The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of July 2018

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Altus Group

July 2018			YTD July 2018	
Sales	Inventory	Benchmark Price	Sales	Benchmark Price
855	9,931	$774,759	10,673	$747,802
-52%	37%	16%	-57%	30%
Lowest July since 2000	*2nd lowest July since 2002*	*Record high*	*Lowest YTD since 2013*	*Record high*

% change is from same period a year earlier

Highlights

- **The July new condominium market in the GTA was so quiet you could hear a pin drop.** The 855 sales recorded represented the lowest July since 2000.
- **While sales typically are slower in the summer months compared to the spring, the June to July decline in sales this year was amplified** by minimal new project launches in July, along with declining affordability of new condominium apartments due to recent price escalation.
- **The relative price competiveness of new condominium apartments has declined** vis-à-vis both new single-family product and resale condominium apartments in recent months.
- **Only 1 condominium apartment project launched in July**, following 14 launches in June (which was the 2nd highest June ever recorded).

Condominium Apartment KPIs

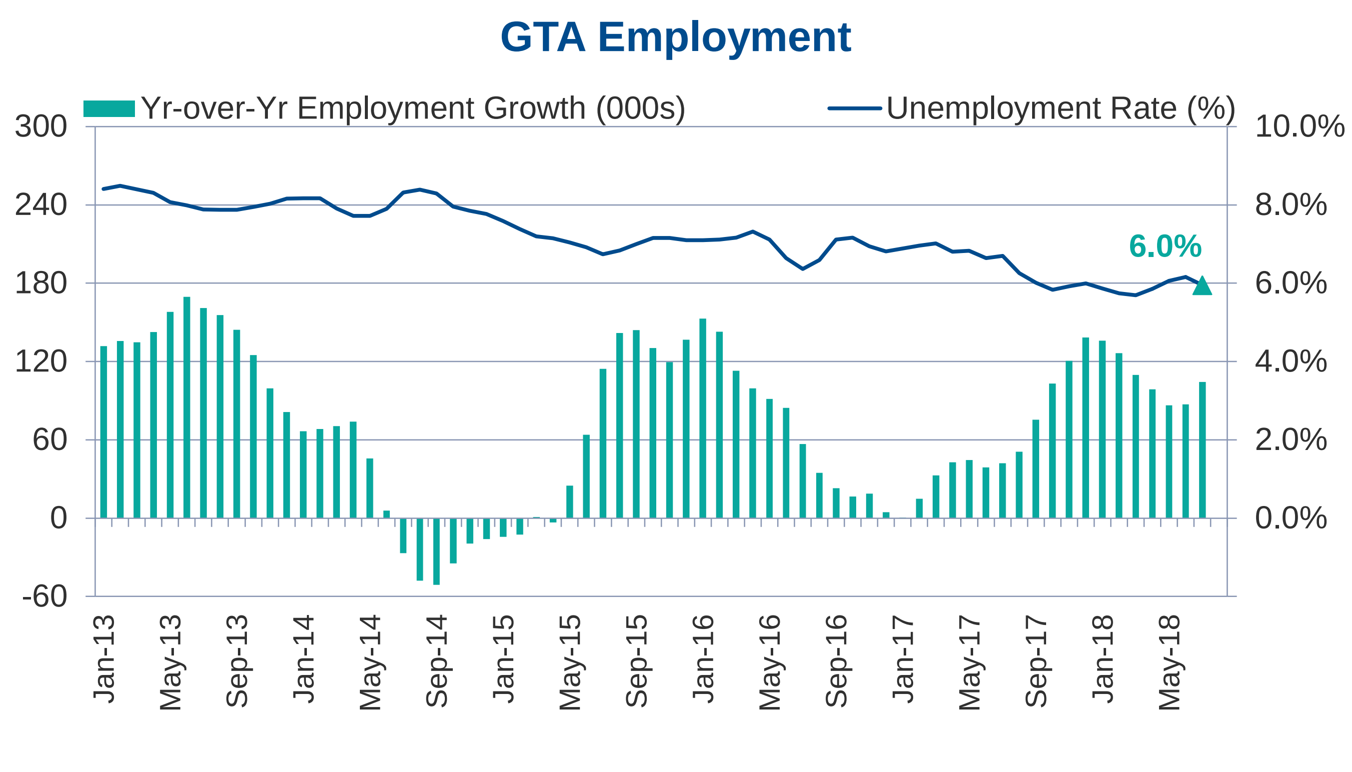
AltusGroup

GTA Condominium Apartment Key Performance Indicators

	Jul-17	Jun-18	Jul-18	*Yr-Over-Yr % Change*	YTD Jul 2017	YTD Jul 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*					\		
Total active sites	267	305	299	*12%*	289	293	*2%*
New projects opened	8	14	1	*-88%*	78	54	*-31%*
Units in new projects opened	2,009	2,518	331	*-84%*	21,429	11,645	*-46%*
Total sales (units)	1,798	2,105	855	*-52%*	24,602	10,673	*-57%*
Sales as % of total new & resale	*49%*	*49%*	*30%*		*59%*	*43%*	
Inventory (units)	7,270	10,455	9,931	*37%*	9,070	9,963	*10%*
Sales-to-inventory ratio	25%	20%	9%	*-65%*	40%	15%	*-62%*
Months of inventory	2.3	5.4	5.3	*128%*	3.3	4.3	*29%*
Benchmark price	$665,041	$774,554	$774,759	*16%*	$575,763	$747,802	*30%*
Price PSF Benchmark	$764	$865	$863	*13%*	$697	$837	*20%*
Unit size Benchmark (sq. ft)	871	895	897	*3%*	825	893	*8%*
Units completed	1,603	2,552	1,260	*-21%*	9,176	9,334	*2%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	1,840	2,234	2,002	*9%*	17,335	13,936	*-20%*
New listings (units)	3,421	3,585	3,383	*-1%*	26,132	22,910	*-12%*
Inventory ("active listings", units)	3,975	4,005	3,984	*0%*	2,811	3,392	*21%*
Sales-to-inventory ratio	46%	56%	50%	*9%*	98%	59%	*-40%*
Months of inventory	1.6	2.1	2.0	*26%*	1.1	1.7	*51%*
Average price of units sold	$501,750	$561,097	$546,984	*9%*	$510,872	$548,948	*7%*
HPI constant quality price index (Jan 2005=100)	231.7	251.5	251.0	*8%*	219.2	245.8	*12%*

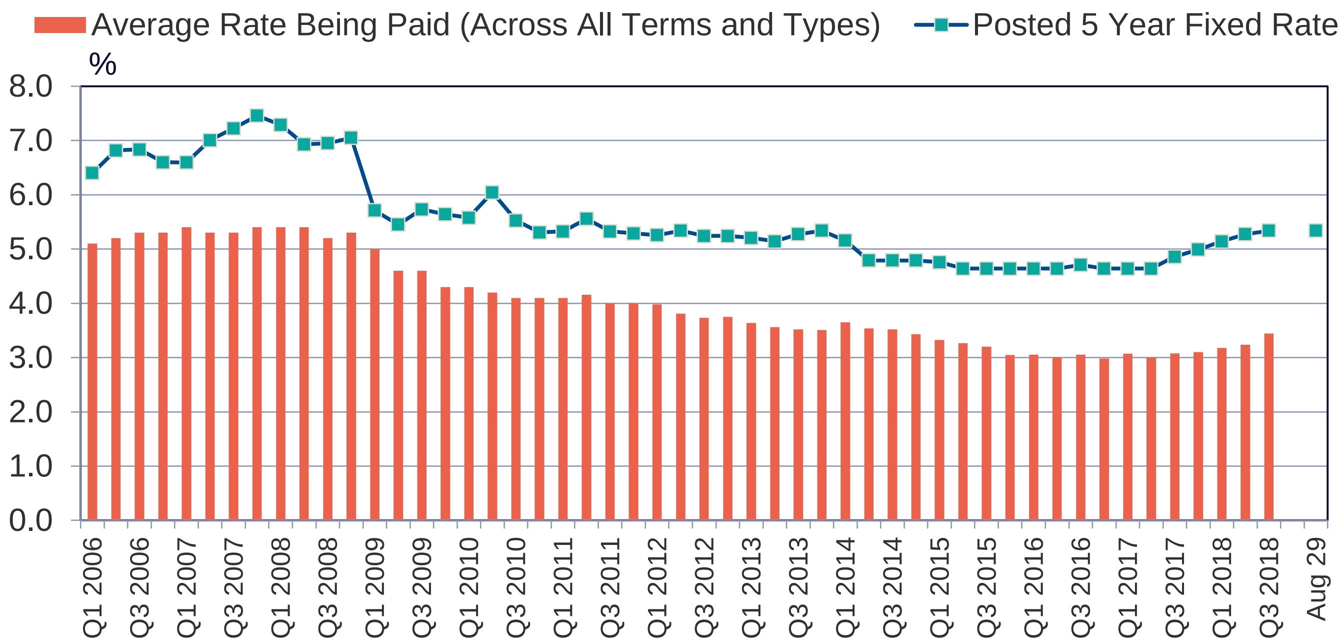
** see end of report for Definitions*

- **Total employment continued to improve in July on a month-to-month basis.** On a year-over-year basis, employment growth picked up for the first time since late last year. Correspondingly, the unemployment rate moved down, although it remains above the low achieved earlier in the year.
- **Posted mortgage rates** continue to move up *(chart top of next page)* and 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 increased the overnight rate to 1.5% at the latest rate announcement on July 11: *"Governing Council expects that higher interest rates will be warranted to keep inflation near target and will continue to take a gradual approach, guided by incoming data. In particular, the Bank is monitoring the economy's adjustment to higher interest rates and the evolution of capacity and wage pressures, as well as the response of companies and consumers to trade actions."* The next rate announcement is September 5.
- **Homebuying intentions are up this year**, according to Altus Group's FIRM Survey (*chart bottom of next page*). This is confirmation that GTA residents still want to buy homes, but have been sidelined over the past year by affordability and mortgage qualification challenges. Most notably, first-time buying intentions have rebounded.



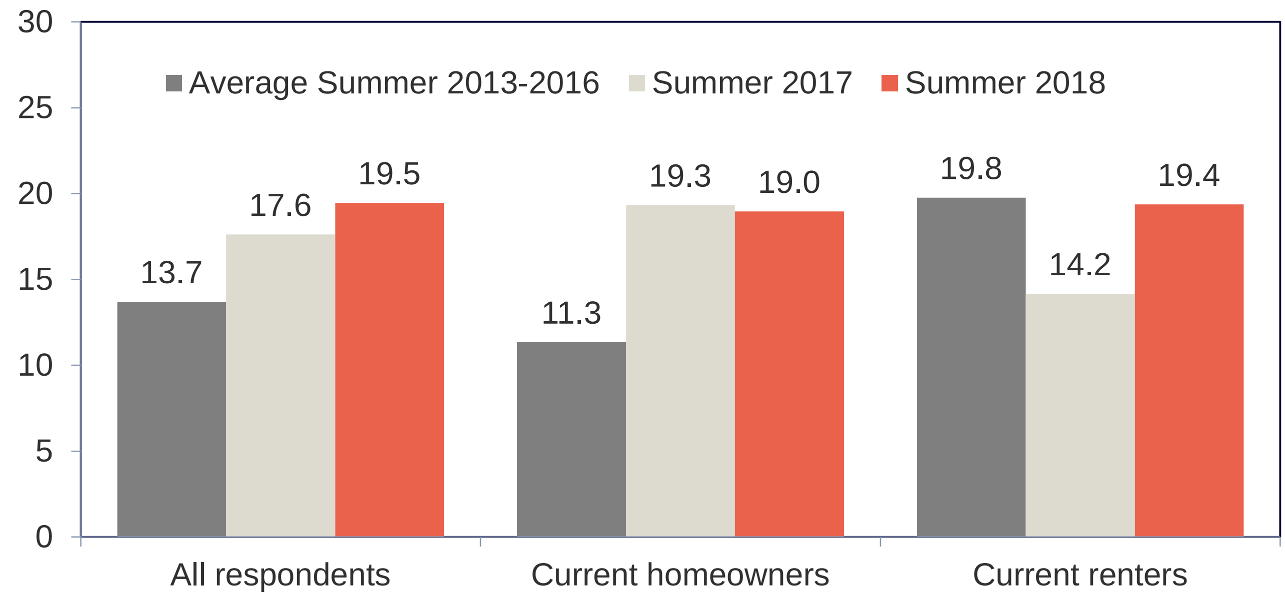
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



Source: Altus Group and Bank of Canada data

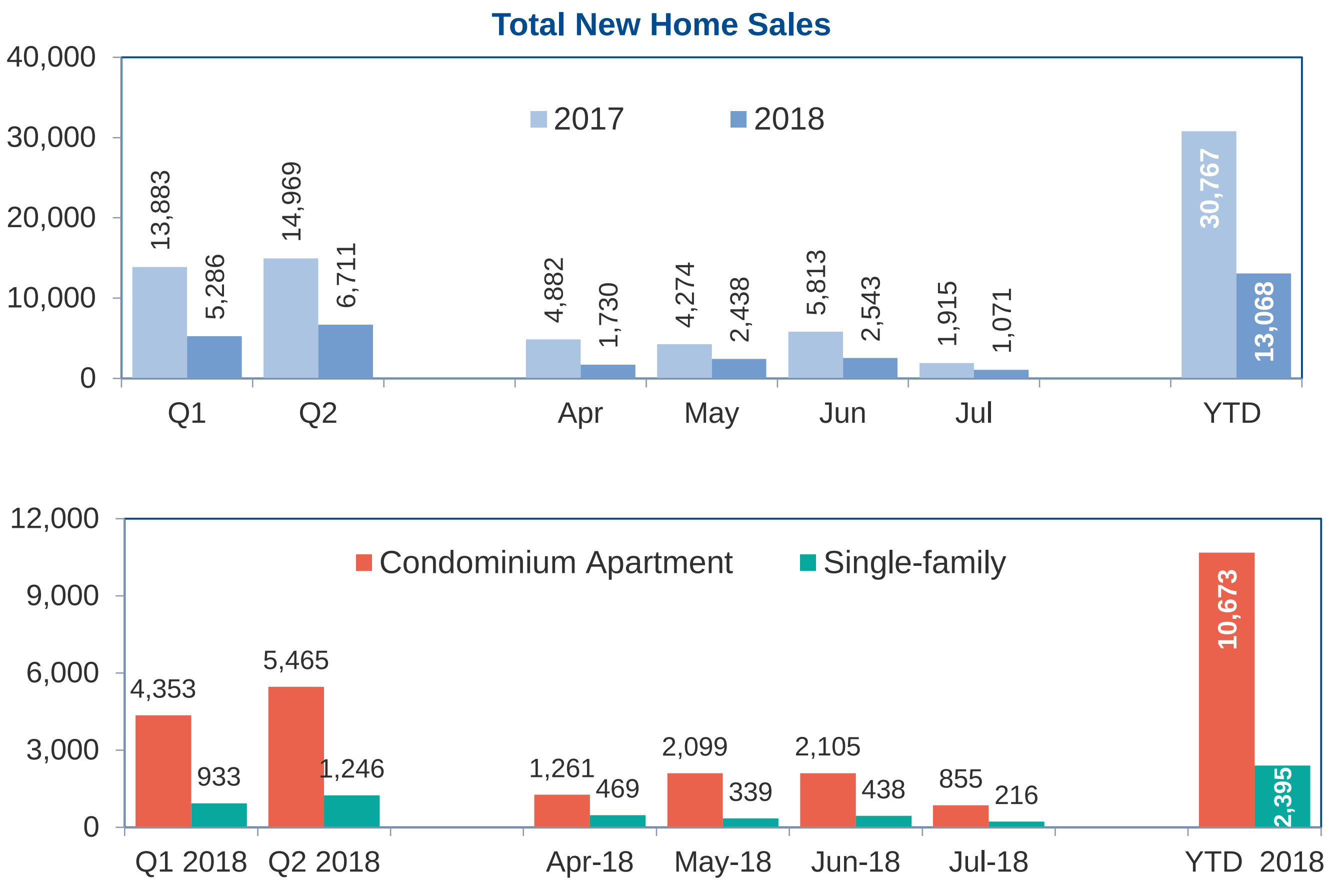
GTA Homebuying Intentions



Source: Altus Group

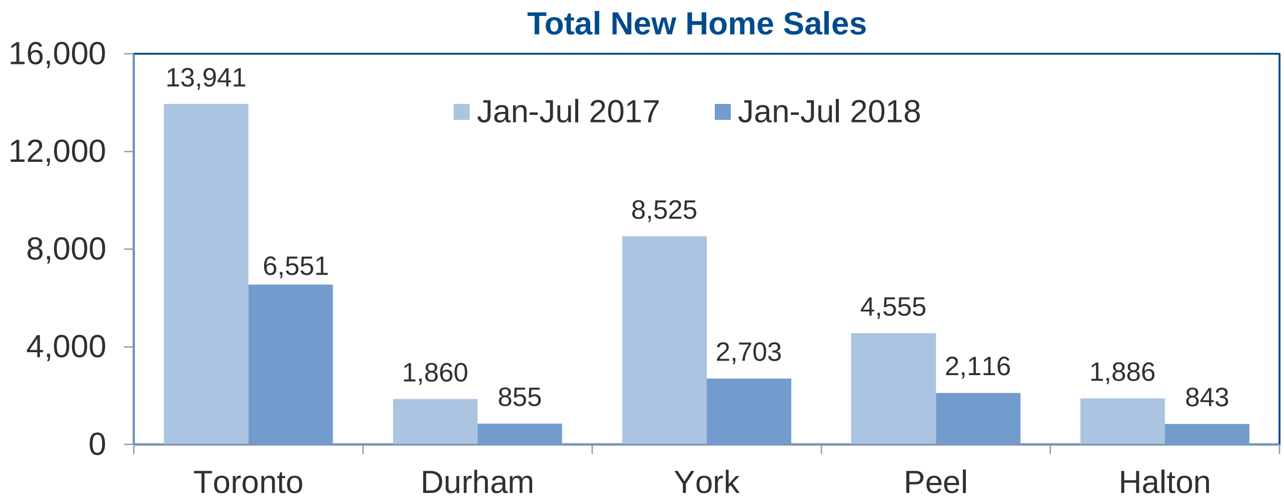
- **Total sales of new homes in the GTA dropped in July**, both on a month-to-month and year-over-year basis. While single-family sales were up from last year, the 216 sales remains a very low number.
- **Year-to-date total new home sales** remain well below last year, and **are at their lowest level in more than 20 years.**
- **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.

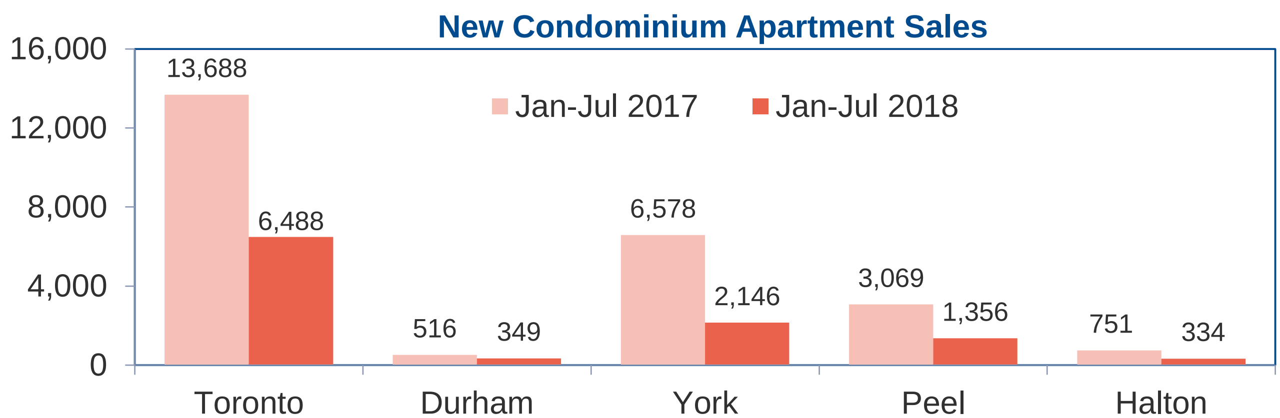
GTA New Home Sales

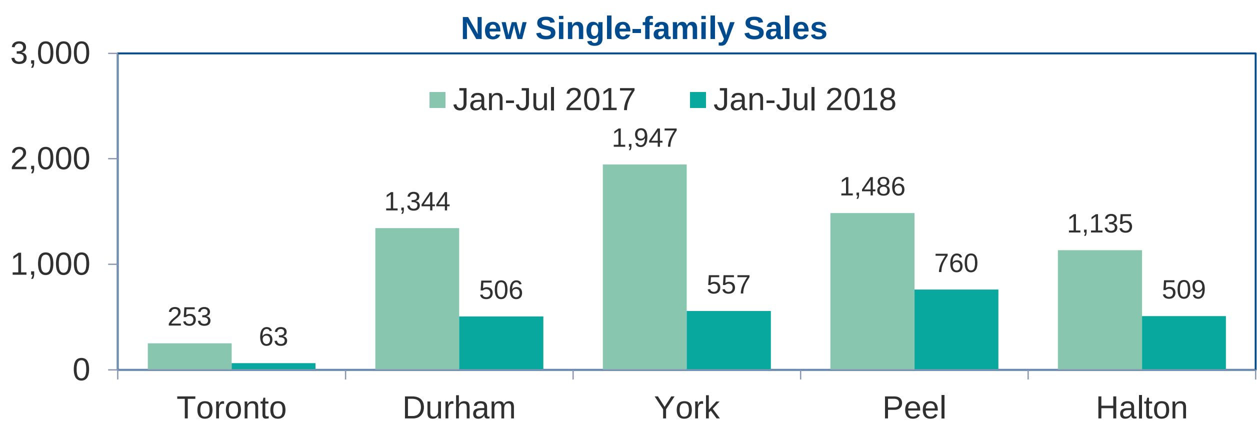


Source: Altus Group

GTA New Home Sales by Region



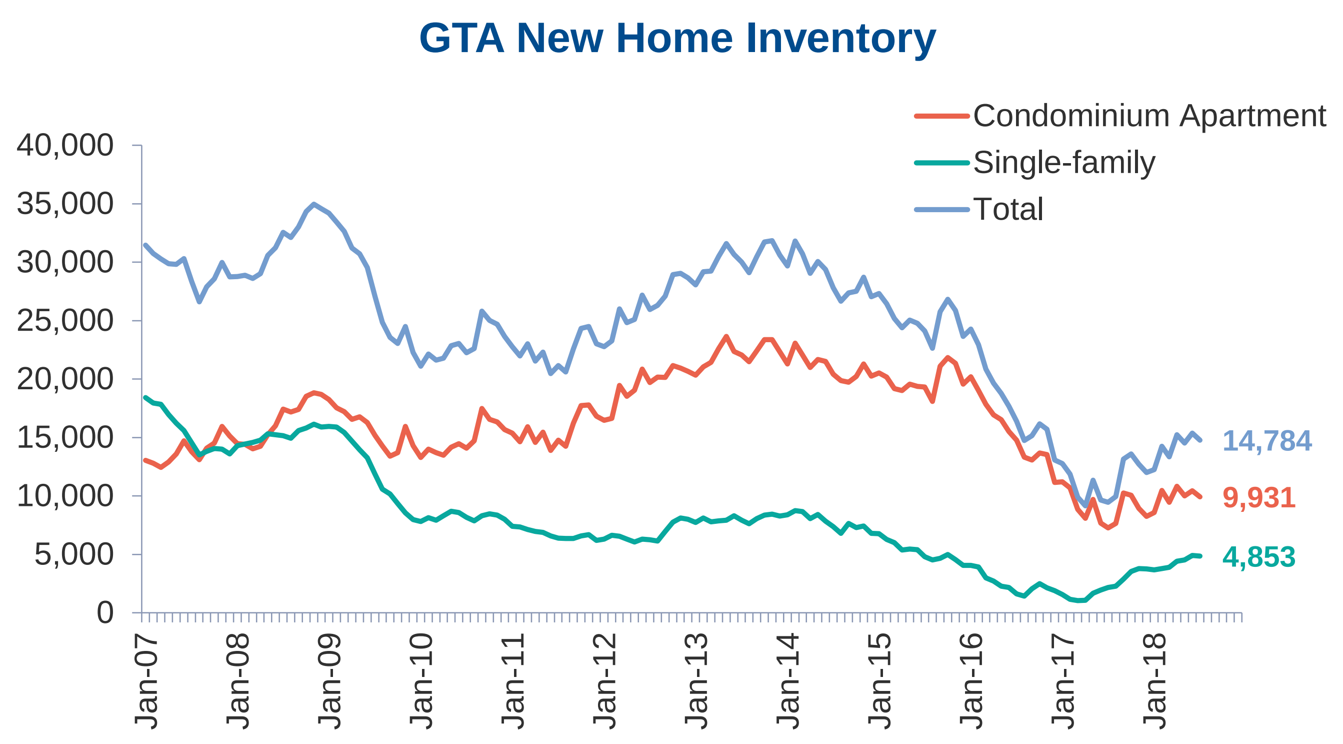




Source: Altus Group

New Home Market - Inventory

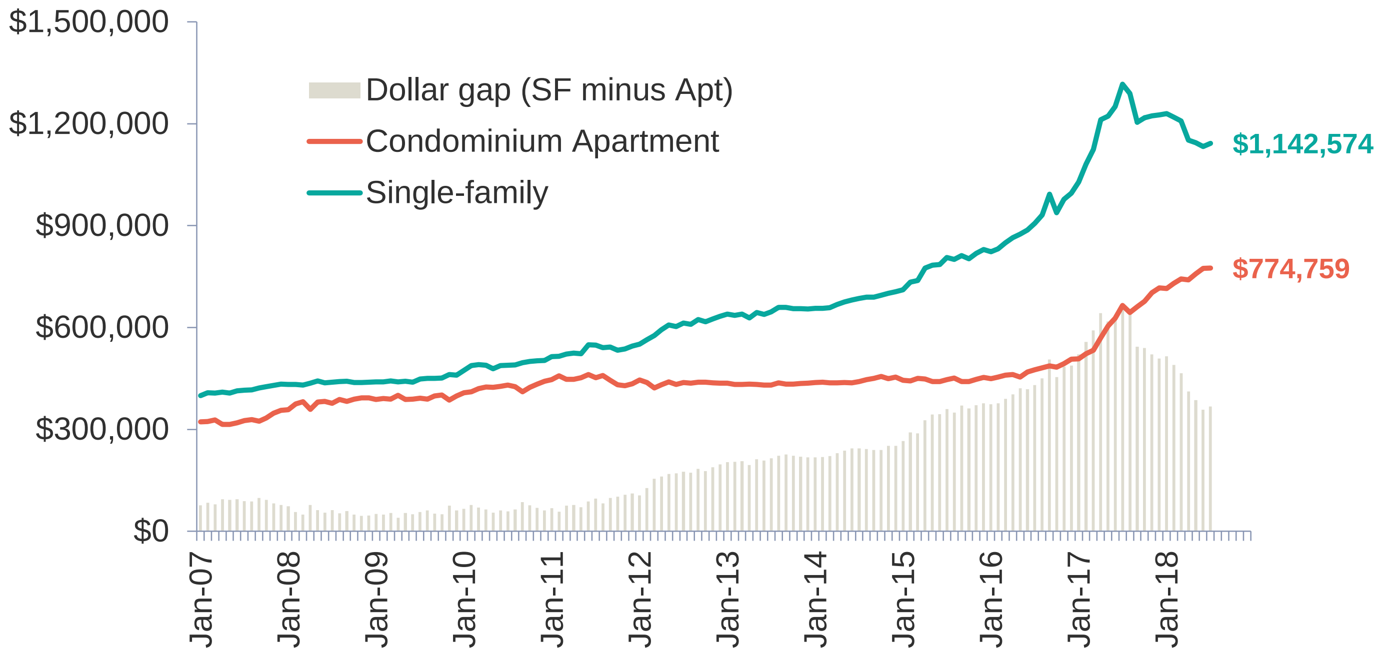
- **Total new home inventory available to purchase was down modestly in July.** Modest dips in both single-family and condominium apartment product contributed to the decline.
- The inventory of new single-family homes is up significantly from last year, although well below the levels from 10 years ago. **Affordability of available single-family units is still an issue**.
- **New condominium apartment inventory is about one-third higher than last July**, but still low in historical terms, at the 2nd lowest July level since 2002. Based on the pace of sales in the past 12 months, the inventory represents just over 5 months of sales, up from about 2 months a year ago, but still well below the average of about 11 months for July in the previous 10 years.



Source: Altus Group

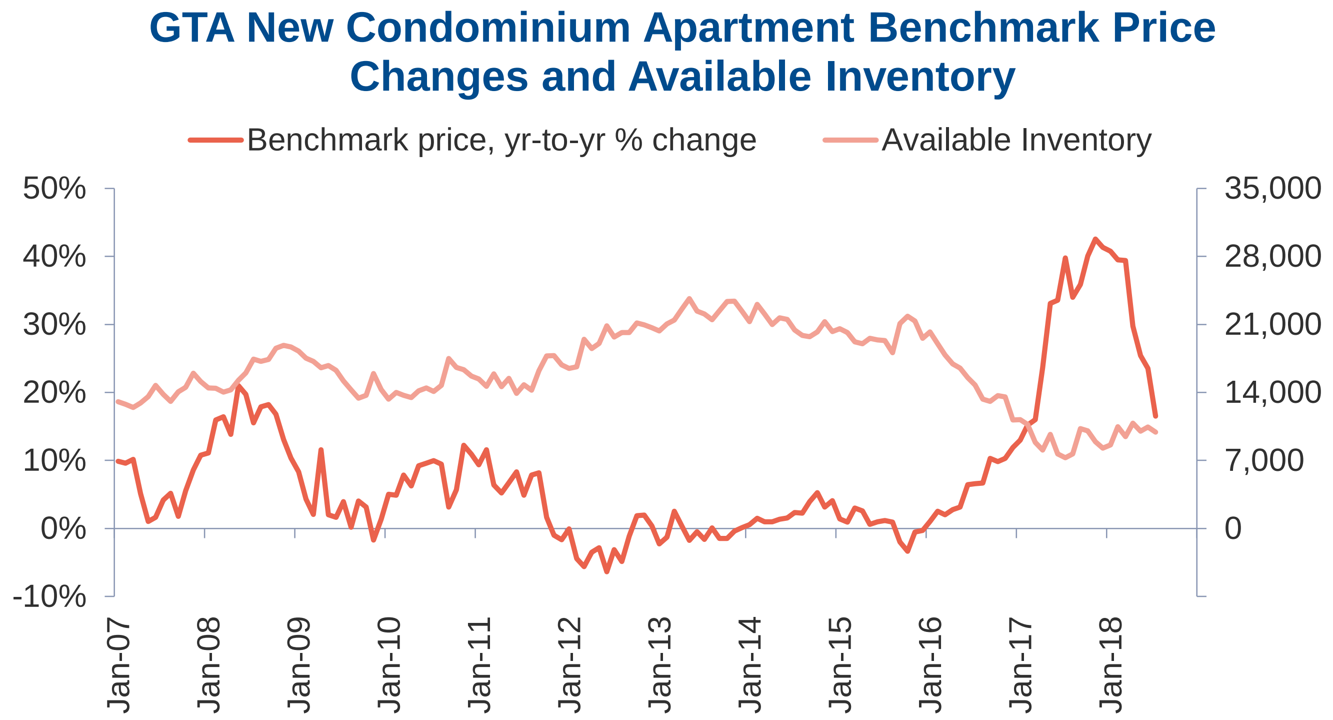
- **The Benchmark price for a new single-family home increased for the first time since January**, although the increase was marginal (less than 1%), and is 13% below the peak set in July of last year (*chart bottom of next page)*.
- **The Benchmark price for a new condominium apartment squeaked up to a new record again in July.** The July average asking price for available inventory is 16% above July 2017 (*chart top of next page*), although year-over-year price increases have been moderating since last November.
- **The gap in price between a new single-family unit and condominium apartment unit has narrowed over the past year**, which has reduced some of the relative attractiveness of condominium apartments.

GTA New Home Benchmark Prices*

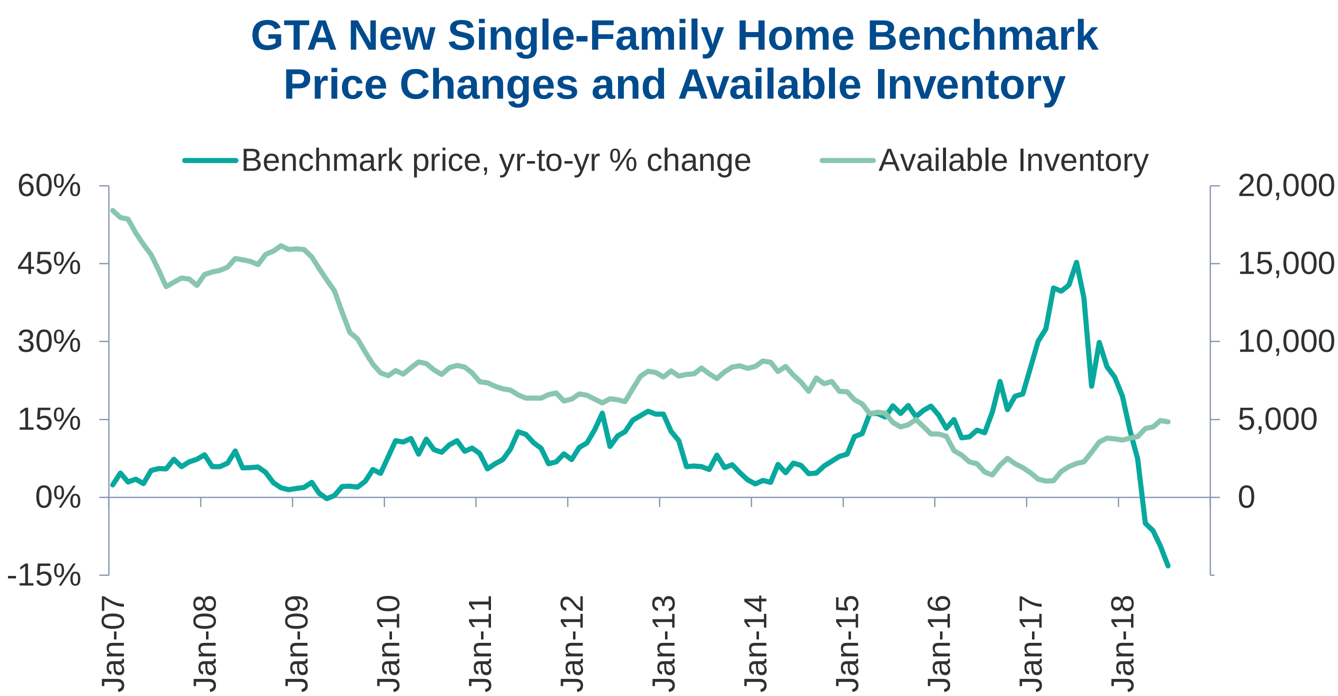


** Average asking price of available new home inventory at end of period with outliers removed*

Source: Altus Group



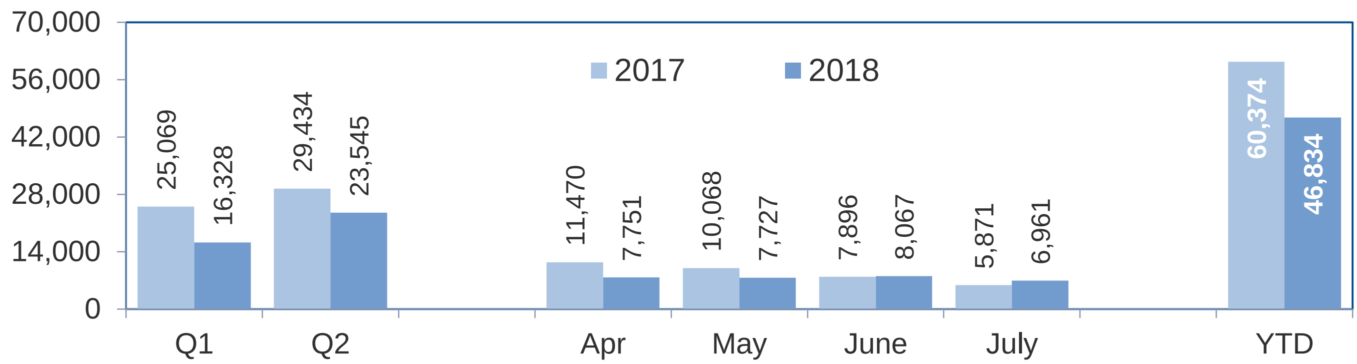
Source: Altus Group

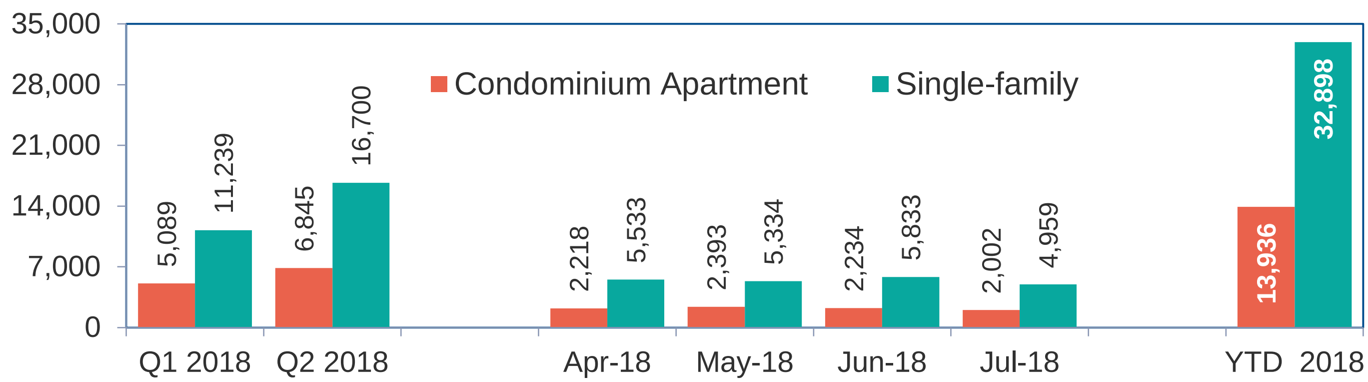


Source: Altus Group

- **Total sales of existing homes** (as reported by the Toronto Real Estate Board) **were down in July compared to June**, which is the typical seasonal pattern. Year-over-year sales were up 19% but the fact that last July was the lowest level since 2002 needs to be taken into consideration. Both single-family and condominium apartment sales contributed to the year-over-year increase.
- **Resale inventories were down slightly in July**, for both single-family and apartment product (*chart top of next page*). Single-family inventory, however, remains high in historical terms.
- **Average sales prices were down slightly in July, which is typical of the market** (*chart bottom of next page*).

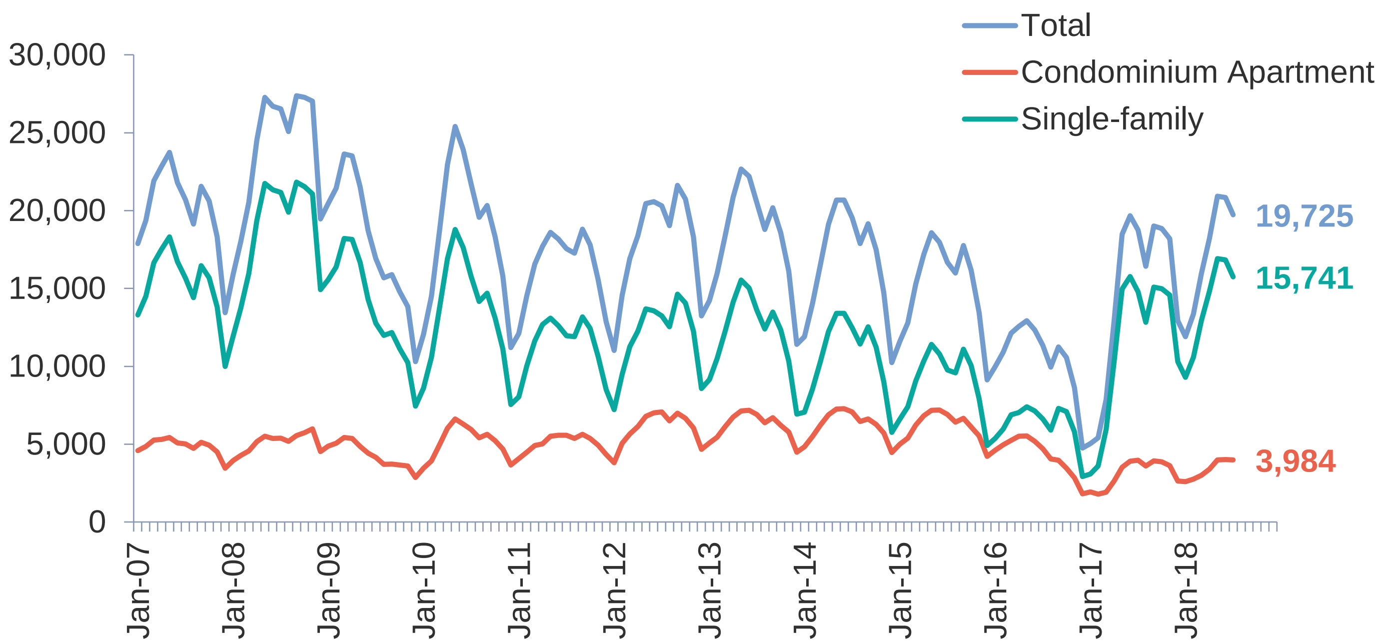
GTA Resale Home Sales





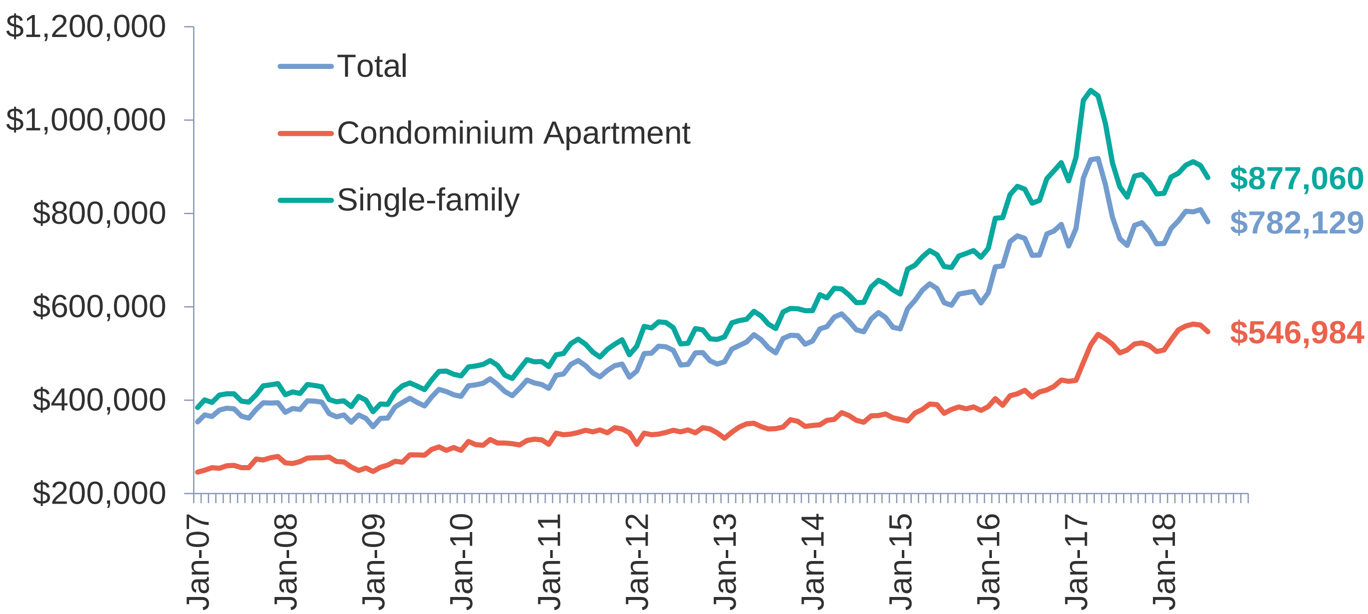
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Prices

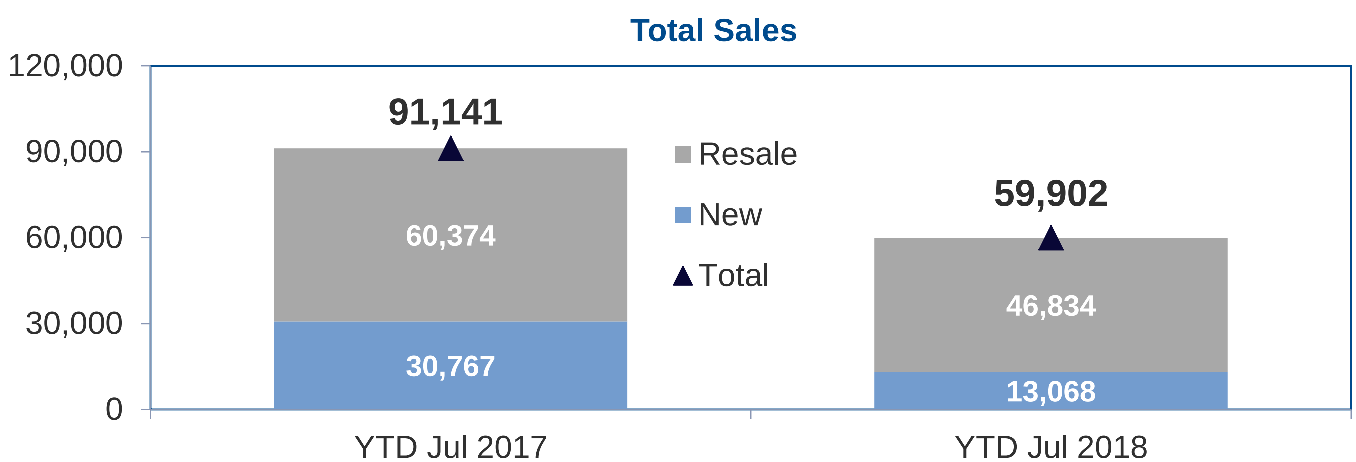


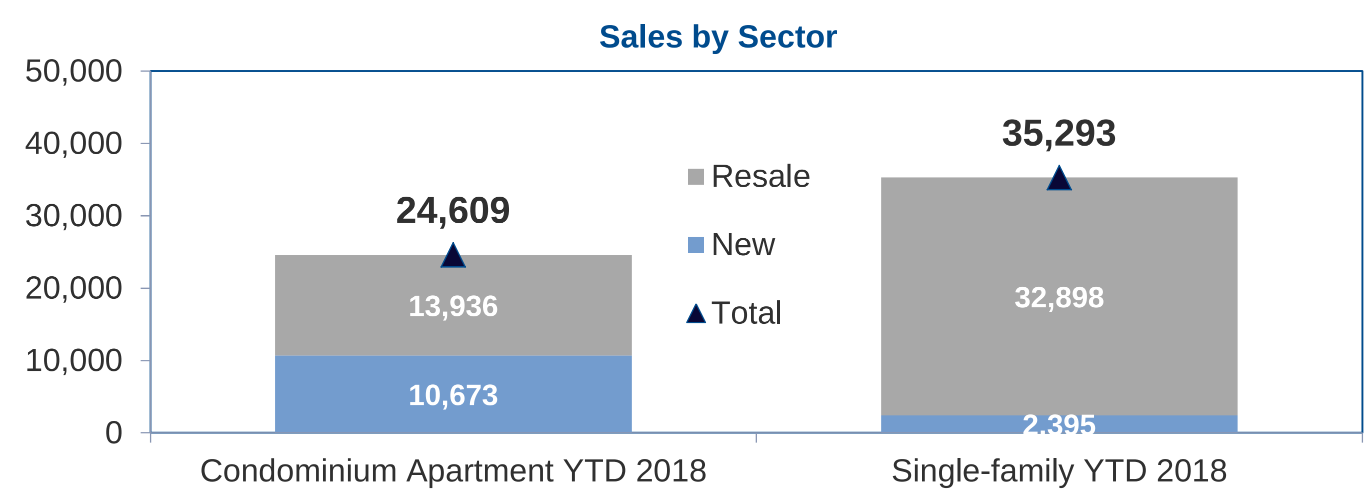
Source: Altus Group based on Toronto Real Estate Board data

Overall Home Market - Sales

- **Combined resale and new home sales** as measured by TREB and Altus Group totaled almost 60,000 units for year-to-date July 2018, **down 34%** from the same period in 2017. Both the new and resale sectors contributed to the decline, although the drop has been much more pronounced for the new home sector (-58% vs. -22% for resales).
- **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 over 4 in 10 sales year-to-date have been new condos.

GTA Combined New & Resale Home Sales

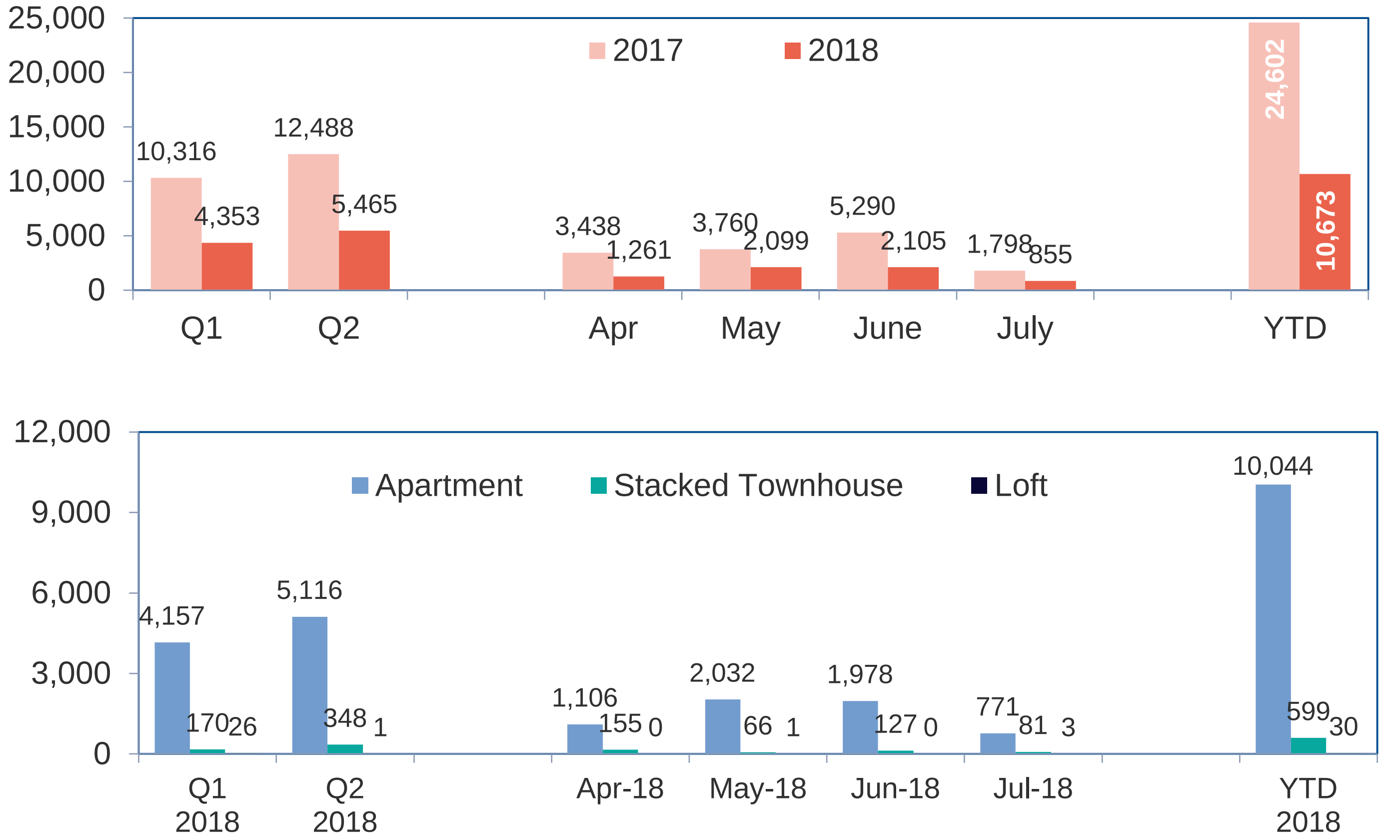




Source: Altus Group and Toronto Real Estate Board data

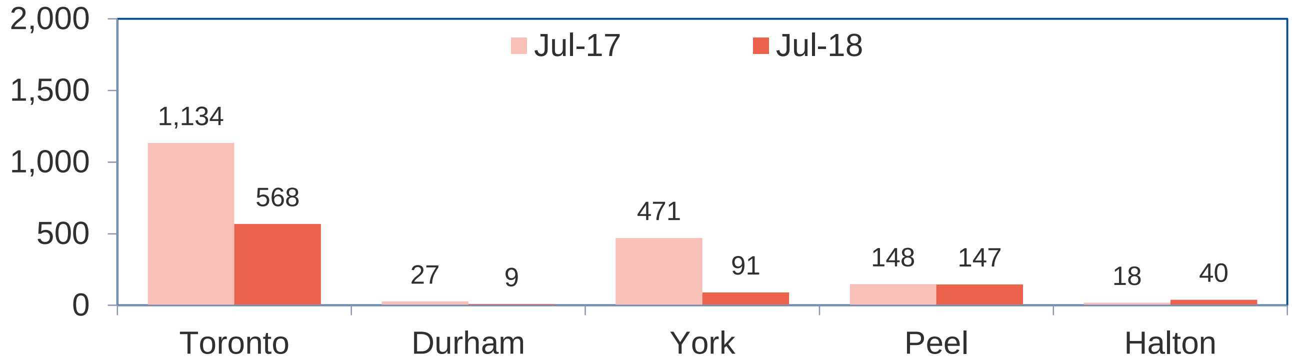
- **Total new condominium apartment sales plunged in July**, both compared to June and to July of last year.
- Year-to-date sales are less than half of last year's record performance, but are still tracking ahead of the trough in 2013.
- **Stacked townhouses**, a component of total condominium apartment sales, **are also down this year, but to a lesser degree (-30%).**
- **New condominium apartment sales are down in all regions year-to-date** (*chart next page*). The City of Toronto is capturing a larger share of GTA-wide sales than a year ago, at the expense of York Region.

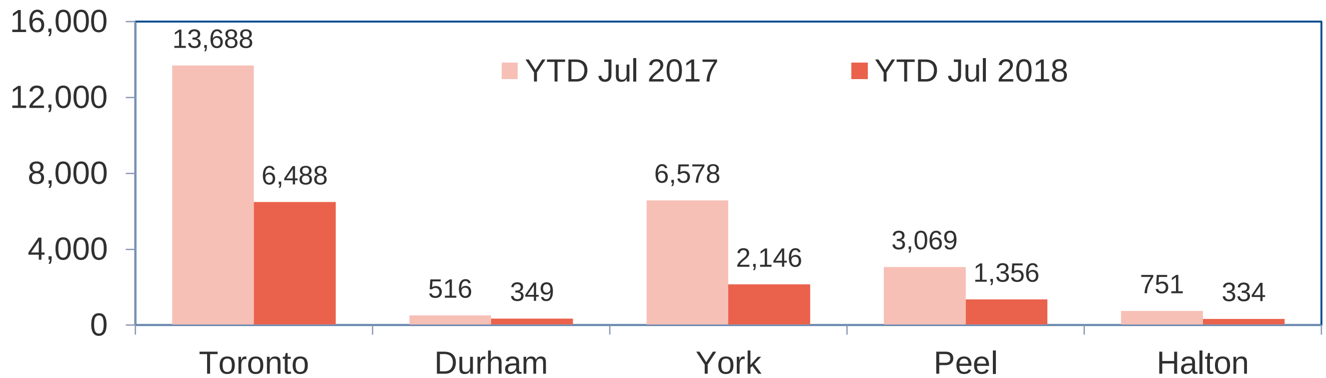
GTA New Condominium Apartment Sales

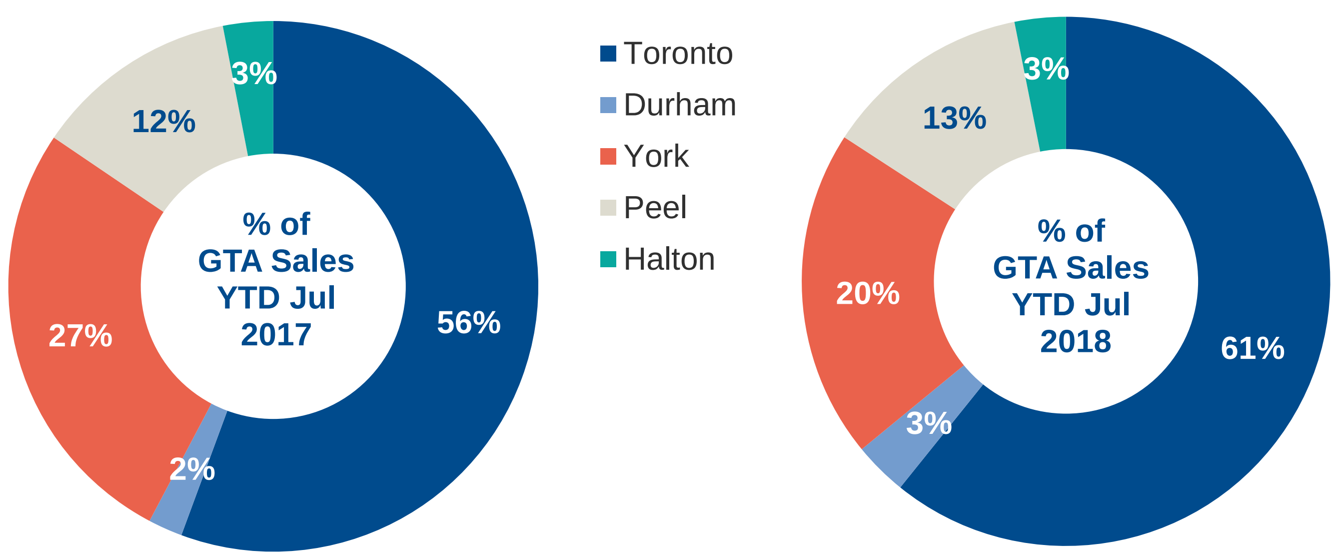


Source: Altus Group

GTA New Condominium Apartment Sales by Region



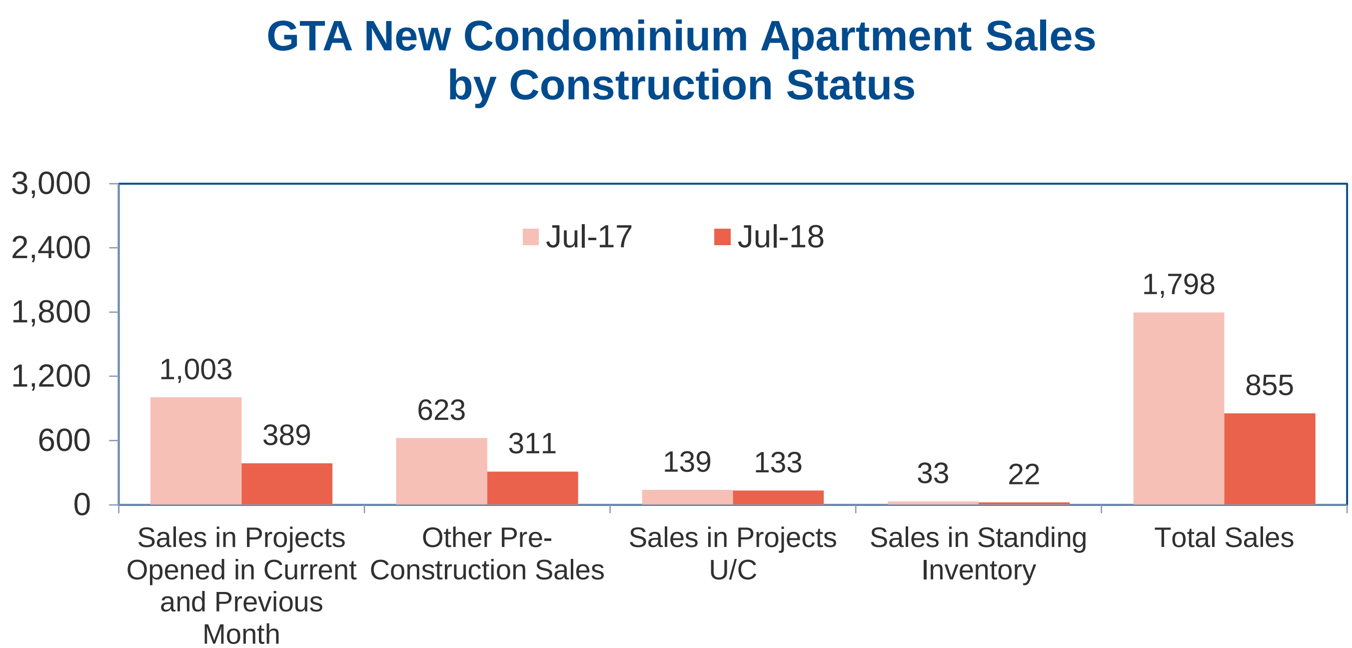




Source: Altus Group

New Condominium Apartments - Sales

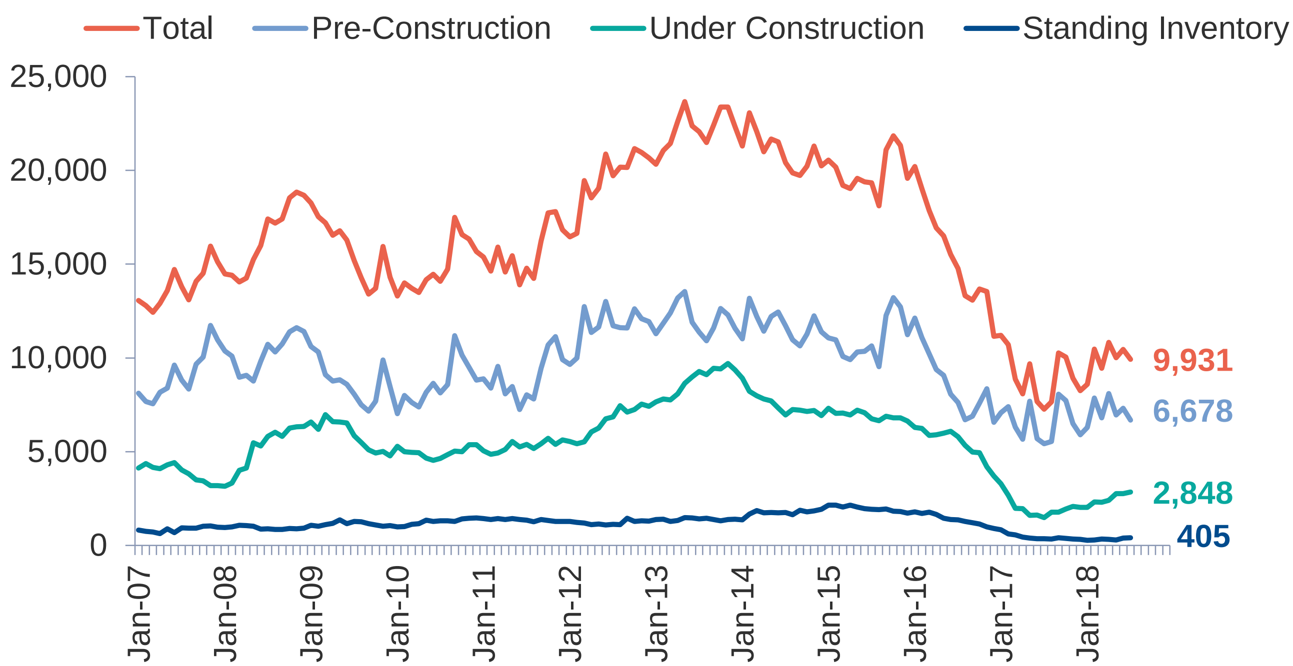
- **About 45% of sales in July were in projects opened in June or July.**
- While sales in under construction projects were similar to a year ago, the unsold inventory of units under construction has been increasing (see chart next page), as more projects move from the pre-construction to construction stage.

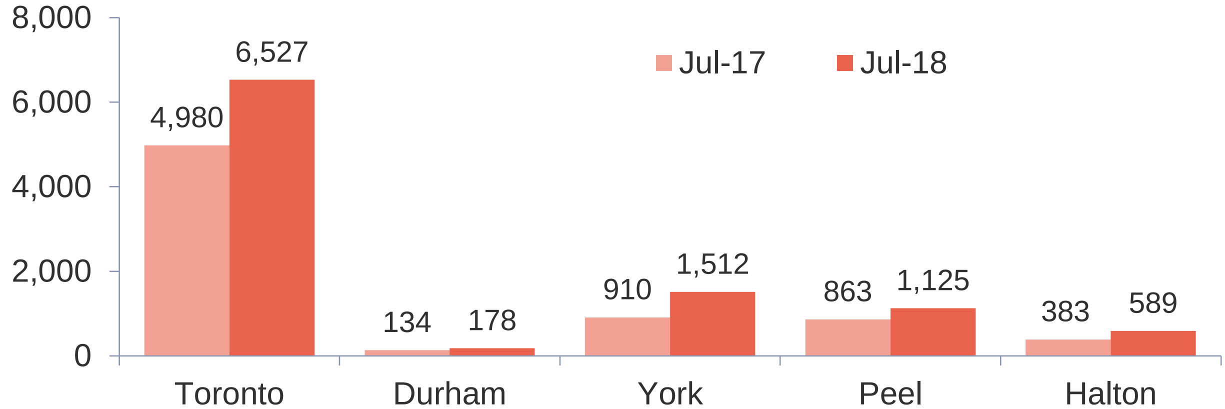


Source: Altus Group

- **New condominium apartment available inventory was down somewhat in July**, in part due to minimal new openings. Inventory however is above last July – which was the lowpoint in the cycle. Current inventory represents about 5 months of supply at the pace of sales over the past year; this compares to the previous 10 year average of about 11 months.
- **Unsold inventory in projects under construction continues to inch up**, as projects move from the pre-construction to under construction phase. **There is still very little available to purchase for immediate occupancy** (i.e. units not yet sold in completed projects).
- The higher inventory levels compared to last July are spread throughout the GTA, but the number of units is more focused in the City of Toronto.

GTA New Condominium Apartment Inventory

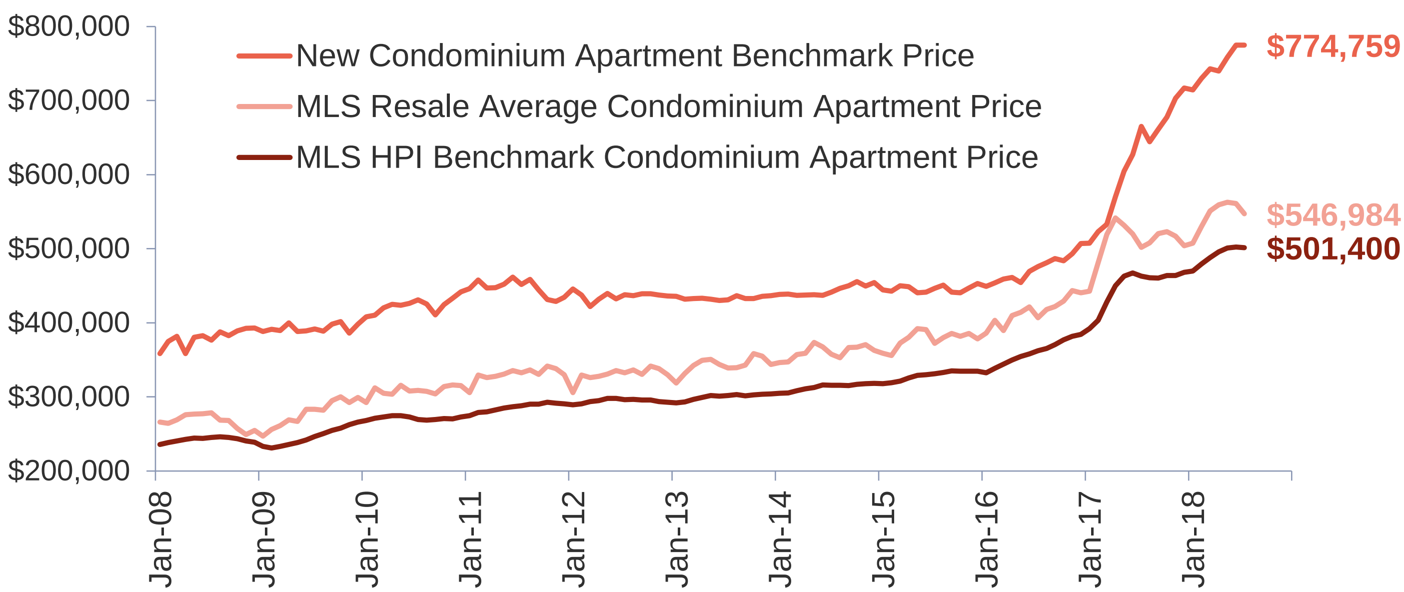


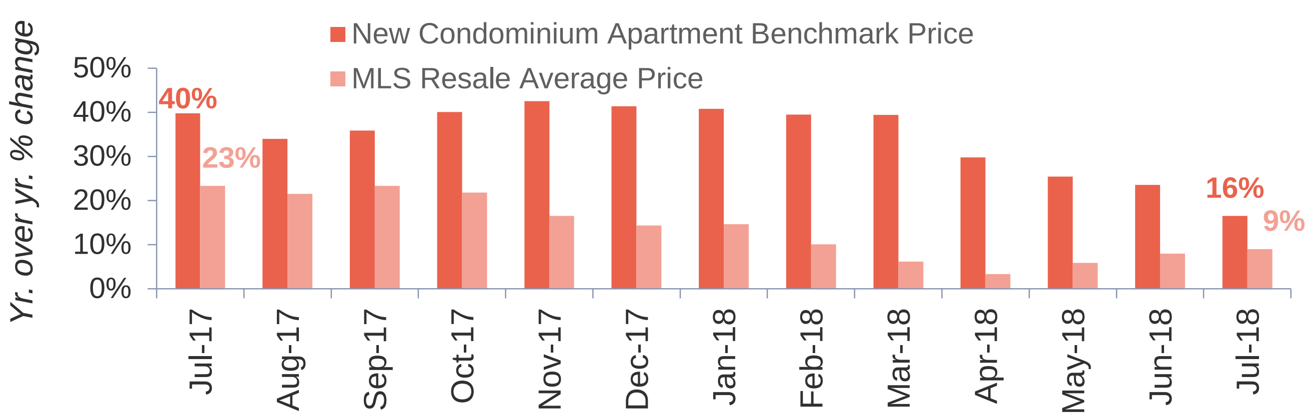


Source: Altus Group

- **New condominium apartment prices continued to set new records in July – but barely.**
- The average price of a resale condominium apartment declined again in July, but is still 9% above a year earlier.
- Given the relative price trends**, the gap in prices between new and resale condominium apartments has been growing again in recent months**. Therefore, not only are new condominium apartments now closer in price to new single-family homes, they are also less competitive, in terms of absolute price point, with resale condominiums.

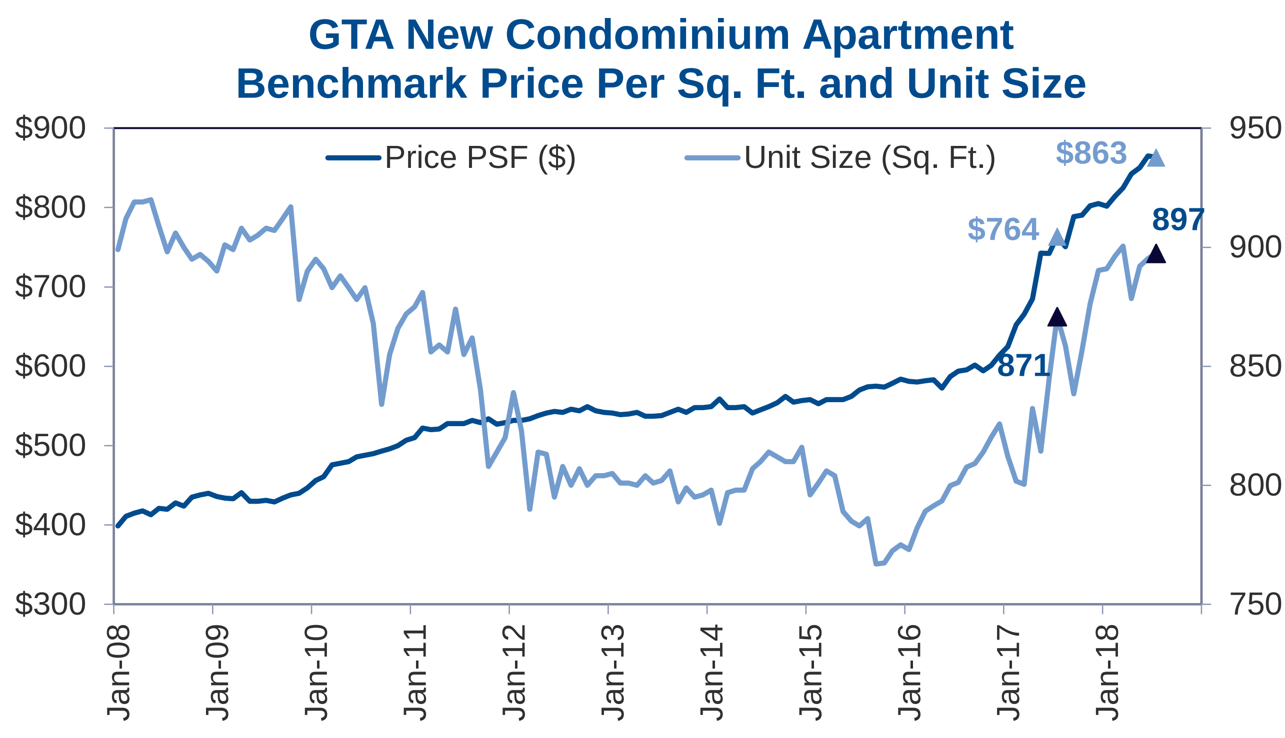
GTA New and Resale Condominium Apartment Prices





Source: Altus Group and Toronto Real Estate Board data

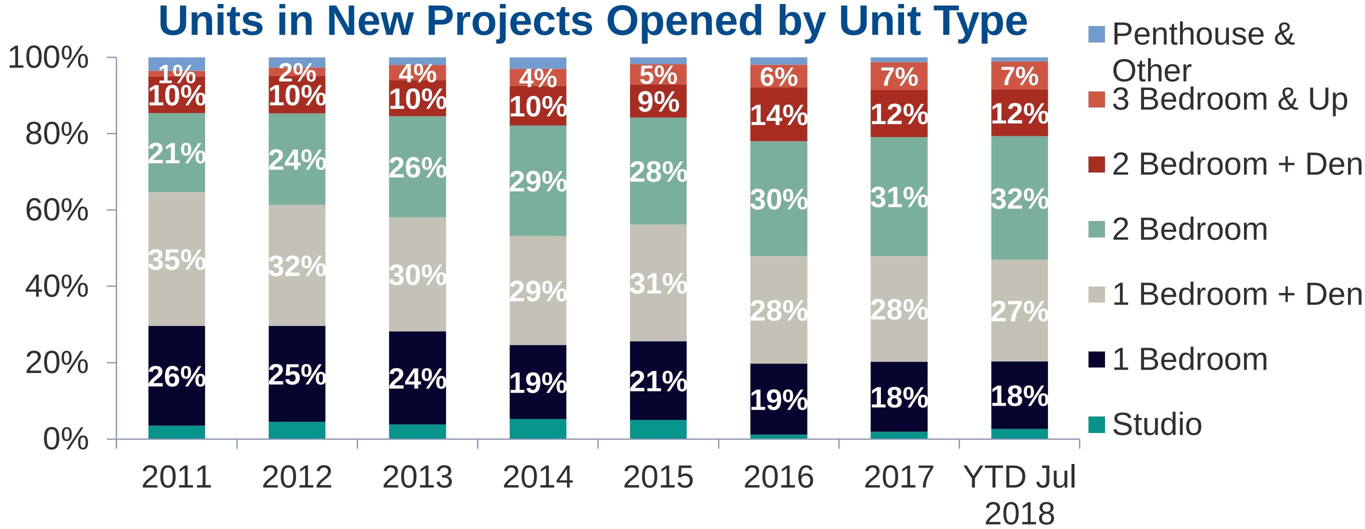
- The 16% increase in average asking prices for available new condominium apartments in July 2018 compared to a year earlier was a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 13% from a year earlier**, and remains the primary driver behind overall increases 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 - although this factor played a smaller role in the price increase.
- **The increase in the average size of remaining units was driven both by a shift in the composition of inventory towards units with more bedrooms** (i.e. a somewhat larger proportion of inventory was in the 2 bedroom and up categories, *see chart middle of next page*), **and slightly larger average sizes within most unit types** (*chart bottom of next page*).
- **Since 2016, new projects have been opening with a larger proportion of 2 bedroom and up units than was the case in the 2011 to 2015 period** (*chart top of next page*).



Source: Altus Group

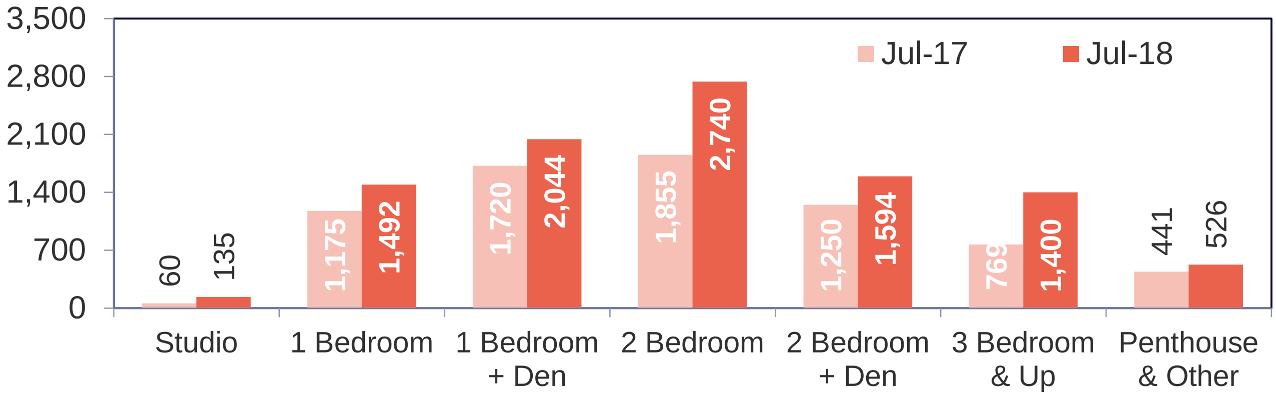
GTA New Condominium Apartment

Units in New Projects Opened by Unit Type

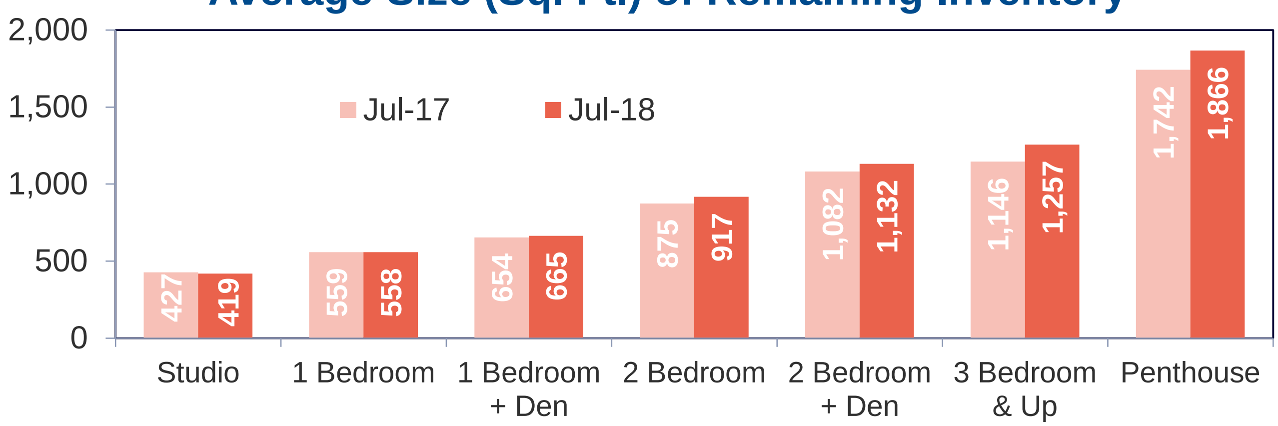


Source: Altus Group

Remaining Inventory by Unit Type



Average Size (Sq. Ft.) of Remaining Inventory

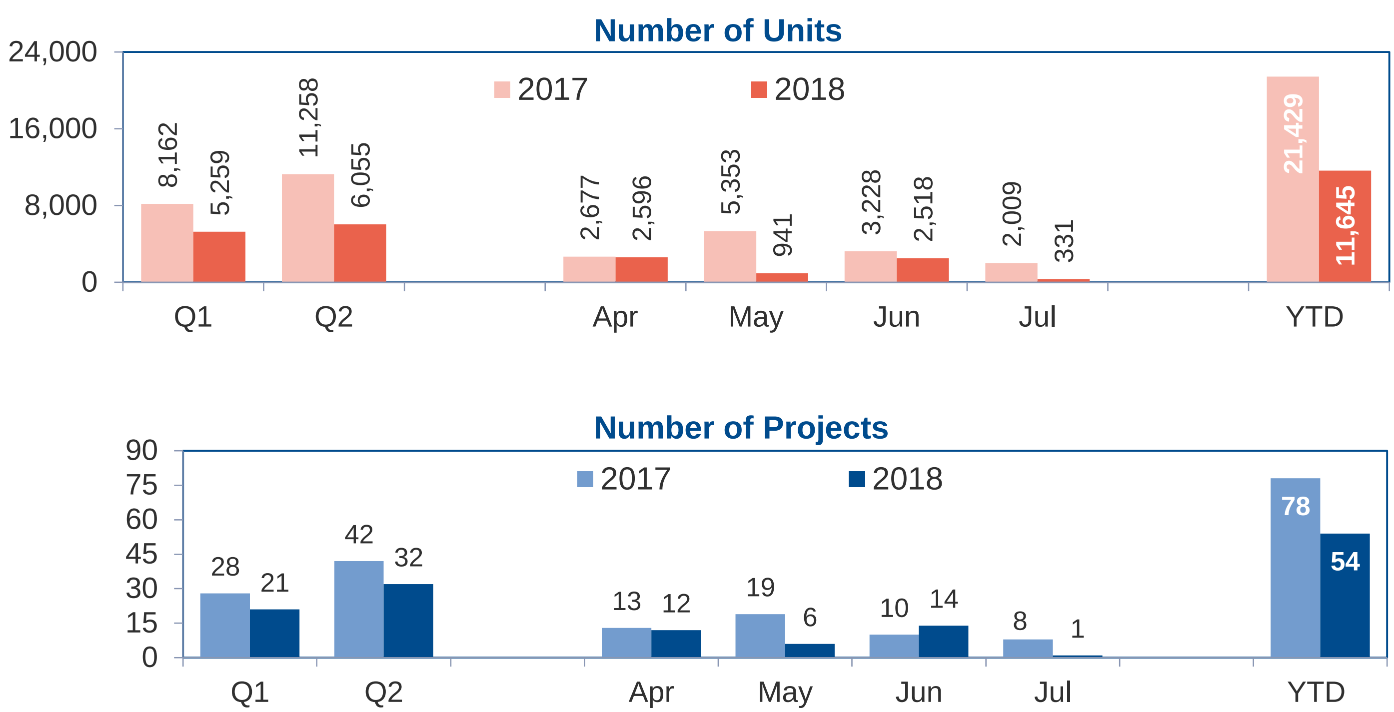


Source: Altus Group

New Condominium Apartments - Openings

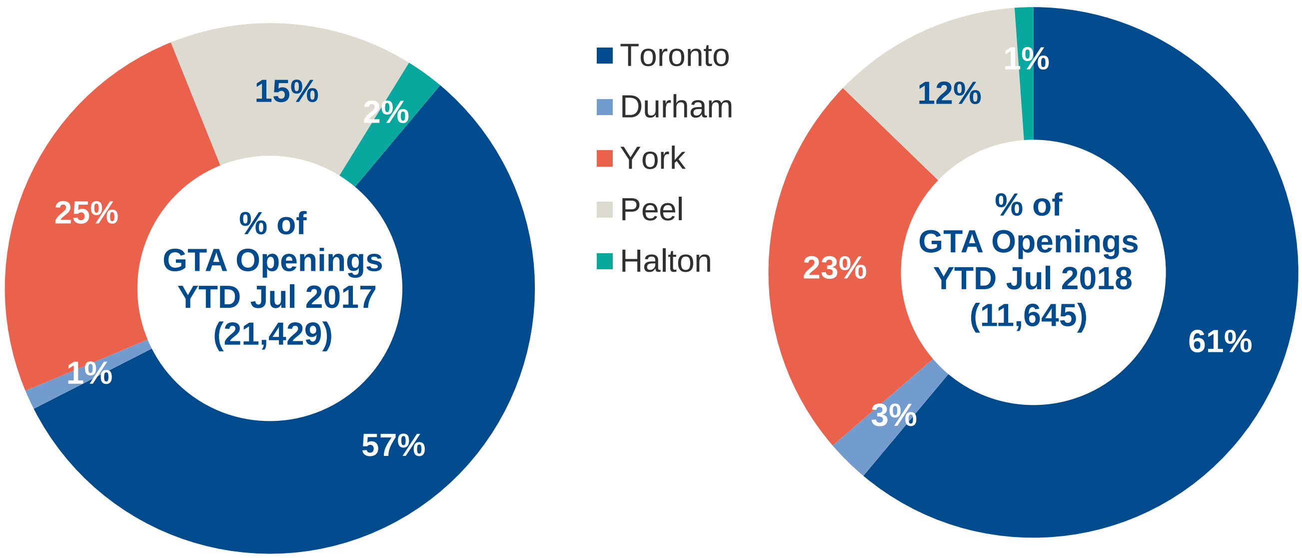
- **After a near record June for new project openings, only 1 new condominium apartment project launched in July.**
- Year-to-date, there have been over 11,500 units in new projects launched – down by almost half from the same period last year.
- Compared to last year, a larger proportion of units in new project launched this year have been in the City of Toronto (*charts next page*). Within the City of Toronto, the former City has lost share to North York and Etobicoke.
- Following this page are maps showing the location of new projects launched in June and July, 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



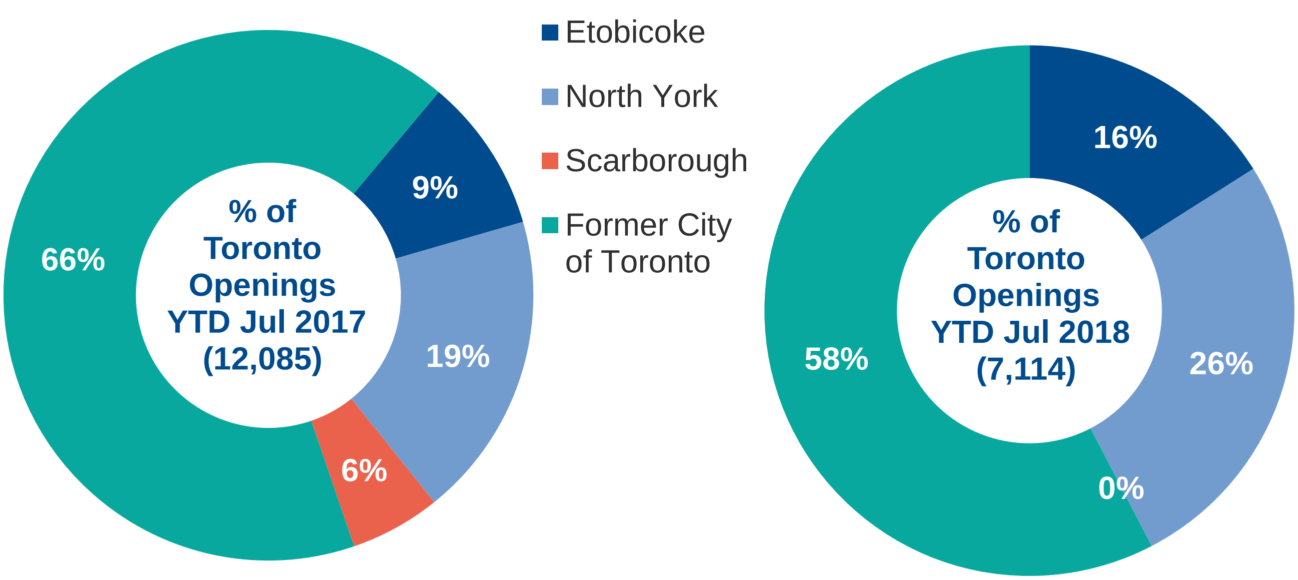
Source: Altus Group

GTA Condominium Apartment New Openings by Region



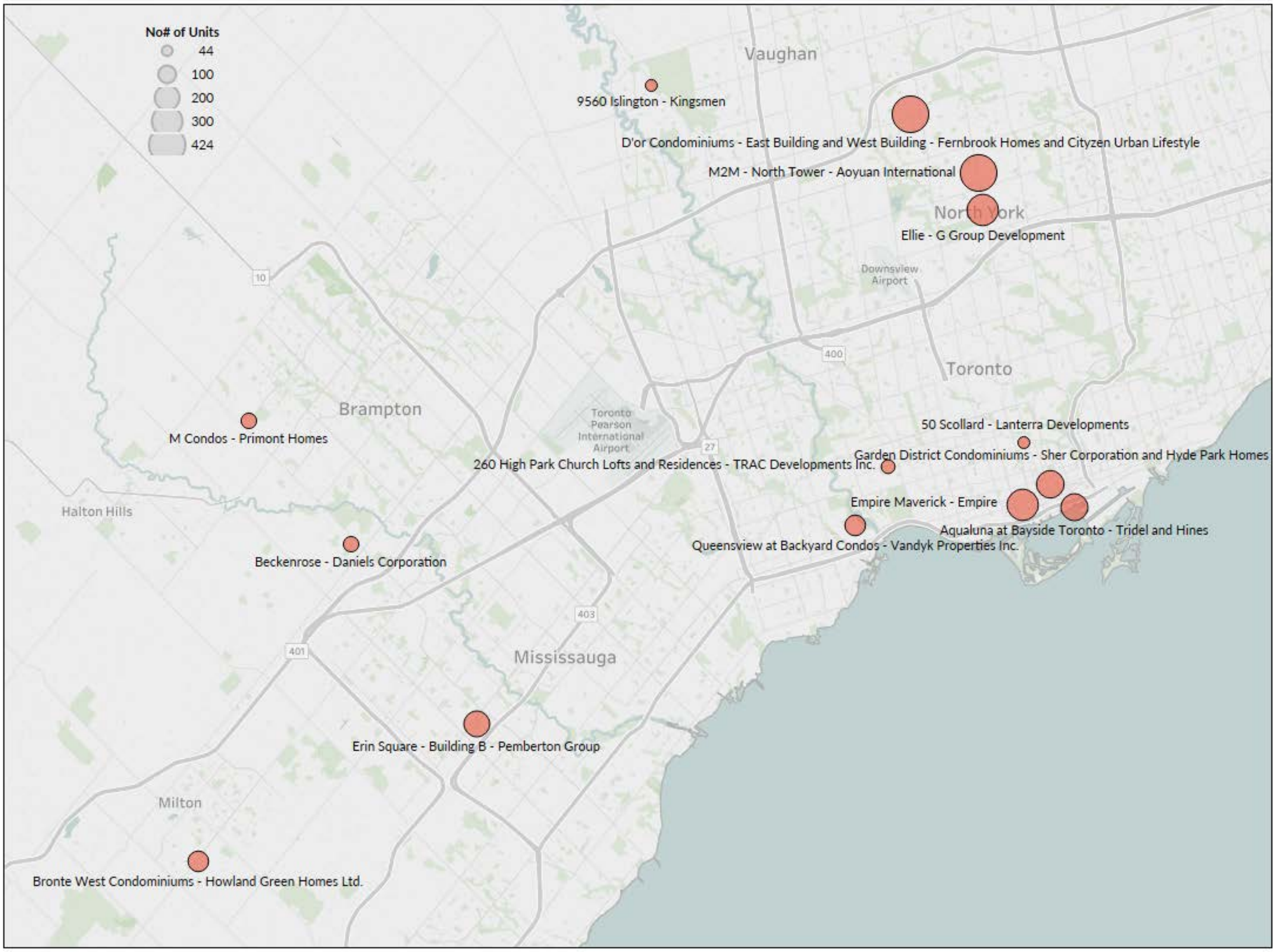
Source: Altus Group

City of Toronto Condominium Apartment New Openings by Area



Source: Altus Group

June 2018 New Project Launches by Number of Units



Source: Altus Group

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

New Condominium Apartments - Openings

Altus Group

Project Record	50 Scollard	260 High Park Church Lofts & Residences	9560 Islington	Aqualuna at Bayside Toronto	Beckenrose	Bronte West Condominiums	D'or Condominiums - East & West Building

New Condominium Apartment Project Openings - June 2018

Project Name	50 Scollard	260 High Park Church Lofts and Residences	9560 Islington	Aqualuna at Bayside Toronto	Beckenrose	Bronte West Condominiums	D'or Condominiums - East Building and West Building
Developer	Lanterra Developments	TRAC Developments Inc.	Kingsmen	Tridel and Hines	Daniels Corporation	Howland Green Homes Ltd.	Fernbrook Homes and Cityzen Urban Lifestyle
Date Opened	2018-06-21	2018-06-02	2018-06-27	2018-06-18	2018-06-08	2018-06-09	2018-06-05
Municipality	Toronto	Toronto	Vaughan	Toronto	Brampton	Milton	Vaughan
Region	Toronto	Toronto	York	Toronto	Peel	Halton	York
Structural Type	Apartment	Apartment	Stacked	Apartment	Stacked	Apartment	Apartment
Floors	41	4	3	16	3	6	20
Project Total Units	**48**	**60**	**44**	**225**	**81**	**132**	**424**
Studio	--	--	--	--	--	--	--
1 bedroom	3	6	--	24	19	--	54
1 bedroom + den	--	11	32	6	--	2	142
2 bedroom	3	17	5	126	45	52	202
2 bedroom + den	34	7	1	50	--	48	5
3 bedroom & up	8	2	6	4	17	30	14
Penthouse	--	--	--	3	--	--	--
Other	--	17	--	12	--	--	7
Opening month sales	**0**	**19**	**0**	**150**	**46**	**15**	**178**
Next month sales	**5**	**2**	**18**	**26**	**16**	**8**	**10**
% Sold	*10%*	*35%*	*41%*	*78%*	*77%*	*17%*	*44%*
Remaining available inventory*	43	30	26	49	19	109	229
Original $PSF	$2,581	$1,047	$681	$1,399	$468	$496	$733
Minimum Size (sq. ft.)	1,690	584	860	682	666	848	646
Maximum Size (sq. ft.)	4,209	2,583	1,625	4,622	1,343	1,607	1,776
Minimum Price	$3,925,900	$674,900	$589,900	$820,000	$378,900	$379,990	$477,900
Maximum Price	$13,000,000	$2,399,900	$1,025,900	$8,800,000	$593,900	$813,500	$1,330,900
Notes		9 units yet to be released and townhouse units are grouped into "Other"		Townhouse units are grouped into "Other"			7 units yet to be released are grouped into "Other"

* Excludes unreleased units

Source: Altus Group

New Condominium Apartments - Openings

AltusGroup

Project Record | Ellie | Empire Maverick | Erin Square - Building B | Garden District Condominiums | M Condos | M2M - North Tower | Queensview at Backyard Condos

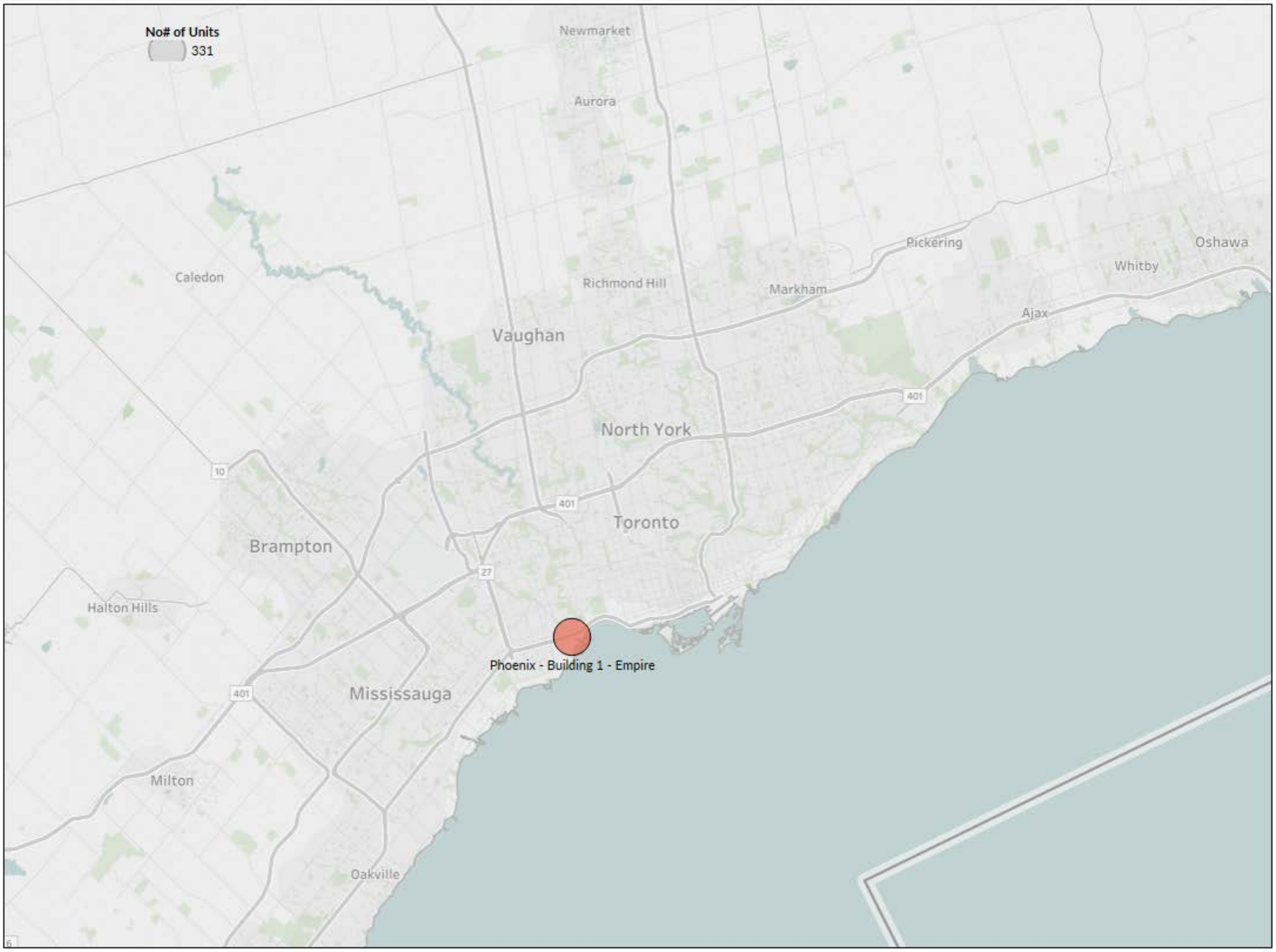
New Condominium Apartment Project Openings - June 2018 (continued)

Project Name	**Ellie**	**Empire Maverick**	**Erin Square - Building B**	**Garden District Condominiums**	**M Condos**	**M2M - North Tower**	**Queensview at Backyard Condos**
Developer	G Group Development	Empire	Pemberton Group	Sher Corporation and Hyde Park Homes	Primont Homes	Aoyuan International	Vandyk Properties Inc.
Date Opened	2018-06-09	2018-06-20	2018-06-18	2018-06-15	2018-06-14	2018-06-12	2018-06-02
Municipality	North York	Toronto	Mississauga	Toronto	Brampton	North York	Etobicoke
Region	Toronto	Toronto	Peel	Toronto	Peel	Toronto	Toronto
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	31	47	21	32	8	34	10
Project Total Units	**303**	**317**	**207**	**235**	**75**	**417**	**133**
Studio	--	--	--	--	--	1	--
1 bedroom	134	263	--	30	5	35	16
1 bedroom + den	81	--	43	55	10	58	32
2 bedroom	56	22	1	115	37	135	15
2 bedroom + den	32	--	163	10	21	21	55
3 bedroom & up	--	32	--	25	2	--	15
Penthouse	--	--	--	--	--	--	--
Other	--	--	--	--	--	167	--
Opening month sales	**273**	**0**	**83**	**45**	**38**	**250**	**54**
Next month sales	**12**	**91**	**15**	**0**	**11**	**0**	**18**
% Sold	*94%*	*29%*	*47%*	*19%*	*65%*	*60%*	*54%*
Remaining available inventory*	18	226	109	190	26	0	61
Original $PSF	$999	$1,274	$647	$957	$623	$893	$749
Minimum Size (sq. ft.)	433	452	665	504	572	427	519
Maximum Size (sq. ft.)	974	1,071	945	979	1,356	1,178	1,254
Minimum Price	$449,900	$564,900	$431,990	$471,900	$369,490	$389,900	$421,990
Maximum Price	$1,195,800	$1,564,000	$598,990	$942,900	$741,990	$999,900	$890,990
Notes						"Other" includes 16 townhouses and 151 apartment units yet to be released	

* Excludes unreleased units

Source: Altus Group

July 2018 New Project Launches by Number of Units



Source: Altus Group

Project Record [Phoenix - Building 1]

New Condominium Apartment Project Openings - July 2018

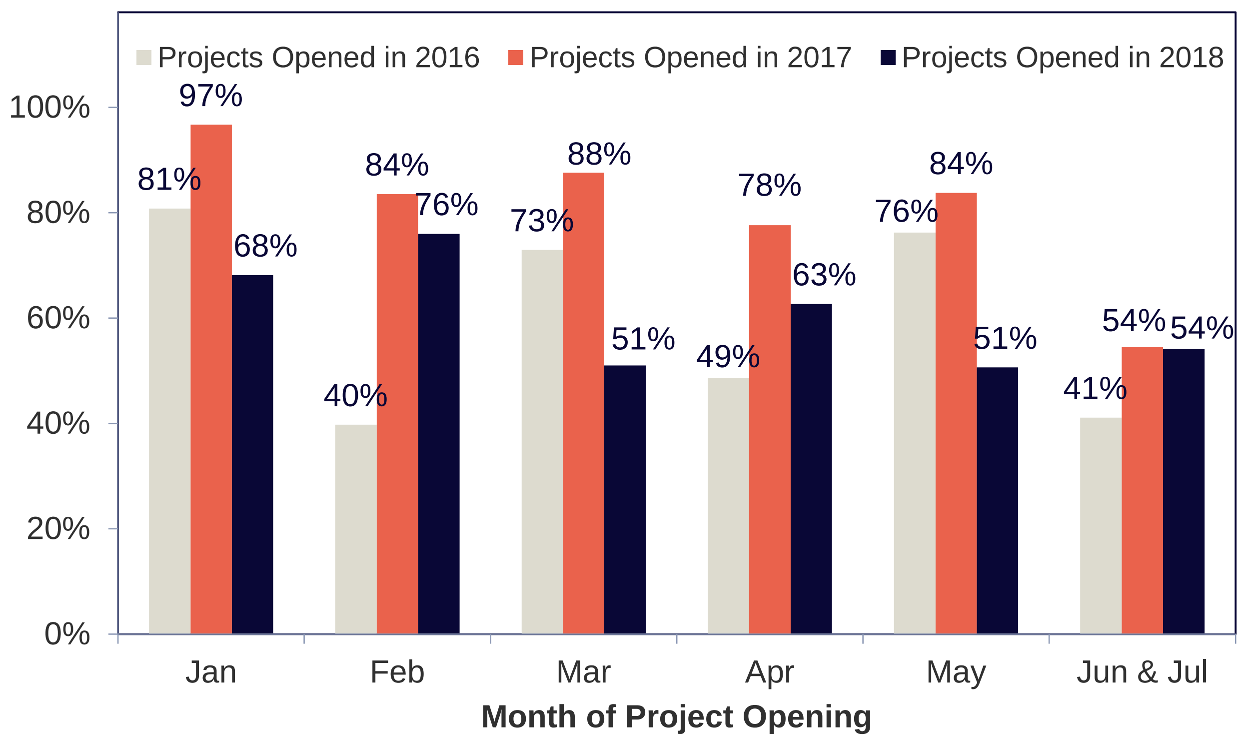
Project Name	**Phoenix - Building 1**
Developer	Empire
Date Opened	2018-07-05
Municipality	Etobicoke
Region	Toronto
Structural Type	Apartment
Floors	29
Project Total Units	**331**
Studio	--
1 bedroom	139
1 bedroom + den	23
2 bedroom	155
2 bedroom + den	14
3 bedroom & up	--
Penthouse	--
Other	--
Opening month sales	**157**
% Sold	*47%*
Remaining available inventory*	174
Original $PSF	$741
Minimum Size (sq. ft.)	590
Maximum Size (sq. ft.)	1,490
Minimum Price	$449,990
Maximum Price	$1,100,000
Notes	

* Excludes unreleased units

Source: Altus Group

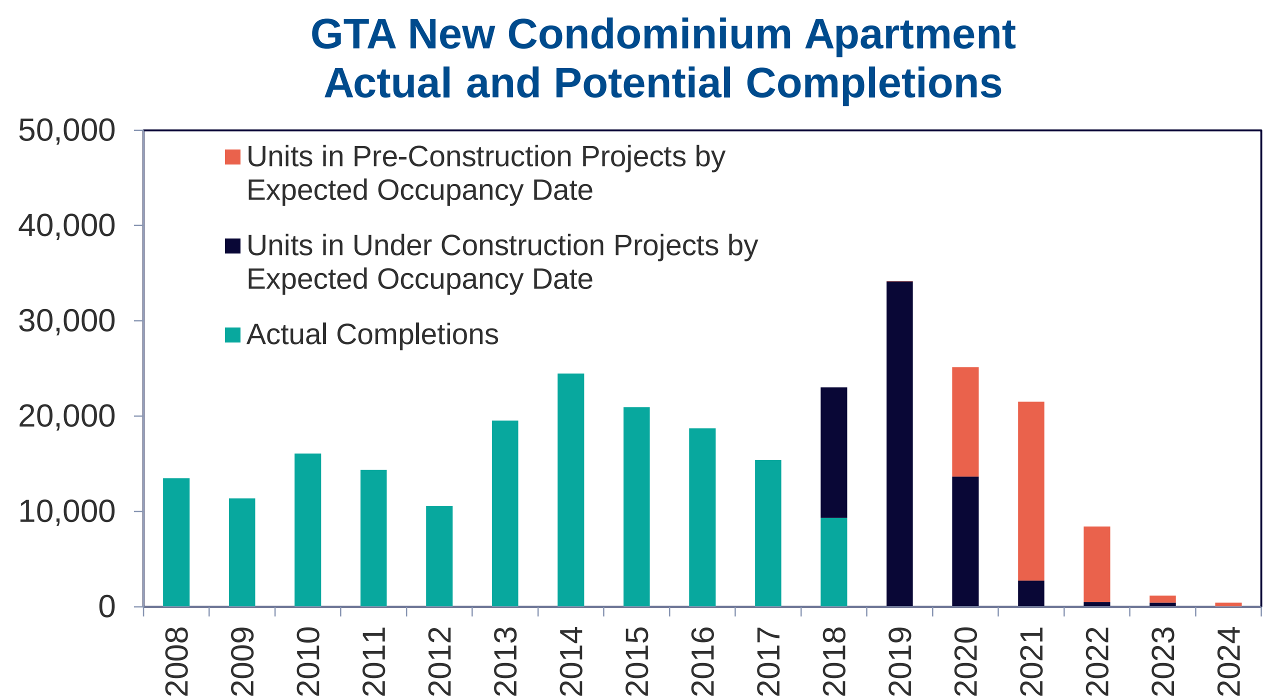
- **In general, absorption rates in new project openings have slowed this year.** For example, for projects opened in March 2017, 88% of units were sold by the end of July 2017; the comparable proportion for March 2018 openings is 51%.
- **However, recently opened projects have been faring better.** For projects opened in June and July of this year, about half of units were sold by the end of July – similar to the proportion for projections opened in June and July last year, and above the rate for projects opened in June and July 2016.
- 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.

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



Source: Altus Group

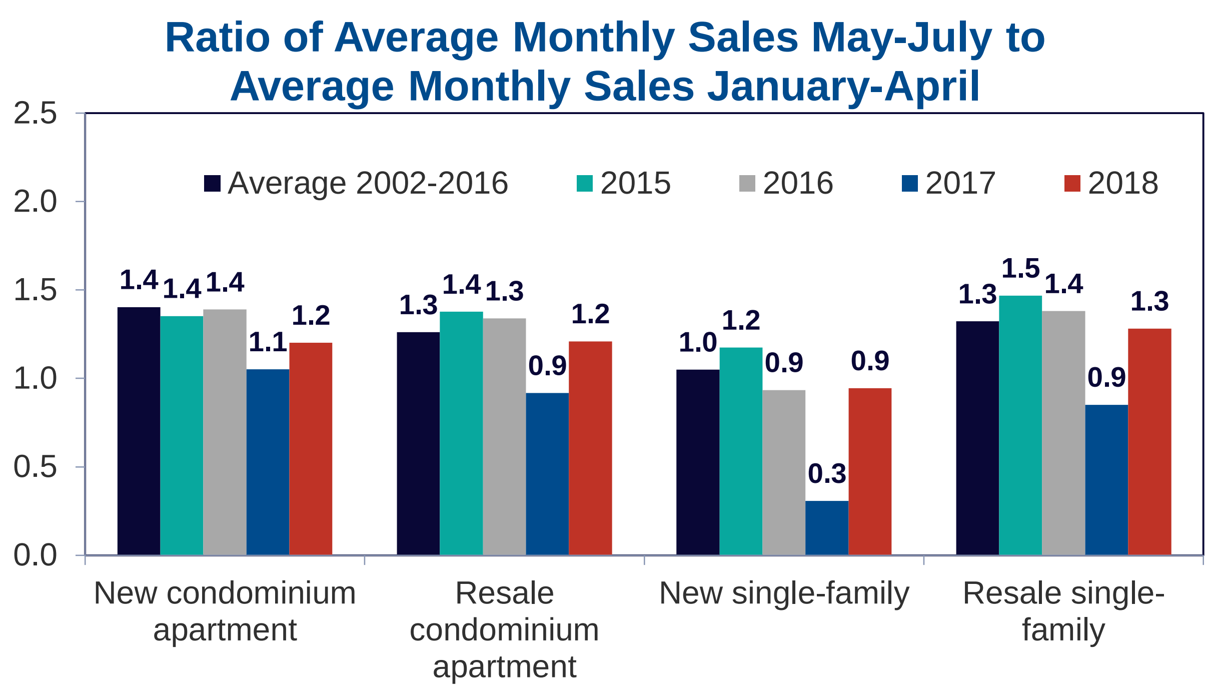
- As of the end of July 2018, there were about 104,500 new condominium apartment units in projects either under construction or in pre-construction stages.
- **The number of units delivered (completions) fell back again in July.** Year-to-date 2018, just over 9,300 units have been completed, based on Altus Group data – up marginally from just under 9,200 units for the same period last year and well below the 11,700 units completed in January-July 2016.
- Based on planned occupancy dates, and only considering units currently under construction, **it is possible that annual completions of condominium apartment units could be higher this year than last year, and remain above recent years in 2019 and 2020.** This will mean a larger number of investor-purchased condominium apartment units entering the rental market. However, industry capacity thresholds could push the delivery timeline for some of these units out further than originally planned dates.



Source: Altus Group

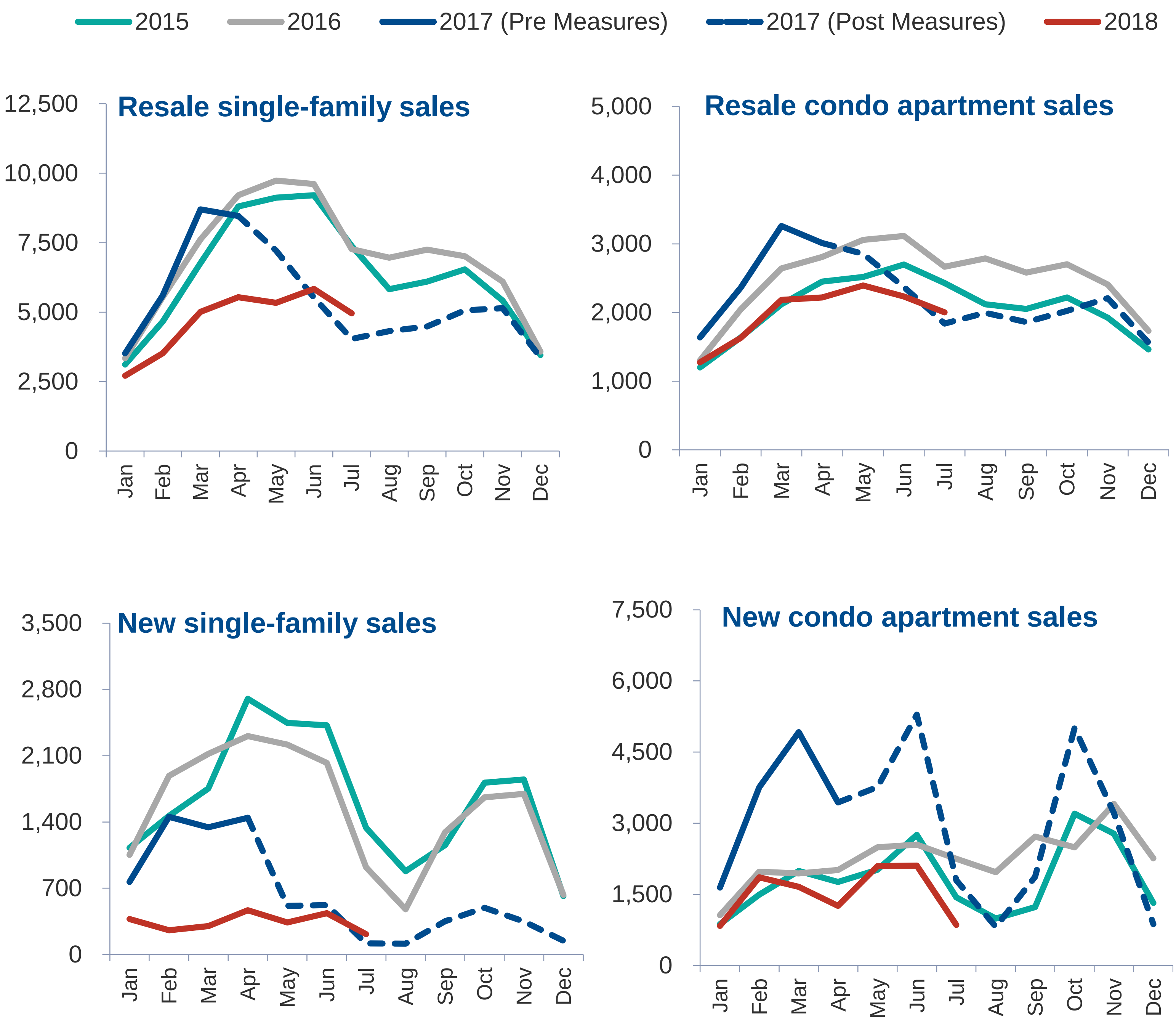
Are GTA Home Sales Improving Yet?

- The **Province's Fair Housing Plan** was announced on April 20, 2017 with the cited goal to provide "a comprehensive package of measures to help more people find affordable homes, increase supply, protect buyers and renters and bring stability to the real estate market". These **measures were a contributing factor to home sales quickly falling off, in both the new and resale sectors** (charts next page), **although there is evidence that the downturn was already starting before the measures were announced**.
- In our July 2017 report, we noted that average monthly sales in the May to July period – which historically had been higher than monthly average sales in the January-April period – were well below what normal seasonal patterns would have suggested (chart bottom on this page).
- What about this year? If we look at the pattern of average monthly sales in May-July this year compared to January-April (chart below), it is encouraging to note that the ratios are now tracking close to the historical situation. But that does not itself imply an improvement in sales patterns – but rather, that they were not getting worse in the past 3 months. **To call an improving market, we would need to see factors above the historical averages – which is not yet happening.**



Source: Altus Group and data from the Toronto Real Estate Board

Are GTA Home Sales Improving Yet?



Source: Altus Group and data from the Toronto Real Estate Board

Altus Group GTA New Home Data Definitions

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