The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of January 2020

Table of Contents

New Condominium Apartment Dashboard

January 2020			YTD December 2019	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
1,100	**11,632**	**$925,209**	**26,979**	**$821,506**
33% ▲	**6%** ▲	**15%** ▲	**28%** ▲	**8%** ▲
2nd highest January	***Highest January since 2016 but below 10 year average***	***Record high***	***3rd highest YTD December***	***Record high***

% change is from same period a year earlier

Highlights

- The momentum that we saw building in the GTA new home market as 2019 progressed has carried over into early 2020, with **sales of new condominium apartments enjoying their 2nd highest January ever.**
- While the benchmark price for a new condominium apartment continued to set new highs, **additional supply from new project launches over the next few months should help keep pricing from overheating.**
- Both end-user buyers and investors have been showing more confidence than a year ago. This, combined with continued strong employment growth and favourable interest rates, suggest that **the stage is set for another solid year for new condo apartment sales, although external factors, such as that elephant in the room, COVID-19, do present downside risk should there be disruption to the short-term economy, traffic at new home sites and supply chains.**

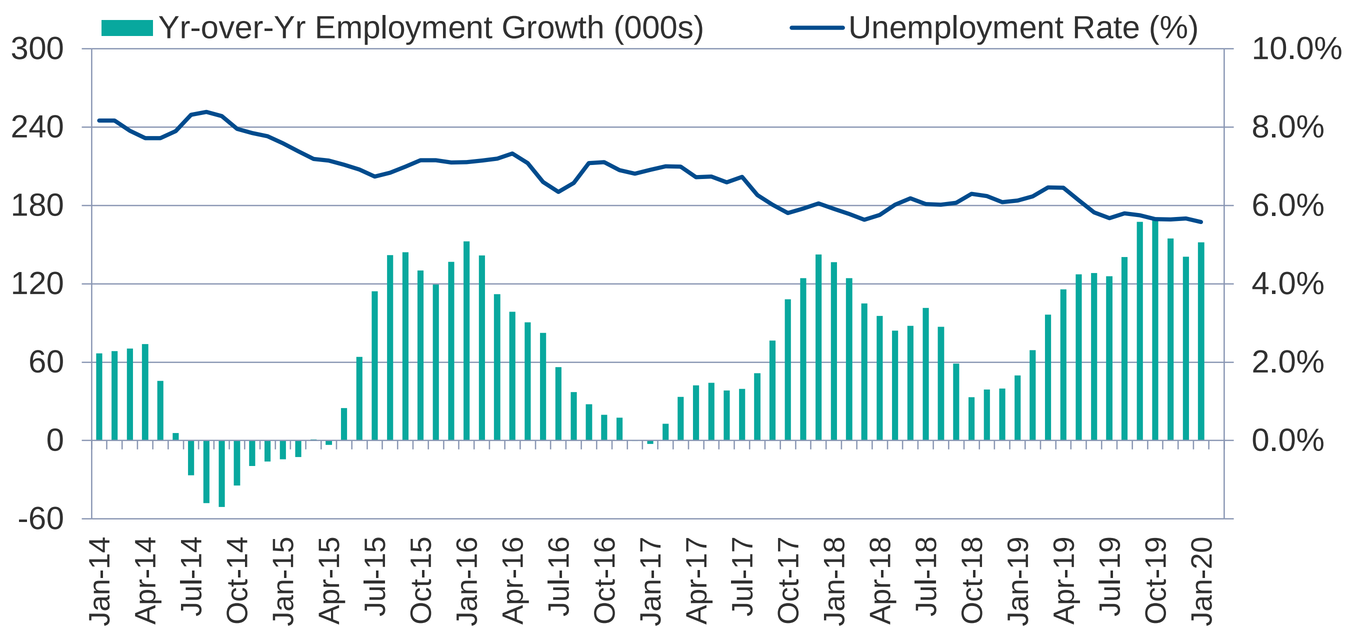
GTA Condominium Apartment Key Performance Indicators

	Jan-19	Dec-19	Jan-20	*Yr-Over-Yr % Change*	YTD Dec 2018	YTD Dec 2019	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*							
Total active sites	324	355	348	*7%*	300	348	*16%*
New projects opened	1	0	1	*0%*	106	108	*2%*
Units in new projects opened	423	0	266	*-37%*	26,535	27,432	*3%*
Total sales (units)	829	1,909	1,100	*33%*	21,137	26,979	*28%*
Sales as % of total new & resale	*40%*	*60%*	*45%*		*48%*	*53%*	
Inventory (units)	10,958	12,261	11,632	*6%*	10,368	13,380	*29%*
Sales-to-inventory ratio	8%	16%	9%	*25%*	17%	16%	*-2%*
Months of inventory	6.2	5.5	5.1	*-18%*	5.0	6.9	*37%*
Benchmark price	$803,638	$916,585	$925,209	*15%*	$763,977	$821,506	*8%*
Price PSF Benchmark	$910	$991	$988	*9%*	$858	$922	*7%*
Unit size Benchmark (sq. ft)	883	925	937	*6%*	891	891	*0%*
Units completed	1,899	602	2,264	*19%*	15,703	19,977	*27%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	1,238	1,255	1,335	*8%*	22,930	23,578	*3%*
New listings (units)	2,521	1,092	2,049	*-19%*	36,433	35,264	*-3%*
Inventory ("active listings", units)	2,657	1,660	1,779	*-33%*	3,378	3,061	*-9%*
Sales-to-inventory ratio	47%	76%	75%	*61%*	57%	65%	*14%*
Months of inventory	1.4	0.8	0.9	*-35%*	1.7	1.6	*-6%*
Average price of units sold	$548,176	$612,464	$630,047	*15%*	$552,106	$587,951	*6%*
HPI constant quality price index (Jan 2005=100)	254.0	279.6	282.6	*11%*	249.3	269.3	*8%*

** see end of report for Definitions*

- **Strong employment growth continues to be an important driver of potential housing demand in the GTA.** Total employment was up in January on both a month-to-month and year-over-year basis.
- Falling bond yields have benefited effective mortgage rates, however the posted 5 year rate has been sticky-high. **The recently announced adjustment to the stress test interest rate for insured mortgages (effective April 6) should lower the income qualifying hurdle rate slightly** (while the hurdle rate was previously the 5 year posted mortgage rate, which has been running more than 2% above effective rates, the new rate will be the weekly median five-year fixed insured mortgage rate from insurance applications, plus two per cent).
- The Bank of Canada maintained the target for the overnight rate at 1.75% at its latest rate announcement on January 22, 2019, with the next rate announcement March 4, 2020.
- **Intentions to purchase a home are showing some renewed life in our latest data for Winter 2020** among GTA households (*chart bottom of next page*). While repeat buying intentions remain subdued, first-time buyer intentions have rebounded.

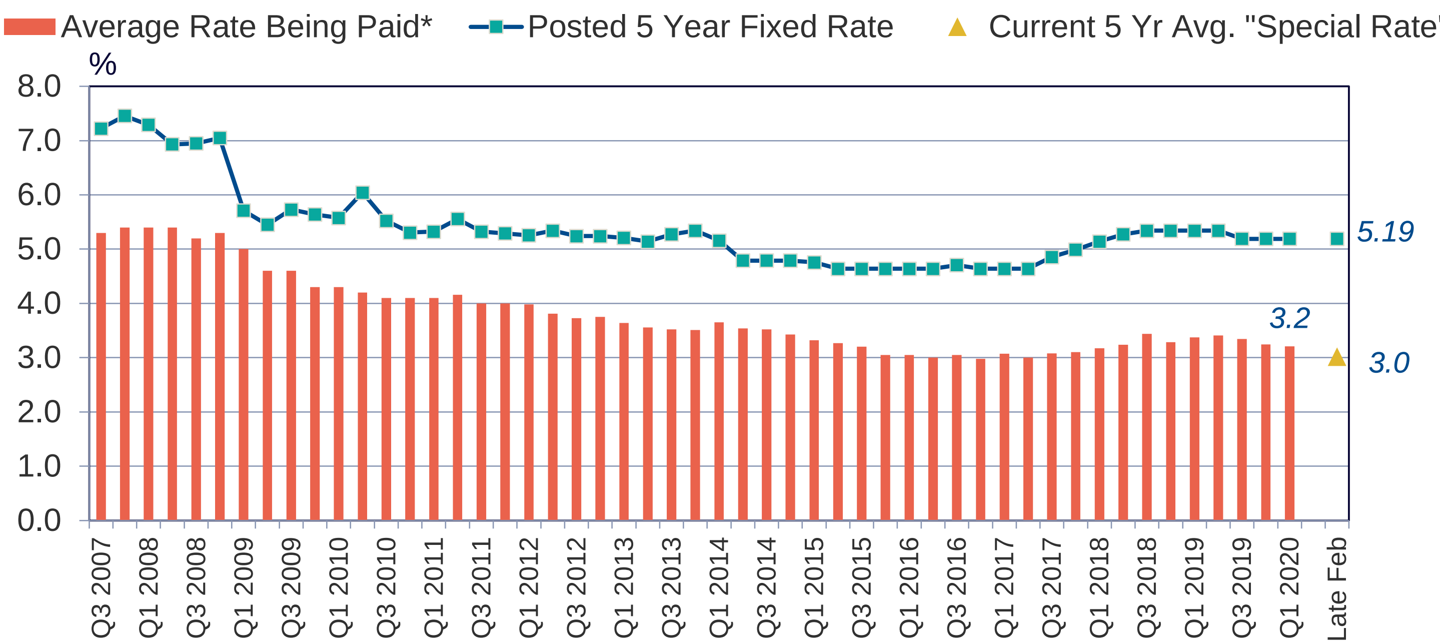
GTA Employment*



Source: Altus Group based on Statistics Canada data

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

Canadian Mortgage Rates

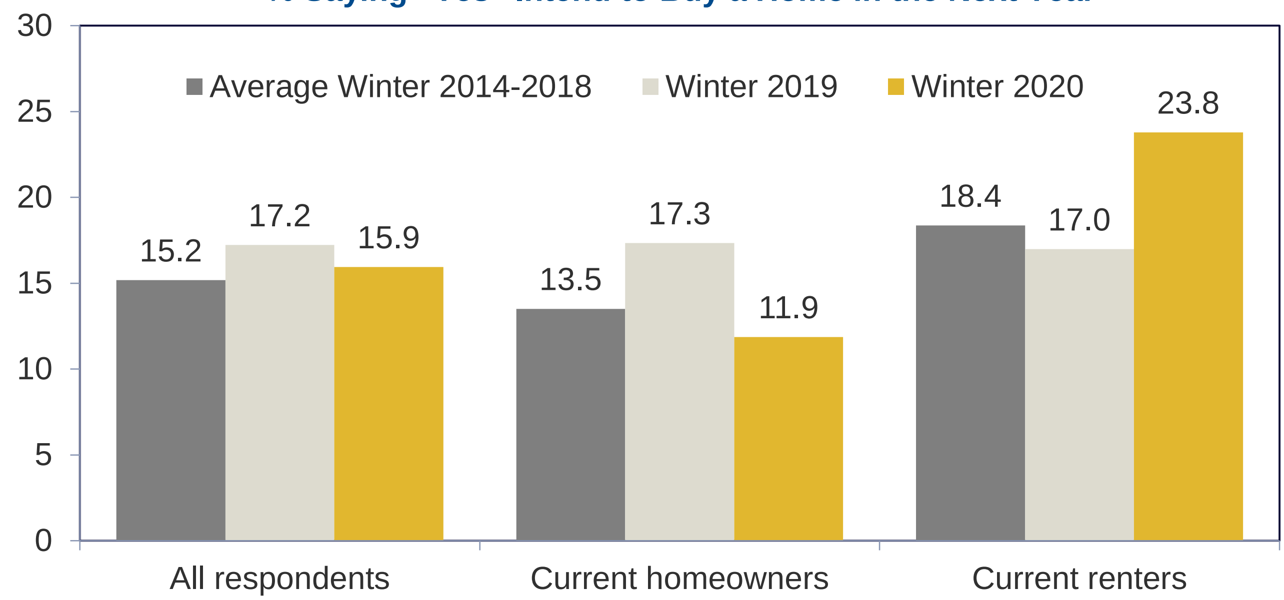


Source: Altus Group and Bank of Canada data

** The average rate currently being paid by all mortgage customers, regardless of term or type or when arranged (Altus Group FIRM Survey)*

GTA Homebuying Intentions

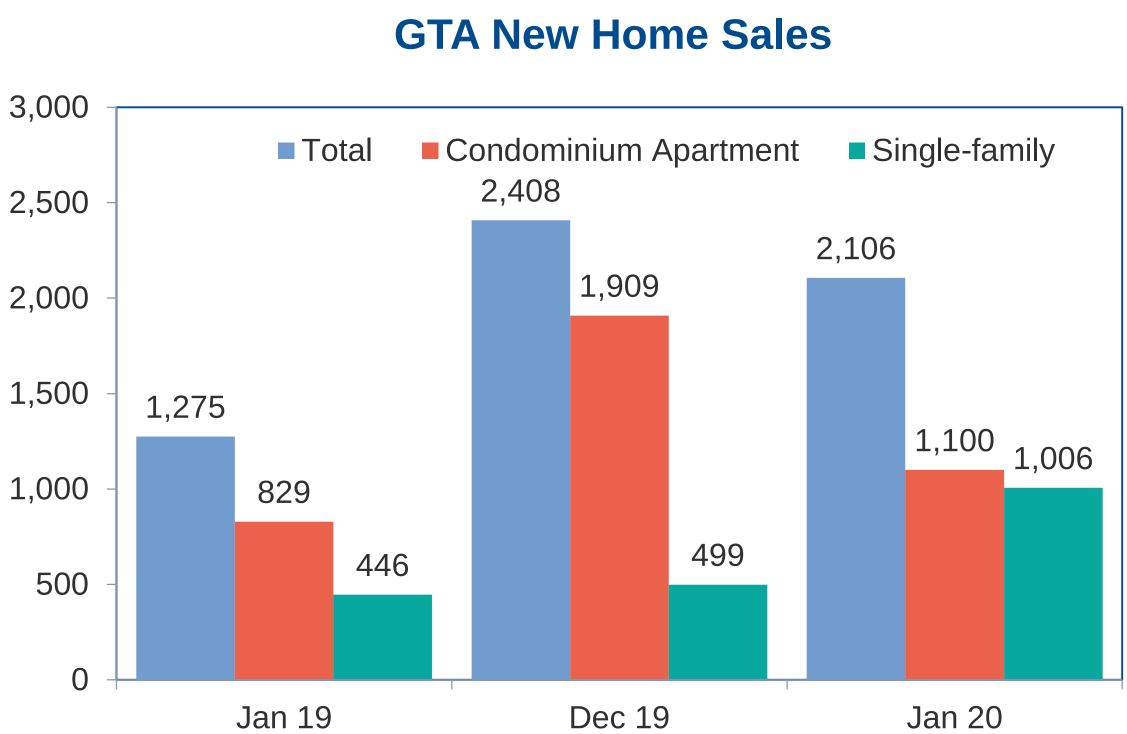
% Saying "Yes" Intend to Buy a Home in the Next Year



Source: Altus Group

New Home Market - Sales

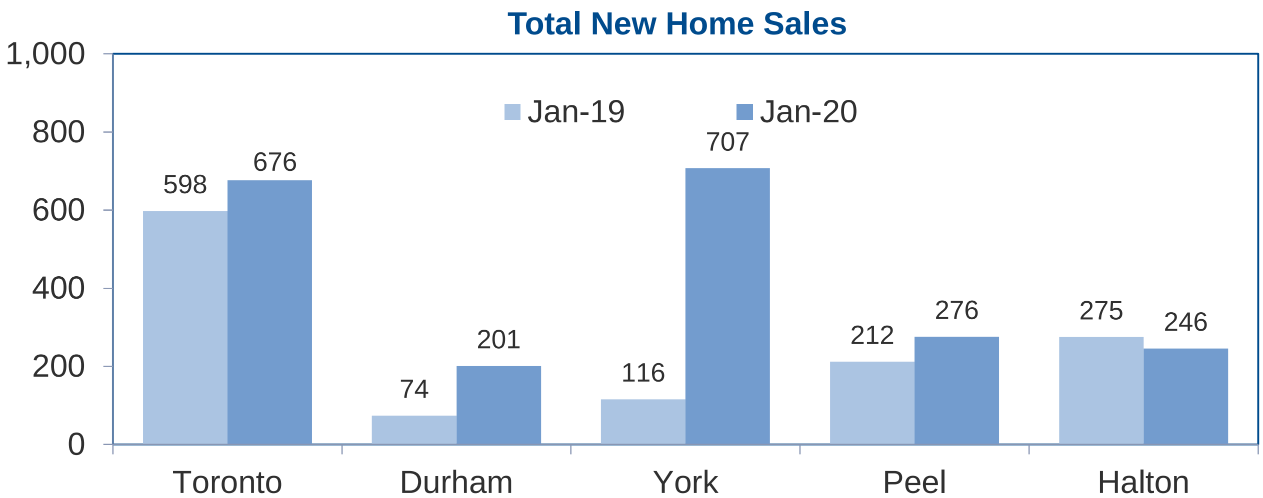
- **Total sales of new homes in the GTA were up in January on a year-over-year basis**. Both single-family and condominium apartment new home sales were up over January 2019 (by 126% and 33%, respectively) and both were above the 10 year averages for January.
- **York Region led the improvement** (*chart next page*). The only segments with lower sales in January 2020 vs. January 2019 were single-family sales in Halton and condominium apartment sales in Peel.

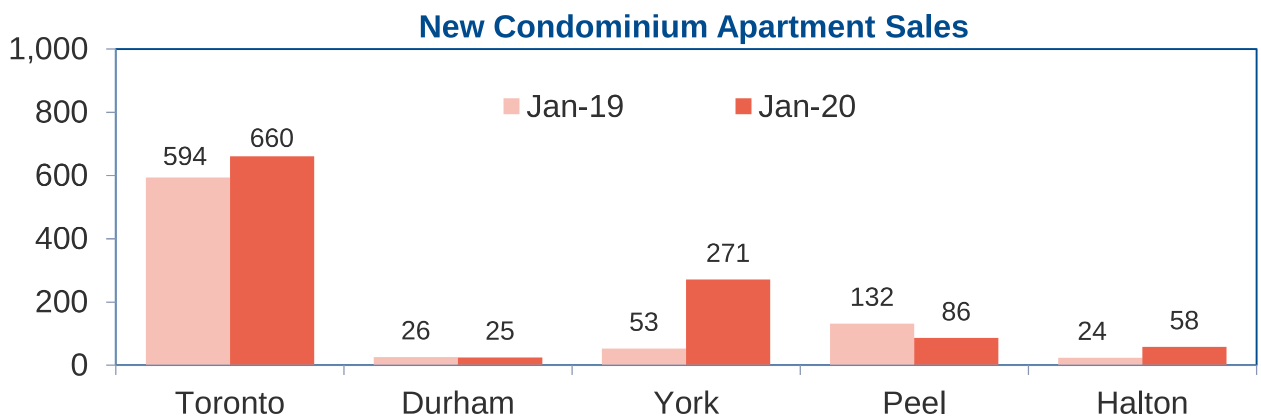


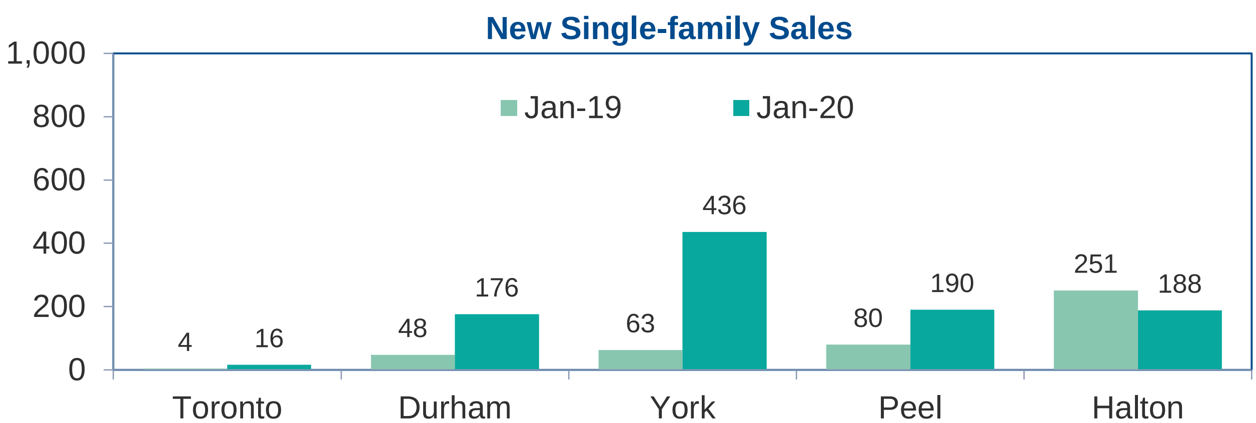
Source: Altus Group

Altus Group

GTA New Home Sales by Region



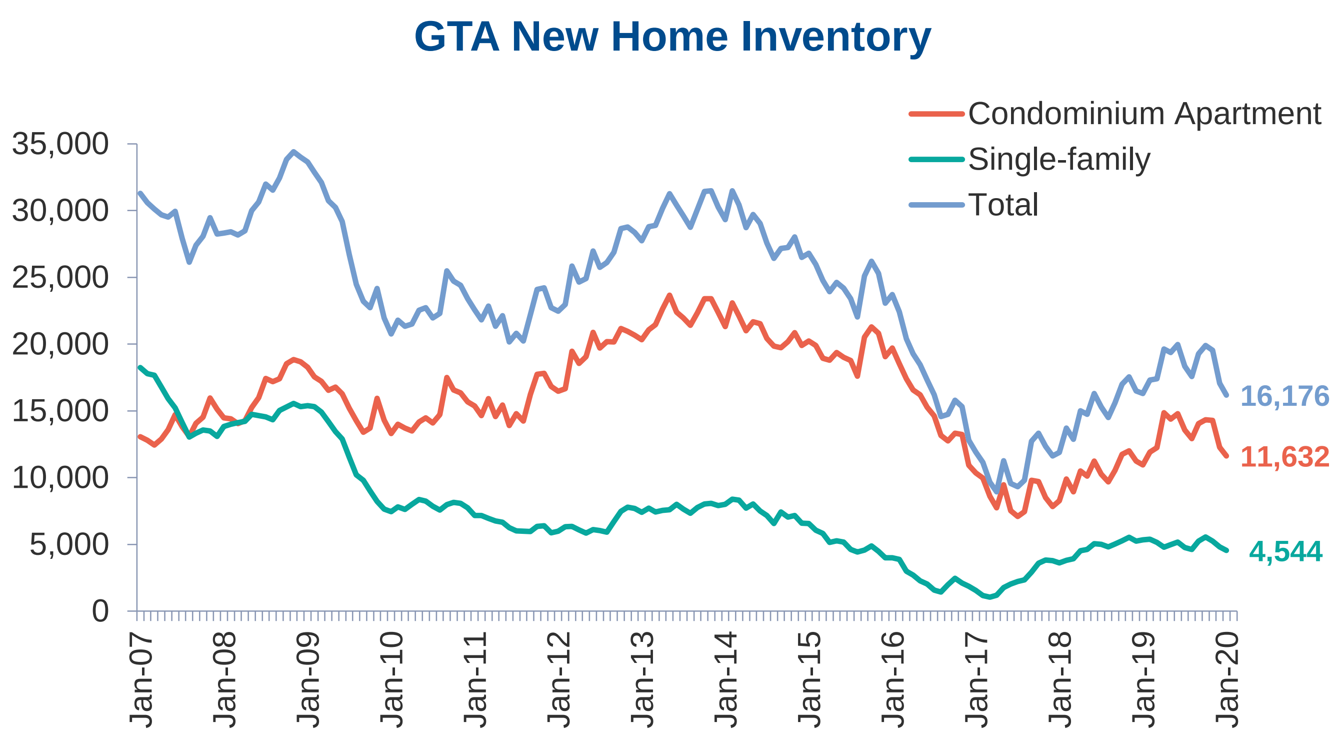




Source: Altus Group

New Home Market - Inventory

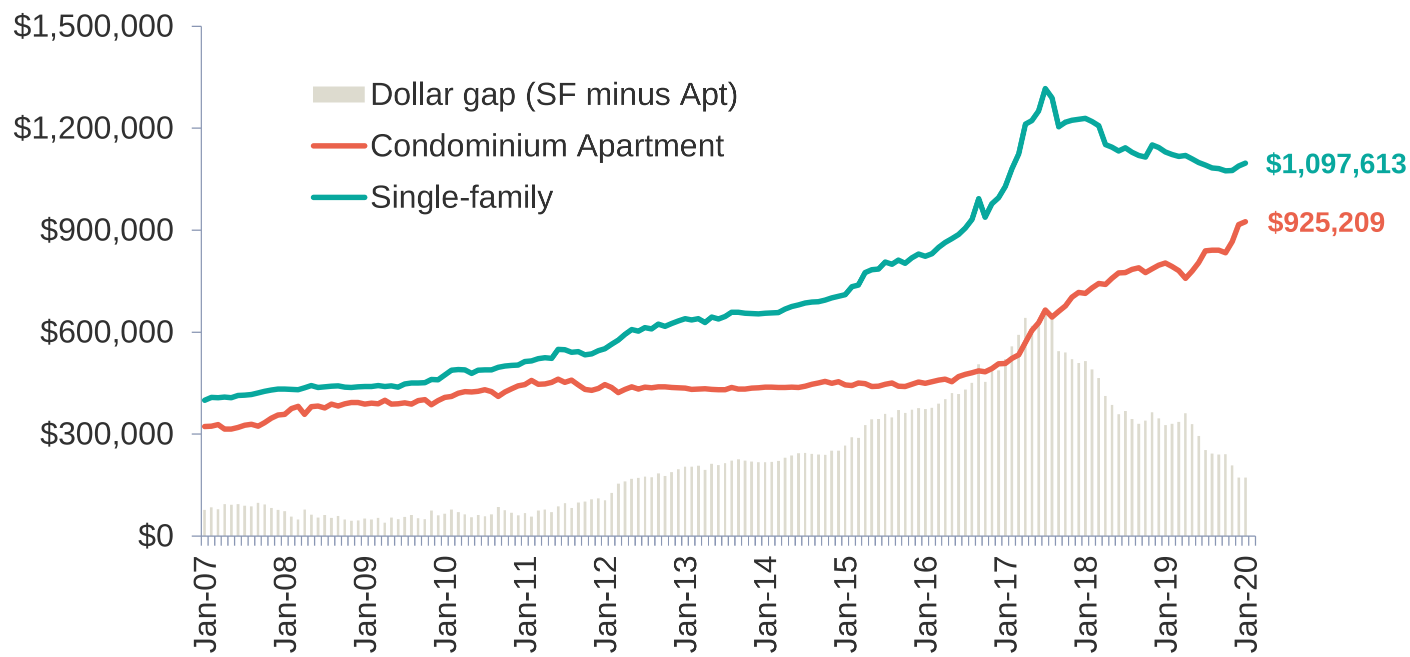
- **Total new home inventory available to purchase was down again in January**, for both the single-family and condominium apartment sectors, due to modest new openings and strong sales.
- Overall, based on the pace of sales in the past 12 months, **the current total inventory of new homes available to purchase represents only about 5 months of supply.** This is considerably below the longer term average of about 8 months for January, but above the lows of about 3 months in early 2017 and 2018.



Source: Altus Group

- **The Benchmark price for a new single-family home increased for the third month in a row in January 2020** but sits about 3% below January 2019 (*chart bottom of next page)* and about 17% below the peak in July 2017.
- **The Benchmark price for a new condominium apartment hit another record in January**. Year-over-year, the benchmark price is up about 15% (*chart top of next page*). However, caution should be used in interpreting recent upward movement in benchmark price, given the lack of new product openings, and longer absorption timelines for higher-priced product. **Stronger new openings over the next few months should help to relieve some of the recent upward price pressure.**
- **Over the past 4 years, the benchmark price has more than doubled.** Since mid 2017, the gap in the benchmark price of a new single-family and new condo apartment unit has narrowed substantially. 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 in the past year.

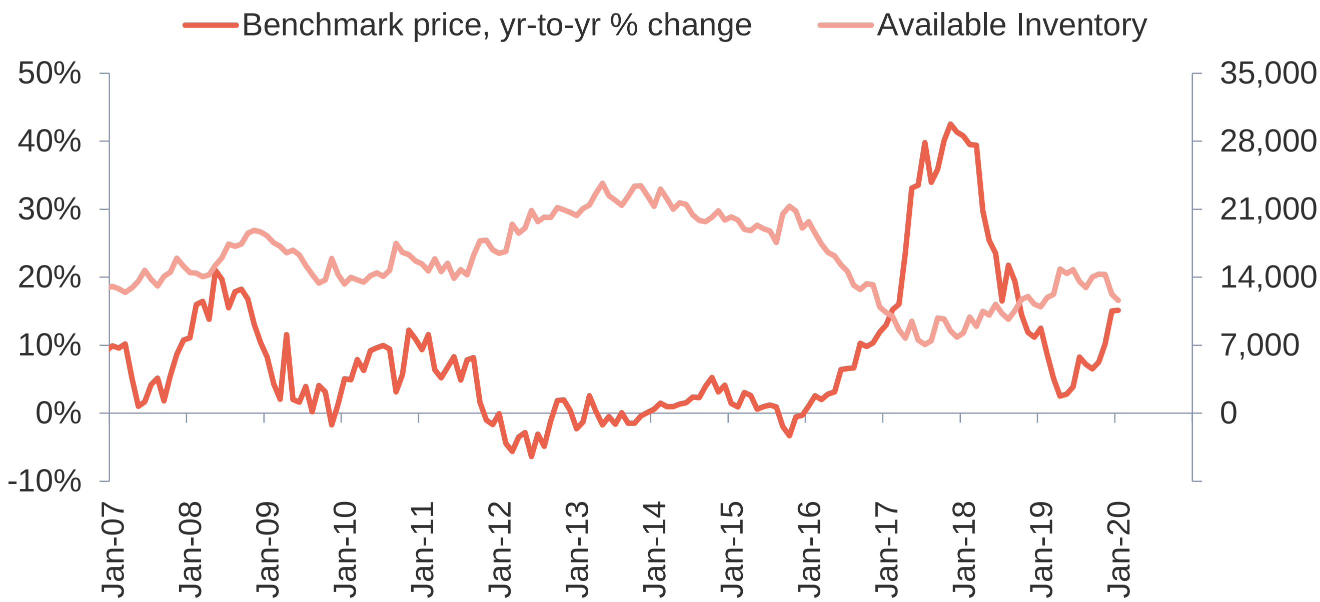
GTA New Home Benchmark Prices*



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

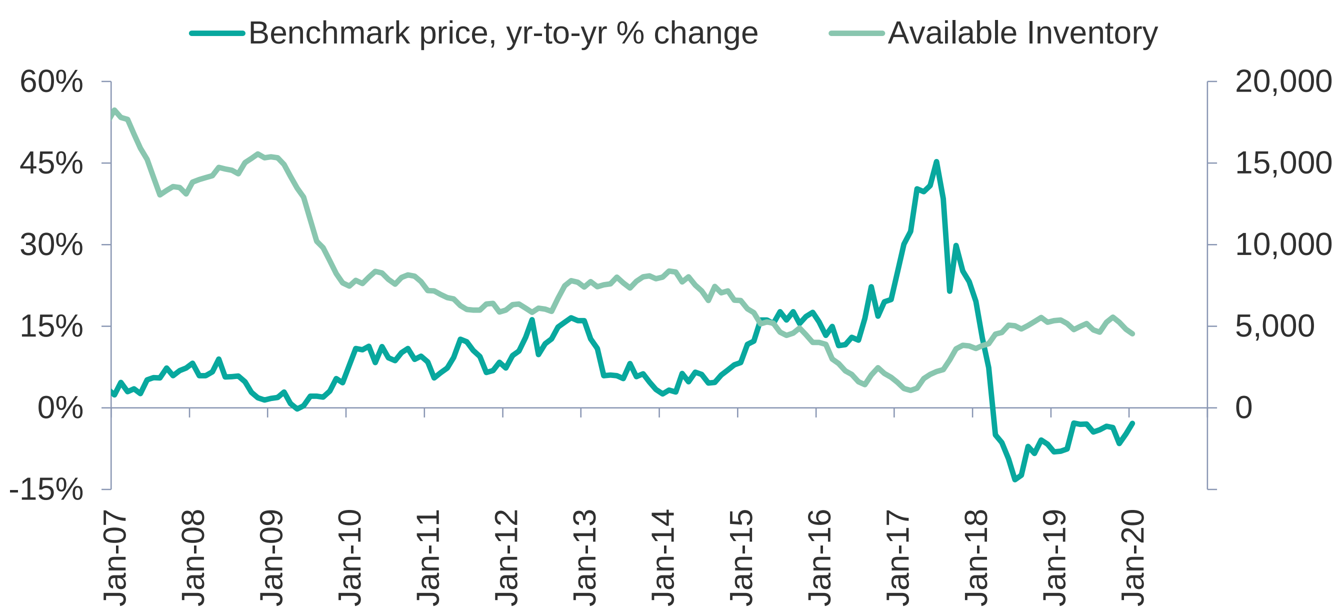
Source: Altus Group

GTA New Condominium Apartment Benchmark Price Changes and Available Inventory



Source: Altus Group

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

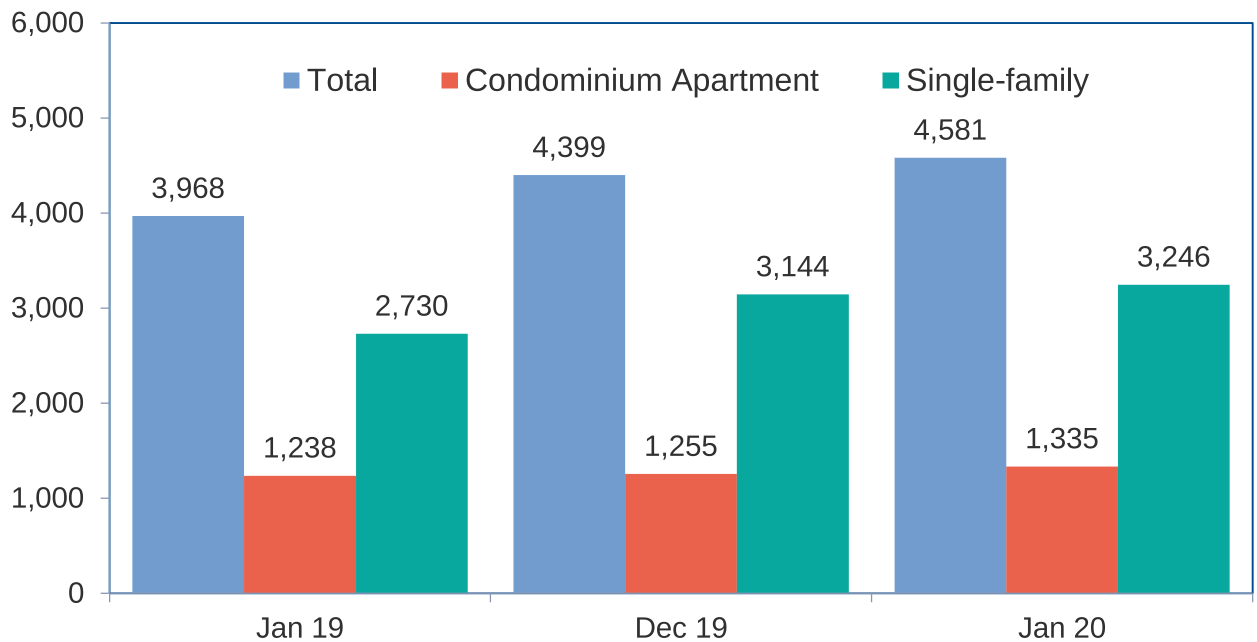


Source: Altus Group

Resale Home Market - Sales

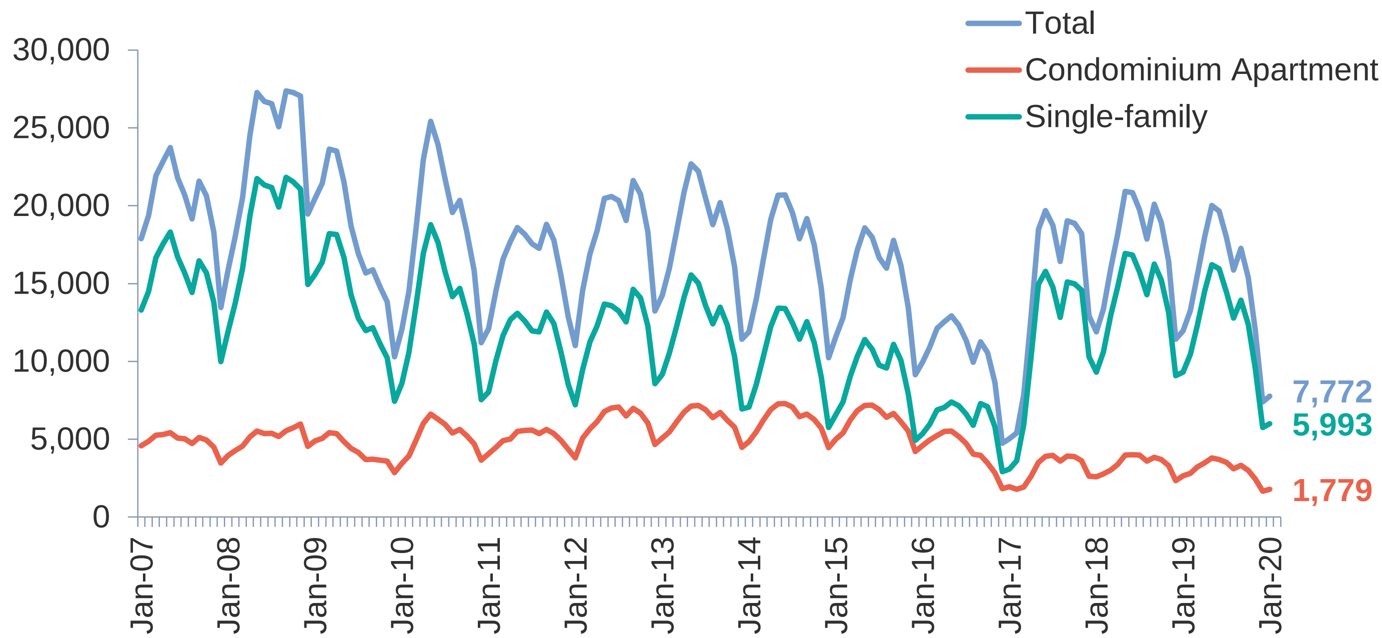
- **Total sales of existing homes in January** (as reported by the Toronto Regional Real Estate Board) **exceeded year earlier levels for the 10th month in a row.** Both single-family homes and condominium apartments shared in the year-over-year increase, although the improvement was more focused in single-family.
- Total resale inventories were up from December (the typical seasonal pattern) but were well below the January levels of the past decade, with the exception of 2017 *(chart top of next page).* **Resale condo units in particular are limited, with their lowest January in over 15 years.** 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 sale price for a resale single-family home started the year up 11% from a year earlier (*chart bottom of next page*) although still 13% below the peak in March 2017. Limited supply helps explain why **the average price for a resale condo apartment reversed up again, setting a new record**.

GTA Resale Home Sales



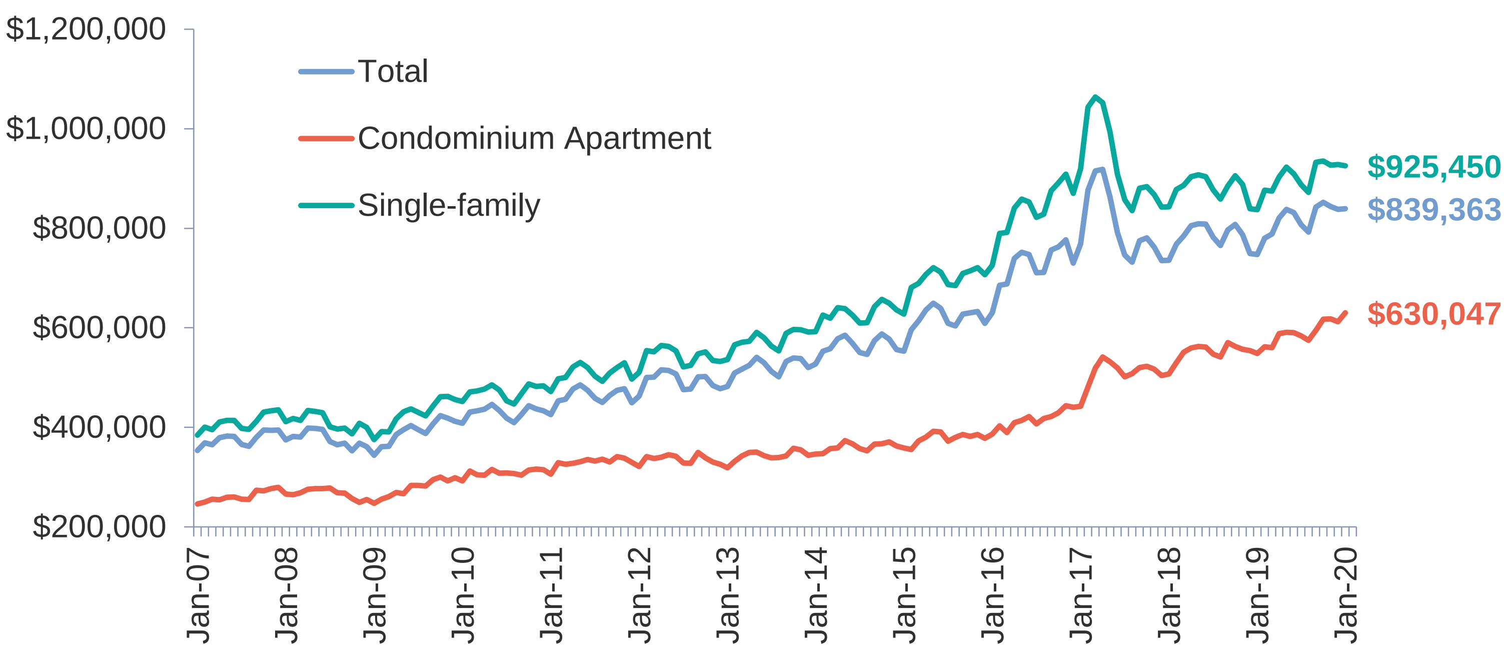
Source: Altus Group based on Toronto Regional Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



Source: Altus Group based on Toronto Regional Real Estate Board data

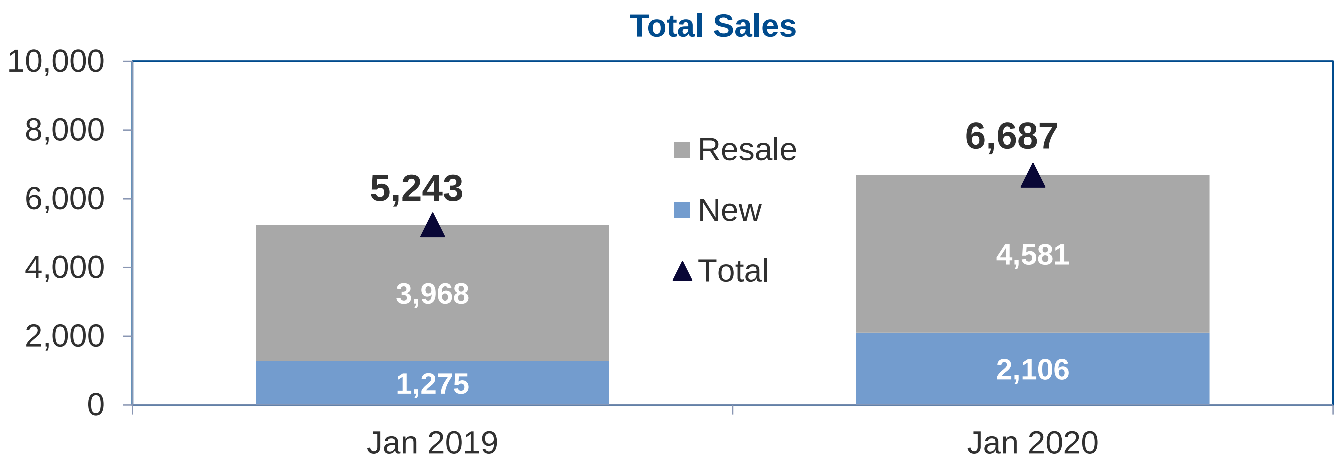
GTA Resale Home Prices

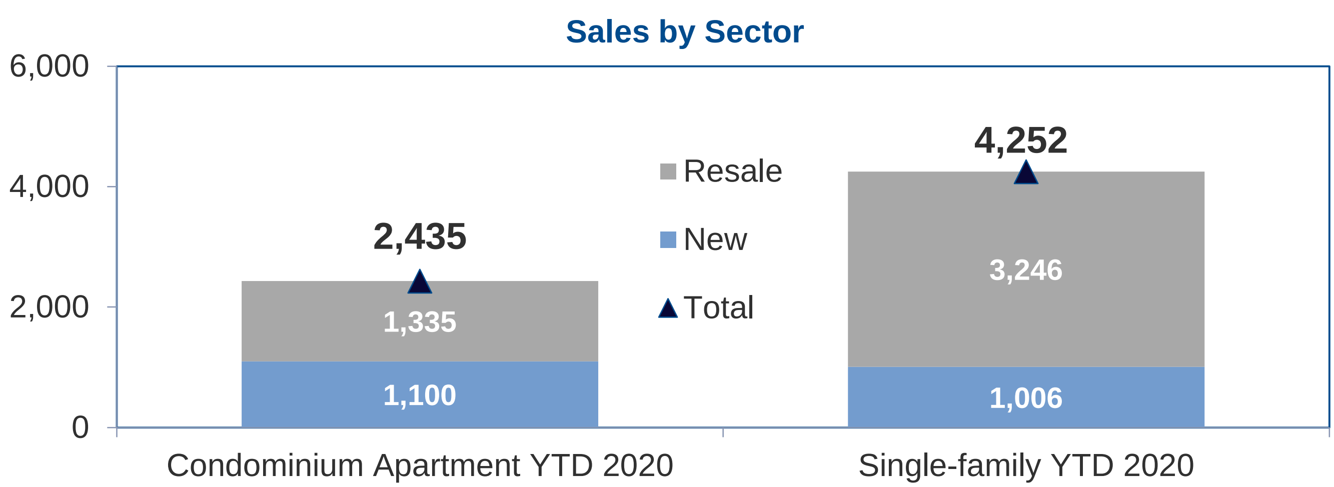


Source: Altus Group based on Toronto Regional Real Estate Board data

- **Combined resale and new home sales,** as measured by TRREB and Altus Group, totaled just under 6,700 units in January 2020, **up 28% from a year earlier**. The new home sector accounted for almost 1 in 3 sales, compared to about 1 in 4 in January 2019.
- With the improvement in new single-family sales, **the new home sector's share of total single-family sales in January was about 24%**, from about 14% for January 2019.

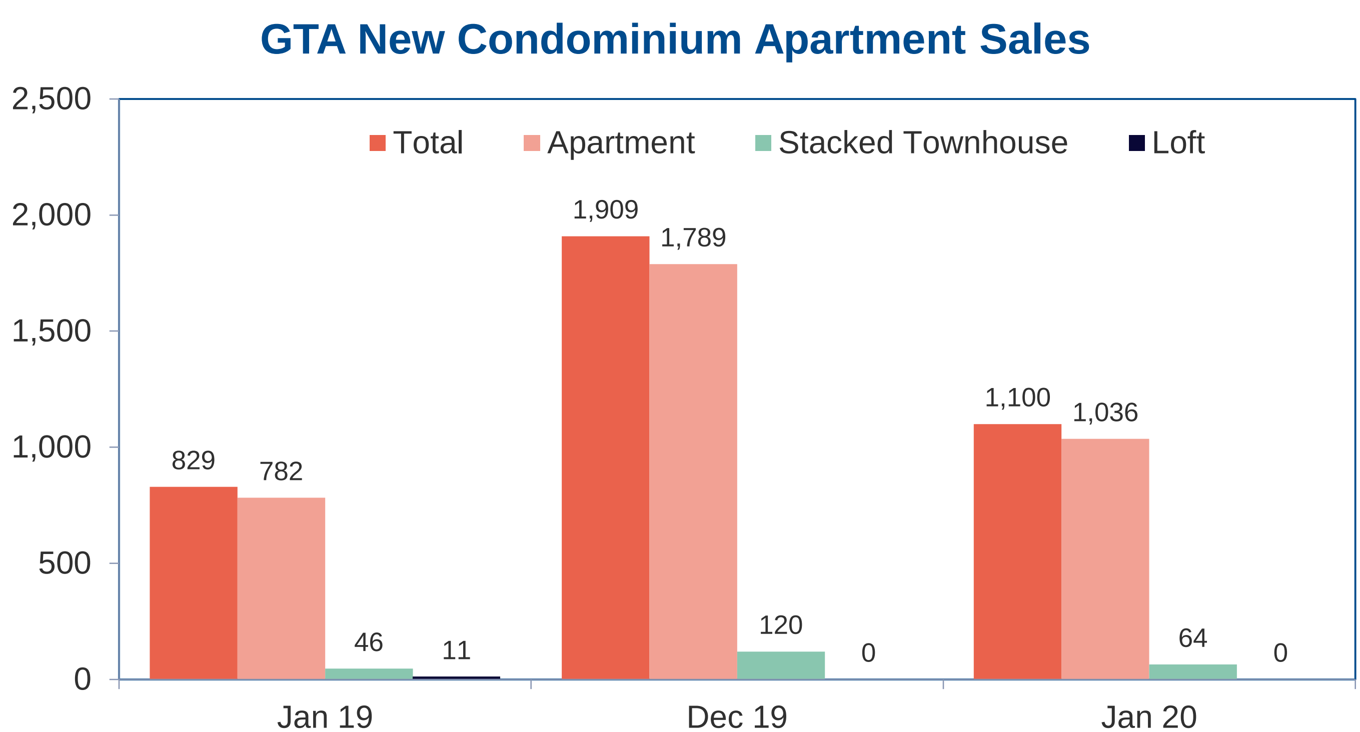
GTA Combined New & Resale Home Sales



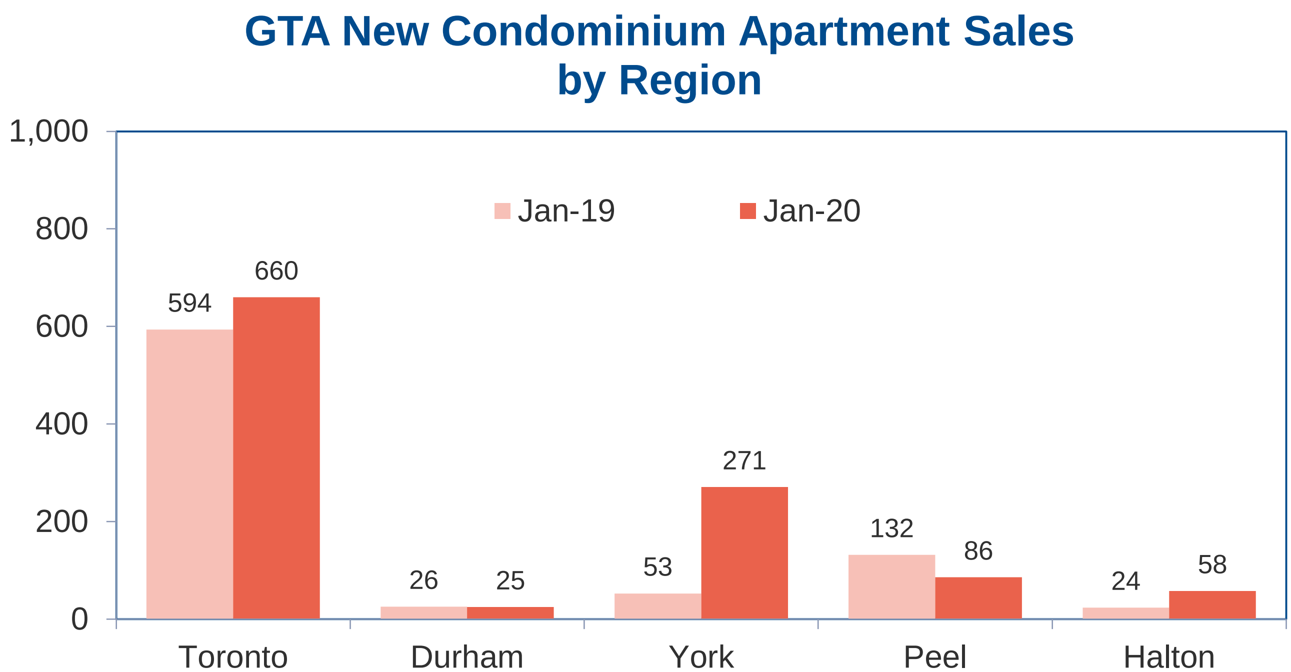


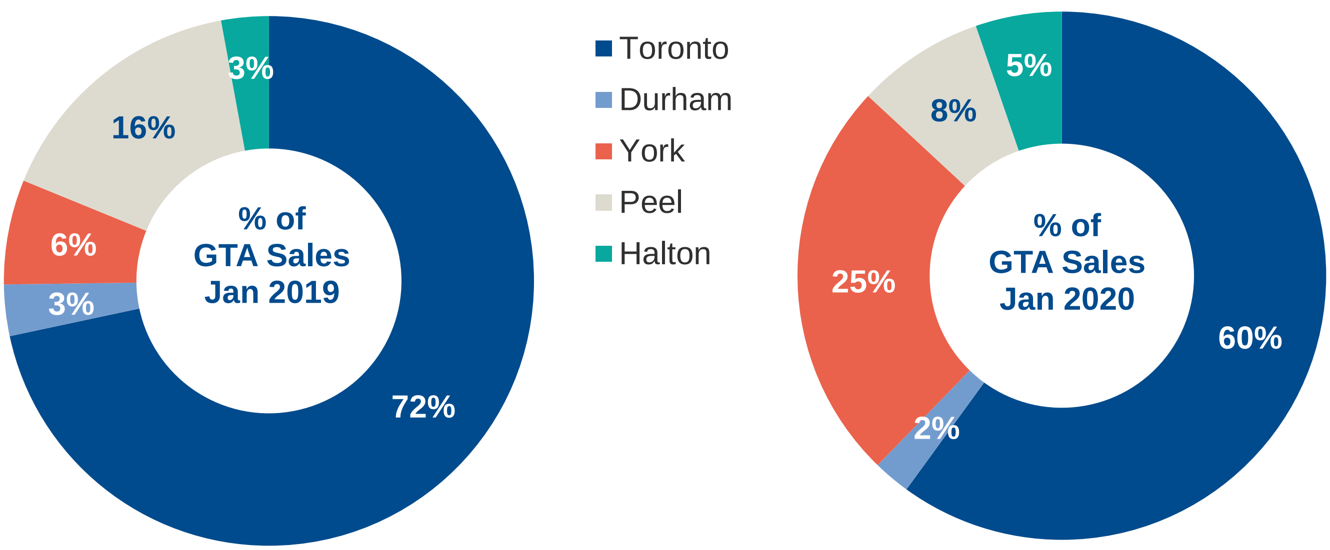
Source: Altus Group and Toronto Regional Real Estate Board data

- **Total sales of new condominium apartments in January 2020 were up by one-third from a year earlier and above the 10 year average.** This came despite only 1 new project opening, (this project was opened in the last 10 months of the month, when firm sales are not recorded).
- **Sales of new stacked townhouses were higher than year earlier levels for the 9th month in a row.**
- **The year-over-year increase in new condo apartment sales in the GTA was in large part due to revived activity in York Region**, although sales were also up in the City of Toronto and Halton (*chart next page*).



Source: Altus Group



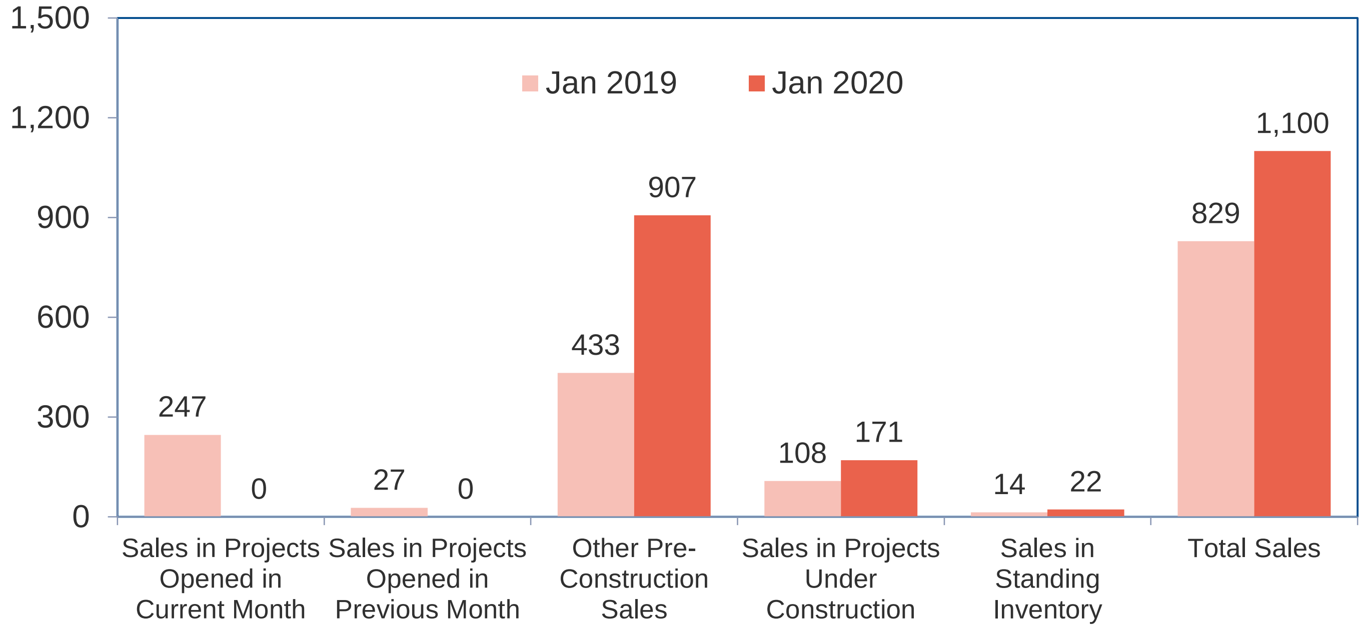


Source: Altus Group

New Condominium Apartments - Sales

- There was only 1 project opened in January 2020, and as this was towards the end of the month, does not have any recorded sales. As there were no openings in December, there are also no sales for projects "opened in the previous month".
- Sales however were brisk in pre-construction projects, as well as projects already under construction. There were only 22 sales in standing inventory, which reflects low availability of unsold units in completed product *(as shown on the chart on the next page).*

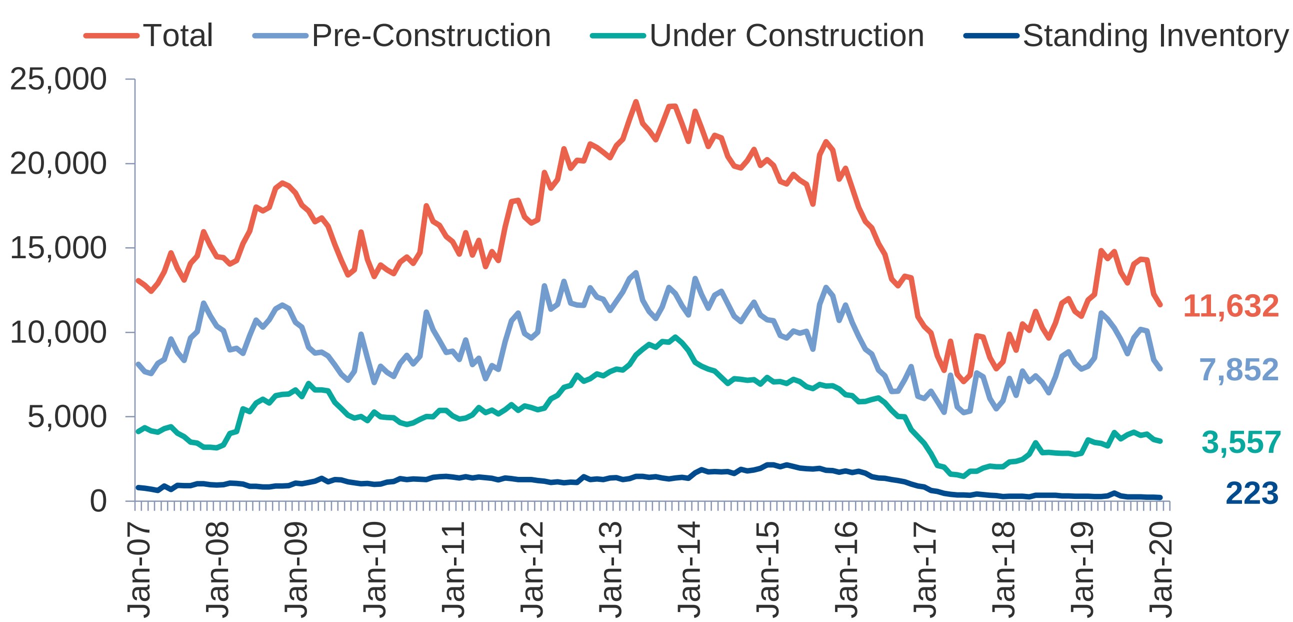
GTA New Condominium Apartment Sales by Construction Status

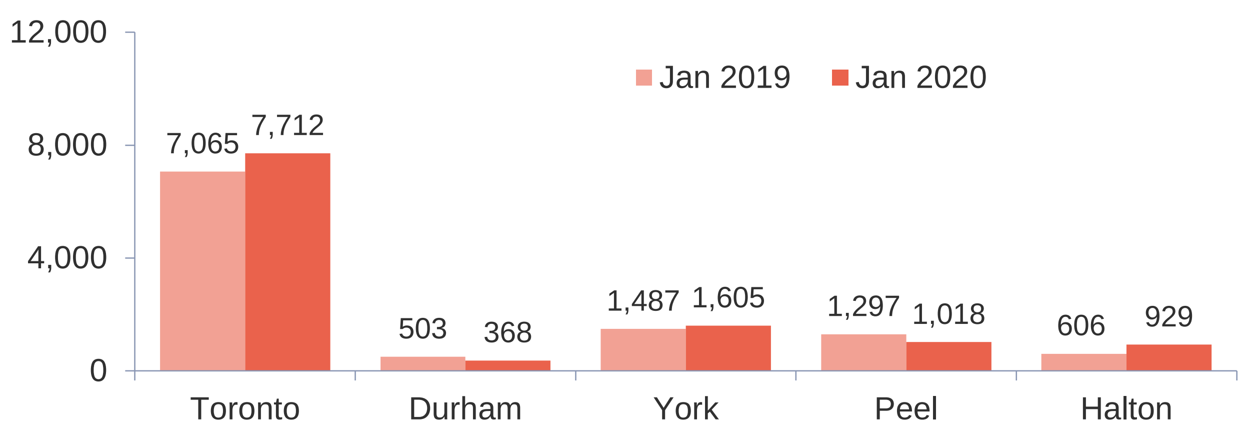


Source: Altus Group

- **New condominium apartment available inventory declined further in January,** as the units in the one new project launched were not sufficient to replenish units sold. **The current inventory represents only 5 months of supply** at the pace of sales over the past 12 months, **half the long term average for January** of about 10 months.
- While down month-to-month, the level of inventory is up slightly from a year earlier, primarily due to the City of Toronto and Halton.
- There is very little inventory to purchase that is available for immediate possession/occupancy (223 units).

GTA New Condominium Apartment Inventory



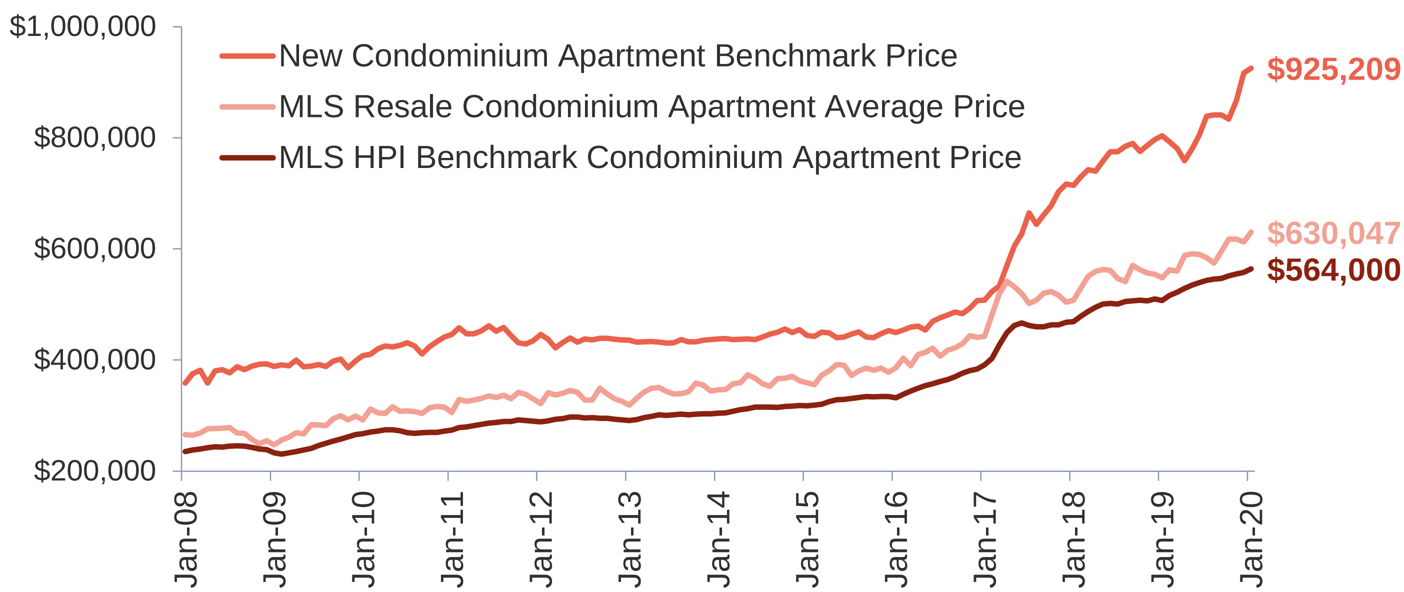


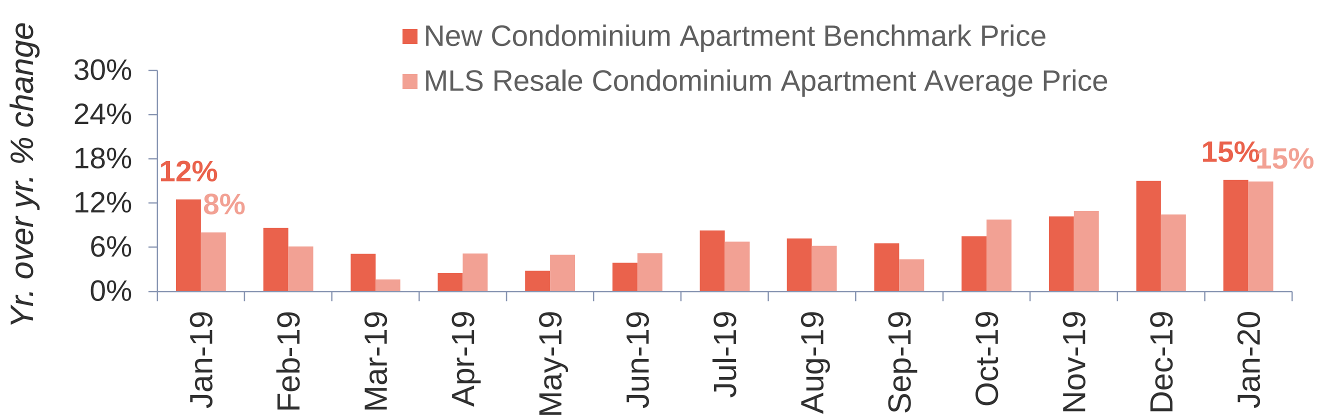
Source: Altus Group

New Condominium Apartments - Prices

- **The Benchmark price for a new condominium apartment pushed to another new record in January.** Year-over-year, the benchmark price is up about 15%. However, caution should be used in interpreting the recent spike in the benchmark price, given minimal of new product openings, and longer absorption timelines for higher-priced product.
- **The average price of a resale condominium apartment also set a new record in January 2020.** The year-over-year increase in average resale condo prices matched that for new condos, at 15% - the strongest annual rate of increase in 2 years.

GTA New and Resale Condominium Apartment Prices

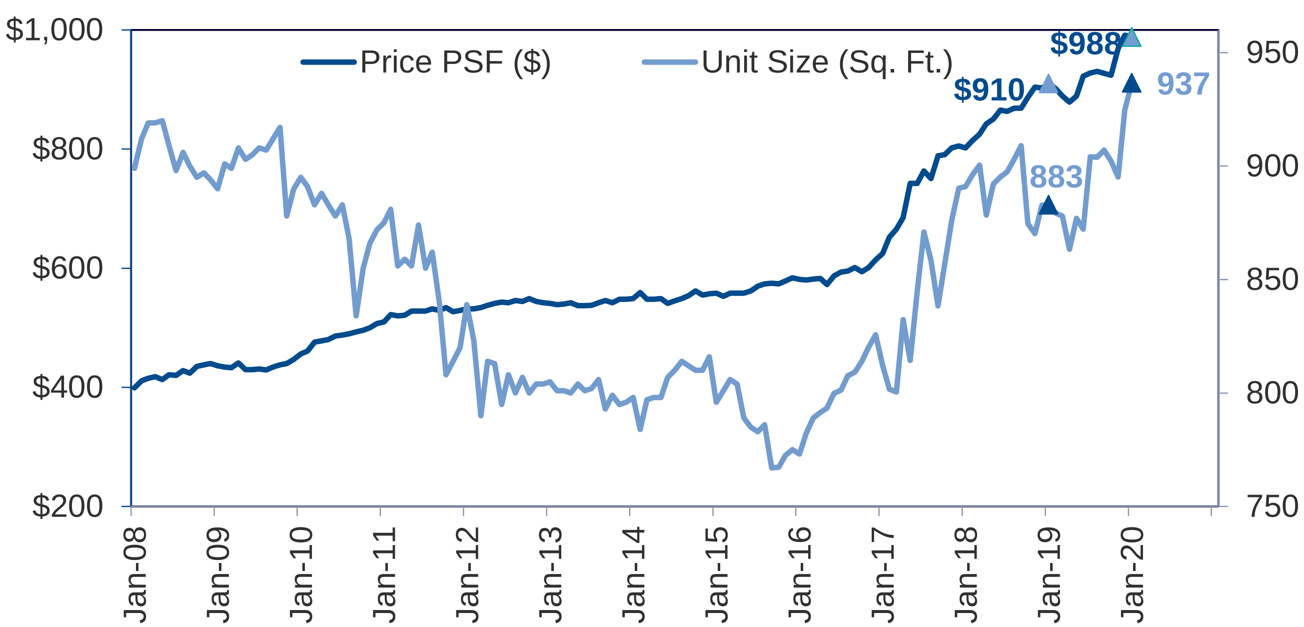




Source: Altus Group and Toronto Real Estate Board data

- The 15% increase in January 2020 over January 2019 for the benchmark price for a new condominium apartment unit was due to both an increase in the price PSF Benchmark of remaining inventory and the unit size Benchmark for remaining inventory.
- Caution needs to be used in interpreting the data for any specific timeframe, 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).

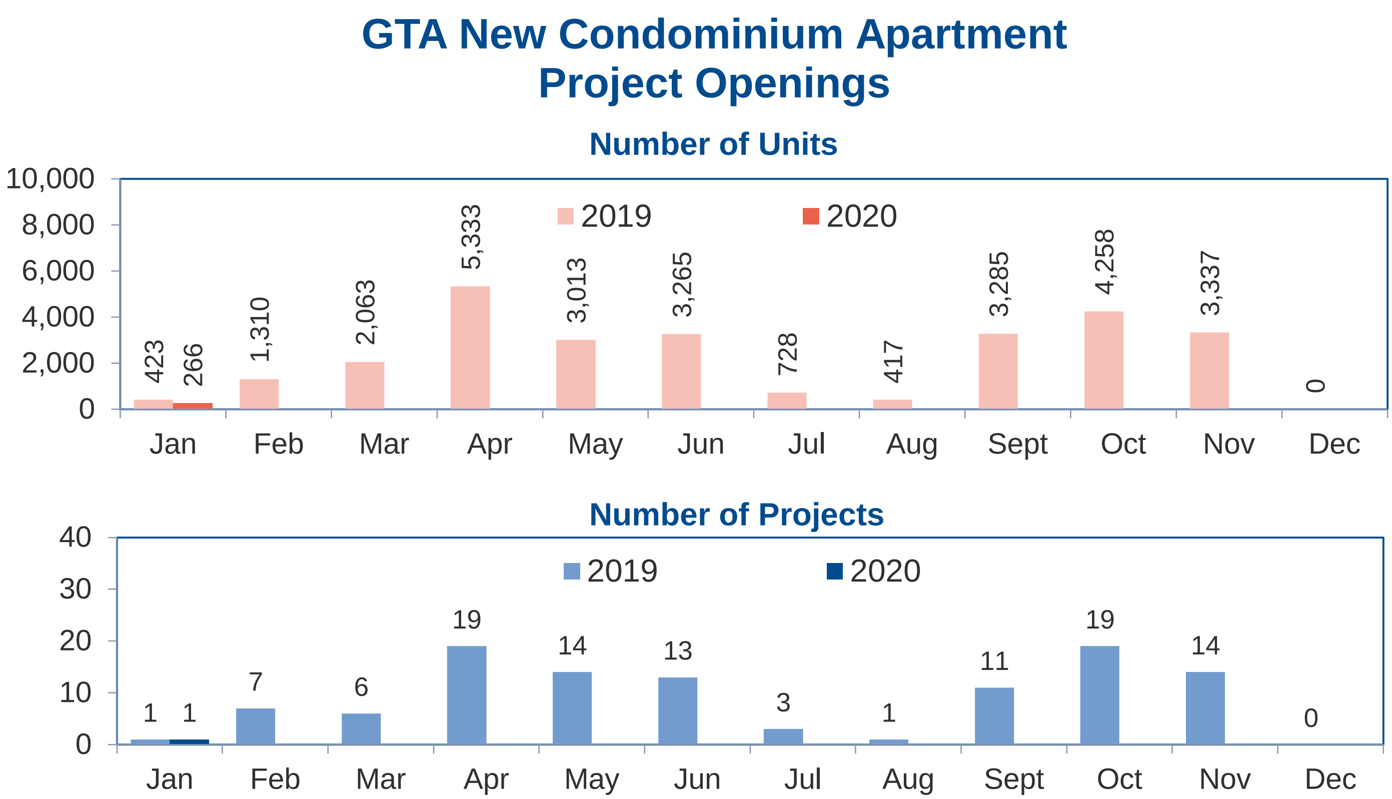
GTA New Condominium Apartment Benchmark Price Per Sq. Ft. and Unit Size



Source: Altus Group

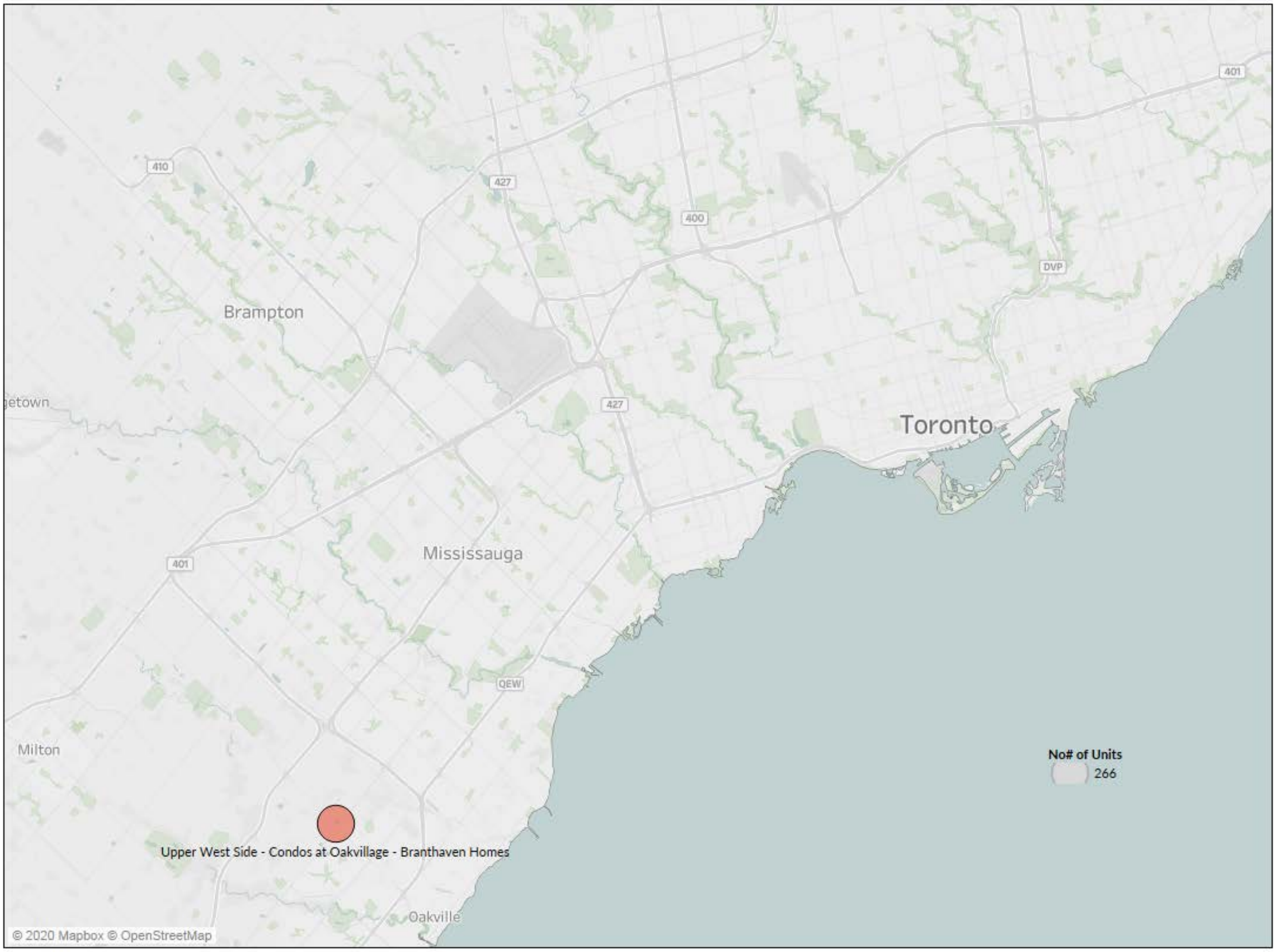
New Condominium Apartments - Openings

- **There was only 1 new condominium apartment project launched in January 2020**, the same as January 2019, but bit below the typical January (in the past 10 years, the average has been 3).
- A map follows showing the location of the new project launched in January 2020 (Oakville), accompanied by a summary table with additional detail on the 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

January 2020 New Project Launches by Number of Units



Source: Altus Group

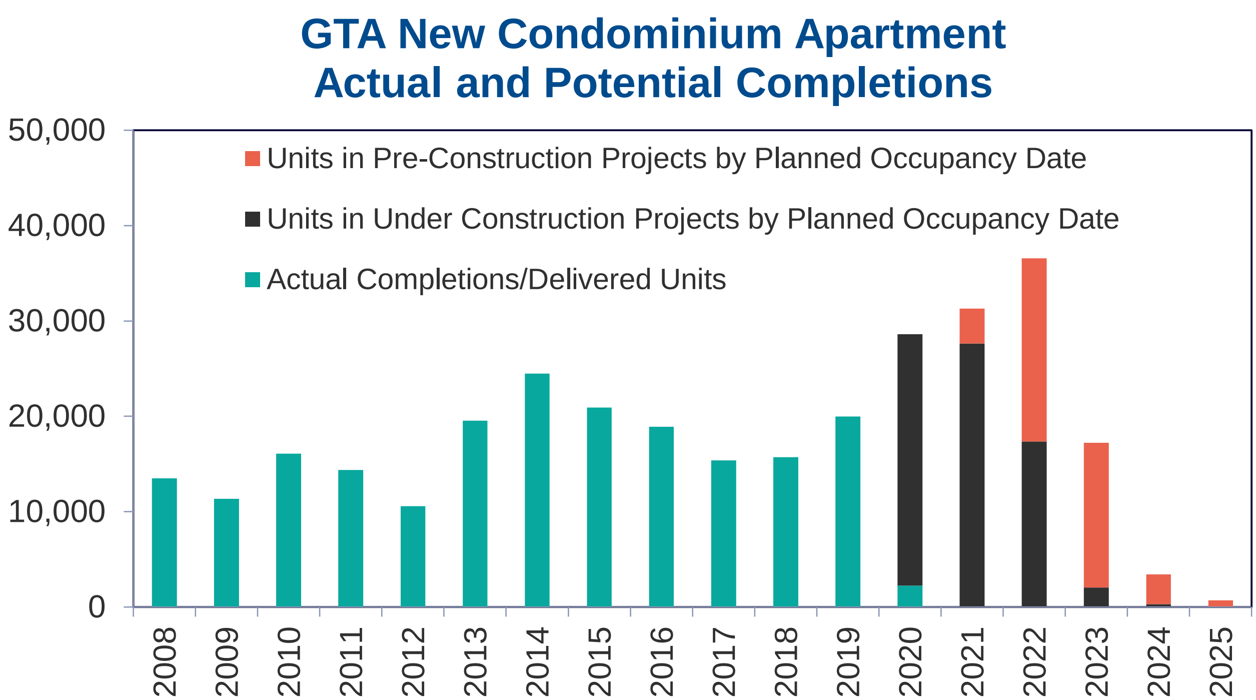
Project Record   Upper West Side

New Condominium Apartment Project Openings - January 2020	
Project Name	**Upper West Side - Condos at Oakvillage**
Developer	Branthaven Homes
Date Opened	2020-01-23
Municipality	Oakville
Region	Halton
Structural Type	Apartment
Floors	14
Project Total Units	**266**
Total Units Released	**266**
Studio	--
1 bedroom	89
1 bedroom + den	117
2 bedroom	49
2 bedroom + den	7
3 bedroom & up	--
Penthouse	--
Other	4
Opening month sales	**0**
% Sold	*0%*
Remaining available inventory	266
Original $PSF	$749
Minimum Size (sq. ft.)	520
Maximum Size (sq. ft.)	1,395
Minimum Price	$431,900
Maximum Price	$847,900
Notes	Townhouse included in Other. No firm sales as all deals were subject to the 10-day conditional period.

Source: Altus Group

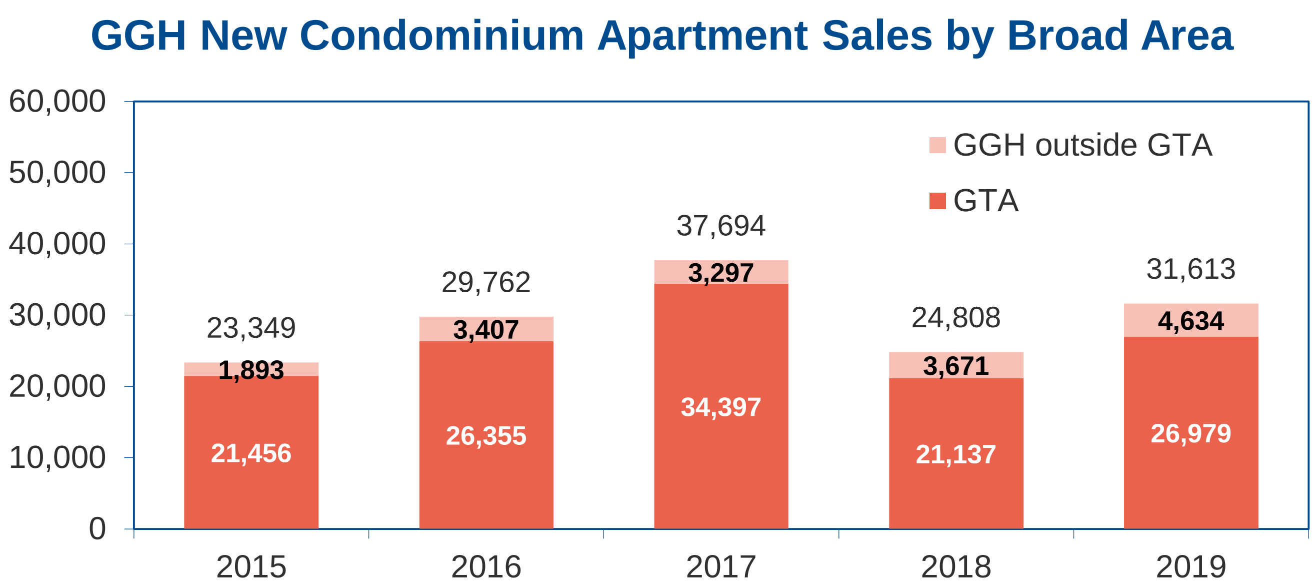
New Condominium Apartments - Completions

- As of the end of January 2020, there were about 115,500 new condominium apartment units in projects either under construction or in pre-construction stages.
- **Just under 2,300 units were delivered/ready for occupancy in January 2020**, based on Altus Group data.
- 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 2020. This would mean a larger number of investor-purchased condominium apartment units entering the rental market, with potential impacts on achievable rents, as well as some additional competition from units put up for resale after completion. 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.

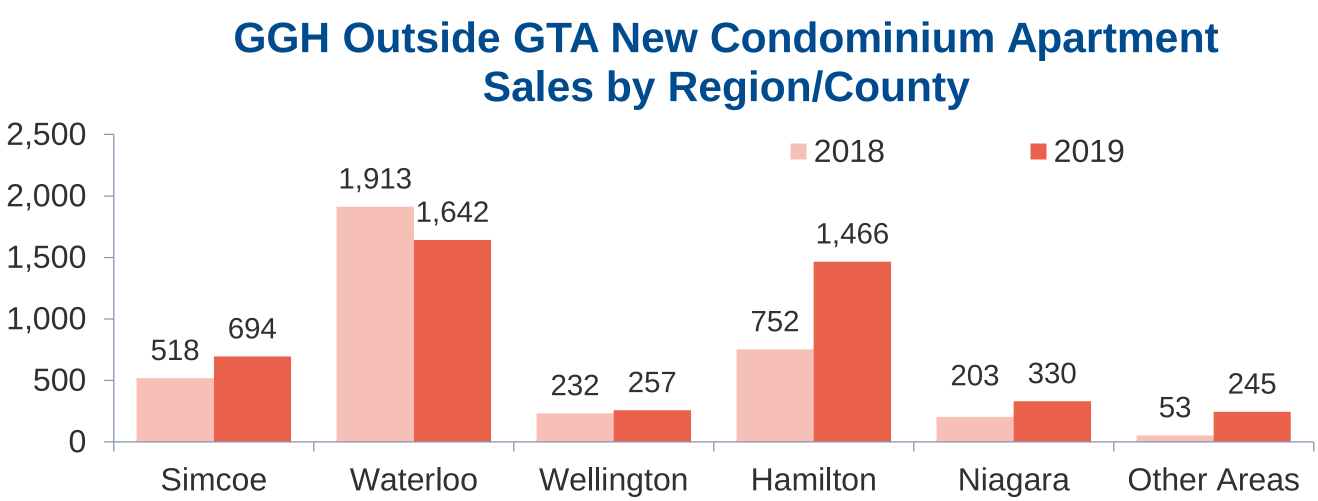


Source: Altus Group

- 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.
- Like the GTA, **new condominium apartment sales were up in 2019 in other areas of the GGH** covered by Altus Group, by a combined 26% (similar to the GTA increase of 28%).
- **The increase was largely driven by a strong showing in Hamilton**, which more than offset slower sales in Waterloo Region.



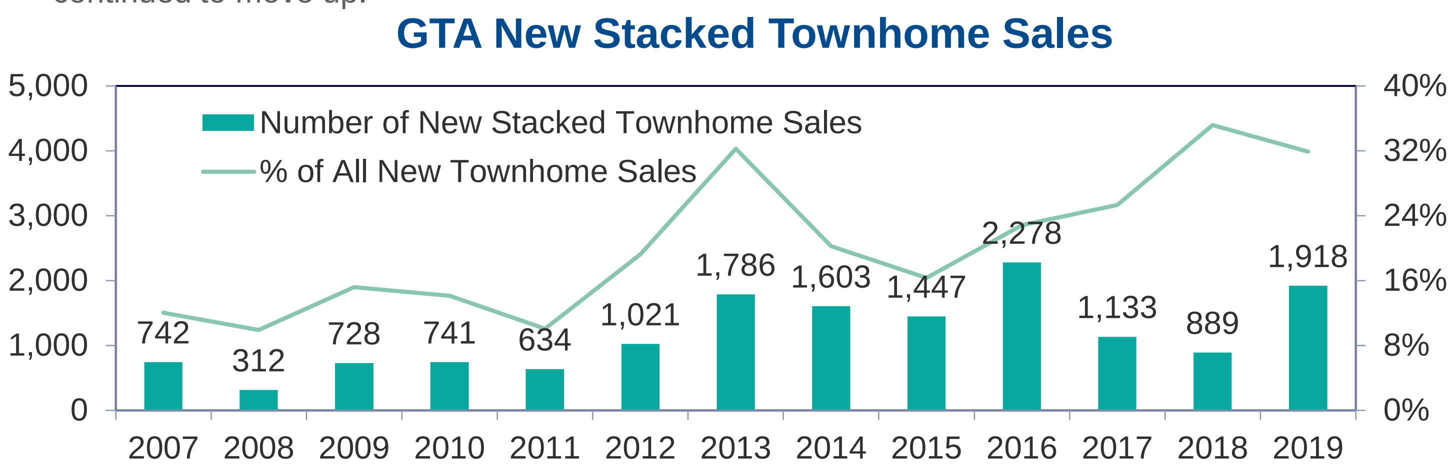
Source: Altus Group



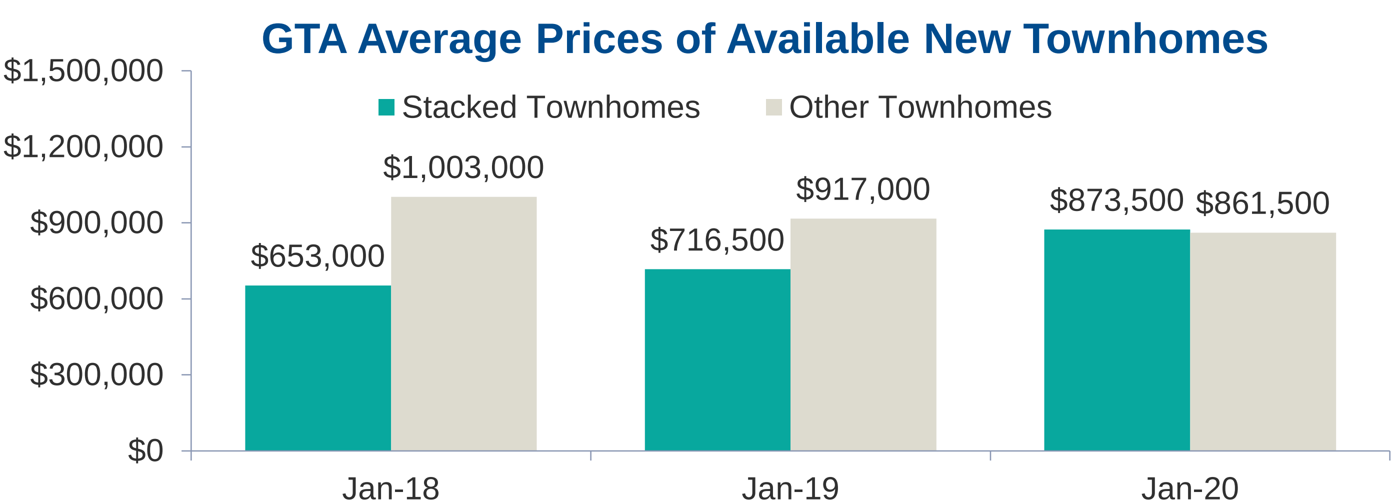
Source: Altus Group

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 in this segment, and to also combine it with traditional townhome information to cover townhomes as a group.
- **Sales of new stacked townhomes more than doubled in 2019**. This follows declines in the previous 2 years, and is the 2nd best year ever. Sales of new traditional townhomes, however, increased at an even stronger rate, such **that the share of total townhome sales accounted for by stacked townhomes declined slightly** to just under one-third.
- **The lower average price-point of new stacked townhomes vs. traditional townhomes had been providing an attractive alternative for many buyers seeking more affordable options**. However, **this advantage was wiped out 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.



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