Altus Group

The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of April 2018

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April 2018			YTD April 2018	
Sales	Inventory	Benchmark Price	Sales	Benchmark Price
1,225	9,958	$739,965	5,522	$731,733
-65%	24%	30%	-60%	37%
Lowest April since 2009	*2nd lowest April since 2002*	*2nd highest month ever*	*Lowest YTD April since 2013*	*Record high*

% change is from same period a year earlier

Highlights

- **New condominium apartment sales in the GTA plunged to their lowest April level since the 2009 recession.**
- **The benchmark price dipped**, but remains well ahead of a year ago.
- **Inventory available to purchase moved up**, on the heels of more new project openings and the decline in sales from last month. The number of months of inventory, however, remains low in historic terms, at just over 4 months.
- **The resale market is providing more competition to the new condominium apartment sector this year**, and will continue to do so until such time as the excess inventory in the resale market is whittled down and/or the pricing differentials become more favourable to new condos.

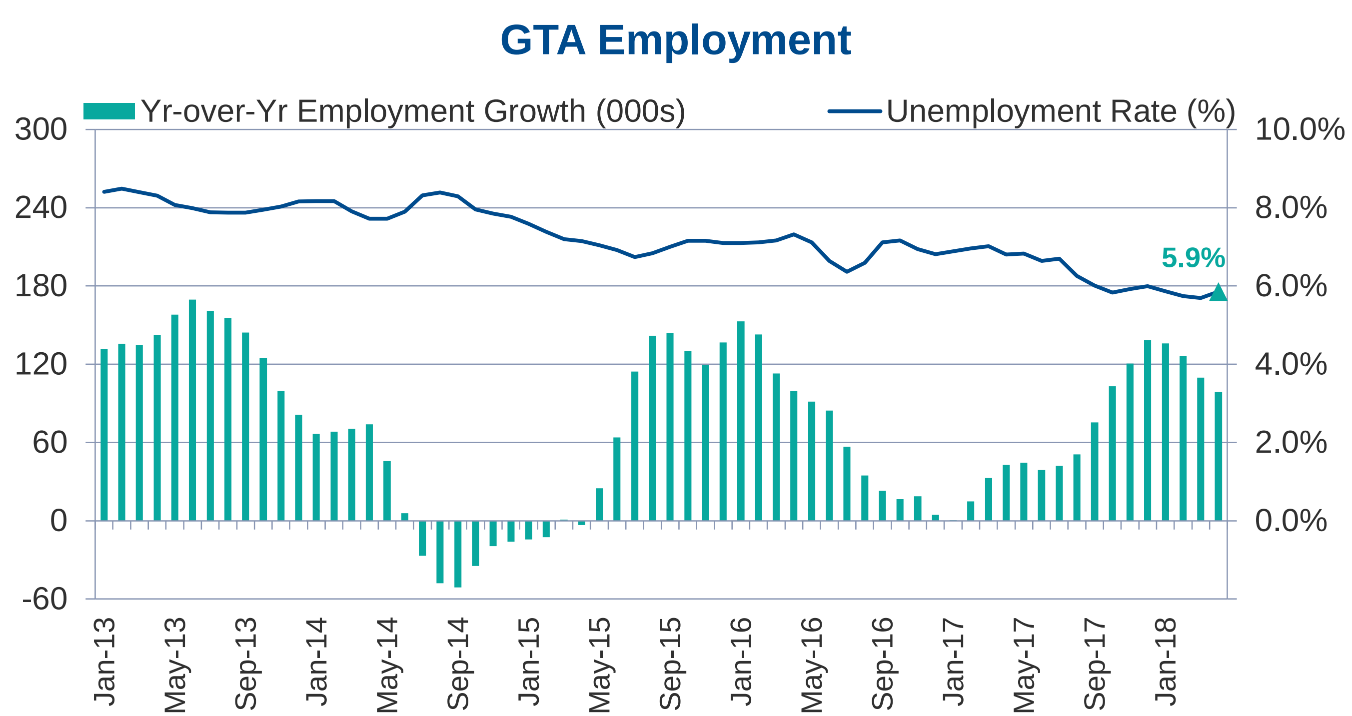
Condominium Apartment KPIs

GTA Condominium Apartment Key Performance Indicators

	Apr-17	Mar-18	Apr-18	*Yr-Over-Yr % Change*	YTD April 2017	YTD April 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*					\		
Total active sites	265	279	287	*8%*	301	281	*-7%*
New projects opened	13	2	11	*-15%*	41	30	*-27%*
Units in new projects opened	2,677	510	2,357	*-12%*	10,838	7,090	*-35%*
Total sales (units)	3,451	1,659	1,225	*-65%*	13,794	5,522	*-60%*
Sales as % of total new & resale	*53%*	*43%*	*36%*		*57%*	*43%*	
Inventory (units)	8,025	8,784	9,958	*24%*	9,678	9,214	*-5%*
Sales-to-inventory ratio	43%	19%	12%	*-71%*	37%	15%	*-60%*
Months of inventory	2.8	3.5	4.2	*49%*	3.8	3.5	*-8%*
Benchmark price	$570,226	$742,801	$739,965	*30%*	$533,404	$731,733	*37%*
Price PSF Benchmark	$685	$825	$842	*23%*	$657	$821	*25%*
Unit size Benchmark (sq. ft)	832	900	878	*6%*	812	892	*10%*
Units completed	800	1,596	1,044	*31%*	5,942	4,084	*-31%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	3,013	2,183	2,218	*-26%*	10,270	7,307	*-29%*
New listings (units)	4,376	3,305	3,652	*-17%*	13,413	11,682	*-13%*
Inventory ("active listings", units)	2,630	3,012	3,394	*29%*	2,072	2,941	*42%*
Sales-to-inventory ratio	115%	72%	65%	*-43%*	125%	61%	*-51%*
Months of inventory	1.0	1.5	1.7	*68%*	0.8	1.4	*74%*
Average price of units sold	$541,392	$551,003	$559,343	*3%*	$504,673	$541,206	*7%*
HPI constant quality price index (Jan 2005=100)	225.2	244.3	248.1	*10%*	209.3	241.9	*16%*

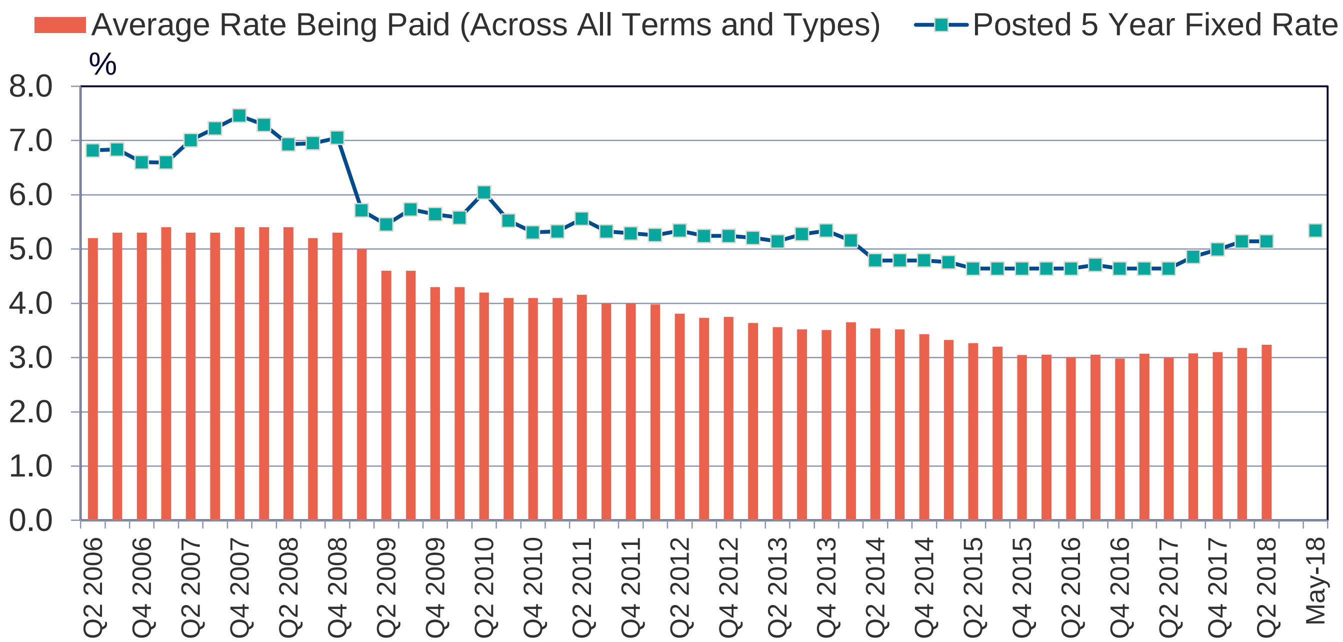
** see end of report for Definitions*

- **Employment growth in the GTA has come to a halt for the time being.** Employment levels were down for the second month in a row. However, the growth that has occurred over the past year is still positive for the housing market, with just under 100,000 jobs added for the 12 months ending April**.** With the decline in employment, the unemployment rate has moved up although remains low in historical terms.
- The average effective mortgage rate being paid by current mortgage holders in Canada has been inching up, according to Altus Group FIRM Survey data (chart next page). Moreover, posted mortgage rates are at their highest level since Q4 2013. 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 May 30, indicating that "higher interest rates will be warranted to keep inflation near target. Governing Council will take a gradual approach to policy adjustments, guided by incoming data. In particular, the Bank will continue to assess the economy's sensitivity to interest rate movements and the evolution of economic capacity". The next rate announcement is July 11.
- **The good news is that homebuying intentions are buoyant this year**, according to Altus Group's Spring 2018 FIRM Survey (*chart next page*). This increase comes from very low intentions recorded last Spring, and may signal those that have been delaying homebuying will start to return to the market.



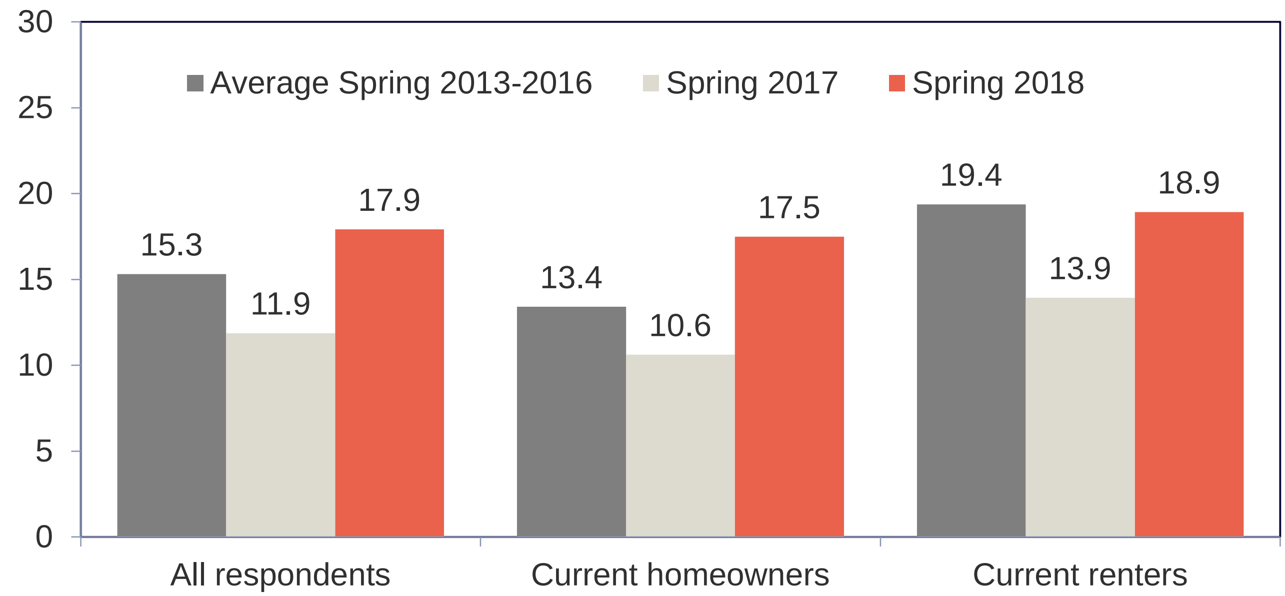
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



Source: Altus Group and Bank of Canada data

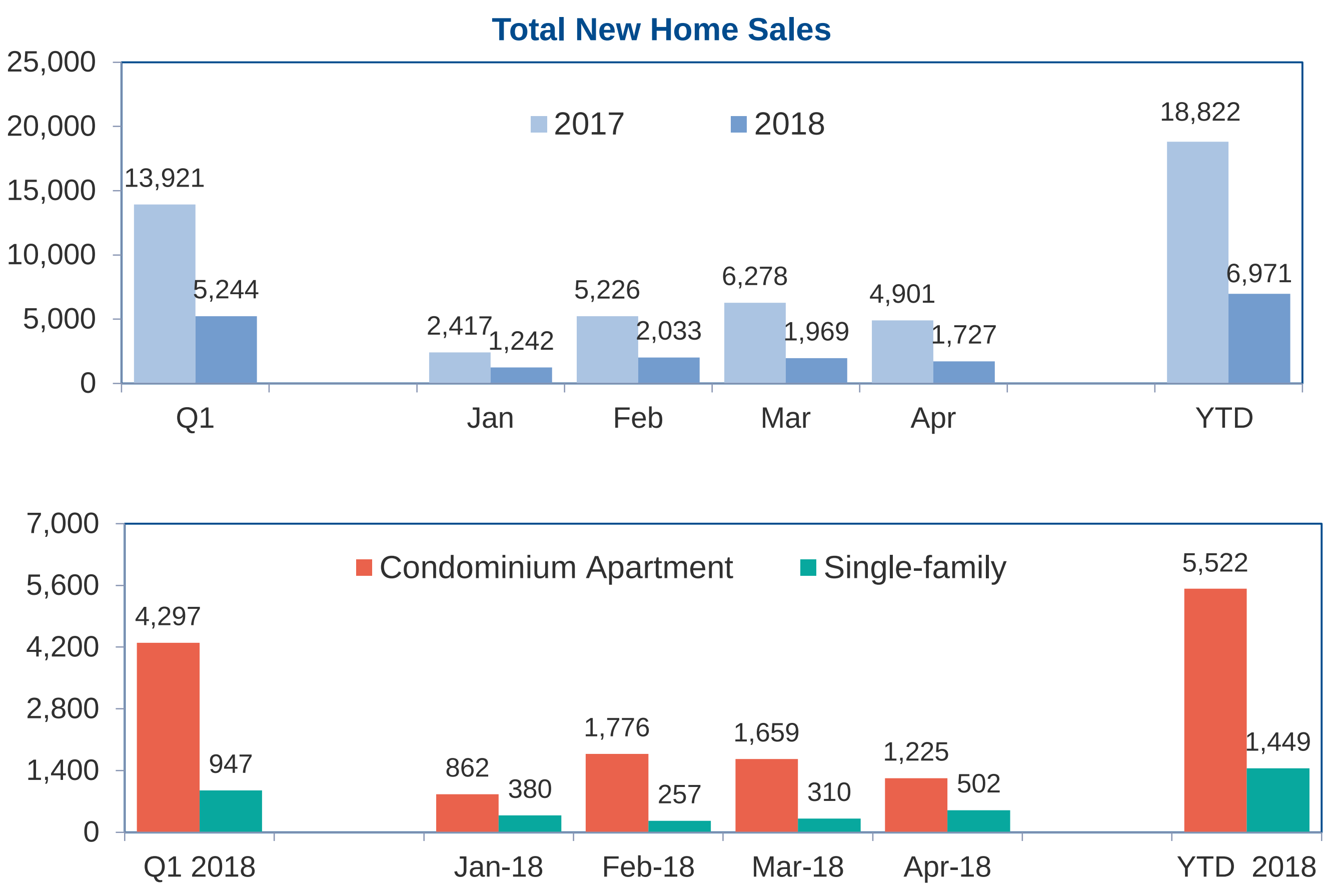
GTA Homebuying Intentions



Source: Altus Group

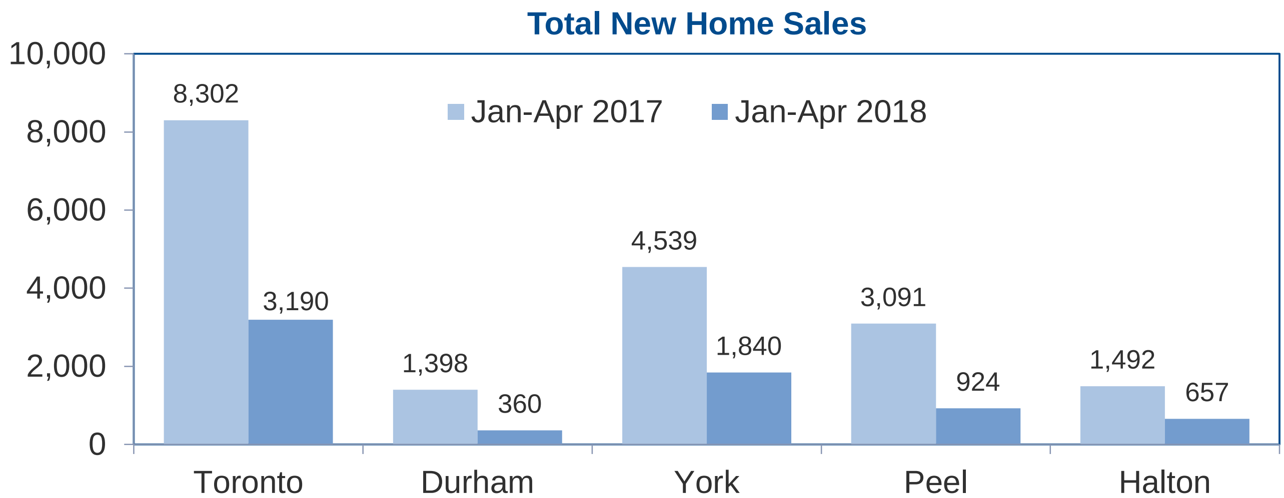
- **Total sales of new homes in the GTA in April reached their lowest level for April in over 20 years.**
- **Both single-family and condominium apartment new home sales were down sharply in April from a year earlier**. Single-family sales were the lowest April yet recorded by Altus Group by a wide margin (the previous low being 980 sales in April 2013), while new condominium apartment sales reached their lowest April since 2009.
- **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. **All of the larger municipalities are significantly below their year-ago total new home sales levels** *(chart after next page).*

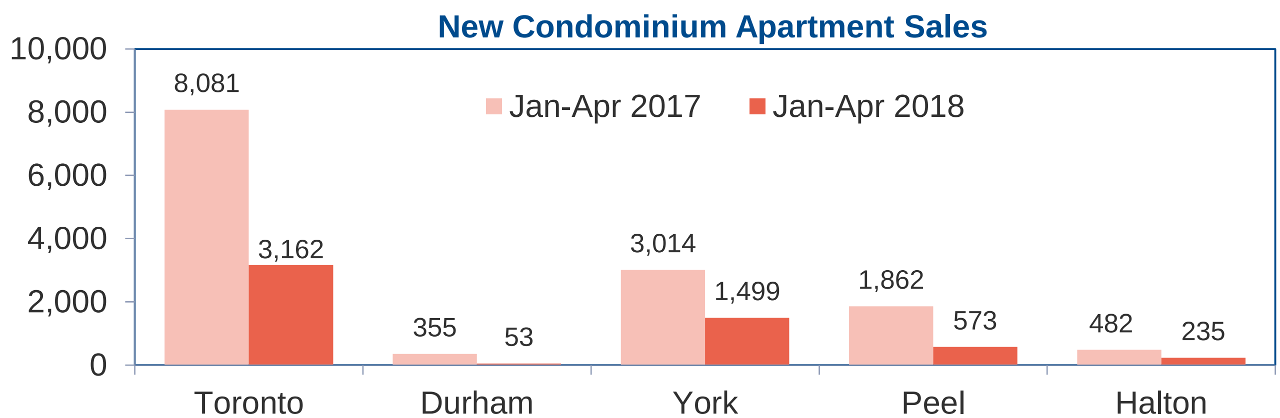
GTA New Home Sales

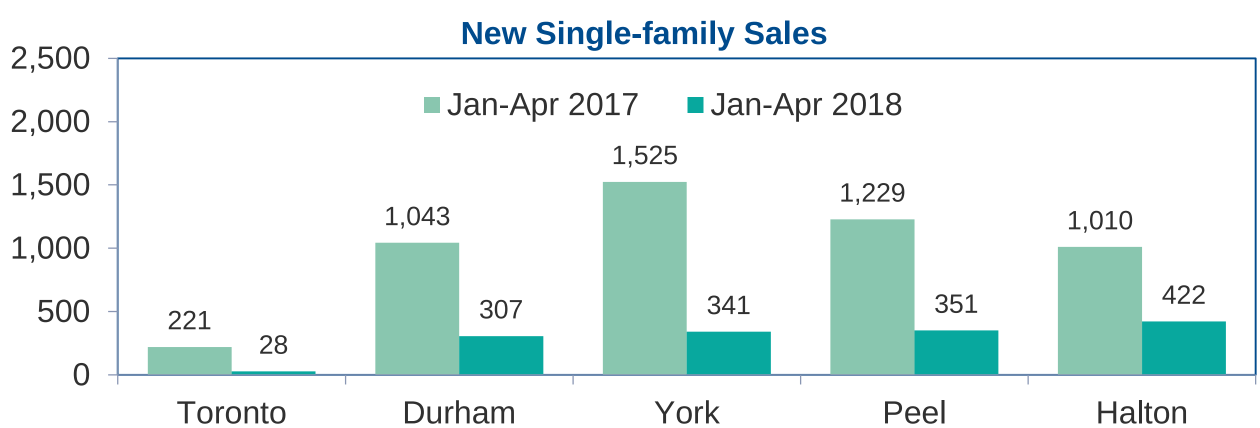


Source: Altus Group

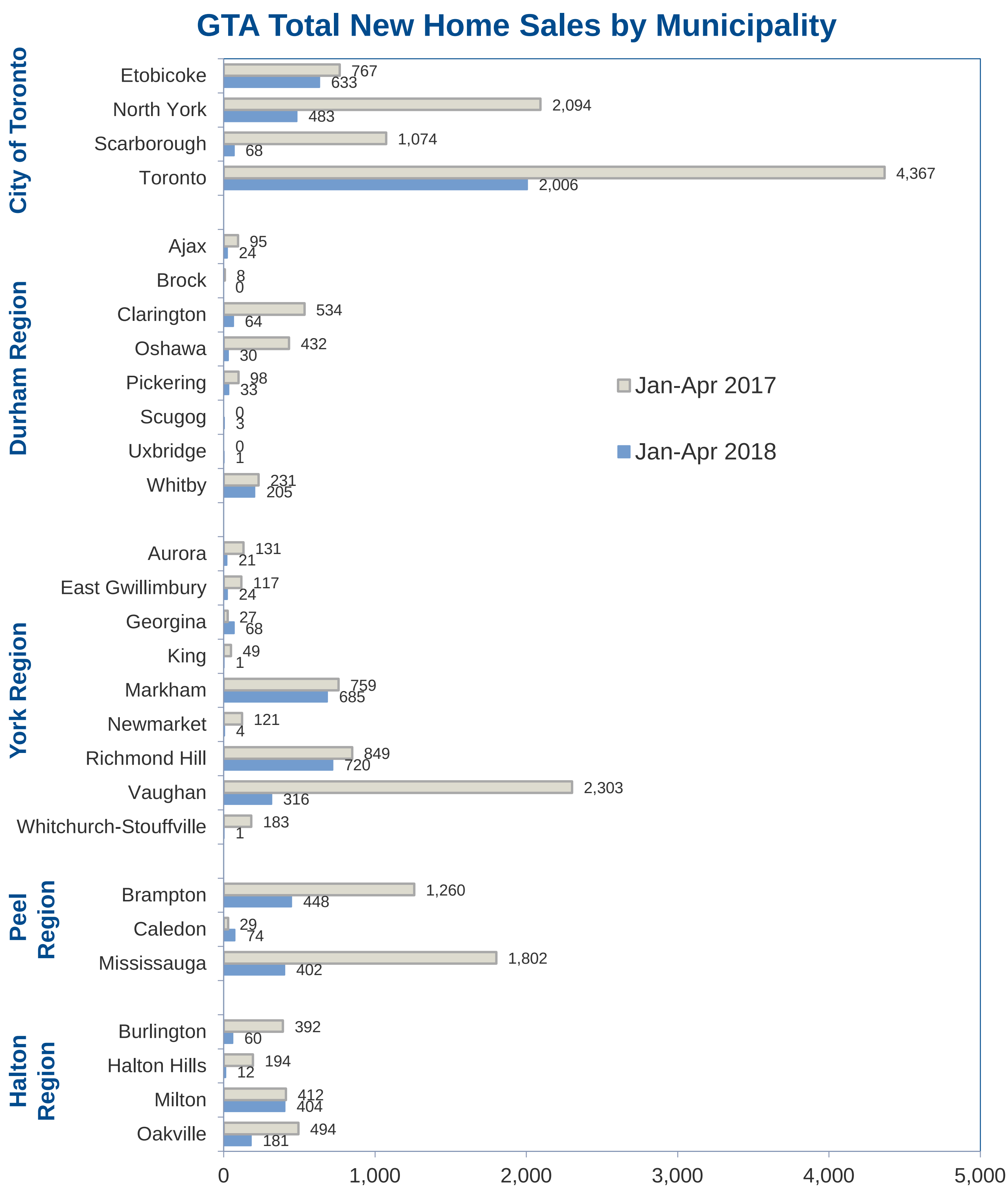
GTA New Home Sales by Region







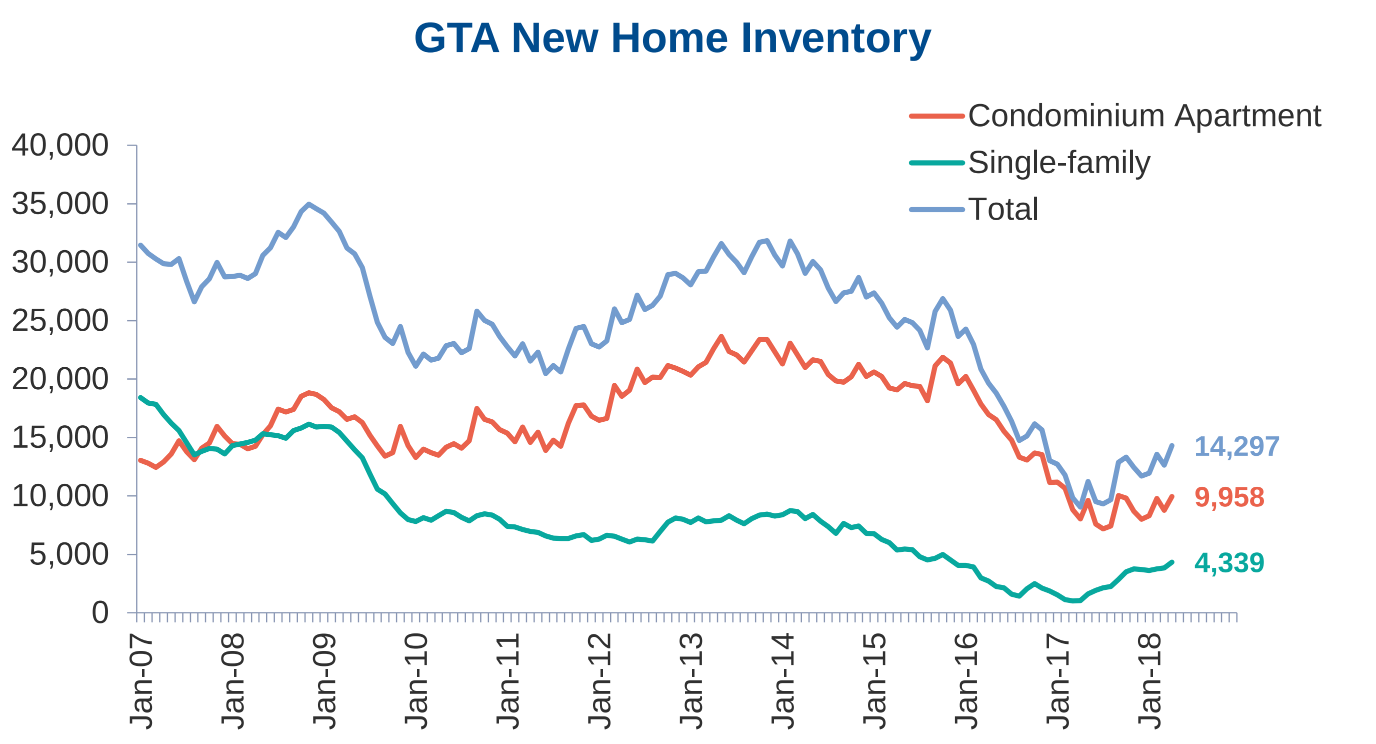
Source: Altus Group



Source: Altus Group

New Home Market - Inventory

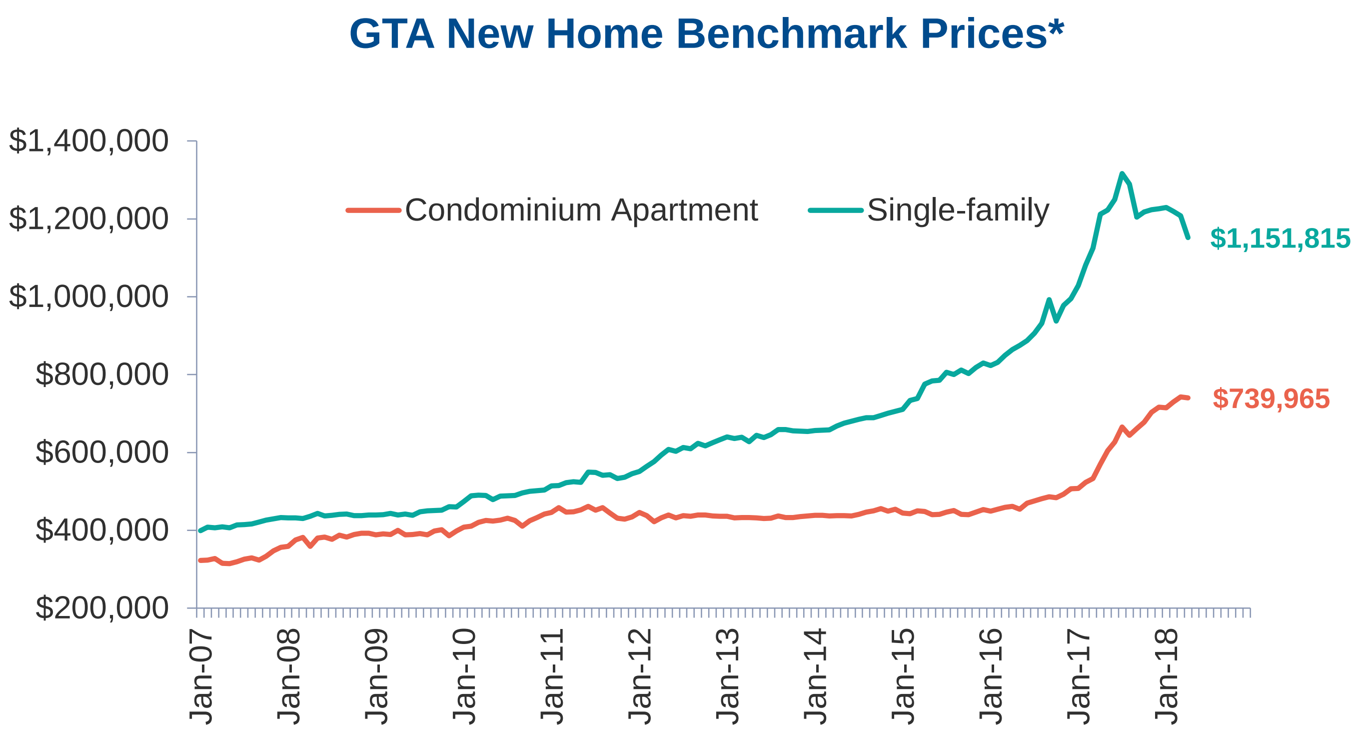
- **Total new home inventory available to purchase increased again in April**, driven by the increases in both the condominium apartment and single-family sectors.
- **The inventory of single-family homes remains low in historical terms**. However, it is now 4 times more than a year ago.
- **New condominium apartment inventory is also up over April of last year**. However, based on sales in the past 12 months, the inventory represents just over 4 months of sales (compared to the average of 10 months for April in the previous 10 years).



Source: Altus Group

New Home Market - Prices

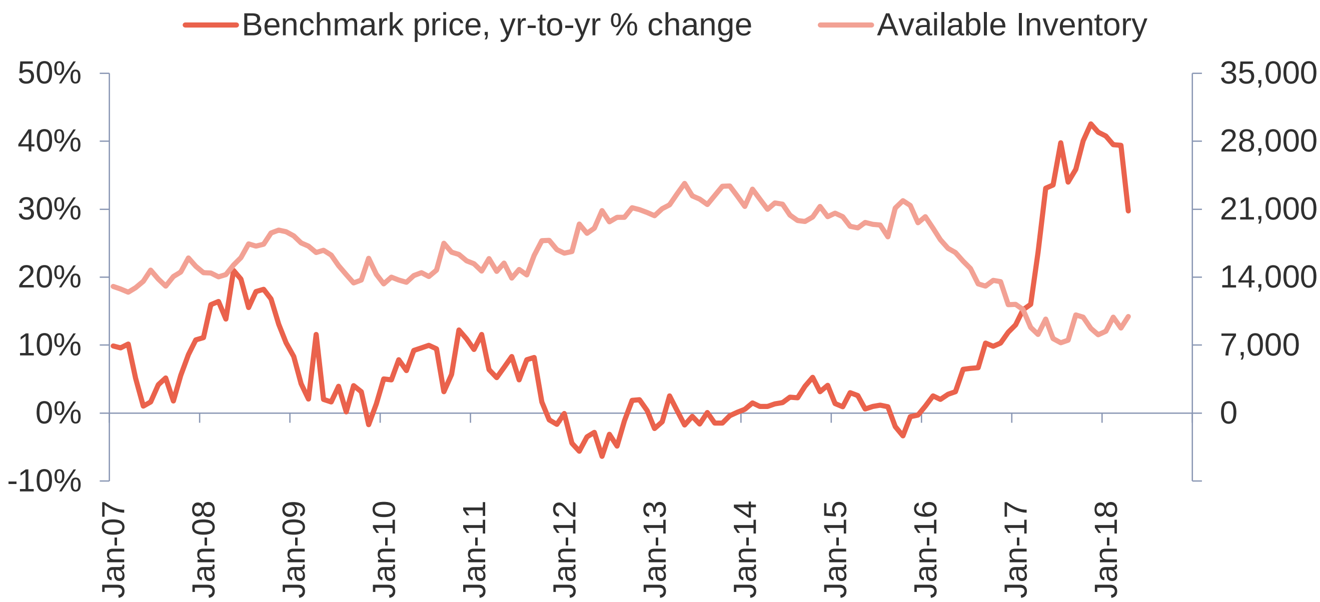
- **The Benchmark price for a new single-family home declined again in April, dipping 5% below April of last year** (*chart bottom of next page*).
- **The Benchmark price for a new condominium apartment stalled in April.** While the April average asking price for available inventory was still 30% ahead of April 2017 (*chart top of next page*), the year-over-year price increases have moderated.
- 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 April 2017, the average asking price for a new single-family home was 2.1 times that of a condominium apartment; in April 2018 that has declined to 1.6 times.**



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

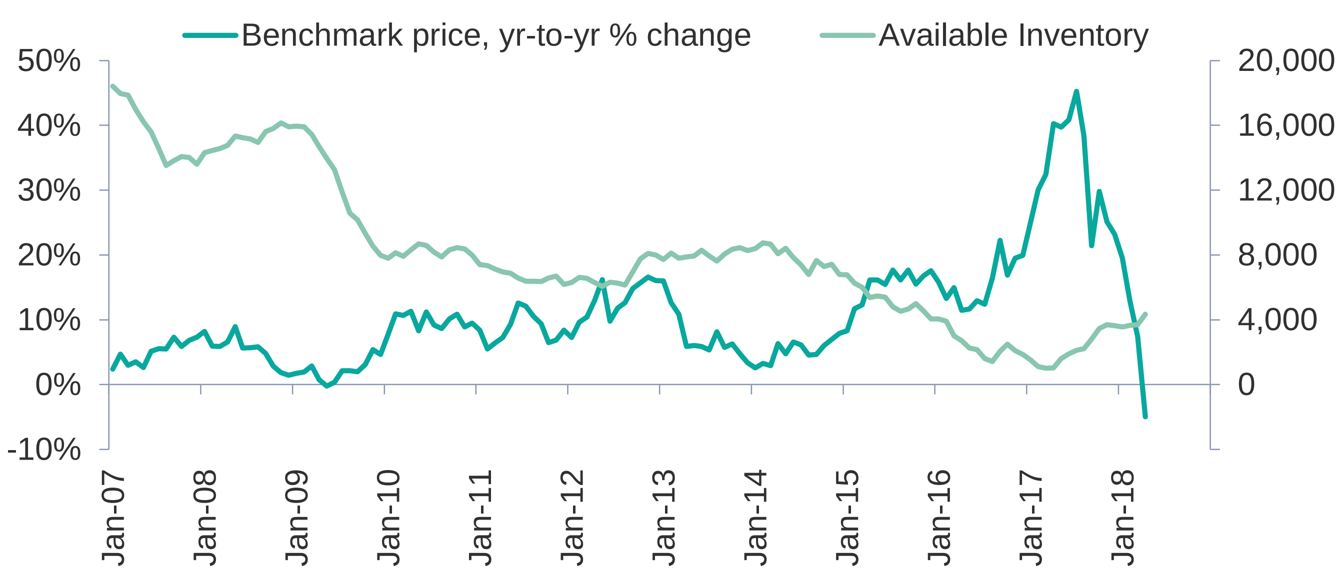
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

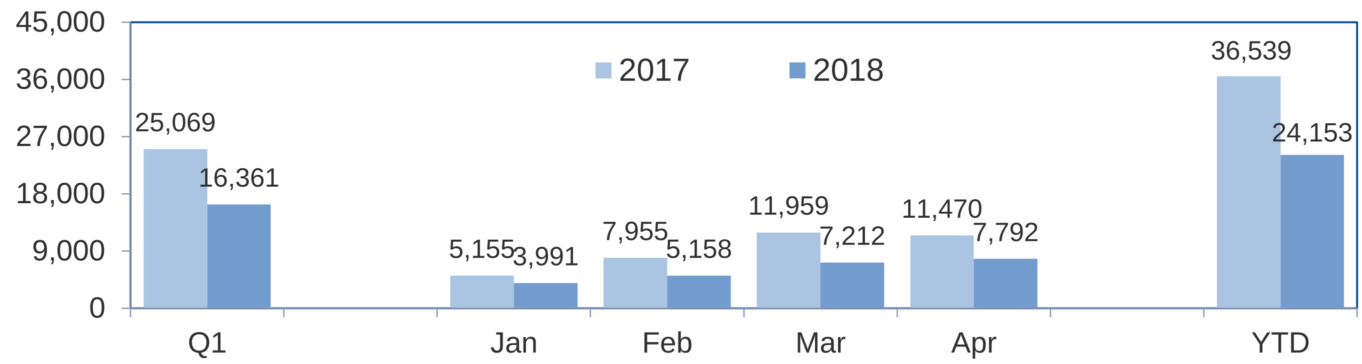
GTA New Single-Family Home Benchmark Price Changes and Available Inventory

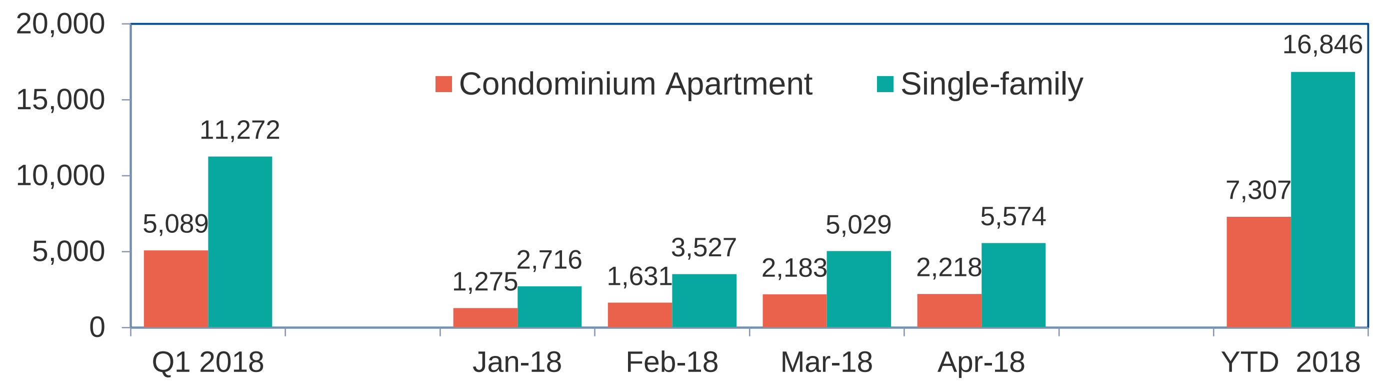


Source: Altus Group

- **Total sales in the resale market** (as reported by the Toronto Real Estate Board) **were up in April from March** (the typical seasonal pattern) but down from a year ago. **Both single-family and condominium apartment resales showed improvement in April over March.** As new home sales patterns typically lag the resale market, improvement in resales is a positive indicator for future new home sales.
- **The average sales price for a resale condominium apartment in April continued to set new records** (*chart next page, bottom*), although the year-over-year increases are slowing. Single-family resale prices increased for the 4rd month in a row, but were 14% behind last April.

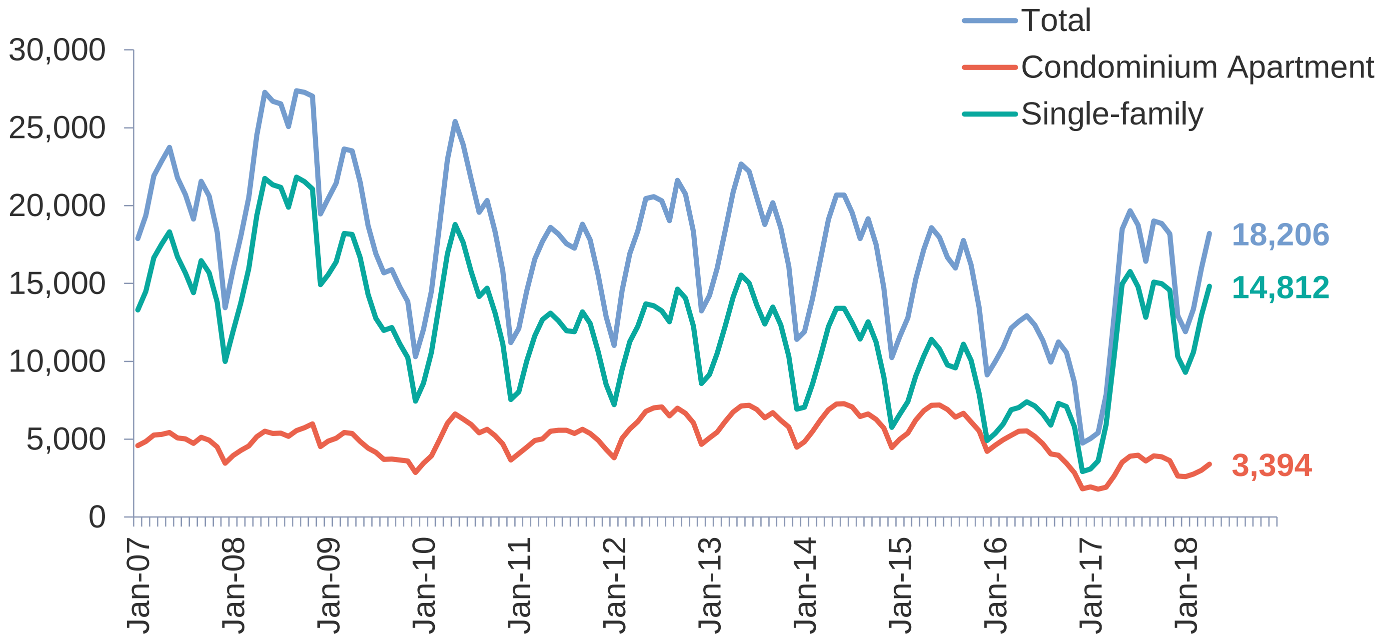
GTA Resale Home Sales





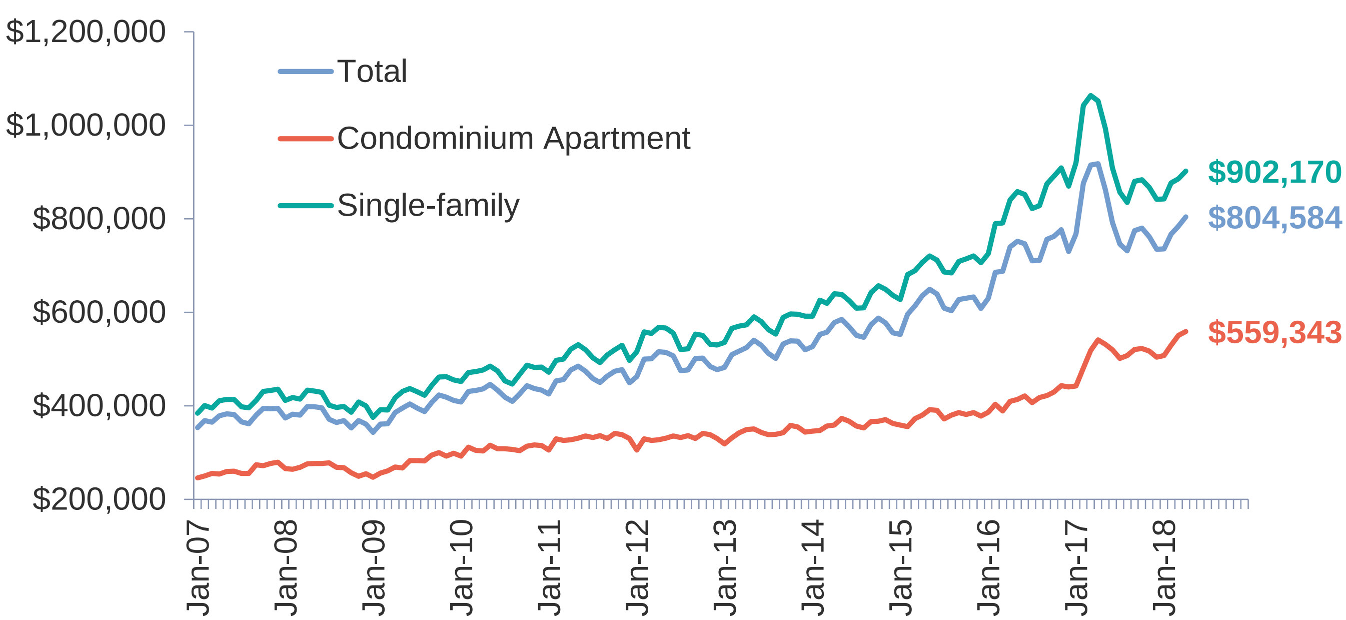
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Prices

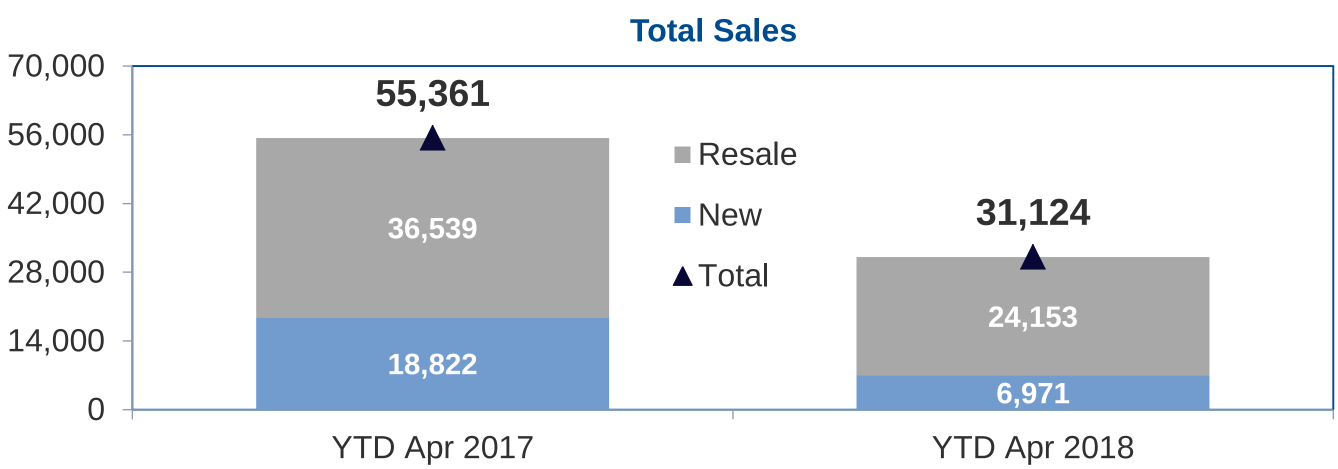


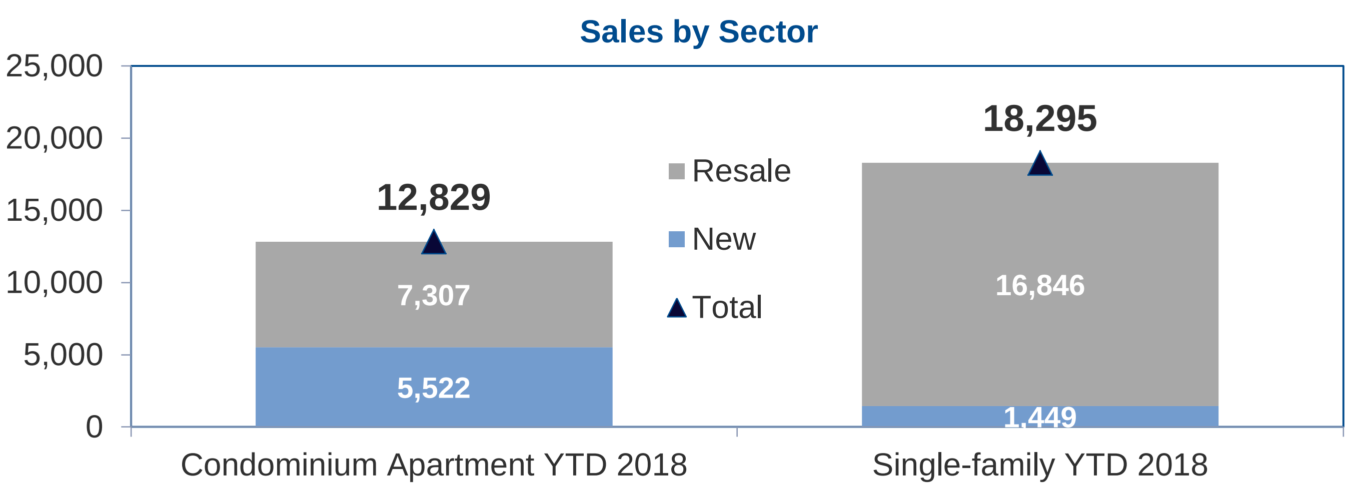
Source: Altus Group based on Toronto Real Estate Board data

Overall Home Market - Sales

- **Combined resale and new home sales** as measured by TREB and Altus Group totaled over 31,100 units for year-to-date April 2018, **down 44%** 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 5 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



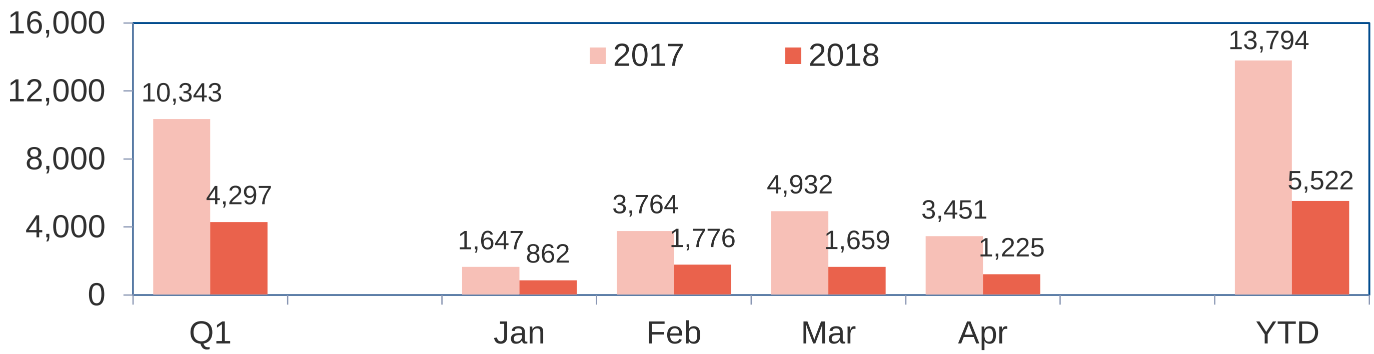


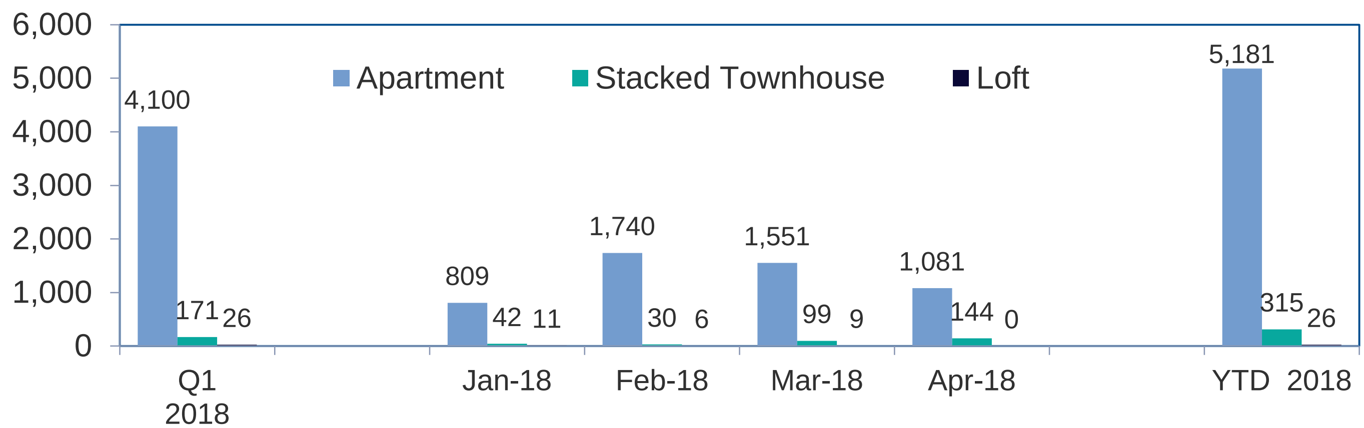
Source: Altus Group and Toronto Real Estate Board data

New Condominium Apartments - Sales

- **At 1,225 units, total new condominium apartment sales were the lowest April since the recession-impacted April 2009.** Year-to-date sales are 60% below last year's record performance, but are also below the previous 3 years.
- **Stacked townhouses had their best monthly sales performance since May 2017**, and were about one-third higher than the April average for the previous 10 years.
- **New condominium apartment sales were down in all regions in April and year-to-date** (*chart next page*). York Region is capturing a slightly larger share of GTA sales than a year ago.

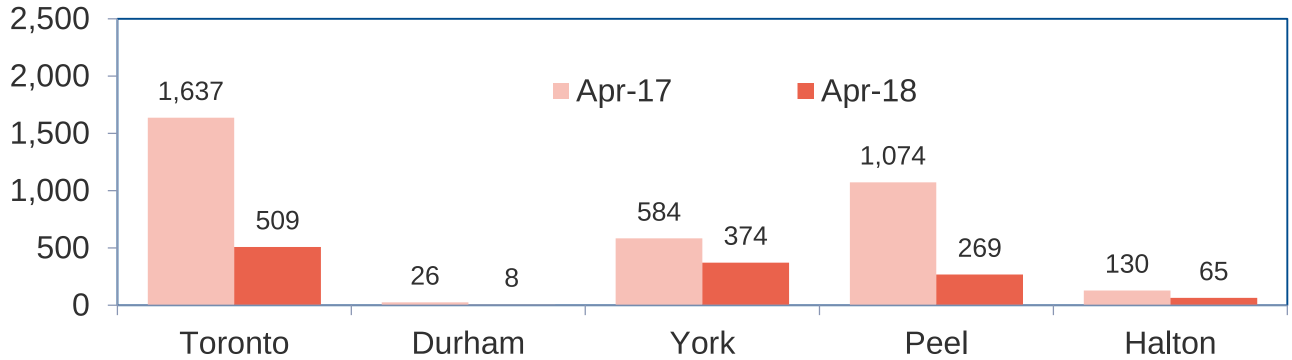
GTA New Condominium Apartment Sales

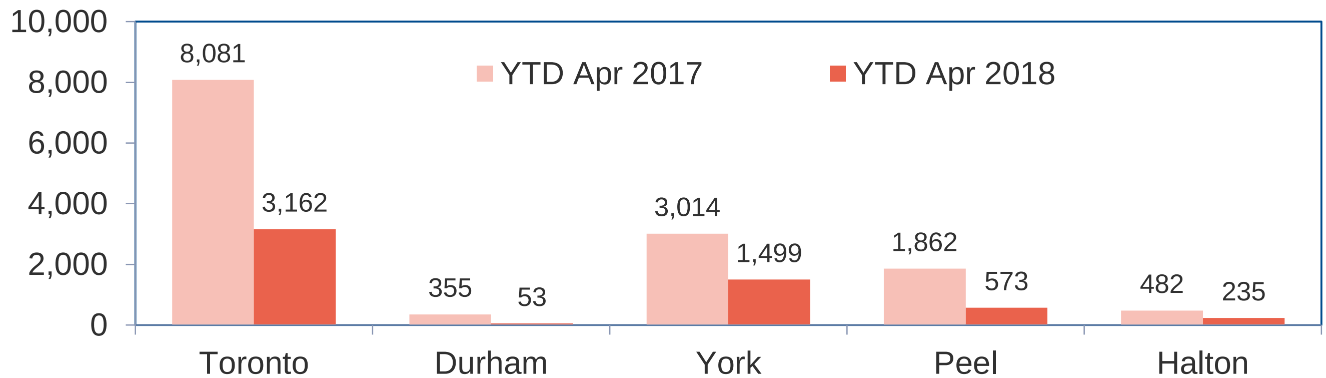


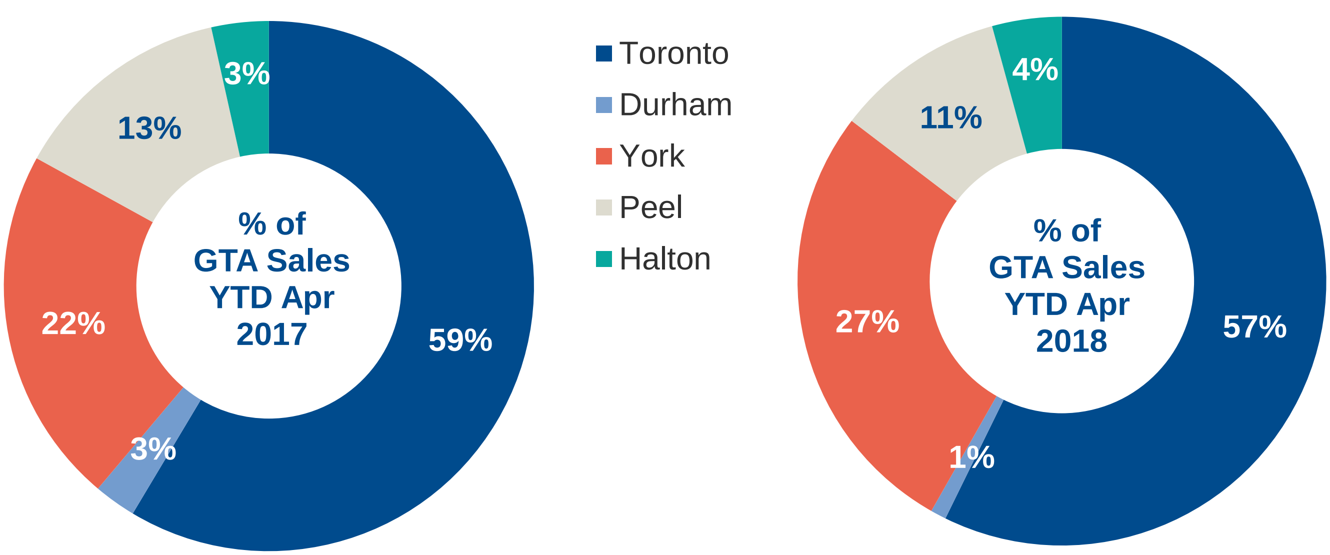


Source: Altus Group

GTA New Condominium Apartment Sales by Region





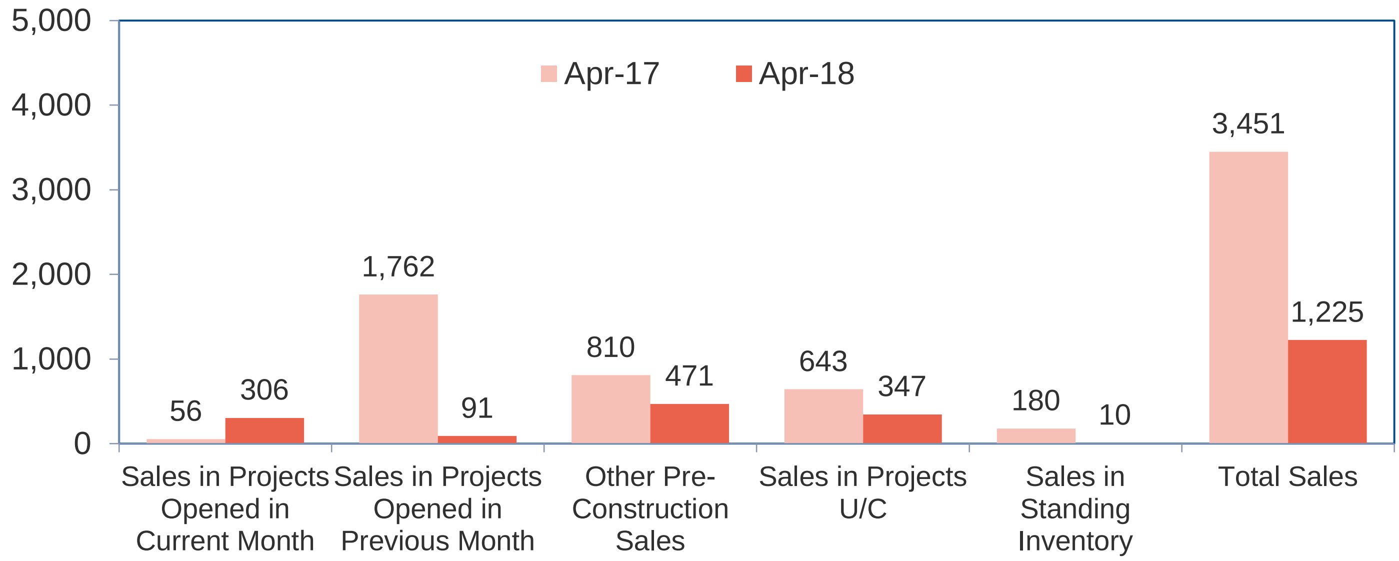


Source: Altus Group

New Condominium Apartments - Sales

- **Almost one-quarter of the new condominium apartment sales in April 2018 occurred in projects opened during April.** Only 2 projects had opened in March, these captured 91 sales in April.
- Projects that have completed construction ("standing inventory") accounted for only a handful of sales in April 2018, which reflects the limited amount of inventory available to purchase (as shown on the next page).

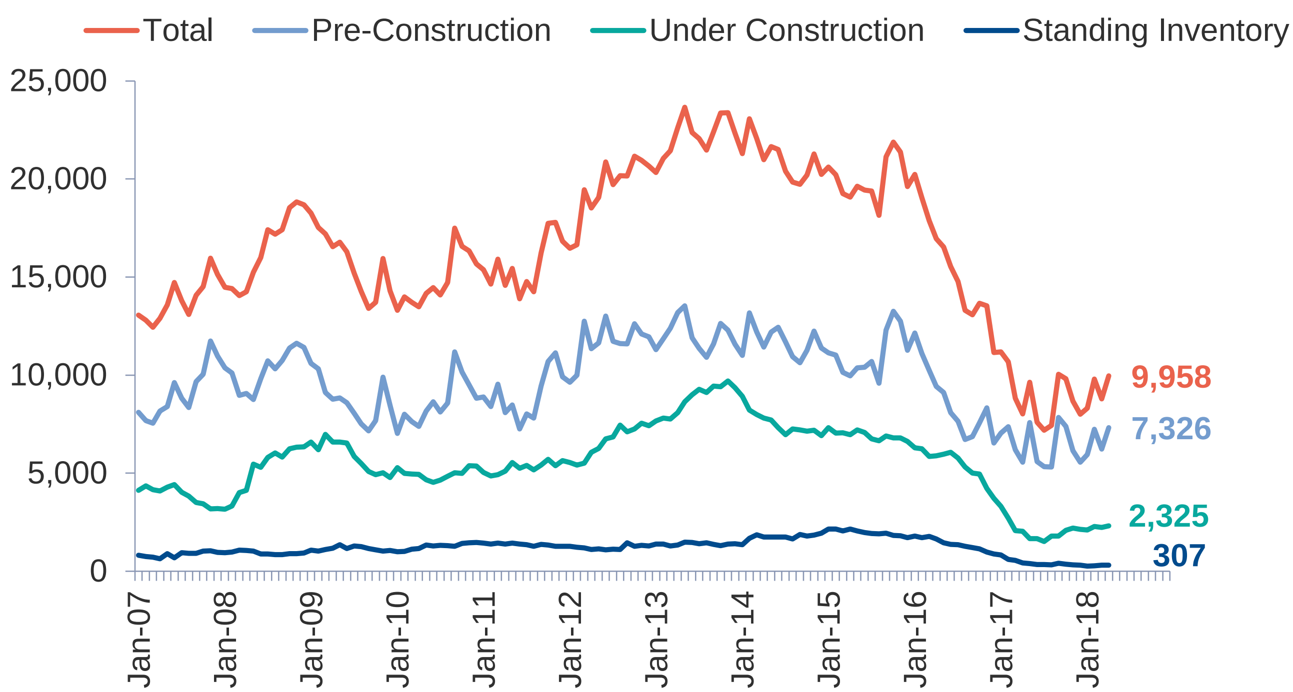
GTA New Condominium Apartment Sales by Construction Status

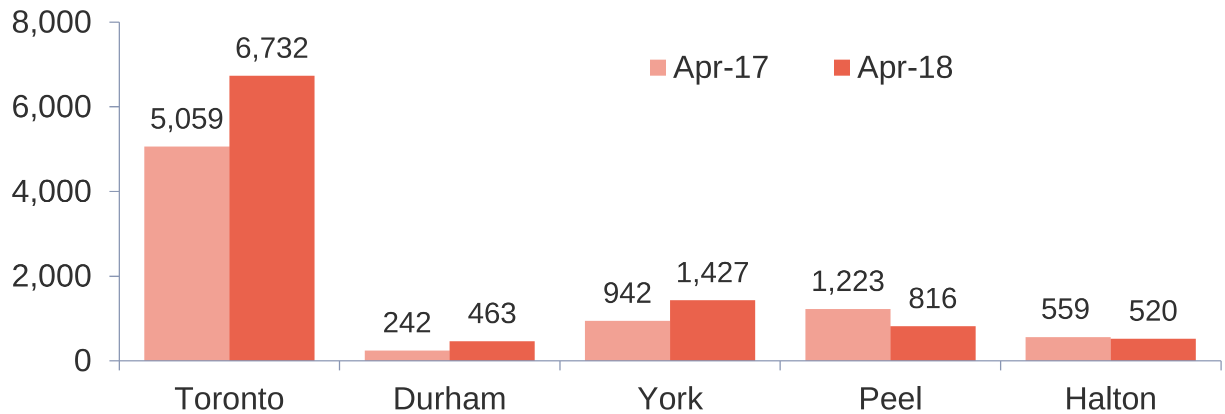


Source: Altus Group

- **New condominium apartment available inventory increased somewhat in** April but **remains very low in historical terms.**
- **Unsold inventory in projects under construction has been inching up.** However, most of the increase since last April has been in pre-construction units.
- **There are only 307 units available to purchase in standing inventory** (i.e. units not yet sold in completed projects).
- Bucking the trend, **Peel Region has less available inventory this year** compared to April 2017.

GTA New Condominium Apartment Inventory



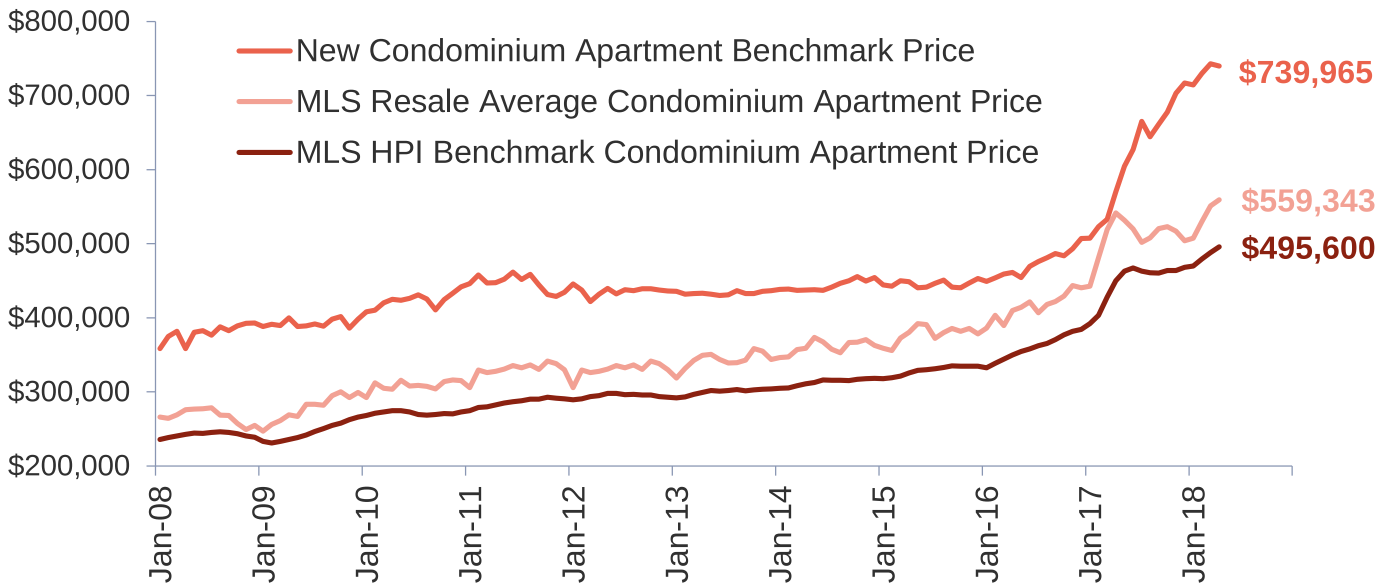


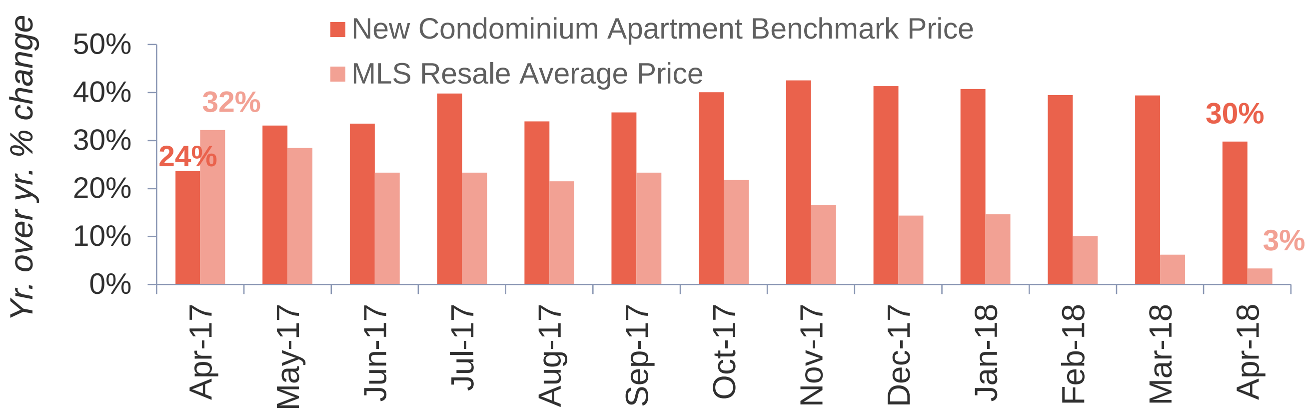
Source: Altus Group

New Condominium Apartments - Prices

- **The gap between average new and resale condominium apartment prices has opened up again in 2018**, after narrowing during the 2013 to early 2017 period.
- This has improved the relative "competitive advantage" of resale product to some extent, as discussed in more detail later in this report. However, resale condo apartment inventories remain low and **the average resale condo apartment prices moved up in April to a new record level**.

GTA New and Resale Condominium Apartment Prices

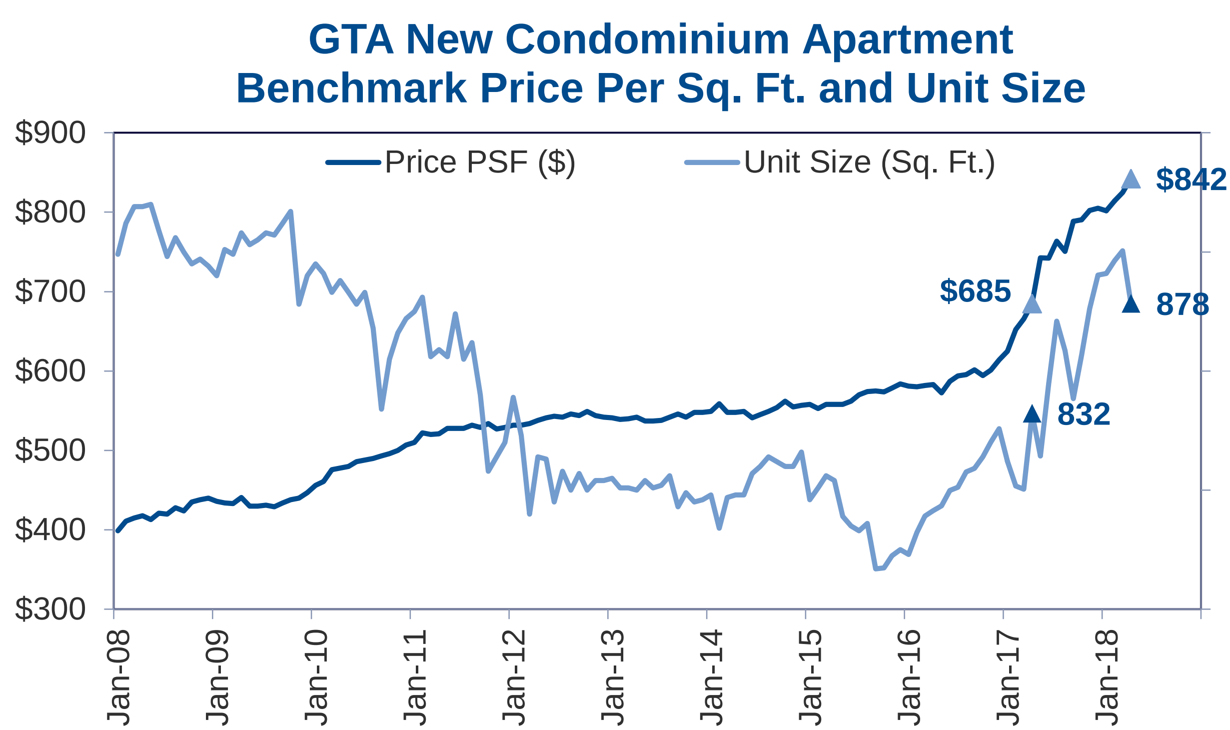




Source: Altus Group and Toronto Real Estate Board data

New Condominium Apartments - Prices

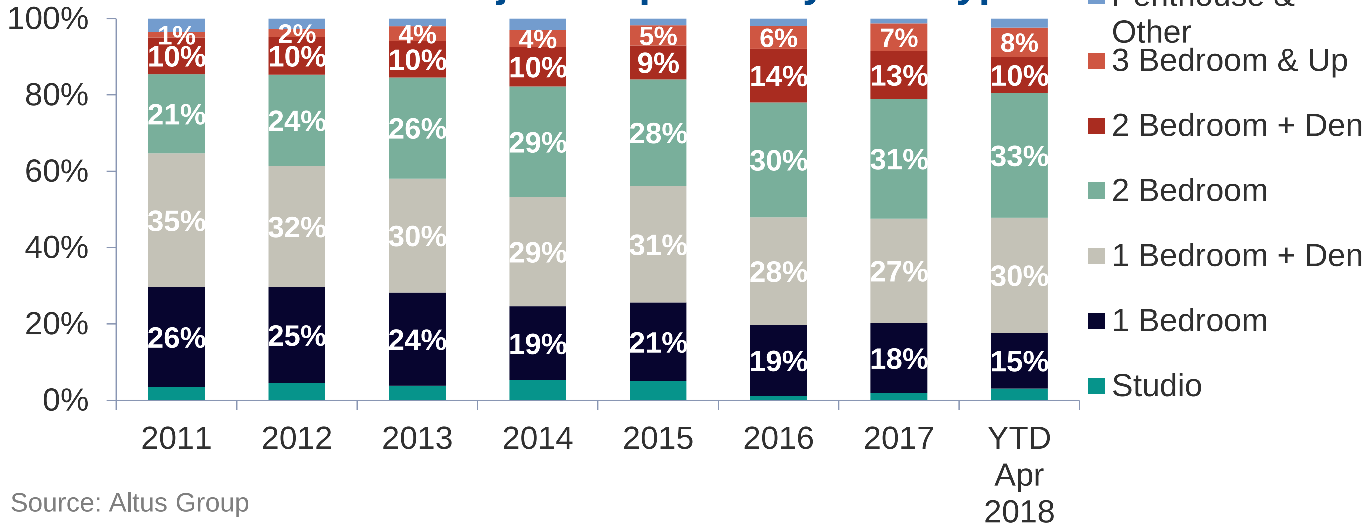
- The 30% increase in average asking prices for available new condominium apartments in April 2018 compared to a year earlier was a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 23% from a year earlier**, and remains the primary driver behind overall increases in the benchmark price.
  - **The unit size Benchmark was also up** from a year ago – i.e. the average size of units remaining in inventory - which was **also a factor in driving up average prices**, although this factor played a smaller role.
- **The increase in the average size of remaining units was driven by a shift in the composition of inventory towards units with more bedrooms** (i.e. 1 bedroom plus den and up, *see chart middle of next page*). The average sizes of each bedroom type were broadly similar to a year ago (*chart bottom of next page*).
- **The shift away from studio and 1 bedroom apartments has continued into 2018**, based on units in new projects opened year-to-date (*chart top of next page*).



Source: Altus Group

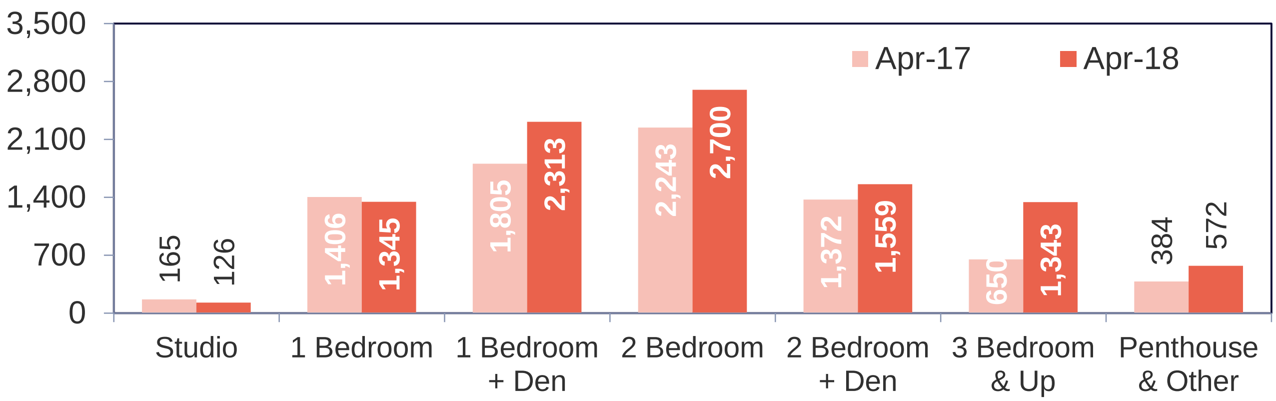
GTA New Condominium Apartment

Units in New Projects Opened by Unit Type

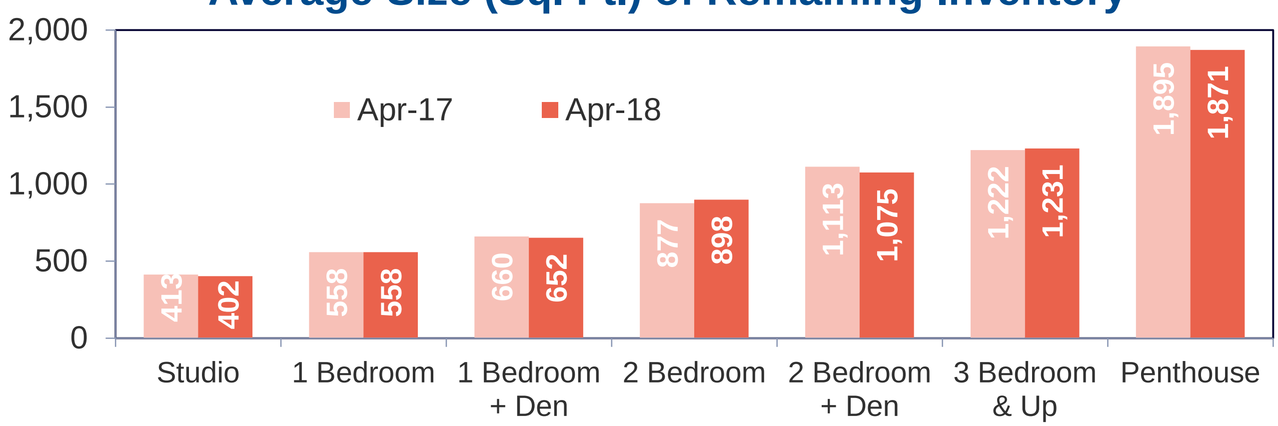


Source: Altus Group

Remaining Inventory by Unit Type

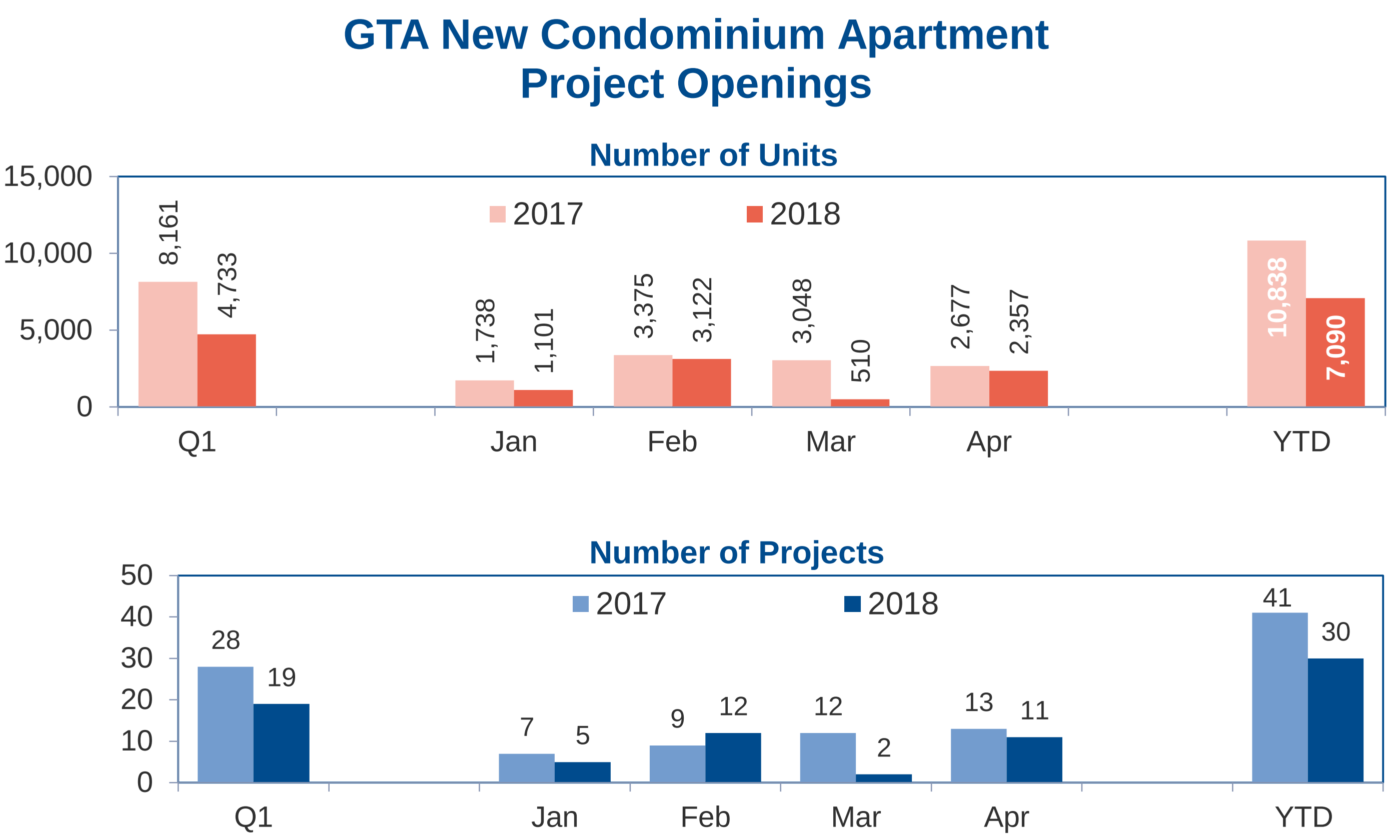


Average Size (Sq. Ft.) of Remaining Inventory



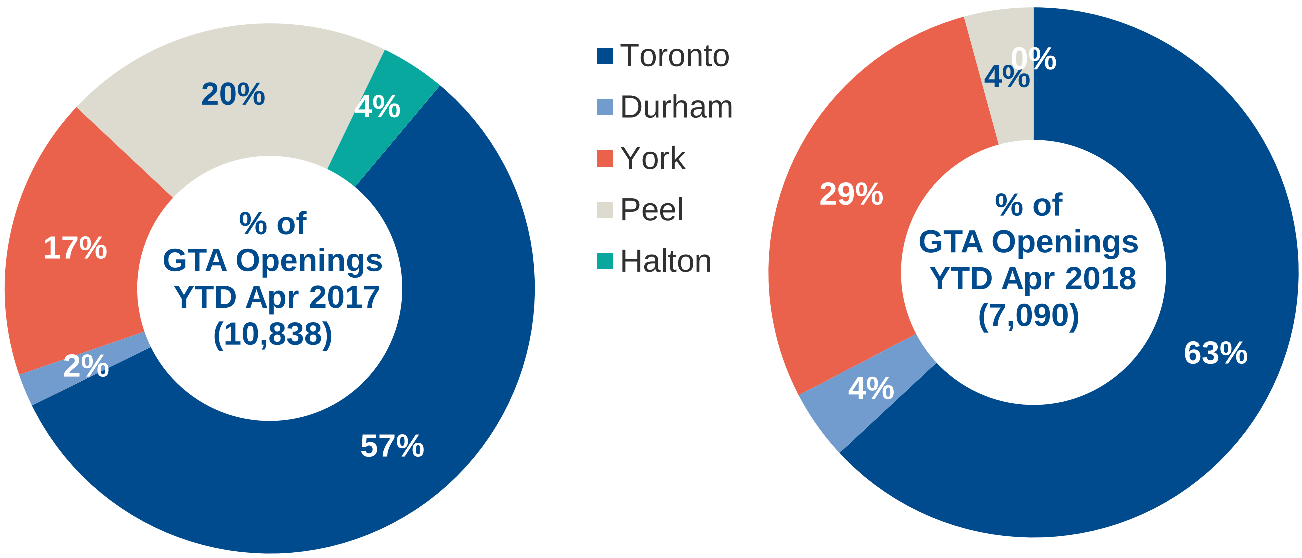
Source: Altus Group

- **After a slow March, 11 new condominium apartment projects opened in the GTA in April 2018.** The 2,357 units in new projects opened in April was broadly in line with last April, and 59% above the previous 10 year average.
- Following this page are maps showing the location of new projects launched in March and April, 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.*



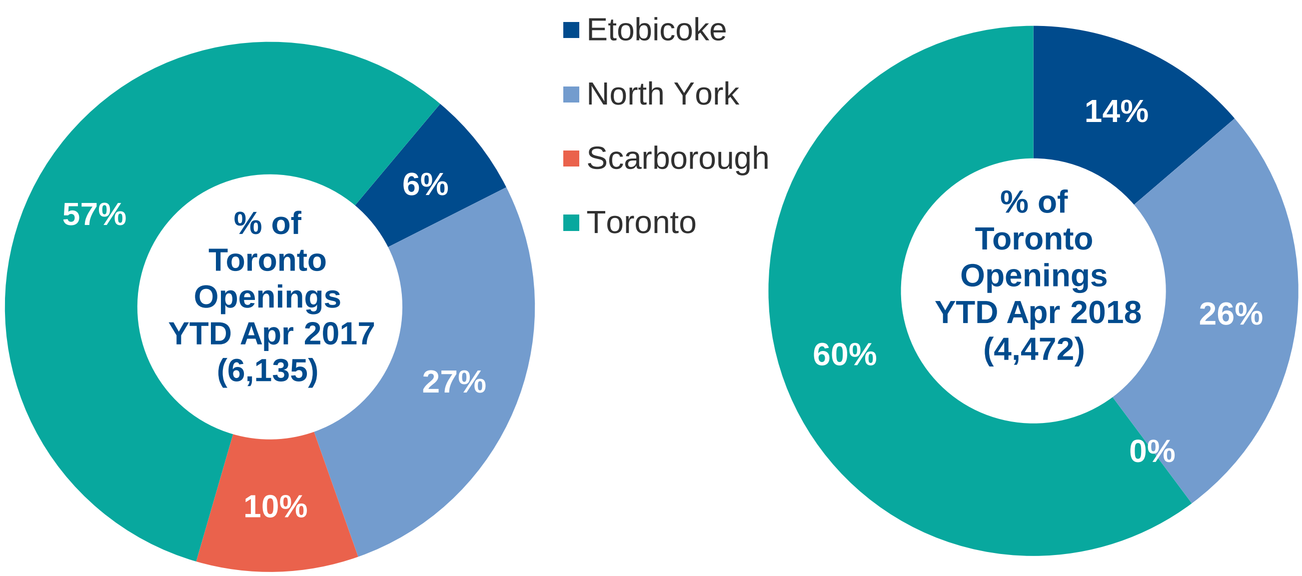
Source: Altus Group

GTA Condominium Apartment New Openings by Region



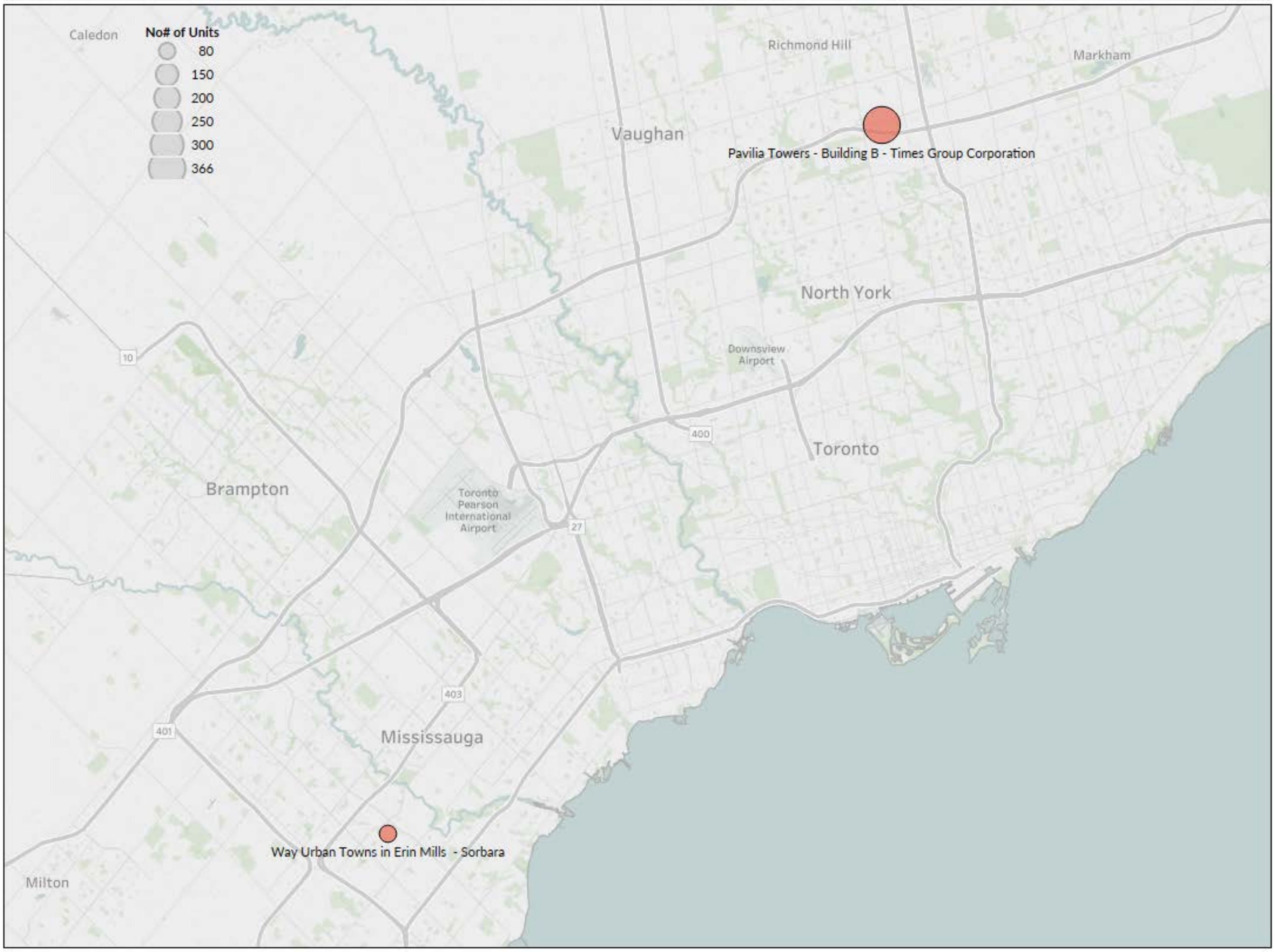
Source: Altus Group

City of Toronto Condominium Apartment New Openings by Area



Source: Altus Group

March 2018 New Project Launches by Number of Units



Source: Altus Group

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

New Condominium Apartments - Openings

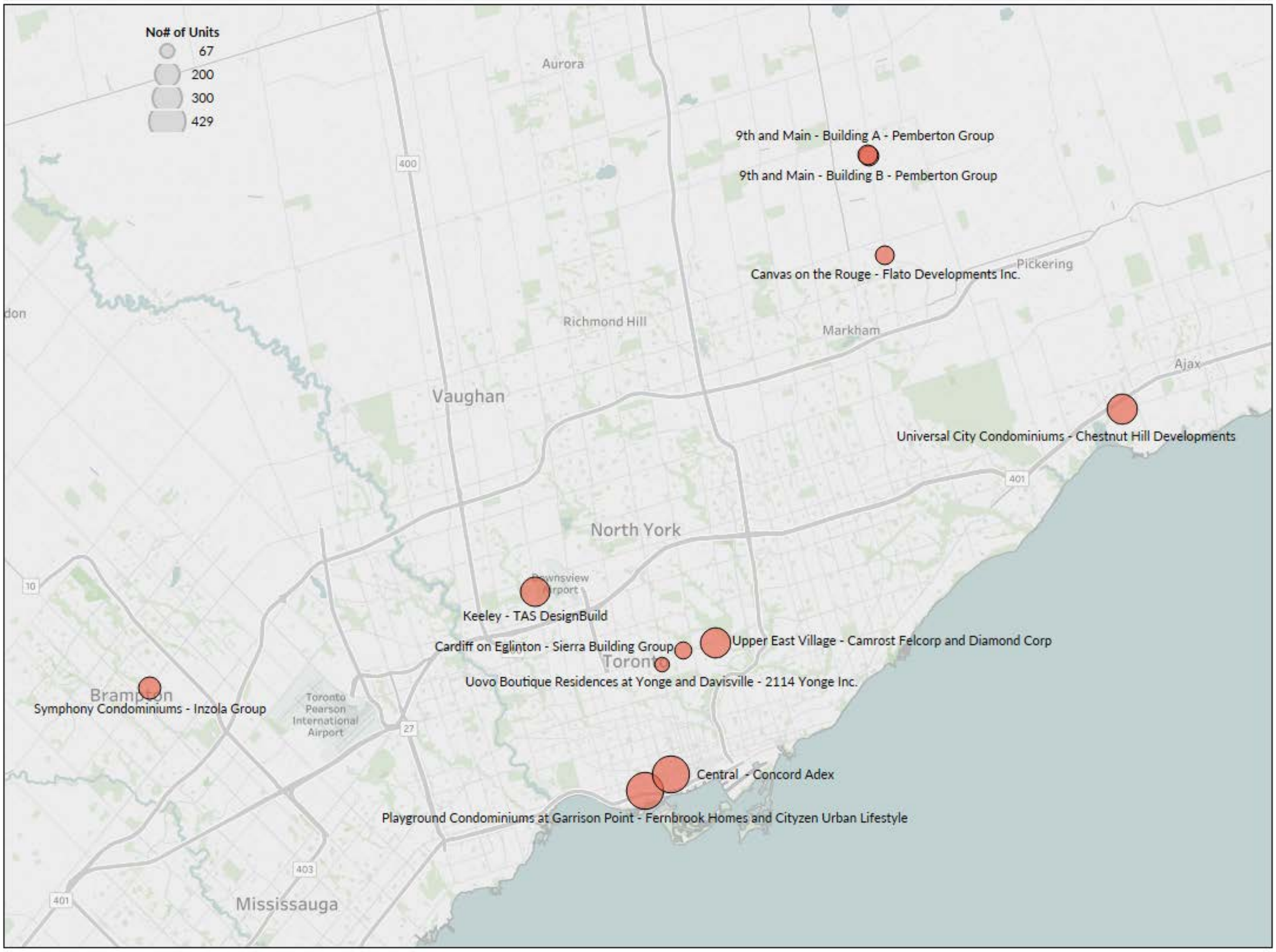
Project Record — Pavilia Towers - Building B — Way Urban Towns in Erin Mills

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**	**144**
Studio	1	--
1 bedroom	55	--
1 bedroom + den	167	--
2 bedroom	111	144
2 bedroom + den	13	--
3 bedroom & up	19	--
Penthouse	--	--
Other	--	--
Opening month sales	**4**	**37**
Next month sales	**27**	**64**
% Sold	*8%*	*70%*
Remaining inventory	335	43
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

April 2018 New Project Launches by Number of Units



Source: Altus Group

New Condominium Apartments - Openings

AltusGroup

Project Record | 9th and Main - Building A | 9th and Main - Building B | Canvas on the Rouge | Cardiff on Eglinton | Central | Keeley

New Condominium Apartment Project Openings - April 2018

Project Name	**9th and Main - Building A**	**9th and Main - Building B**	**Canvas on the Rouge**	**Cardiff on Eglinton**	**Central**	**Keeley**
Developer	Pemberton Group	Pemberton Group	Flato Developments Inc.	Sierra Building Group	Concord Adex	TAS DesignBuild
Date Opened	2018-04-12	2018-04-12	2018-04-21	2018-04-16	2018-04-03	2018-04-21
Municipality	Whitchurch-Stouffville	Whitchurch-Stouffville	Markham	Toronto	Toronto	North York
Region	York	York	York	Toronto	Toronto	Toronto
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	8	8	6	12	45	12
Number of units	**123**	**123**	**111**	**92**	**426**	**270**
Studio	--	--	--	--	6	--
1 bedroom	1	1	32	10	88	--
1 bedroom + den	43	43	23	32	14	151
2 bedroom	10	10	33	21	232	64
2 bedroom + den	33	33	11	12	--	31
3 bedroom & up	13	13	12	9	76	24
Penthouse	--	--	--	--	10	--
Other	23	23	--	8	--	--
Opening month sales	**0**	**0**	**0**	**0**	**0**	**0**
% Sold	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Remaining inventory	123	123	111	92	426	270
Original $PSF	$627	$630	$704	$916	$1,214	$750
Minimum Size (sq. ft.)	630	n.a.	604	535	382	535
Maximum Size (sq. ft.)	2,055	n.a.	1,024	1,670	935	1,157
Minimum Price	$409,990	n.a.	$421,900	$475,900	$520,000	$402,900
Maximum Price	$1,399,990	n.a.	$714,900	$1,519,900	$1,200,000	$793,900
Notes	Townhouse units are included with Other. No firm sales as signings began near end of month and all deals were subject to the 10-day conditional period.	Townhouse units are included with Other. No firm sales as signings began near end of month and 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 included with Other. No firm sales as signings began near end of month and all deals were subject to the 10-day conditional period.	No firm sales as signings began near end of month and all deals were subject to the 10-day conditional period.	No firm sales as all deals were subject to the 10-day conditional period.

Source: Altus Group

Project Record: Playground Condominiums | Symphony Condominiums | Universal City Condominiums | Uovo Boutique Residences | Upper East Village

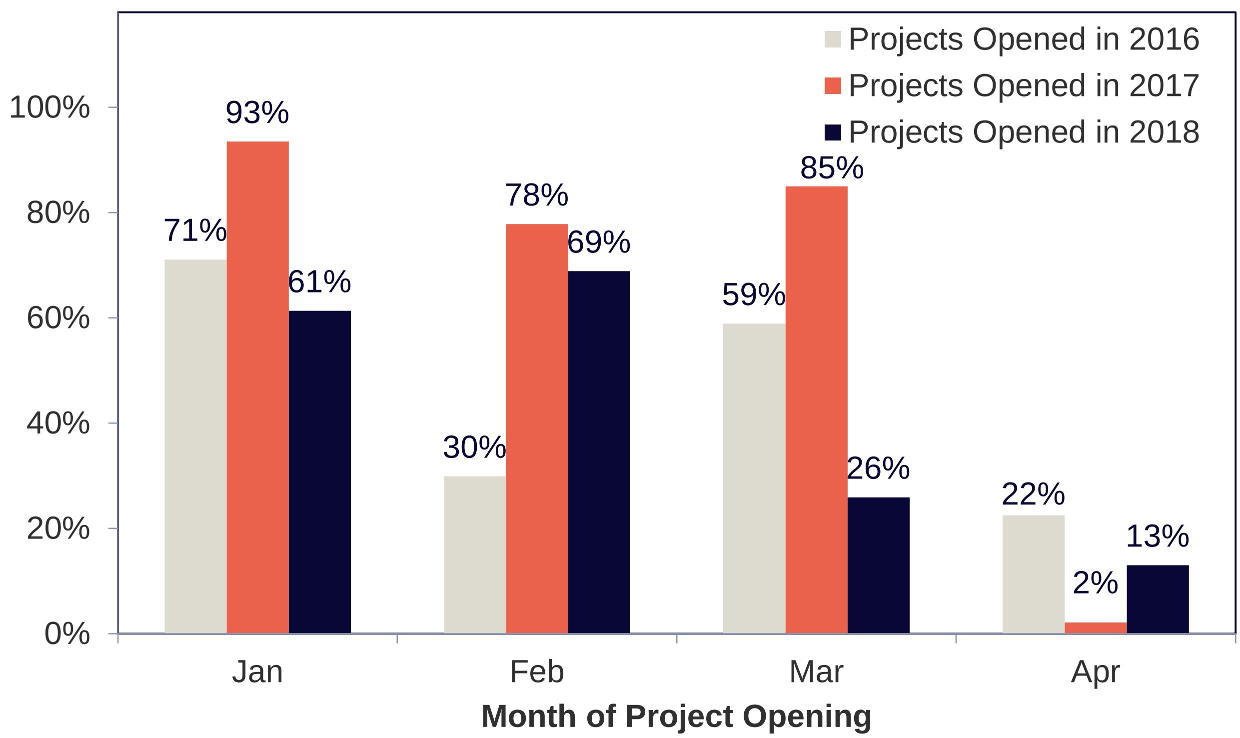
New Condominium Apartment Project Openings - April 2018 (continued)

Project Name	**Playground Condominiums at Garrison Point**	**Symphony Condominiums**	**Universal City Condominiums**	**Uovo Boutique Residences at Yonge and Davisville**	**Upper East Village**
Developer	Fernbrook Homes and Cityzen Development Group	Inzola Group	Chestnut Hill Developments	2114 Yonge Inc.	Camrost Felcorp and Diamond Corp
Date Opened	2018-04-03	2018-04-03	2018-04-25	2018-04-16	2018-04-24
Municipality	Toronto	Brampton	Pickering	Toronto	East York
Region	Toronto	Peel	Durham	Toronto	Toronto
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	35	23	17	11	21
Number of units	**429**	**156**	**275**	**67**	**285**
Studio	27	--	--	--	--
1 bedroom	153	42	23	2	43
1 bedroom + den	104	16	162	19	85
2 bedroom	81	92	7	28	74
2 bedroom + den	64	6	72	9	70
3 bedroom & up	--	--	11	9	--
Penthouse	--	--	--	--	--
Other	--	--	--	--	13
Opening month sales	**180**	**109**	**0**	**17**	**0**
% Sold	*42%*	*70%*	*0%*	*25%*	*0%*
Remaining inventory	249	47	275	50	285
Original $PSF	$888	n.a.	$594	$1,143	$911
Minimum Size (sq. ft.)	365	608	563	626	555
Maximum Size (sq. ft.)	1,047	1,037	1,000	1,887	1,560
Minimum Price	$362,900	$377,990	$340,900	$652,900	$503,900
Maximum Price	$968,900	$535,990	$564,900	$3,129,900	$1,425,900
Notes			No firm sales as all deals were subject to the 10-day conditional period.		Townhouse units are included with Other. No firm sales as all deals were subject to the 10-day conditional period.

Source: Altus Group

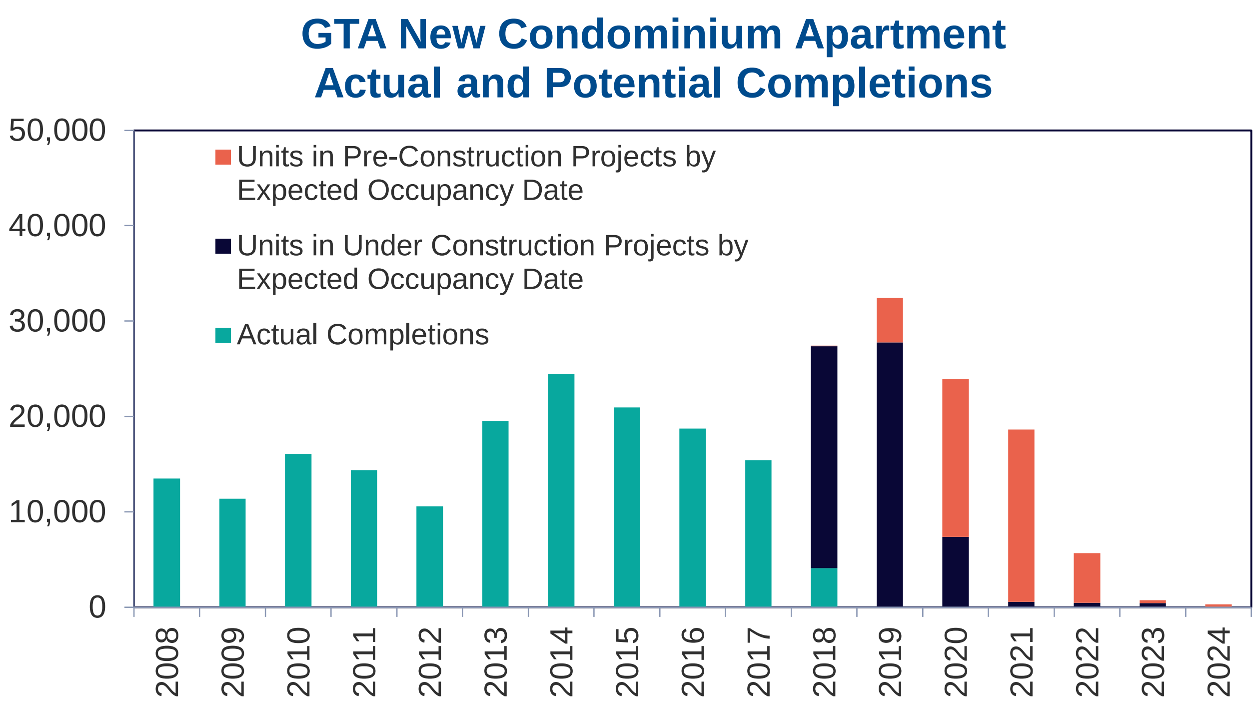
- **In general, absorptions in new project openings have slowed this year.** For example, for projects opened in January 2017, 93% of units were sold by the end of April 2017; the comparable proportion for January 2018 openings is 61%.
- Caution needs to be used in comparing sales in projects opened 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, or one month, to another. For example, in April 2017, the majority of projects (9 out of 12) opened within the last 10 days of the month.

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



Source: Altus Group

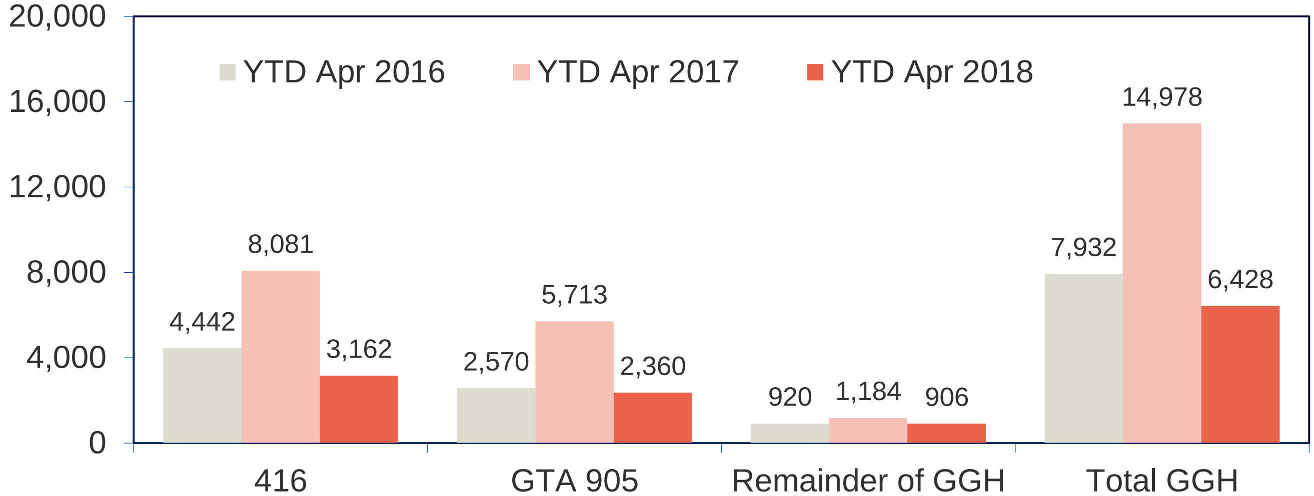
- As of the end of April 2018, there were about 105,000 new condominium apartment units in projects either under construction or in pre-construction stages.
- Despite the large number of units in the pipeline, **the number of units actually being completed continues to decline.** Year-to-date 2018, just under 4,100 units have been completed, based on Altus Group data – this compares to about 5,900 a year ago, and about 7,100 in the first 4 months of 2016. **With rental demand high, this lack of new units to occupy is putting pressure on lease rates.** As discussed last month, rents for a 1 bedroom condominium apartment unit were up 11% on an annual basis in Q1, based on TREB 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

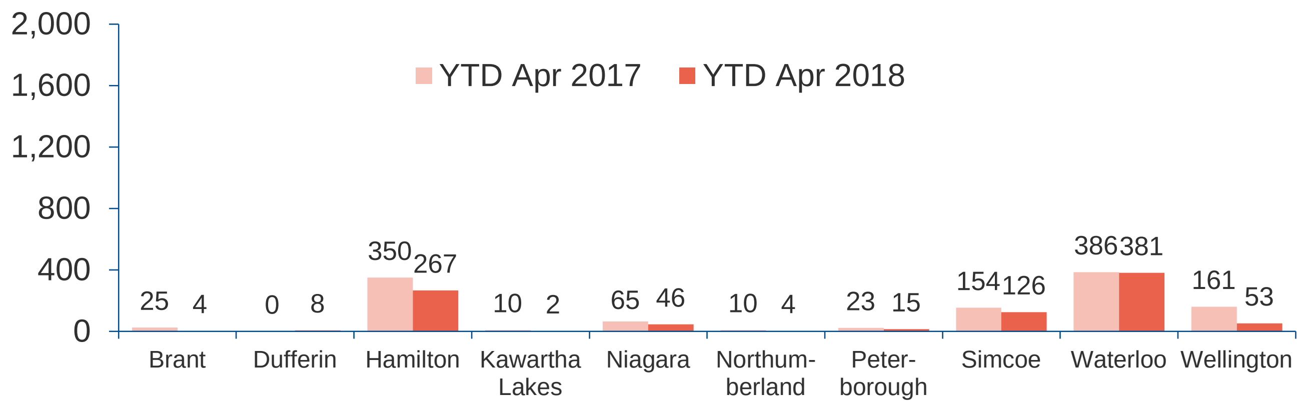
- Altus Group now also tracks new home sales in the areas of the Greater Golden Horseshoe (GGH) outside of the GTA.
- While new condo apartment sales are down thus far in 2018 in the GGH regions outside the GTA, the decline has been much less pronounced than within the GTA.
- **Most of the new condominium apartment activity in the other GGH regions is occurring in Waterloo Region, the City of Hamilton and Simcoe County** – these three regions combined accounted for about 85% of GGH condo apartment sales outside the GTA in 2017. Waterloo Region sales have kept up the pace of 2017.

New Condominium Apartment Sales by Broad Area GGH



Source: Altus Group

New Condominium Apartment Sales by Region/County GGH Areas Outside the GTA



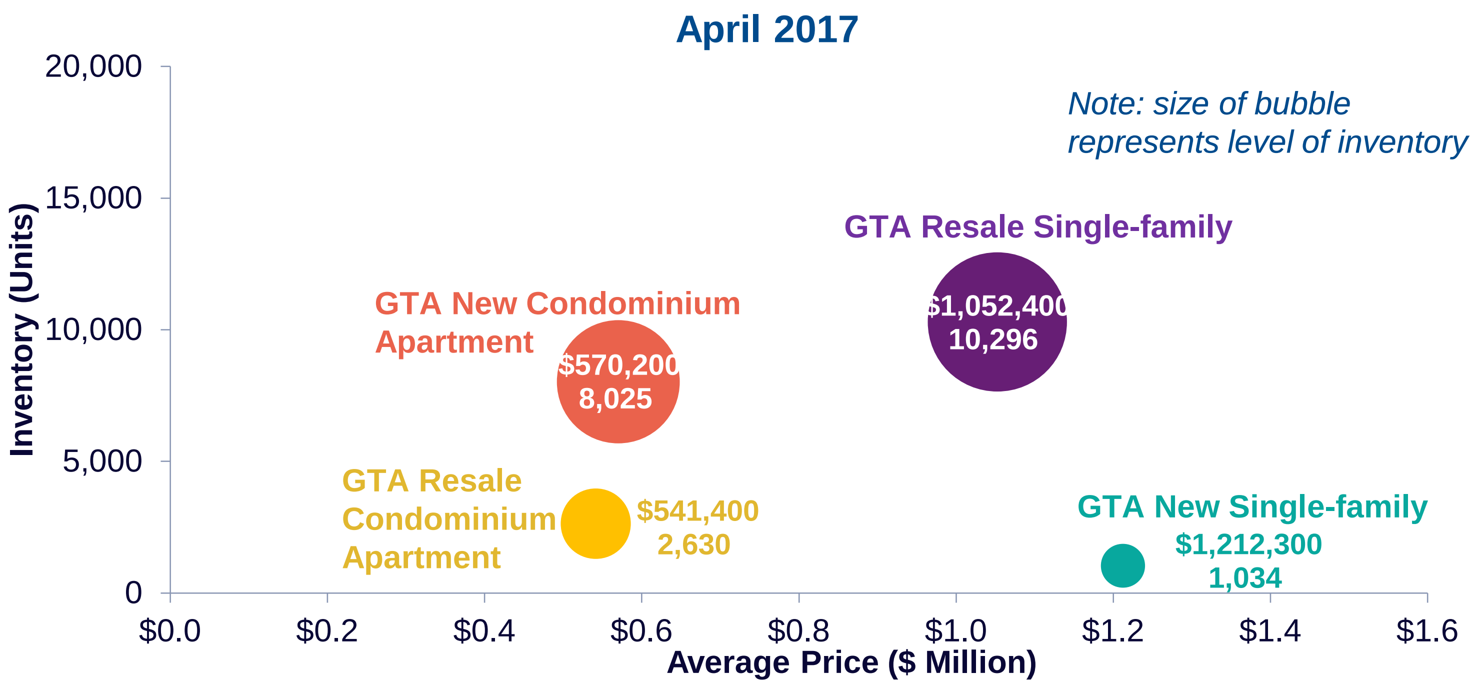
Source: Altus Group

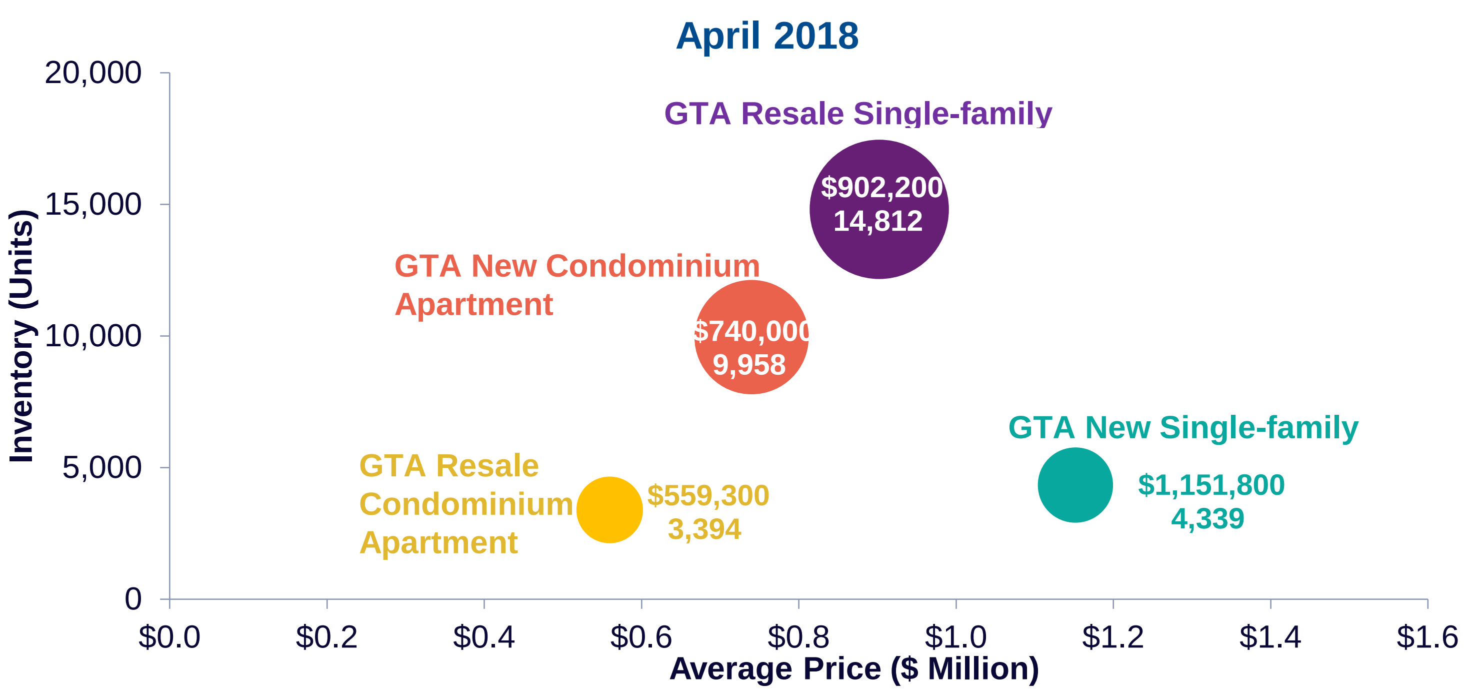
Purchase Options Facing Potential Buyers

- Potential homebuyers in the GTA have a variety of purchase options available to them.
- The charts on the next page summarize the current situation (*bottom chart*) versus the situation a year ago (*top chart*), in terms of the extent of product available to purchase and average price, by:
  - housing type (single-family vs. condominium apartment) and;
  - market segment (new vs. resale).
- The situation has changed dramatically in the past year – **and not in favour of the new condominium apartment sector.**
- There are now **more resale single-family homes available to purchase** – **and at a lower average price point than a year ago.** Last year the price of an available new condo apartment was 46% below the average price of a resale single-family home; this year the gap is only 18%.
- There are **also slightly more resale condominium apartments available to purchase** than a year ago – and **at a much lower average price point than new condominium apartments** on average. Last year the price premium on an available new condo apartment over a resale condo apartment was was only 5%; this year it is 32%.
- **The resale market will continue to provide significant competition to the new condominium apartment sector until such time as the excess inventory in the resale market is whittled down and/or the pricing differential become more favourable** (i.e. price gap opens up again between new condominium apartments and resale single-family homes, or narrows between new condominium apartments and resale condominium apartments).

Source: Altus Group and Toronto Real Estate Board data

Purchase Options Facing Potential Buyers

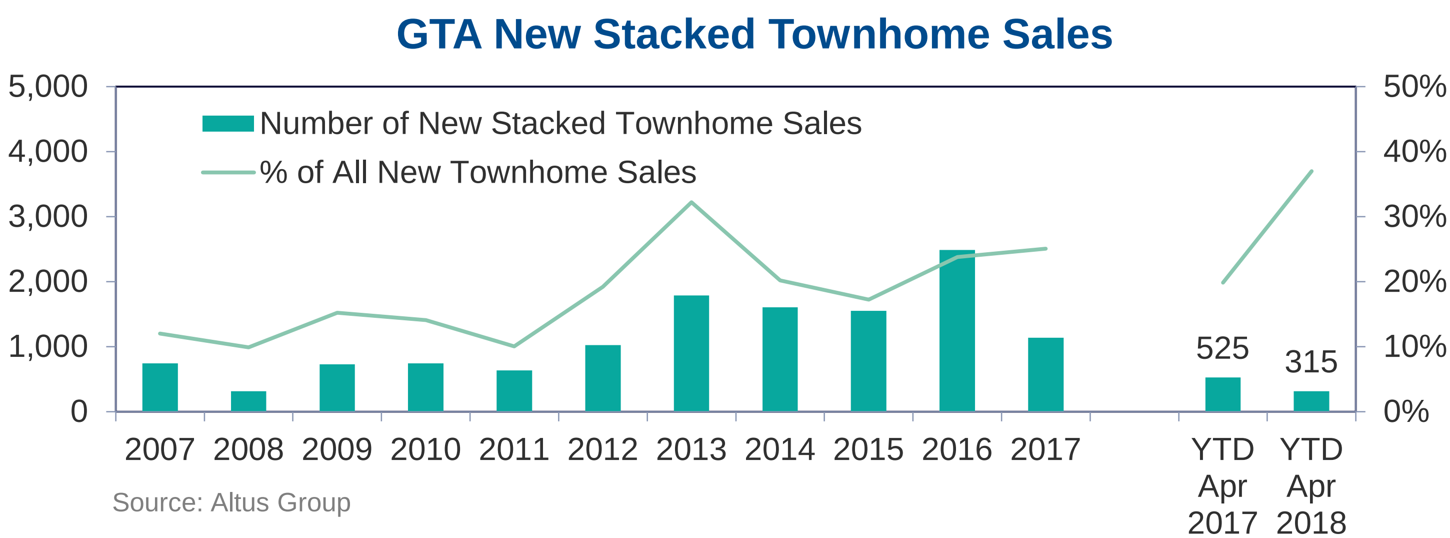




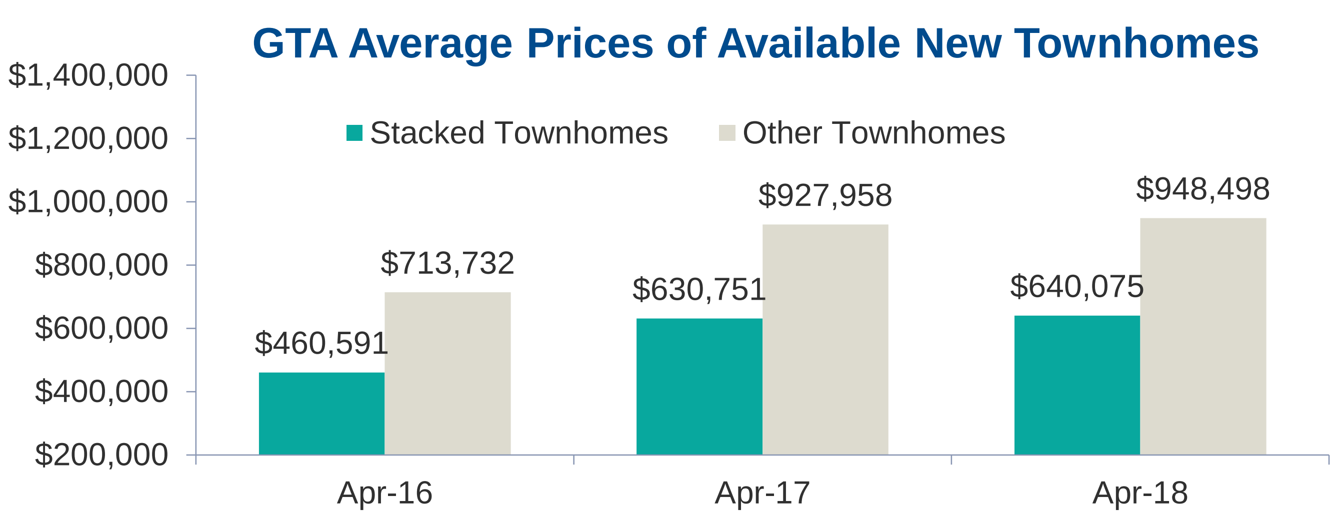
Source: Altus Group and Toronto Real Estate Board data

New Stacked Townhomes

- Stacked townhomes are included in the previous data on condominium apartments; here we break this product type out separately to look at recent trends.
- Sales of new stacked townhomes are down YTD 2018, although less so than for condominium apartment overall. Moreover, as shown earlier, March and April numbers were relatively good after a very slow January and February.
- Sales of new traditional townhomes are down by about 75% this year, compared to 40% for stacked townhouses; as a result the share of total townhome sales accounted for by stacked townhomes is about one-third this year, compared to about one-fifth in 2017.
- The lower average price-point of new stacked townhomes vs. traditional townhomes provides an attractive alternative for many buyers seeking more affordable options.



Source: Altus Group



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