of 25 (the latter the aftermath of the recession). The 7 projects cancelled in Q1 2018 appear somewhat high in relation to the annual levels of 2015-2017.
- Focusing on projects opened in the 2005-2014 period (2014 is used as the cutoff, as these projects will mainly be out of the pre-construction phase, see chart on top of next page), **units in cancelled projects represent about 10% of all units in projects opened** during that timeframe.
- **Projects are cancelled for a number of reasons**, including poor sales (some of these projects are redesigned and relaunched), financing challenges and possibly operational challenges (for less experienced builders). Looking at the results **for projects cancelled in the 2005 to 2016 period** (*chart bottom of next page*)**, the majority had sales of less than 70%** of the units (the typical threshold for construction financing), and most of these were below 50% sold. For projects cancelled in 2017 and Q1 2018, however, this was not the case, with most having achieved sales of 70% or more.

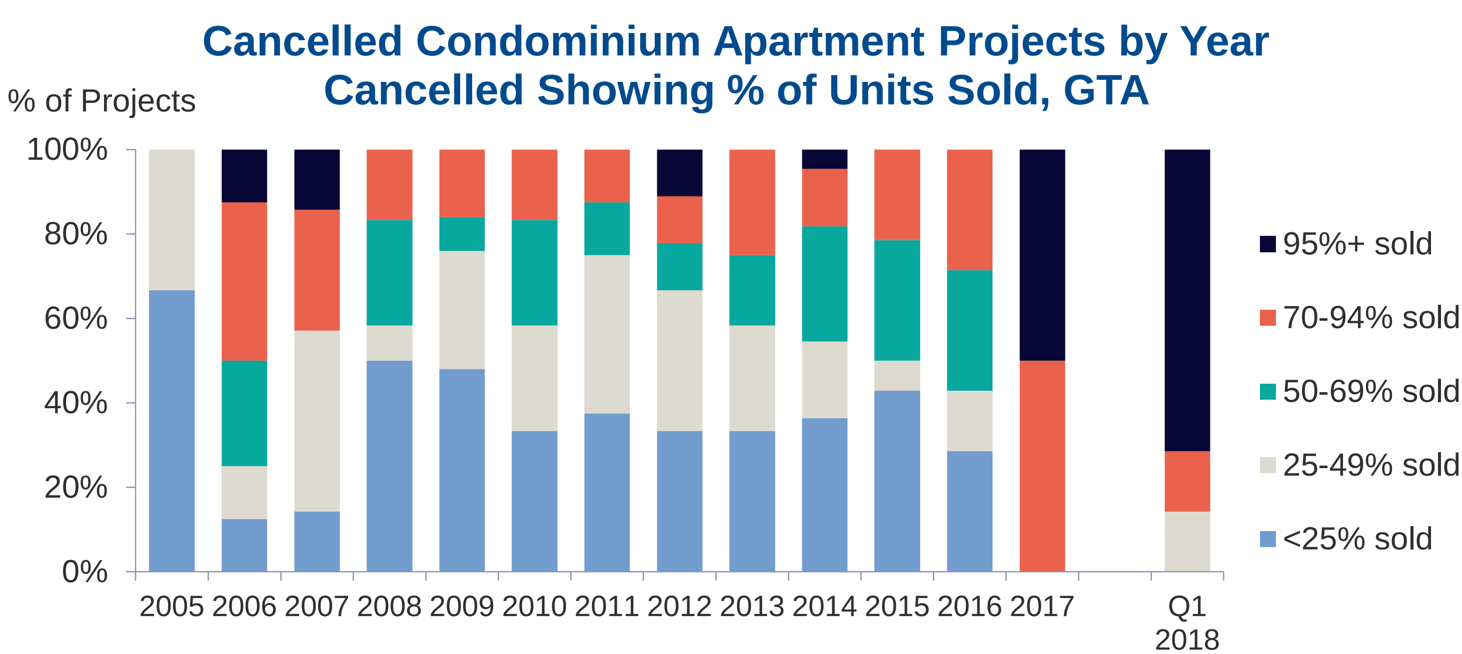
Condominium Apartment Projects Cancelled During Each Year, GTA



Source: Altus Group



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.

Note: all historical data is subject to revision