Altus Group

The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of May 2018

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New Condominium Apartment Dashboard

May 2018			YTD May 2018	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
2,003	**9,345**	**$758,370**	**7,496**	**$737,060**
-47% ▼	**-3%** ▼	**25%** ▲	**-57%** ▼	**35%** ▲
Best month since last November	***Lowest May since 2002***	***Record high***	***In line with 2008-2016 average***	***Record high***

% change is from same period a year earlier

Highlights

- **New condominium apartment sales were encouraging in May, posting their best monthly performance since last November.** Year-to-date, sales are well off of the record pace of last year, but in line with the average for the 2008-2016 period.
- **Inventory available to purchase is down**, thanks to stronger sales and fewer new project openings in May. The number of months of inventory remains low in historic terms, at just over 4 months.
- **The benchmark new condominium apartment price set another new record in May.** Affordability, however, is becoming an issue, with only about 1 in 5 available units priced below $500,000, compared to about 1 in 2 a year ago.

Condominium Apartment KPIs

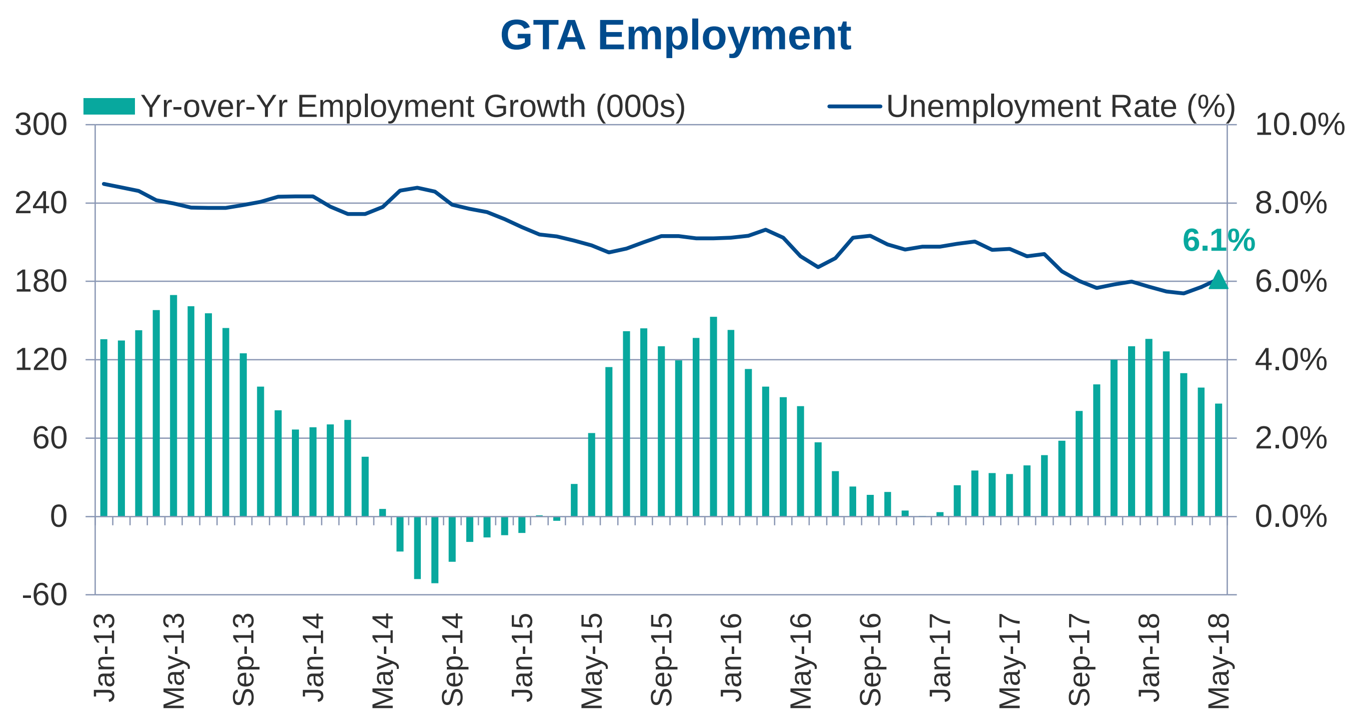
AltusGroup

GTA Condominium Apartment Key Performance Indicators

	May-17	Apr-18	May-18	*Yr-Over-Yr % Change*	YTD May 2017	YTD May 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*					\		
Total active sites	269	293	292	*9%*	296	286	*-3%*
New projects opened	19	13	5	*-74%*	60	37	*-38%*
Units in new projects opened	5,354	2,547	710	*-87%*	16,193	7,935	*-51%*
Total sales (units)	3,766	1,233	2,003	*-47%*	17,536	7,496	*-57%*
Sales as % of total new & resale	*57%*	*36%*	*46%*		*57%*	*44%*	
Inventory (units)	9,632	10,301	9,345	*-3%*	9,656	9,408	*-3%*
Sales-to-inventory ratio	39%	12%	21%	*-45%*	38%	16%	*-58%*
Months of inventory	3.3	4.4	4.2	*29%*	3.7	3.7	*0%*
Benchmark price	$604,683	$739,965	$758,370	*25%*	$547,660	$737,060	*35%*
Price PSF Benchmark	$743	$842	$850	*14%*	$674	$827	*23%*
Unit size Benchmark (sq. ft)	814	878	892	*10%*	812	891	*10%*
Units completed	618	1,044	1,221	*98%*	6,560	5,519	*-16%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	2,854	2,218	2,393	*-16%*	13,124	9,700	*-26%*
New listings (units)	5,053	3,652	4,260	*-16%*	18,466	15,942	*-14%*
Inventory ("active listings", units)	3,509	3,394	3,993	*14%*	2,360	3,152	*34%*
Sales-to-inventory ratio	81%	65%	60%	*-26%*	116%	61%	*-47%*
Months of inventory	1.4	1.7	2.0	*50%*	0.9	1.5	*67%*
Average price of units sold	$531,659	$559,343	$562,892	*6%*	$510,541	$546,556	*7%*
HPI constant quality price index (Jan 2005=100)	231.6	248.1	250.8	*8%*	213.8	243.7	*14%*

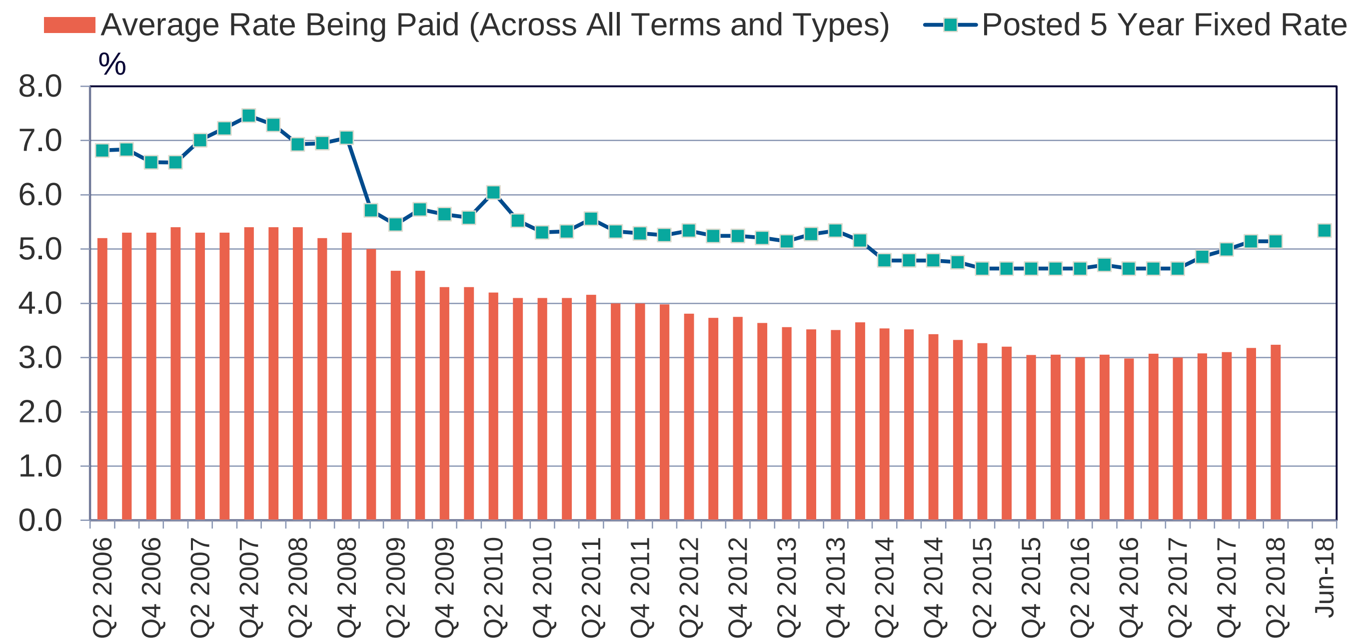
** see end of report for Definitions*

- **Total employment was stagnant in May, after falling on a month-to-month basis in the previous 2 months.** However, the growth that has occurred over the past year is still positive for the housing market, with 86,500 jobs added for the 12 months ending May**.**
- With the decline in employment, the unemployment rate has moved up in recent months, although it remains below a year ago. **Concerns about potential job loss are down from a year ago** *(chart bottom of next page)*, in particular among current renters, which is important for confidence among the key first-time buyer pool.
- **Posted mortgage rates** continue to move up, and **are now about 70 basis points above a year ago** *(chart top of next page).* Effective rates have also been increasing over the past year, according to Altus Group's FIRM Survey. 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, although it signaled that higher rates could be forthcoming in the future; the next rate announcement is July 11.



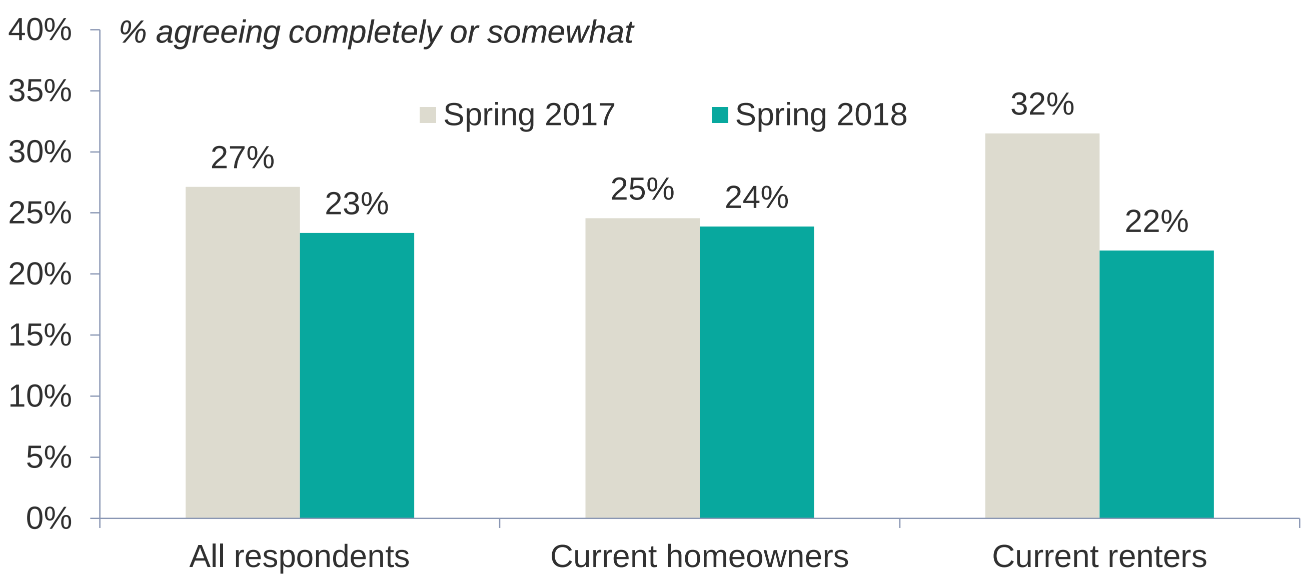
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



Source: Altus Group and Bank of Canada data

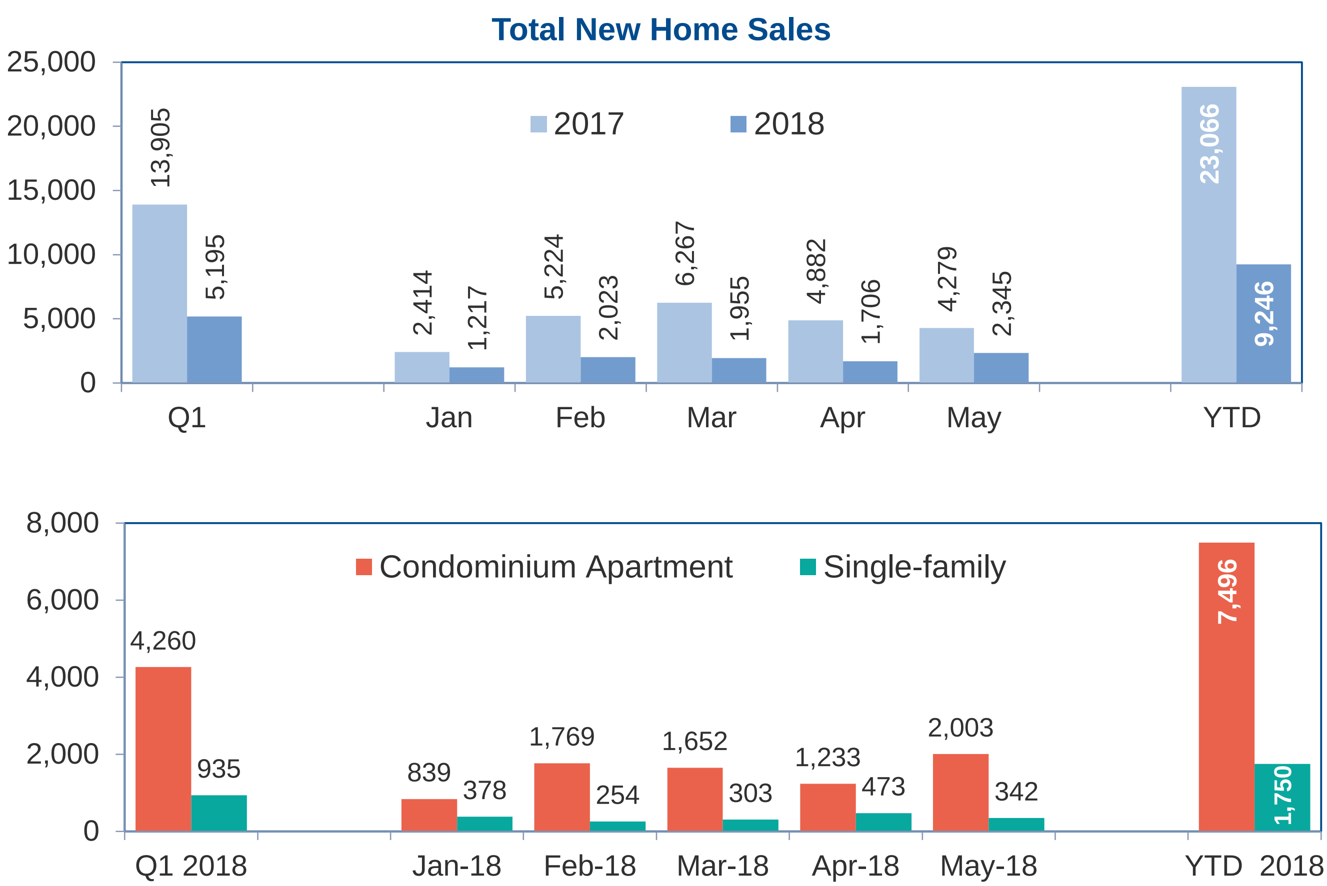
Concerned About Self/Spouse Losing Job Over Next Year, GTA



Source: Altus Group

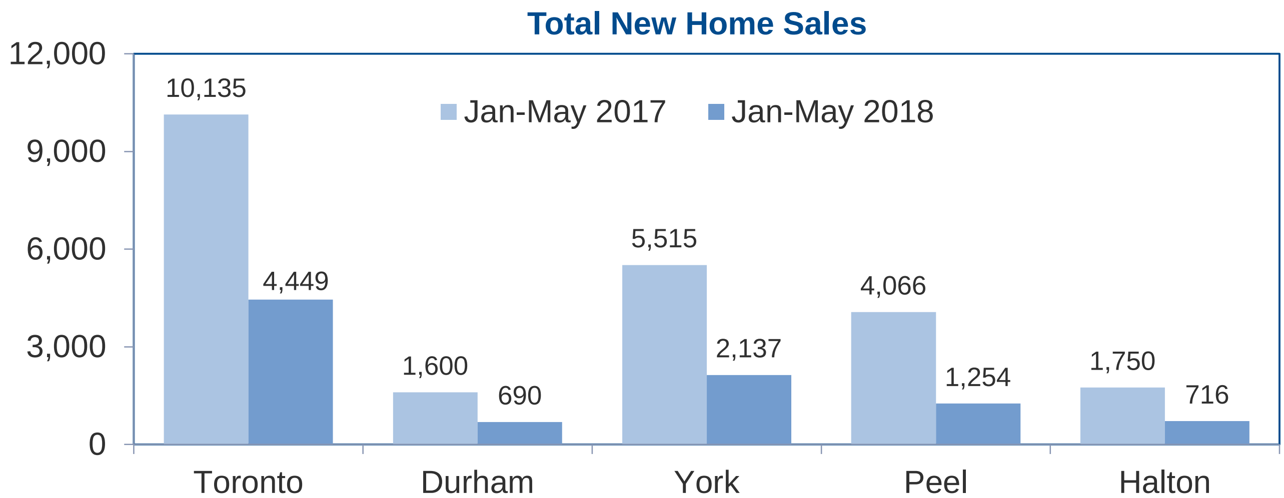
- **Total sales of new homes in the GTA showed more life in May**, posting their best month since last November. The improvement was due entirely to condominium apartment sales.
- New single-family sales were the lowest May yet recorded by Altus Group, while new condominium apartment sales matched the 10 year average for May.
- **Year-to-date total new home sales** remain well below last year, and **are at their lowest level since the recession-impacted 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.

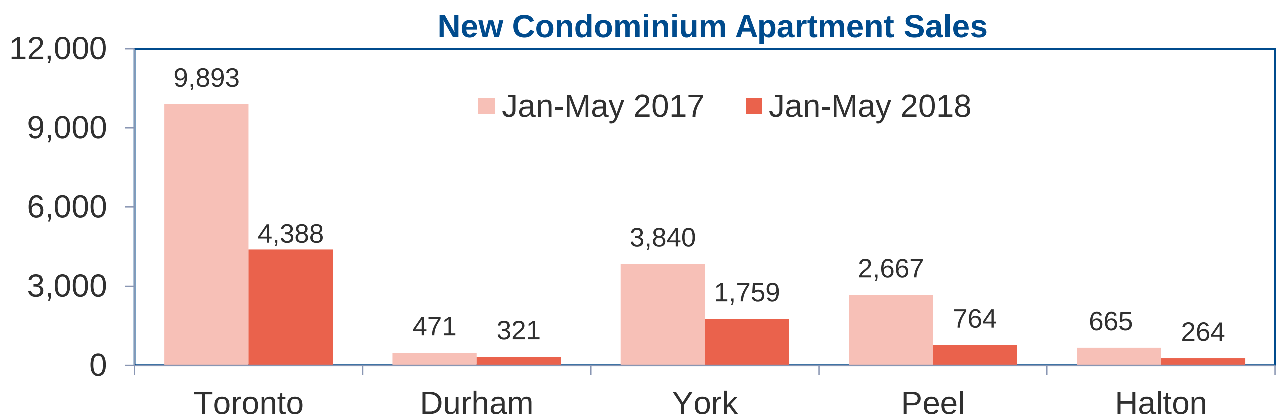
GTA New Home Sales

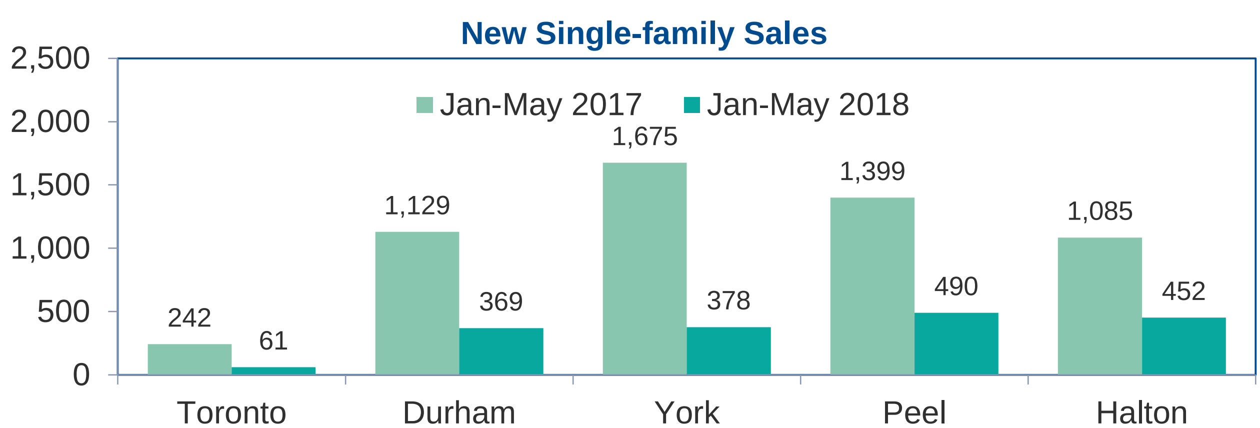


Source: Altus Group

GTA New Home Sales by Region



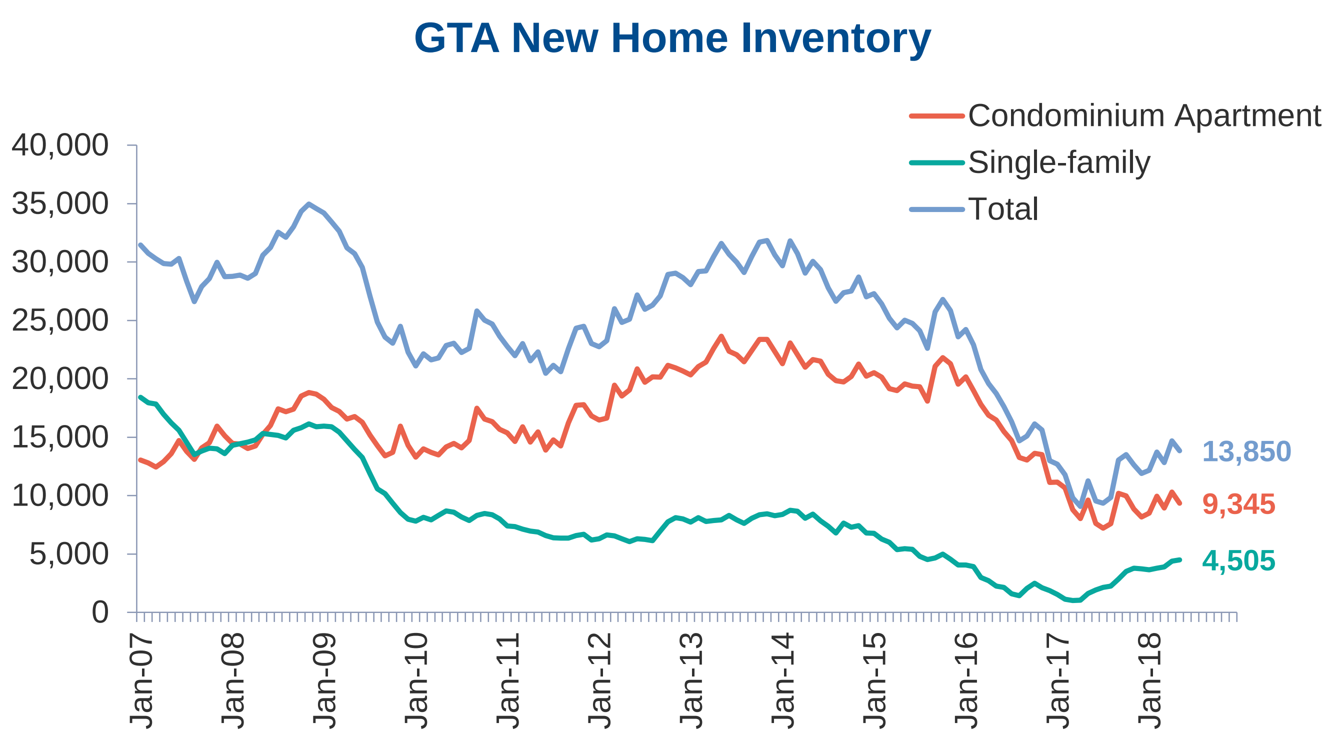




Source: Altus Group

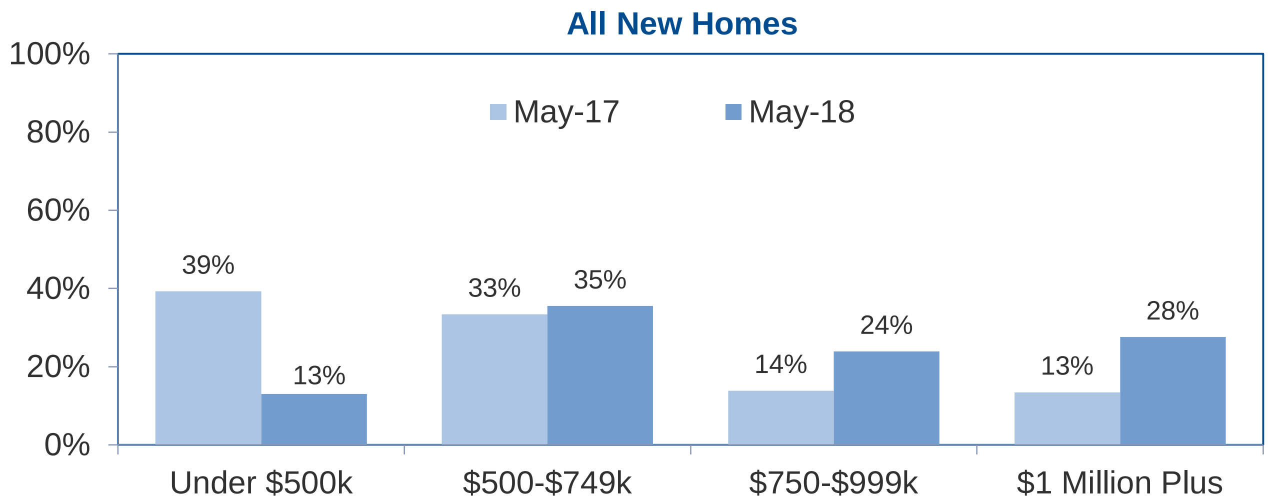
New Home Market - Inventory

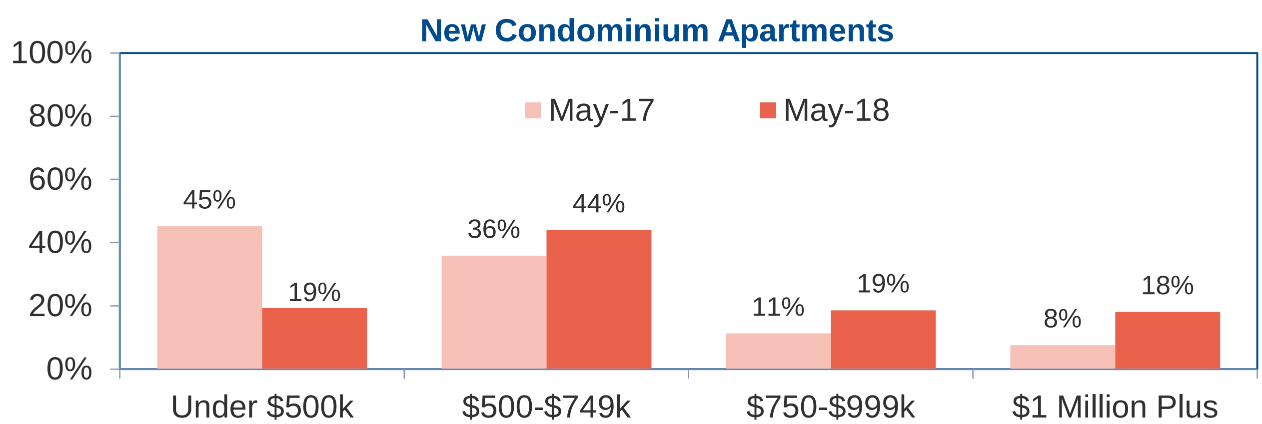
- **Total new home inventory available to purchase declined modestly in May.** While single-family inventory moved up for the 4th straight month, condominium apartment inventory fell back due to a combination of fewer new openings and stronger sales.
- **Although the inventory of new single-family homes is up significantly from last year, it remains low in historical terms based on number of units available**. However, it is high in relation to the pace of total sales in the past 12 months. **Affordability of available single-family units is still an issue**, with inventory skewed towards higher-priced units (*chart bottom of next page*).
- **New condominium apartment inventory is below last May, and at the lowest May since 2002**. Based on the pace of sales in the past 12 months, the inventory represents just over 4 months of sales, up from about 3 months a year ago, but still well below the average of about 11 months for May in the previous 10 years. A year ago, almost 1 in 2 available units was priced at under $500,000; this year, that proportion has dropped to 1 in 5 (*chart middle of next page*).

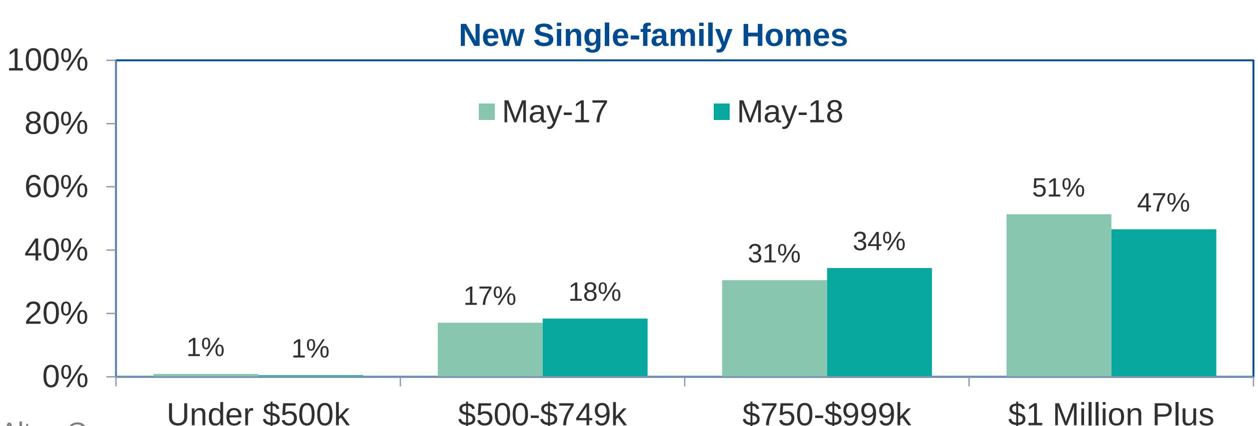


Source: Altus Group

Available Inventory by Asking Price Range





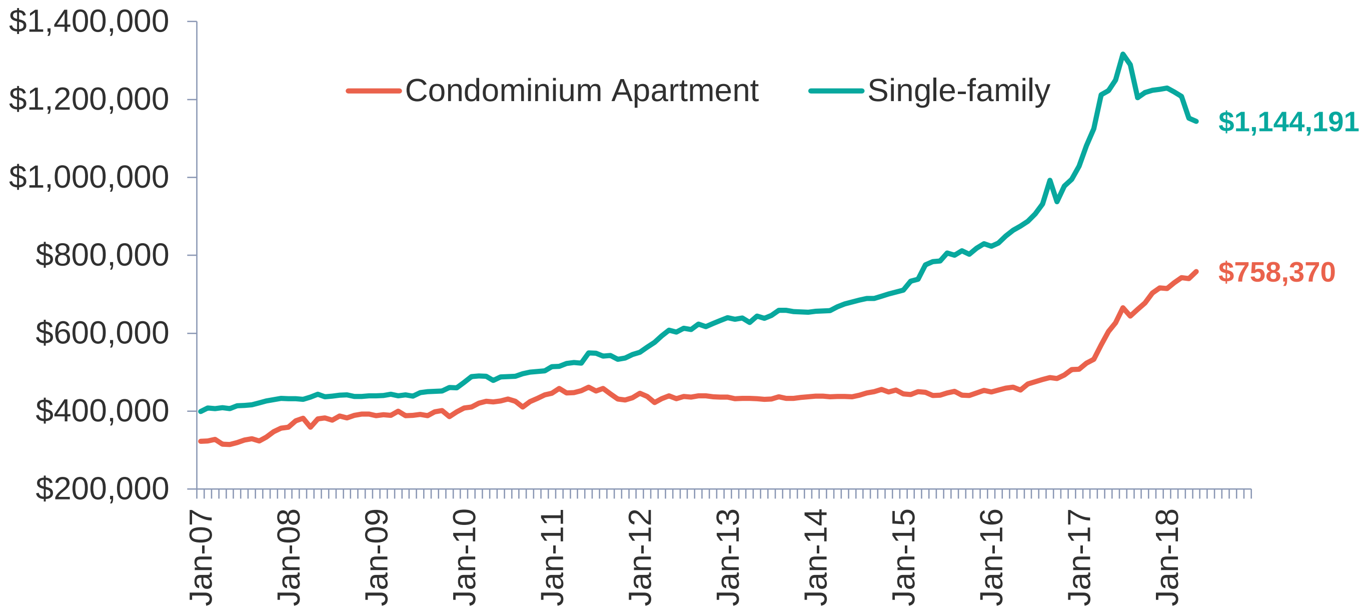


Source: Altus Group

New Home Market - Prices

- **The Benchmark price for a new single-family home declined again in May**, and is 6% below May of last year (*chart bottom of next page*).
- **The Benchmark price for a new condominium apartment increased again in May.** The May average asking price for available inventory is 25% above May 2017 (*chart top of next page*), although year-over-year price increases have been moderating since last November.
- The dollar gap in average asking price between a new condominium apartment and a new single-family home continues to make new condo apartments an attractive option in relative terms, although the gap has narrowed since last Spring. **Back in May 2017, the average asking price for a new single-family home was 2 times that of a condominium apartment; in May 2018 it was 1.5 times.**

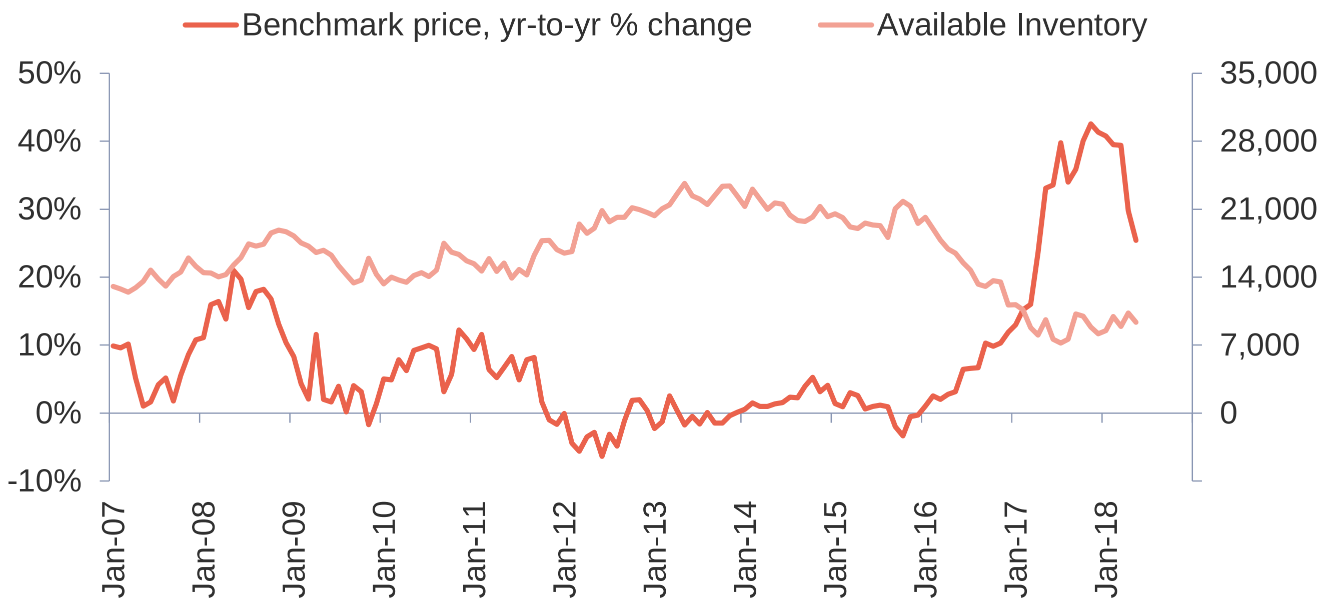
GTA New Home Benchmark Prices*



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

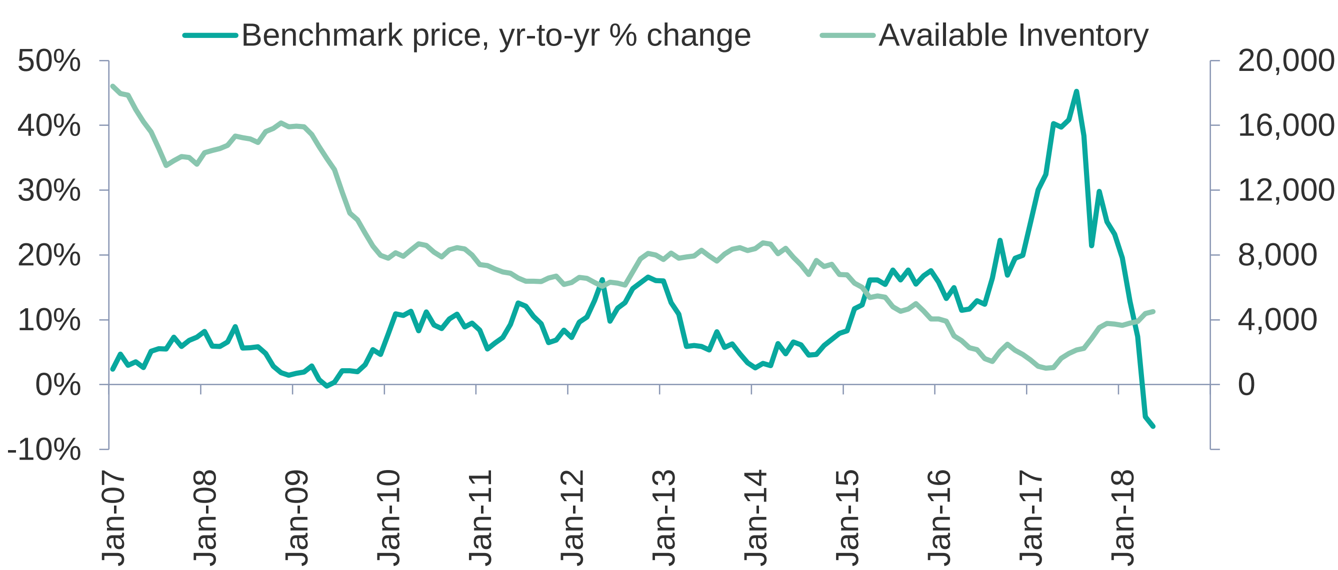
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

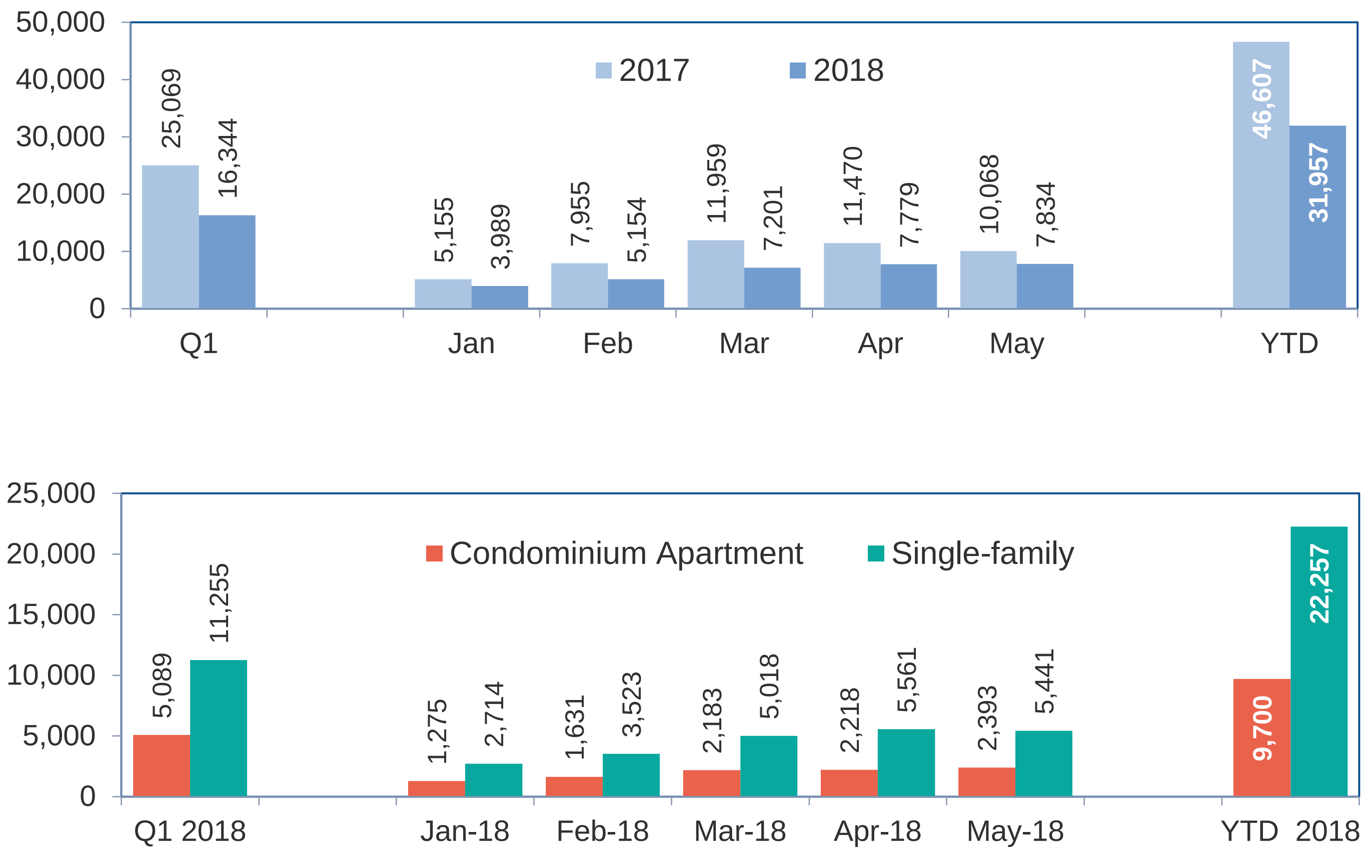
GTA New Single-Family Home Benchmark Price Changes and Available Inventory



Source: Altus Group

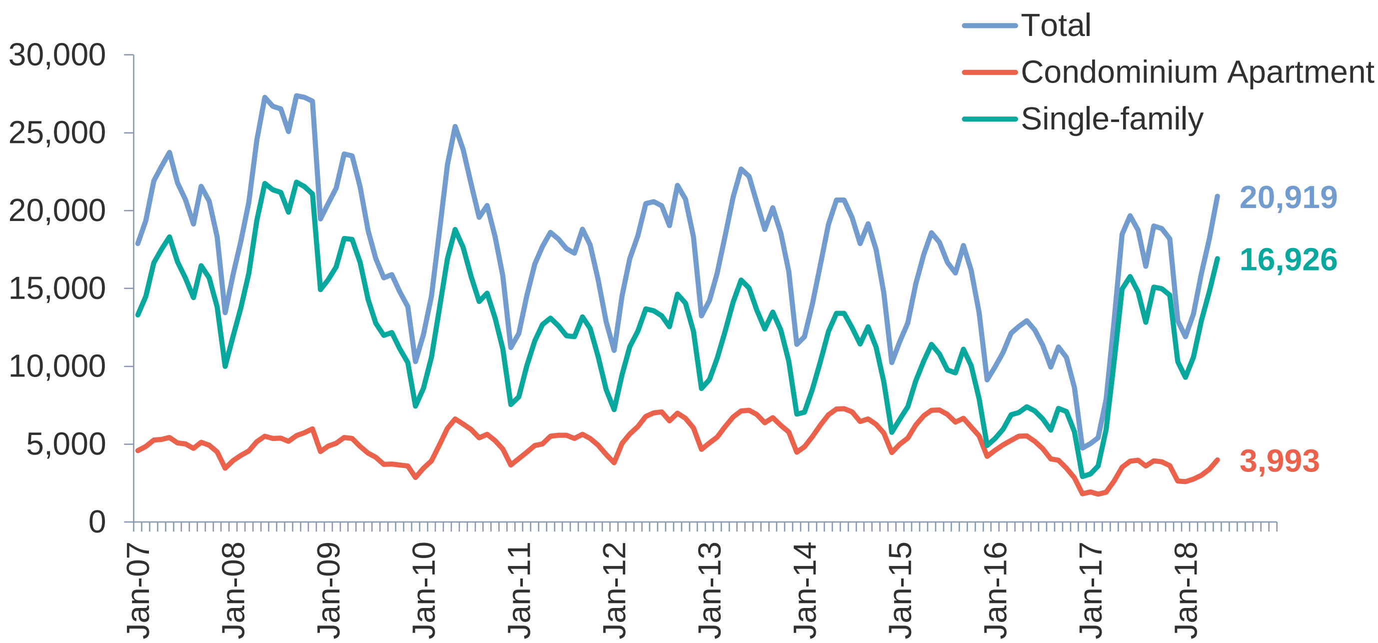
- **Total sales in the resale market** (as reported by the Toronto Real Estate Board) **were relatively stable in May compared to April** but down from a year ago. **A dip in single-family sales was offset by higher condominium apartment sales.**
- **The average sales price for a resale condominium apartment continues to set new records** (*chart bottom of next page*). Single-family resale prices increased for the 5th month in a row, but are still 8% behind last May and 14% below the peak in March 2017.
- While resale inventories increased in May (*chart top of next page*), this in large part is a normal seasonal pattern. Some of the increase in single-family inventory may reflect improved confidence in the market, as prices firm up.

GTA Resale Home Sales



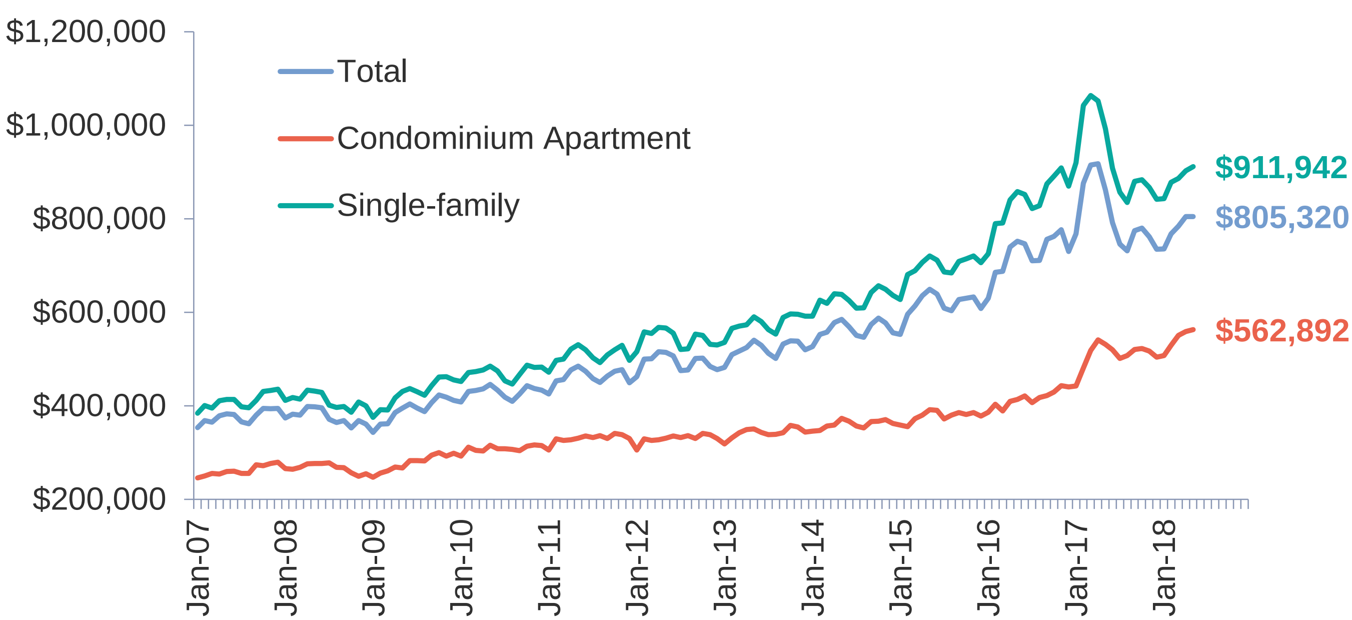
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

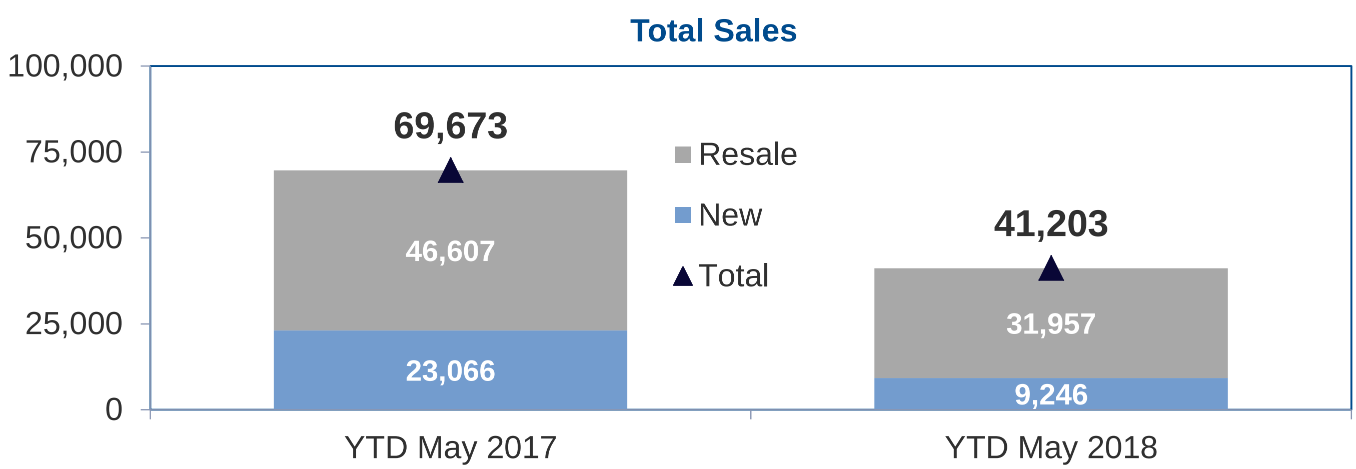
GTA Resale Home Prices

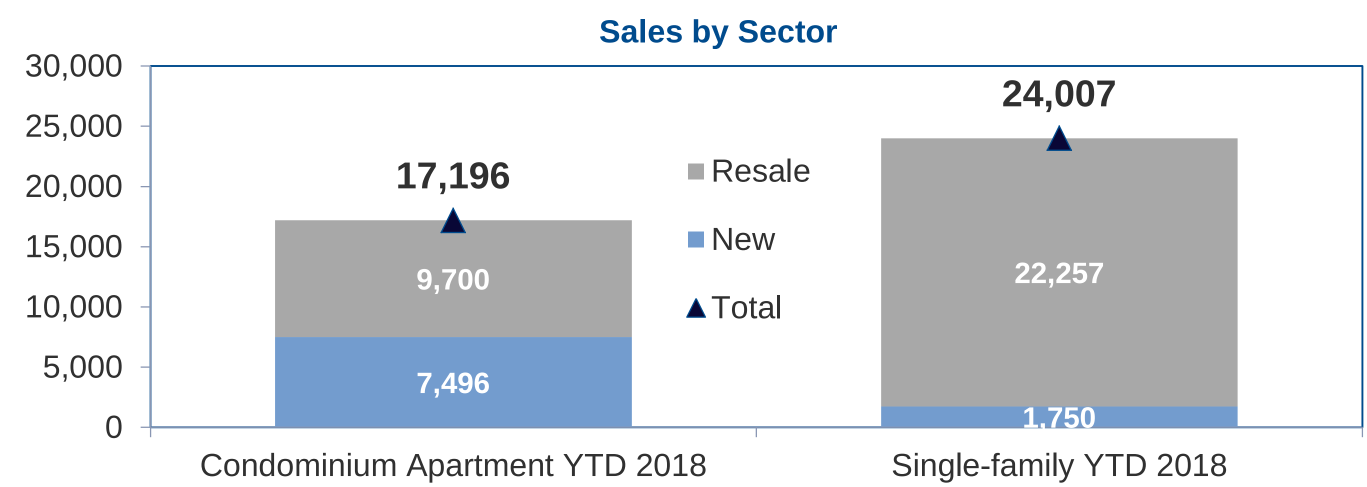


Source: Altus Group based on Toronto Real Estate Board data

- **Combined resale and new home sales** as measured by TREB and Altus Group totaled over 41,200 units for year-to-date May 2018, **down 41%** 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 (-60%).
- **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 about 4 in 10 sales year-to-date have been new condos.

GTA Combined New & Resale Home Sales

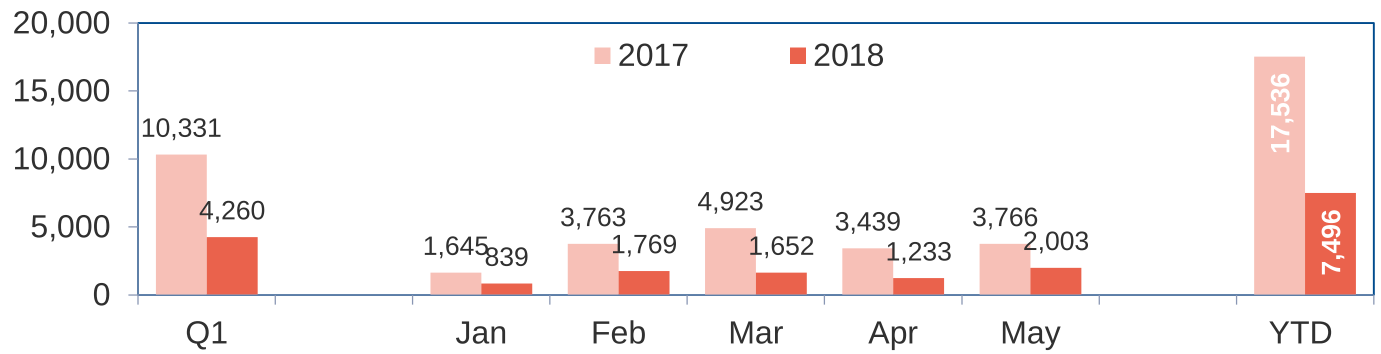


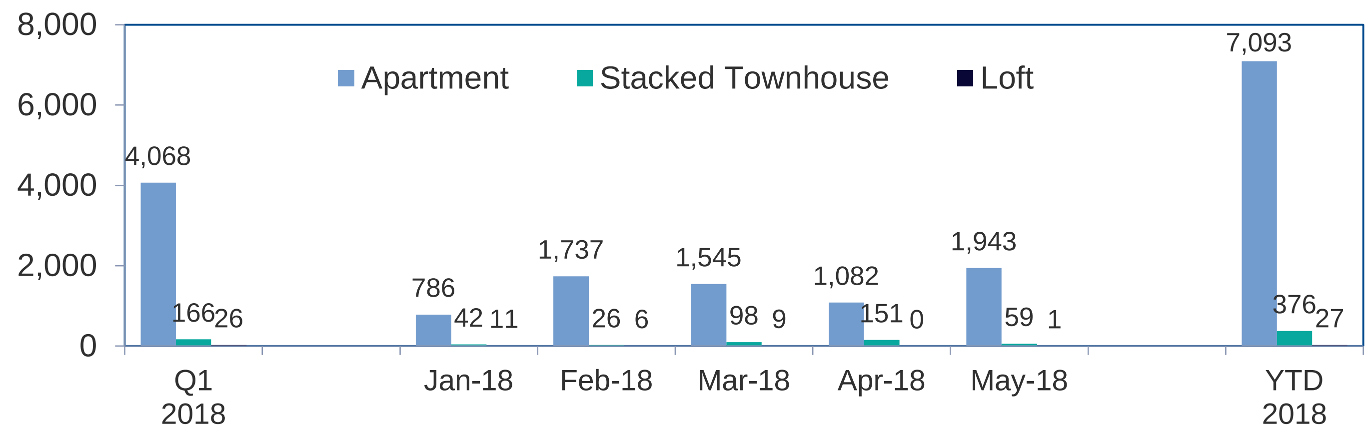


Source: Altus Group and Toronto Real Estate Board data

- **Total new condominium apartment sales in May had their best monthly performance since last November.** The 2,003 sales were impressive in historical terms: there have only been 5 other years where May new condominium apartment sales topped this year's performance.
- Year-to-date sales are 57% below last year's record performance, but are in line with the average for the 2008-2016 period.
- **Stacked townhouses have accounted for about 5% of total new condominium apartment sales year-to-date.**
- **New condominium apartment sales are down in all regions year-to-date** (*chart next page*). The City of Toronto is capturing a slightly larger share of GTA-wide sales than a year ago.

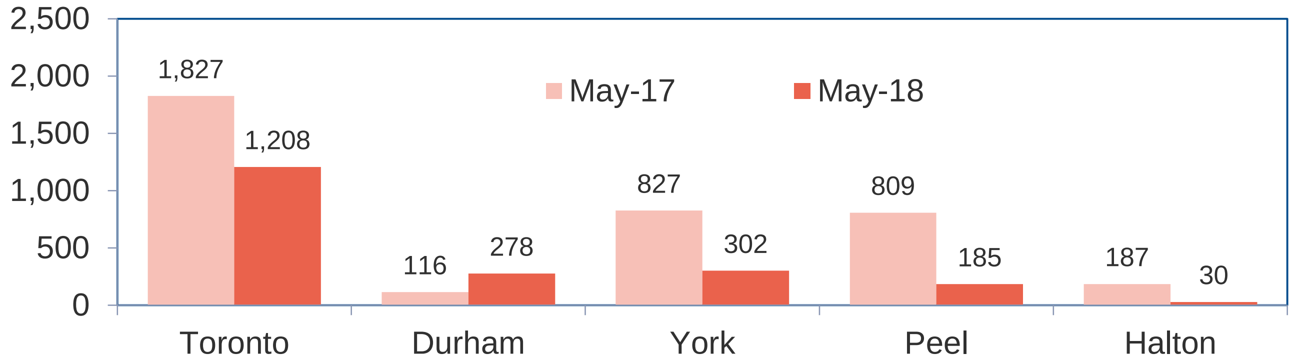
GTA New Condominium Apartment Sales

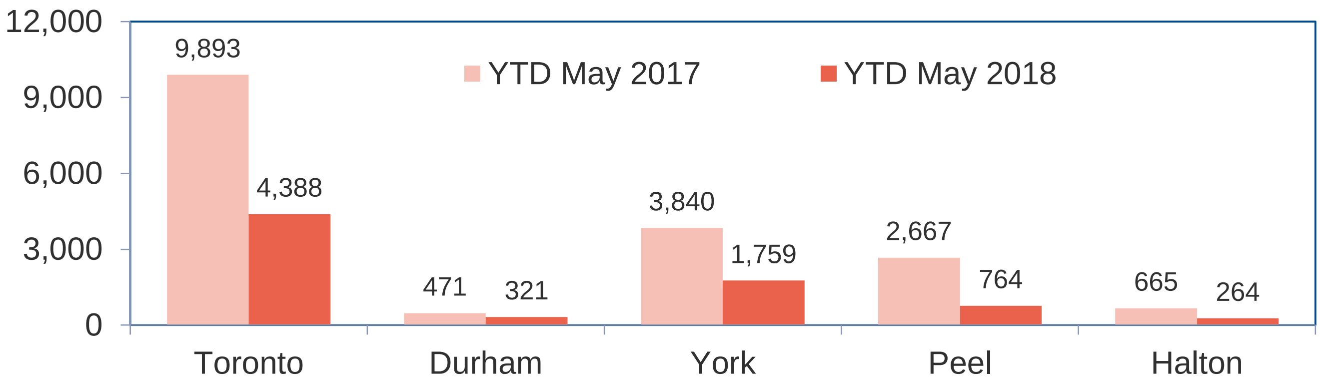


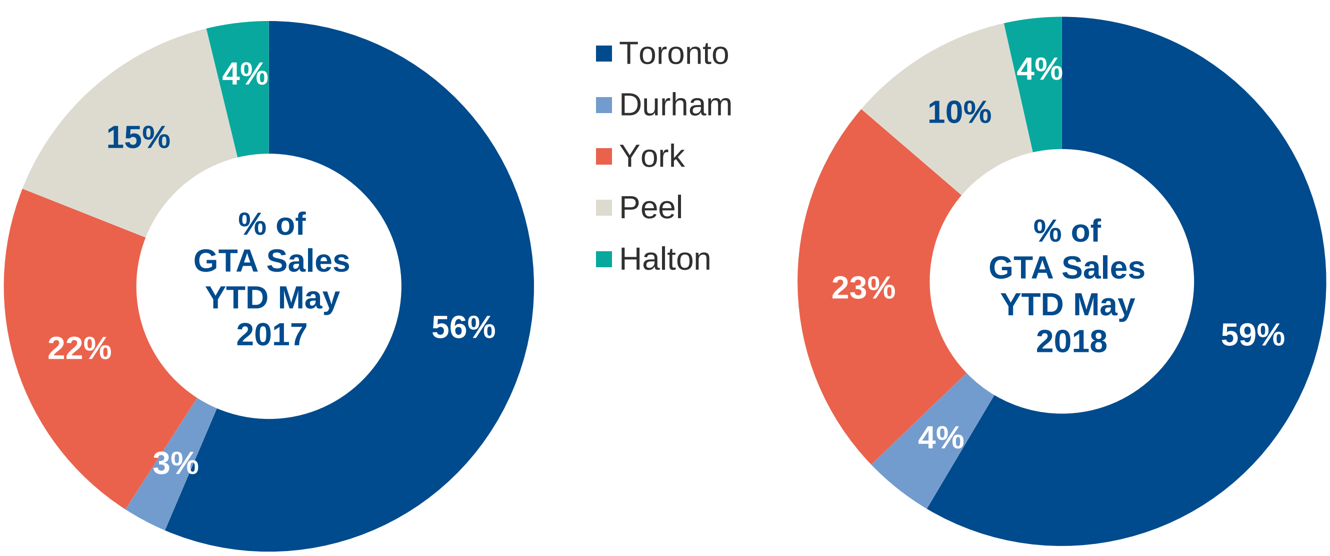


Source: Altus Group

GTA New Condominium Apartment Sales by Region



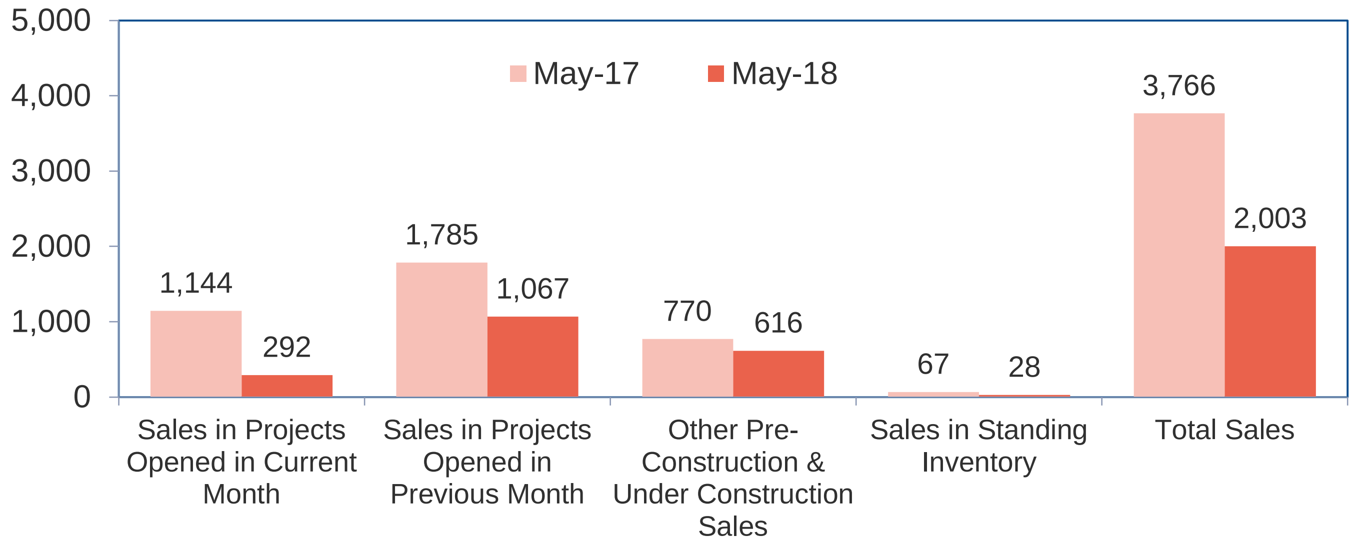




Source: Altus Group

- **Just over half of new condominium apartment sales in May 2018 occurred in projects opened during April.** Only 5 projects opened in May (one of which opened within the 10 day cooling off period), these recorded 292 sales.
- Projects that have completed construction ("standing inventory") accounted for only a handful of sales in May 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

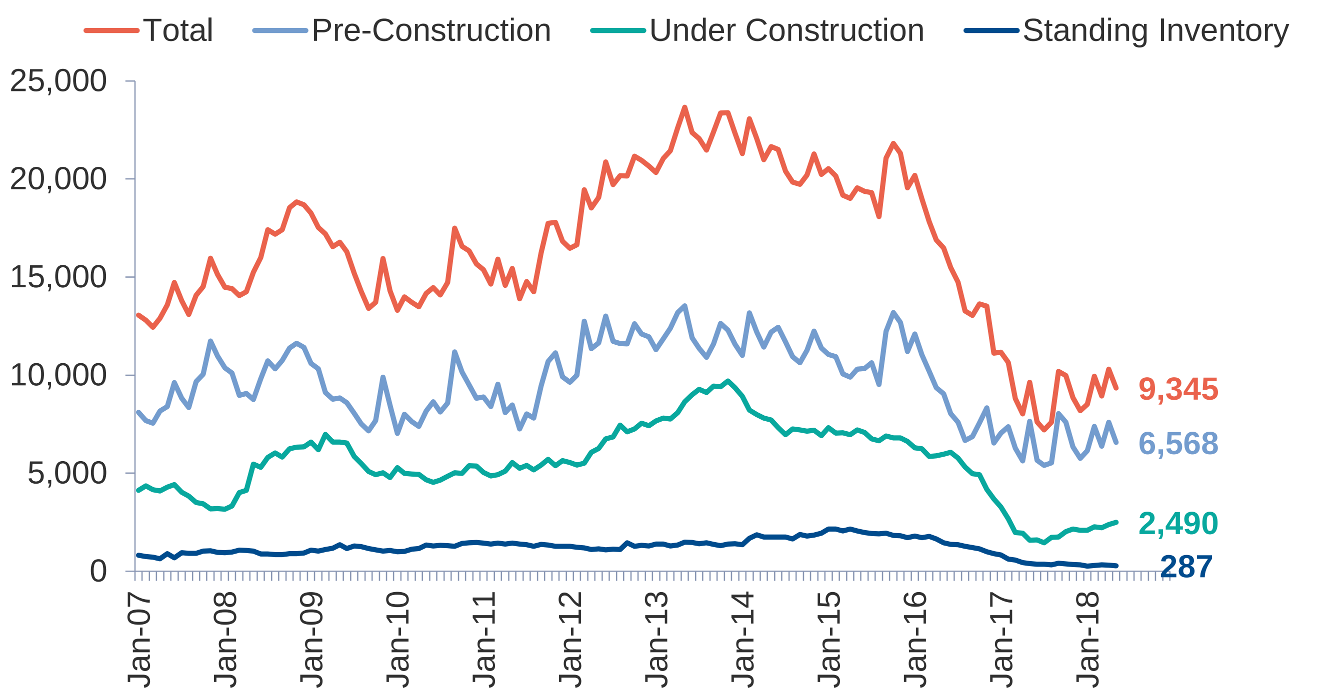


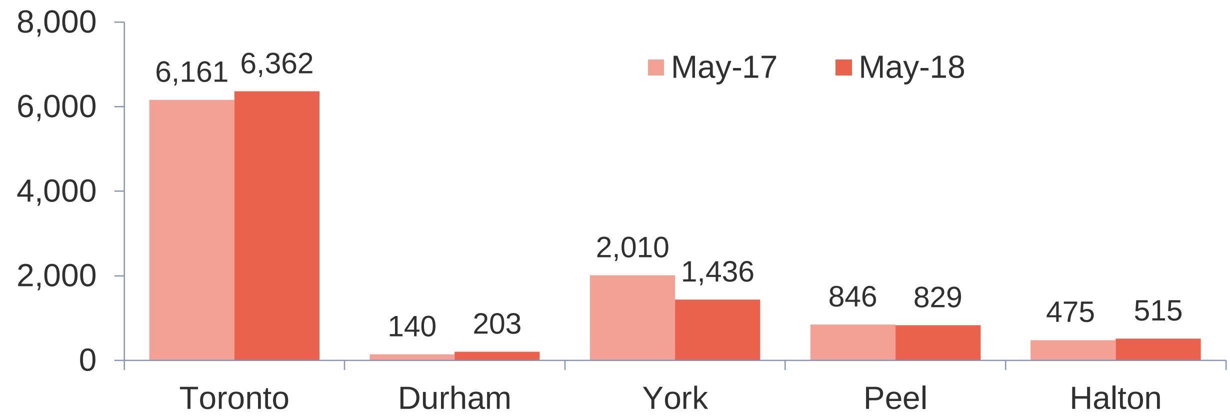
Source: Altus Group

New Condominium Apartments - Inventory

- **New condominium apartment available inventory** dipped in May and **is below May of last year.**
- **Unsold inventory in projects under construction continues to inch up.**
- **There are only 287 units available to purchase in standing inventory** (i.e. units not yet sold in completed projects).

GTA New Condominium Apartment Inventory



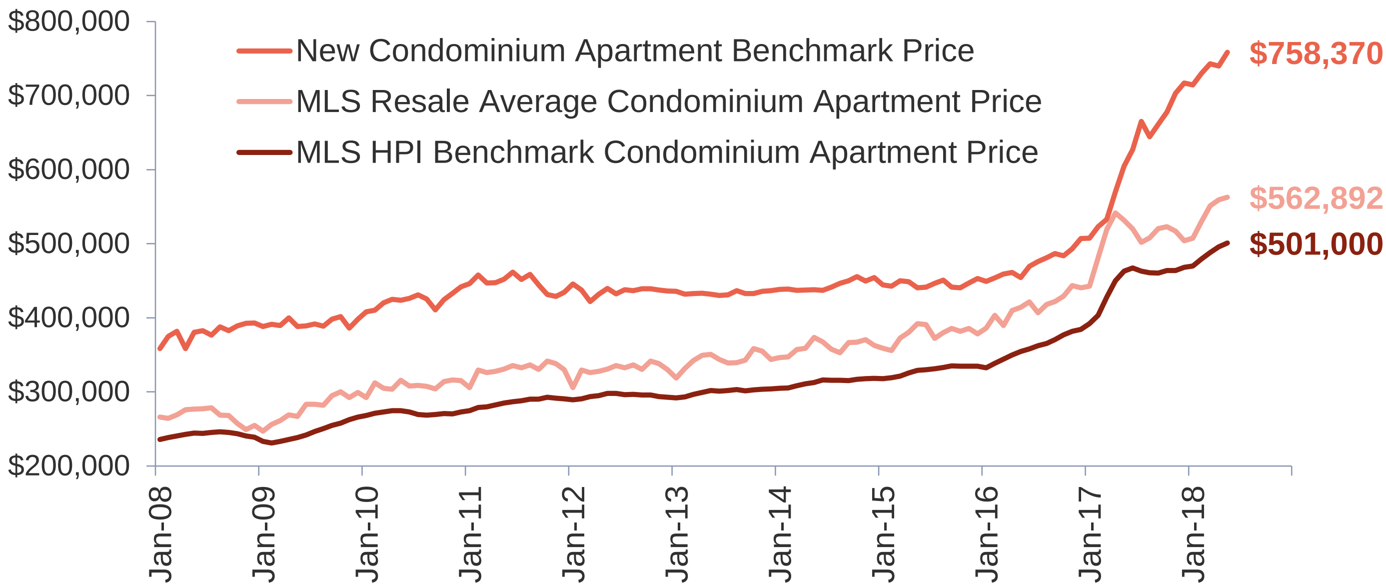


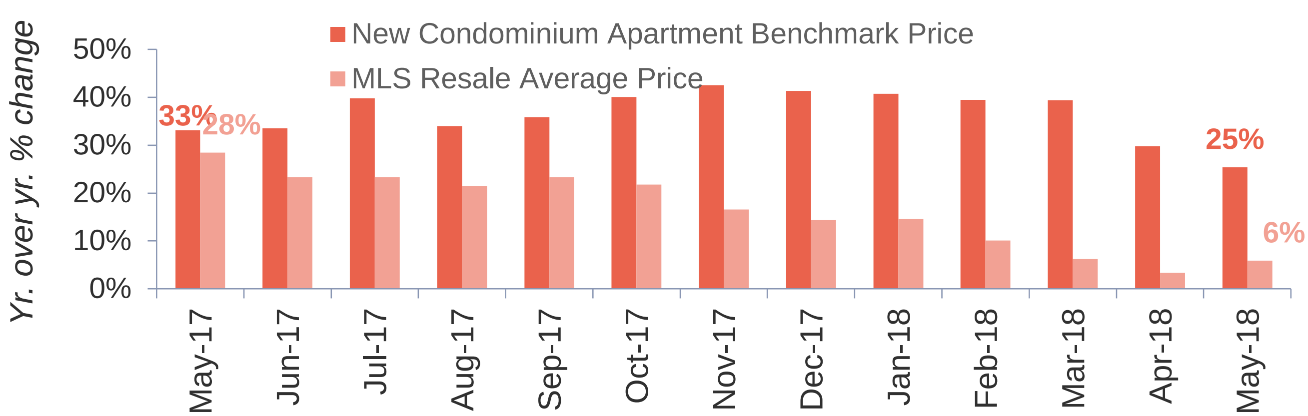
Source: Altus Group

New Condominium Apartments - Prices

- **New condominium apartment prices continue to set new records**, with the average asking price for an available unit topping three-quarters of a million dollars in May**.**
- The average price of a resale condominium apartment increased again in May, also setting a new record.

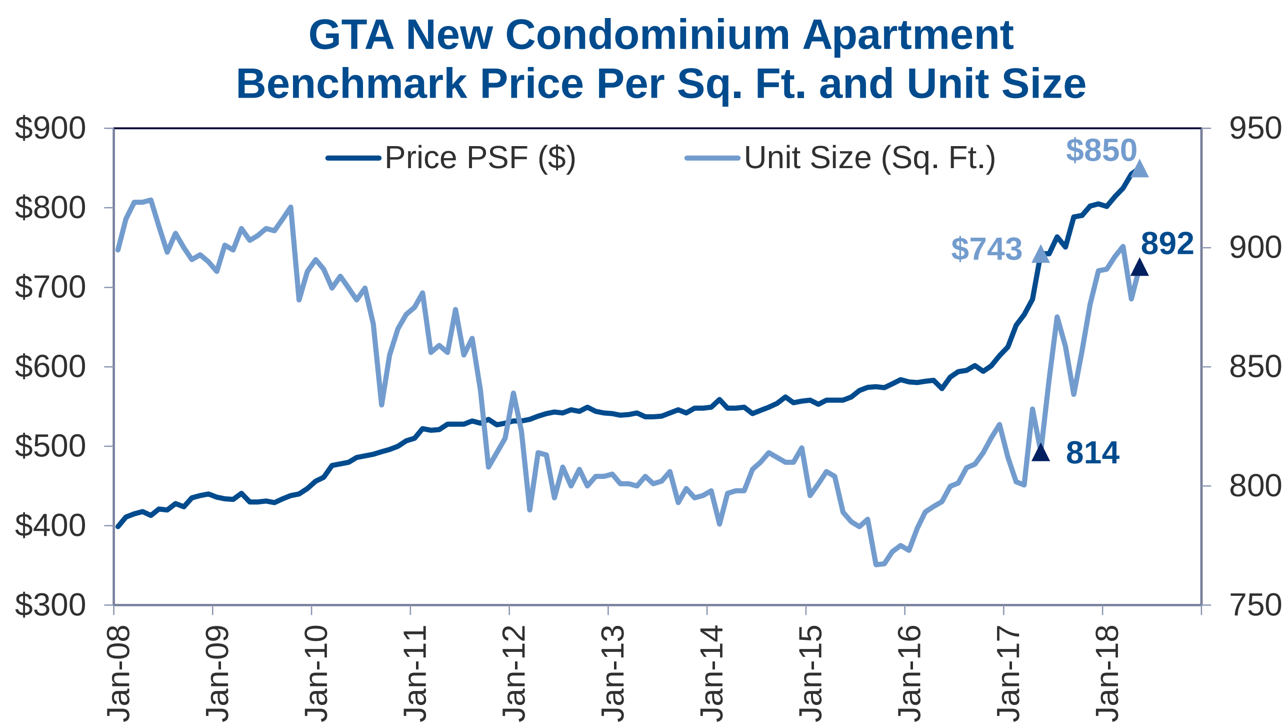
GTA New and Resale Condominium Apartment Prices





Source: Altus Group and Toronto Real Estate Board data

- The 25% increase in average asking prices for available new condominium apartments in May 2018 compared to a year earlier was a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 14% 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 slightly smaller role.
- **As discussed last month, 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), rather than increases in average sizes for each bedroom type.

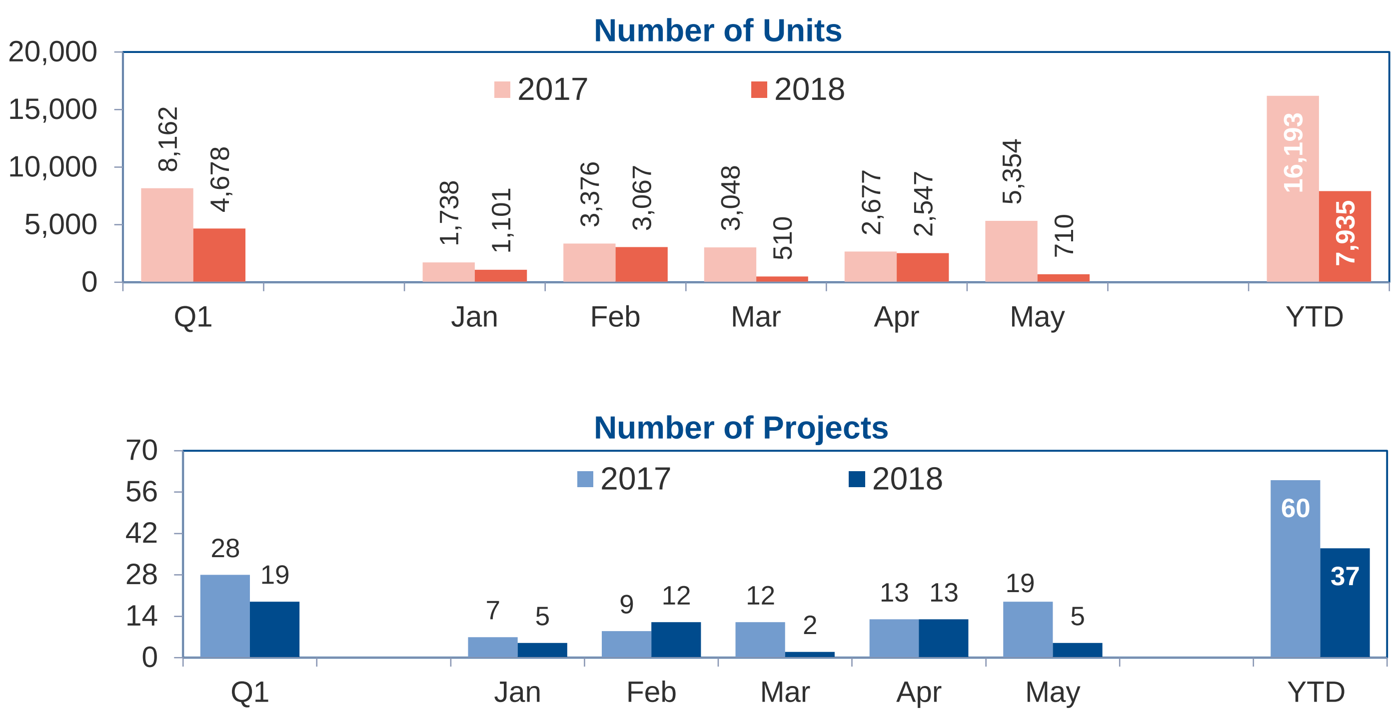


Source: Altus Group

New Condominium Apartments - Openings

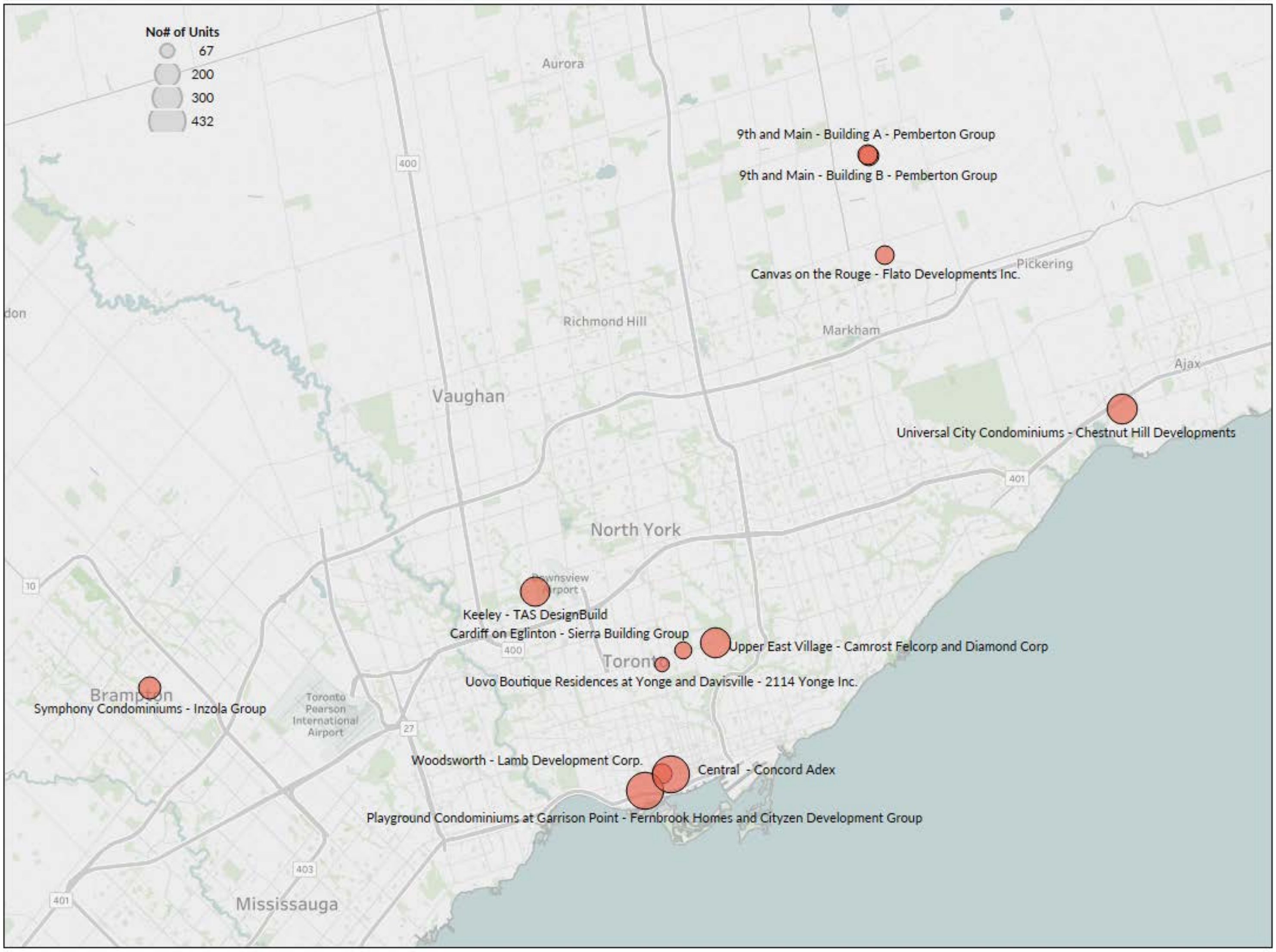
- **After a strong month for new openings in April, fewer projects were launched in May.** The 5 new condominium apartment projects opened combined contained only 710 units – this compares to the record month set last May, with 5,354 units.
- Following this page are maps showing the location of new projects launched in April and May, 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

April 2018 New Project Launches by Number of Units



Source: Altus Group

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

New Condominium Apartments - Openings

Altus Group

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**
Next month sales	**32**	**12**	**78**	**60**	**230**	**162**
% Sold	*26%*	*10%*	*70%*	*65%*	*54%*	*60%*
Remaining inventory	91	111	33	32	196	108
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.	Townhouse units are included with Other.		Townhouse units are included with Other.		

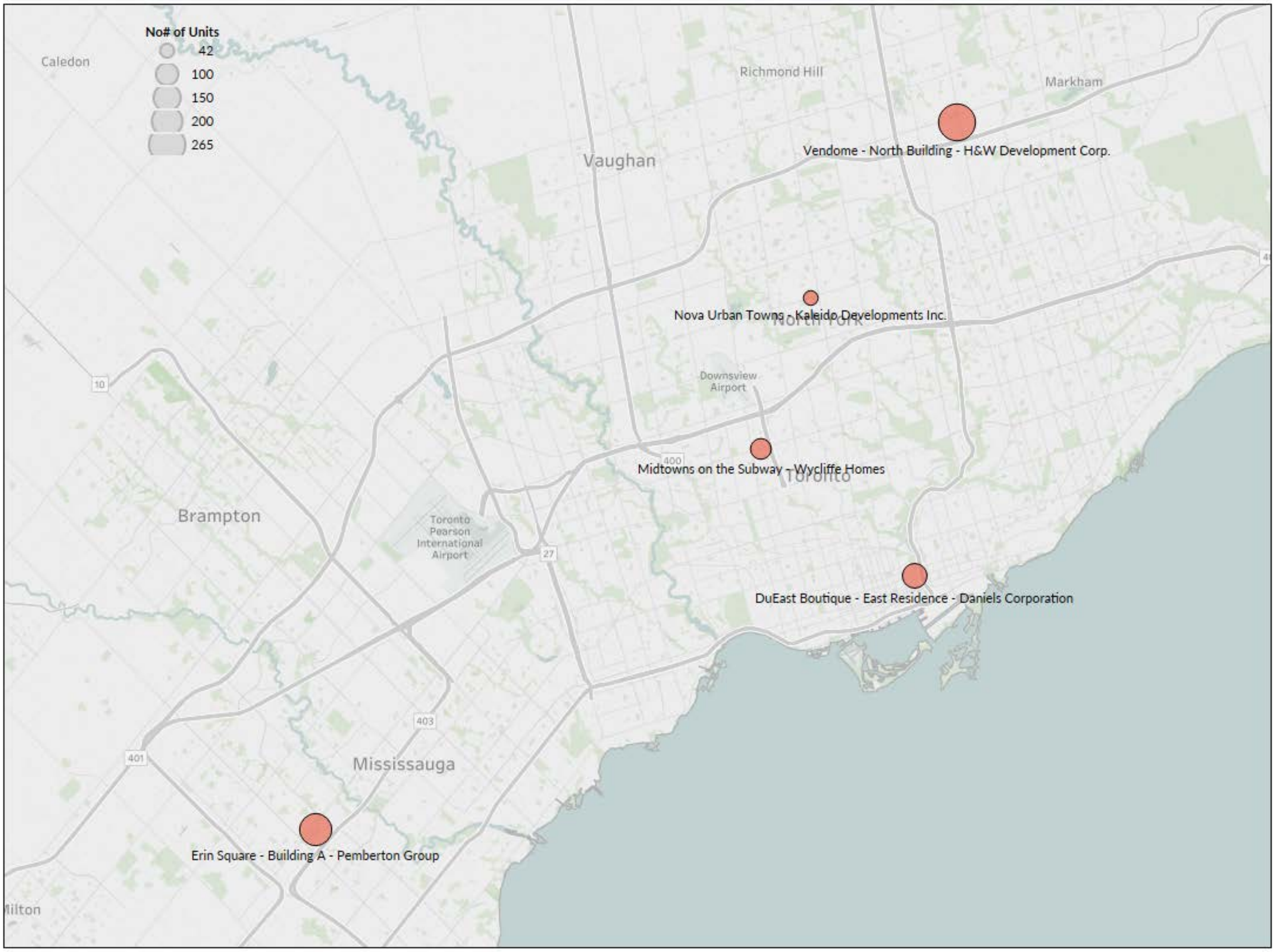
Source: Altus Group

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	Woodsworth
Developer	Fernbrook Homes and Cityzen Development Group	Inzola Group	Chestnut Hill Developments	2114 Yonge Inc.	Camrost Felcorp and Diamond Corp	Lamb Development Corp.
Date Opened	2018-04-03	2018-04-03	2018-04-25	2018-04-16	2018-04-24	2018-04-25
Municipality	Toronto	Brampton	Pickering	Toronto	East York	Toronto
Region	Toronto	Peel	Durham	Toronto	Toronto	Toronto
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	35	23	17	11	21	17
Number of units	**432**	**156**	**275**	**67**	**285**	**125**
Studio	27	--	--	--	--	84
1 bedroom	153	42	23	2	43	25
1 bedroom + den	106	16	162	19	85	14
2 bedroom	82	92	7	28	74	--
2 bedroom + den	64	6	72	9	70	--
3 bedroom & up	--	--	11	9	--	--
Penthouse	--	--	--	--	--	--
Other	--	--	--	--	13	2
Opening month sales	**180**	**109**	**0**	**17**	**0**	**0**
Next month sales	**0**	**5**	**270**	**0**	**162**	**44**
% Sold	*42%*	*73%*	*98%*	*25%*	*57%*	*35%*
Remaining inventory	252	42	5	50	123	81
Original $PSF	$888	$555	$594	$1,143	$911	$1,199
Minimum Size (sq. ft.)	365	608	563	626	555	406
Maximum Size (sq. ft.)	1,047	1,037	1,000	1,887	1,560	1,587
Minimum Price	$362,900	$377,990	$340,900	$652,900	$503,900	$492,900
Maximum Price	$968,900	$535,990	$564,900	$3,129,900	$1,425,900	$2,380,900
Notes					Townhouse units are included with Other.	

Source: Altus Group

May 2018 New Project Launches by Number of Units



Source: Altus Group

New Condominium Apartments - Openings

Project Record: DuEast Boutique - East | Erin Square - Building A | Midtowns on the Subway | Nova Urban Towns | Vendome - North Building

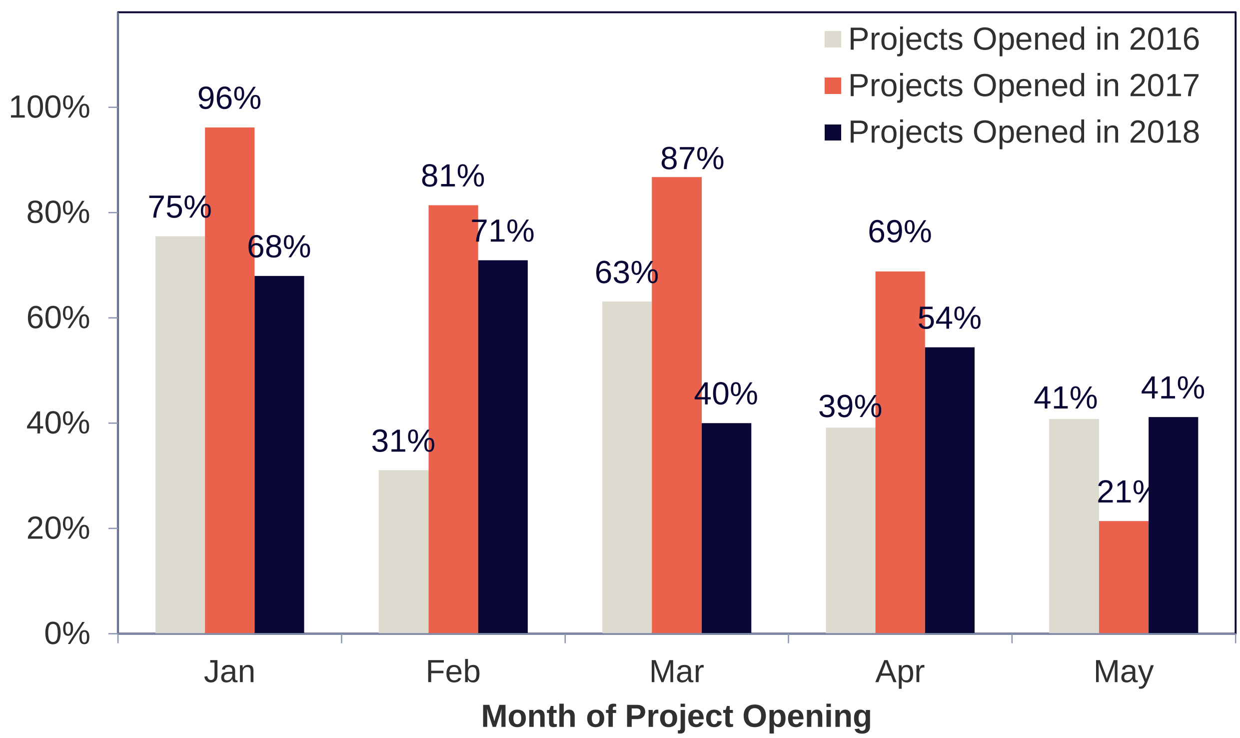
New Condominium Apartment Project Openings - May 2018

Project Name	**DuEast Boutique - East Residence**	**Erin Square - Building A**	**Midtowns on the Subway**	**Nova Urban Towns**	**Vendome - North Building**
Developer	Daniels Corporation	Pemberton Group	Wycliffe Homes	Kaleido Developments Inc.	H&W Development Corp.
Date Opened	2018-05-12	2018-05-14	2018-05-29	2018-05-12	2018-05-12
Municipality	Toronto	Mississauga	North York	North York	Markham
Region	Toronto	Peel	Toronto	Toronto	York
Structural Type	Apartment	Apartment	Stacked	Stacked	Apartment
Floors	11	22	3	4	18
Number of units	**119**	**200**	**84**	**42**	**265**
Studio	--	--	--	--	--
1 bedroom	32	--	11	--	28
1 bedroom + den	42	42	--	--	126
2 bedroom	25	2	71	--	63
2 bedroom + den	9	156	--	33	32
3 bedroom & up	11	--	2	9	16
Penthouse	--	--	--	--	--
Other	--	--	--	--	--
Opening month sales	**110**	**107**	**0**	**21**	**54**
% Sold	*92%*	*54%*	*0%*	*50%*	*20%*
Remaining inventory	9	93	84	21	211
Original $PSF	$805	$642	$752	$690	$772
Minimum Size (sq. ft.)	466	655	555	1,042	558
Maximum Size (sq. ft.)	1,216	945	1,253	1,606	1,118
Minimum Price	$388,900	$442,990	$429,900	$738,000	$438,900
Maximum Price	$966,900	$595,990	$959,900	$1,093,000	$823,900
Notes			No firm sales as all deals were subject to the 10-day conditional period.		

Source: Altus Group

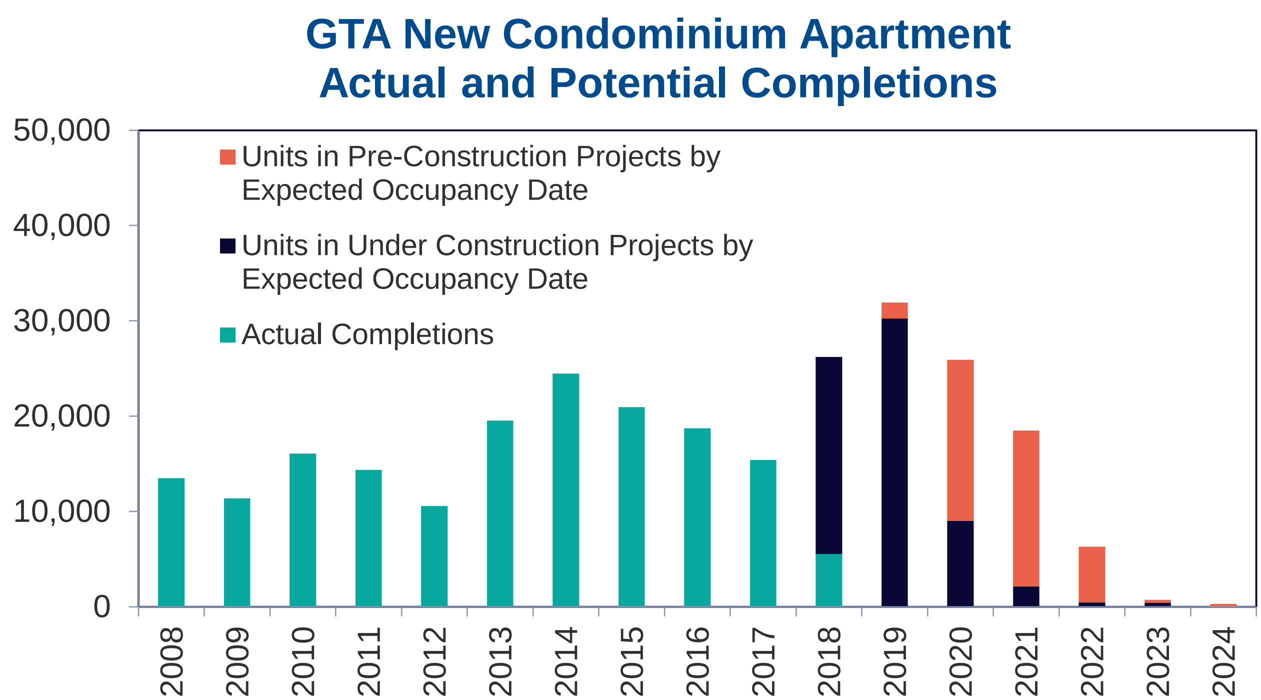
- **In general, absorption rates in new project openings have slowed this year.** For example, for projects opened in January 2017, 96% of units were sold by the end of May 2017; the comparable proportion for January 2018 openings is 68%.
- Caution needs to be used in comparing sales in projects opened 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 May 2017, about half of the new projects opened within the last 10 days of the month.

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



Source: Altus Group

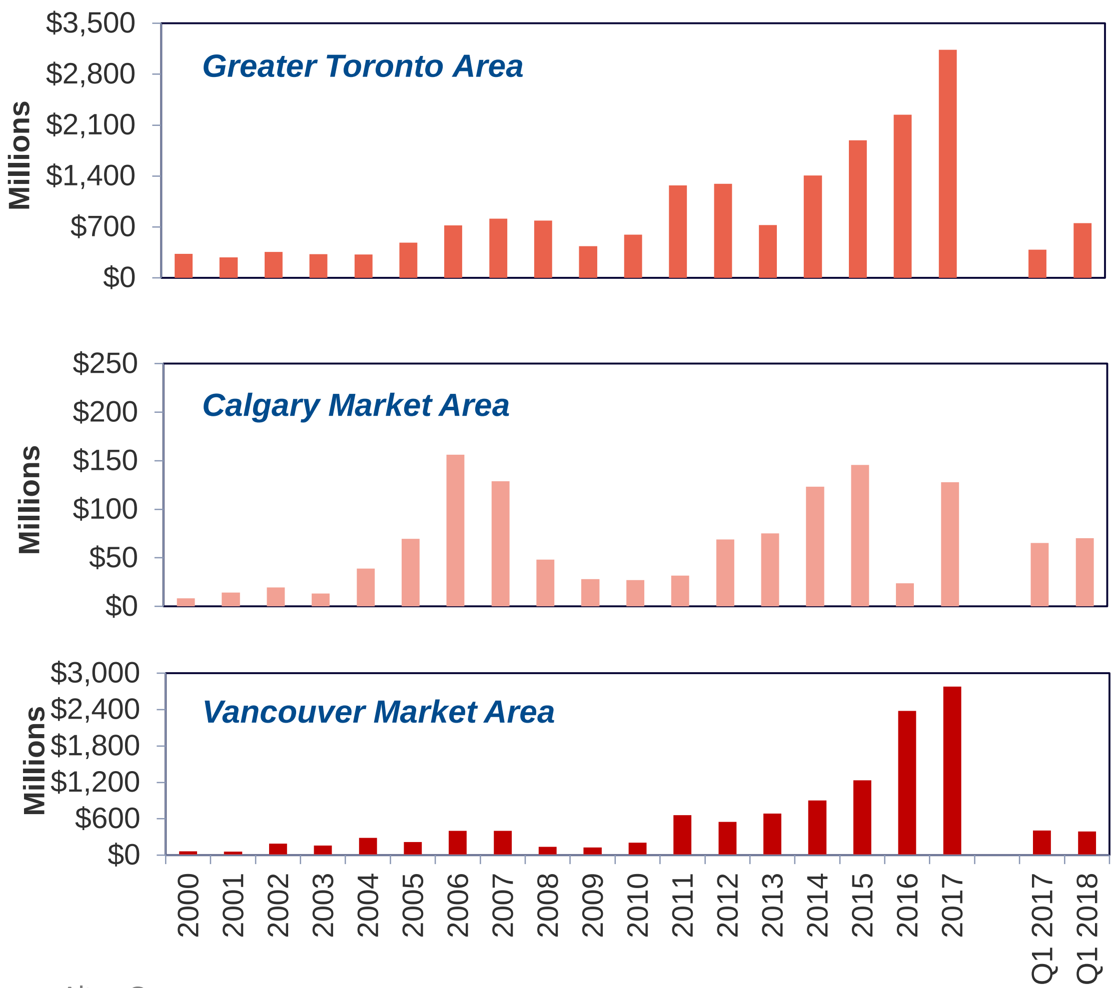
- As of the end of May 2018, there were about 104,000 new condominium apartment units in projects either under construction or in pre-construction stages.
- Despite the large number of units in the pipeline, **the number of units actually being completed continues to decline.** Year-to-date 2018, just over 5,500 units have been completed, based on Altus Group data – this compares to about 6,600 a year ago, and about 9,200 in the first 5 months of 2016. **With rental demand high, and purpose-built rental still a relatively small contributor to new rental supply, this lack of new units to occupy is putting pressure on lease rates.**
- 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

- 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. The first quarter of 2018 started off with a bang, with sales almost double the level of a year earlier.
- 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, according to Altus Group data**, with the total dollar volume reaching $2.8 billion, just shy of the GTA performance. Q1 2018 continued the strong levels, almost matching Q1 2017.
  - **In Calgary, high-density residential land sales posted a partial recovery in 2017** following a plummet in 2016. Some additional improvement was recorded in Q1 2018 over the same period last year.

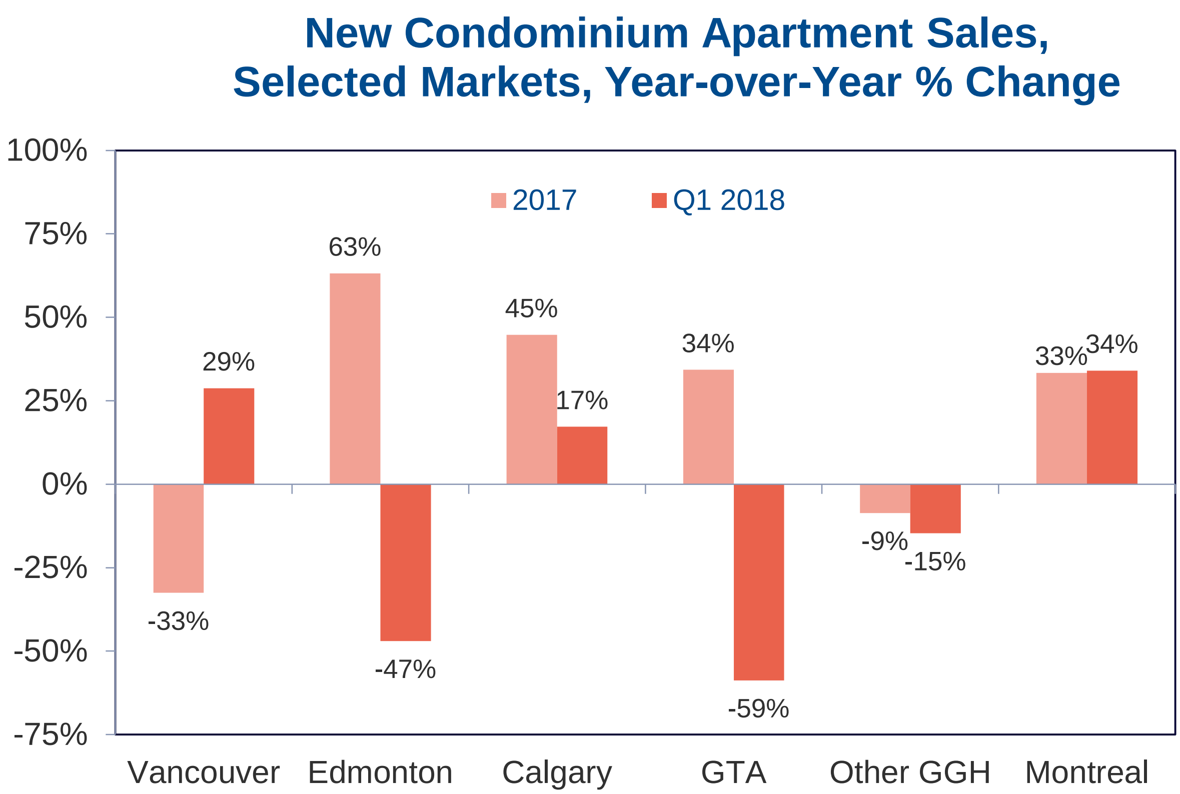
High-Density Residential Land Sales Transactions



Source: Altus Group

New Condo Apartment Sales Across Canada

- New condominium apartment sales have been showing mixed patterns this year in the markets tracked by Altus Group:
  - After posting strong increases in 2017 over 2016, **new condominium apartment sales in the GTA and Edmonton fell back in Q1 2018 vs. Q1 2017**.
  - **Calgary and Montreal continued last year's improvement into Q1 2018**.
  - 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. **While new condominium apartment sales in the areas of the GGH outside of the GTA slipped further in Q1 2018, Vancouver started the year off better, with Q1 2018 tracking above last year.**



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