The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of January 2019

Table of Contents

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New Condominium Apartment Dashboard

January 2019			YTD December 2018	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
942	**10,364**	**$803,638**	**21,329**	**$763,977**
14% ▲	**29%** ▲	**12%** ▲	**-38%** ▼	**23%** ▲
Matches previous 10 year average	***2nd lowest January since 2003***	***Record high***	***Back to 2014 and 2015 levels***	***Record high***

% change is from same period a year earlier

Highlights

- **Total new condominium apartment sales in the GTA started the year off on a positive note** – January 2019 sales were up over both last January and December 2018, and matched the previous 10 year average for January.
- Only 1 new project opened in January, however this comes after **a record number of openings in Q4 2018.**
- **The benchmark average price for a new condominium apartment continued to set new records in January**. With the benchmark price for a single-family home down again, the relative gap in percentage terms in the benchmark prices is the smallest since late 2012.
- Looking ahead, January's sales performance was consistent with the outlook for 2019 we presented last month i.e. that **annual new condominium apartment sales in 2019 will outperform 2018, but not by a large margin.**

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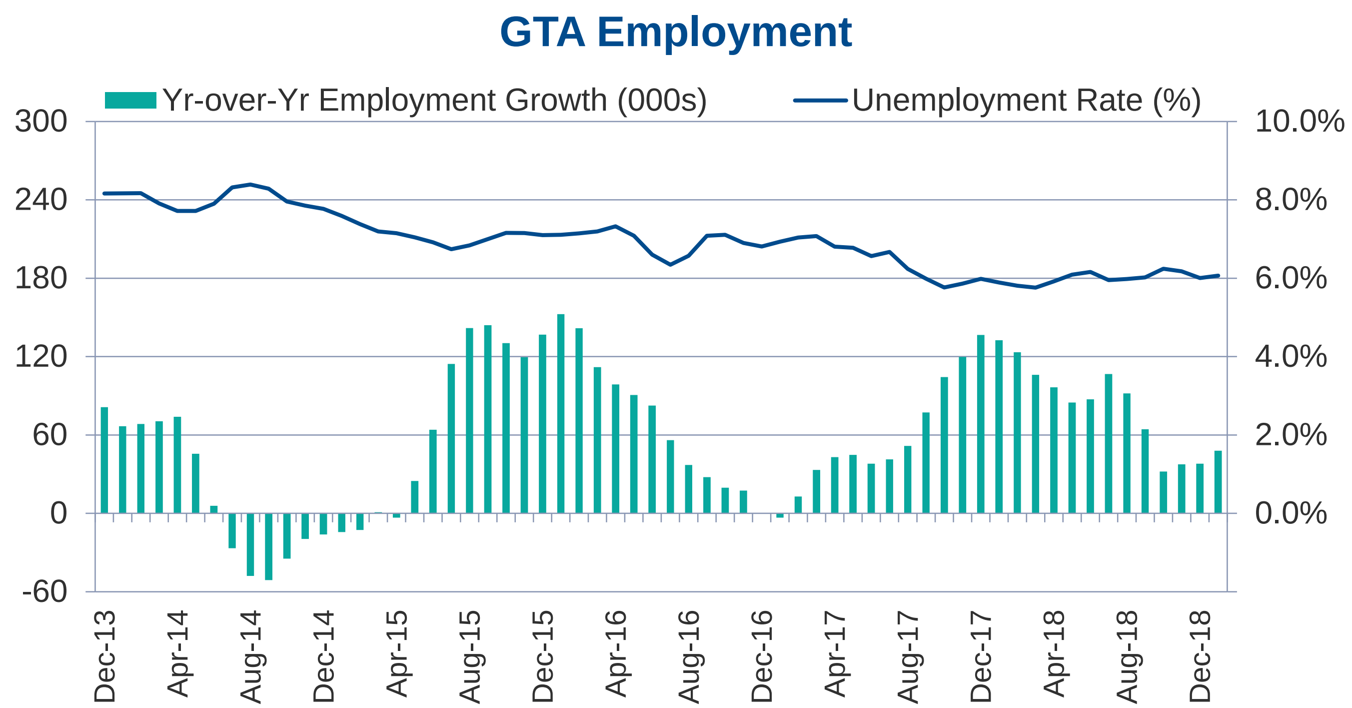
GTA Condominium Apartment Key Performance Indicators

	Jan-18	Dec-18	Jan-19	*Yr-Over-Yr % Change*	YTD Dec 2017	YTD Dec 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*							
Total active sites	277	324	326	*18%*	290	302	*4%*
New projects opened	5	1	1	*-80%*	120	106	*-12%*
Units in new projects opened	1,241	164	423	*-66%*	32,801	26,432	*-19%*
Total sales (units)	825	805	942	*14%*	34,656	21,329	*-38%*
Sales as % of total new & resale	*39%*	*40%*	*43%*		*56%*	*48%*	
Inventory (units)	8,058	10,722	10,364	*29%*	8,599	10,107	*18%*
Sales-to-inventory ratio	10%	8%	9%	*-11%*	34%	17%	*-49%*
Months of inventory	2.9	6.0	5.8	*103%*	3.2	4.9	*54%*
Benchmark price	$714,430	$796,815	$803,638	*12%*	$619,423	$763,977	*23%*
Price PSF Benchmark	$802	$903	$910	*13%*	$735	$858	*17%*
Unit size Benchmark (sq. ft)	891	883	883	*-1%*	841	891	*6%*
Units completed	362	612	1,038	*187%*	15,391	15,849	*3%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	1,275	1,185	1,238	*-3%*	26,988	22,930	*-15%*
New listings (units)	2,239	1,153	2,521	*13%*	40,732	36,433	*-11%*
Inventory ("active listings", units)	2,591	2,351	2,657	*3%*	3,110	3,378	*9%*
Sales-to-inventory ratio	49%	50%	47%	*-5%*	80%	57%	*-30%*
Months of inventory	1.2	1.2	1.4	*19%*	1.3	1.7	*32%*
Average price of units sold	$507,492	$554,497	$548,176	*8%*	$512,318	$552,106	*8%*
HPI constant quality price index (Jan 2005=100)	235.1	255.4	254.0	*8%*	224.5	249.3	*11%*

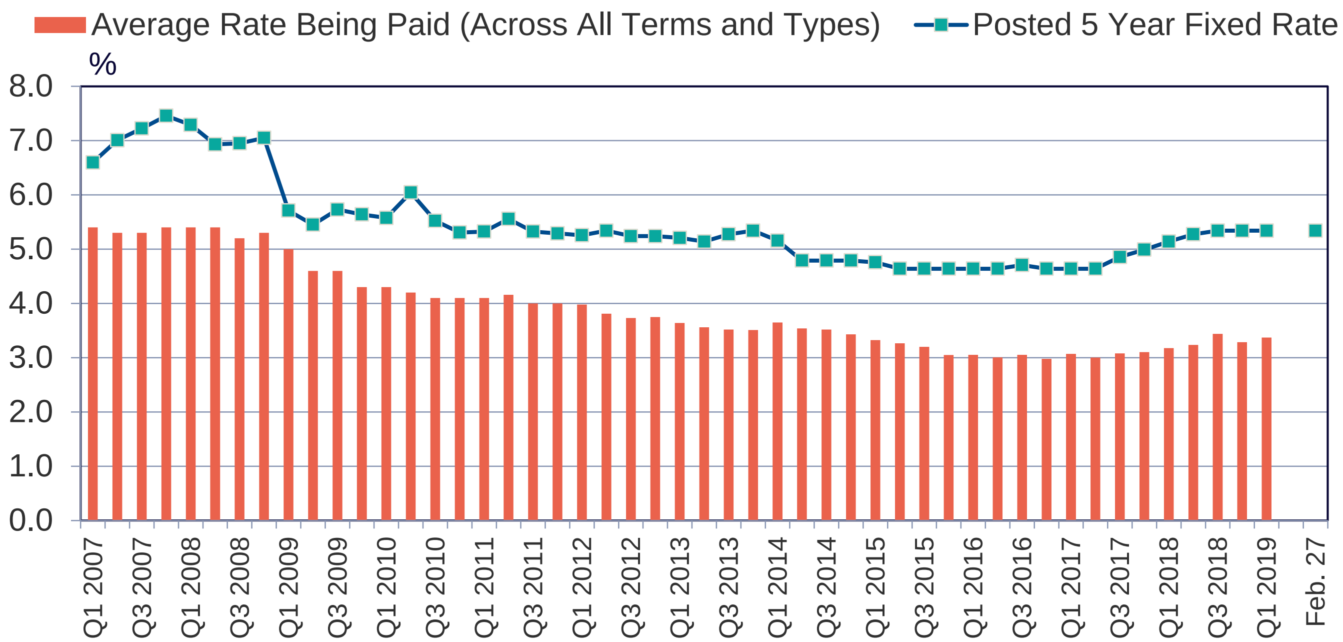
** see end of report for Definitions*

- **Employment in the GTA grew on a month-to-month basis again in January.** The unemployment rate inched up slightly.
- **After several modest bump-ups since the beginning of 2018, posted mortgage rates and average effective mortgage rates have been relatively stable more recently** *(chart top of next page*), according to Bank of Canada and Altus Group FIRM data. The Bank of Canada maintained the target for the overnight rate at 1.75% again at the rate announcement on January 9. It did caution however that *"the policy interest rate will need to rise over time into a neutral range to achieve the inflation target. The appropriate pace of rate increases will depend on how the outlook evolves, with a particular focus on developments in oil markets, the Canadian housing market, and global trade policy."* The next rate announcement is March 6, 2019.
- **Intentions to buy properties are up among GTA households compared to last year,** according to Altus Group's FIRM Survey (*chart bottom of next page*). The increase overall is driven by a rebound in homebuying intentions among current renters - the key potential first-time buyer group. This likely reflects at least in part first-time buyers now having had time to build up their downpayments in order to qualify for a mortgage based on the more stringent stress tests.



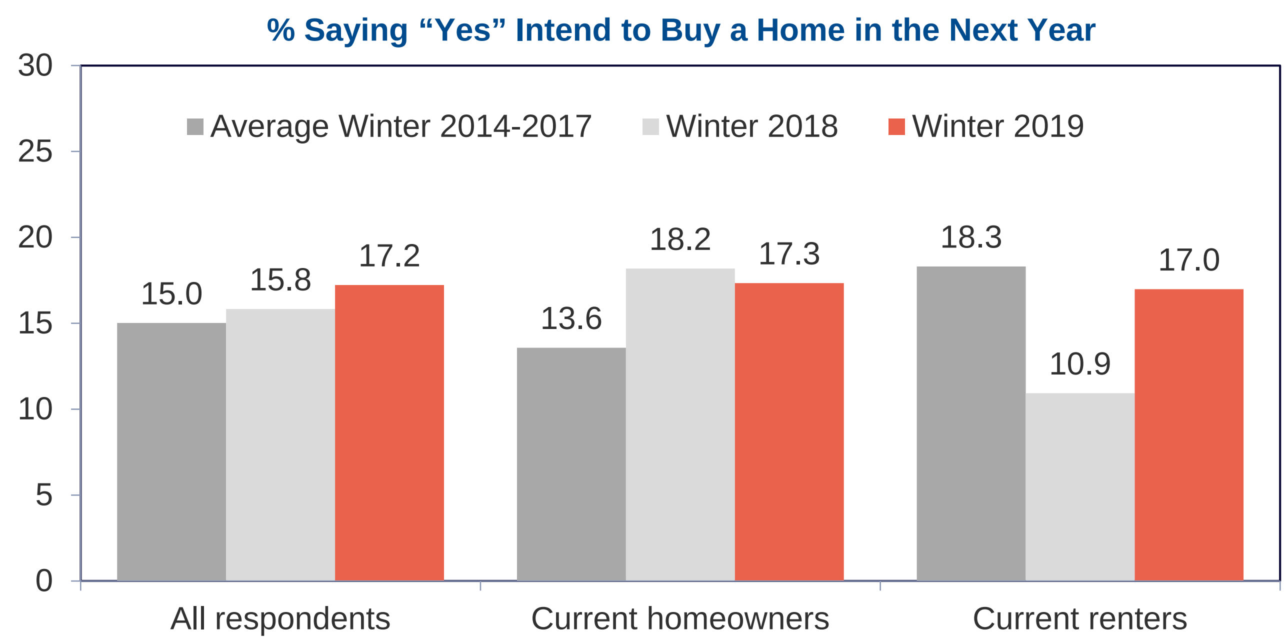
Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates



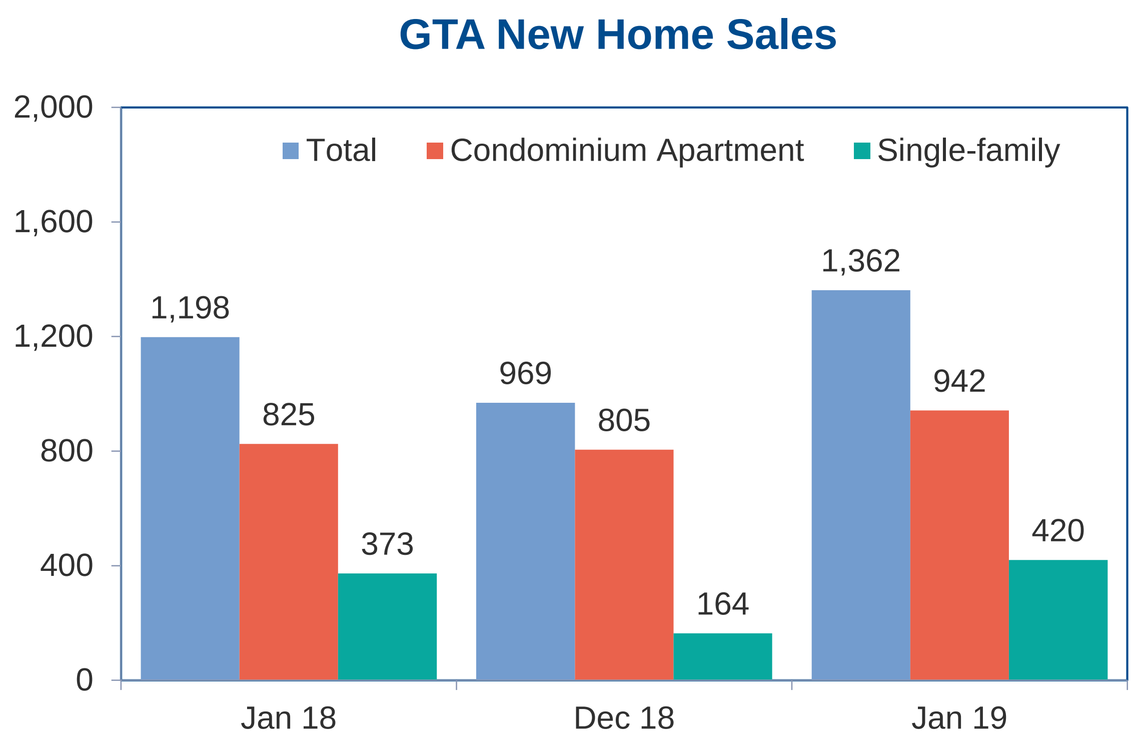
Source: Altus Group and Bank of Canada data

GTA Homebuying Intentions



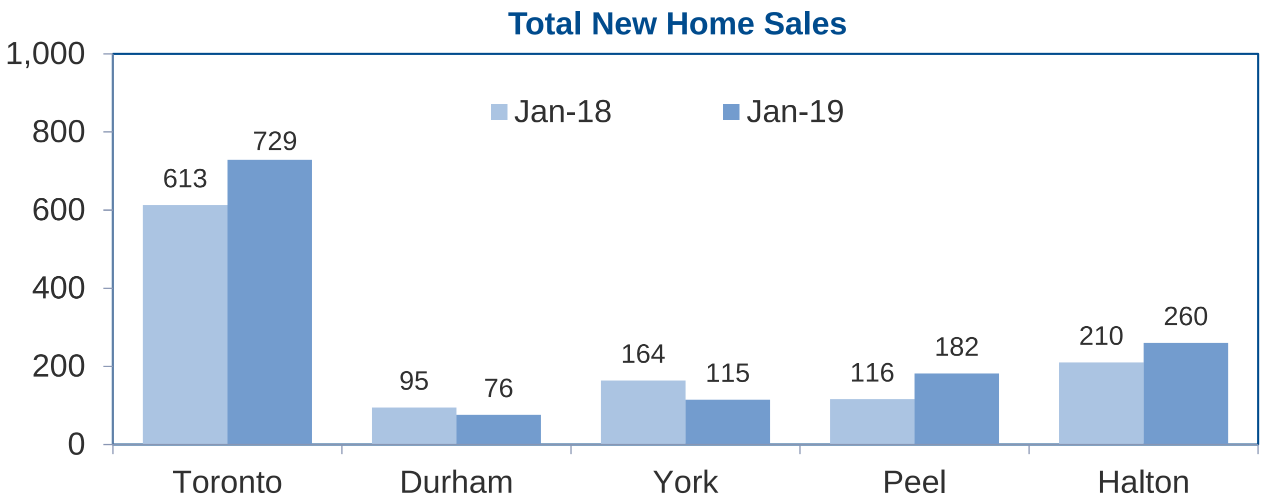
Source: Altus Group

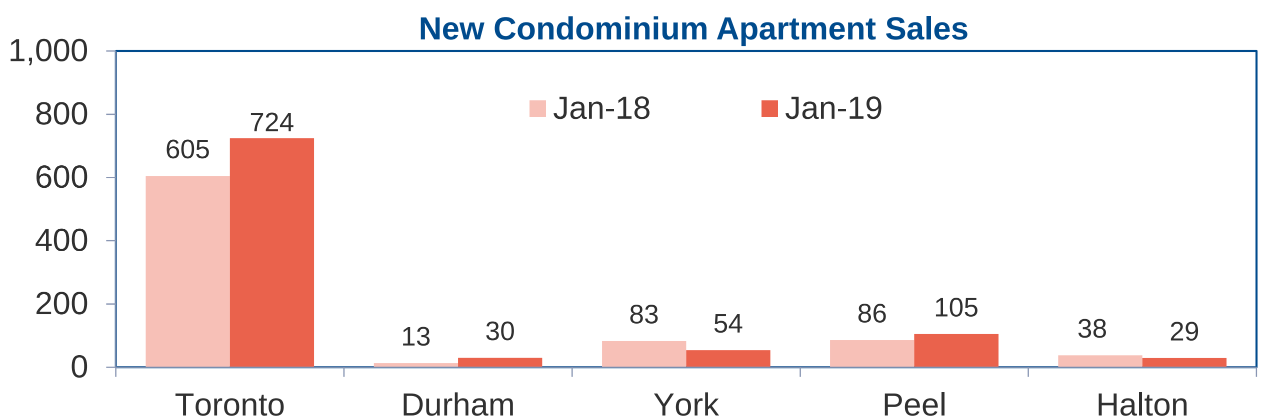
- **Total sales of new homes in the GTA were up in January compared to December** which is the typical seasonally pattern. However, the more promising news was that total new home sales were also higher than January 2018, up by 14% - although still low compared to the previous 10 year average.
- **Both new single-family home sales, and new condominium apartments sales, contributed to the increases**. The year-over-year patterns were mixed by region (*charts next page*).

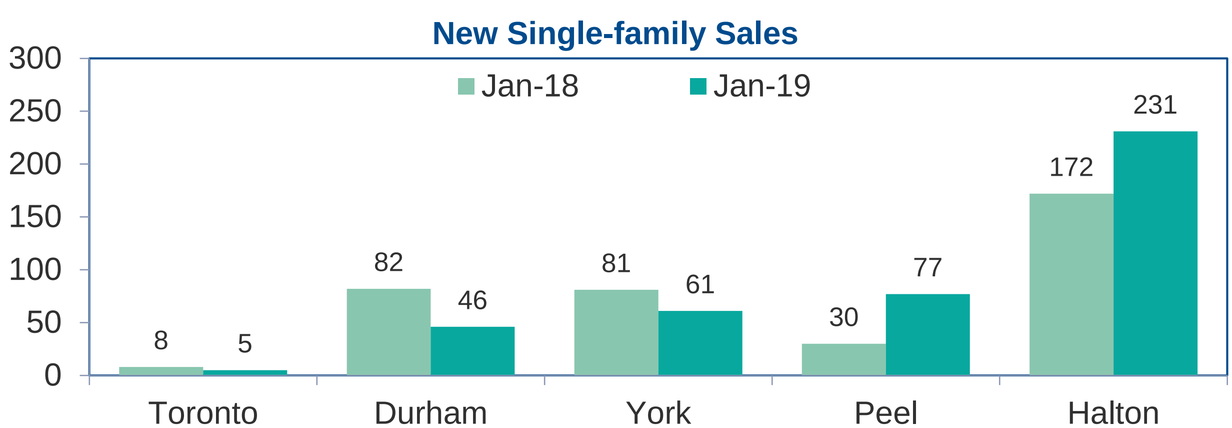


Source: Altus Group

GTA New Home Sales by Region



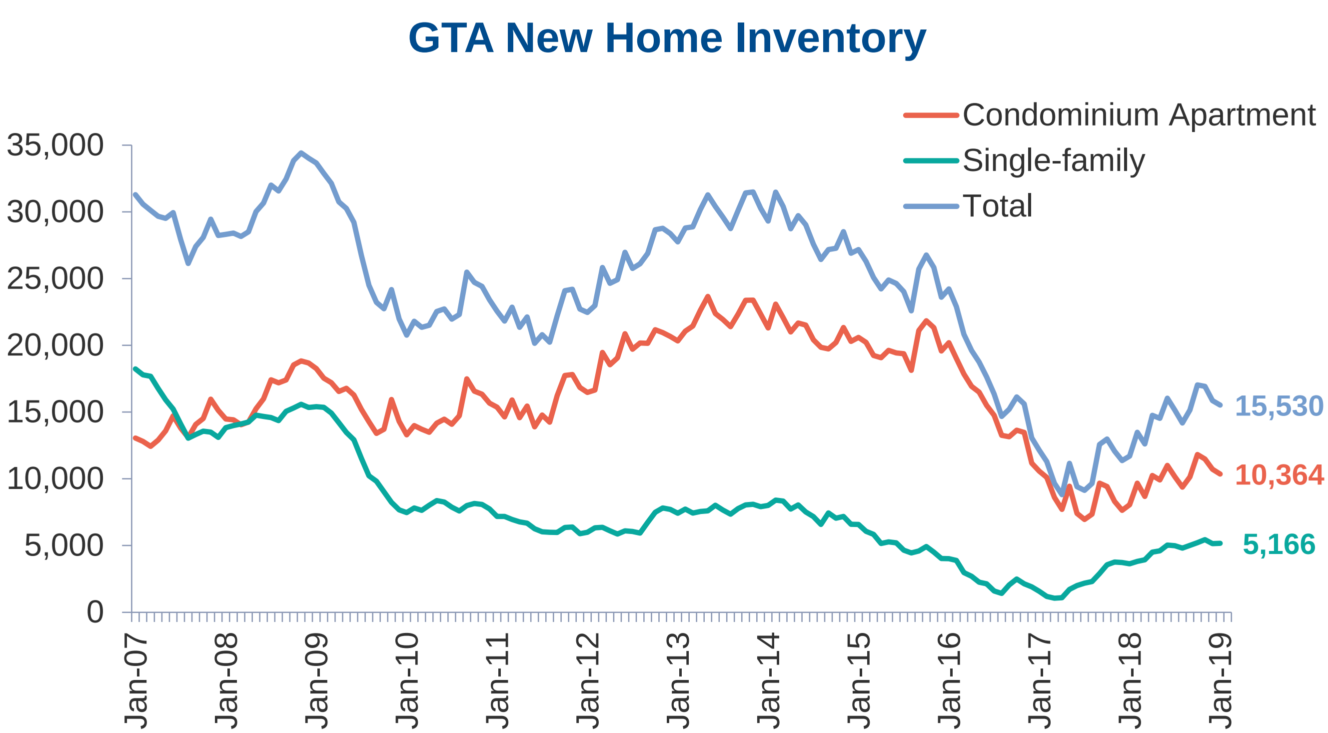




Source: Altus Group

New Home Market - Inventory

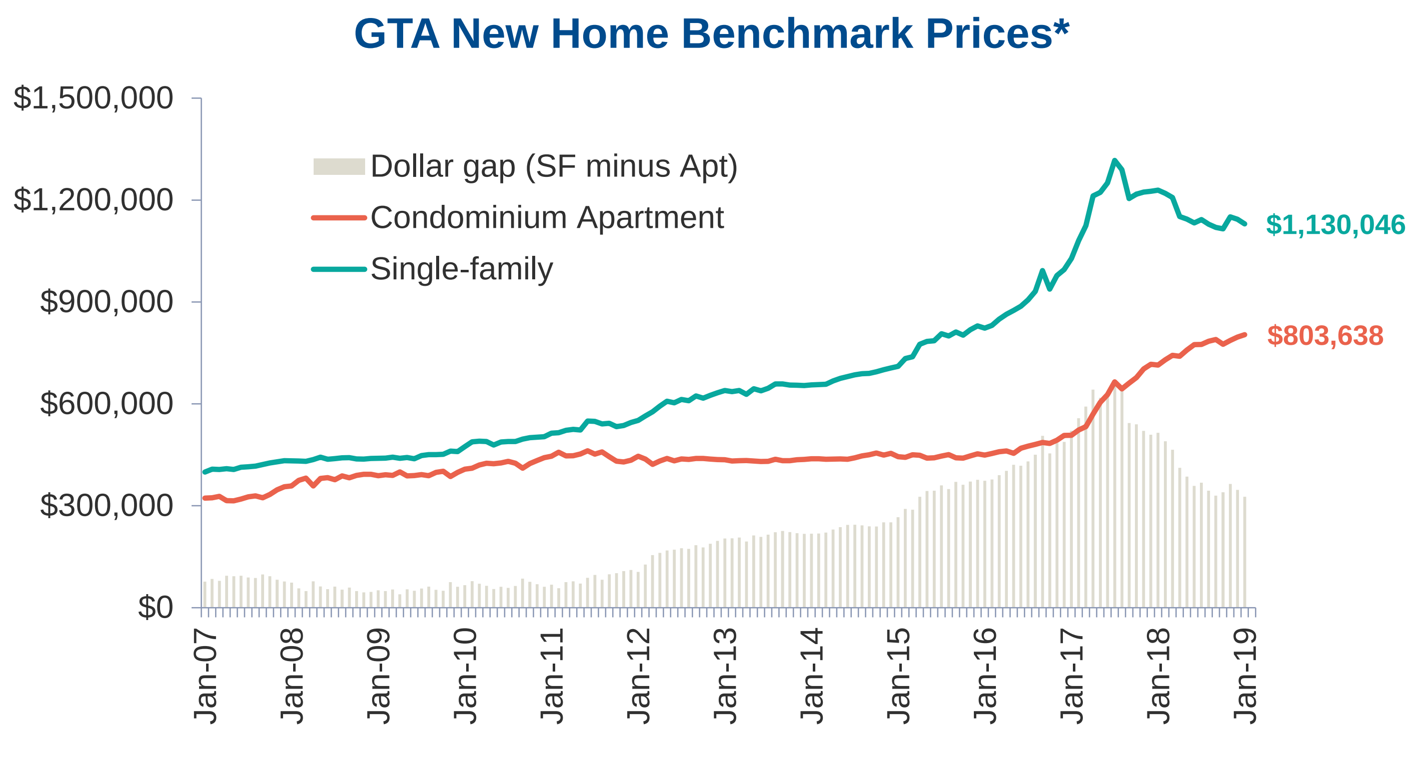
- **Total new home inventory available to purchase dipped again in January**.
- While single-family inventory was relatively stable, **condominium apartment inventory declined for the third month in a row.**



Source: Altus Group

New Home Market - Prices

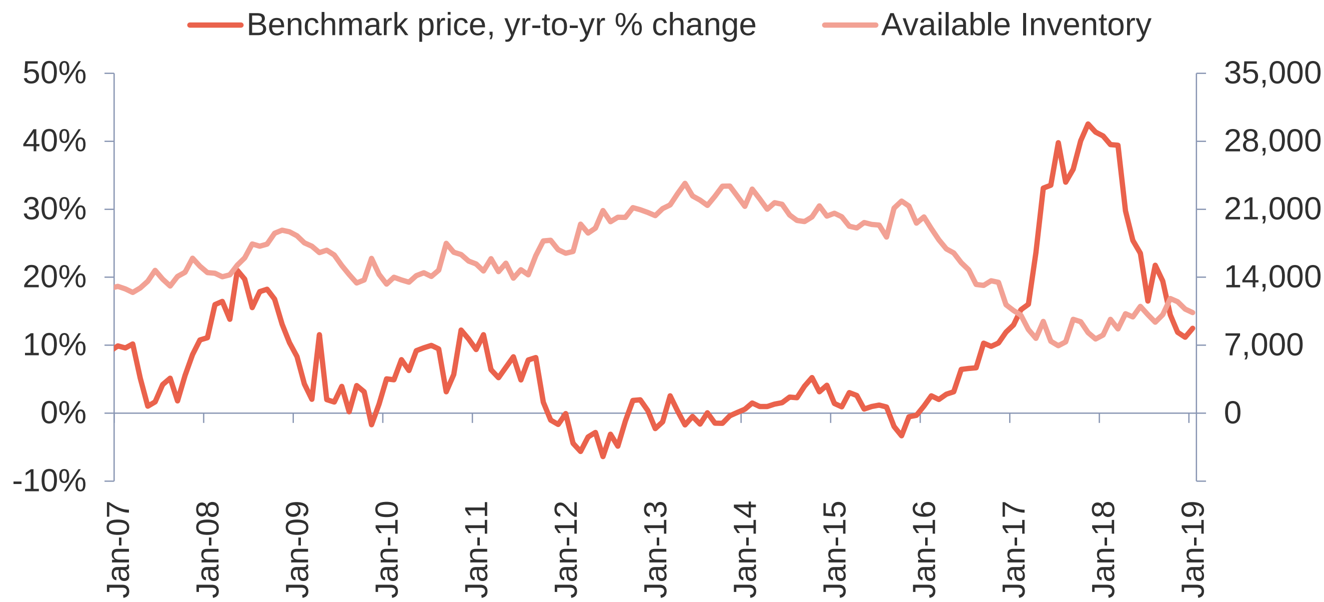
- **The Benchmark price for a new single-family home dipped again in January**, and is 8% below January 2018 (*chart bottom of next page)* and 14% below the peak in July 2017.
- **The Benchmark price for a new condominium apartment continued to set new records in January, topping $800,000 for the first time,** and up 12% over January 2018 (*chart top of next page*).
- **The relative gap in percentage terms between the benchmark prices of a new single-family home and a new condominium apartment is the smallest it has been since late 2012.**



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

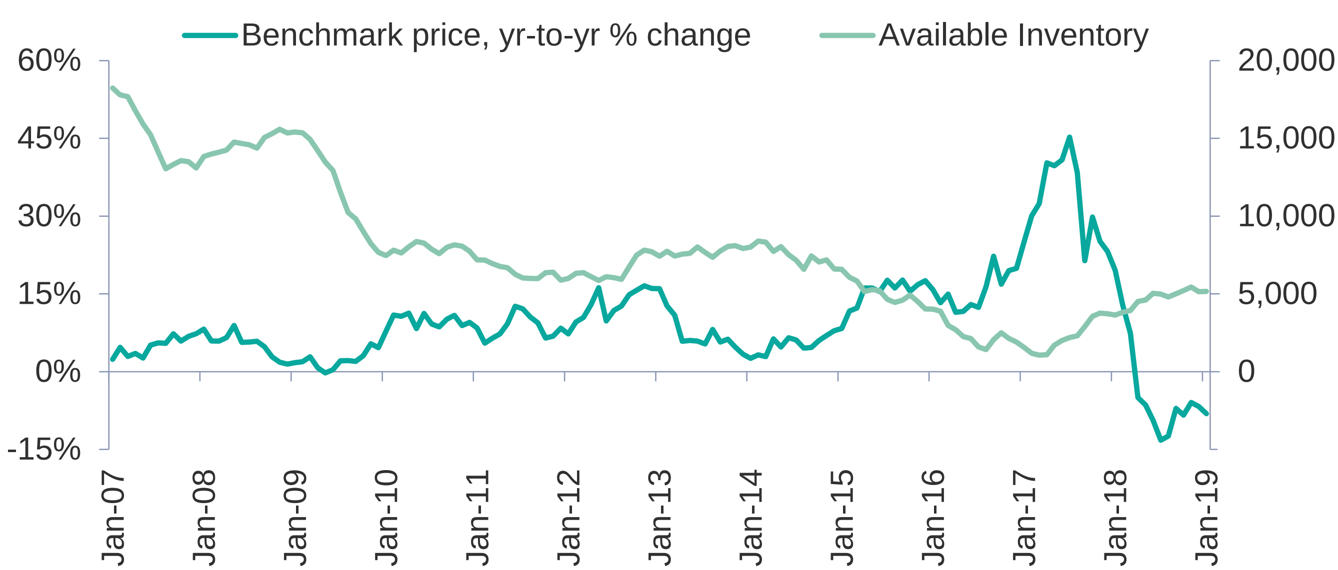
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



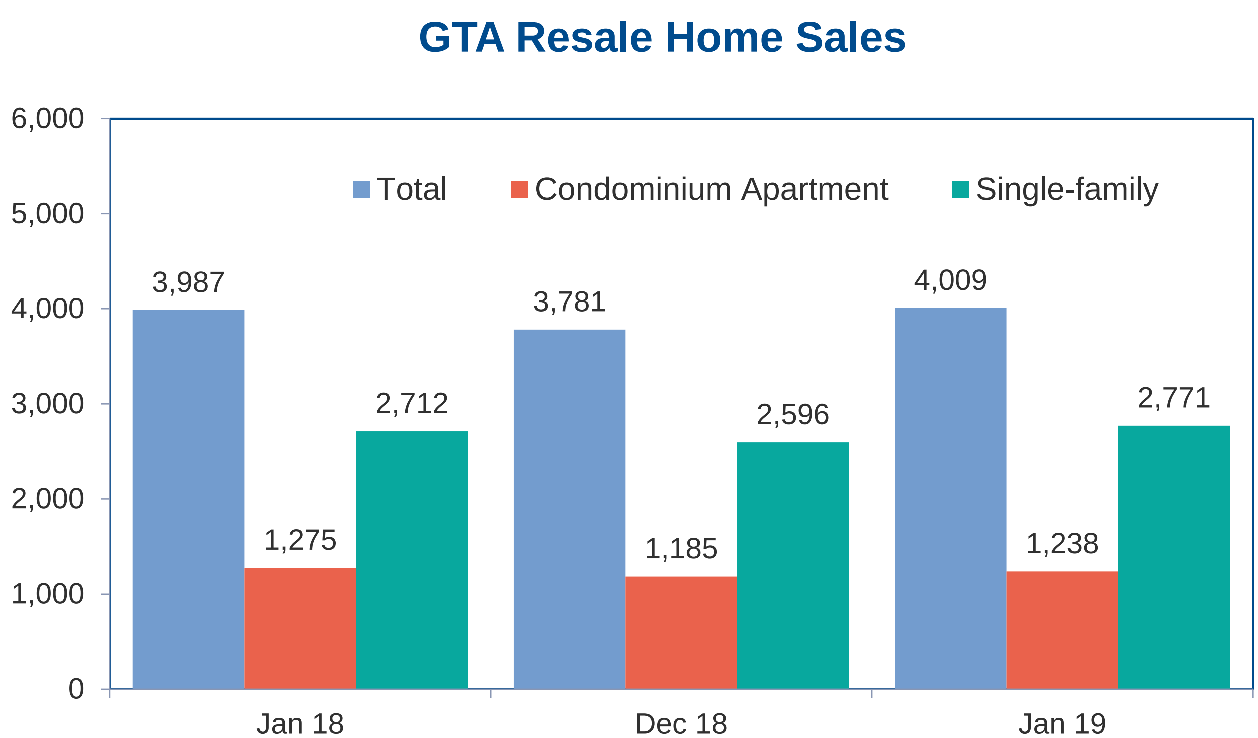
Source: Altus Group

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



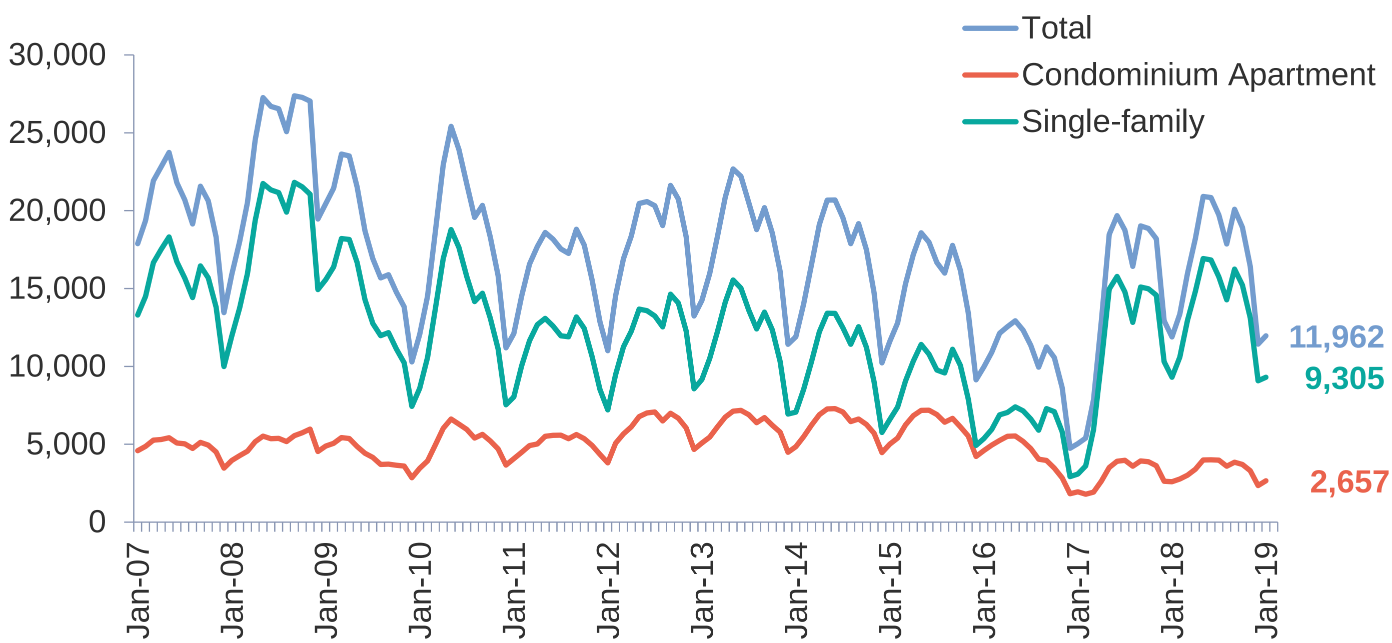
Source: Altus Group

- **Total sales of existing homes** (as reported by the Toronto Real Estate Board) **in January 2019 were similar to a year earlier**, but up from December**.** Both single-family and condominium apartment sales were near their year ago levels.
- **Resale inventories moved up slightly in January,** for both single-family and apartment product (*chart top of next page*). Single-family inventory remains high in historical terms while the opposite is true for condominium apartments.
- **Average overall resale prices** were down slightly in January from December, but **remained 2% higher than in January 2018** (*chart bottom of next page*). The average price of a resale condominium apartment moderated for the 4th month in a row, but is still 8% higher than a year ago.



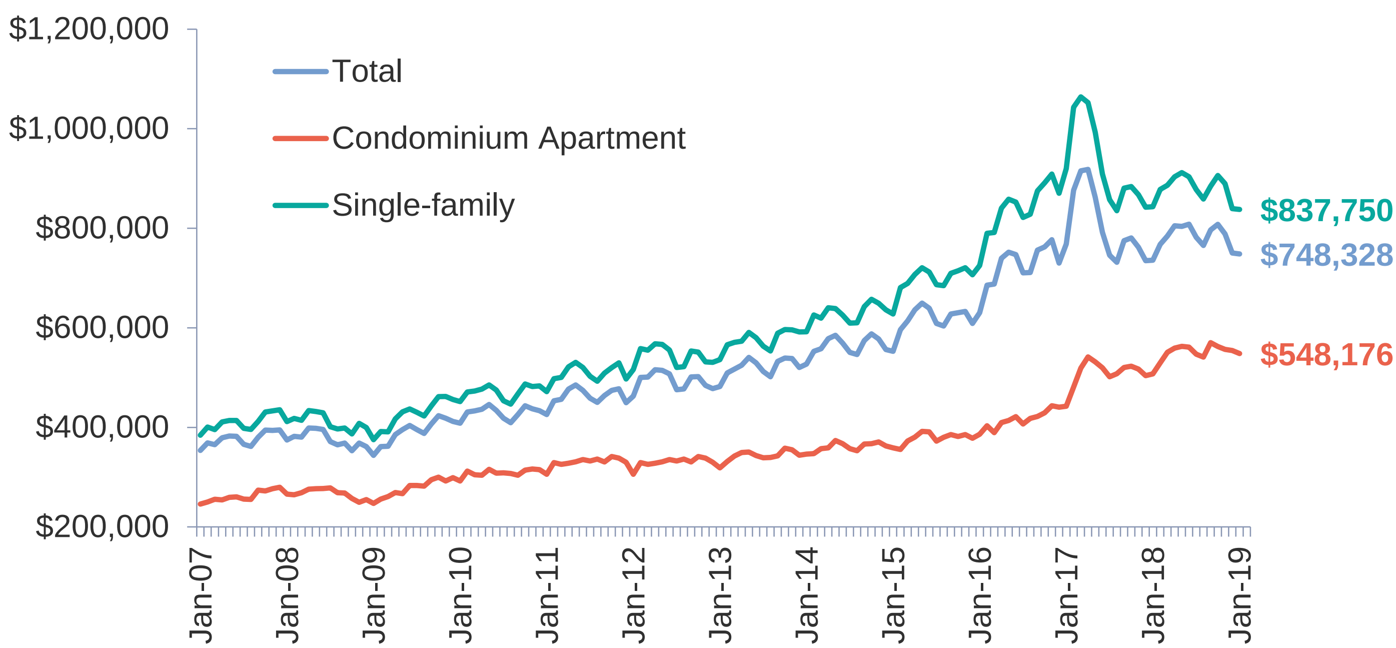
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory (“Active Listings”)



Source: Altus Group based on Toronto Real Estate Board data

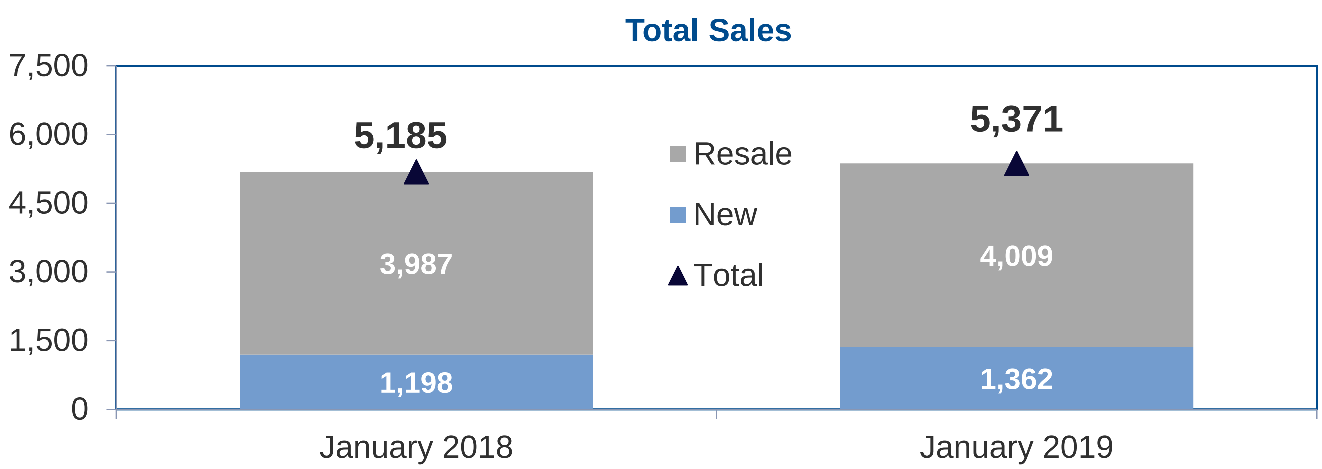
GTA Resale Home Prices

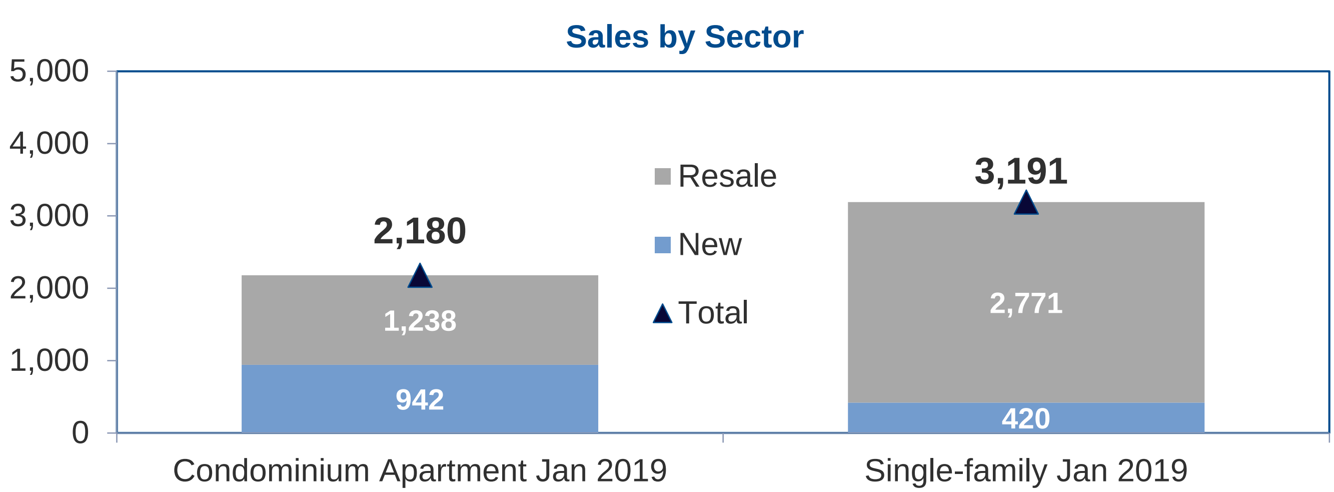


Source: Altus Group based on Toronto Real Estate Board data

- **Combined resale and new home sales,** as measured by TREB and Altus Group, totaled just under 5,400 units in January 2019, **up 4% from January 2018**. The increase was almost entirely due to the new home sector (up 14% vs. 1% for resales).
- **About 1 in 4 total home sales in January 2019 were new homes – similar to the ratio in 2018**. The ratios however are quite different for single-family homes, with new accounting for 13%, and condominium apartments, where 43% of sales in January 2019 were new condos.

GTA Combined New & Resale Home Sales

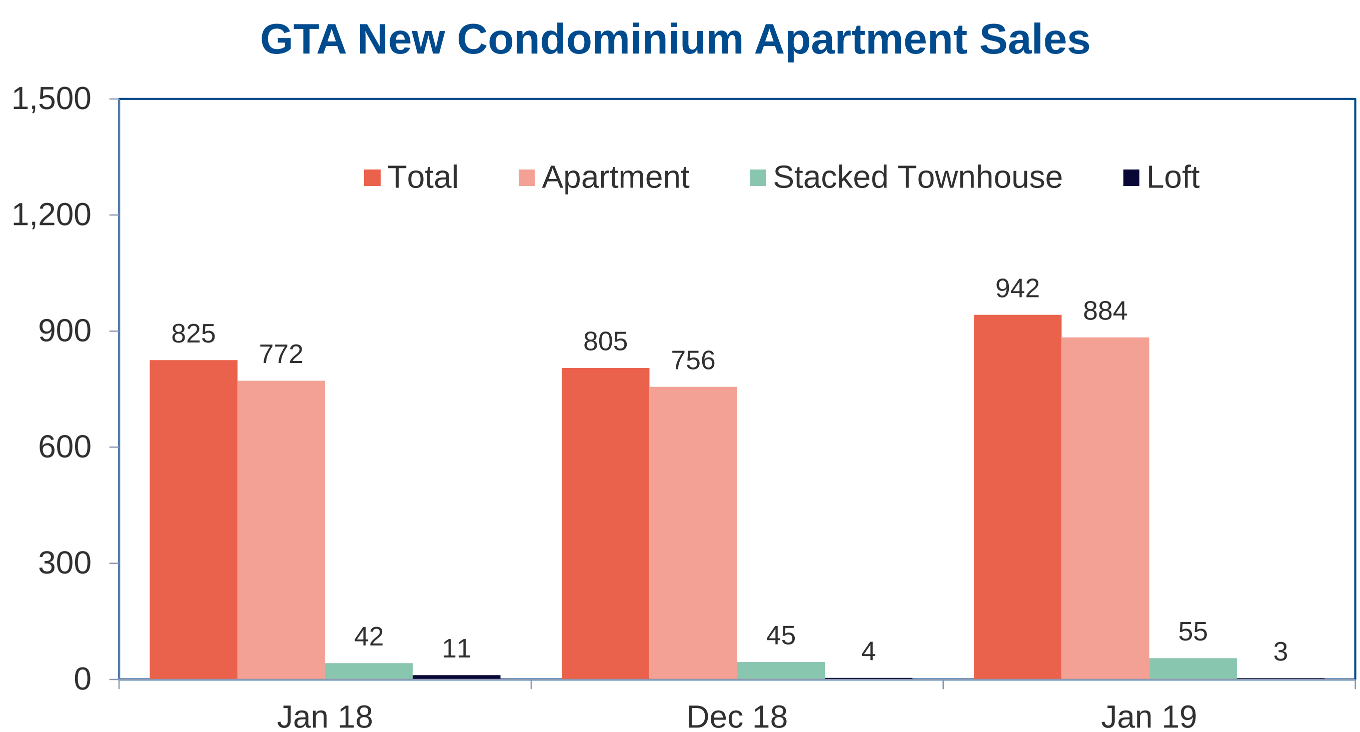




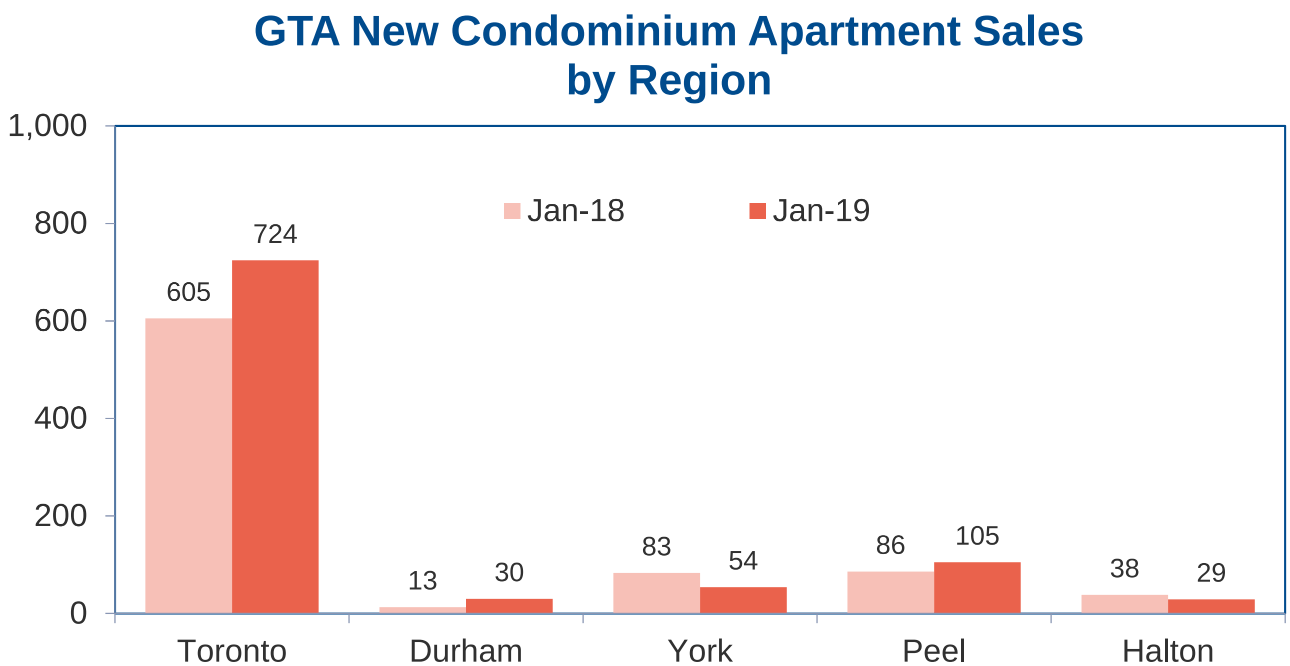
Source: Altus Group and Toronto Real Estate Board data

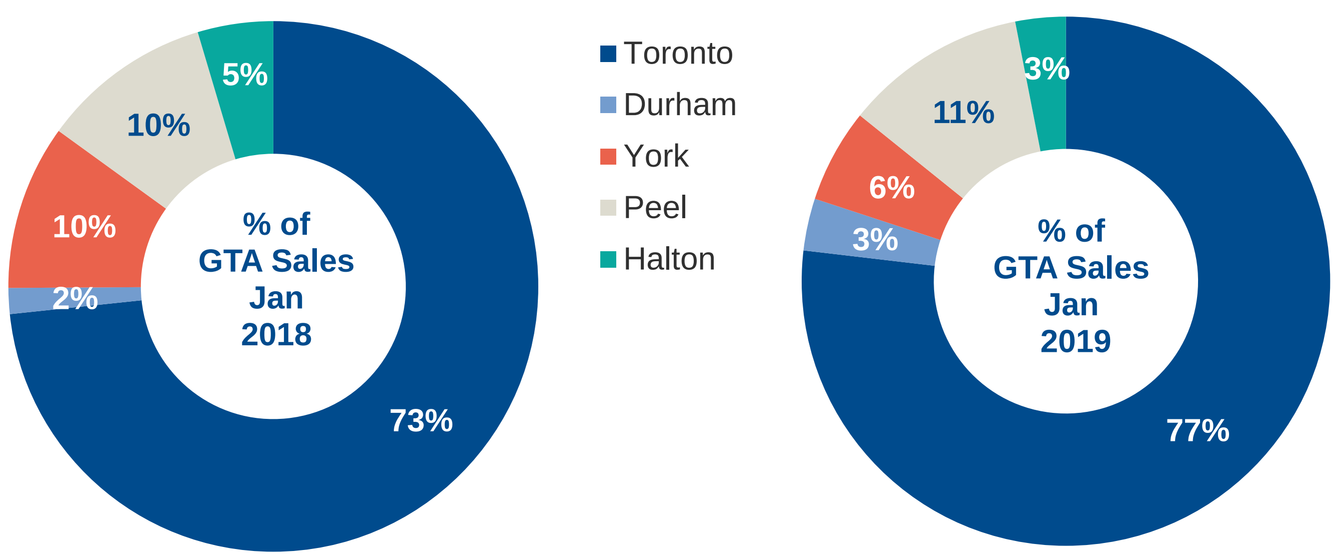
New Condominium Apartments - Sales

- **Total new condominium apartment sales improved in January 2019**, up 14% from a year earlier.
- While still relatively small, sales of new stacked townhouses were up from last January by almost one-third.
- **The year-over-year increase in new condominium apartment sales was mainly due to higher sales in the City of Toronto** *(chart after next page).*



Source: Altus Group

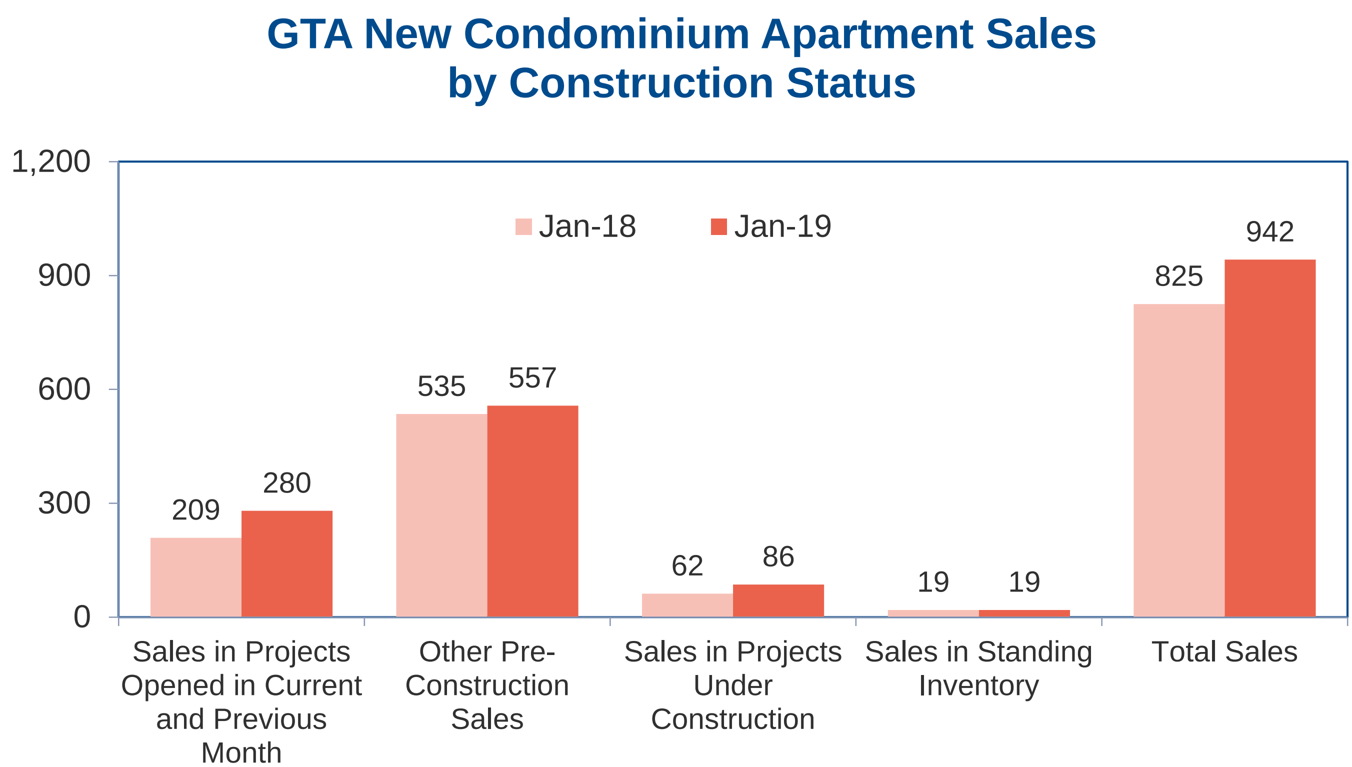




Source: Altus Group

New Condominium Apartments - Sales

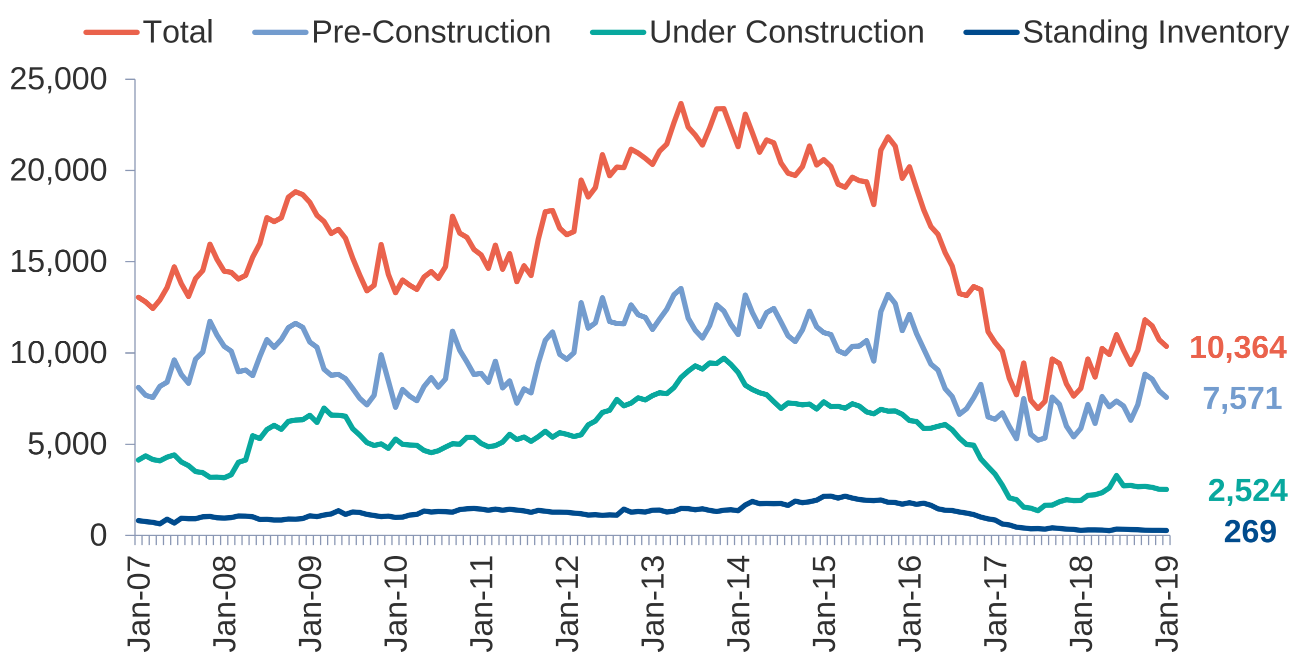
- **Projects opened in December 2018 and January 2019 accounted for 3 out of every 10 sales of new condominium apartments in January 2019.** The majority of the remaining sales were in pre-construction projects.
- **There is little standing inventory to purchase** *(chart next page)* and therefore few sales in this segment.

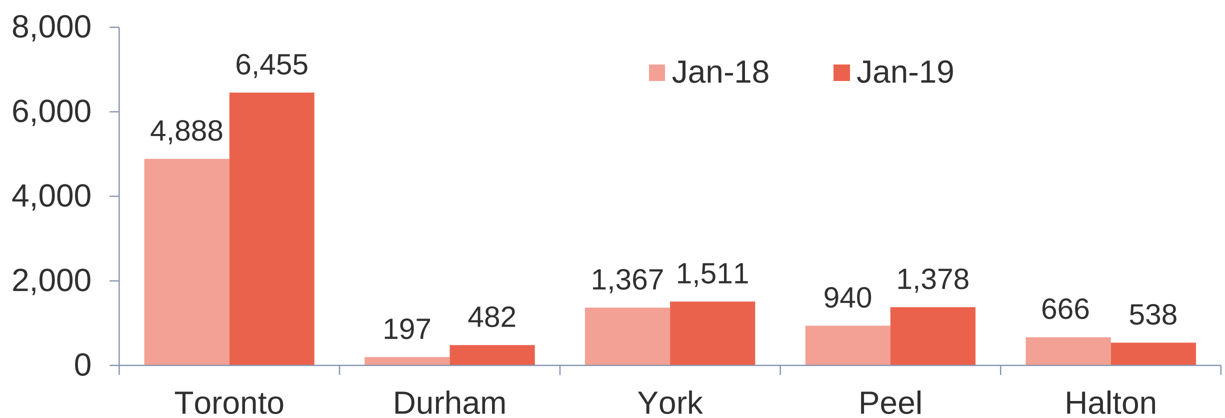


Source: Altus Group

- **New condominium apartment available inventory dipped again in January, as January sales surpassed the number of units in the 1 new project opened.** Current inventory represents just under 6 months of supply at the pace of sales over the past 12 months. While double that of a year ago, this compares to the average of about 11 months for January for the 2001-2016 period.
- **There is still very little available to purchase for immediate occupancy** (i.e. standing inventory in completed projects). After increasing over the mid 2017 to mid 2018 period, unsold inventory in under construction projects has been declining once again.
- Inventory is up compared to last year in all regions except Halton.

GTA New Condominium Apartment Inventory

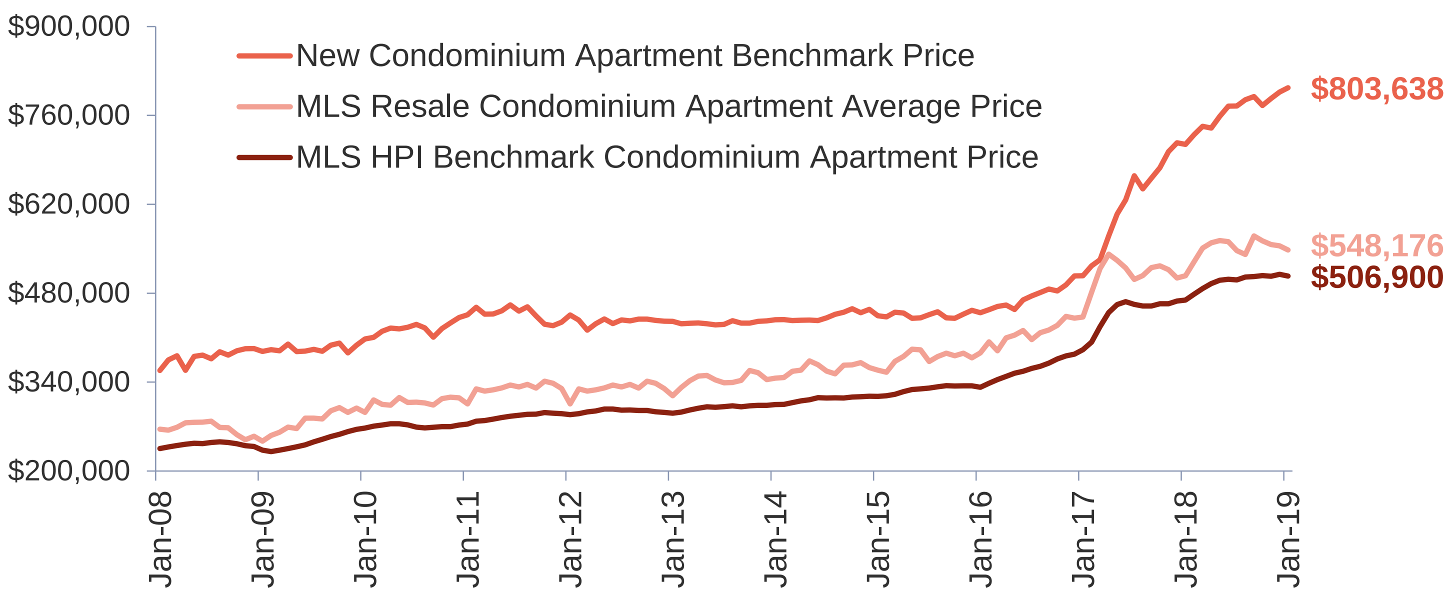


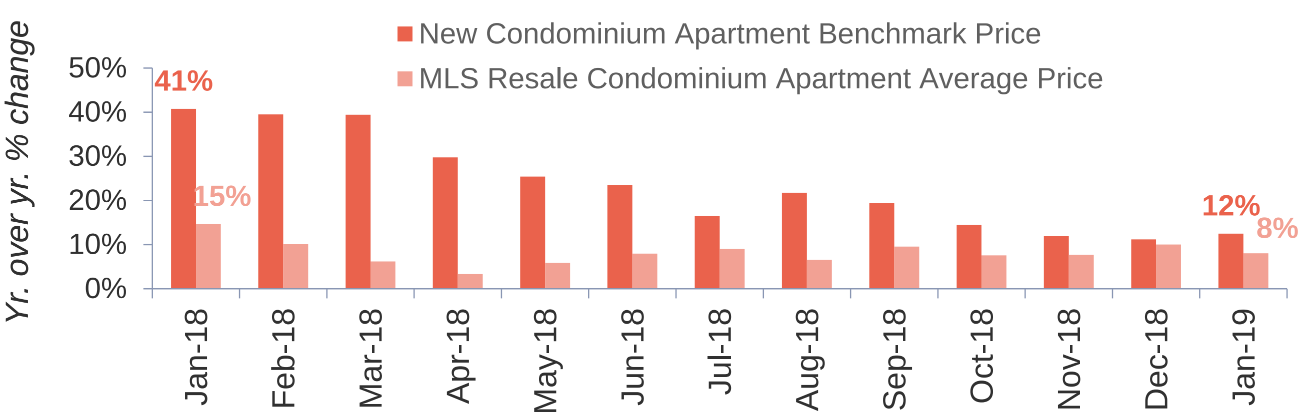


Source: Altus Group

- **New condominium apartment prices continued to move higher in January, up 12% from a year earlier**.
- The average price of a resale condominium apartment dipped again in January, but sat 8% above January 2018.
- **After narrowing a bit in the Fall of 2018, the gap in prices between average new and average resale condominium apartments has increase again in the past 3 months**, further reducing the price competitiveness of new condominium apartments vis-à-vis resale product.

GTA New and Resale Condominium Apartment Prices

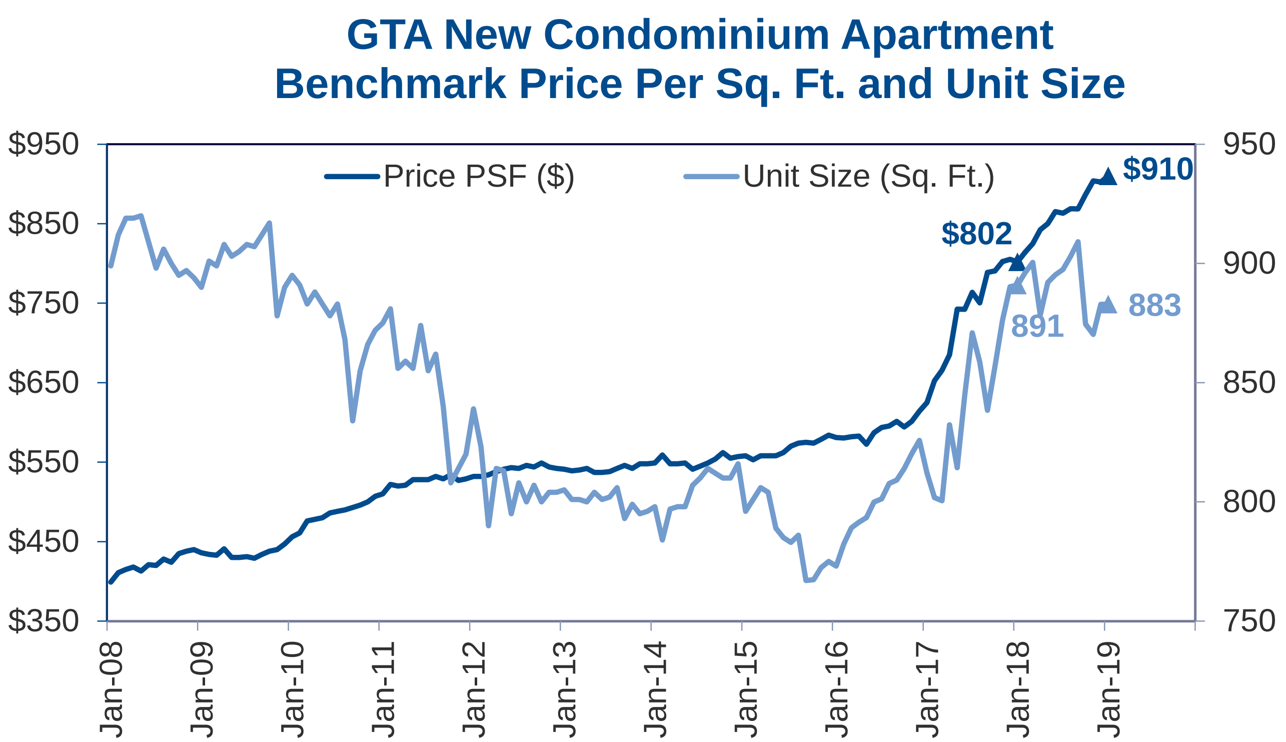




Source: Altus Group and Toronto Real Estate Board data

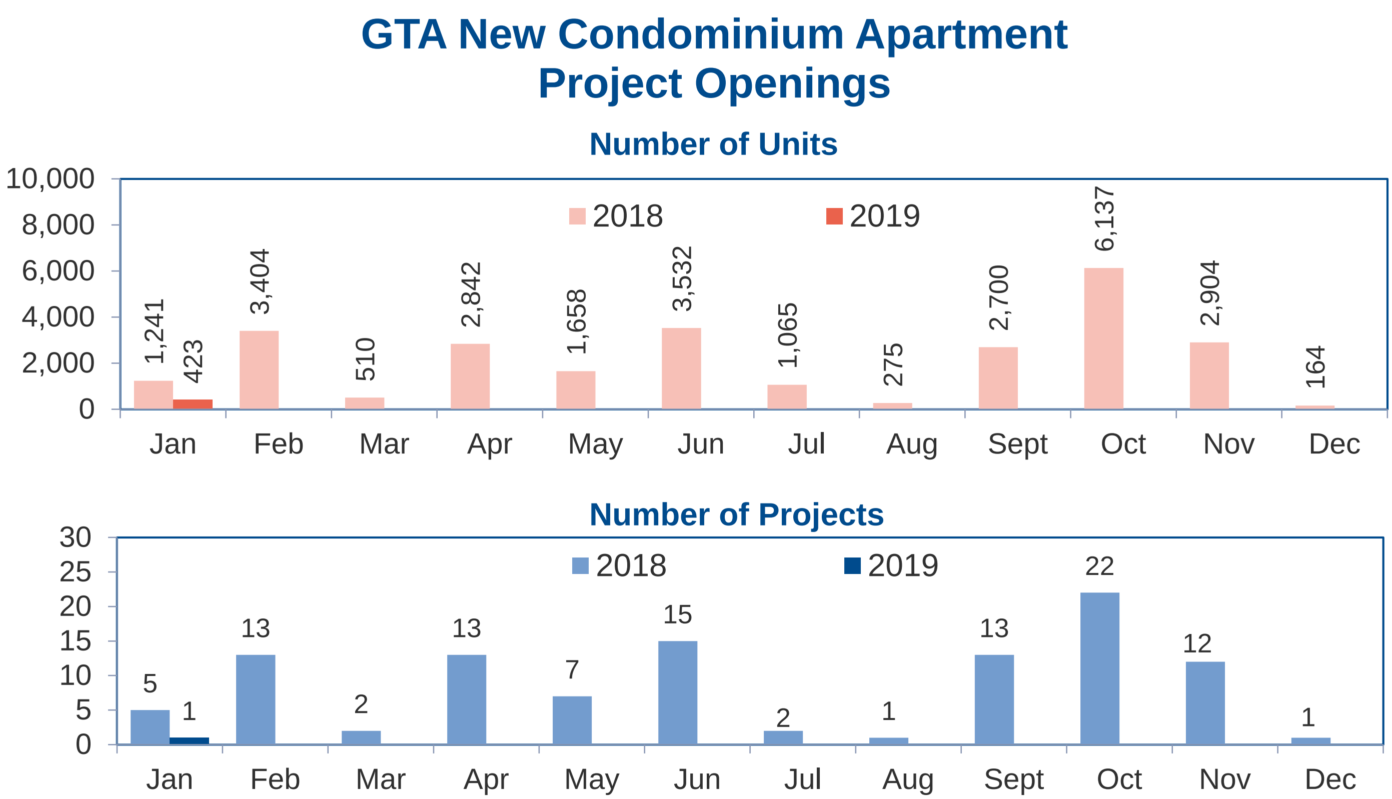
New Condominium Apartments - Prices

- **The 12% increase in January 2019 over January 2018 in the benchmark price for a new condominium apartment unit was entirely due to an increase in the price PSF Benchmark** of remaining inventory, as the unit size Benchmark was relatively stable.



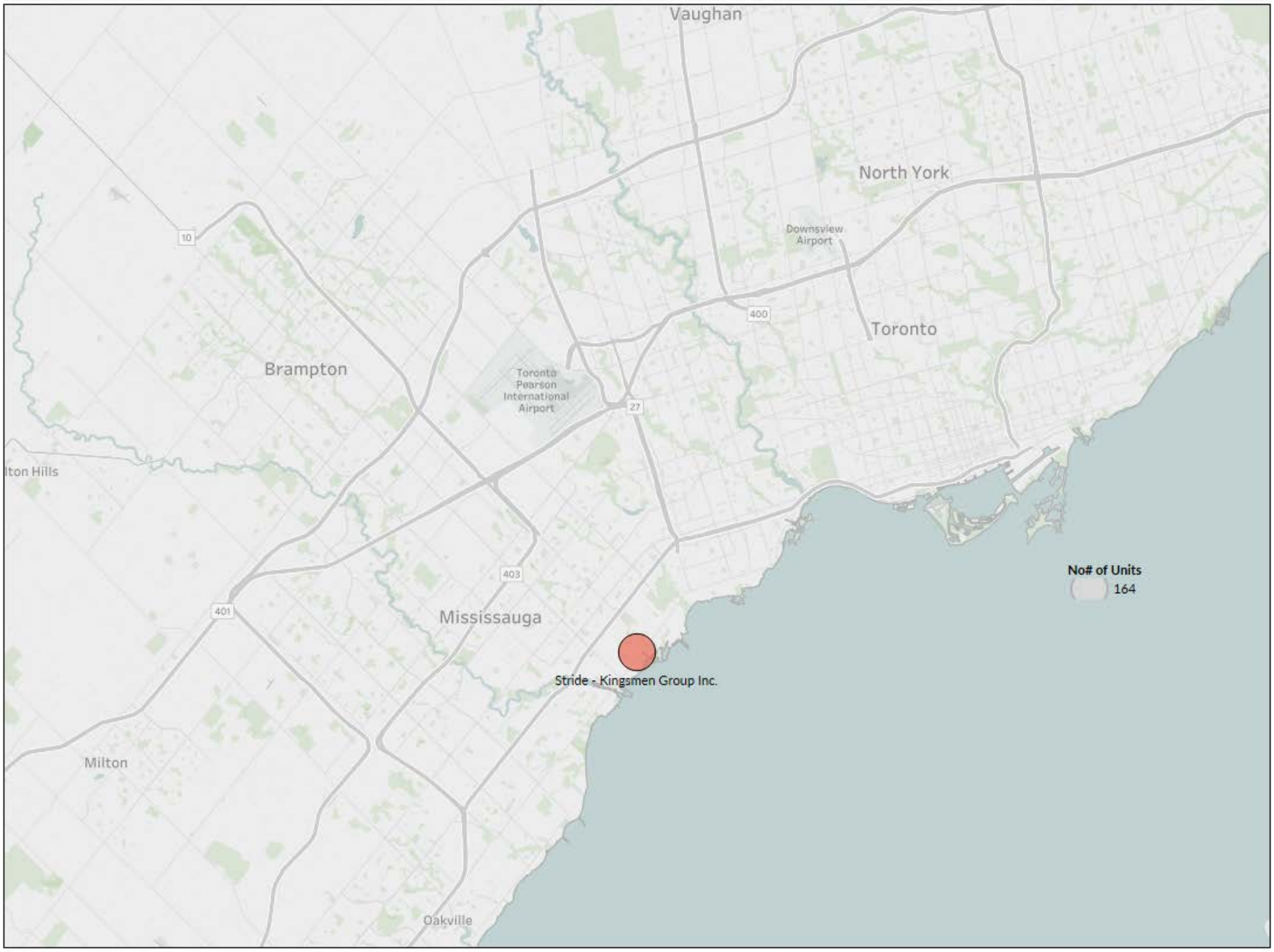
Source: Altus Group

- **Only 1 new condominium apartment project launched in January 2019 in the GTA** – Line 5 Condos, South Tower, with 423 units. The project opened in mid January, and was two-thirds sold by month end.
- **While one project opening is low even for January, it comes after a record number of projects and units opened in Q4 2018.**
- Following this page are maps showing the location of new projects launched in December 2018 and January 2019, 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

December 2018 New Project Launches by Number of Units



Source: Altus Group

For December project openings, sales for both the opening month (December 2018) and the subsequent month (January 2019) are provided on the following table.

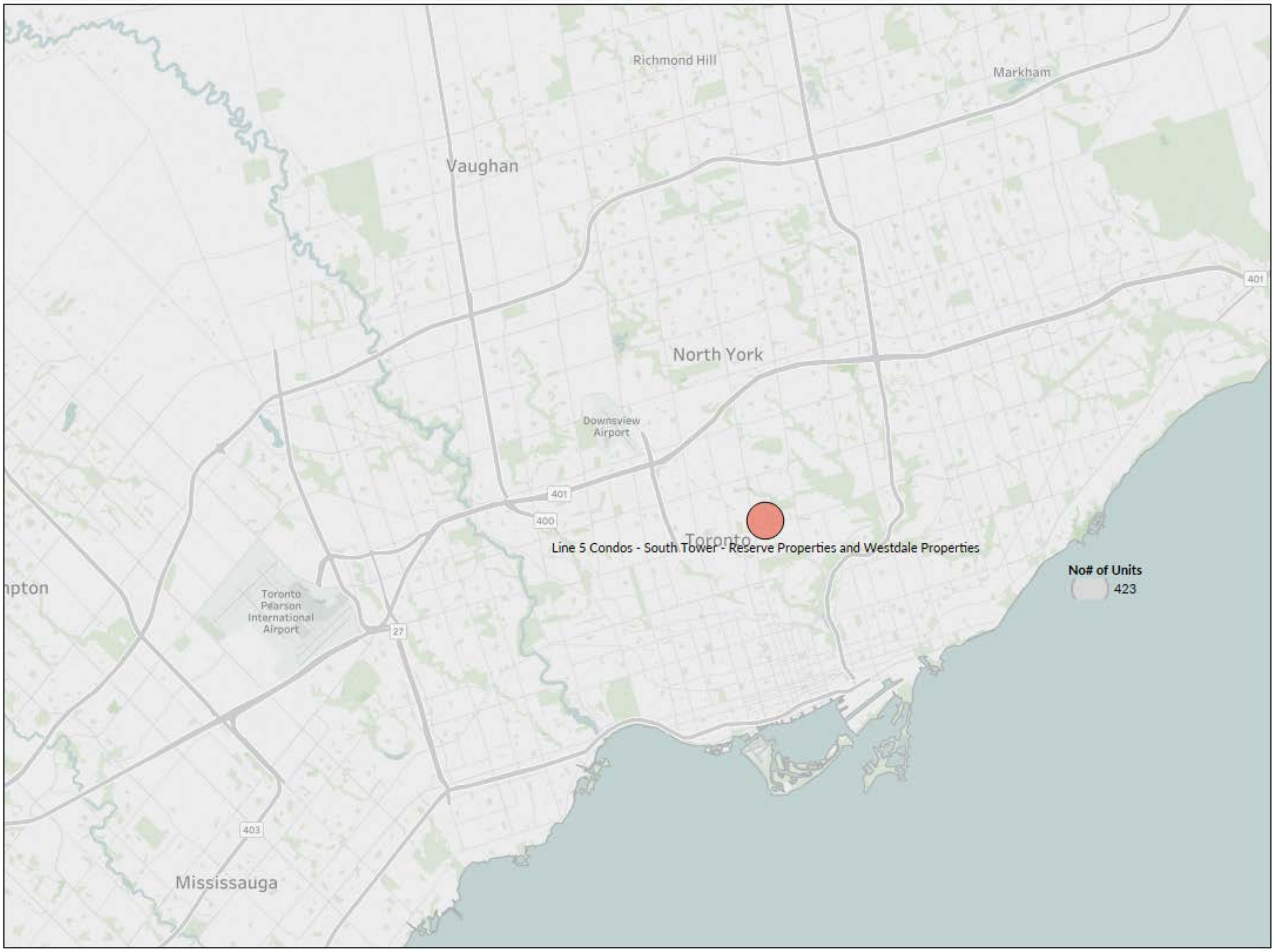
Project Record Stride

New Condominium Apartment Project Openings - December 2018	
Project Name	**Stride**
Developer	Kingsmen Group Inc.
Date Opened	2018-12-05
Municipality	Mississauga
Region	Peel
Structural Type	Stacked
Floors	4
Project Total Units	**164**
Total Units Released	**52**
Studio	--
1 bedroom	--
1 bedroom + den	14
2 bedroom	29
2 bedroom + den	4
3 bedroom & up	5
Penthouse	--
Other	--
Opening month sales	**0**
Next month sales	**30**
% Sold	*58%*
Remaining available inventory	22
Original $PSF	$670
Minimum Size (sq. ft.)	823
Maximum Size (sq. ft.)	1,567
Minimum Price	$573,900
Maximum Price	$1,033,900
Notes	

Source: Altus Group

New Condominium Apartments - Openings

January 2019 New Project Launches by Number of Units



Source: Altus Group

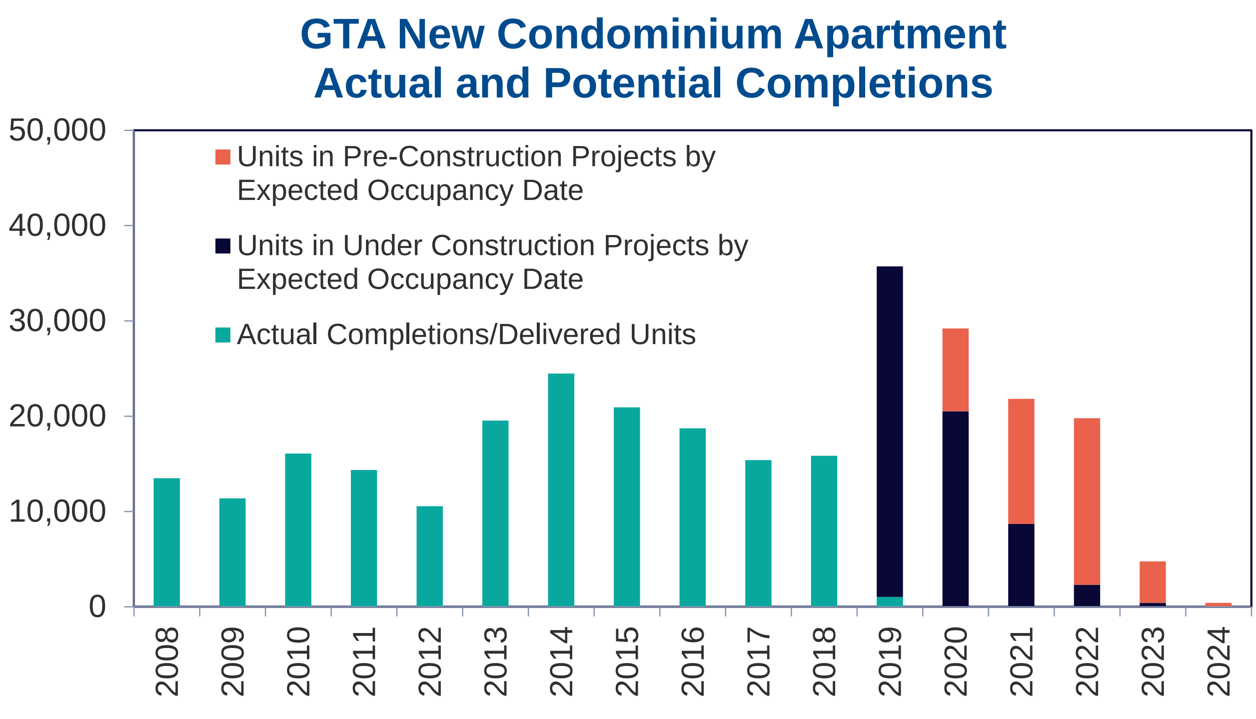
Project Record [Line 5 Condos - South Tower]

New Condominium Apartment Project Openings - January 2019	
Project Name	**Line 5 Condos - South Tower**
Developer	Reserve Properties and Westdale Properties
Date Opened	2019-01-17
Municipality	Toronto
Region	Toronto
Structural Type	Apartment
Floors	33
Project Total Units	**423**
Total Units Released	**375**
Studio	37
1 bedroom	145
1 bedroom + den	50
2 bedroom	86
2 bedroom + den	4
3 bedroom & up	53
Penthouse	--
Other	--
Opening month sales	**247**
% Sold	*66%*
Remaining available inventory	128
Original $PSF	$1,016
Minimum Size (sq. ft.)	353
Maximum Size (sq. ft.)	942
Minimum Price	$395,900
Maximum Price	$949,900
Notes	

Source: Altus Group

New Condominium Apartments - Completions

- As of the end of January 2019, there were about 110,500 new condominium apartment units in projects either under construction or in pre-construction stages.
- **Just over 1,000 units were delivered/ready for occupancy during January 2019**, based on Altus Group data, almost 3 times the number delivered in January 2018.
- Based on planned occupancy dates, and only considering units currently under construction, **it is likely that annual completions of condominium apartment units could be significantly higher in 2019 and 2020 than in 2018.** This will mean a larger number of investor-purchased condominium apartment units entering the rental market, with potential impacts on achievable rents. However, industry capacity thresholds could push the delivery timeline for some of these units out further than originally planned dates.

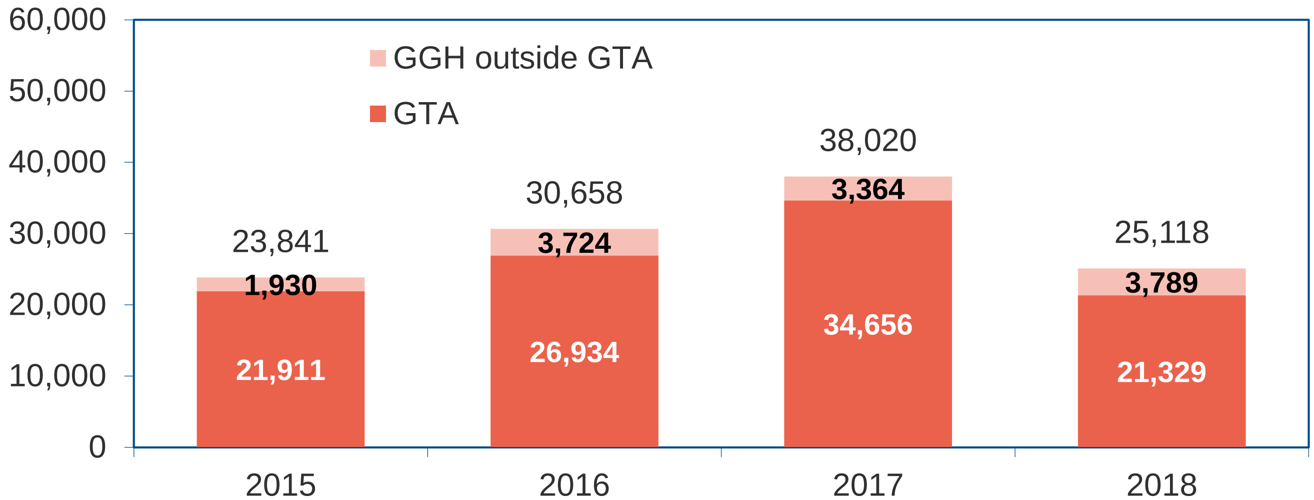


Source: Altus Group

New Condominium Apartments – GGH Sales

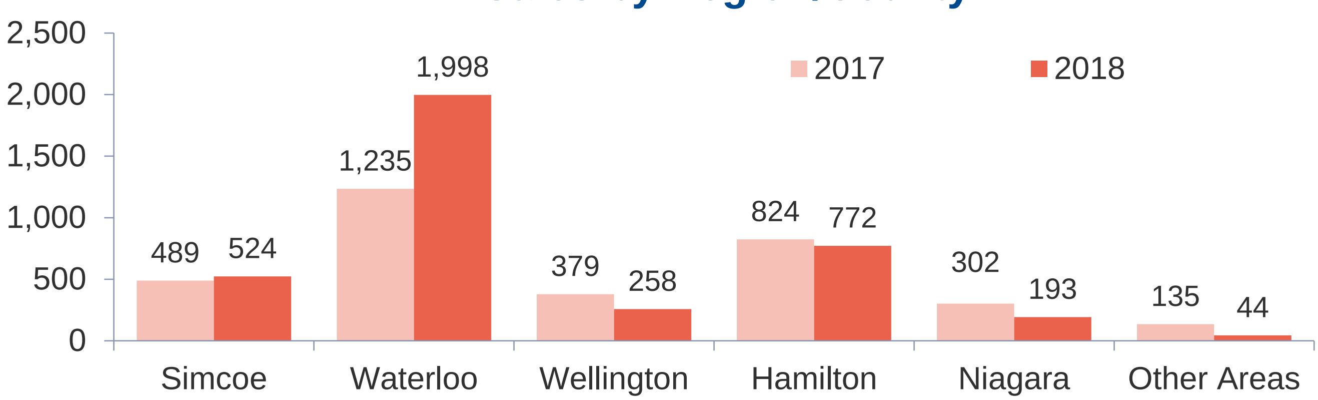
- Altus Group also tracks new condominium apartment sales (as well as new single-family sales) in most areas of the Greater Golden Horseshoe (GGH) outside of the GTA.
- In contrast to the 38% decline for the GTA for the year 2018, **new condominium apartment sales were up year-to-date in other areas of the GGH covered by Altus Group by a combined 13%.**
- **The increase was virtually all due to an increase in Waterloo Region,** Simcoe County was also up slightly.

GGH New Condominium Apartment Sales by Broad Area



Source: Altus Group

GGH Outside GTA New Condominium Apartment Sales by Region/County

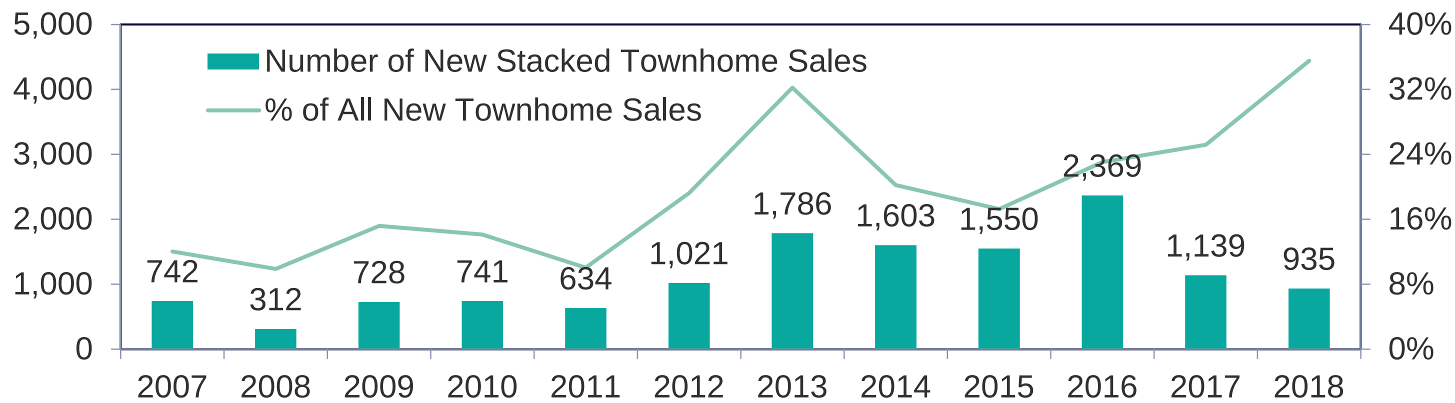


Source: Altus Group

New Stacked Townhomes

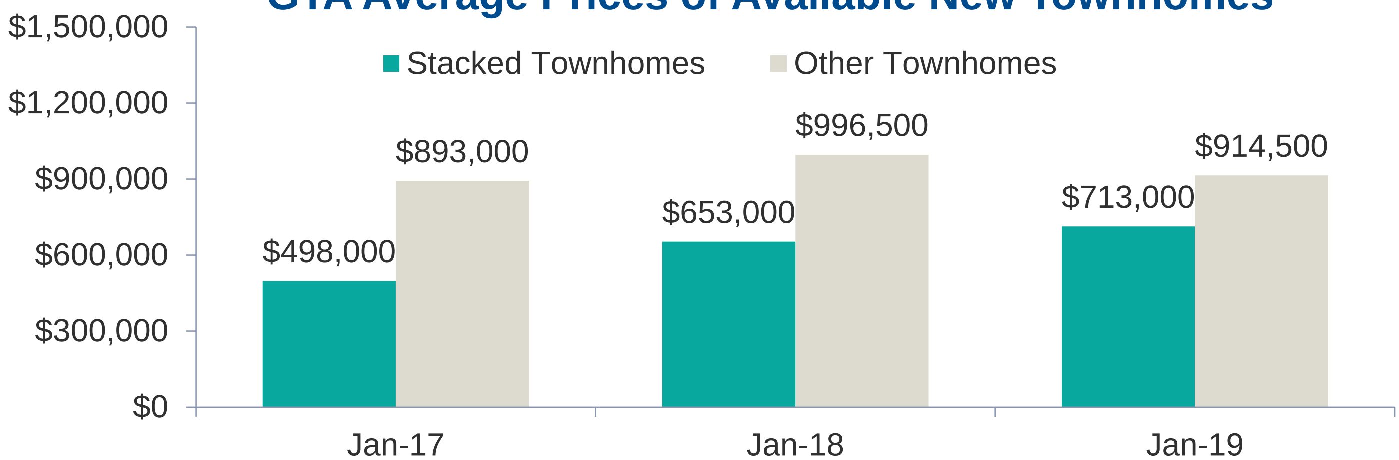
- Stacked townhomes are included in the previous data on condominium apartments; here we break this product type out separately to look at recent trends.
- **Sales of new stacked townhomes were down in 2018, by 18%**. This follows a significant decline as well in 2017. Sales of new traditional townhomes, however, were down even more (by about one-half), such **that the share of total townhome sales accounted for by stacked townhomes increased** to just over one-third.
- **The lower average price-point of new stacked townhomes vs. traditional townhomes provides an attractive alternative for many buyers seeking more affordable options**. However, **this advantage has been reduced somewhat in the past year**, with the average price of an available traditional townhome declining, while the average price for a stacked townhouse continued to move up.

GTA New Stacked Townhome Sales



Source: Altus Group

GTA Average Prices of Available New Townhomes



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