The Altus Group
Condominium Apartment Monitor

GTA Edition

Data as of September 2018

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Altus Group

September 2018			YTD September 2018	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
1,494	**8,820**	**$789,643**	**13,151**	**$756,530**
-20%	**-9%**	**19%**	**-49%**	**28%**
Lowest September since 2015	***Lowest September since 2001***	***Record high***	***Lowest YTD since 2013***	***Record high***

% change is from same period a year earlier

Highlights

- **Both buyers and builders moved in from the sidelines of the GTA new condominium apartment market in September**. Sales, as well as new project openings, increased from August. While this pattern is normal for September, the month-to-month increase was somewhat more than what the typical September bump-up would suggest.
- **The benchmark price for a new condominium apartment continued to increase**. Inventory remains relatively low, both in absolute terms, and in relation to the average pace of sales in the past 12 months.
- **There were 10 new condominium apartment projects launched in September (**this follows only 3 in July and August combined), **and the absorption pace was similar to September in the past 2 years**.
- **There were 4 condominium apartment cancellations in Q3 2018**. For 2018 to date, there have been a total of 13 cancellations, totaling just under 4,000 units – already above the levels for 2017 as a whole and, unit-wise, just below the previous peak in 2014.

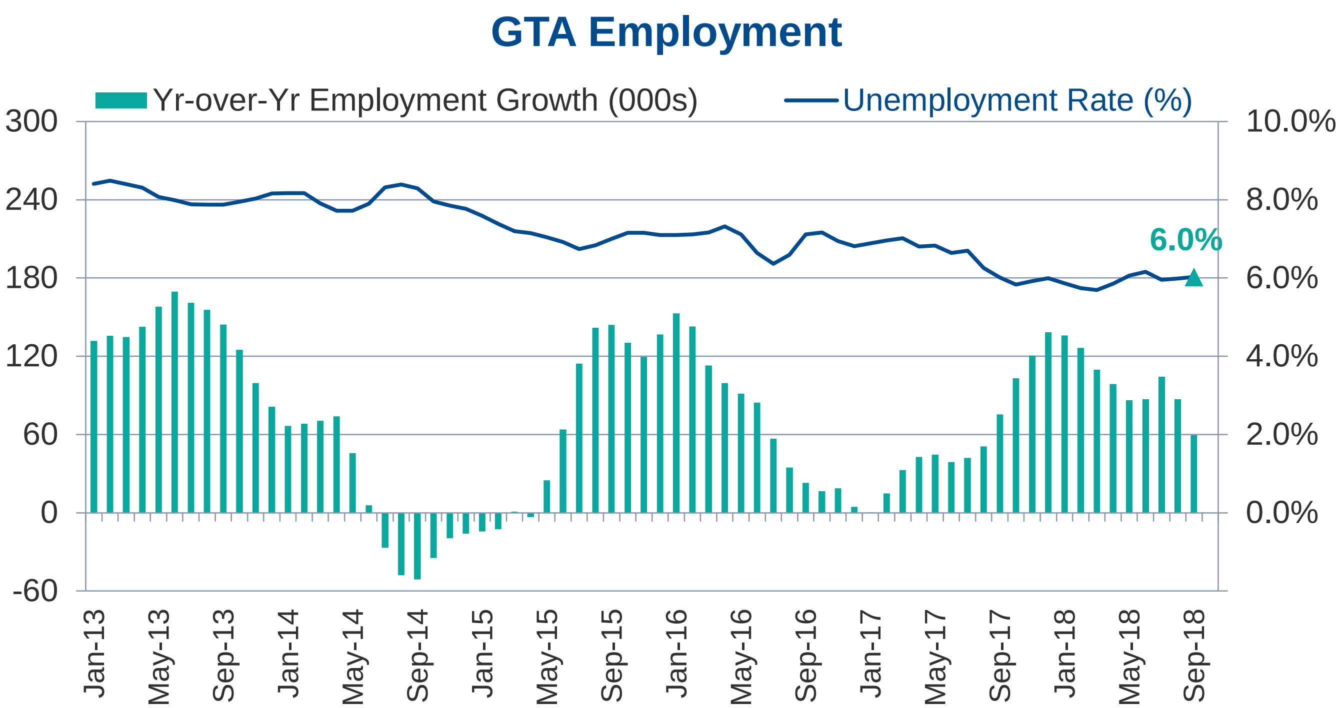
Condominium Apartment KPIs

GTA Condominium Apartment Key Performance Indicators

	Sep-17	Aug-18	Sep-18	*Yr-Over-Yr % Change*	YTD Sep 2017	YTD Sep 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*					\		
Total active sites	266	294	299	*12%*	294	292	*-1%*
New projects opened	18	2	10	*-44%*	95	66	*-31%*
Units in new projects opened	4,502	494	1,949	*-57%*	25,100	14,766	*-41%*
Total sales (units)	1,878	871	1,494	*-20%*	25,614	13,151	*-49%*
Sales as % of total new & resale	*50%*	*30%*	*45%*		*55%*	*43%*	
Inventory (units)	9,678	8,721	8,820	*-9%*	8,619	9,135	*6%*
Sales-to-inventory ratio	19%	10%	17%	*-13%*	34%	16%	*-53%*
Months of inventory	3.4	4.6	4.8	*38%*	3.2	4.2	*29%*
Benchmark price	$661,188	$784,512	$789,643	*19%*	$592,873	$756,530	*28%*
Price PSF Benchmark	$789	$869	$869	*10%*	$713	$844	*18%*
Unit size Benchmark (sq. ft)	838	903	909	*8%*	830	896	*8%*
Units completed	2,448	788	2,172	*-11%*	12,148	12,295	*1%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	1,860	2,000	1,791	*-4%*	21,191	17,727	*-16%*
New listings (units)	3,505	2,961	3,298	*-6%*	32,551	29,169	*-10%*
Inventory ("active listings", units)	3,927	3,592	3,845	*-2%*	3,022	3,465	*15%*
Sales-to-inventory ratio	47%	56%	47%	*-2%*	88%	57%	*-35%*
Months of inventory	1.7	1.8	2.0	*17%*	1.2	1.7	*42%*
Average price of units sold	$520,411	$541,106	$570,140	*10%*	$511,424	$550,204	*8%*
HPI constant quality price index (Jan 2005=100)	230.4	253.3	253.7	*10%*	221.7	247.5	*12%*

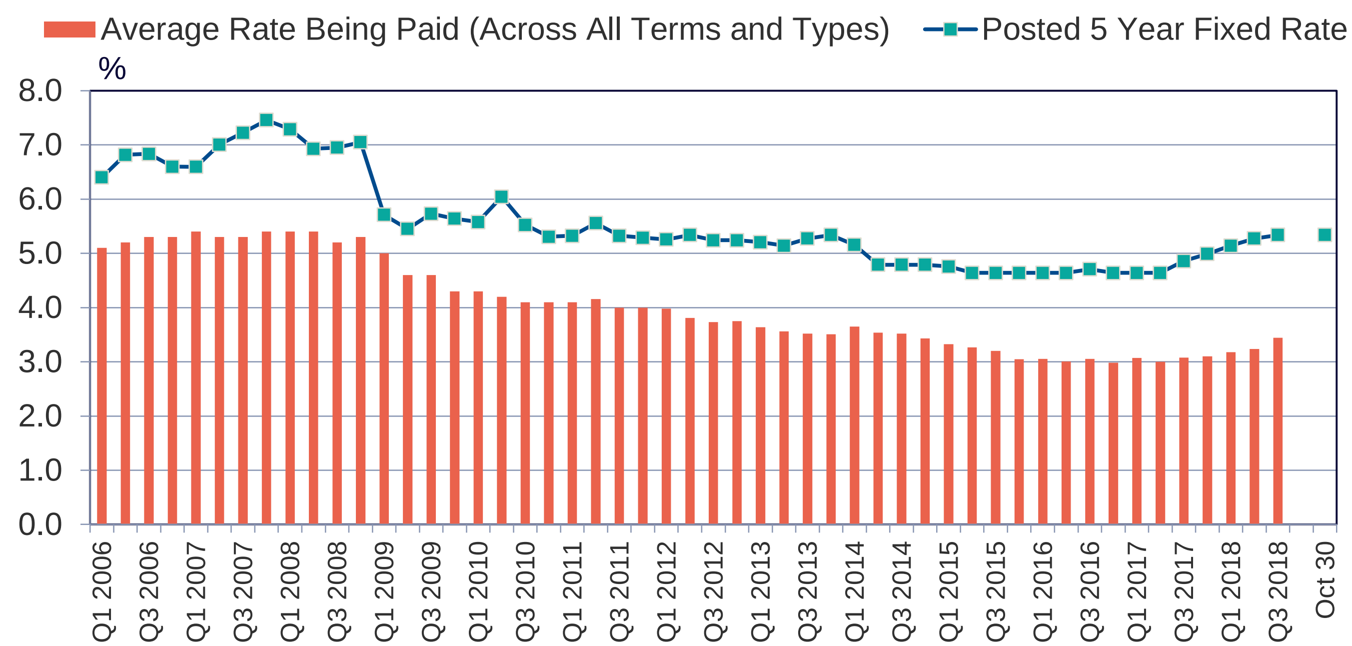
** see end of report for Definitions*

- **The unemployment rate held steady in September, despite a further dip in total employment on a month-to-month basis.** On a year-over-year basis, employment remains well above last year, although moderating.
- **After several modest bump-ups since the beginning of the year, posted mortgage rates have been relatively stable more recently** *(chart top of next page*), although effective rates continue to move up (according to Altus Group FIRM data) as more mortgage customers set up new mortgages, or renew, at higher rates than a year ago. The Bank of Canada increased the target for the overnight rate to 1.75% at the latest rate announcement on October 24, but cautioned that additional rate increases may be needed to combat inflation: *"… the policy interest rate will need to rise to a neutral stance to achieve the inflation target. In determining the appropriate pace of rate increases, Governing Council will continue to take into account how the economy is adjusting to higher interest rates, given the elevated level of household debt. In addition, we will pay close attention to global trade policy developments and their implications for the inflation outlook."* The next rate announcement is December 5.
- **Additional increases in mortgage interest rates are expected over the next year**, according to Altus Group's FIRM Survey (*chart bottom of next page*).



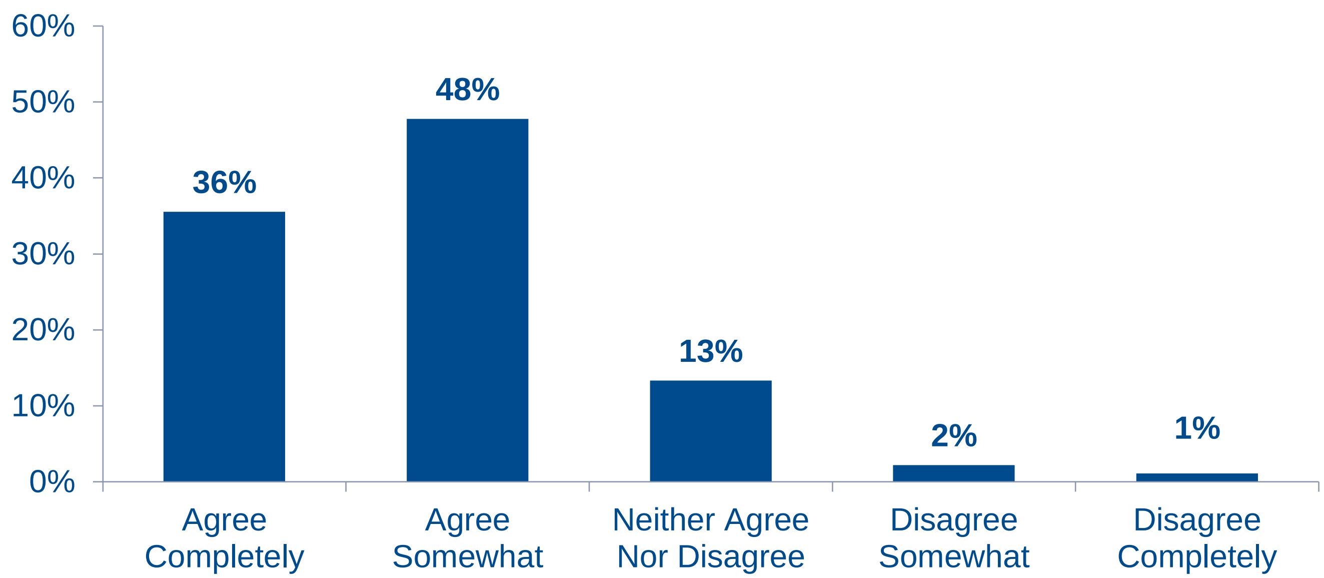
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



Source: Altus Group and Bank of Canada data

Expect Interest Rates to Increase Over the Next Year, Ontario

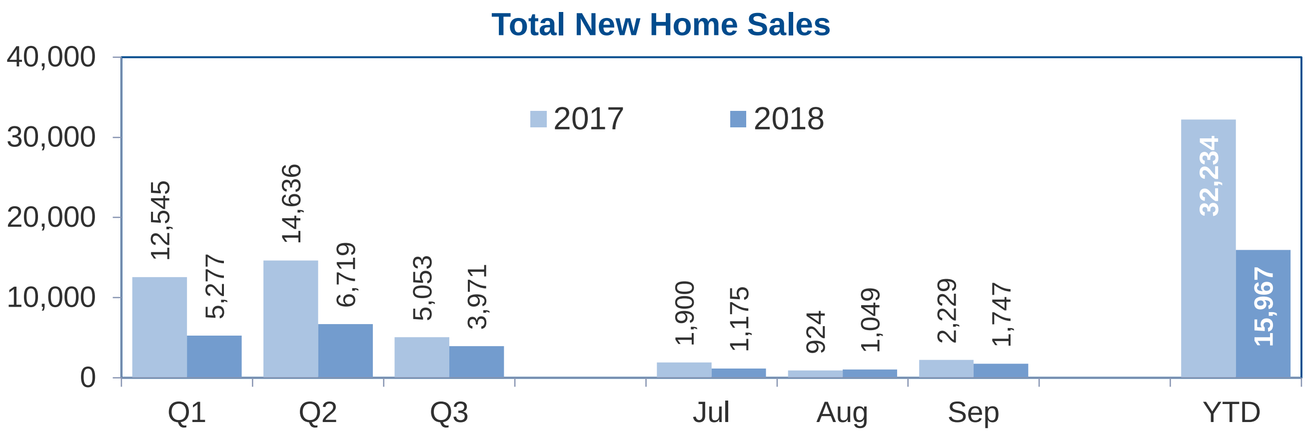


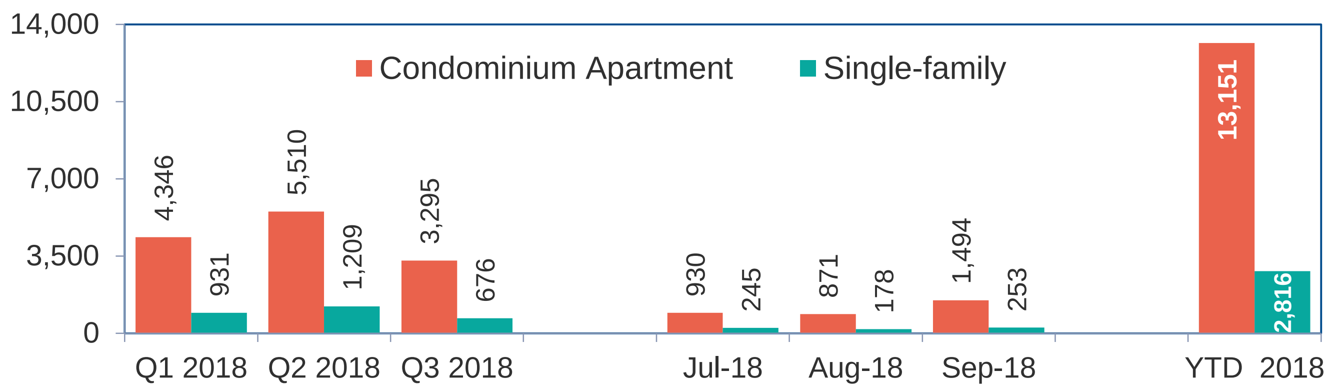
Source: Altus Group

New Home Market - Sales

- **Total sales of new homes in the GTA were up in September compared to August**, which is the typical seasonal pattern. **However, the increase was somewhat more than might be expected.** Compared to last September, however, total sales were down significantly, and only just sat above the level of recession-impacted 2008. Both single-family and condominium apartment sales were below last year.
- **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, and in most GTA municipalities (*chart after next page*).

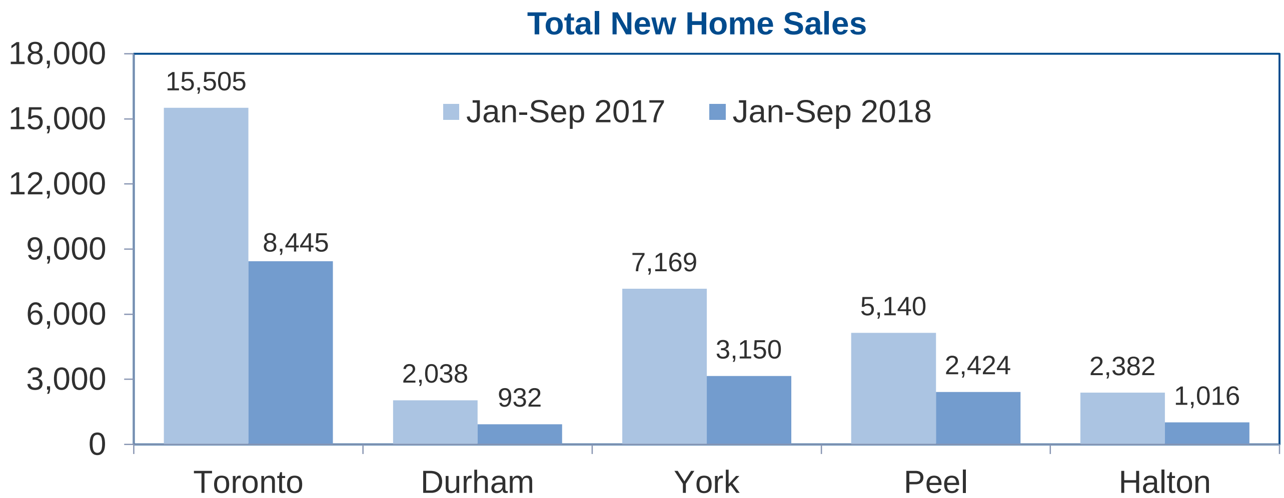
GTA New Home Sales

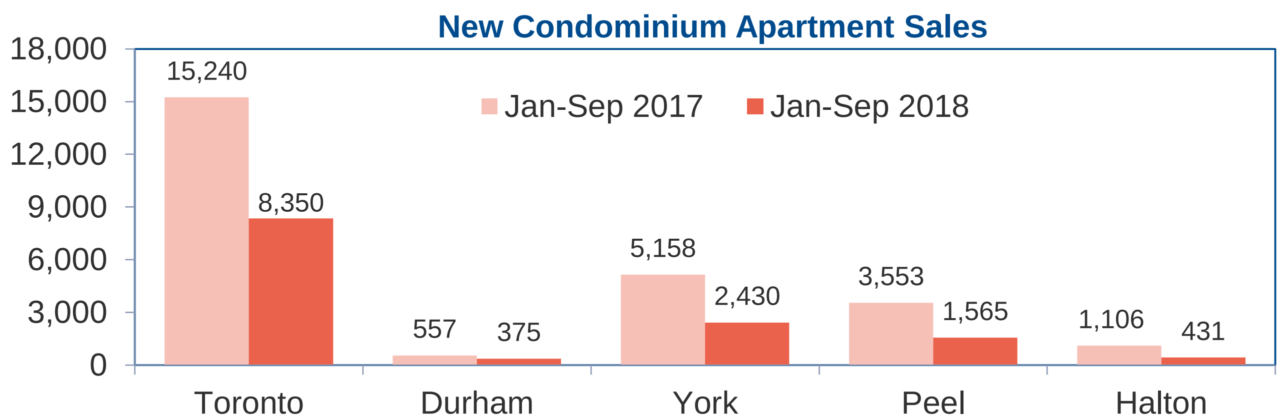


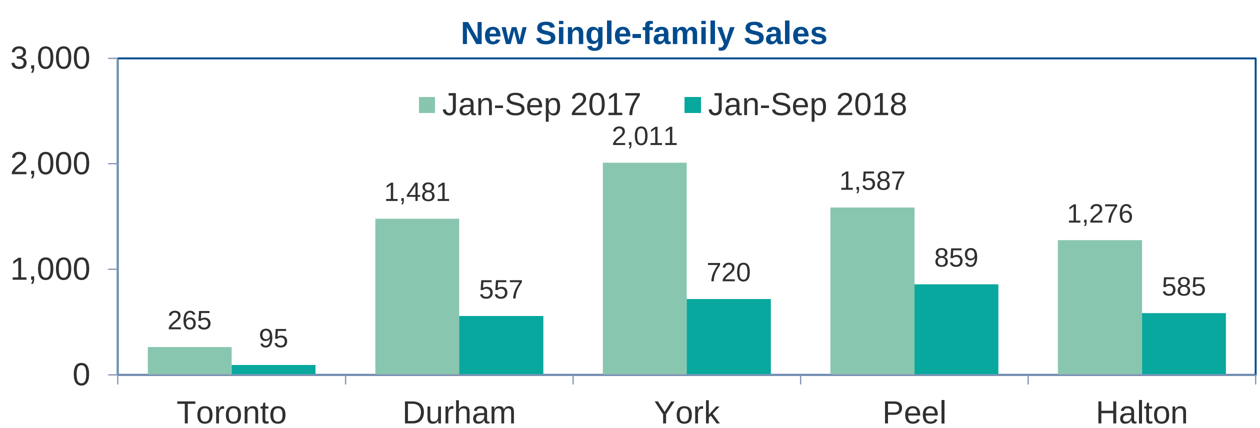


Source: Altus Group

GTA New Home Sales by Region

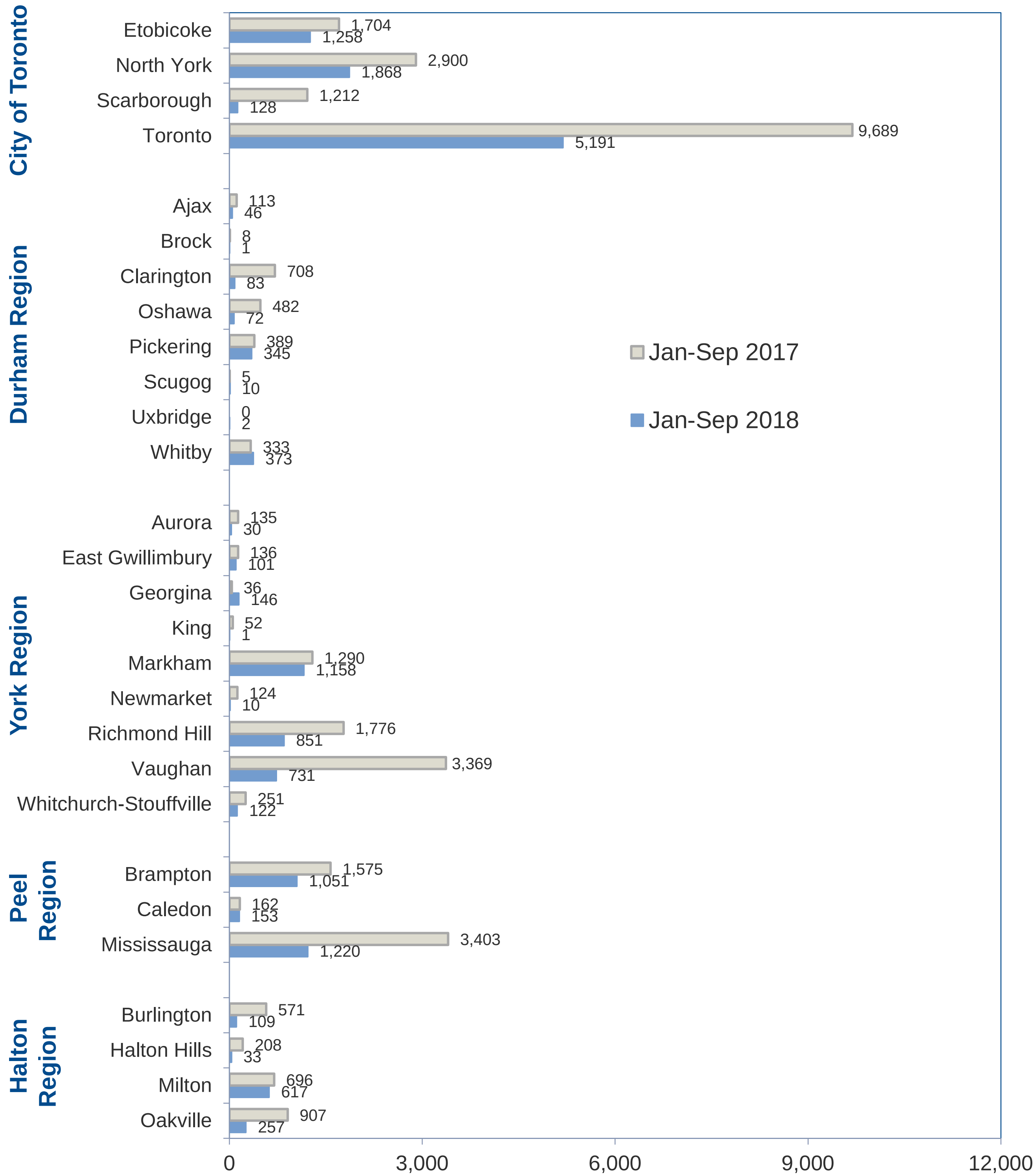






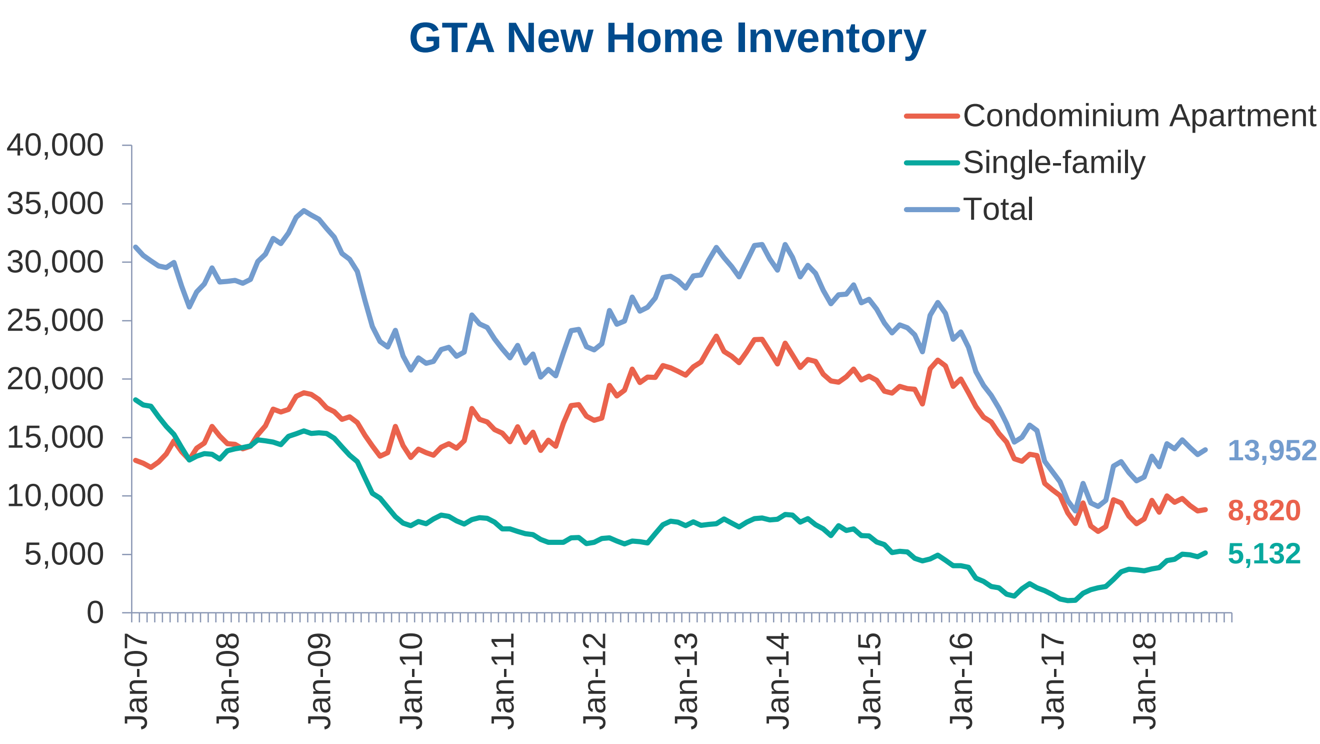
Source: Altus Group

GTA Total New Home Sales by Municipality



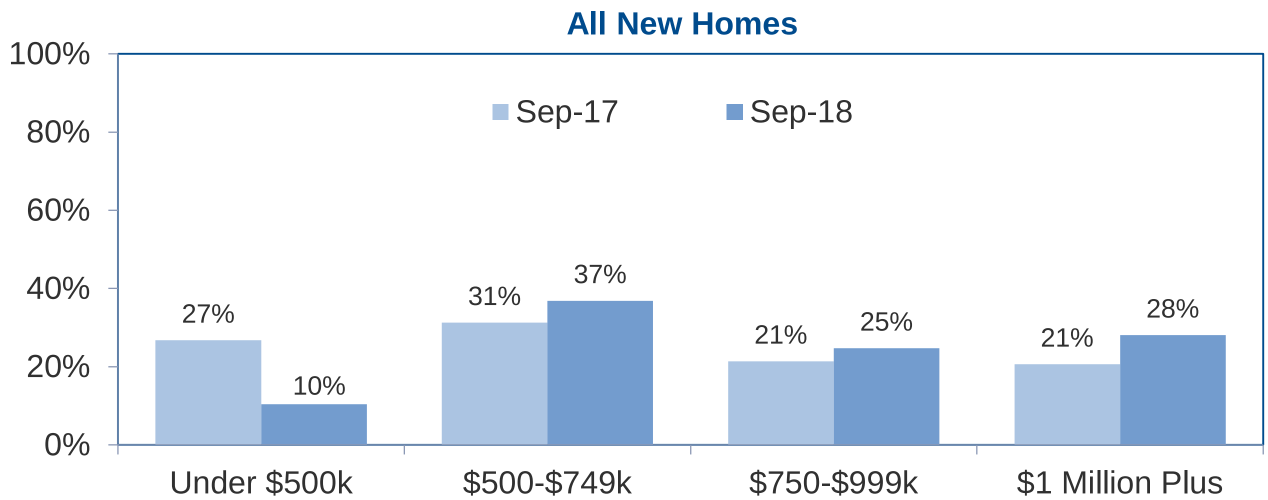
Source: Altus Group

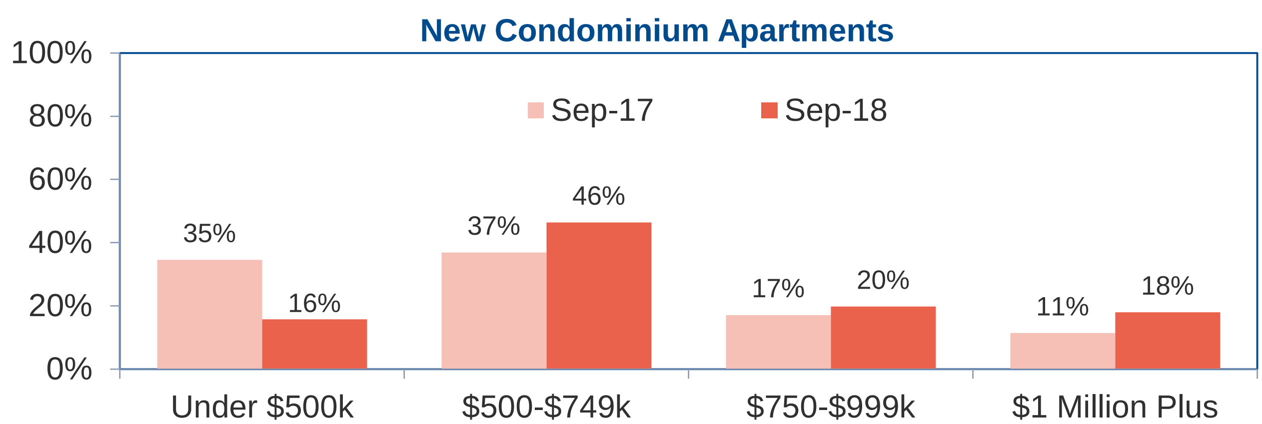
- **Total new home inventory available to purchase inched up in September**, with modest increases for both single-family and apartment units.
- **Affordability of available product remains an issue**. While there has been a modest shift for single-family downward in the price structure of available inventory (*see charts next page*), the majority of product is still priced at $750,000 or more. For condominium apartments, price escalation in the past year means there is little available to purchase in the under $500,000 range.

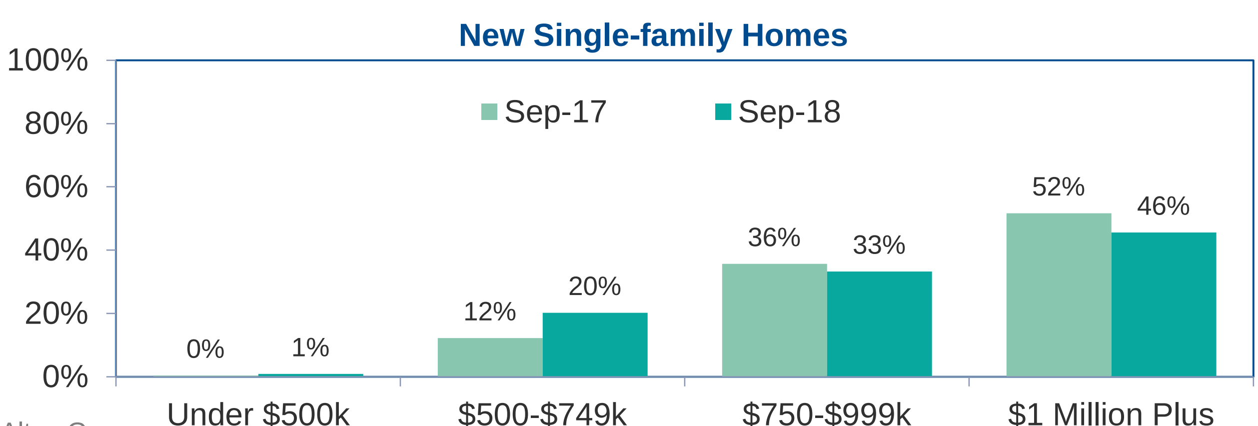


Source: Altus Group

Available Inventory by Asking Price Range

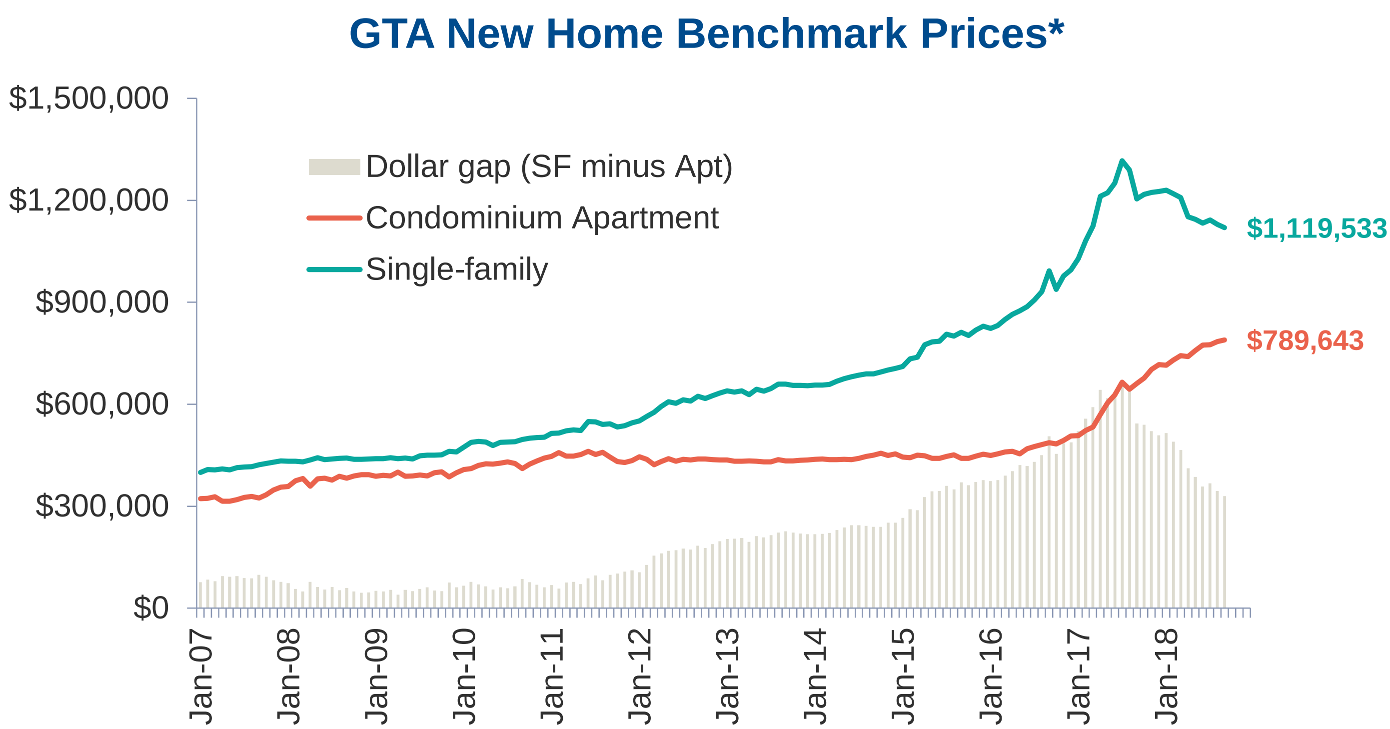






Source: Altus Group

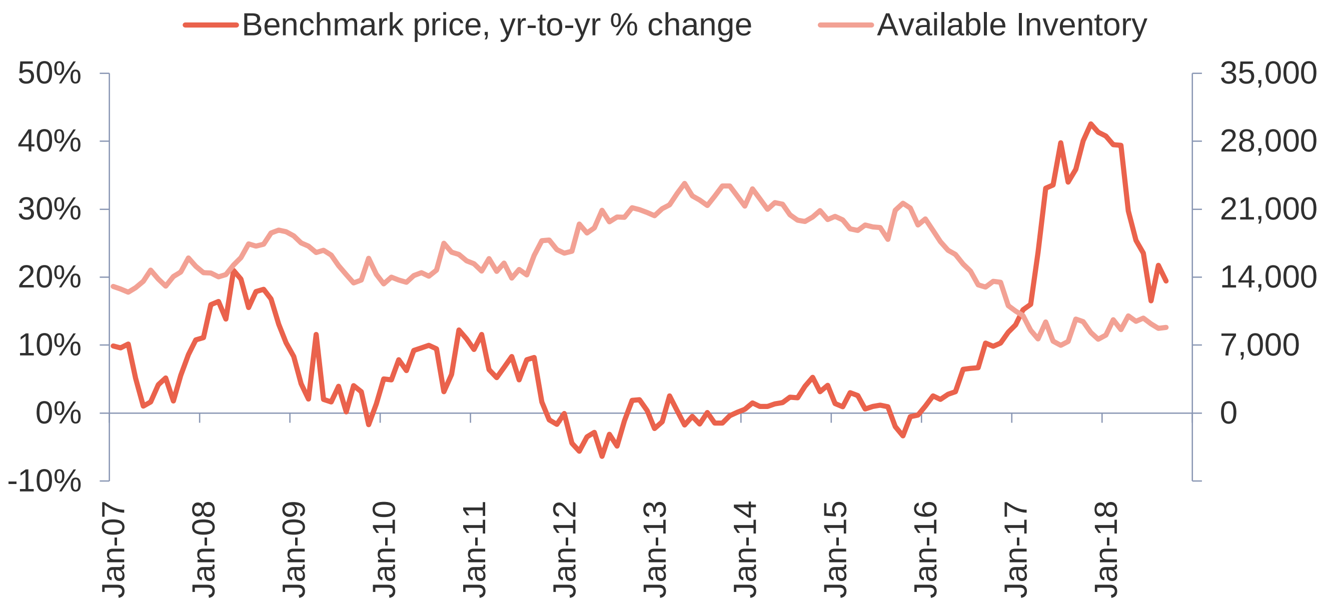
- **The Benchmark price for a new single-family home dipped again in September**, and is 7% below September of last year (*chart bottom of next page)*.
- **The Benchmark price for a new condominium apartment set a new record again in September.** The September average asking price for available inventory is 19% above September 2017 (*chart top of next page*).
- **The gap in price between a new single-family unit and condominium apartment unit continued to narrow**, further reducing some of the relative attractiveness of condominium apartments as a more affordable option. The absolute dollar difference is the smallest it has been since the Spring of 2015.



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

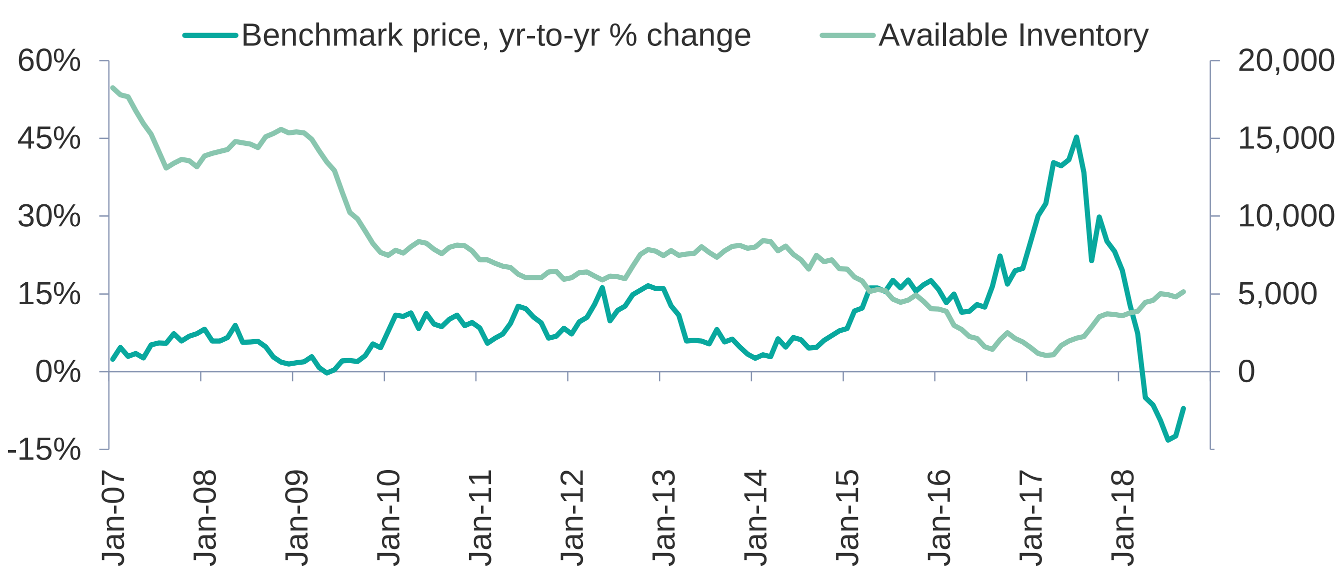
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

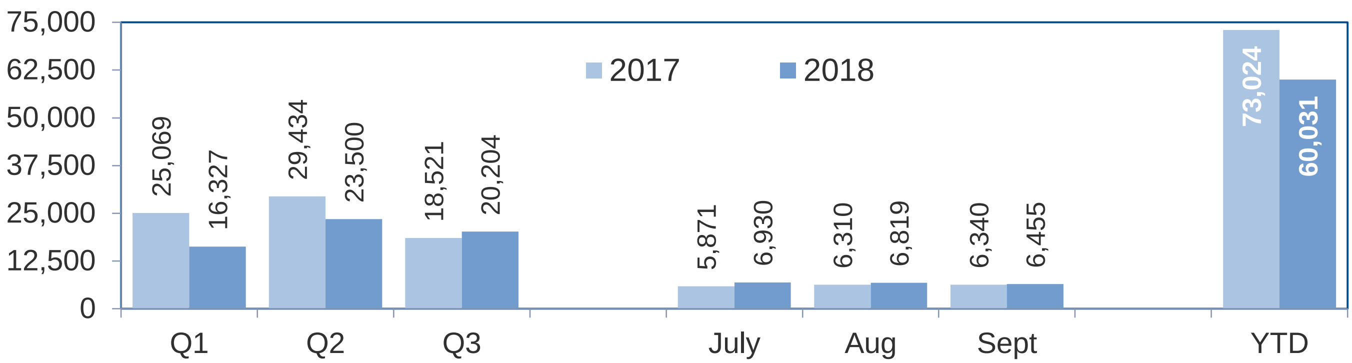
GTA New Single-Family Home Benchmark Price Changes and Available Inventory

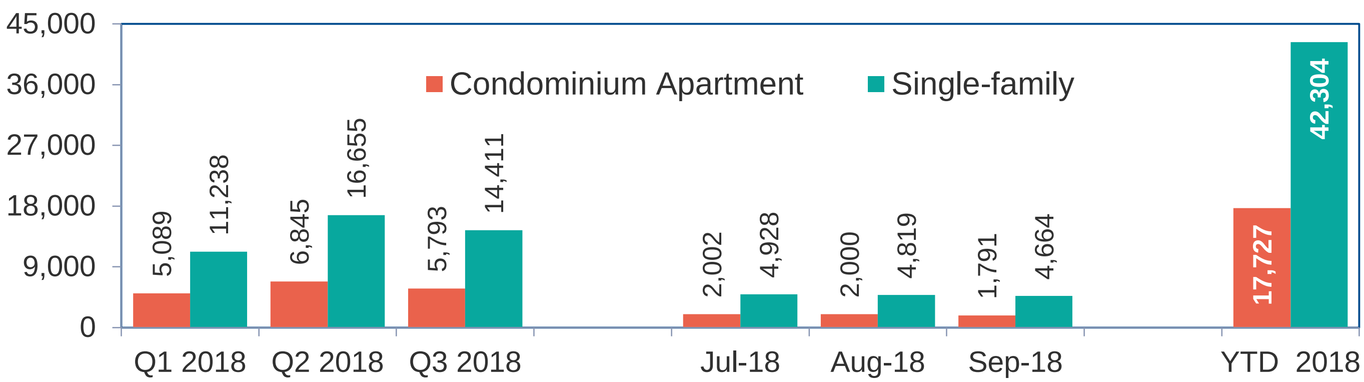


Source: Altus Group

- **Total sales of existing homes** (as reported by the Toronto Real Estate Board) **were down slightly in September compared to August.** The typical seasonal pattern is relatively flat sales from August to September. September marked the 4th month in a row that sales were above 2017 levels. The increase over last year was entirely due to the single-family sector.
- **Resale inventories ticked up in September,** for both single-family and apartment product (*chart top of next page*). Single-family inventory remains high in historical terms for September while the opposite is true for condominium apartments.
- **Average resales prices were up slightly in September from August, and ahead of last year** (*chart bottom of next page*). The overall average resale price in September was about 13% below the peak that occurred in April 2017.

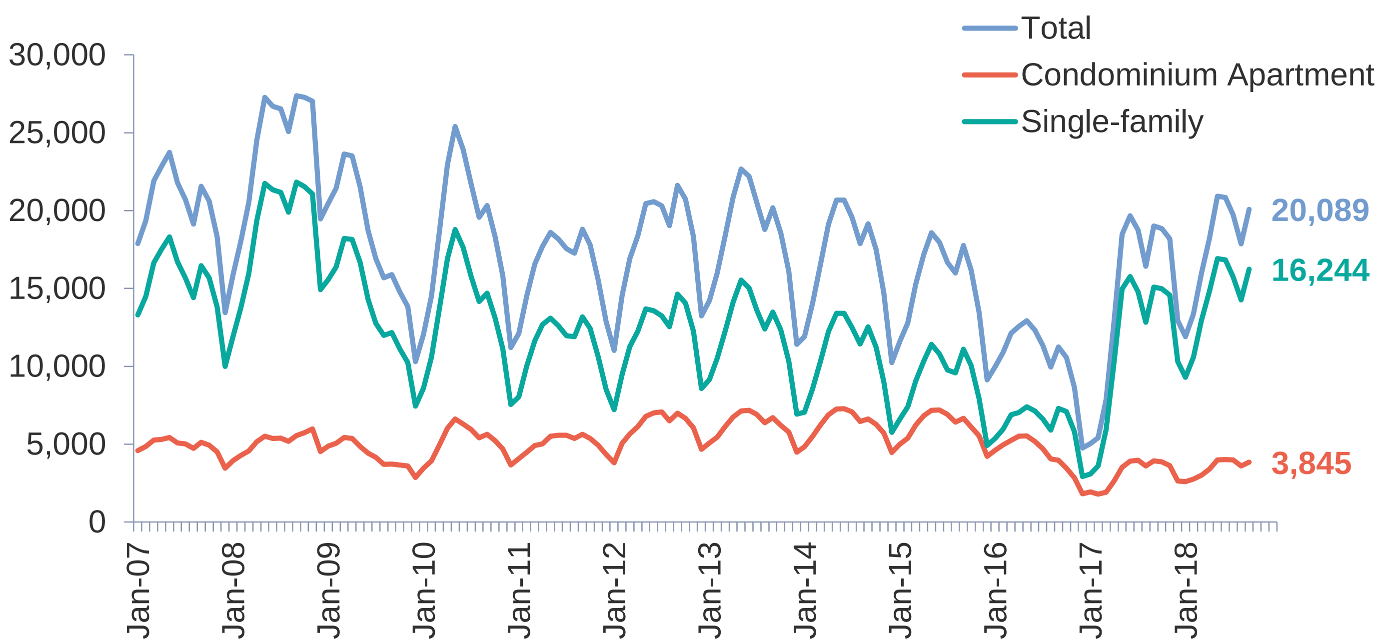
GTA Resale Home Sales





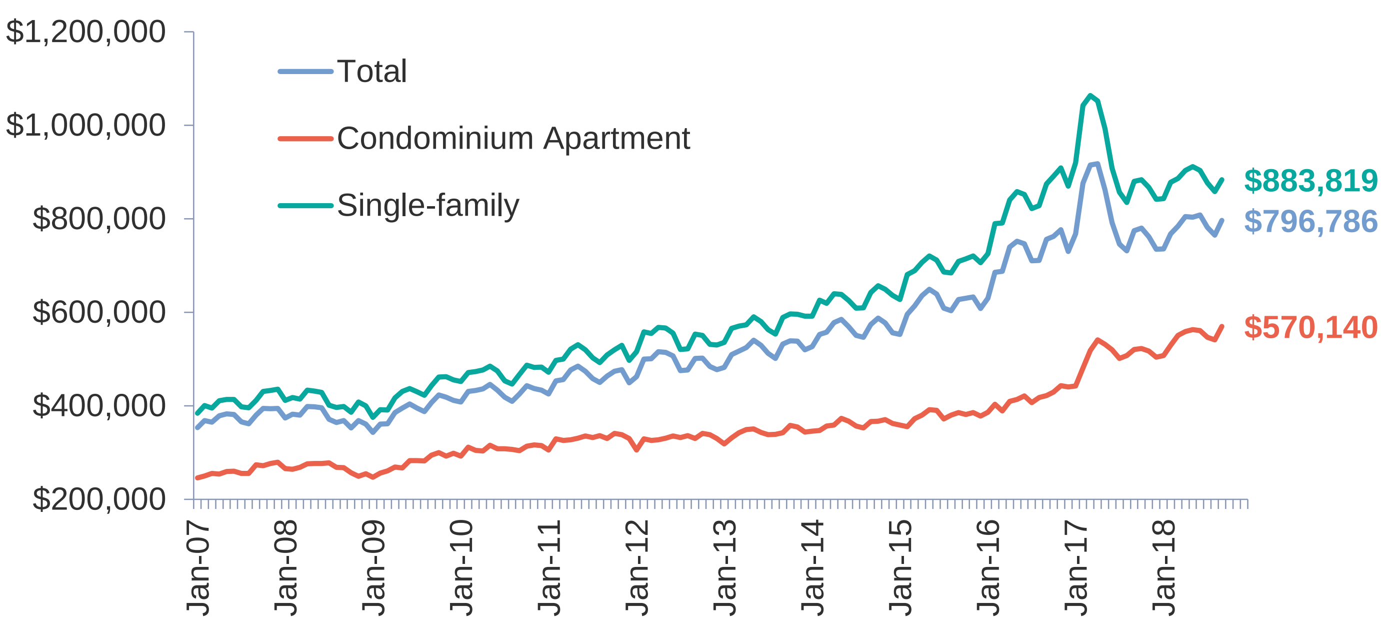
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

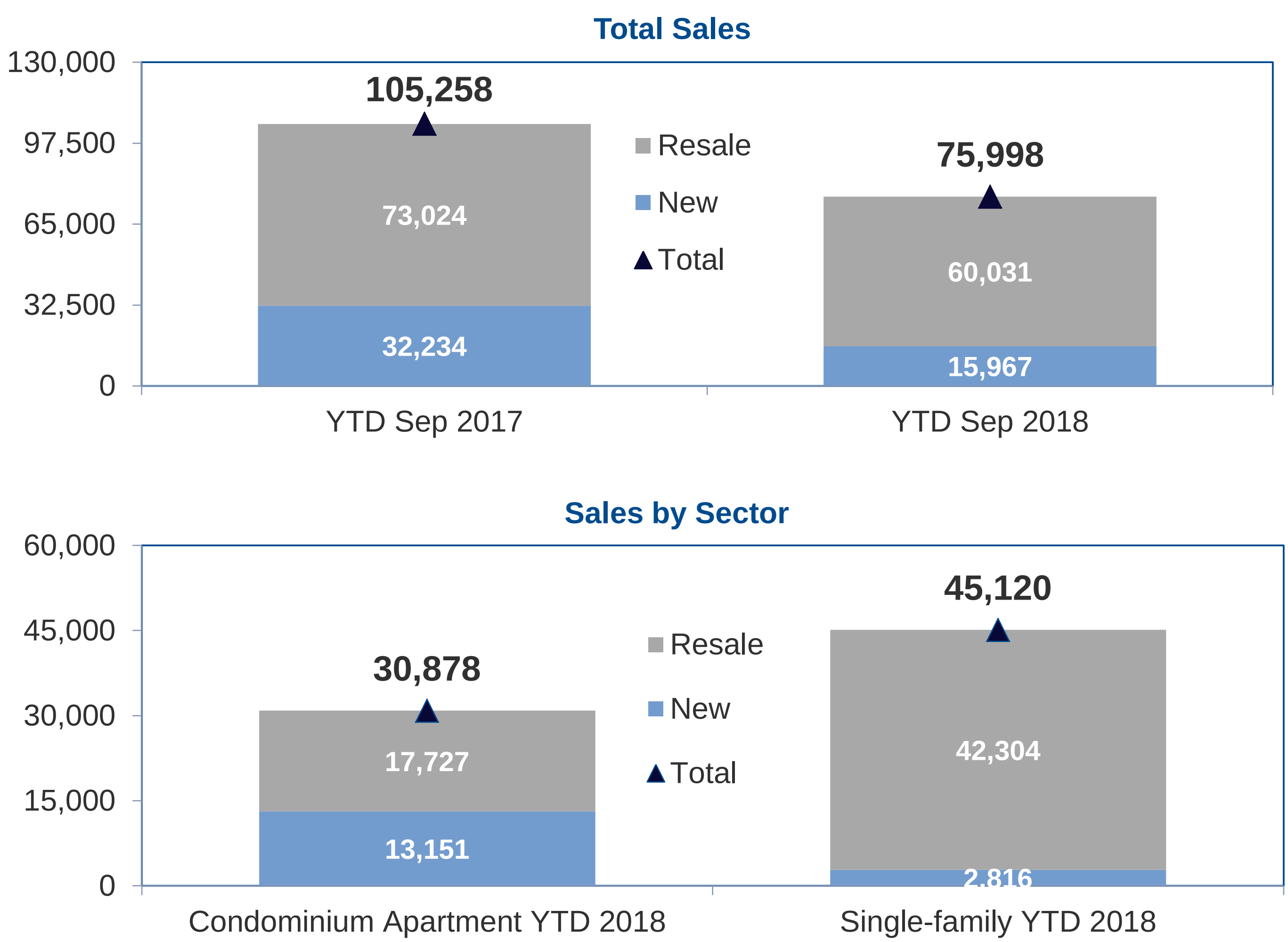
GTA Resale Home Prices



Source: Altus Group based on Toronto Real Estate Board data

- **Combined resale and new home sales** as measured by TREB and Altus Group, totaled almost 76,000 units for year-to-date September 2018, **down 28%** 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 (-50% vs. -18% for resales).
- **About 1 in 5 home sales thus far in 2018 have been new homes – compared to just under 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.

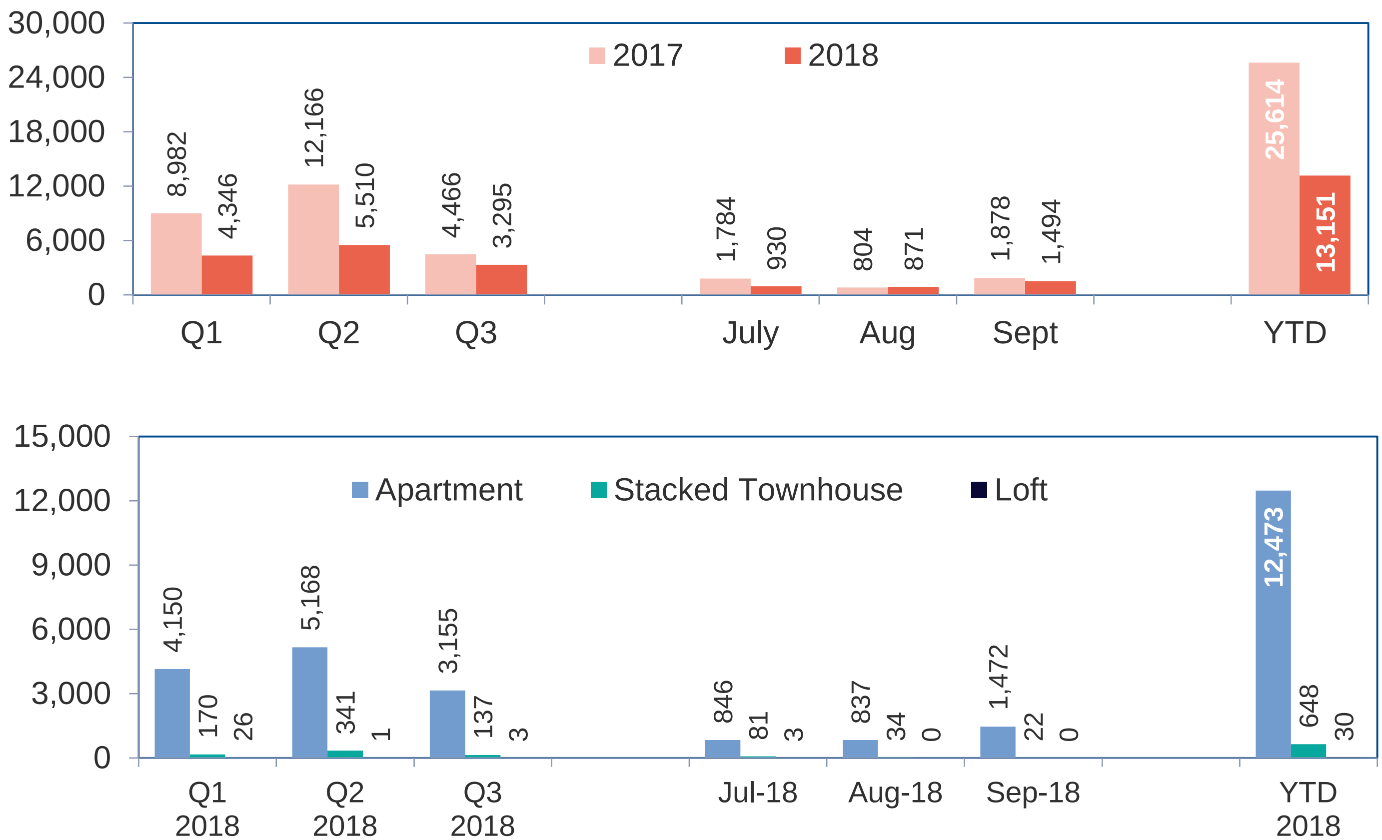
GTA Combined New & Resale Home Sales



Source: Altus Group and Toronto Real Estate Board data

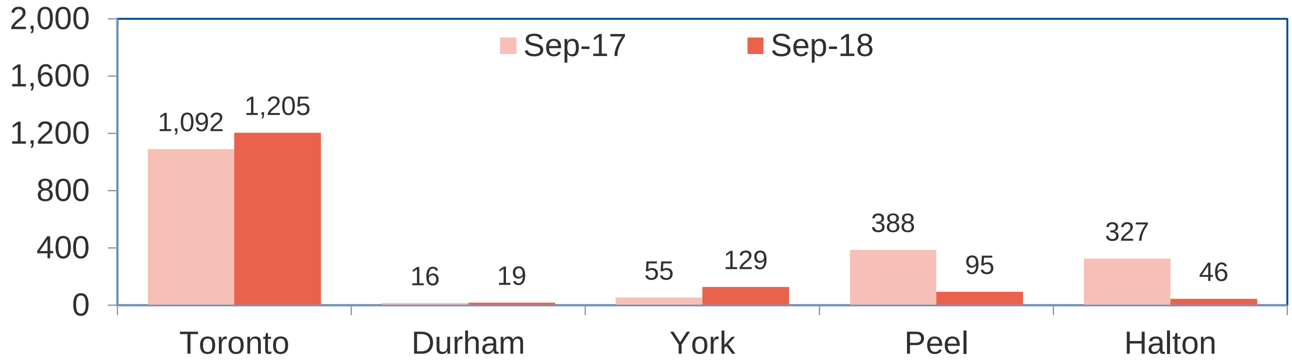
- **Total new condominium apartment sales picked up in September from August**. The increase was more than the typical September bump-up alone would suggest. New condo apartment sales however continue to trail year ago levels.
- Year-to-date sales are roughly half of last year's record performance, but are still tracking ahead of the downturns in 2008/2009 and 2013.
- **About 650 stacked townhouses**, a component of total condominium apartment sales, **have been sold** this year to date. This is about one-third less than a year ago.
- **New condominium apartment sales were up in September compared to last September in the City of Toronto and York Region** (*chart next page*).

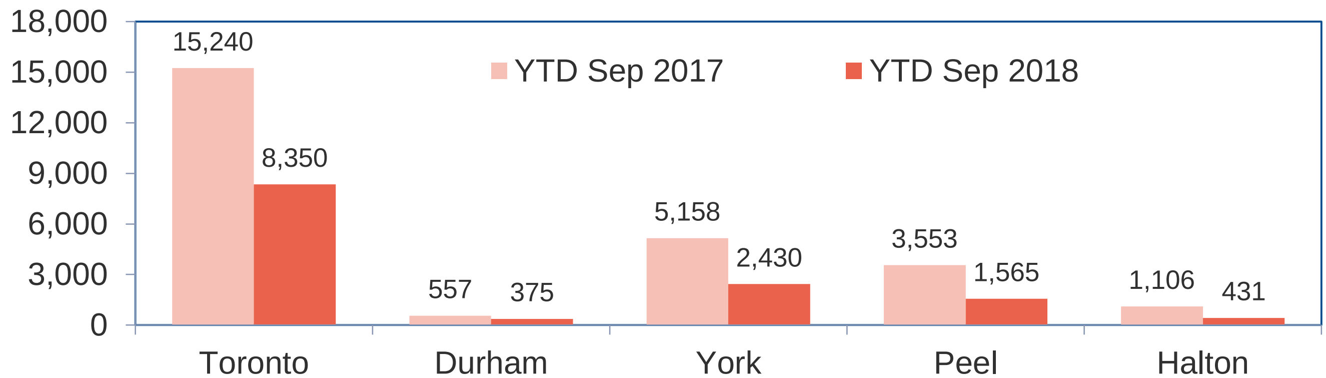
GTA New Condominium Apartment Sales

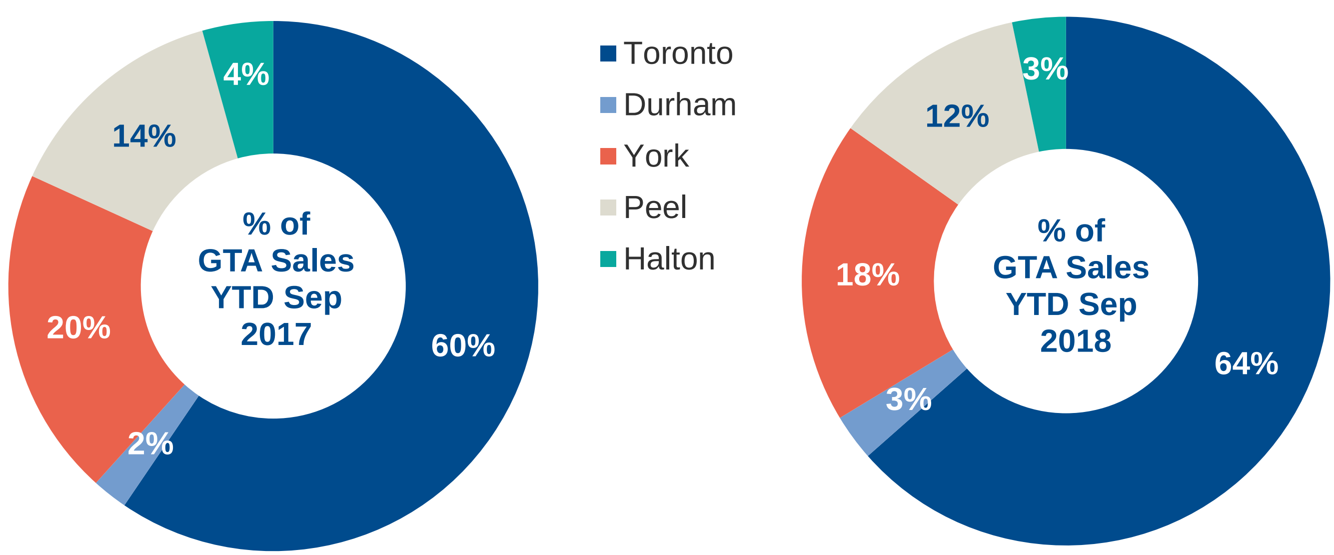


Source: Altus Group

GTA New Condominium Apartment Sales by Region

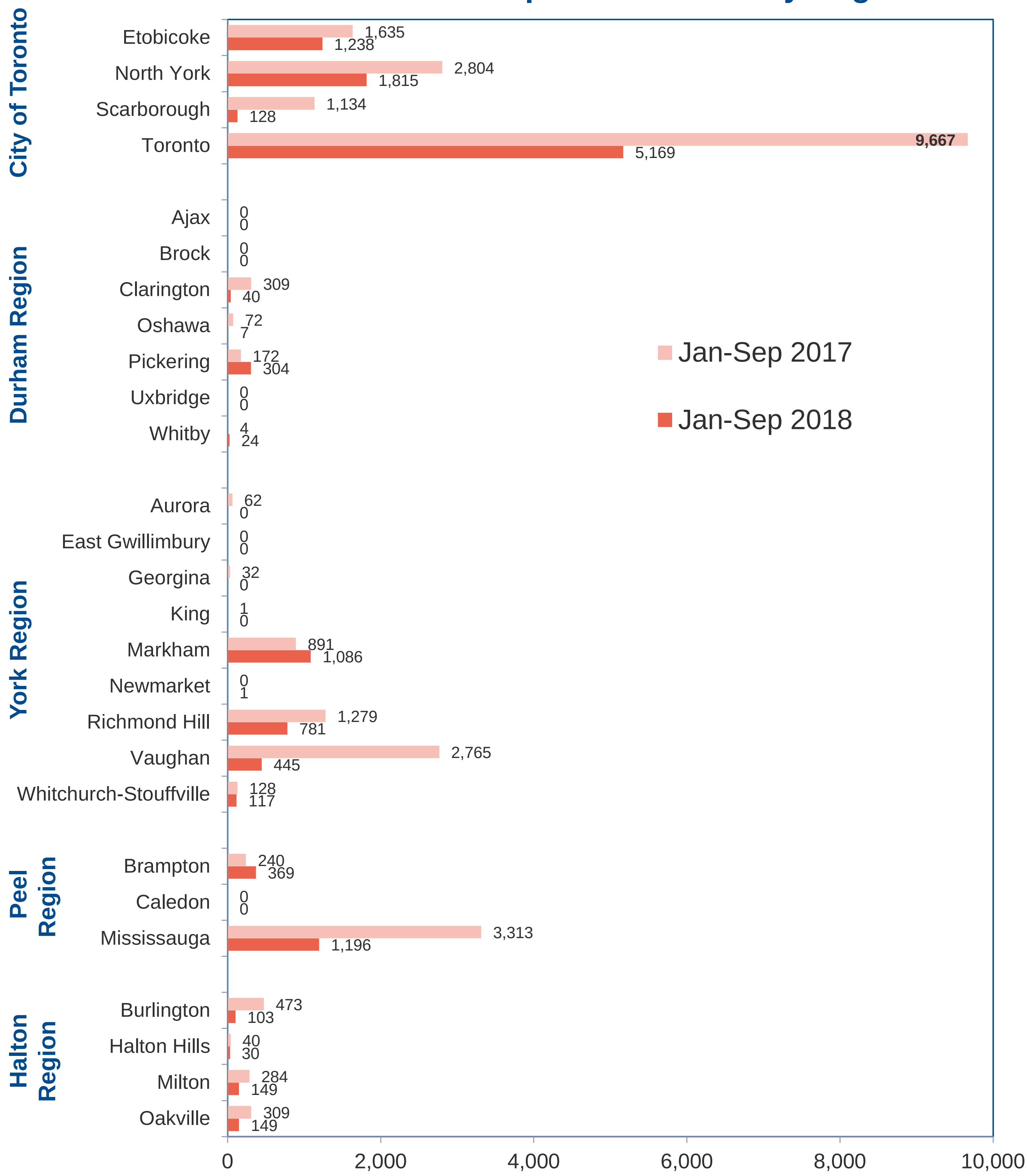






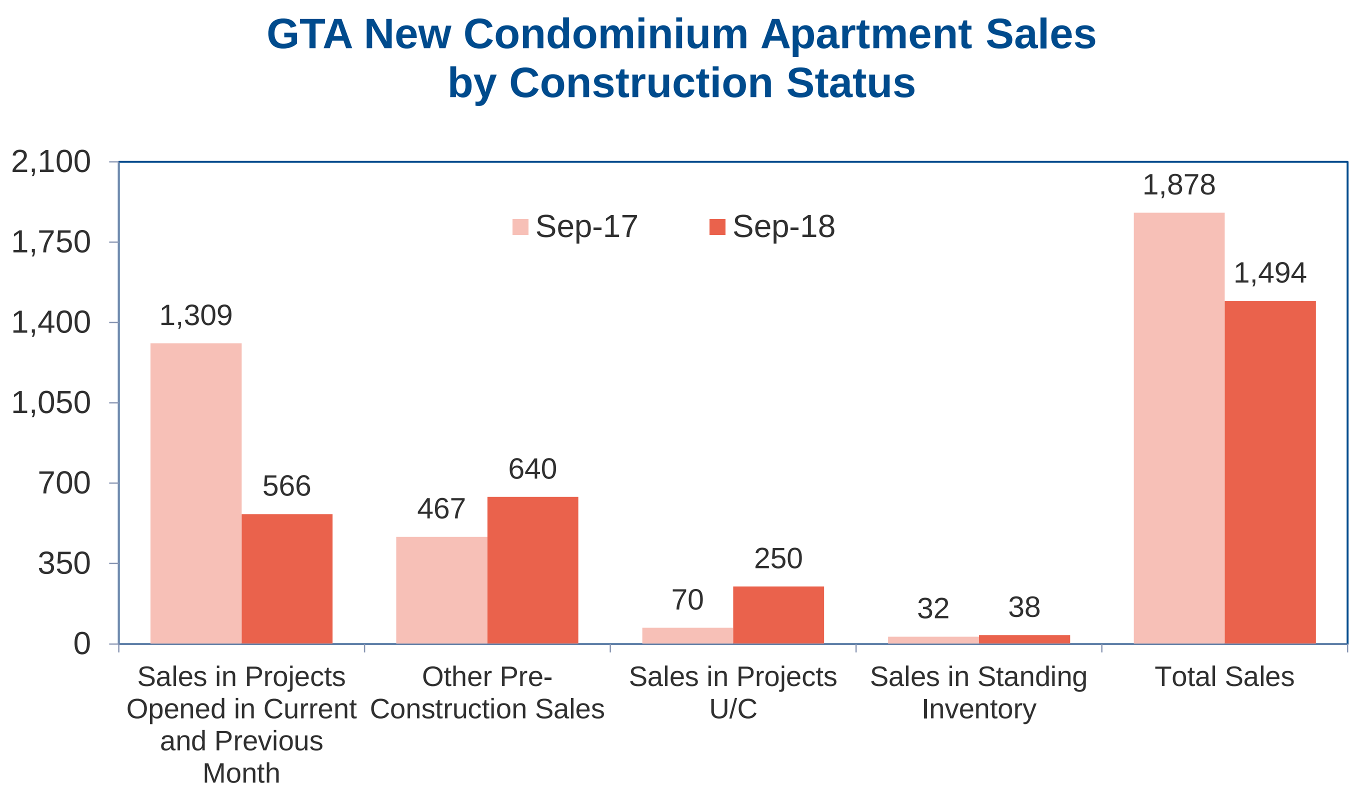
Source: Altus Group

GTA New Condominium Apartment Sales by Region



Source: Altus Group

- **Just over one-third of sales of new condominium apartment units in September were in projects opened in August or September.** Other pre-construction sales accounted for 43% of the total.
- **Sales in under construction projects are up from a year ago**. This is in part a function of the fact that the total number of units in the under construction stage is higher this year, as more projects move from the pre-construction to under construction stage.

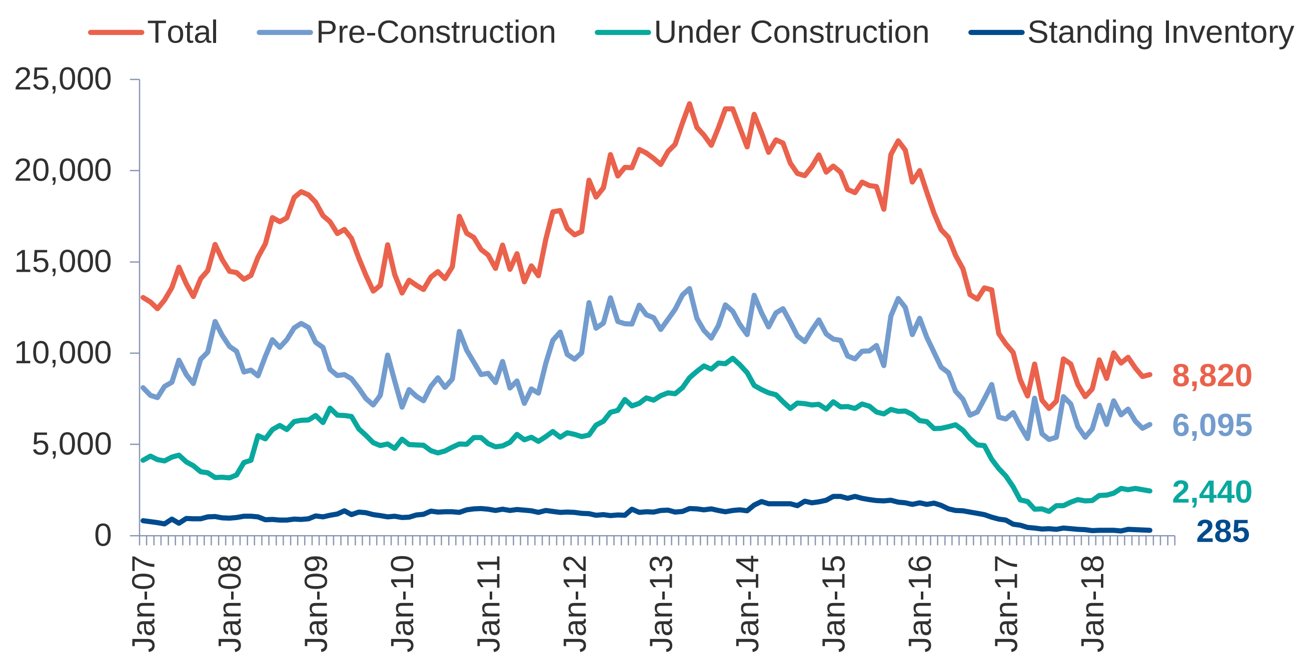


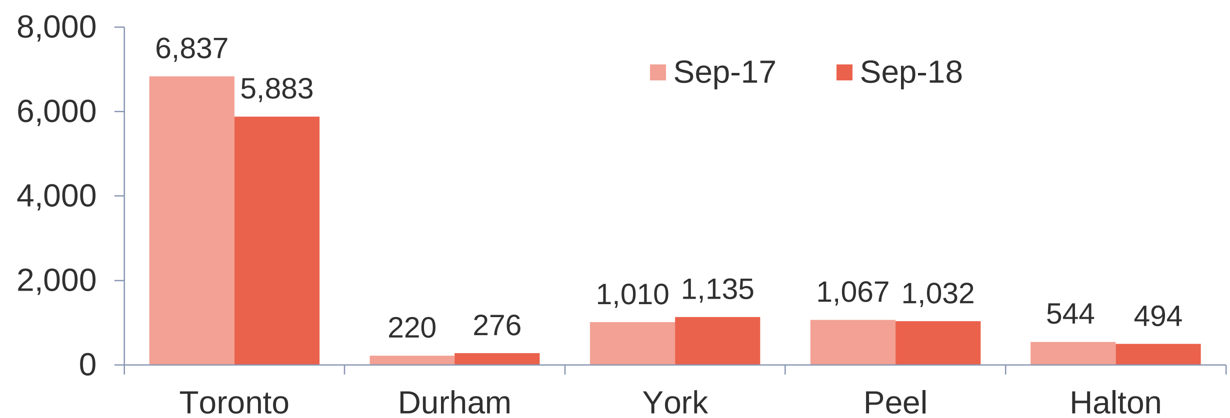
Source: Altus Group

New Condominium Apartments - Inventory

- **New condominium apartment available inventory inched up in September, as more projects were launched.** Inventory however has now fallen below a year ago. Current inventory represents just under 5 months of supply at the pace of sales over the past year; this compares to the average of about 11 months for September in the previous 10 year, and is the 2nd lowest September recorded by Altus Group (after September 2017).
- **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 lower inventory levels compared to last September are focused in the City of Toronto.

GTA New Condominium Apartment Inventory

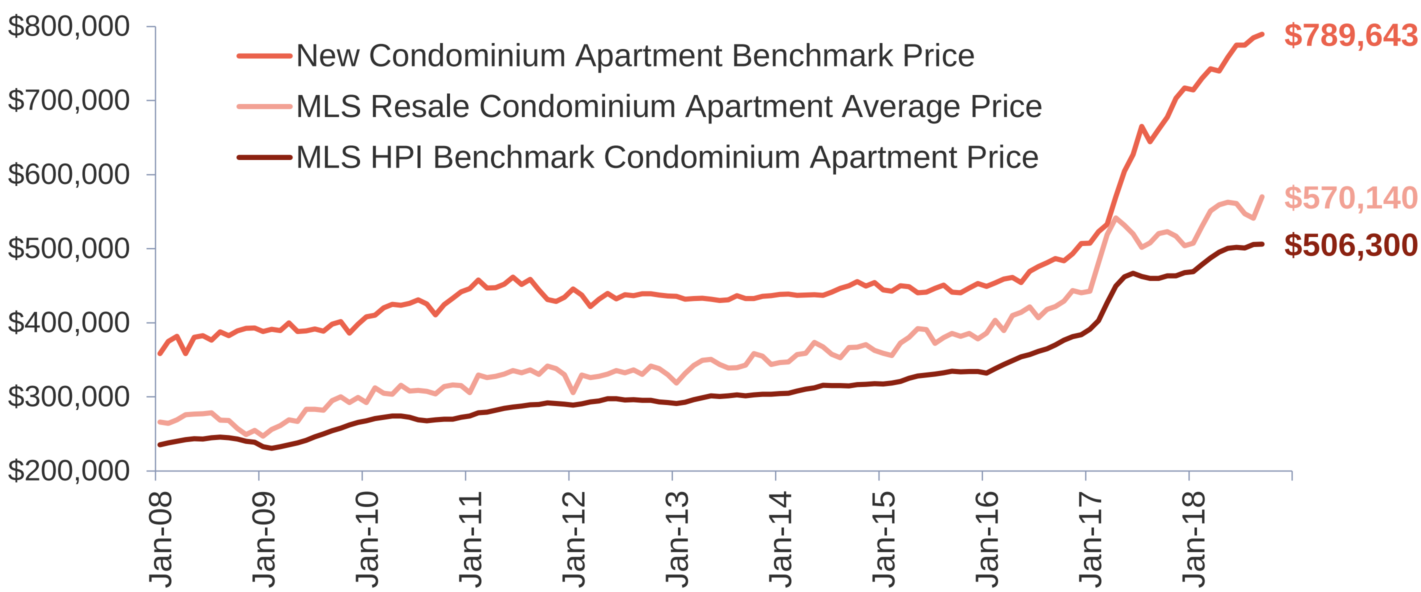


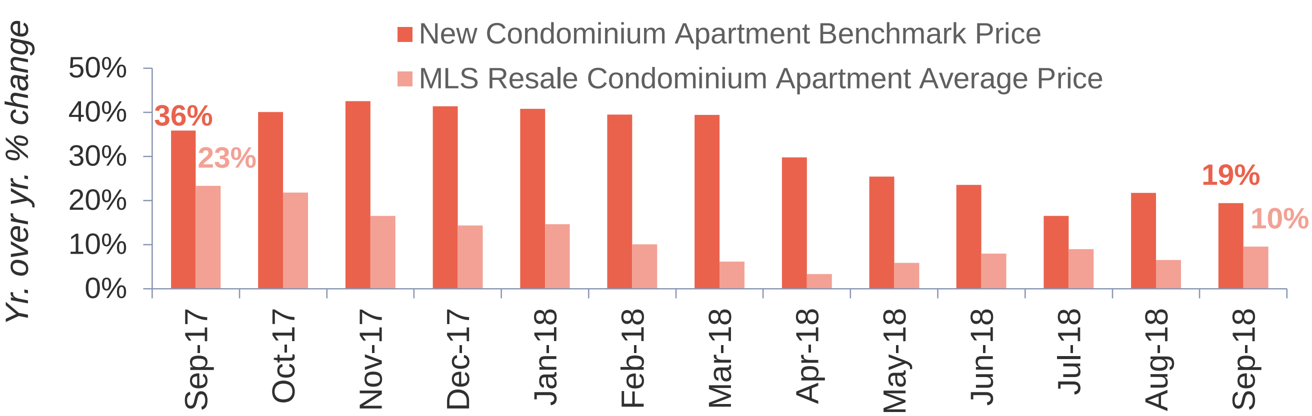


Source: Altus Group

- **New condominium apartment prices continued to set new records in September,** although year-over-year-increases have slowed since earlier in the year.
- The average price of a resale condominium apartment turned up for the first time since May, and is 10% above last September.
- **The larger gap in prices between average new and average resale condominium apartments that has emerged since the Spring of 2017 has removed some of the price competitiveness of new condo apartments**.

GTA New and Resale Condominium Apartment Prices

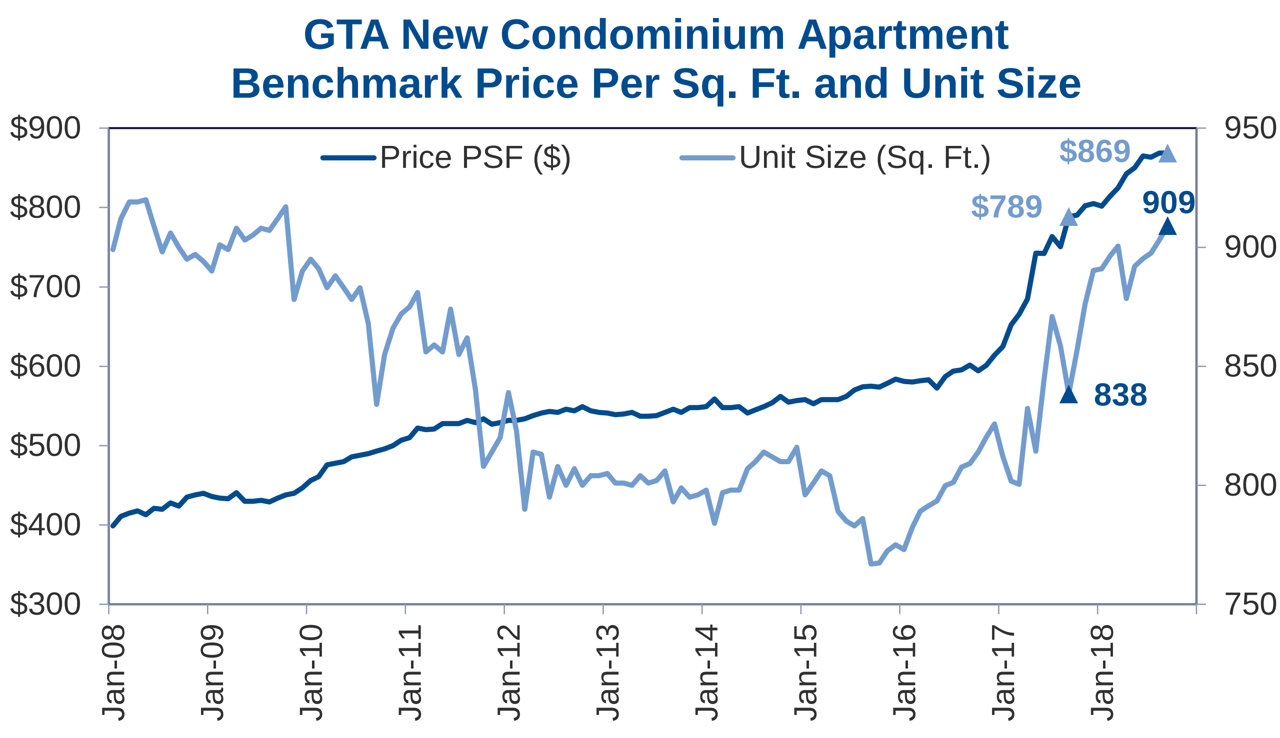




Source: Altus Group and Toronto Real Estate Board data

New Condominium Apartments - Prices

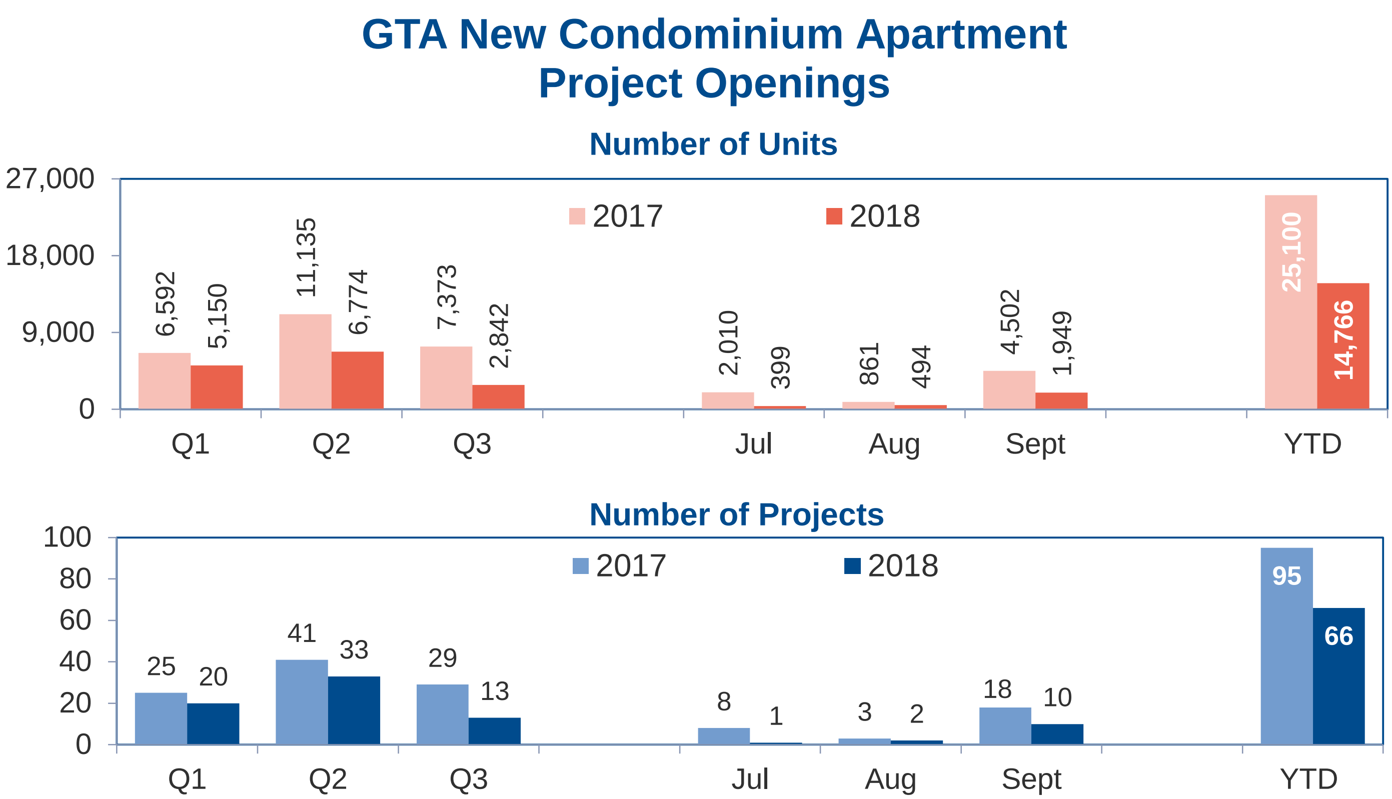
- The 19% increase in average asking prices for available new condominium apartments in September 2018 compared to a year earlier was a combination of two key factors:
  - **The price PSF Benchmark of remaining inventory was up 10% from a year earlier**.
  - **The unit size Benchmark was also up from a year ago** – i.e. the average size of units remaining in inventory – by about 8%.



Source: Altus Group

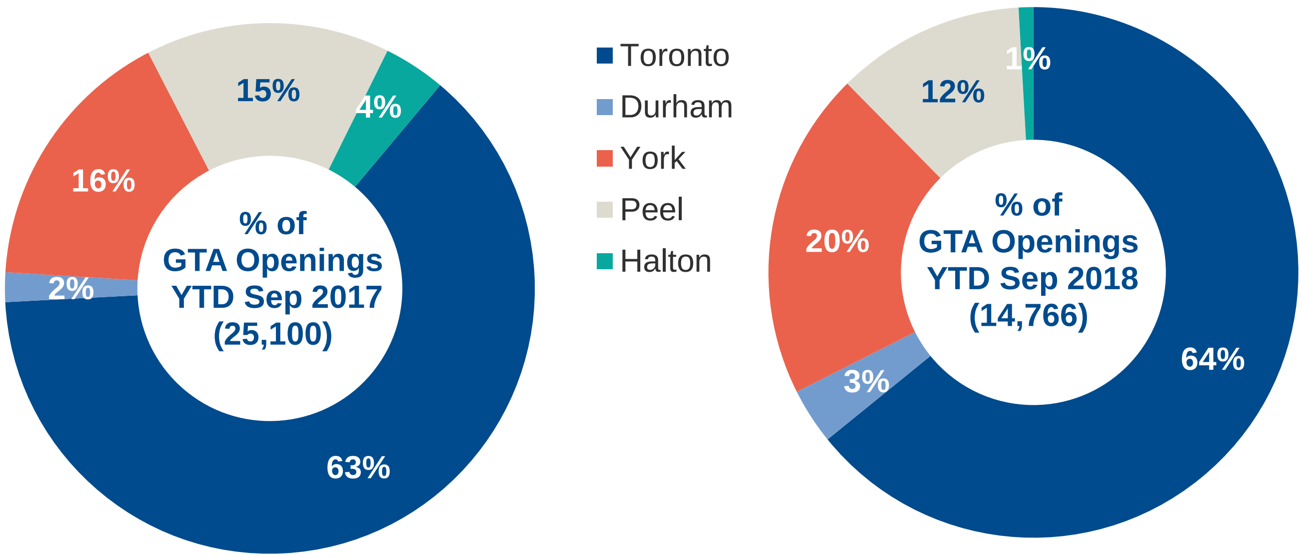
New Condominium Apartments - Openings

- **A total of 10 new condominium apartment projects launched in September** – this follows only 1 project launched in July and 2 in August. While September is typically a higher launch month, the month-to-month increase this year was a bit above what might be expected by the seasonal pattern alone. Year-to-date, there have been just under 15,000 units in new projects launched – matching the 10 year average for 2008-2017.
- **About two-thirds of units in new projects launched through September have been in the City of Toronto**, similar to last year (*charts next page*). Within the City of Toronto, the former City has lost share to North York and Etobicoke. York Region has increased its share of new units launched from a year ago.
- Following this page are maps showing the location of new projects launched in August and September, 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.*



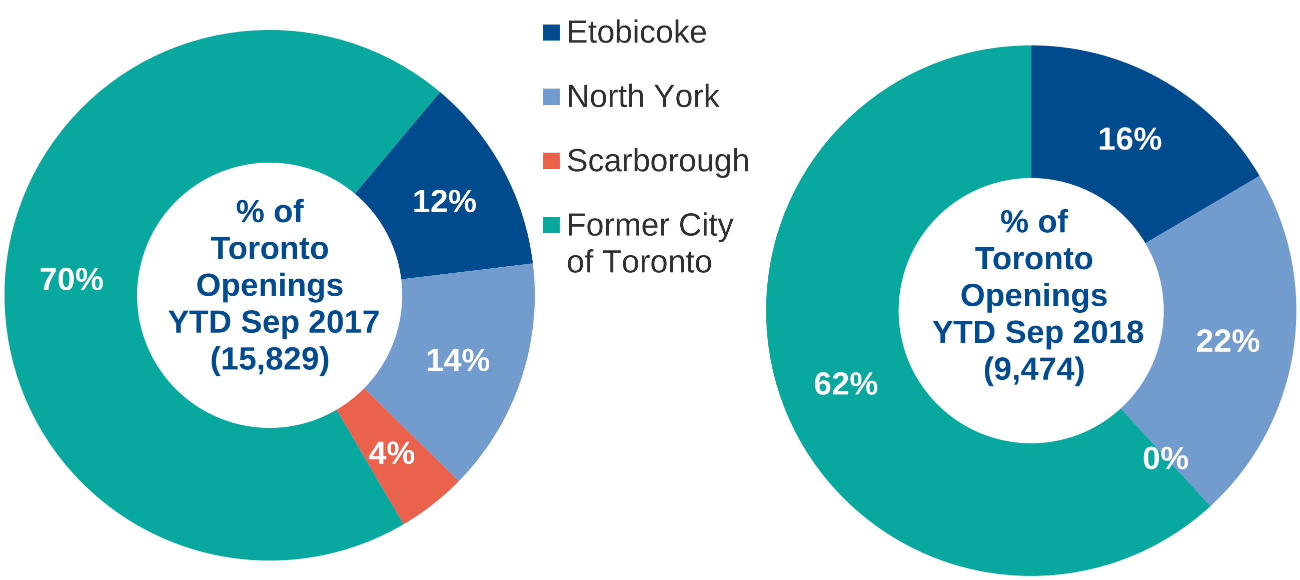
Source: Altus Group

GTA Condominium Apartment New Openings by Region



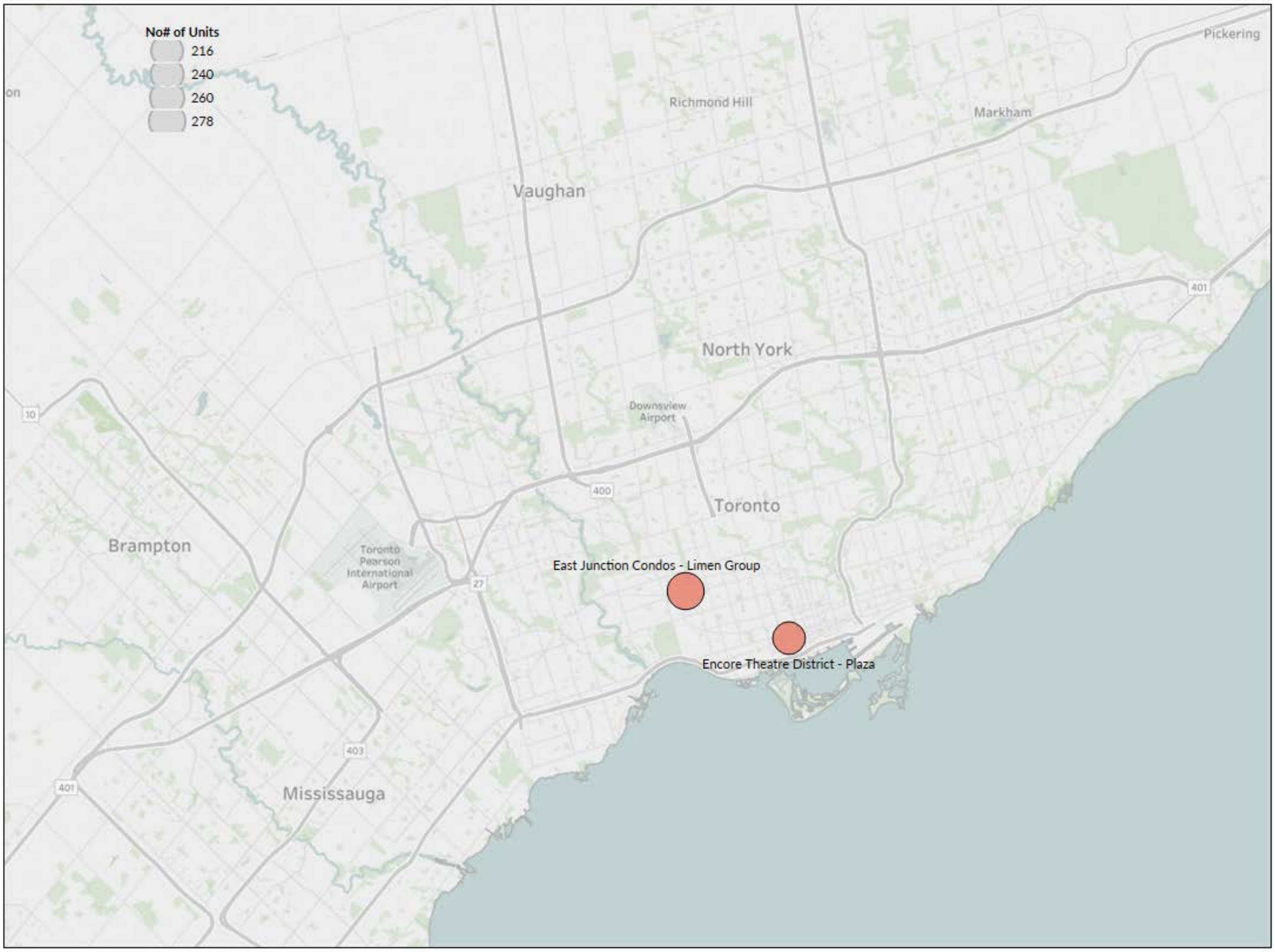
Source: Altus Group

City of Toronto Condominium Apartment New Openings by Area



Source: Altus Group

August 2018 New Project Launches by Number of Units



Source: Altus Group

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

New Condominium Apartments - Openings

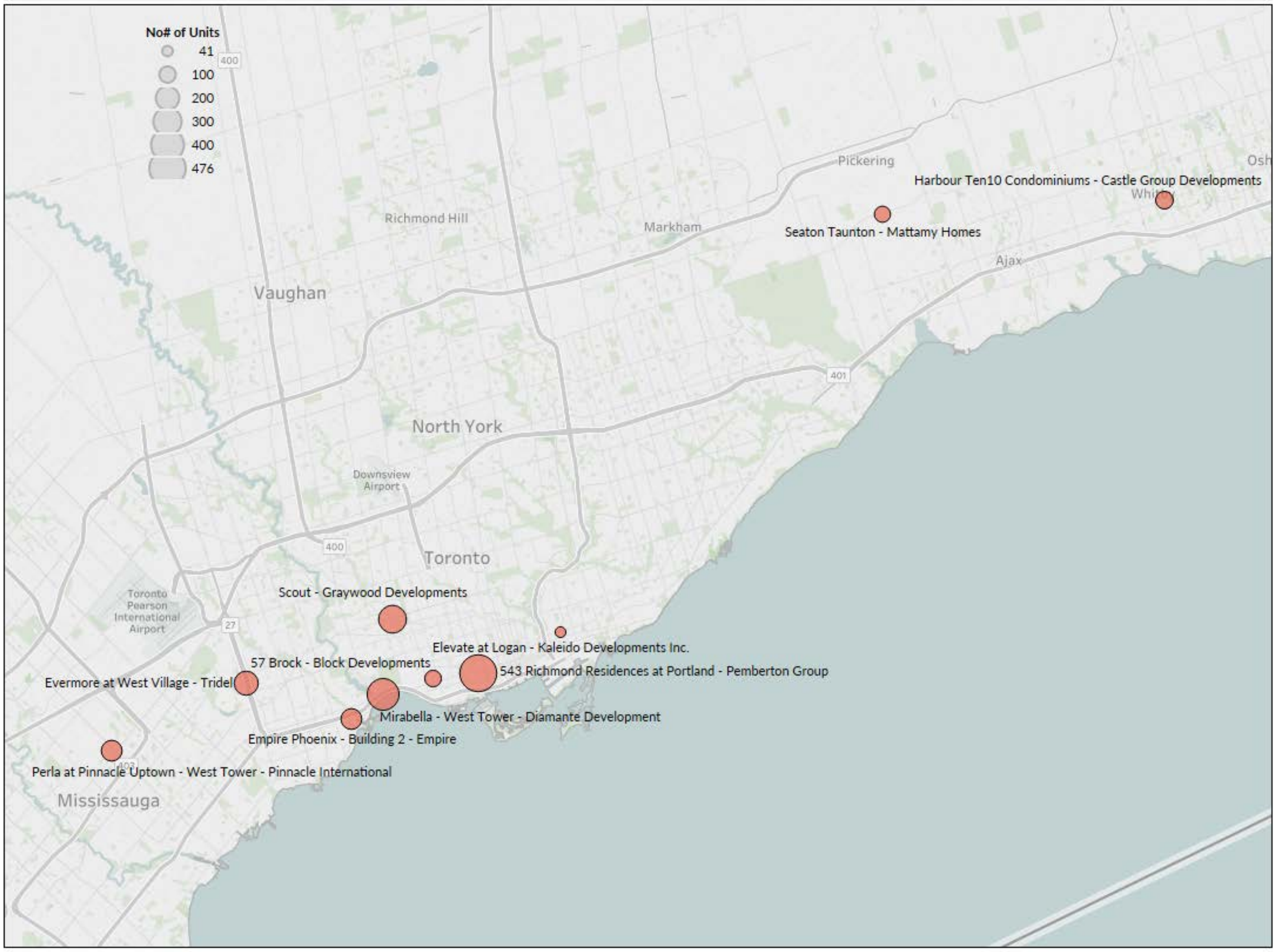
Project Record [East Junction Condos] [Encore Theatre District]

New Condominium Apartment Project Openings - August 2018

Project Name	East Junction Condos	Encore Theatre District
Developer	Limen Group	Plaza
Date Opened	2018-08-10	2018-08-13
Municipality	Toronto	Toronto
Region	Toronto	Toronto
Structural Type	Apartment	Apartment
Floors	16	49
Project Total Units	**278**	**216**
Total Units Released	**219**	**216**
Studio	3	--
1 bedroom	106	44
1 bedroom + den	45	22
2 bedroom	65	116
2 bedroom + den	--	--
3 bedroom & up	--	34
Penthouse	--	--
Other	--	--
Opening month sales	**0**	**31**
Next month sales	**132**	**34**
% Sold	*60%*	*30%*
Remaining available inventory	87	151
Original $PSF	$849	$1,390
Minimum Size (sq. ft.)	370	509
Maximum Size (sq. ft.)	890	1,262
Minimum Price	$308,550	$599,000
Maximum Price	$793,475	$1,720,000
Notes		

Source: Altus Group

September 2018 New Project Launches by Number of Units



Source: Altus Group

Project Record	[57 Brock]	[543 Richmond Residences at Portland]	[Elevate at Logan]	[Empire Phoenix - Building 2]	[Evermore at West Village]

New Condominium Apartment Project Openings - September 2018

Project Name	57 Brock	543 Richmond Residences at Portland	Elevate at Logan	Empire Phoenix - Building 2	Evermore at West Village
Developer	Block Developments	Pemberton Group	Kaleido Developments Inc.	Empire	Tridel
Date Opened	2018-09-29	2018-09-01	2018-09-25	2018-09-25	2018-09-08
Municipality	Toronto	Toronto	Toronto	Etobicoke	Etobicoke
Region	Toronto	Toronto	Toronto	Toronto	Toronto
Structural Type	Apartment	Apartment	Stacked	Apartment	Apartment
Floors	7	15	4	11	28
Project Total Units	**97**	**476**	**41**	**154**	**203**
Total Units Released	**80**	**372**	**17**	**154**	**203**
Studio	3	11	--	--	--
1 bedroom	15	52	2	68	18
1 bedroom + den	19	209	7	56	14
2 bedroom	38	46	6	21	137
2 bedroom + den	5	22	1	9	14
3 bedroom & up	--	32	1	--	20
Penthouse	--	--	--	--	--
Other	--	--	--	--	--
Opening month sales	**0**	**147**	**0**	**0**	**0**
% Sold	*0%*	*40%*	*0%*	*0%*	*0%*
Remaining available inventory	80	225	17	154	203
Original $PSF	$973	$1,069	$845	$798	$746
Minimum Size (sq. ft.)	447	370	554	450	538
Maximum Size (sq. ft.)	1,121	1,045	1,712	920	1,229
Minimum Price	$439,900	$531,990	$500,000	$344,990	$415,000
Maximum Price	$1,125,900	$1,067,990	$1,540,410	$759,990	$881,000
Notes	No firm sales as all deals were subject to the 10-day conditional period.		No firm sales as all deals were subject to the 10-day conditional period.	No firm sales as all deals were subject to the 10-day conditional period.	No firm sales as purchaser signings began near the end of the month and all deals were subject to the 10-day conditional period.

Source: Altus Group

Project Record [Harbour Ten10] [Mirabella - West Tower] [Perla at Pinnacle Uptown - West Tower] [Scout] [Seaton Taunton]

New Condominium Apartment Project Openings - September 2018 (continued)

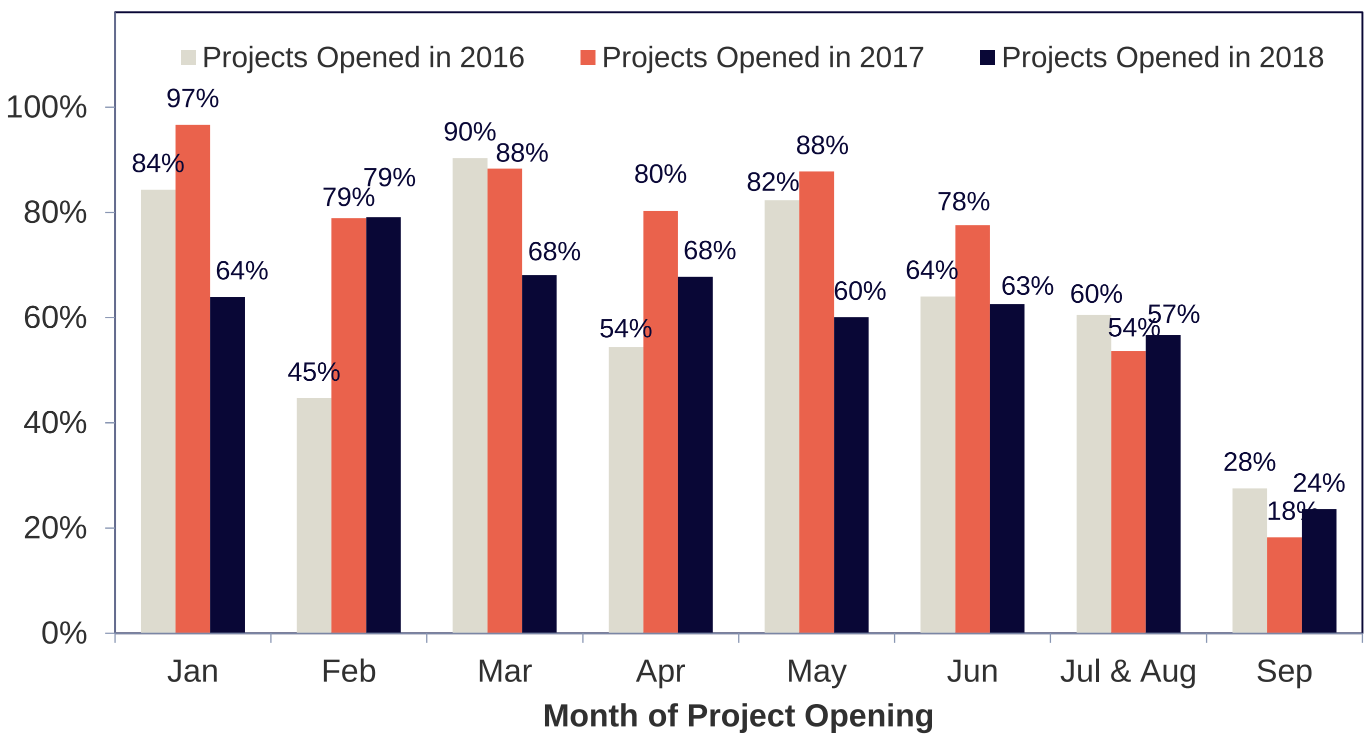
Project Name	Harbour Ten10 Condominiums	Mirabella - West Tower	Perla at Pinnacle Uptown - West Tower	Scout	Seaton Taunton
Developer	Castle Group Developments	Diamante Development	Pinnacle International	Graywood Developments	Mattamy Homes
Date Opened	2018-09-15	2018-09-10	2018-09-15	2018-09-18	2018-09-29
Municipality	Whitby	Toronto	Mississauga	Toronto	Pickering
Region	Durham	Toronto	Peel	Toronto	Durham
Structural Type	Apartment	Apartment	Apartment	Apartment	Stacked
Floors	5	38	15	12	4
Project Total Units	**110**	**355**	**152**	**269**	**92**
Total Units Released	**101**	**355**	**110**	**269**	**34**
Studio	--	--	--	--	--
1 bedroom	12	24	44	43	--
1 bedroom + den	37	126	22	79	--
2 bedroom	18	82	--	107	34
2 bedroom + den	30	90	44	36	--
3 bedroom & up	4	33	--	--	--
Penthouse	--	--	--	--	--
Other	--	--	--	4	--
Opening month sales	**15**	**106**	**44**	**147**	**0**
% Sold	*15%*	*30%*	*40%*	*55%*	*0%*
Remaining available inventory	86	249	66	122	34
Original $PSF	$673	$1,040	$636	$766	$329
Minimum Size (sq. ft.)	554	460	595	452	1,106
Maximum Size (sq. ft.)	1,150	1,380	1,109	1,130	1,992
Minimum Price	$359,990	$419,000	$389,900	$408,000	$429,990
Maximum Price	$689,990	$1,655,000	$699,900	$920,000	$589,990
Notes				Other includes townhomes	No firm sales as all deals were subject to the 10-day conditional period.

Source: Altus Group

New Condominium Apartments - Openings

- **The pace of absorption in recent new project openings is generally on track with 2016 and 2017.** For example, for the (few) projects opened in July and August 2018, just over half of the units were sold through the end of September, similar to the proportion in the past 2 years. The situation was similar for September launches.
- 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. July and August have been combined here due to the small number of project openings this year.

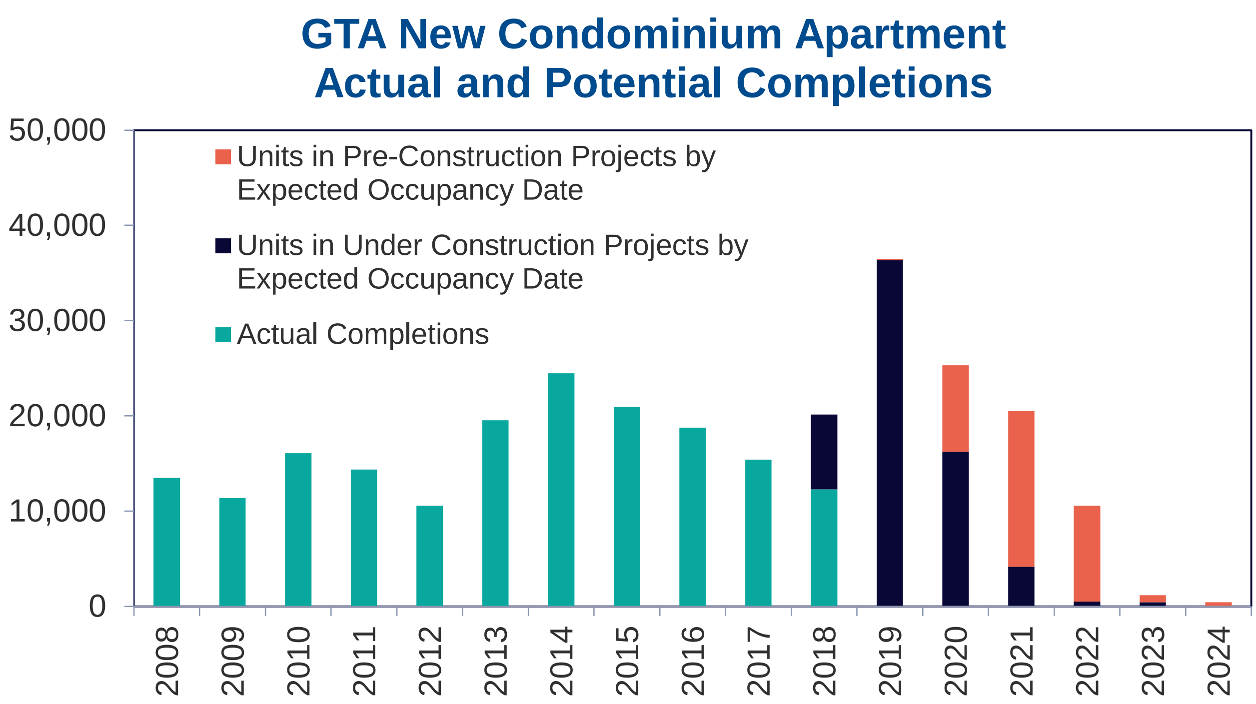
GTA New Condominium Apartment New Project Absorption Timelines (% of Units Sold Through September)



Source: Altus Group

New Condominium Apartments - Completions

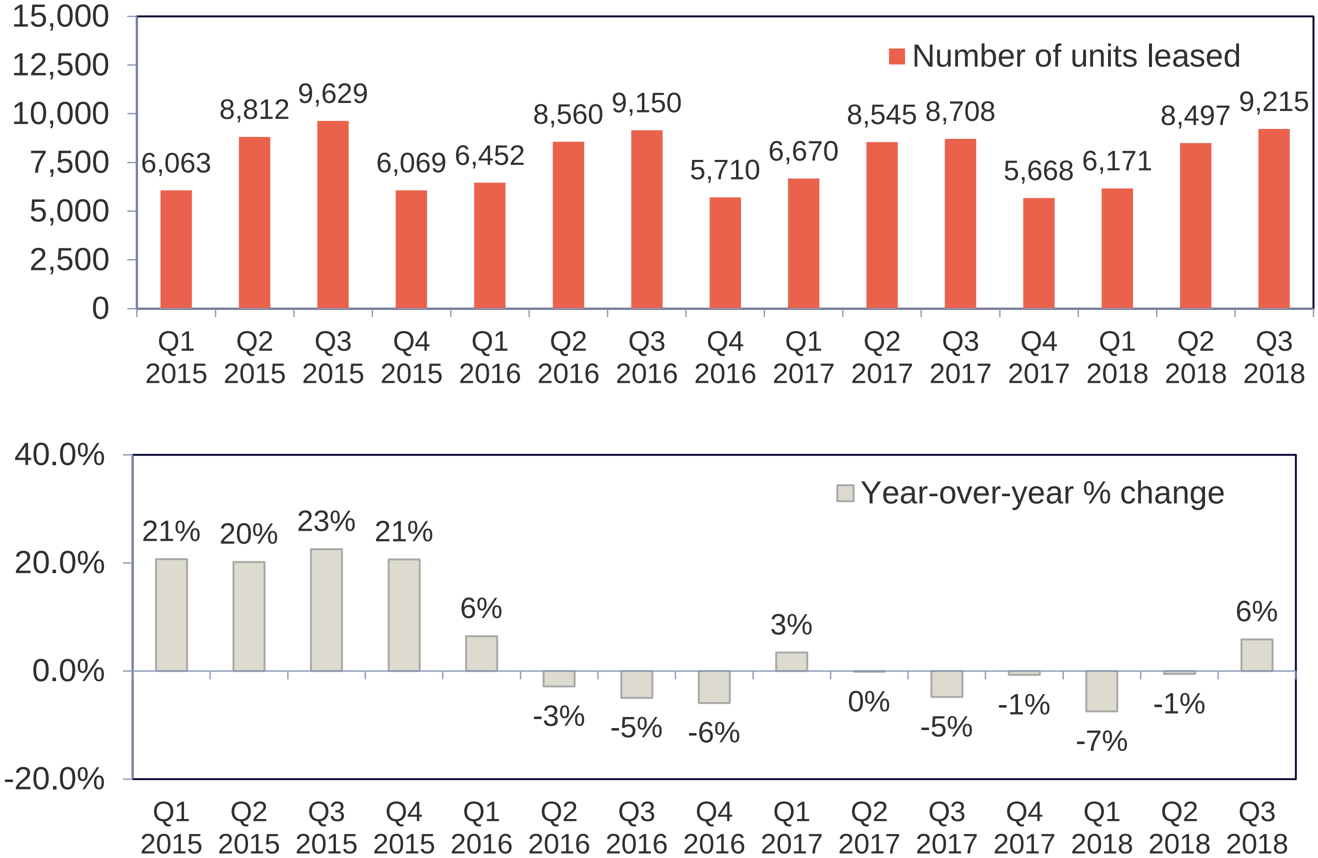
- As of the end of September 2018, there were just over 102,000 new condominium apartment units in projects either under construction or in pre-construction stages.
- **Almost 2,200 units were delivered (completed) in September**, the 2nd highest monthly number this year (next to June). Year-to-date 2018, just over 12,000 units have been completed, based on Altus Group data – virtually the same as for the same period last year and well below the almost 15,000 units completed in January-September 2016.
- Based on planned occupancy dates, and only considering units currently under construction, **it is likely that annual completions of condominium apartment units will be somewhat 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.



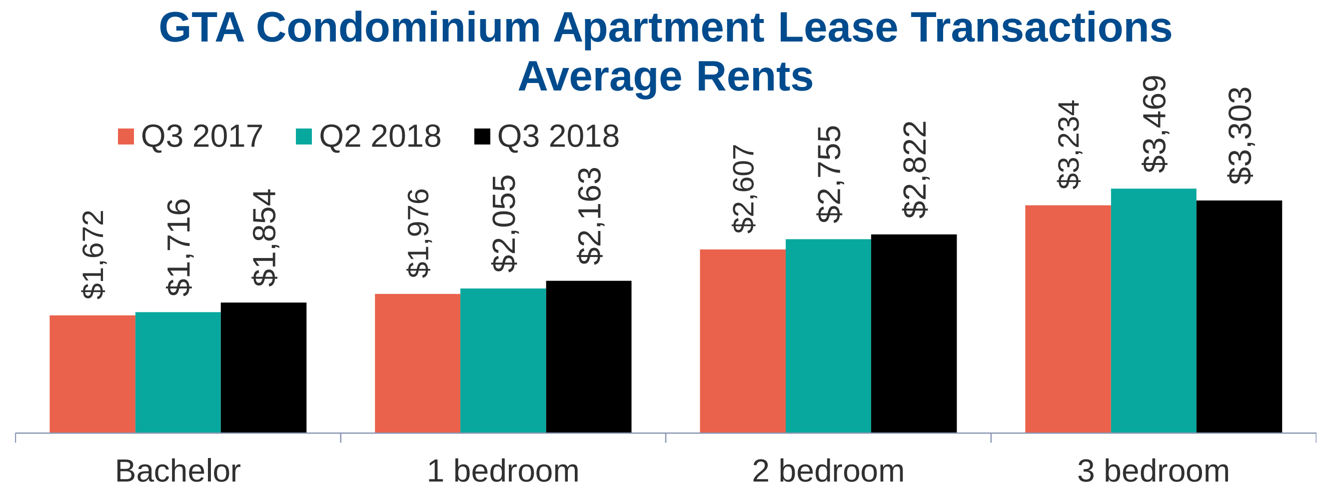
Source: Altus Group

- The number of lease transactions for rented condominium apartment units (this includes both newer and older buildings) was up in Q3 2018 from Q2, according to data from the Toronto Real Estate Board. While this is the typical seasonal pattern, **the number of lease transactions was up compared to Q3 2017 – the first year-over-year increase since Q1 2017**.
- **Rents for leased condominium units in Q3 2018 were up on average from Q2 and well ahead of Q3 2017** (*chart top of next page)*. As discussed on the previous page, completions have been down in recent years (although with some recovery recently), at a time when demand for rented condos is still strong. This is putting upward pressure on rents. However, year-over-year increases are starting to moderate somewhat (*as illustrated for 1 bedroom units on the chart bottom of next page*).

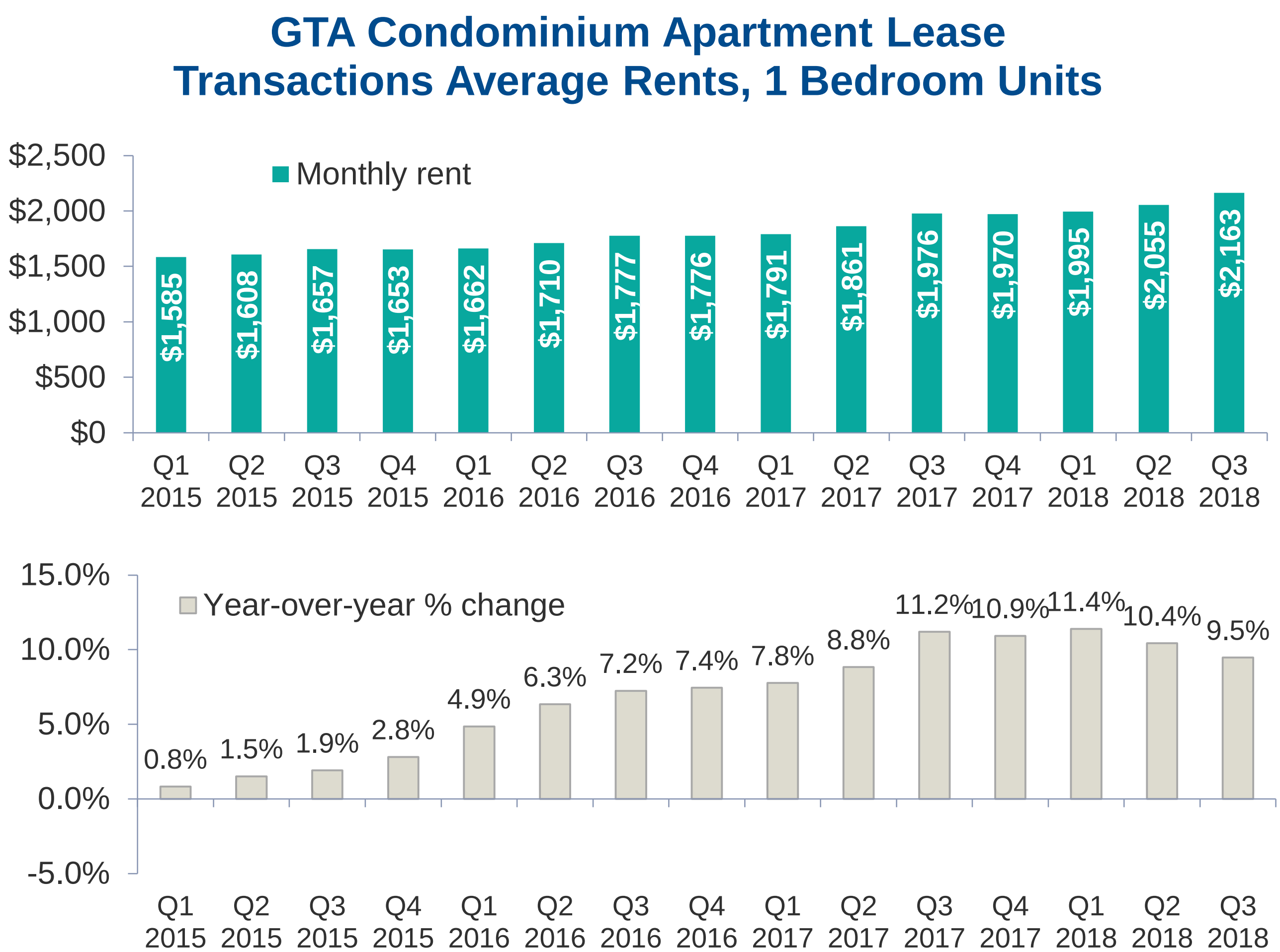
GTA Condominium Apartment Lease Transactions (All Bedroom Types)



Source: Altus Group based on Toronto Real Estate Board data



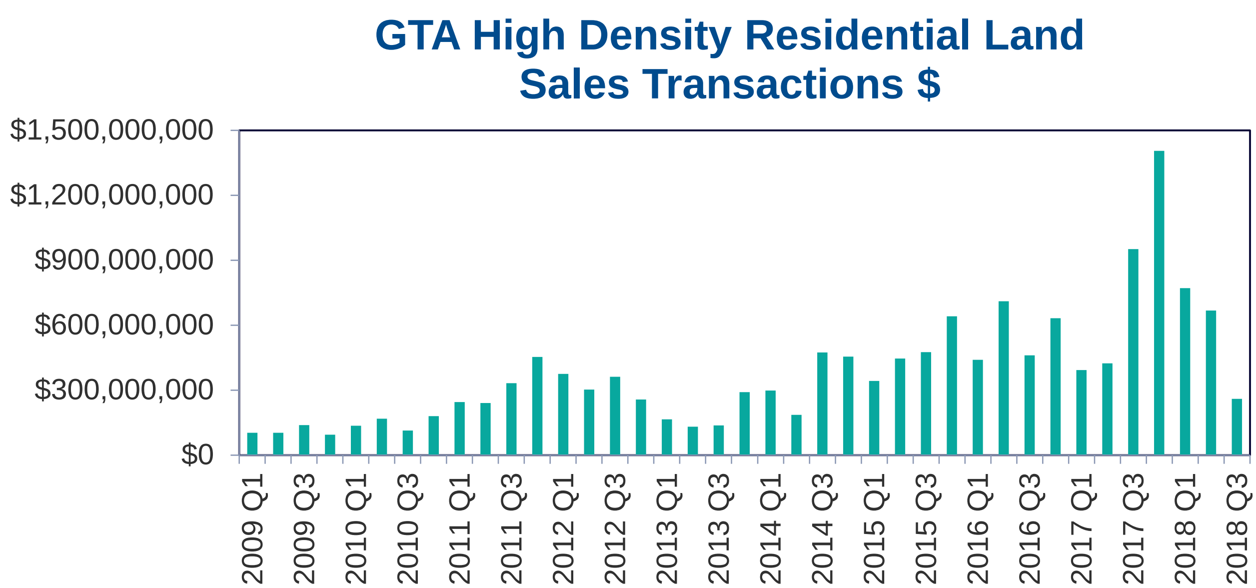
Source: Altus Group based on Toronto Real Estate Board data



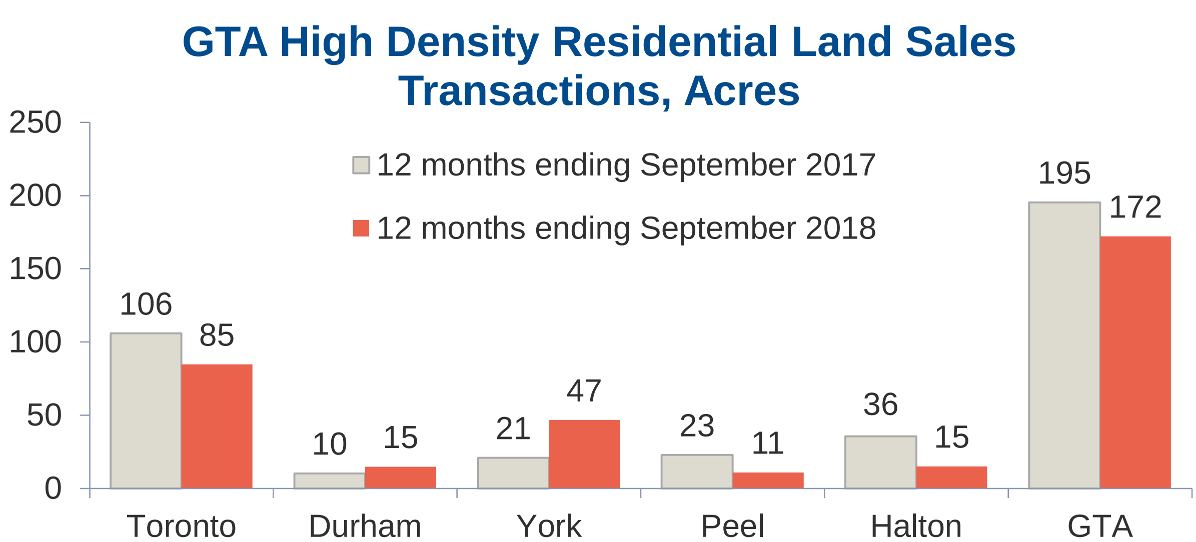
Source: Altus Group based on Toronto Real Estate Board data

High Density Residential Land Sales

- **The dollar volume of sales of high density residential land in the GTA fell for the 3rd quarter in a row in Q3 2018, after setting a record quarterly high in Q4 2017**, according to Altus Group transactions data.
- For the 12 months ending September 2018, 172 acres of high density residential land – land for potential condominium and rental apartment development - was purchased, down from 195 acres in the previous 12 month period. York Region and Durham Region were the only regions where sales on an acreage basis were up in the past 12 months.



Source: Altus Group

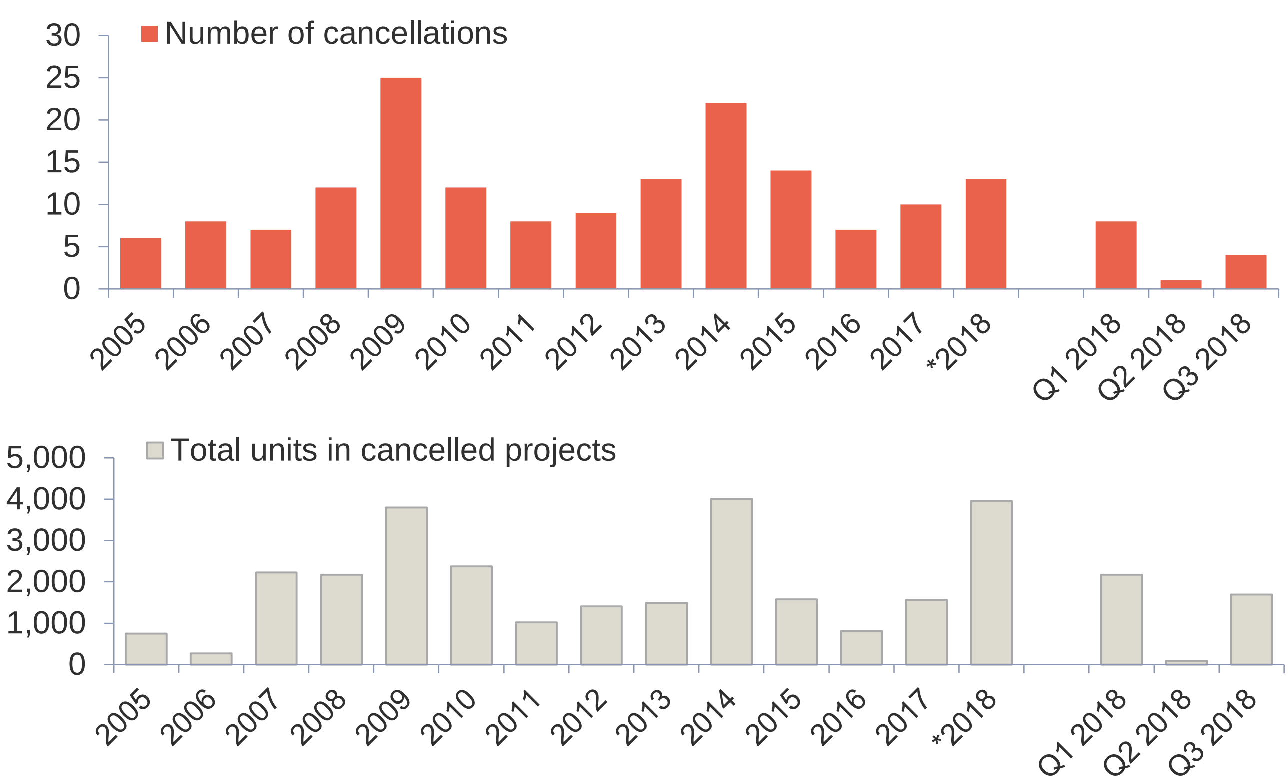


Source: Altus Group

Focus on Cancelled Condominium Projects

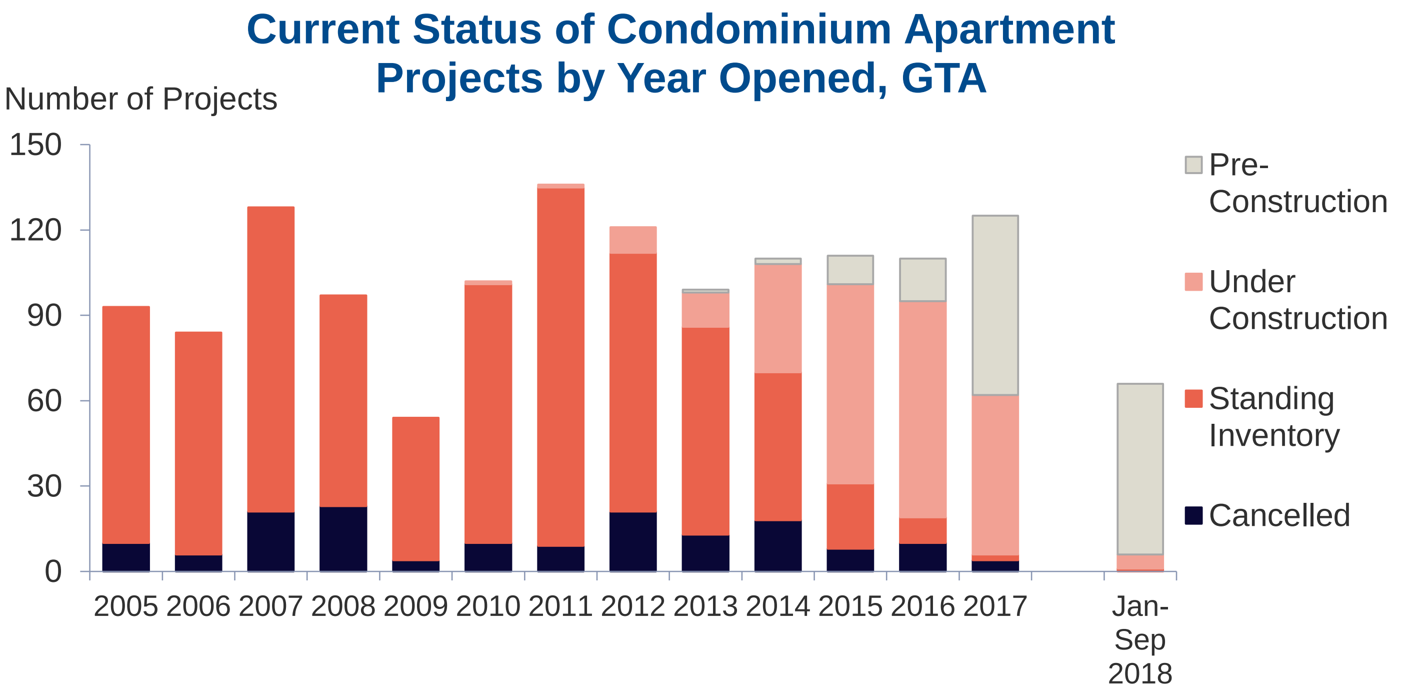
- **There were 4 condominium apartment cancellations in Q3 2018, totaling just under 1,700 units.** The 3 phases of the *Icona* development accounted for 3 of the 4 cancellations, and the majority of the units. For 2018 to date, there have been a total of 13 cancellations, totaling just under 4,000 units – already above the levels for 2017 as a whole and, unit-wise, just below the previous peak in 2014.
- Most of the non-cancelled projects that opened before 2016 are now under construction (*chart top of next page*). However, projects that launched in 2017 and 2018 are still largely still in the preconstruction phase.
- **Projects are cancelled for a number of reasons**, including poor sales (some of these projects are redesigned and relaunched), financing challenges and possibly operational challenges (for less experienced builders). Looking at the results for projects cancelled in the 2005 to 2016 period (*chart bottom of next page*), the majority had sales of less than 70% of the units (the typical threshold for construction financing), and most of these were below 50% sold. For projects cancelled in 2017 and 2018, however, this was not the case, with most having achieved sales of 70% or more.

Condominium Apartment Projects Cancelled During Each Year, GTA

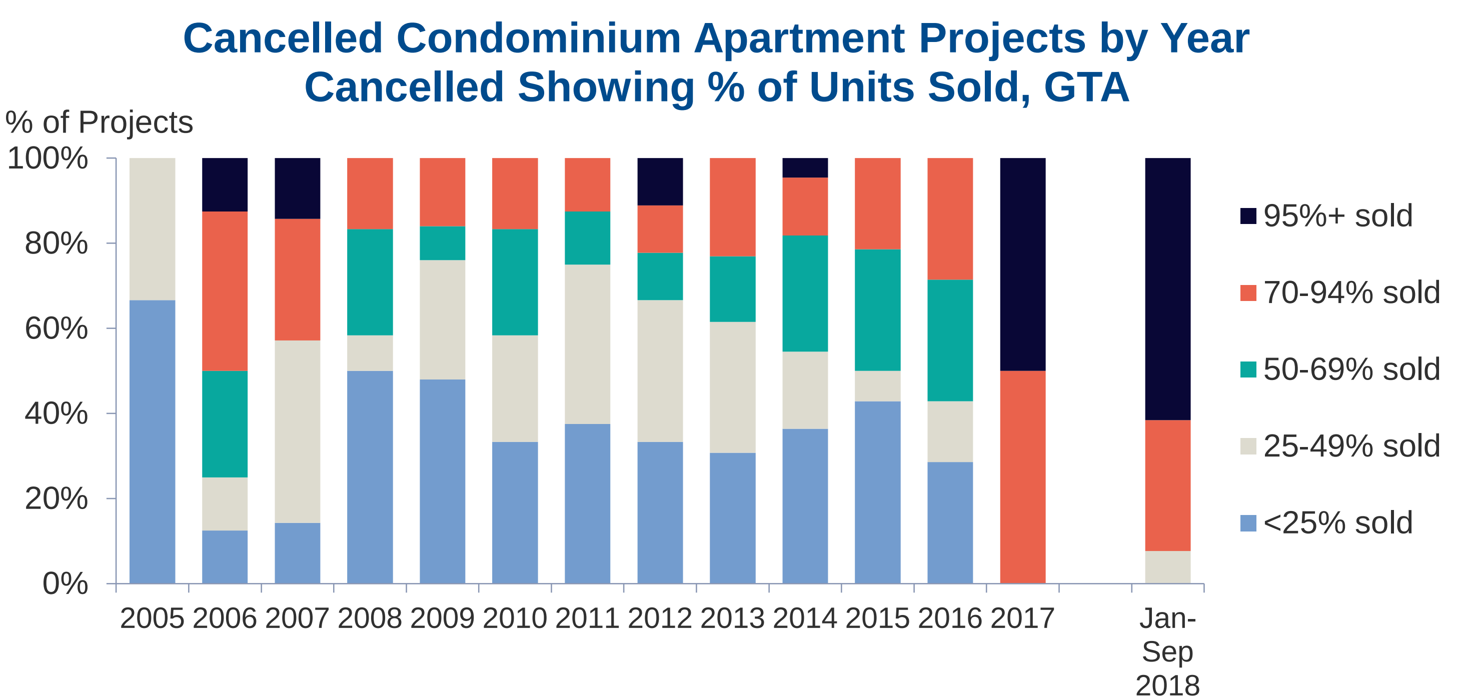


Source: Altus Group

* January to September



Source: Altus Group



Source: Altus Group

Altus Group GTA New Home Data Definitions

Condominium apartment	Includes condominium apartment structures of all heights (low, medium and high-rise), stacked townhouses, and loft units. Replaces the former RealNet term “high-rise”.
Single-family	Includes detached, link, semi-detached and townhouse units (excluding stacked townhouse). Replaces the former RealNet term “low-rise”.
Inventory	New units available to purchase/unsold at end of the period. Includes available units in pre-construction, under construction, and completed projects.
Months of inventory	Unsold available 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