The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of August 2019

Table of Contents

New Condominium Apartment Dashboard

August 2019			YTD August 2019	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
961	**12,079**	**$840,799**	**15,864**	**$799,959**
-4%	**30%**	**7%**	**25%**	**6%**
Below 10 year average	***Below 10 year average***	***Record high***	***3rd highest YTD August***	***Record for YTD August***

% change is from same period a year earlier

Highlights

- **August was a quiet month for the new condominium apartment market in the GTA**. August is typically one of the slowest months of the year for both sales and new project openings (along with December and January). And this year was no exception, with sales dropping to their lowest monthly level since February, and no new project launches. And while both sales and new openings were below their August averages for the last 10 years, the lull followed one of the strongest April to July periods on record.
- **Year-to-date about 15,000 new condominium apartment units have been delivered in 2019 – up almost 50% from the same period in 2018.** The higher numbers of investor-purchased condominium apartment units entering the rental market will provide some needed supply.
- **Looking ahead, with many projects ready to launch, we expect sales to pick up again this fall.** However, recent absorption rates have been a bit more subdued than earlier in the year, which could delay some intended launches if some builders take a “wait and see” approach.

Condominium Apartment KPIs

GTA Condominium Apartment Key Performance Indicators

	Aug-18	Jul-19	Aug-19	*Yr-Over-Yr % Change*	YTD Aug 2018	YTD Aug 2019	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*							
Total active sites	296	352	345	*17%*	288	340	*18%*
New projects opened	1	4	0	*-100%*	57	63	*11%*
Units in new projects opened	275	930	0	*-100%*	14,613	16,105	*10%*
Total sales (units)	997	2,312	961	*-4%*	12,670	15,864	*25%*
Sales as % of total new & resale	*33%*	*50%*	*32%*		*44%*	*50%*	
Inventory (units)	9,309	13,020	12,079	*30%*	9,691	12,725	*31%*
Sales-to-inventory ratio	11%	18%	8%	*-26%*	16%	15%	*-7%*
Months of inventory	4.7	6.4	5.9	*26%*	4.3	6.8	*58%*
Benchmark price	$784,512	$838,824	$840,799	*7%*	$752,391	$799,959	*6%*
Price PSF Benchmark	$869	$928	$930	*7%*	$841	$906	*8%*
Unit size Benchmark (sq. ft)	903	904	904	*0%*	894	883	*-1%*
Units completed	786	2,118	154	*-80%*	10,174	15,088	*48%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	2,000	2,277	2,067	*3%*	15,936	16,131	*1%*
New listings (units)	2,961	3,391	2,741	*-7%*	25,871	25,455	*-2%*
Inventory ("active listings", units)	3,592	3,504	3,095	*-14%*	3,417	3,288	*-4%*
Sales-to-inventory ratio	56%	65%	67%	*20%*	58%	61%	*4%*
Months of inventory	1.8	1.8	1.6	*-12%*	1.7	1.7	*2%*
Average price of units sold	$541,106	$584,019	$574,632	*6%*	$547,964	$577,581	*5%*
HPI constant quality price index (Jan 2005=100)	253.3	272.1	273.5	*8%*	246.7	265.4	*8%*

** see end of report for Definitions*

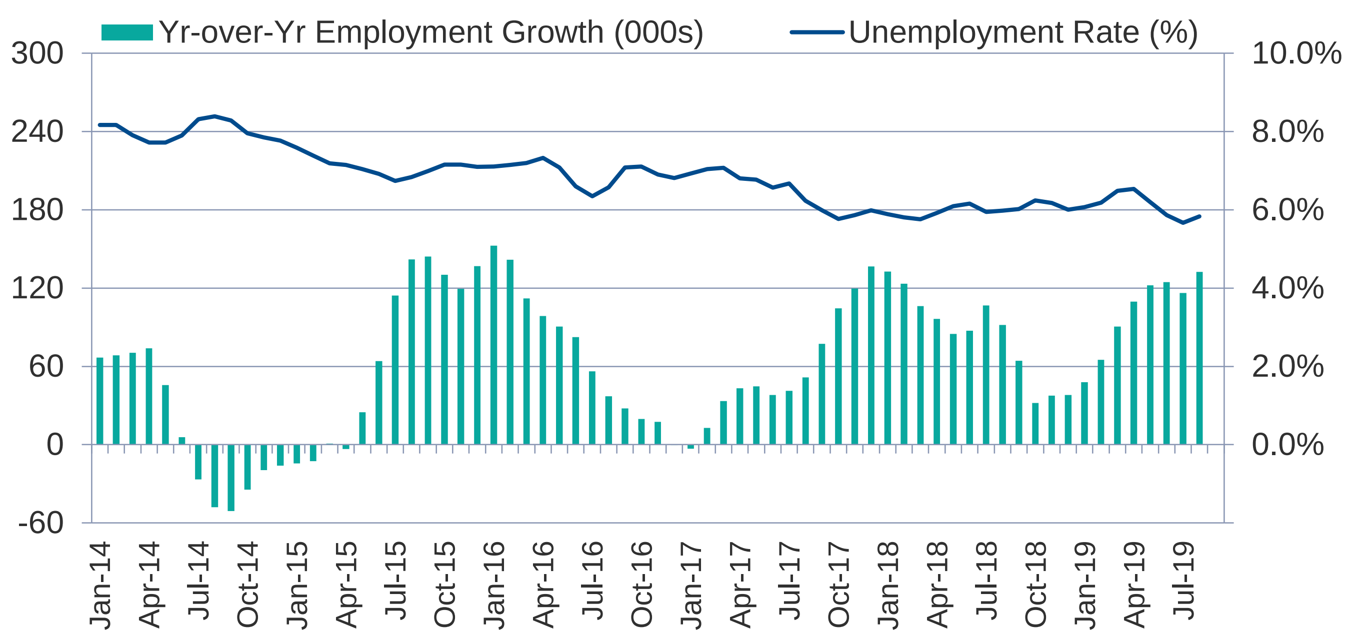
- **The number of people with jobs in the GTA continues to grow, which is positive for underlying housing demand.** Total employment grew on a seasonally adjusted month-to-month basis for the 10th month in a row in August. Over 130,000 more people had jobs in August compared to a year ago. However, the labour force grew even more so, such that the unemployment rate inched up in August.

- Our Summer 2019 FIRM Survey showed **concerns about potential job loss are down from last summer** (*chart bottom on next page*), which is positive for potential homebuying.

- **The posted 5 year mortgage rate continues to sit at 5.19%** (*chart top of next page*), according to Bank of Canada data. However, **some easing is possible given recent bond trends.** Moreover, there are "special" mortgage rates to be had in the market well below posted rates, with **5 year fixed rate mortgages available below 3%.** Further declines in posted rates would be beneficial for lowering stress-test income thresholds while lower actual rates in the marketplace have already improved carrying costs.

- **The Bank of Canada maintained the target for the overnight rate at 1.75% at the last rate announcement on September 4**, remarking that "*Canada's economy is operating close to potential and inflation is on target. However, escalating trade conflicts and related uncertainty are taking a toll on the global and Canadian economies. In this context, the current degree of monetary policy stimulus remains appropriate*." **The next rate announcement is October 30, 2019.**

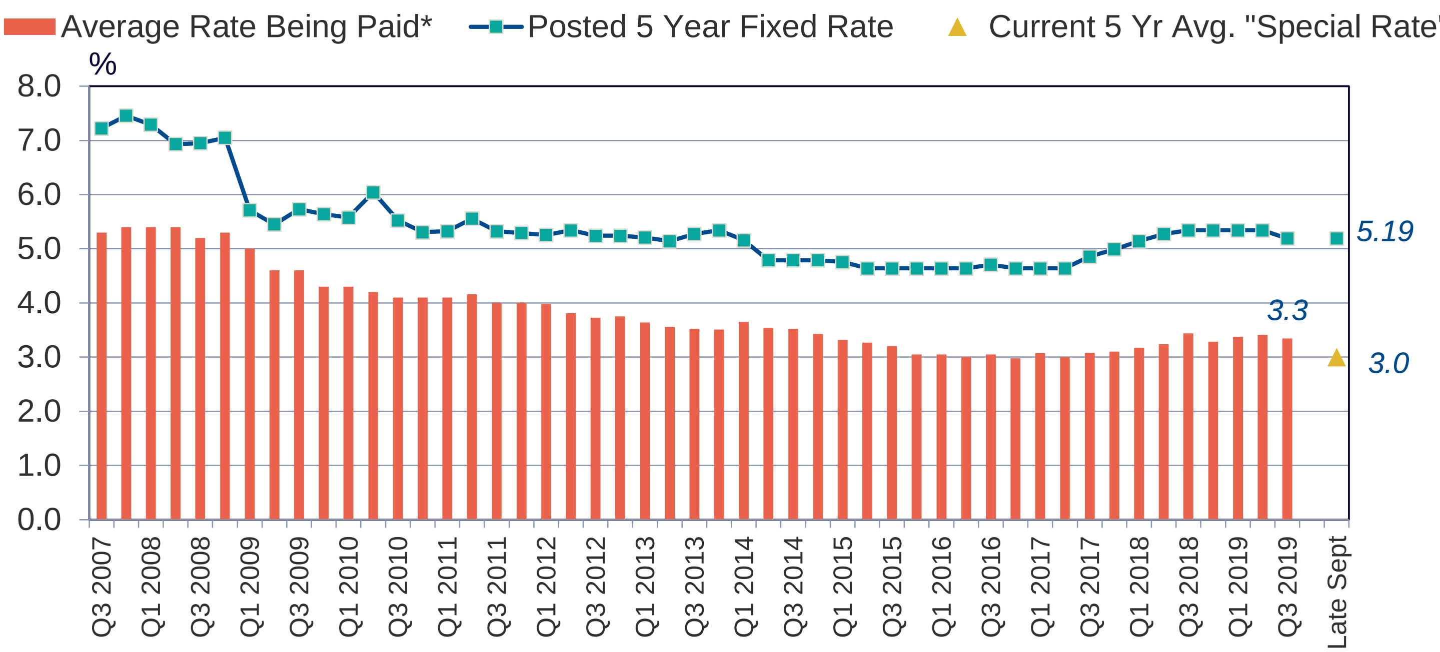
GTA Employment*



Source: Altus Group based on Statistics Canada data

** Data are based on 3 month moving averages, seasonally adjusted*

Canadian Mortgage Rates

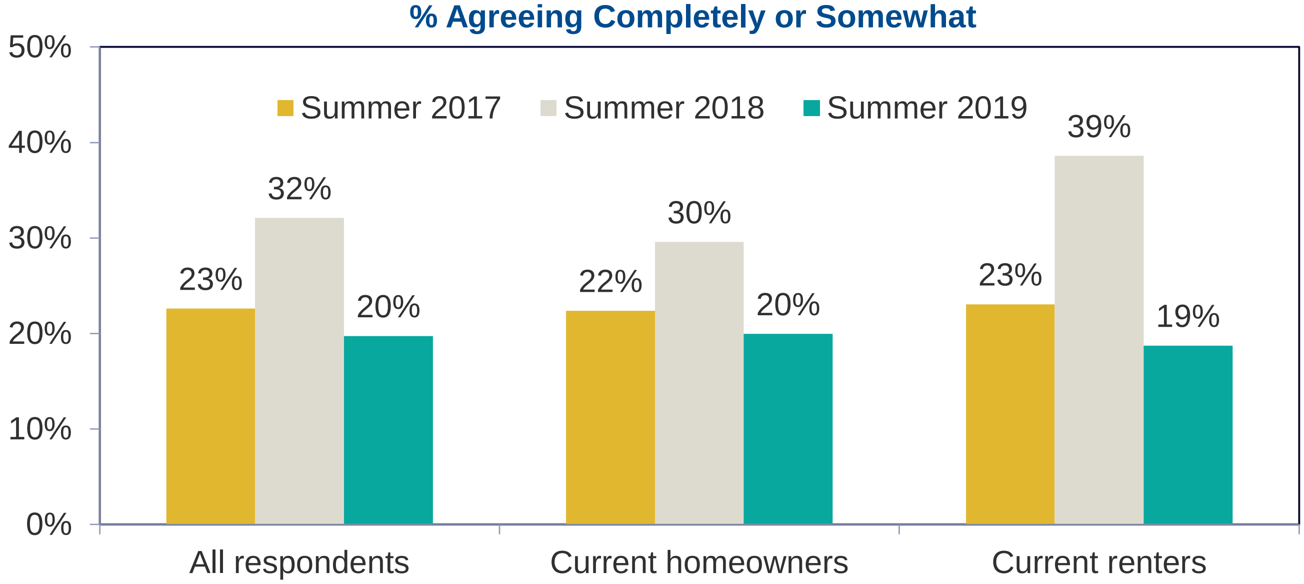


Source: Altus Group and Bank of Canada data

** The average rate currently being paid by all mortgage customers, regardless of term or type or when arranged*

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

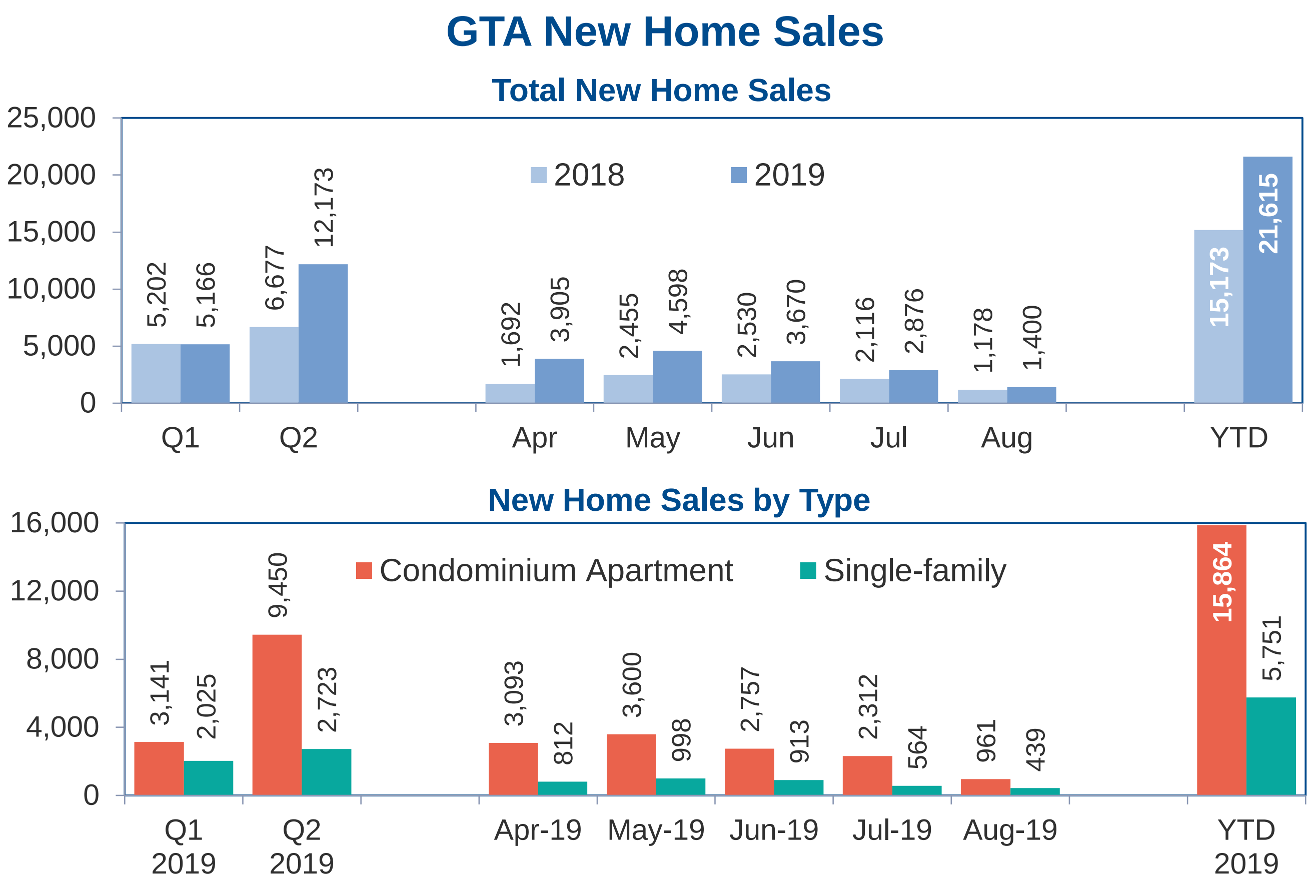
% Agreeing Completely or Somewhat



Source: Altus Group

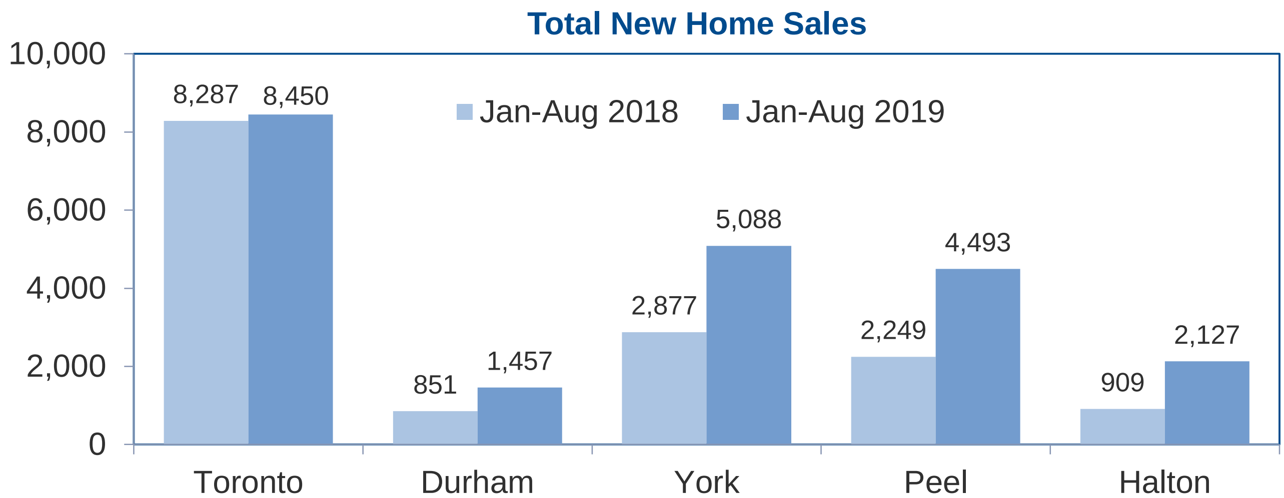
New Home Market - Sales

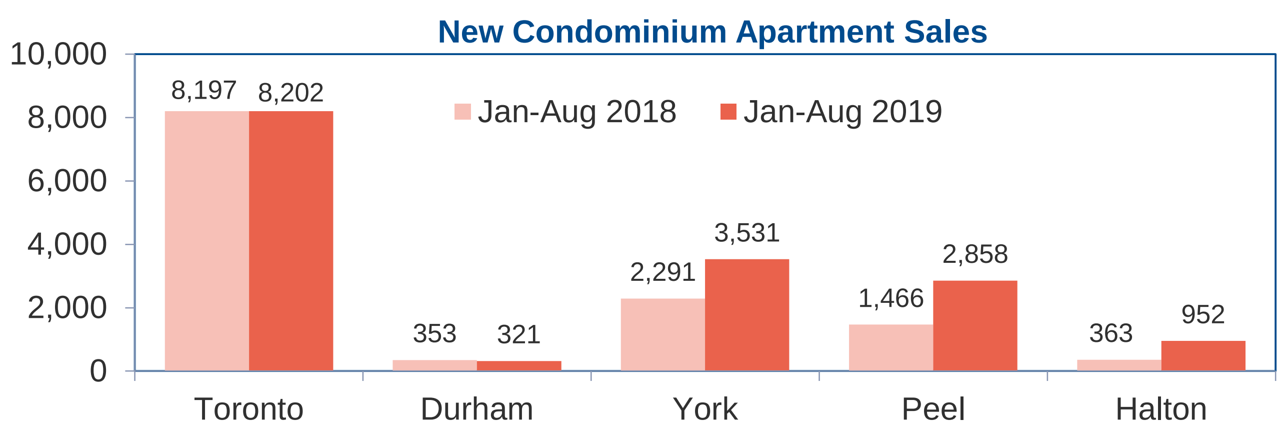
- **Total sales of new homes in the GTA moderated further in August** (a decline from July to August is typical) but were ahead of year ago levels for the 6th month in a row. Year-to-date total sales are now 42% ahead of 2018 levels.
- **New condominium apartment sales** also were down from July, and **fell just short of August 2018**.
- New single-family home sales were ahead of year ago levels for the 10th month in a row, although sales remain very low in historical terms. **Year-to-date, new single-family home sales are** 130% above 2018, and **almost 2,000 units ahead of 2018's annual total**.
- **Total new home sales now are up year-to-date in all regions** (*chart next page*). In relative terms, the improvement has been more focused in the 905 regions than the City of Toronto.

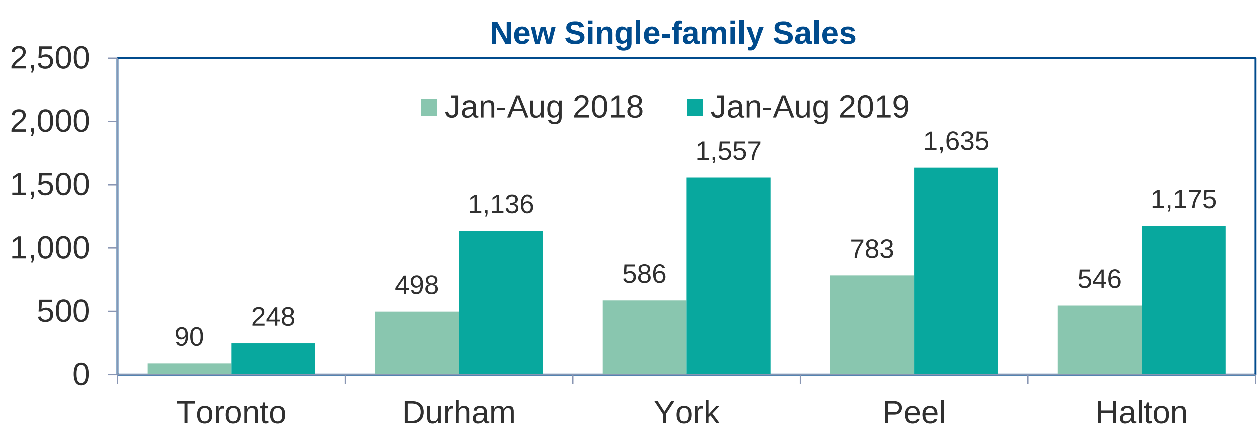


Source: Altus Group

GTA New Home Sales by Region

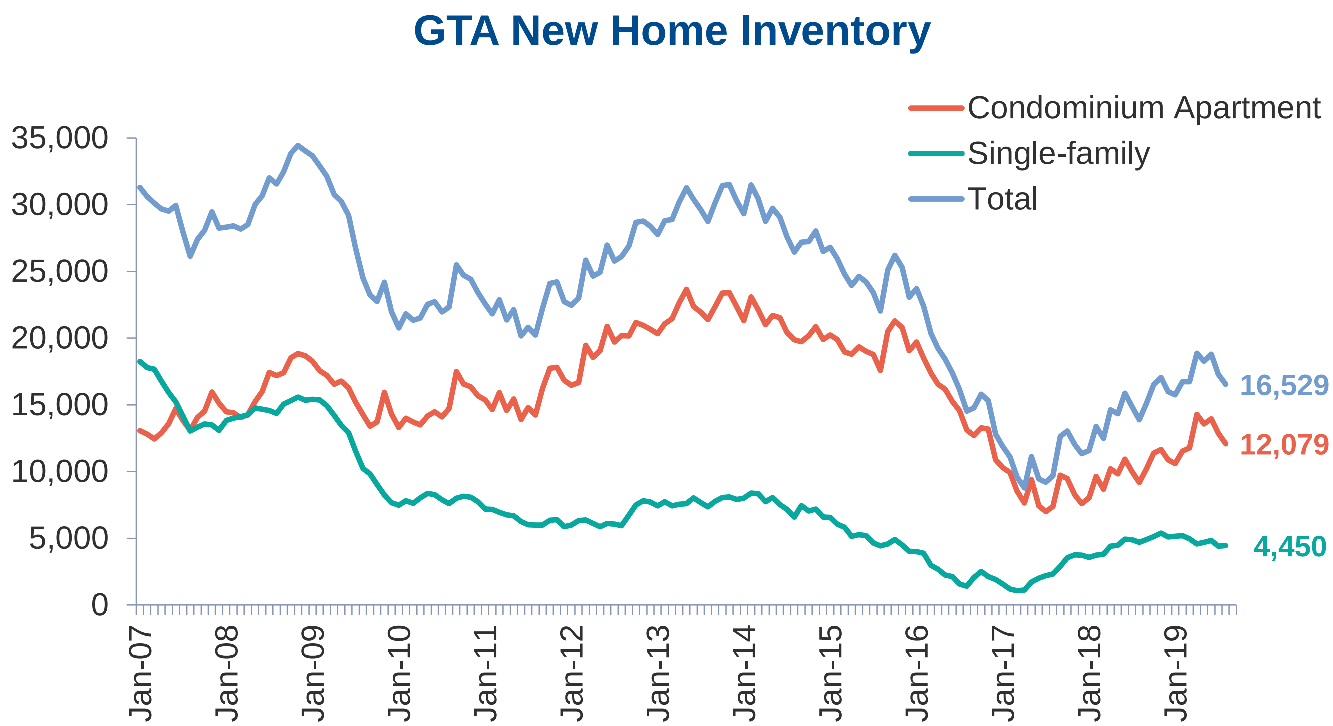






Source: Altus Group

- **Total new home inventory available to purchase moved down again in August.** The decline was almost entirely in condominium apartment – where there were no new projects launched in August.
- Overall, based on the pace of sales in the past 12 months, **the current total inventory of new homes available to purchase represents about 6 months of supply**, below the longer term average of about 7½ months for August.



Source: Altus Group

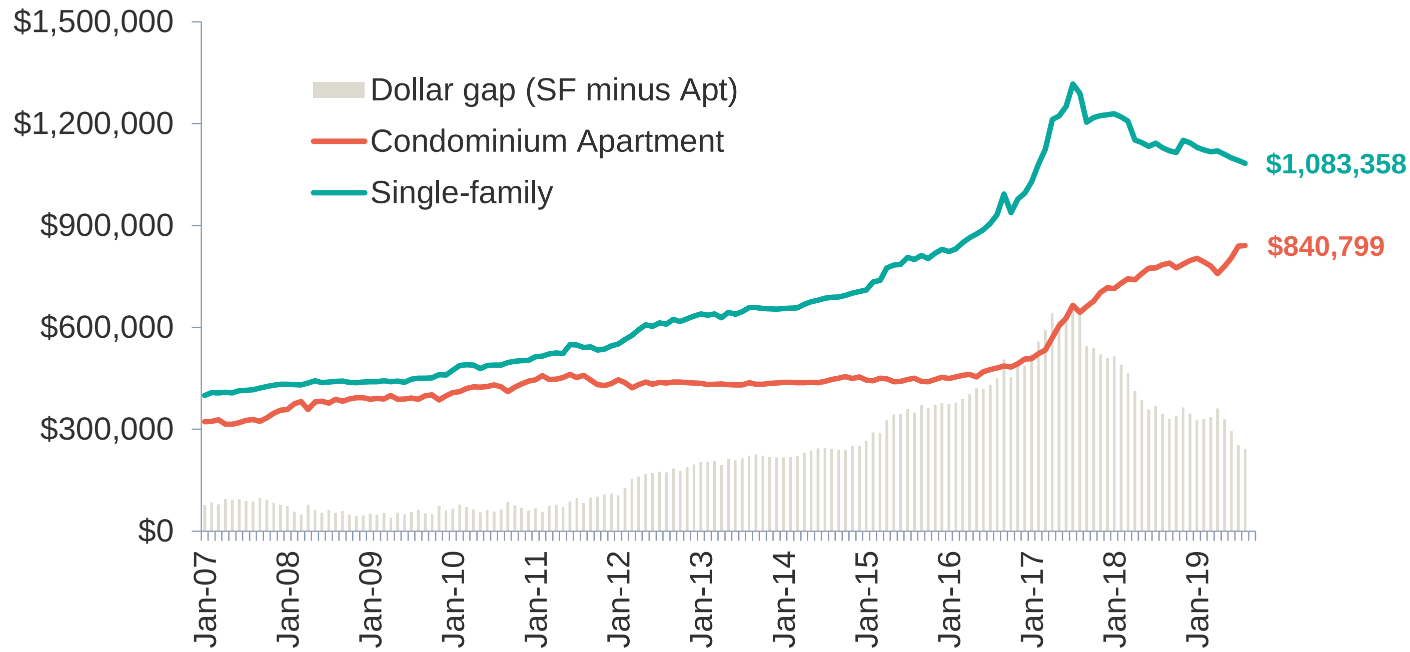
New Home Market - Prices

▪ **The Benchmark price for a new single-family home fell further in August,** and sits about 4% below August 2018 (*chart bottom of next page)* and about 18% below the peak in July 2017. The year-over-year decline came despite some shift in the composition of inventory towards single-detached homes, and was at least in part due to a higher share of inventory in Durham Region, a lower-priced market. This demonstrates that affordability is starting to be addressed by a broader mix of product in more locations.

▪ **The Benchmark price for a new condominium apartment inched up in August, setting another new record.** Year-over-year, the benchmark price is up about 7% (*chart top of next page*).

▪ The gap in the benchmark price of a new single-family and new condo apartment unit has narrowed to its smallest dollar gap since late 2014 (in percentage terms, the gap is its smallest since early 2012). This situation has reduced some of the competitive advantage of new condo apartments in terms of relative affordability, and also helps to explain some of the improvement in new single-family sales.

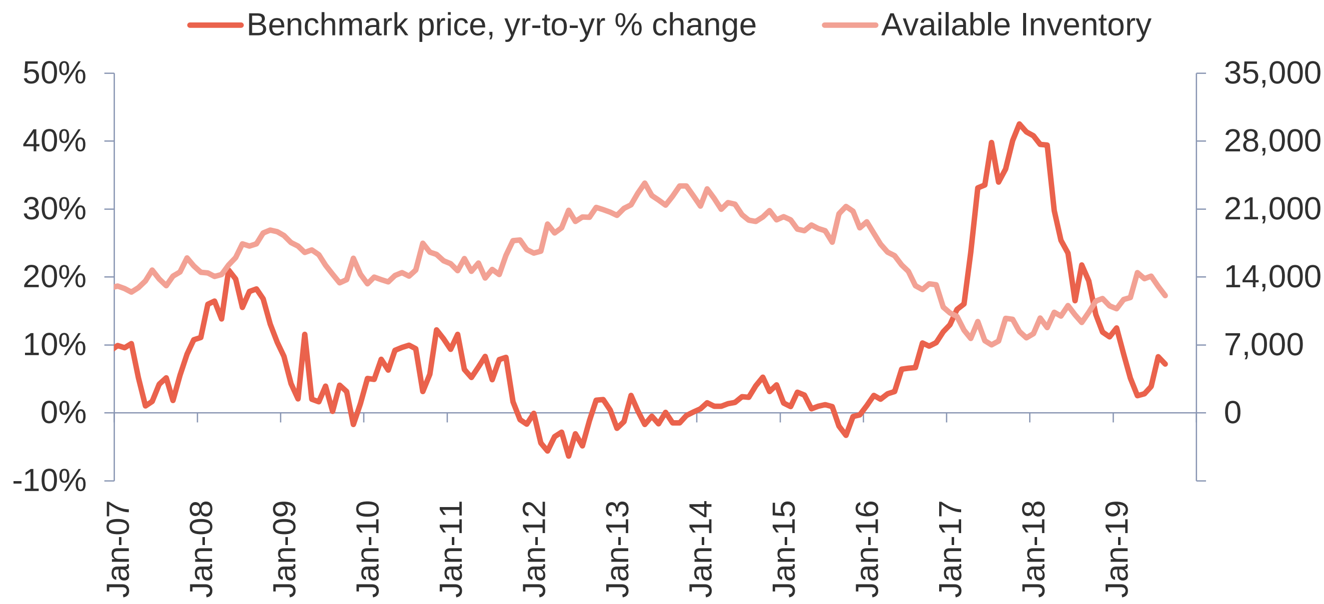
GTA New Home Benchmark Prices*



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

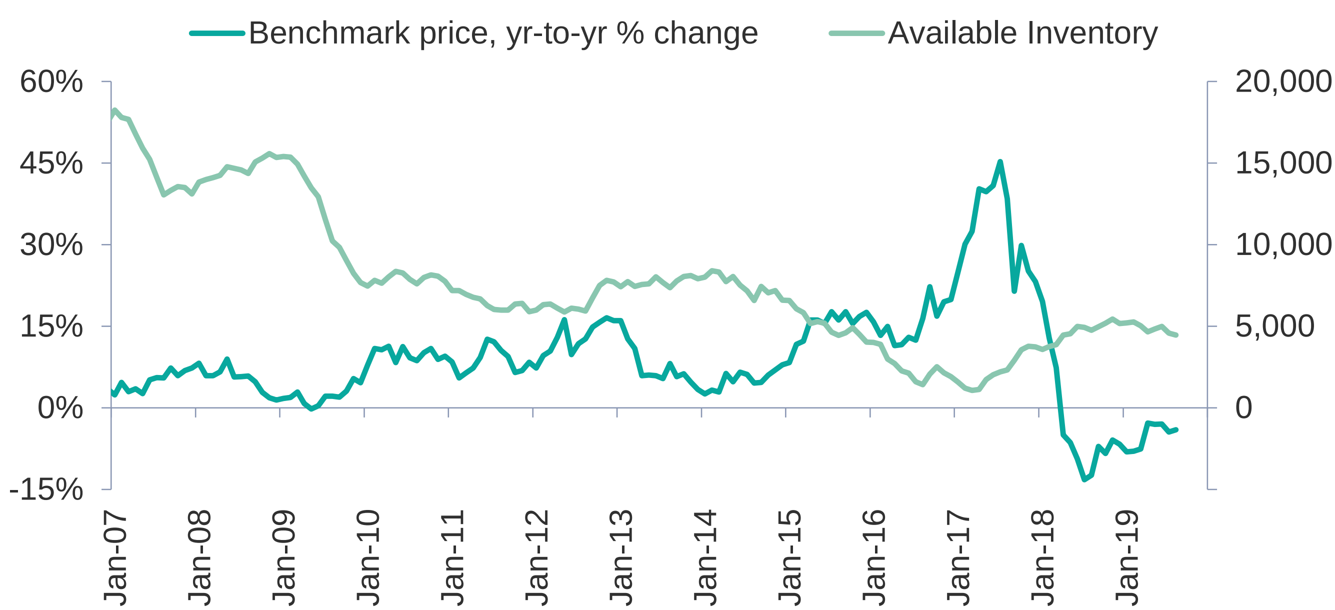
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

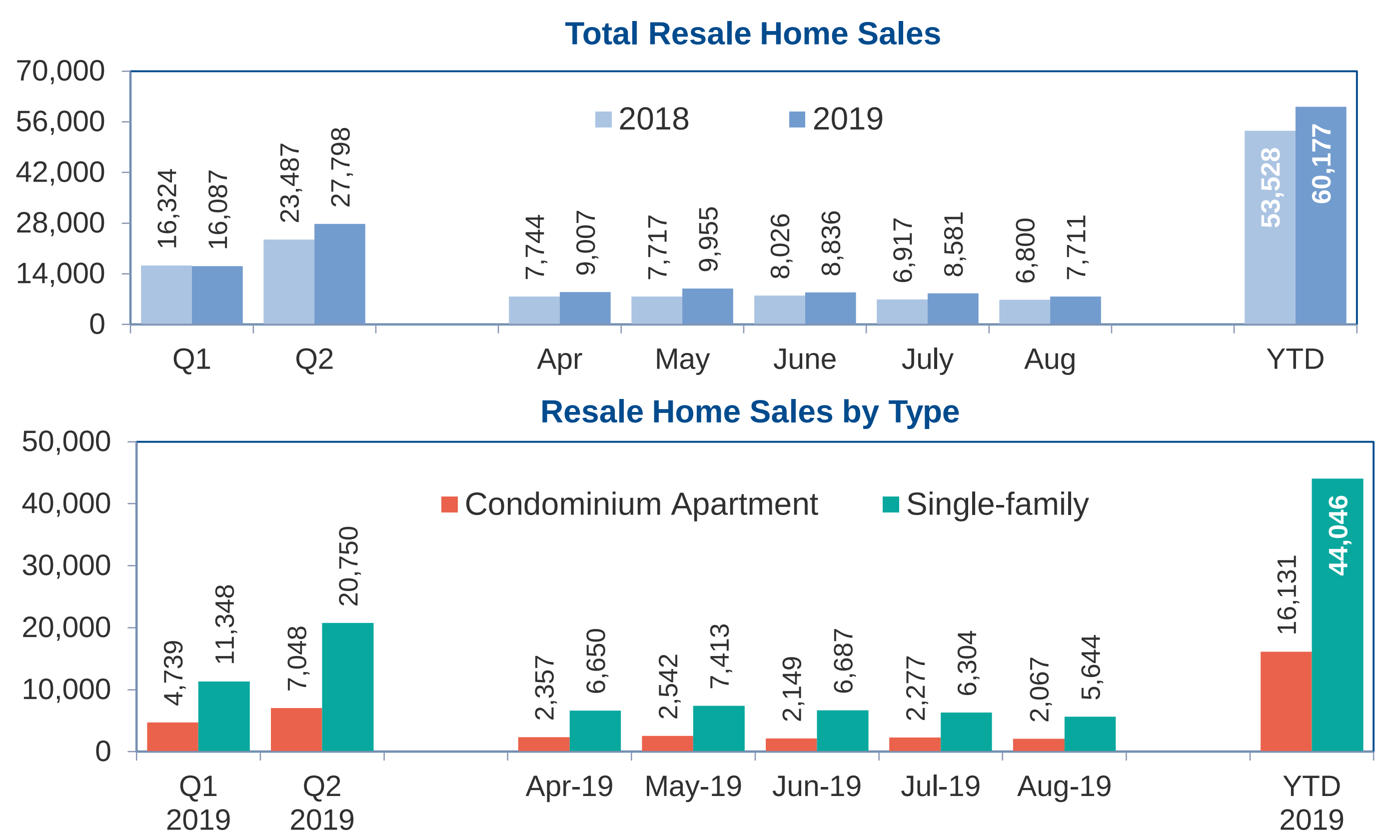
GTA New Single-Family Home Benchmark Price Changes and Available Inventory



Source: Altus Group

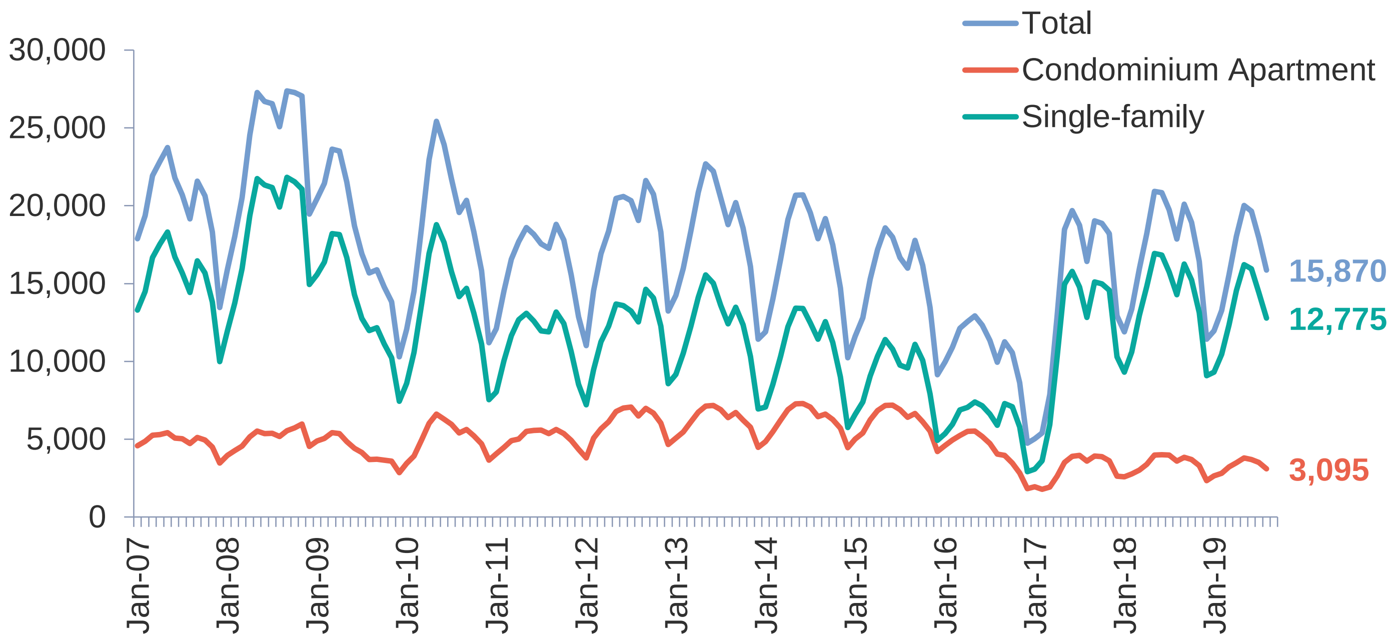
- **Total sales of existing homes in August** (as reported by the Toronto Real Estate Board) **exceeded 2018 for the 5th month in a row.** The improvement was most pronounced for single-family homes, although sales of condominium apartments were also up modestly from last year. Year-to-date total existing home sales are now running 12% above 2018.
- **Resale inventories** were down in August from July (the typical seasonal pattern) and also from last August, **and are now at their lowest August since 2016.** Resale condo apartment inventory was at its lowest August of at least the past 16 years, while single-family resale inventories remain high in historical terms (*chart top of next page*).The limited availability of resale condo units means that for the time being there is less competition for the new home sector, however **more units may enter the resale market as completions of new units increase over the next year**.
- The average price for both resale condominium apartments and single-family units dipped again on a month-to-month basis (typical for August), but are above last year (*chart bottom of next page*).

GTA Resale Home Sales



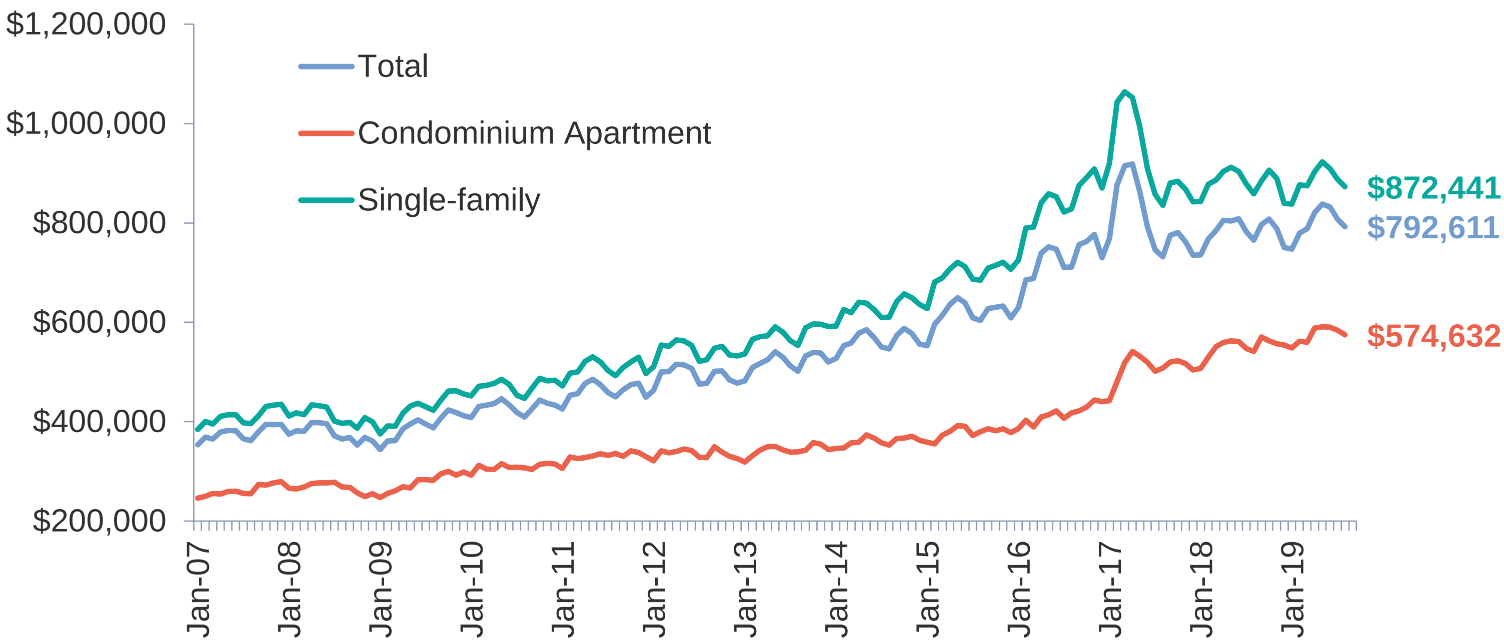
Source: Altus Group based on Toronto Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Real Estate Board data

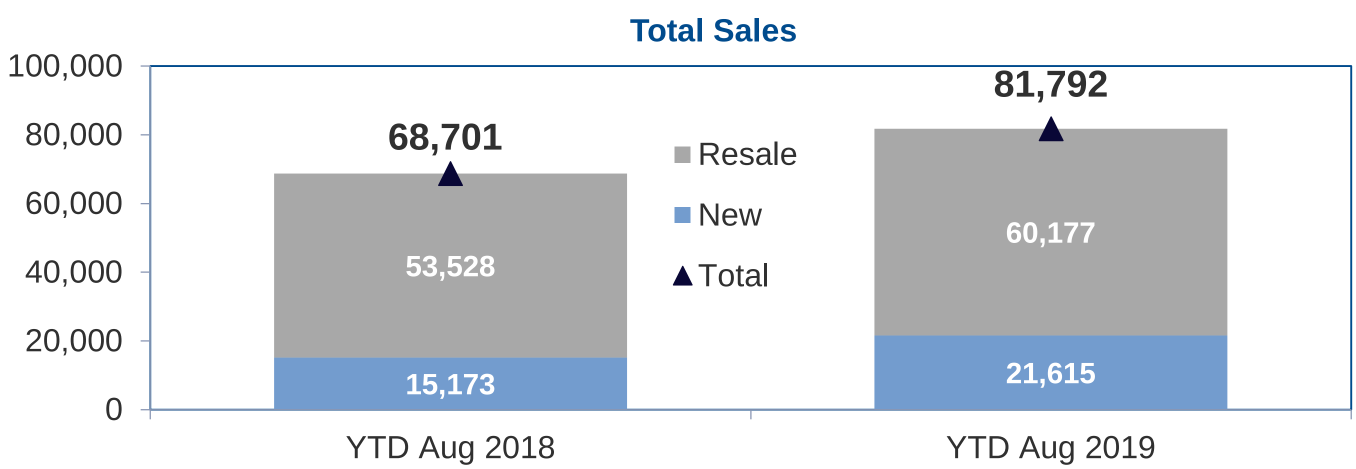
GTA Resale Home Prices

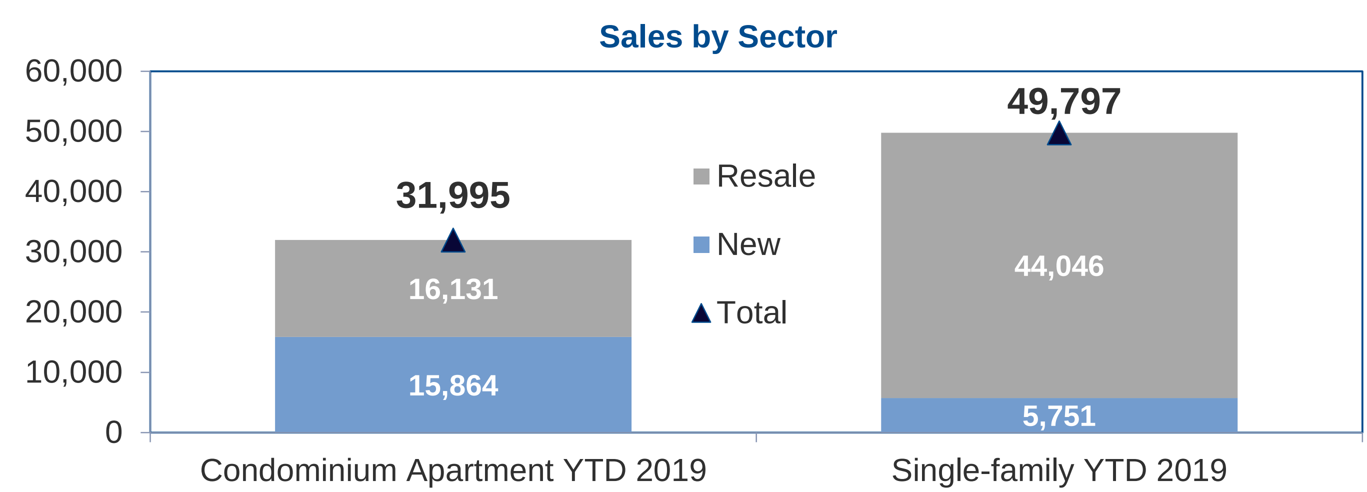


Source: Altus Group based on Toronto Real Estate Board data

- **Combined resale and new home sales,** as measured by TREB and Altus Group, totaled just under 81,800 units for year-to-date August 2019, **up 19% from last year**. While both the new and resale sectors have contributed almost equally to the increase in terms of the increase in unit sales, the % increase has been more focused on the new home side.
- **Sales of condominium apartments so far this year have been split roughly equally between the new and resale market.** With the improvement in new single-family sales, the new home sector's share of total single-family sales has increased to about 12% this year, from about 6% for year-to-date 2018.

GTA Combined New & Resale Home Sales

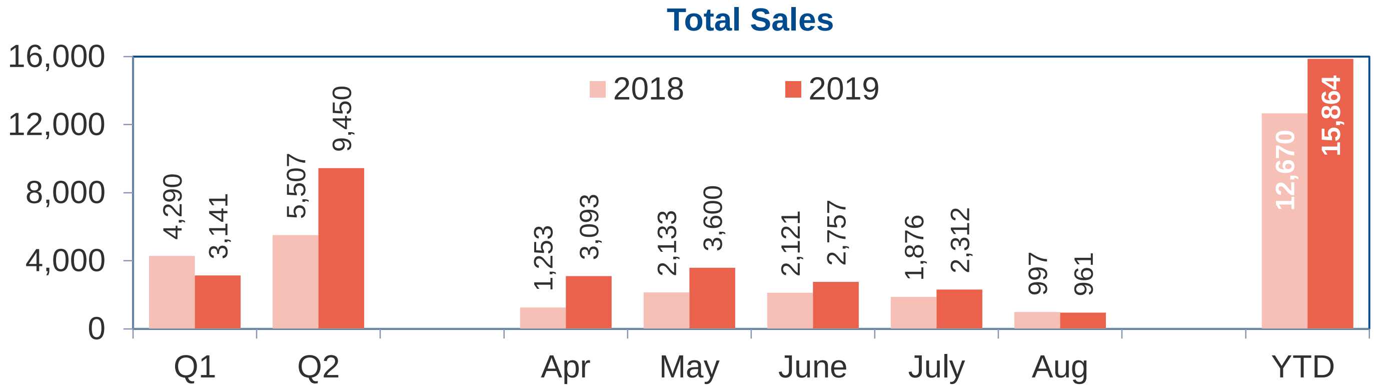


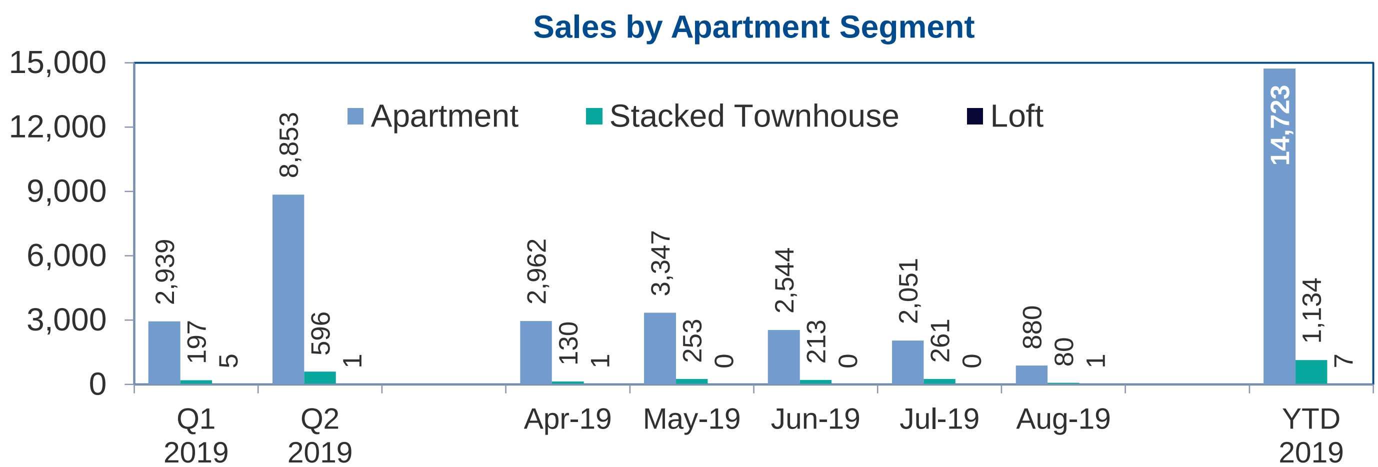


Source: Altus Group and Toronto Real Estate Board data

- **As is typical in August, total sales of new condominium apartments took a bit of a breather.** While the degree of the month-to-month decline was more than the typical seasonal pattern, it comes after very strong sales in the previous 4 months (the 2nd strongest April to July period on record, after 2017). Despite no new project launches, sales of new condo apartments were just slightly below last August.
- **Sales of new stacked townhouses fell back from their recent pace** but were still above a year earlier**.** So far this year stacked townhouses have accounted for about 7% of total new condominium apartment sales, similar to a year ago.
- **The pickup in GTA-wide new condominium apartment sales this year has been outside the City of Toronto** *(chart next page).* About 1 in 2 sales this year in the GTA have been in the 905 Regions, up from 1 in 3 sales last year.

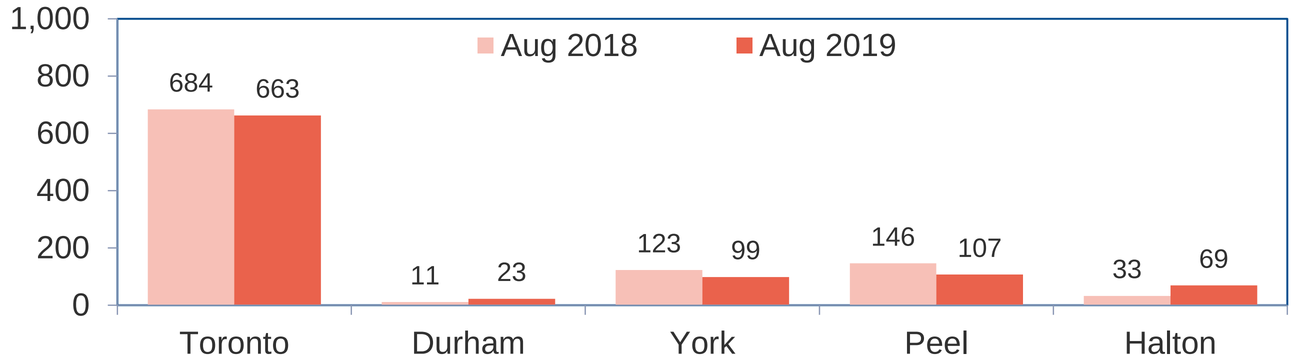
GTA New Condominium Apartment Sales

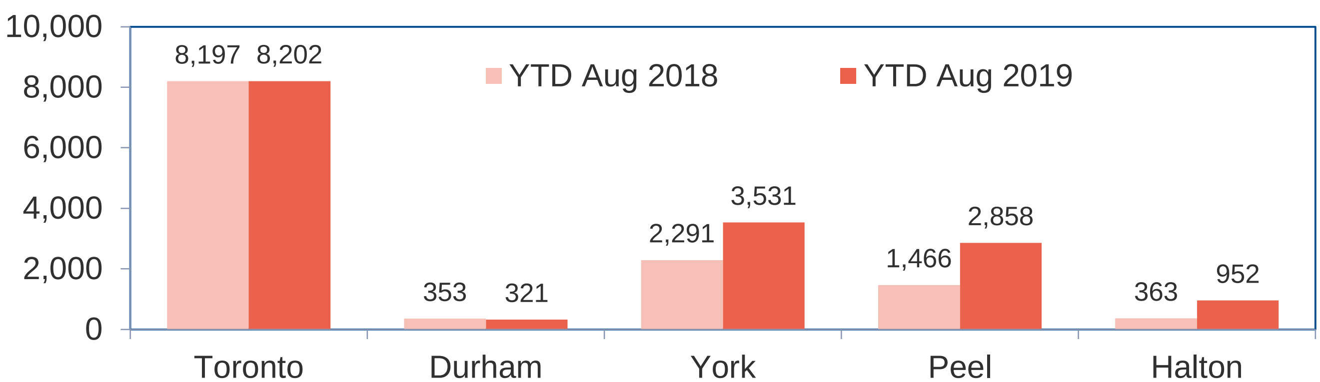


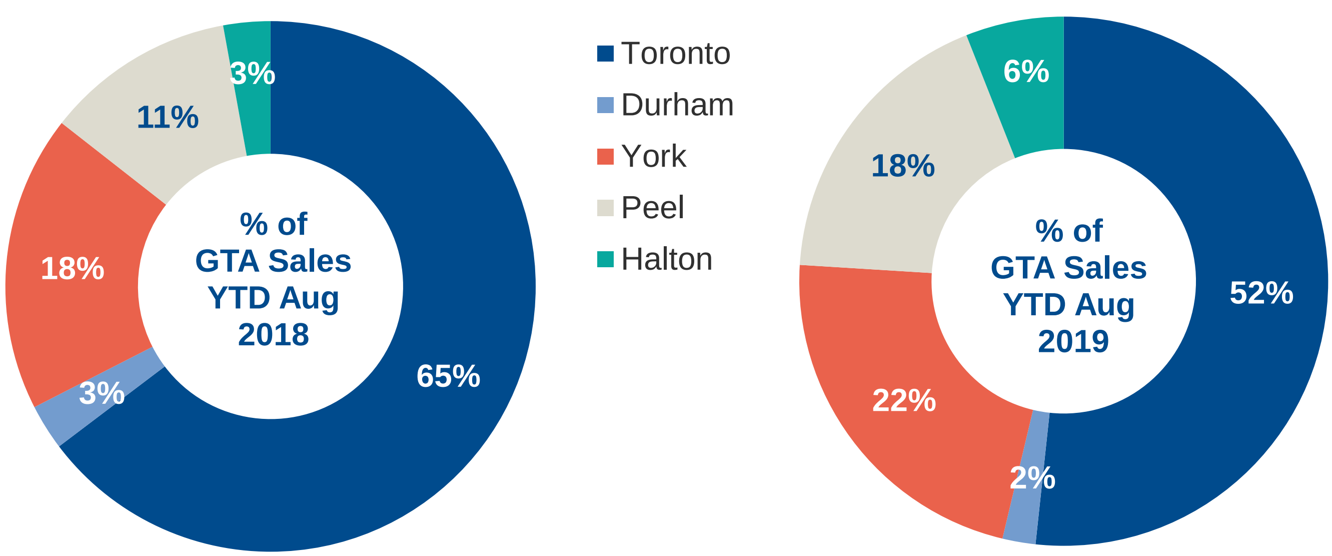


Source: Altus Group

GTA New Condominium Apartment Sales by Region

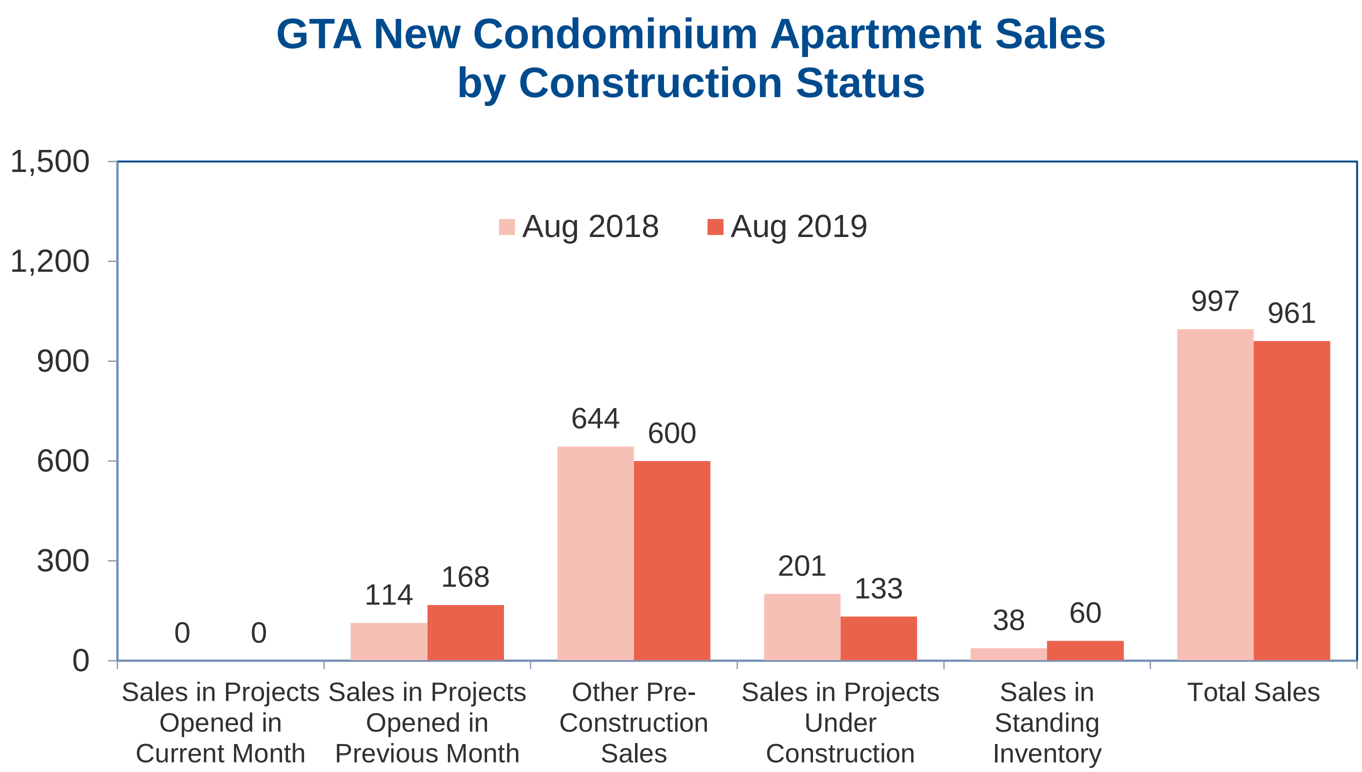






Source: Altus Group

- **As there were no launches in August, there were no sales in new projects opened.** This contributed to the lower new condominium apartment sales in August.
- Projects opened in July accounted for about 1 in 6 sales, with most of the August sales coming from other pre-construction projects.
- There were only 154 units completed in August, and therefore fewer sales in standing inventory in August compared to July.

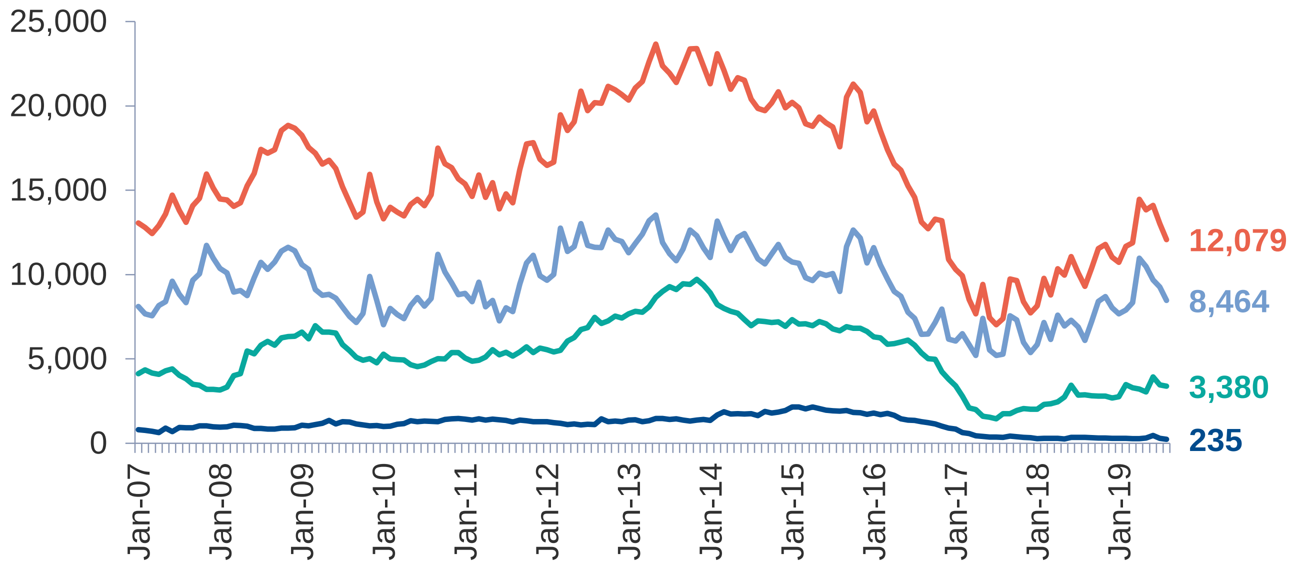


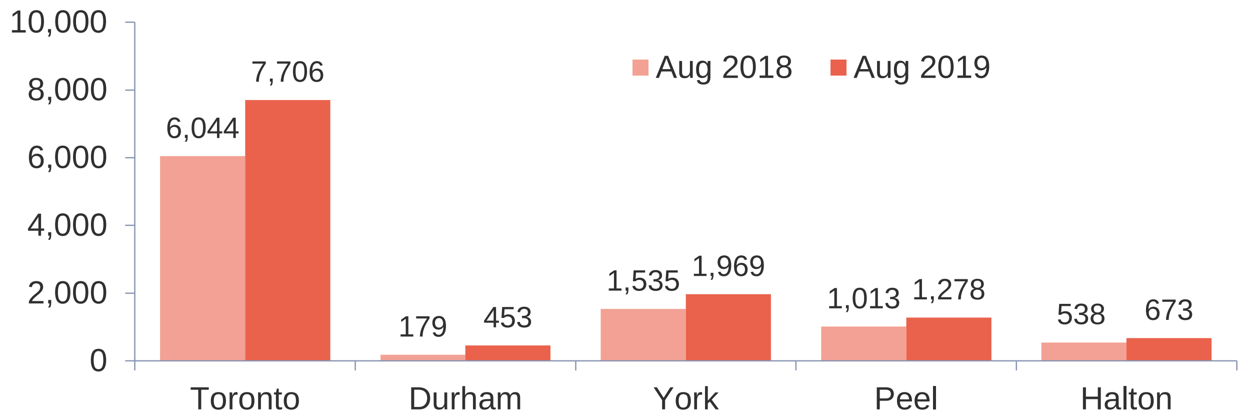
Source: Altus Group

New Condominium Apartments - Inventory

- **New condominium apartment available inventory continued to move down in August**, due to the lack of new launches.
- Despite the dip, inventories are higher than a year ago, in all regions. However, they are still relatively low in historical terms. **The current inventory represents just under 6 months of supply** at the pace of sales over the past 12 months, below the long term average for August of about 10 months.
- There is very little inventory to purchase that is available for immediate possession/occupancy (235 units). With few units completed in August, unsold units in standing inventory declined again in August.

GTA New Condominium Apartment Inventory



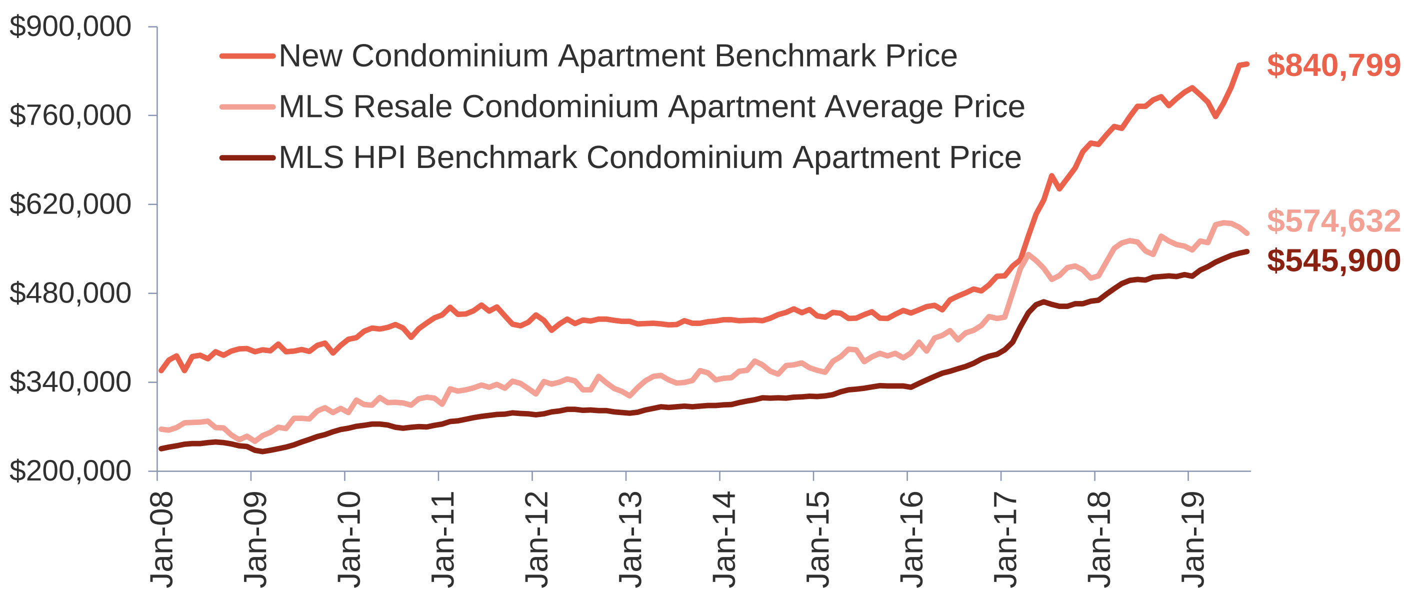


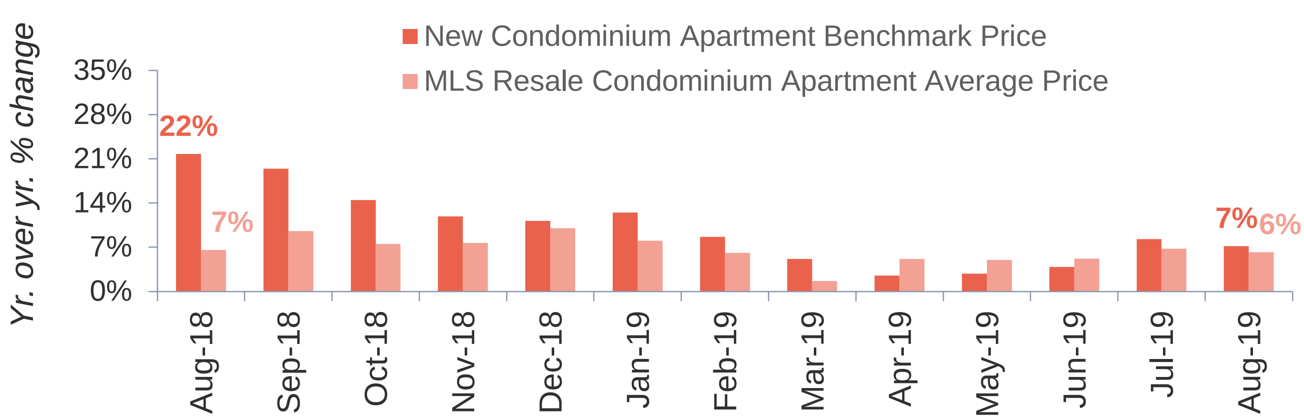
Source: Altus Group

New Condominium Apartments - Prices

- **The benchmark price for a new condominium apartment** increased for the 4th month in a row in August, pushing it to **set another new record**.
- **The average price of a resale condominium apartment continued its decline** from the record set in May 2019.
- **Year-over-year price increases are currently higher than in Spring 2019 for both new and resale condominiums**, but remain in the single-digit range.

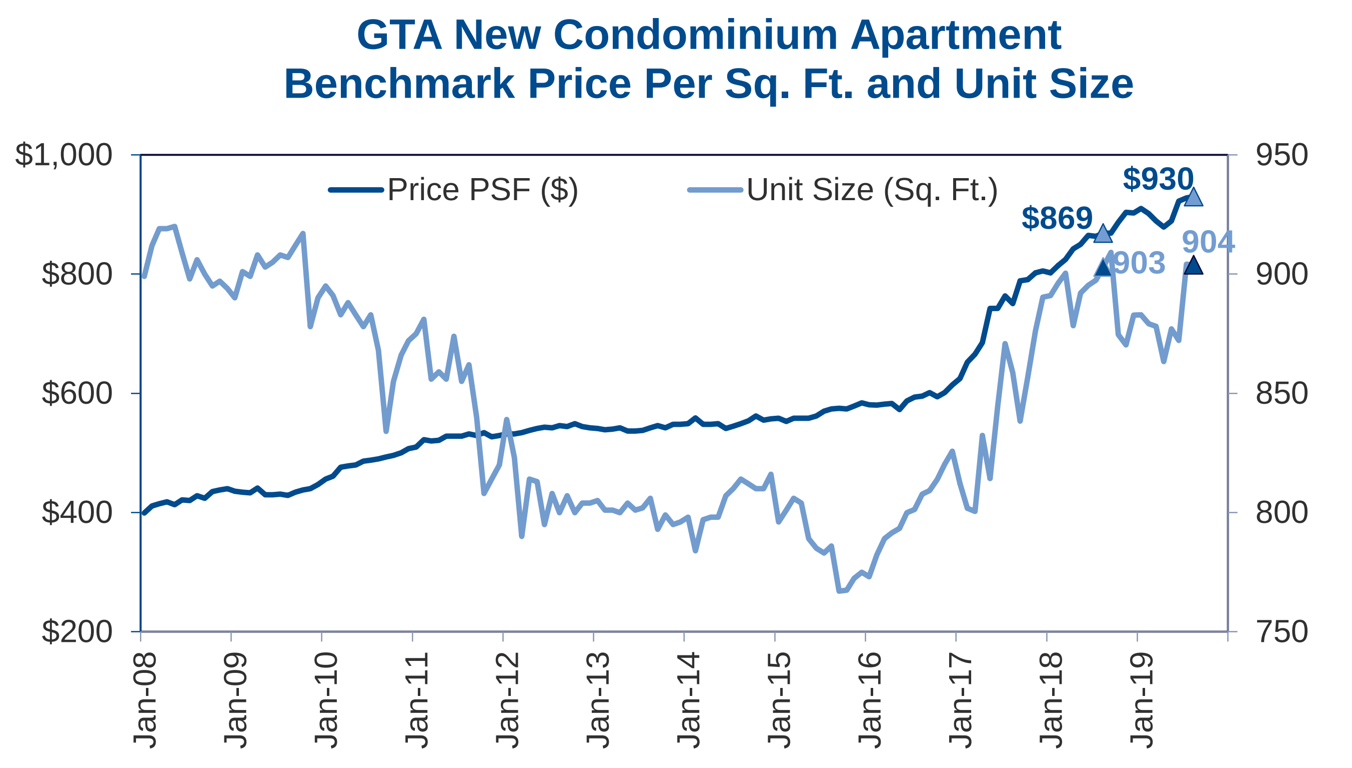
GTA New and Resale Condominium Apartment Prices





Source: Altus Group and Toronto Real Estate Board data

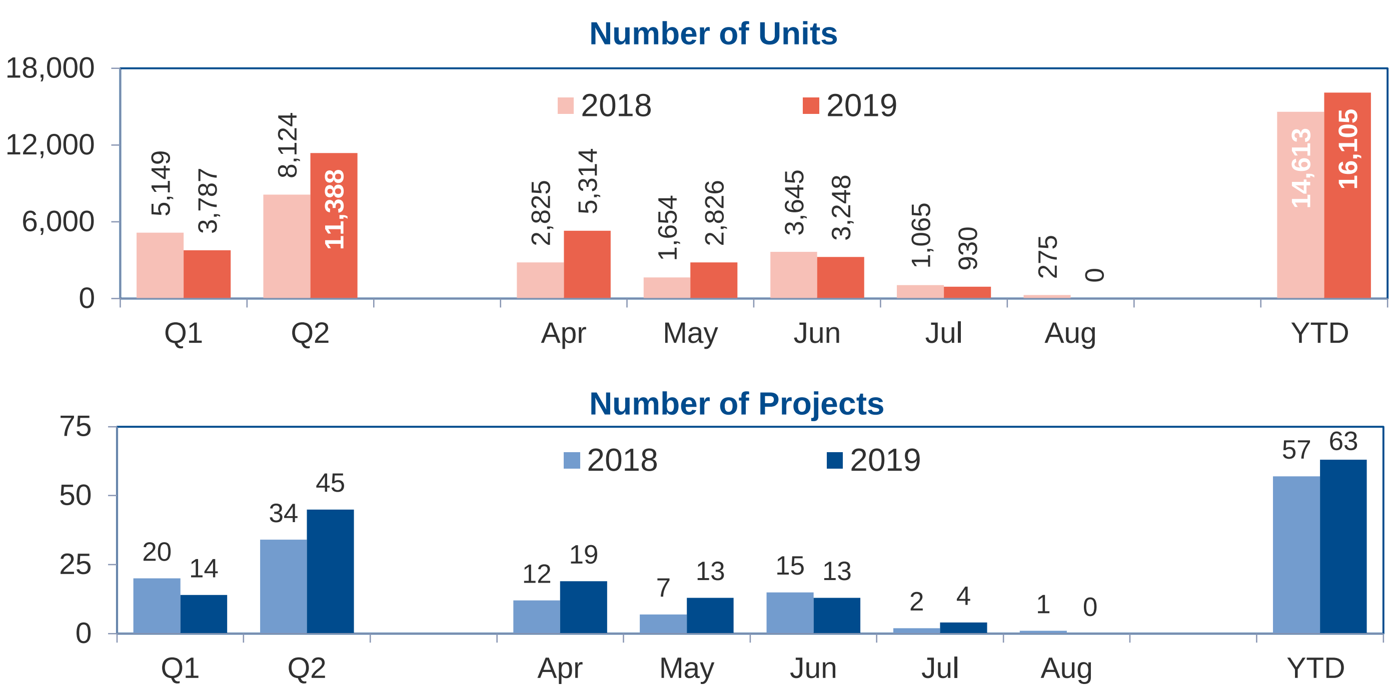
- **The 7% increase in August 2019 over August 2018 for the benchmark price for a new condominium apartment unit was almost entirely due to an increase in the price PSF Benchmark** of remaining inventory, as the unit size Benchmark was up just marginally from a year ago.
- Caution needs to be used in interpreting the data, as smaller unit sizes on average have higher prices per sq. ft. For example, an increase in the price per sq. ft. could reflect both a "pure" price increase, as well as a decline in average size of available units (and, of course, location shifts).



Source: Altus Group

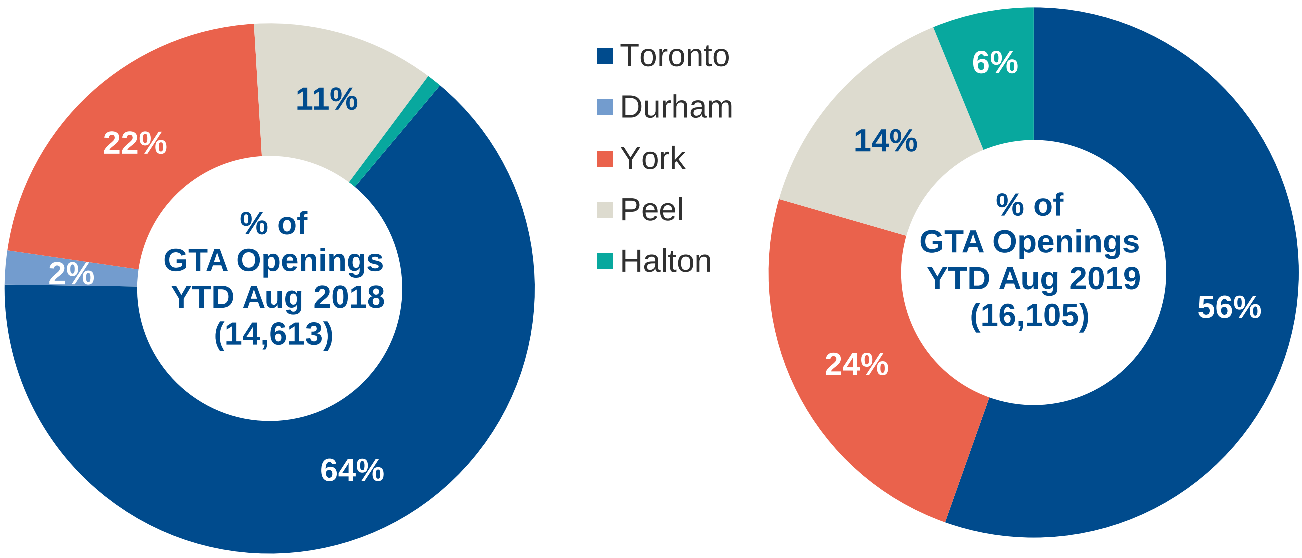
- **There were zero new condominium apartment projects launched in August 2019.** August is a typically quiet month for new condo openings, with an average of 3 projects over the 2000-2018 period. There was only 1 new opening last year, and only 3 in August in 2017.
- Year-to-date there have been 16,100 units in new projects opened (excluding subsequently cancelled projects), up 10% from last year. **The City of Toronto this year has accounted for a smaller share of units in new projects opened, and within the City, the former City of Toronto has played a reduced role** (*charts next page*).
- The map following shows the location of new projects launched in July 2019, accompanied by a summary table with additional detail on each project. *Note that there were no openings in August 2019, therefore no map or table is shown.*
- *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



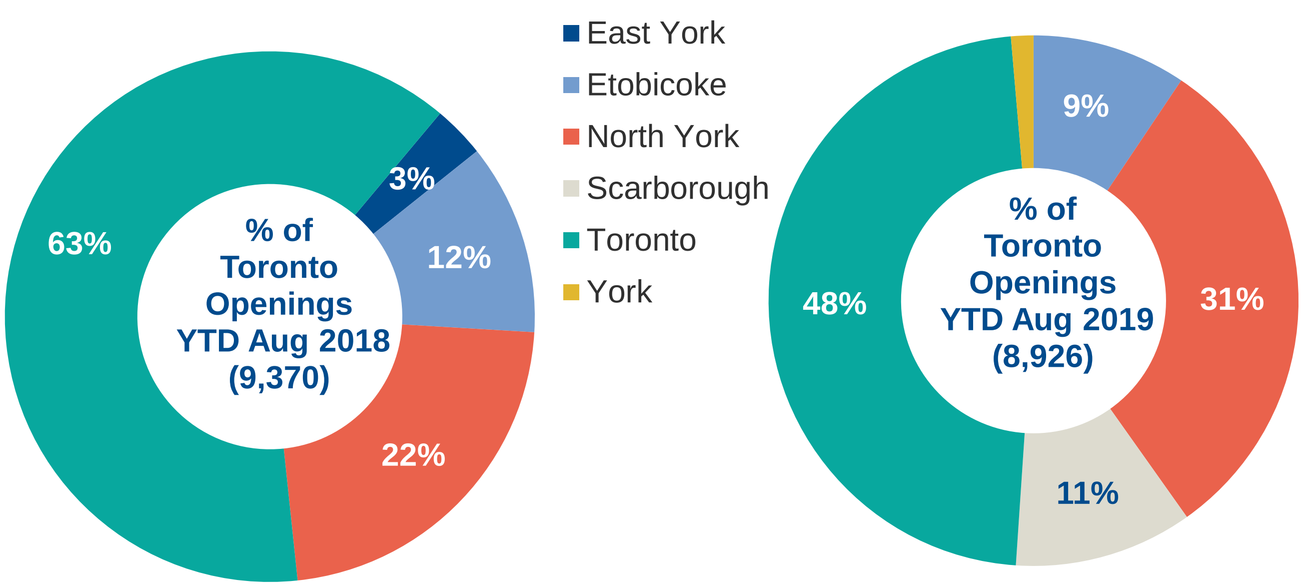
Source: Altus Group

GTA Condominium Apartment Units in New Openings by Region



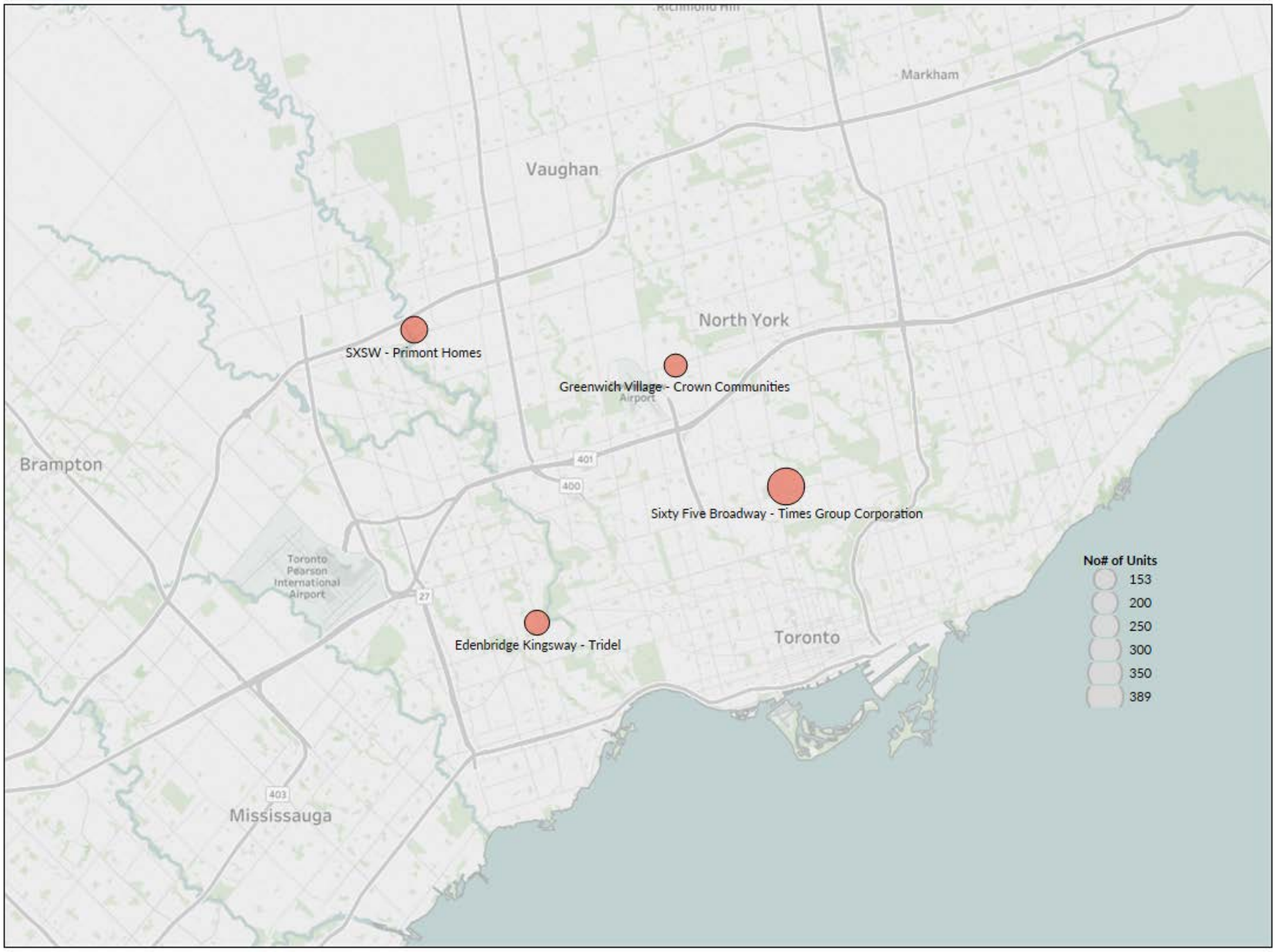
Source: Altus Group

City of Toronto Condominium Apartment Units in New Openings by Former Municipality



Source: Altus Group

July 2019 New Project Launches by Number of Units



Source: Altus Group

New Condominium Apartments - Openings

AltusGroup

Project Record | Edenbridge Kingsway | Greenwich Village | Sixty Five Broadway | SXSW

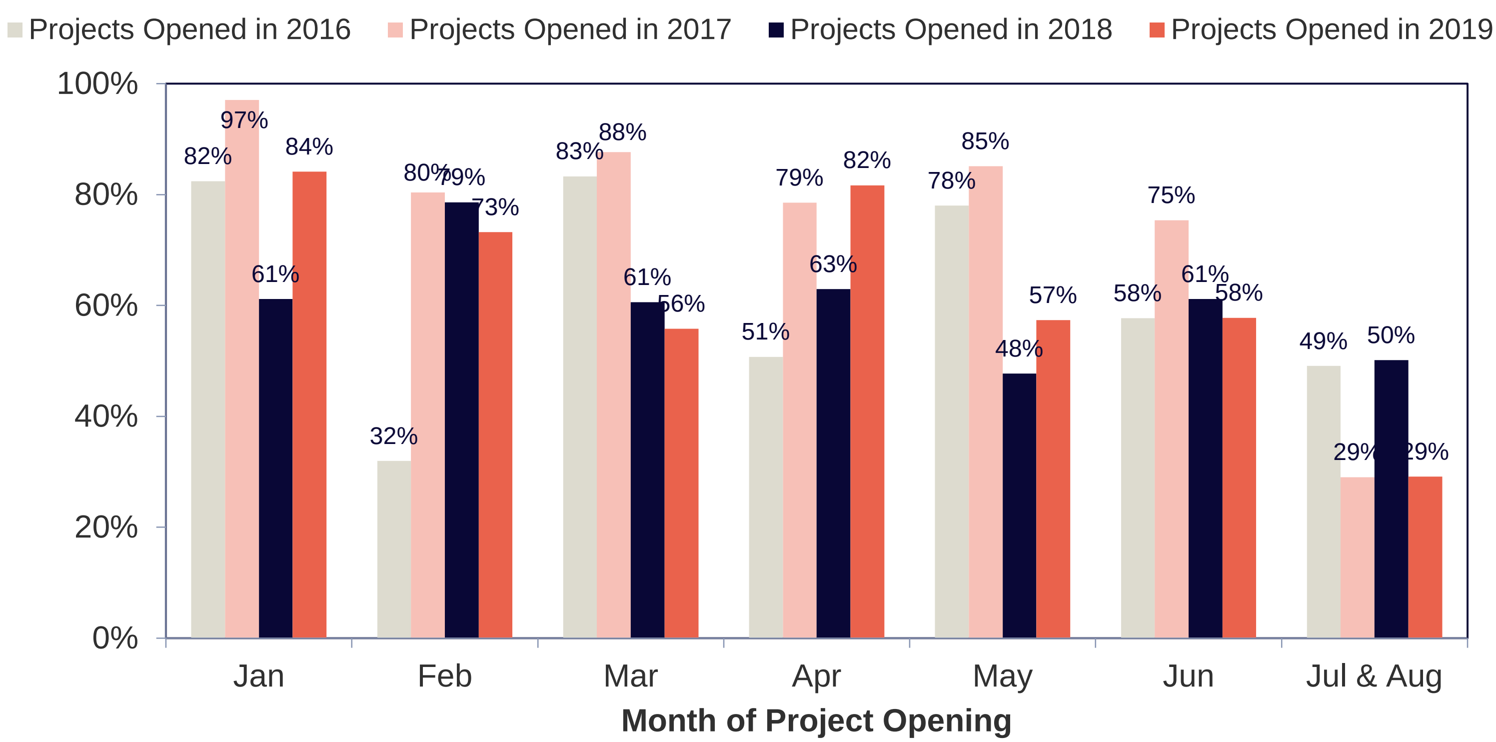
New Condominium Apartment Project Openings - July 2019

Project Name	Edenbridge Kingsway	Greenwich Village	Sixty Five Broadway	SXSW
Developer	Tridel	Crown Communities	Times Group Corporation	Primont Homes
Date Opened	2019-07-06	2019-07-25	2019-07-29	2019-07-06
Municipality	Etobicoke	North York	Toronto	Vaughan
Region	Toronto	Toronto	Toronto	York
Structural Type	Apartment	Stacked	Apartment	Apartment
Floors	9	5	39	20
Project Total Units	**186**	**153**	**389**	**202**
Total Units Released	**186**	**150**	**373**	**186**
Studio	--	2	28	--
1 bedroom	19	--	205	16
1 bedroom + den	55	--	14	34
2 bedroom	37	52	72	136
2 bedroom + den	39	56	14	--
3 bedroom & up	--	--	40	--
Penthouse	12	--	--	--
Other	24	40	--	--
Opening month sales	**0**	**0**	**0**	**103**
Next month sales	**59**	**16**	**75**	**18**
% Sold (of released units)	*32%*	*11%*	*20%*	*65%*
Remaining available inventory	127	134	298	65
Original $PSF	$1,113	$670	$1,134	$803
Minimum Size (sq. ft.)	595	450	375	579
Maximum Size (sq. ft.)	2,373	2,150	1,111	820
Minimum Price	$570,000	$459,900	$460,900	$428,900
Maximum Price	$2,985,000	$1,519,900	$1,191,900	$694,900
Notes	Townhouse units included in Other	Townhouse units included in Other.		

Source: Altus Group

- **While absorption rates had been running generally above last year for projects opened in the January to May period, this has not been the case for projects opened since June.** The normal summer lull complicates the interpretation of the patterns, however – we will be closely monitoring how sales perform during the typical fall pickup period.
- Caution needs to be used in analyzing sales rates for projects opened in any particular 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 month to another, and from one year to another for the similar month.

GTA New Condominium Apartment New Project Absorption Timelines (% of Total Units Sold Through August)*

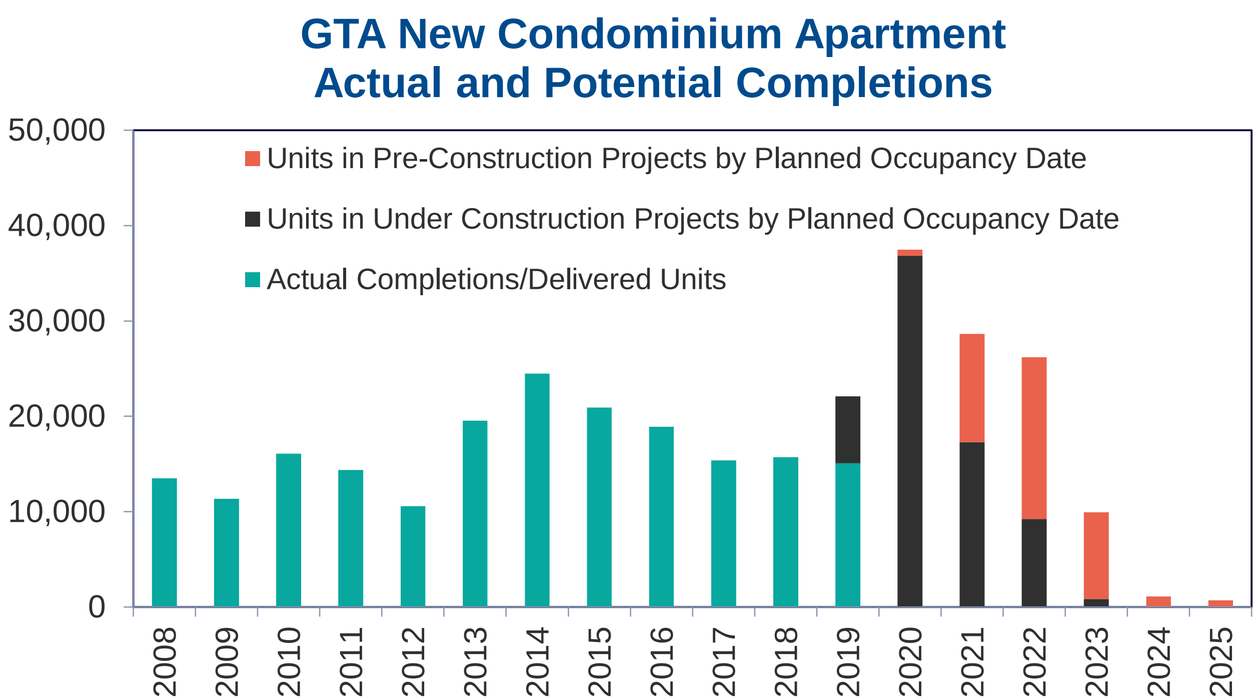


** The total includes unreleased units, and units released within the last 10 days of the month*

Source: Altus Group

New Condominium Apartments - Completions

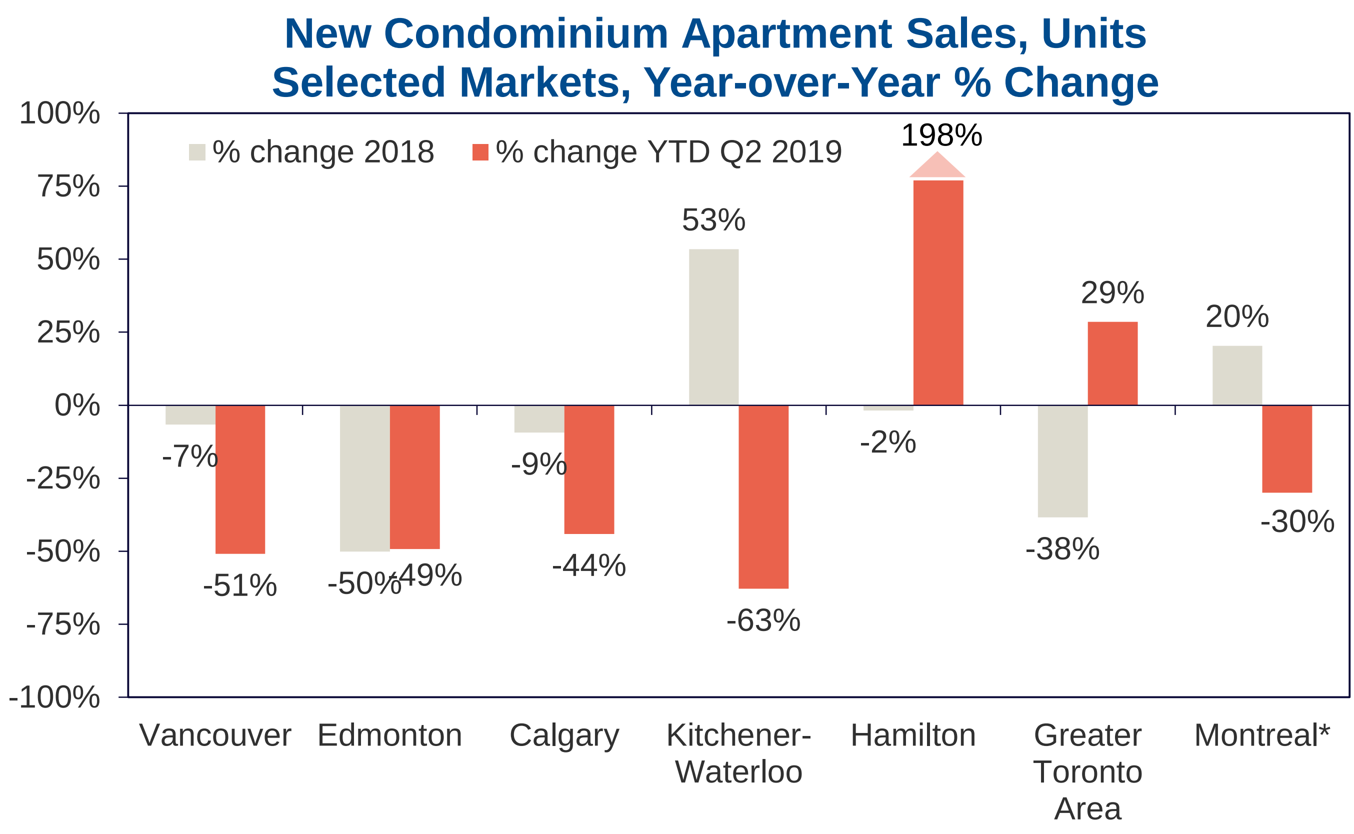
- As of the end of August 2019, there were about 111,100 new condominium apartment units in projects either under construction or in pre-construction stages.
- **Just under 15,100 units were delivered/ready for occupancy year-to-date in 2019**, based on Altus Group data; this is up from just under 10,200 units for the same period in 2018. **Year-to-date completions in 2019 are only about 600 units below the level for the entire 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 would mean a larger number of investor-purchased condominium apartment units entering the rental market, with potential impacts on achievable rents. However, as in recent years, industry capacity thresholds are likely to push the delivery timeline for some of these units out further than originally planned dates.



Source: Altus Group

New Condo Apartment Sales Across Canada

- **The rebound in new condominium apartments sales in the GTA this year has not been matched in other parts of the country,**
- Of the major markets tracked by Altus Group, only Hamilton has also seen stronger new condo apartment sales so far this year



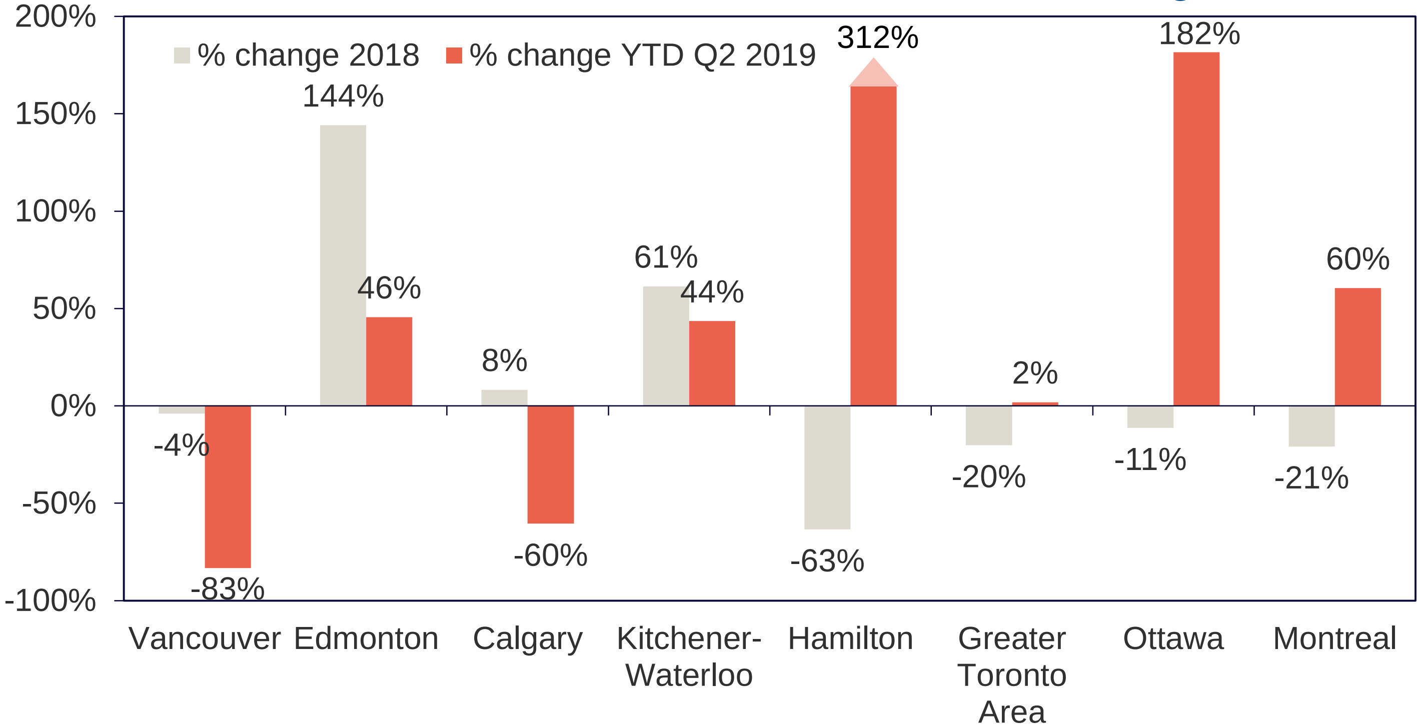
- Data are Q1

Source: Altus Group

High-Density Residential Land Sales

- After declining in 2018, **high density residential land sales** (land for condominium apartment and purpose-built rental projects) **in the GTA were up marginally in the first half of the year.**
- High-density land sales, as measured by Altus Group data, have shown mixed patterns across the country, but are generally up this year, with the exception of Vancouver and Calgary.

High-Density Residential Land Sales Transactions ($)
Selected Markets, Year-over-Year % Change



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