Altus Group

The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of September 2022

Table of Contents

New Condominium Apartment Dashboard

September 2022			YTD September 2022	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
289	**10,291**	**$1,159,455**	**18,252**	**$1,186,322**
-89%	**-8%**	**12%**	**-21%**	**12%**
Lowest September on record	***Lowest September in 5 years***	***9th highest month on record***	***4th highest YTD September on record***	***Highest YTD September on record***

% change is from same period a year earlier;
"record" is based on Altus Group tracking timeframe

Highlights

- **Condominium sales dropped to their lowest September on record and their lowest level since 2010.** Single-family sales were lower again, recording their lowest month ever. As a result, total sales dropped to a 13½ year low and 96% below last year's level.

- **The benchmark new condominium apartment price rose 12% year-over-year, making September 2022 the ninth highest month on record, and the highest September ever recorded.** Year-to-date sales were 21% below the previous year. Inventory levels experienced a slight uptick, but still sit at the lowest September in five years.

- Uncertainty over market conditions is having an impact on both buyers and developers in the GTA. **Buyers have moved to the sidelines as they await more clarity on where high inflation, rising interest rates and falling house prices will land. Meanwhile, developers have been delaying new project launches in the face of rising construction costs, labour and material shortages and fewer buyers.** It is becoming increasing likely that sales levels will not recover until some time into 2023**.**

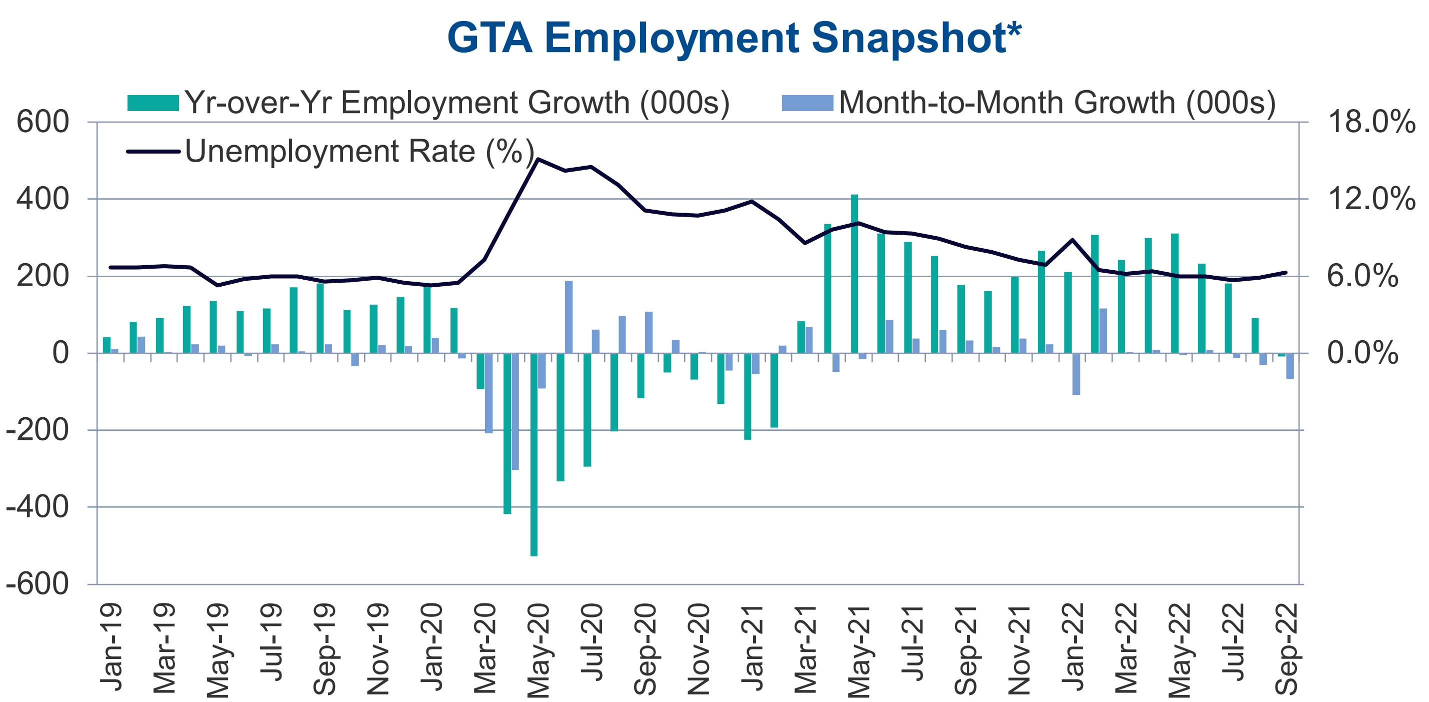
GTA Condominium Apartment Key Performance Indicators

	Sep-21	Aug-22	Sep-22	*Yr-Over-Yr % Change*	YTD Sep 2021	YTD Sep 2022	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*							
Total active sites	336	328	334	*-1%*	328	326	*-1%*
New projects opened	13	1	6	*-54%*	91	77	*-15%*
Units in new projects opened	3,693	201	2,538	*-31%*	21,624	21,012	*-3%*
Total sales (units)	2,566	533	289	*-89%*	23,059	18,317	*-21%*
Sales as % of total new & resale	*49%*	*26%*	*18%*		*46%*	*51%*	
Inventory (units)	11,238	8,590	10,291	*-8%*	10,260	8,716	*-15%*
Sales-to-inventory ratio	23%	6%	3%	*-88%*	25%	25%	*-2%*
Months of inventory	4.8	3.4	4.4	*-8%*	5.2	3.2	*-39%*
Benchmark price	$1,036,831	$1,189,682	$1,159,455	*12%*	$1,056,261	$1,186,322	*12%*
Price PSF Benchmark	$1,160	$1,387	$1,398	*21%*	$1,121	$1,347	*20%*
Unit size Benchmark (sq. ft)	894	857	829	*-7%*	942	882	*-6%*
Units completed	3,533	1,165	2,191	*-38%*	15,624	9,450	*-40%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	2,664	1,507	1,317	*-51%*	27,100	17,830	*-34%*
New listings (units)	4,420	3,144	3,455	*-22%*	38,495	35,997	*-6%*
Inventory ("active listings", units)	3,882	4,539	4,654	*20%*	3,337	3,798	*14%*
Sales-to-inventory ratio	69%	33%	28%	*-59%*	93%	67%	*-27%*
Months of inventory	1.4	2.0	2.2	*57%*	1.4	1.5	*14%*
Average price of units sold	$708,521	$711,321	$730,818	*3%*	$675,266	$767,690	*14%*
HPI constant quality price index (Jan 2005=100)	322.4	371.4	365.3	*13%*	309.0	387.2	*25%*

** see end of report for Definitions*

Caution should be used in interpreting all year-over-year comparisons, given the impacts of the COVID-19 pandemic

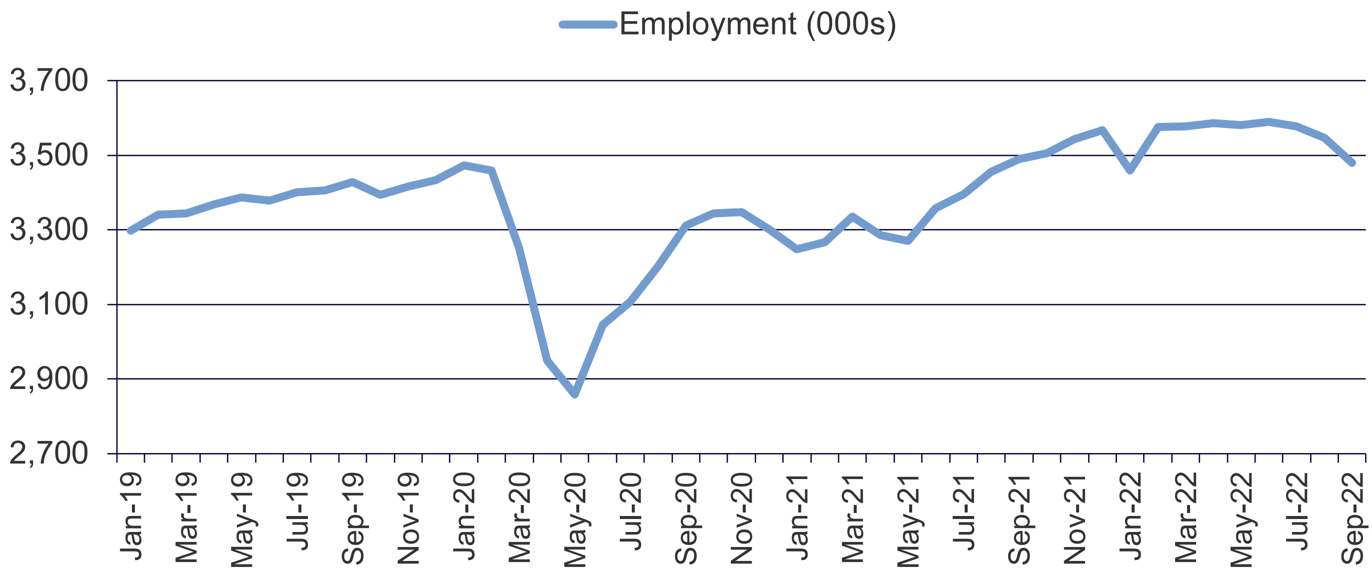
- **Year-over-year employment growth slowed for a 5th consecutive month with the last 3 months registering falling employment.** The GTA unemployment rate rose slightly in September to 6.3% after a slight decline in the previous month.
- **The Bank of Canada increased the target for the overnight rate by 0.5 percent at its latest rate announcement on October 26**, stating that **"***In Canada, the economy continues to operate in excess demand and labour markets remain tight. The demand for goods and services is still running ahead of the economy's ability to supply them, putting upward pressure on domestic inflation . . . Given elevated inflation and inflation expectations, as well as ongoing demand pressures in the economy, the Governing Council expects that the policy interest rate will need to rise further.*" **The next rate announcement date is December 7.**
- **Variable rate mortgage interest rates remain above the average 5-year fixed special rate** with the 5-year fixed special rate now over 340 basis points higher than its recent low in early Fall 2021 *(chart next page, bottom).*



** Data are monthly, seasonally adjusted for the Toronto CMA*

Source: Altus Group based on Statistics Canada data

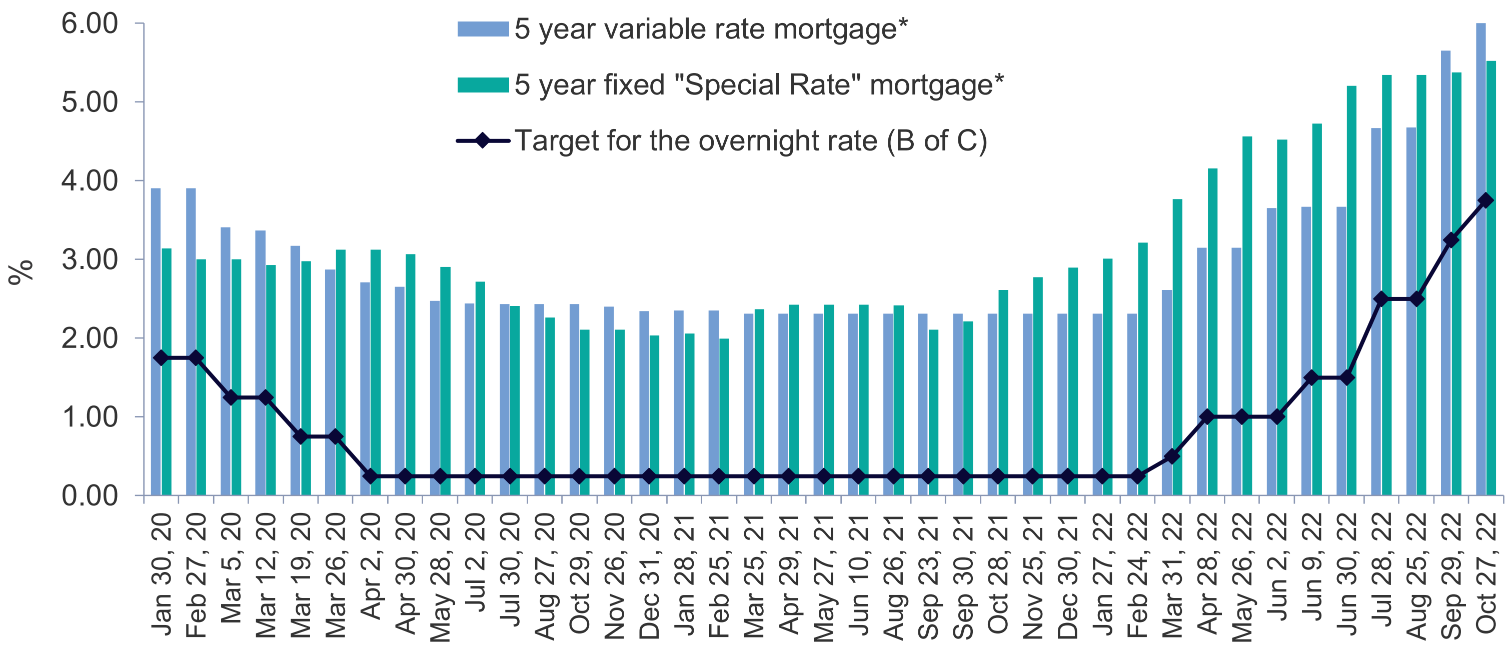
GTA Total Employment*



** Data are monthly, seasonally adjusted for the Toronto CMA*

Source: Altus Group based on Statistics Canada data

Selected Interest Rates

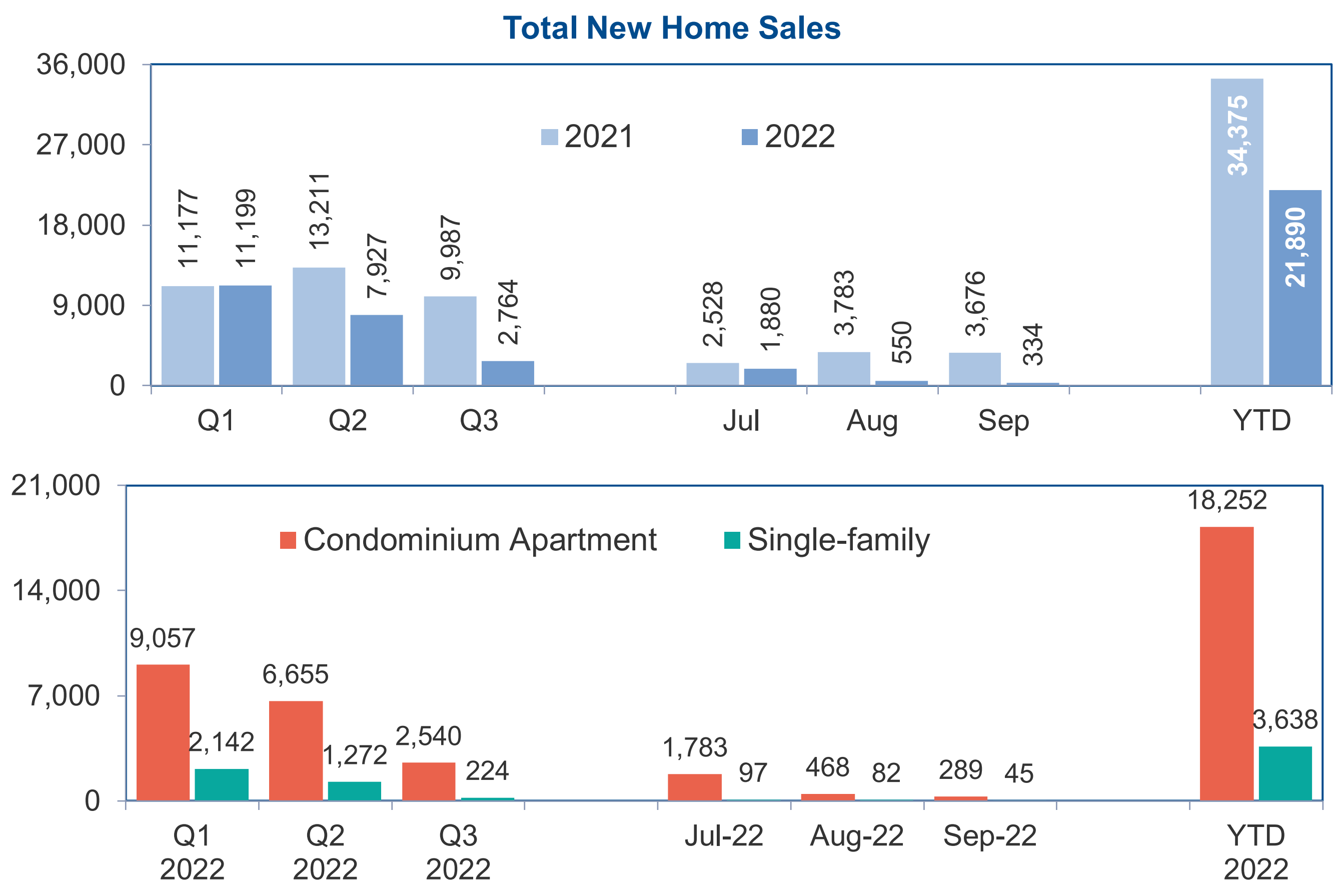


** Average for the major banks*

Source: Altus Group based on data from Bank of Canada and major bank web sites

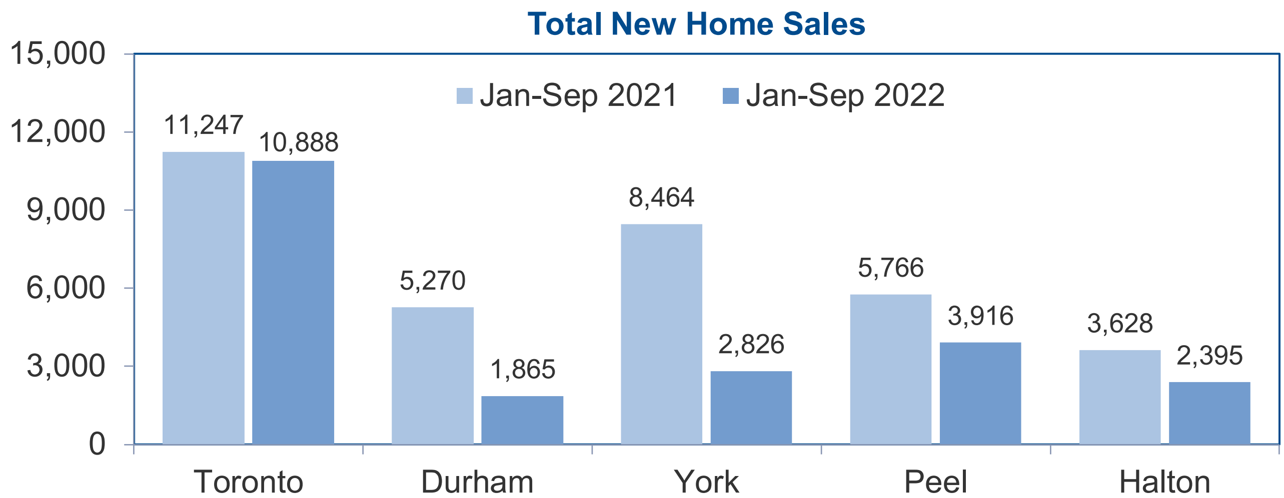
- **Single-family new home sales recorded the lowest monthly sales level on record.** New condo apartment sales are also lagging, recording the lowest month since the early months of the pandemic. As a result, total new home sales were significantly lower than last year. Total new home sales lagged year ago levels for a 7th month in a row and at their lowest level ever.
- **All regions, including the Toronto region, have seen year-over-year declines in total new home sales.** Previously, higher condominium apartment sales were pushing the year-to-date increase in total sales in the City of Toronto (*charts next page*). However, condo sales are also lower year-over-year and no longer driving an increase.
- **Toronto, Pickering and North York are among the few municipalities that recorded higher new condominium apartment sales** through the first nine months of 2022 compared to the previous year.

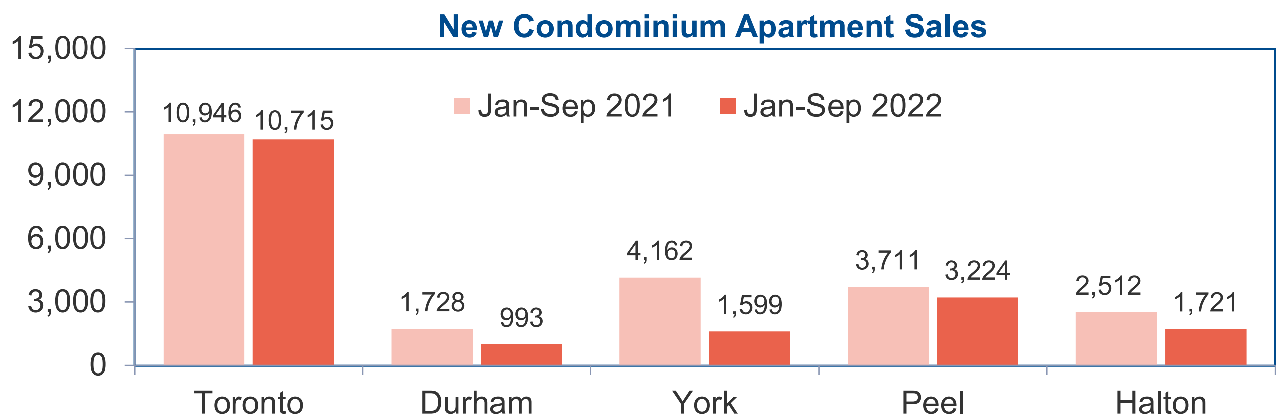
GTA New Home Sales

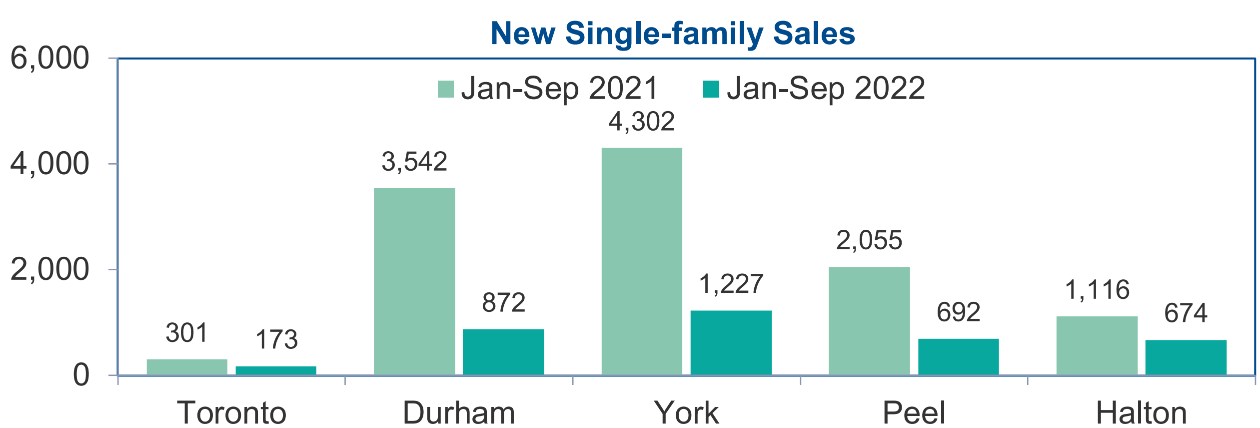


Source: Altus Group

GTA New Home Sales by Region

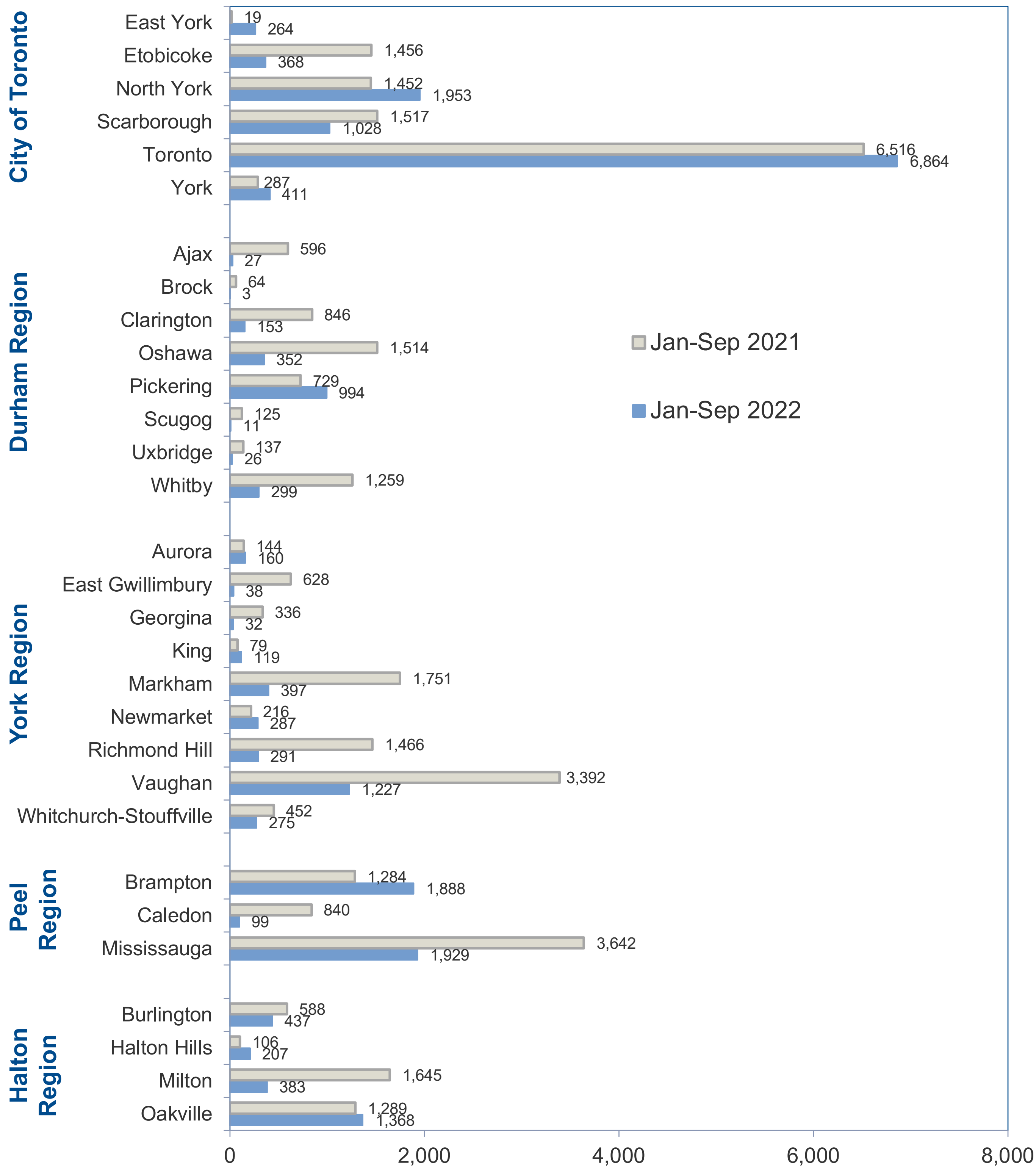






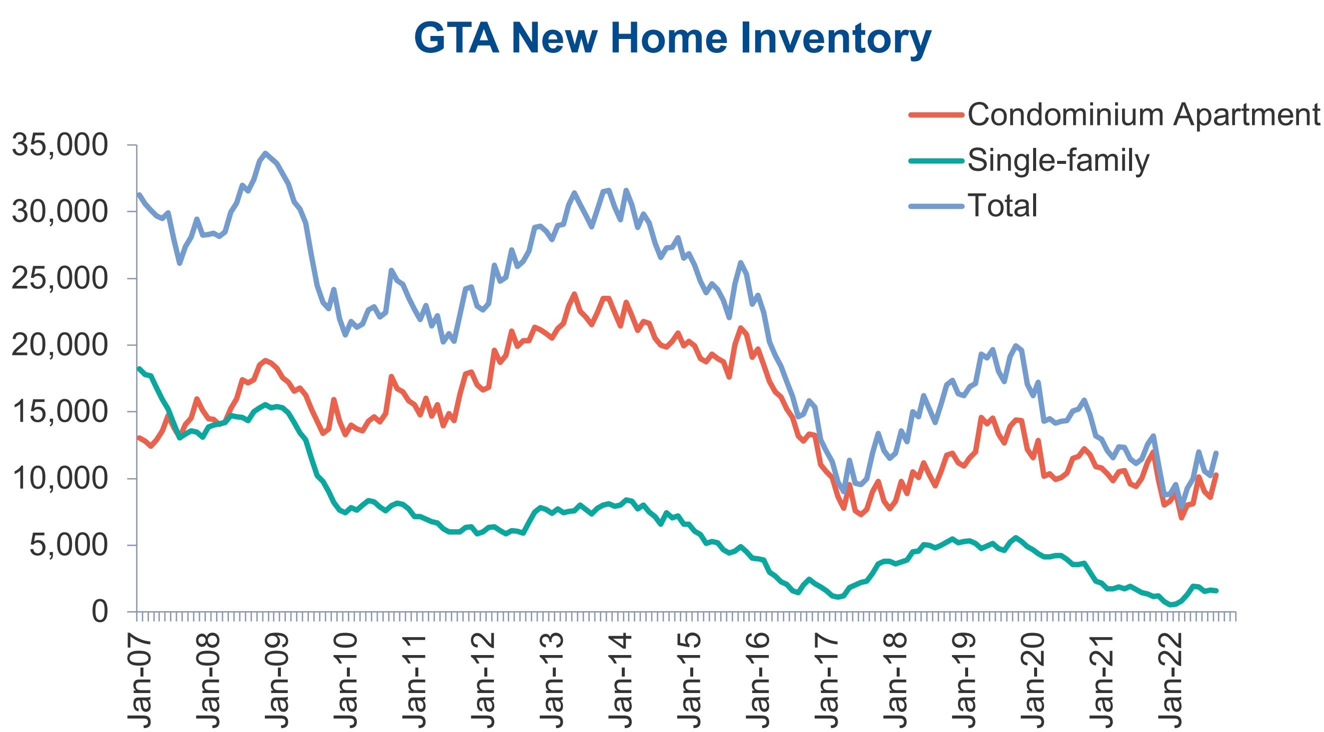
Source: Altus Group

GTA Total New Home Sales by Municipality



Source: Altus Group

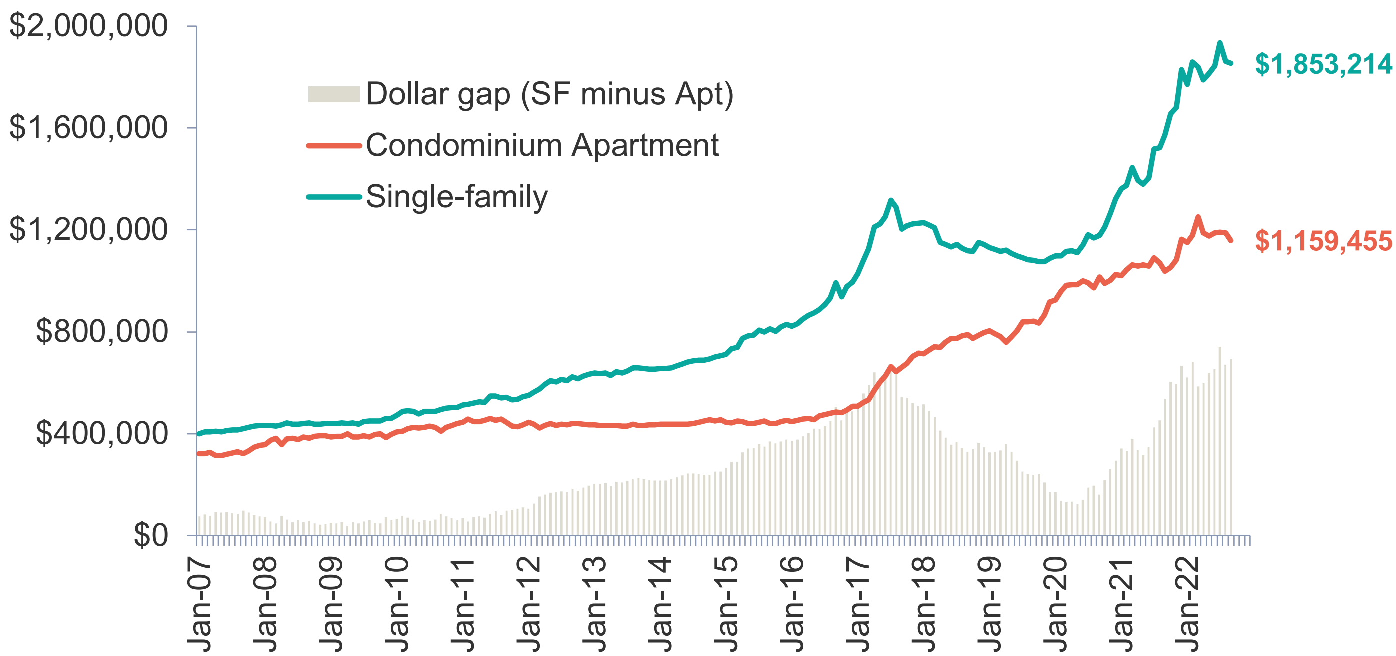
- **The total inventory of new homes across the GTA recorded an uptick in September 2022 but are still below year ago levels.** Total inventory was nearly 12,000, rising from March's historic low. Single-family inventory fell slightly in September when compared with August 2022 but remain above September 2021 levels, though it still sits at a fraction of the 10-year average.
- **Condominium apartment inventory reported an uptick in September after two consecutive months of decline** as more new projects were launched.
- Based on average monthly total new home sales over the past 12 months, there was a little more than three months of available supply of total new homes at the end of September 2022, well below the long-term average for September of almost eight months.



Source: Altus Group

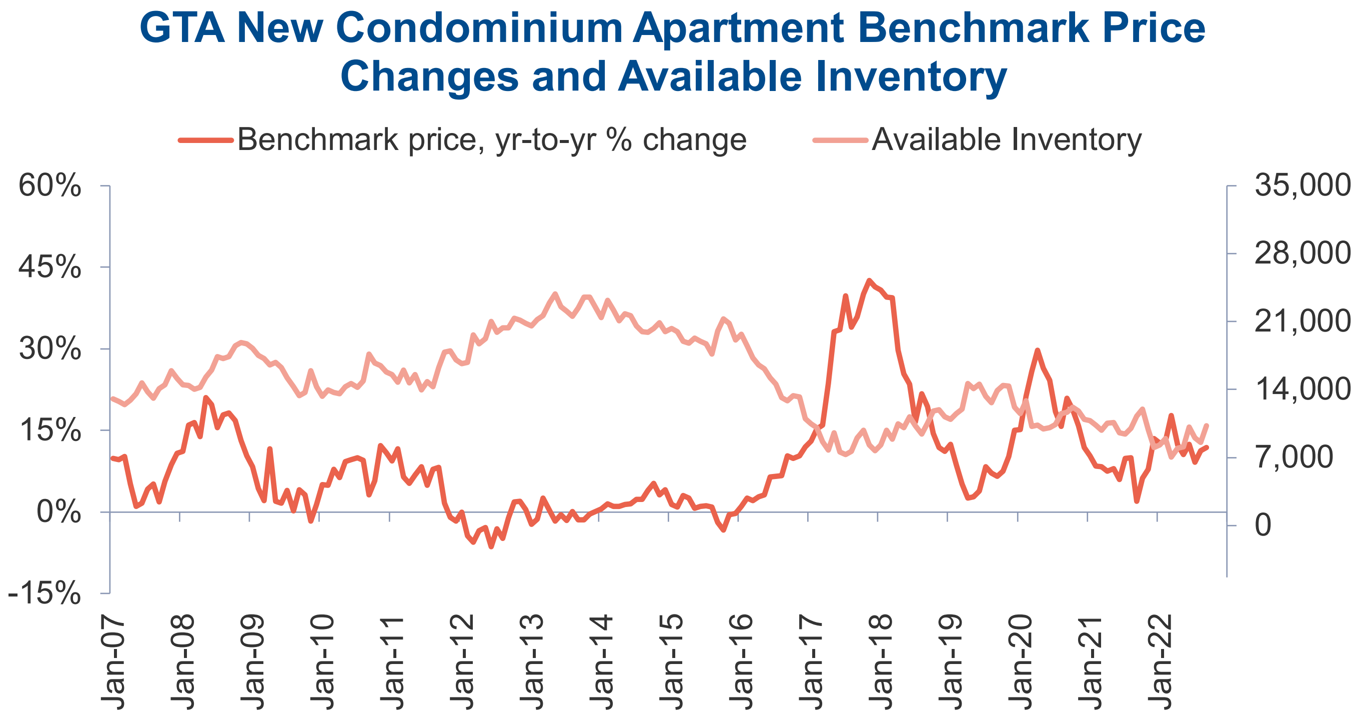
- **The benchmark price for a new condominium product fell slightly in September** with the single-family benchmark pricing also easing after reaching a record high in July, as higher–priced inventory remains unsold in projects.
- **The price advantage of available new condominium apartments compared to new single-family homes rose slightly, but stayed below its record in July.** The condominium apartment benchmark price increased 12 percent year-over-year while the single-family benchmark price increased by 18 percent (*charts next page*), as the historic low inventory levels of single-family homes continues to be a large contributor to the larger price increases over the past year.
- It should be kept in mind that the benchmark prices represent units available to purchase at month end. For new projects opened during the month, lower-priced product may sell out more quickly, and therefore not be represented in these data.

GTA New Home Benchmark Prices*

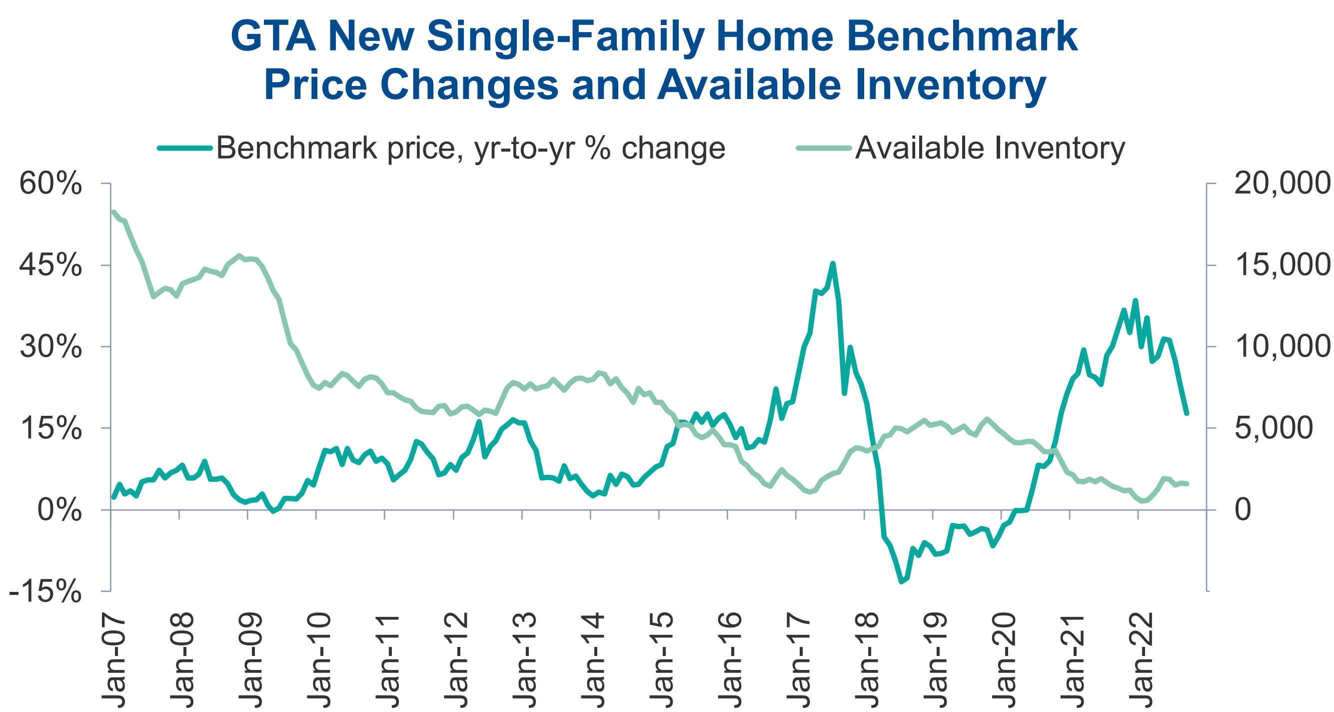


** Average asking price of available new home inventory at end of period with outliers removed*

Source: Altus Group



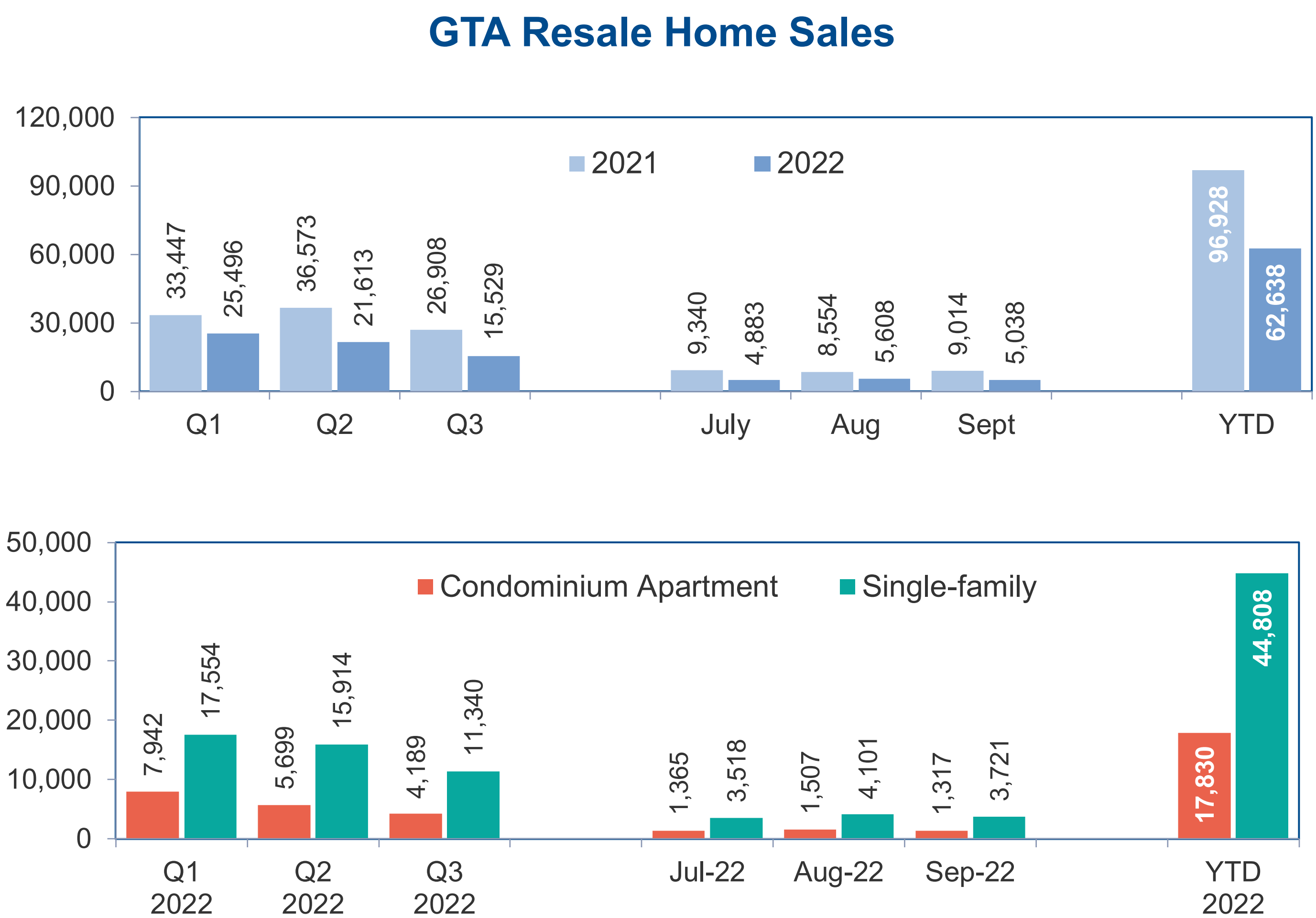
Source: Altus Group



Source: Altus Group

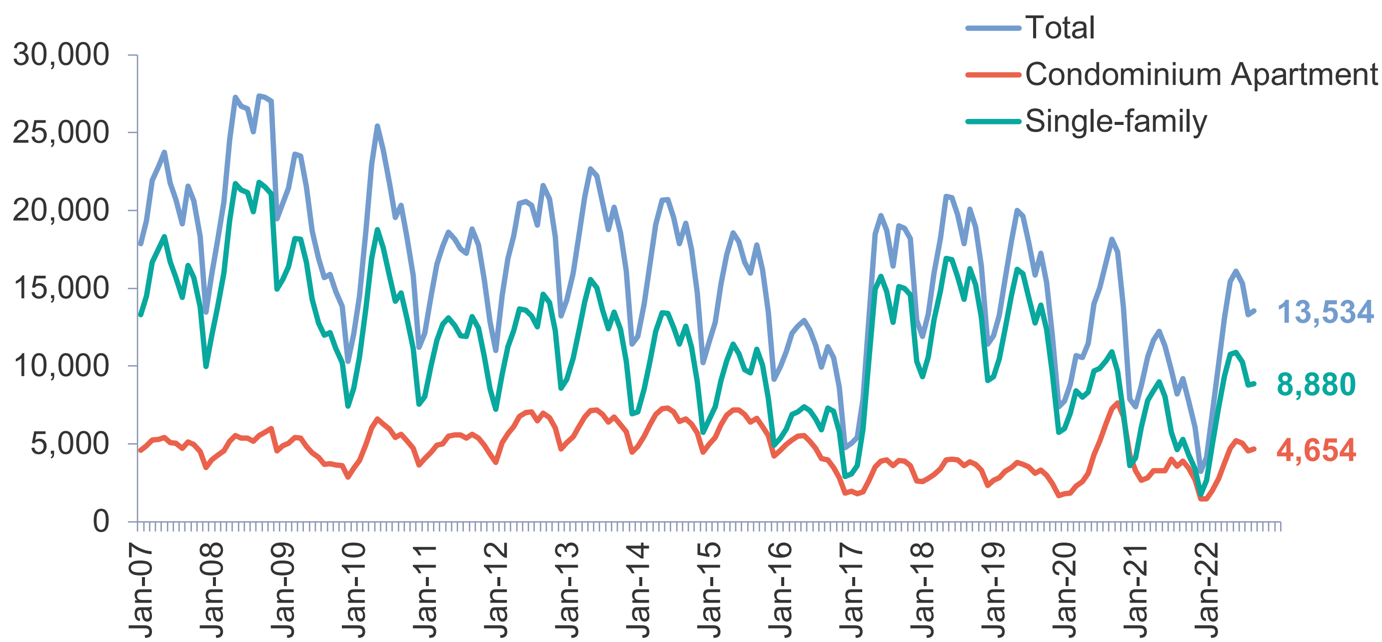
Resale Home Market - Sales

- **Sales of existing homes fell below previous years' levels for the 10th month in a row in September 2022, and now sits 44% below sales recorded year-to-date in 2021.** Both the single-family and condo apartment segments of the resale market shared in the year-over-year decline in sales activity in September.
- **Resale inventories increased in both sectors compared to September 2021 but remain below their 10-year averages.** Single-family resale inventories are 67% higher than they were in September 2021**.** Meanwhile, average prices continued to slide in both the condominium apartment and single-family sectors from the record highs of earlier in the year *(charts next page)*.



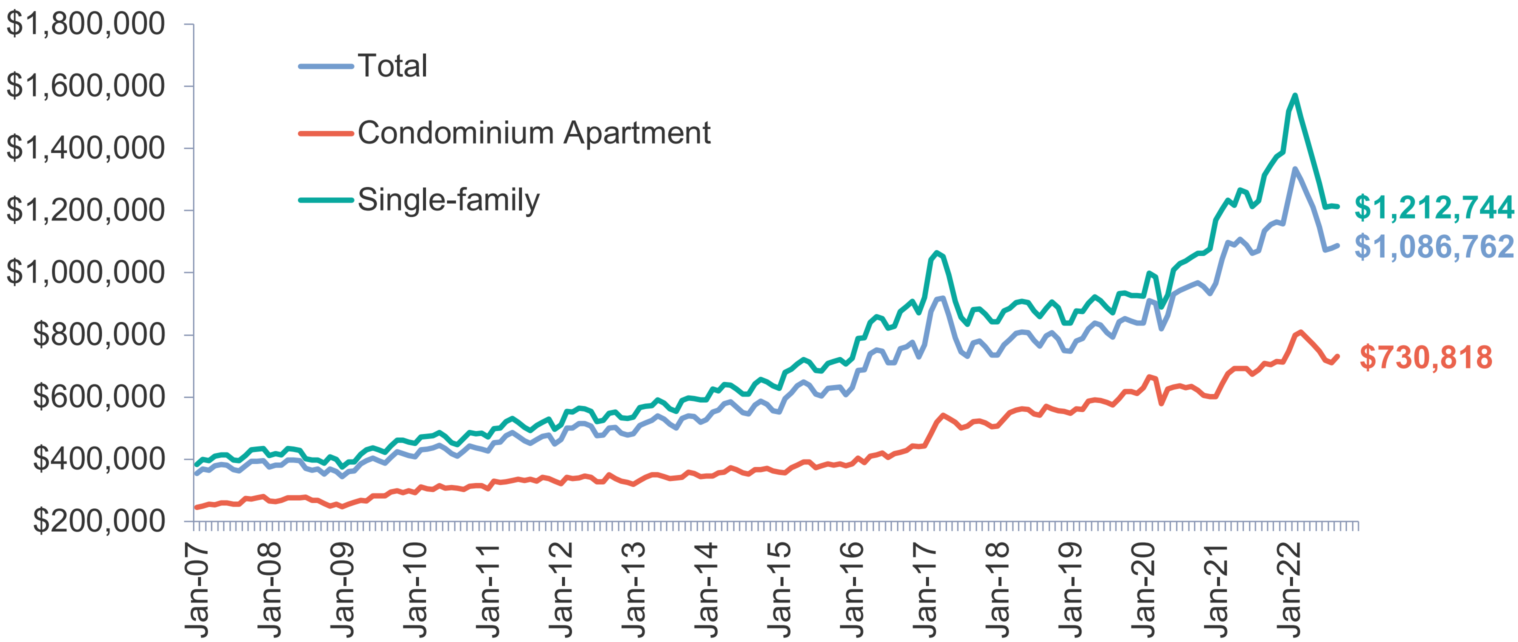
Source: Altus Group based on Toronto Regional Real Estate Board data

GTA Resale Home Inventory ("Active Listings")



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

GTA Resale Home Prices

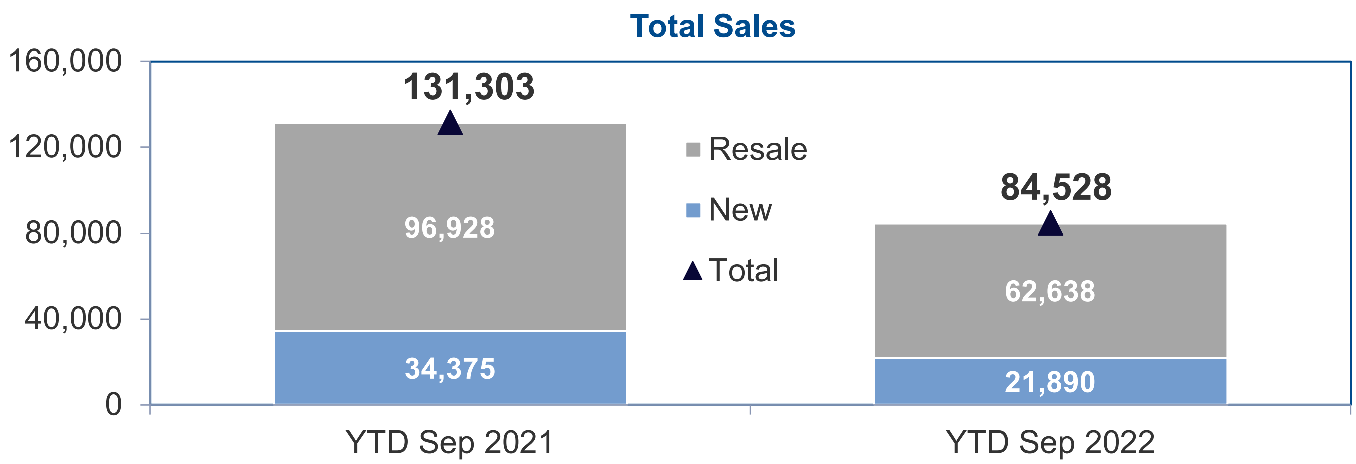


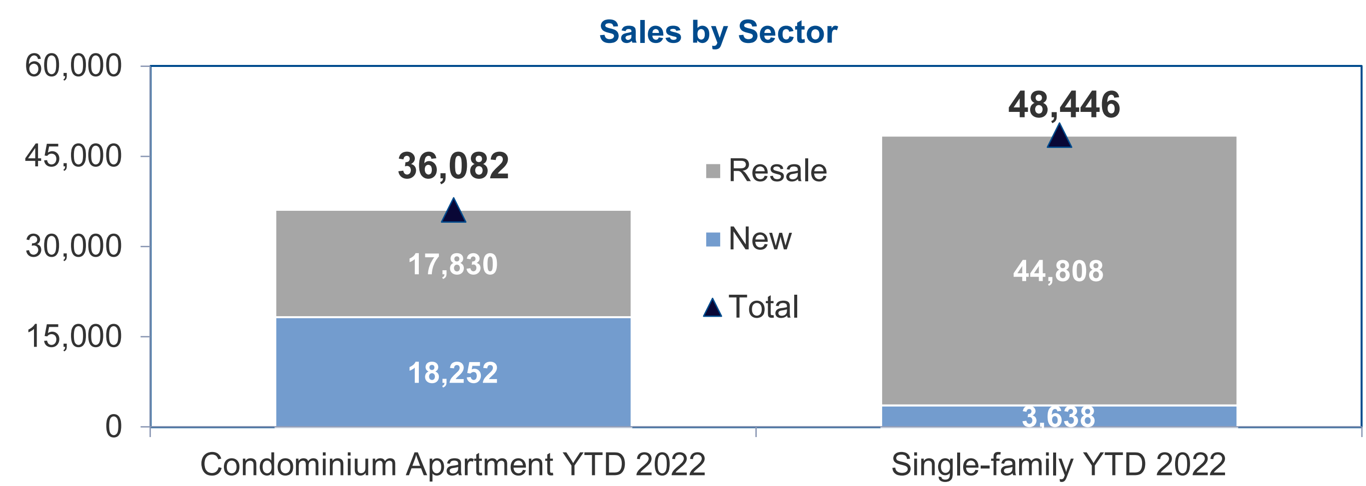
Source: Altus Group based on Toronto Regional Real Estate Board data

Overall Home Market - Sales

- **Total home sales in the GTA in the first nine months of 2022 were down by slightly more than one-third from a year earlier.**
- **The new home sector accounted for about 1 in 4 home sales year-to-date in 2022** – similar to the same period in 2021. Over 1 in 13 single-family homes sold were new homes (down from about 1 in 7 a year ago) while new condo apartments increased their share of the total apartment sales to a half.

GTA Combined New & Resale Home Sales

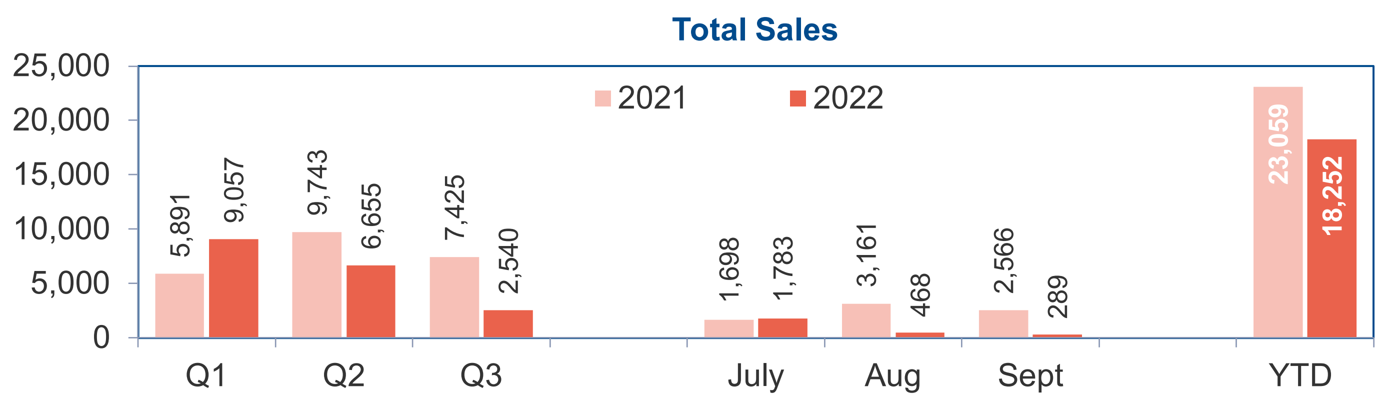


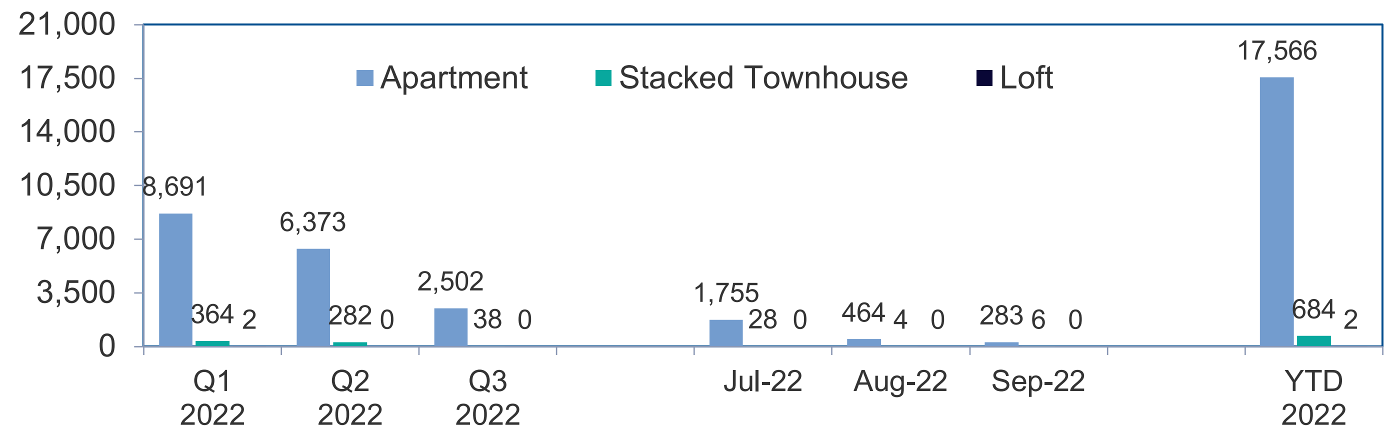


Source: Altus Group and Toronto Regional Real Estate Board data

- **GTA new condominium apartment sales dropped further in September after plummeting in August.** Despite the record Q1 to start the year, year-to-date sales are off from their historic pace and now lag last year levels.
- **Stacked townhouse sales recorded a slight uptick, however, still remain one of the lowest months on record.**
- **Toronto continues to outpace last year levels year-to-date,** and have expanded their market share in the face of lower sales in the 905 regions, with York Region's market share being reduced by half (*charts next page*).
- **Brampton, North York, Pickering and Toronto have seen an increase in new condominium apartment sales for the first nine months of 2022** versus last year at this time, with most other areas recording lower sales levels *(chart following next page)*.

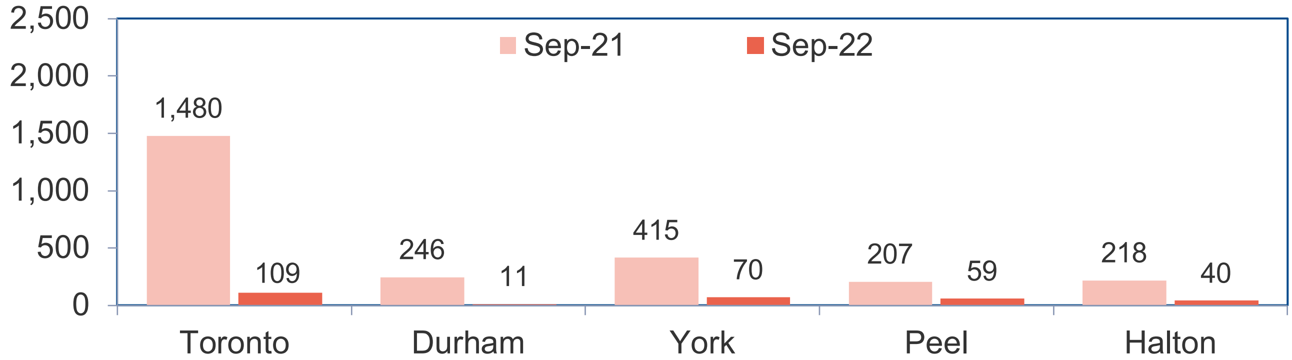
GTA New Condominium Apartment Sales

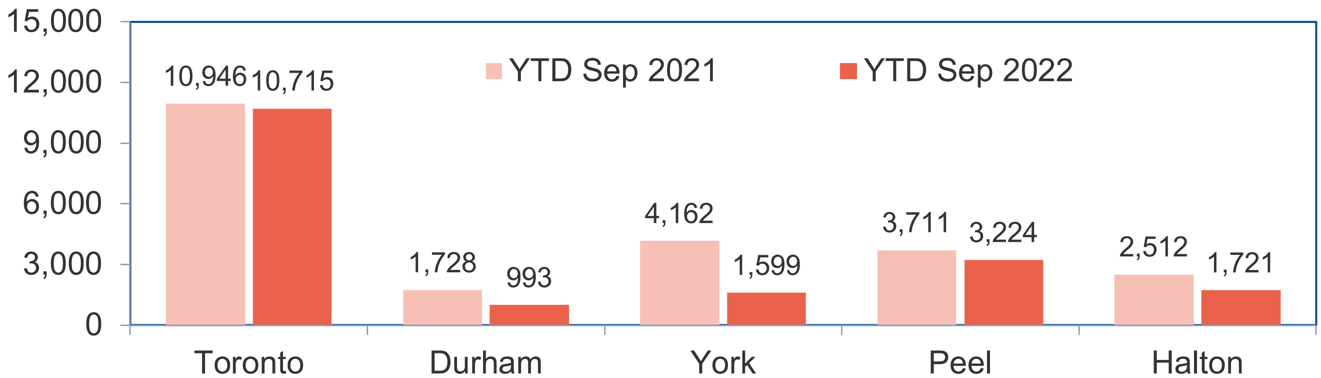


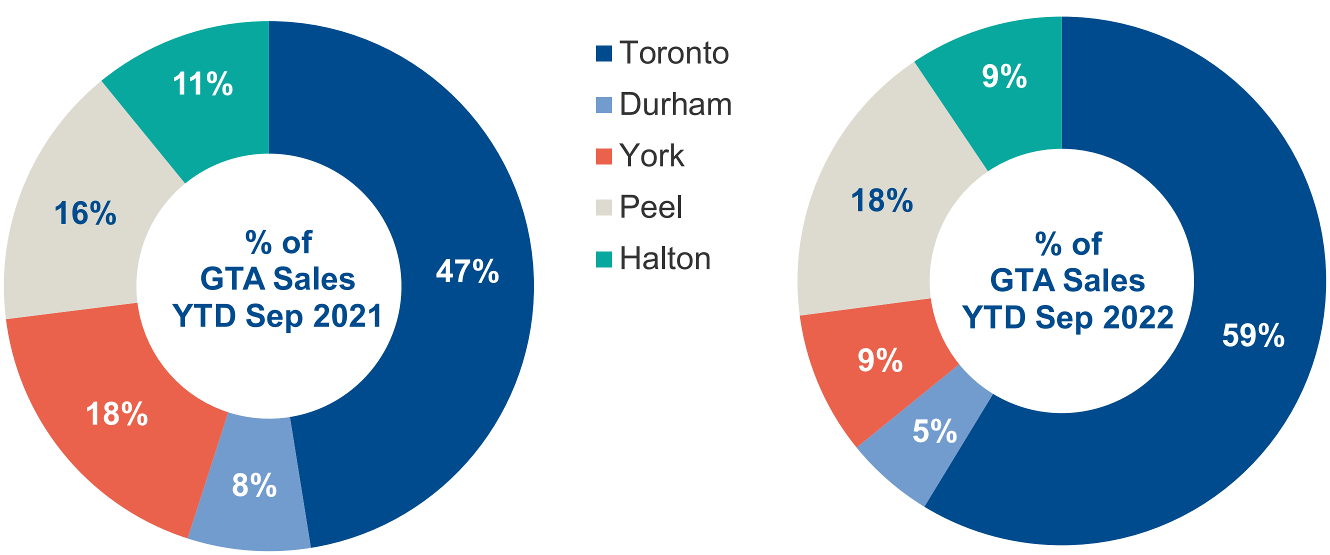


Source: Altus Group

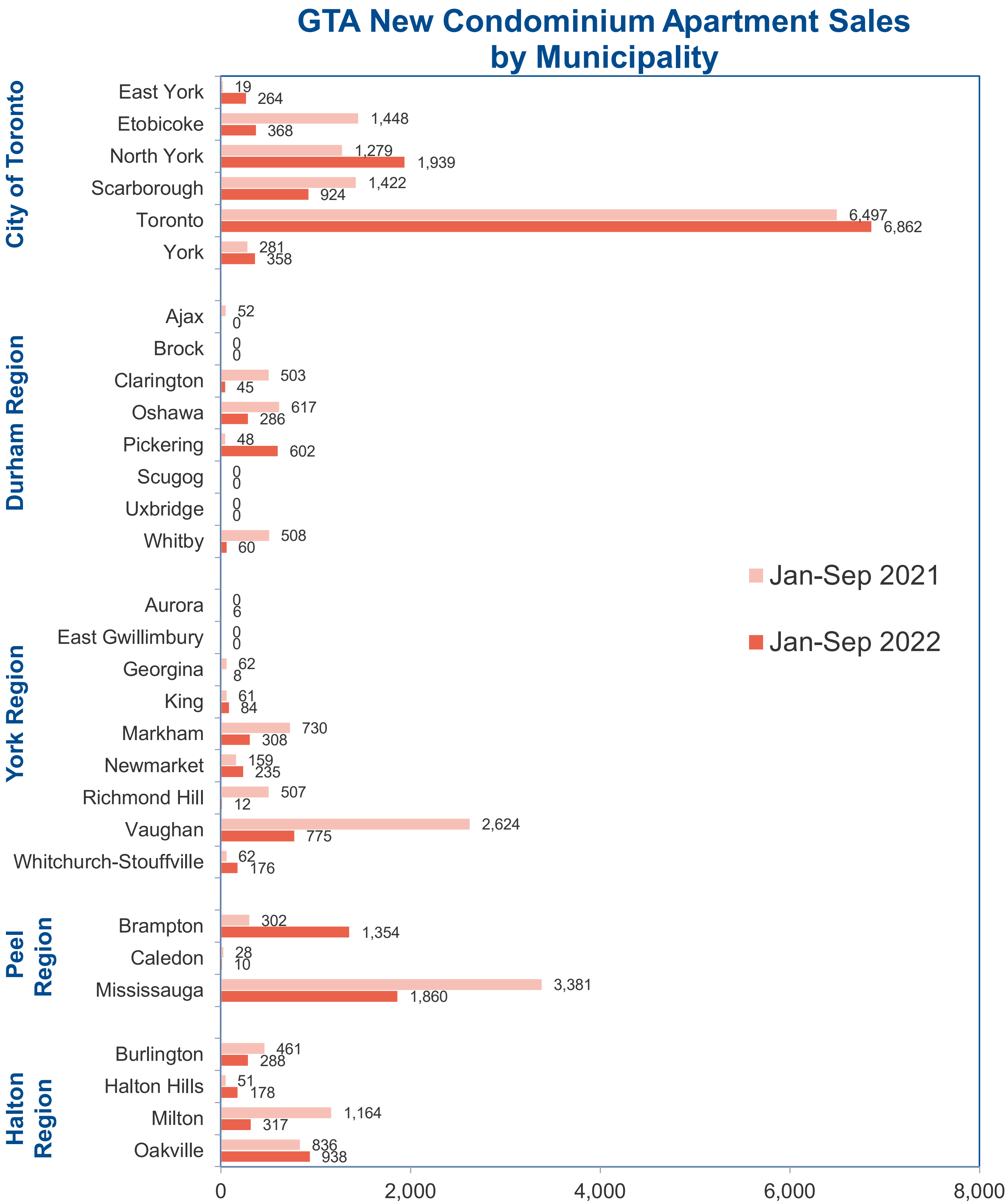
GTA New Condominium Apartment Sales by Region





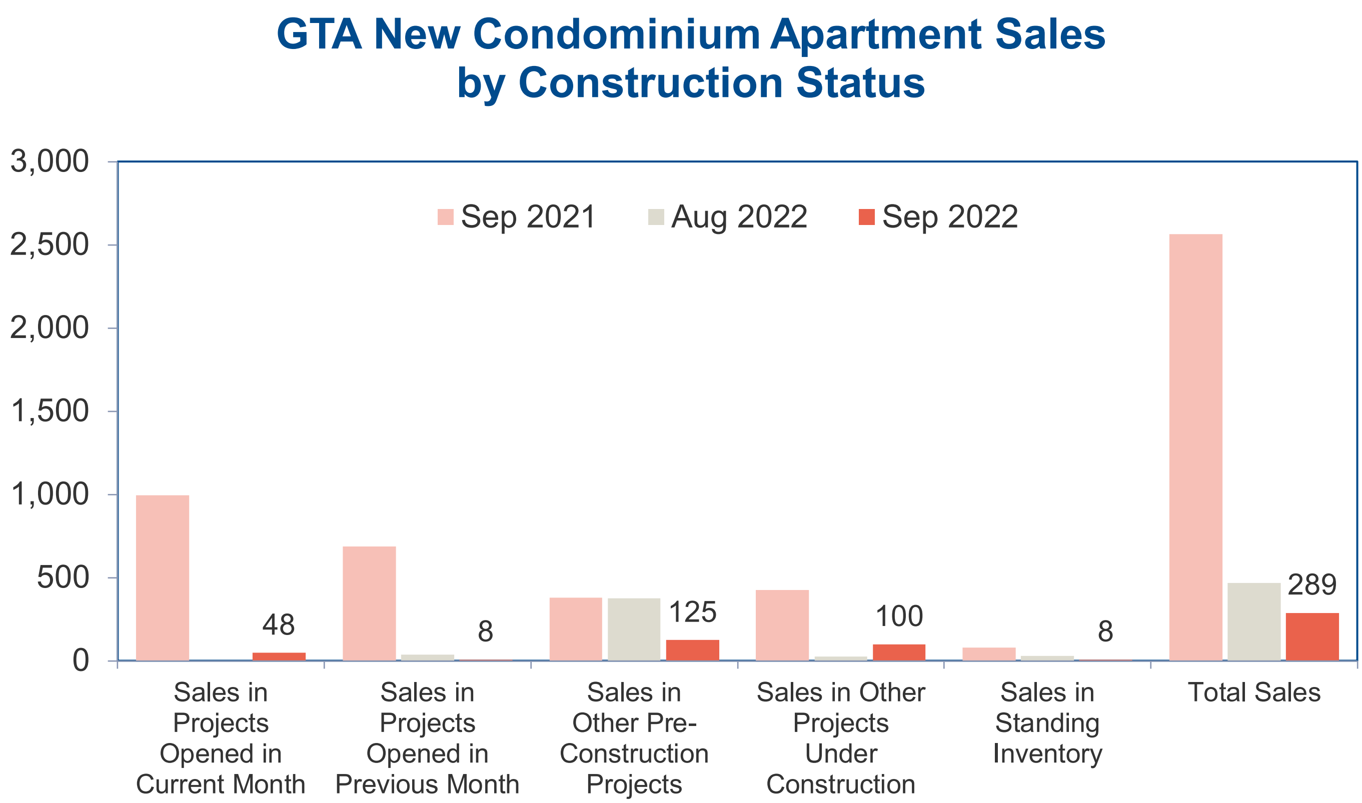


Source: Altus Group



Source: Altus Group

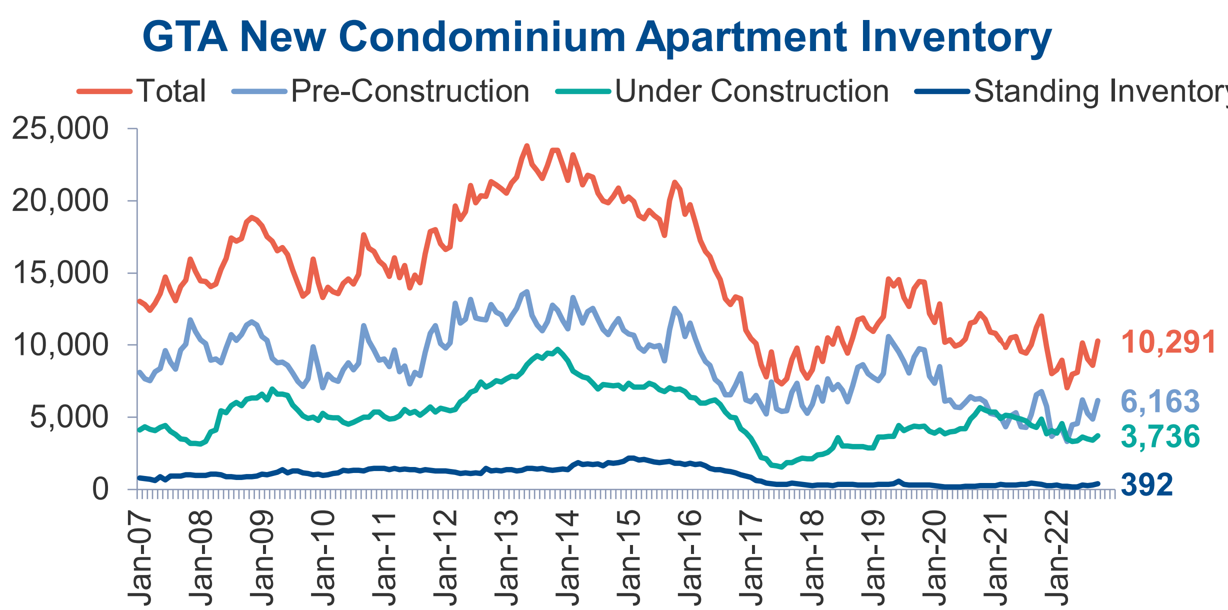
- **There were 48 condominium apartment sales in projects opened in the current month,** a s five of the six projects newly launched were in the last 10 days of the month when final sales are not recorded. Sales in pre-construction and under construction projects made up the bulk of the sales in September.
- **There is typically little inventory still available to purchase when projects are completed** (*see chart next page, top*) and therefore very few sales in the "standing inventory" category.

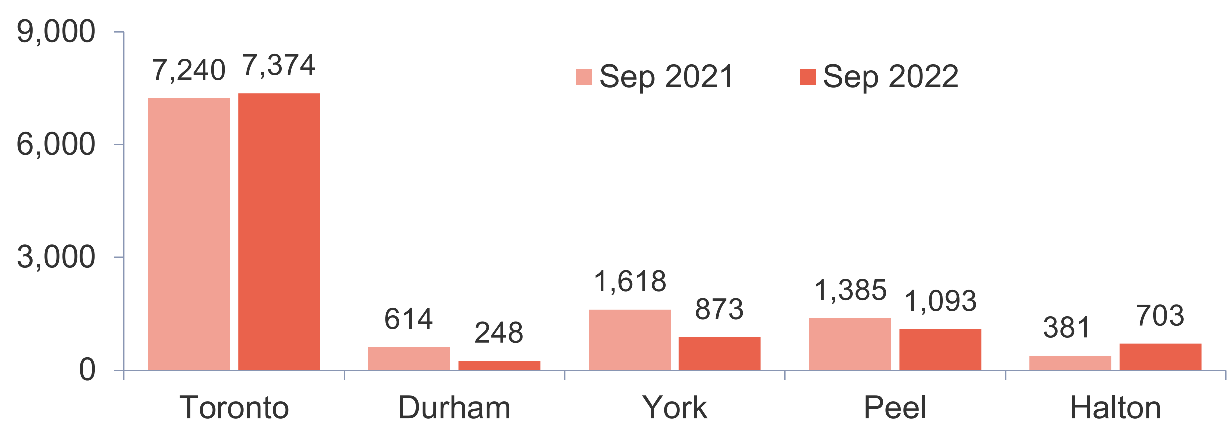


Source: Altus Group

New Condominium Apartments - Inventory

- **The inventory of available new condo apartments rose in September but continued to remain well below the 10-year average.** Inventory was boosted by the launch of six new projects in September. Pre-construction inventory has risen as compared to August, but remains 6% lower than September 2021. Under construction inventory also reported an uptick as compared to the previous month, despite remaining lower than the previous year.
- **The current unsold inventory at new condominium apartment projects represents only about 4.4 months of supply** at the average monthly pace of sales seen over the past 12 months, about half the longer-term average for September, which sits at almost 9 months.
- **Over 70 percent of available inventory is concentrated in the City of Toronto.** Based on sales in the past 12 months, each of the Region's can be characterized as "tight", with months of inventory ranging from about 1.7 months in Durham to 5.7 months in the City of Toronto.

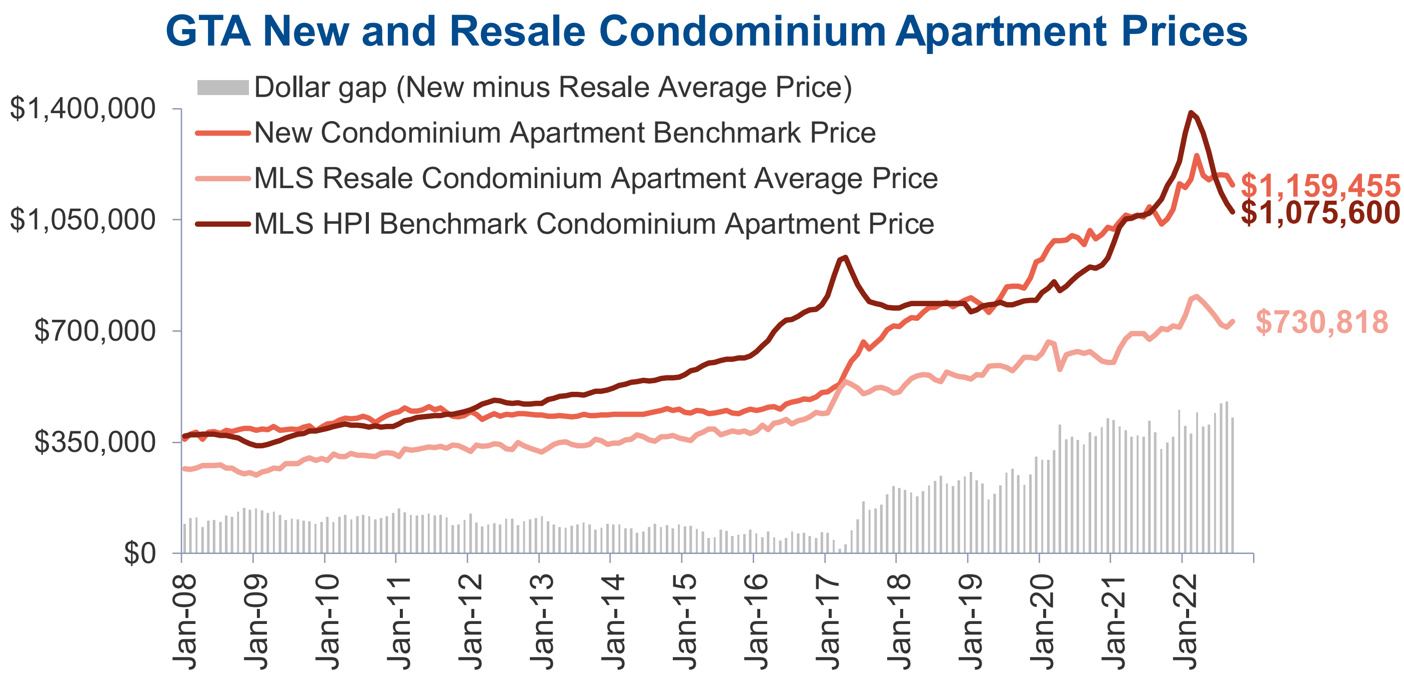


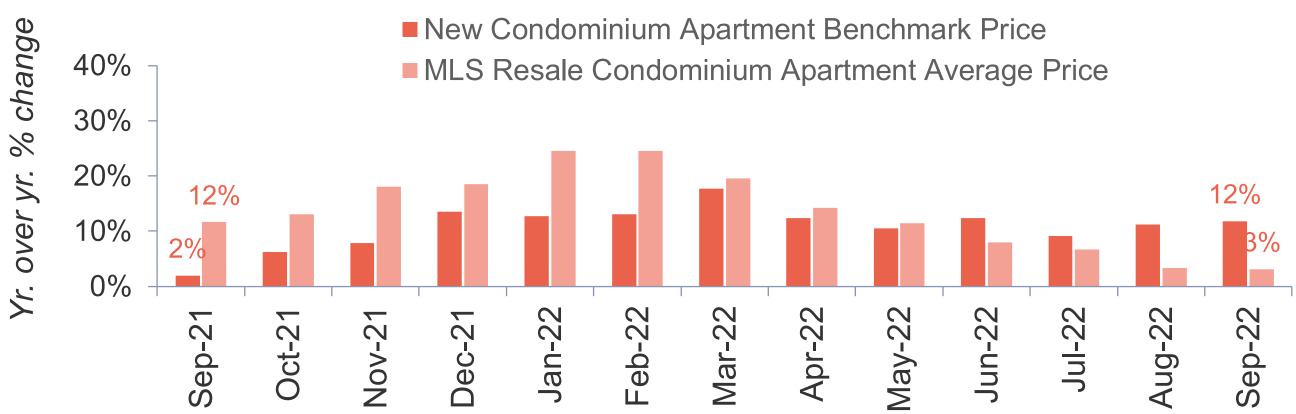


Source: Altus Group

New Condominium Apartments - Prices

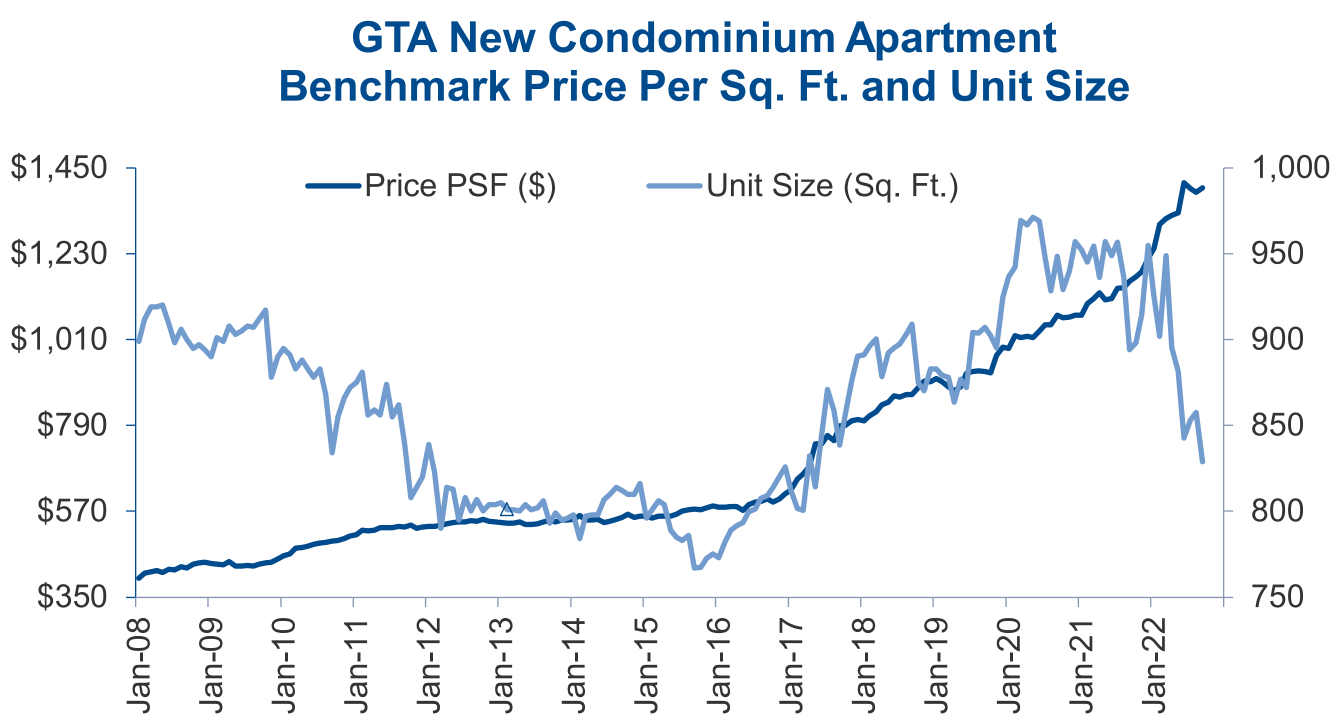
- **The benchmark price of a new condominium apartment reported a slight downturn in September and remains below the record high reached in March** *(this benchmark measures prices of available units at the end of the month - see benchmark price definition at the end of this report).*
- In absolute terms, **the price difference between a new and resale condominium apartment unit narrowed in September,** propelled by an increase in resale prices from August.





Source: Altus Group and Toronto Real Estate Board data

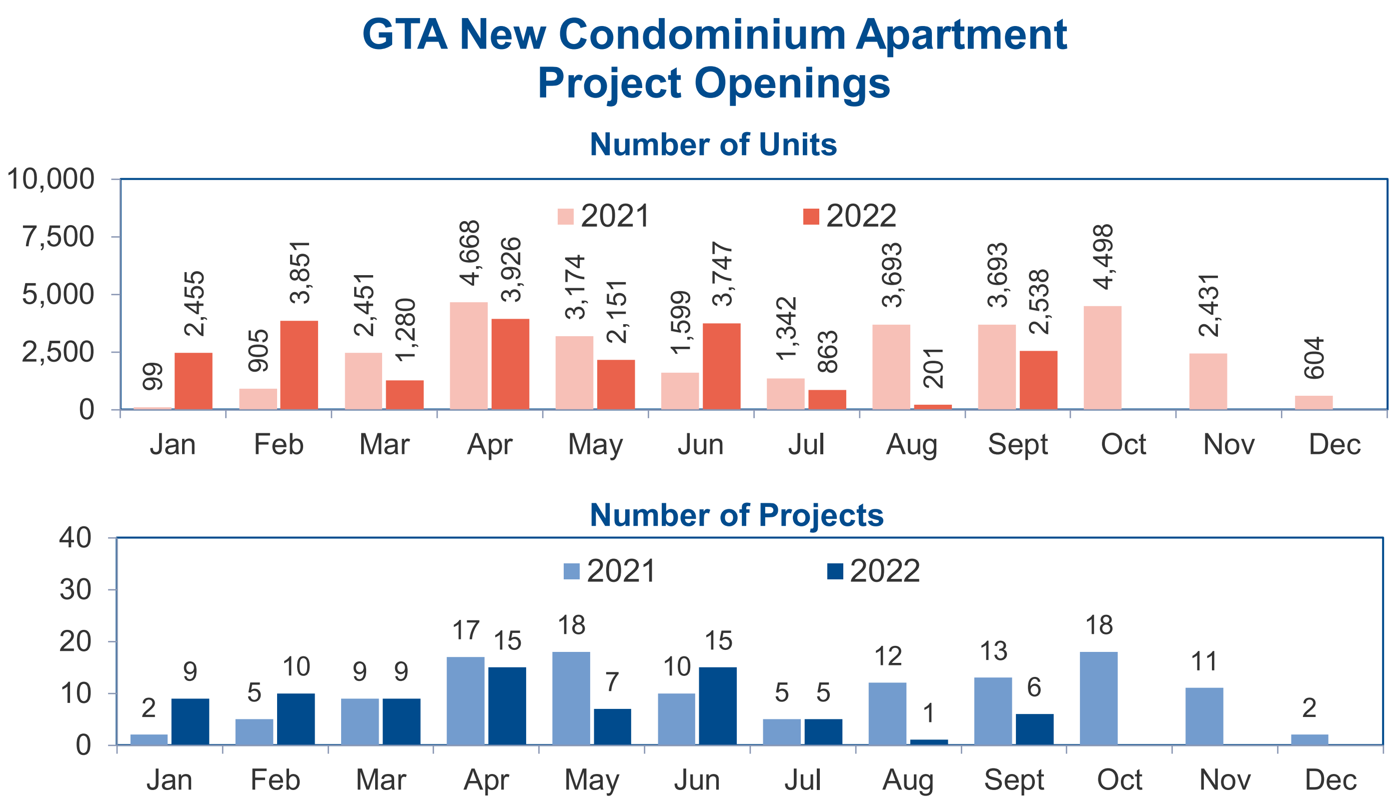
- **Price per square foot in new condominium apartments rose in September 2022 compared to August, with unit sizes getting smaller.** The larger decline in the average unit sizes resulted in new condominium prices falling from August.
- Caution needs to be used in interpreting the data for any specific timeframe, as smaller unit sizes on average have higher prices per square foot. For example, an increase in the price per square foot 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

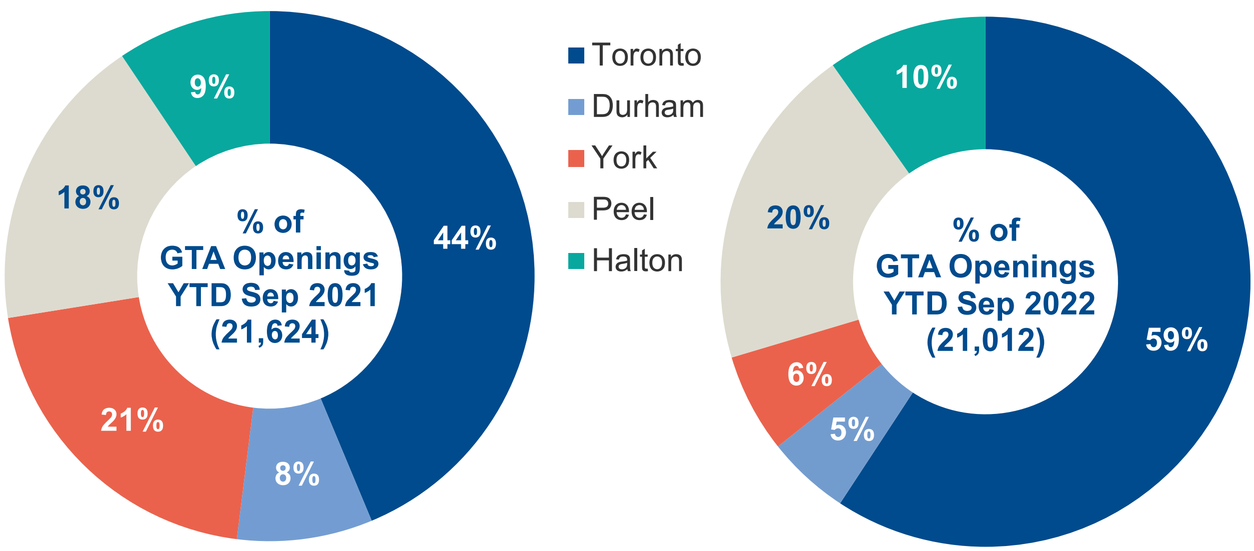
New Condominium Apartments - Openings

- **September 2022 recorded six new project openings containing more than 2,500 units.** New project openings sit at less than half the level recorded in September 2021 indicating that developers may be tightening their supply pipelines.
- **Toronto increased its share of new opening units, largely at the expense of York Region which sits at less than one–third of its last year's share** *(chart next page, top)*. Within the City of Toronto, the former municipality of Toronto has increased its share of new condominium apartment openings since last year while Etobicoke's share declined *(chart next page, bottom)*.
- On the pages following the next page are maps showing the location of new projects launched in August and September 2022 accompanied by summary tables with additional details on each project.



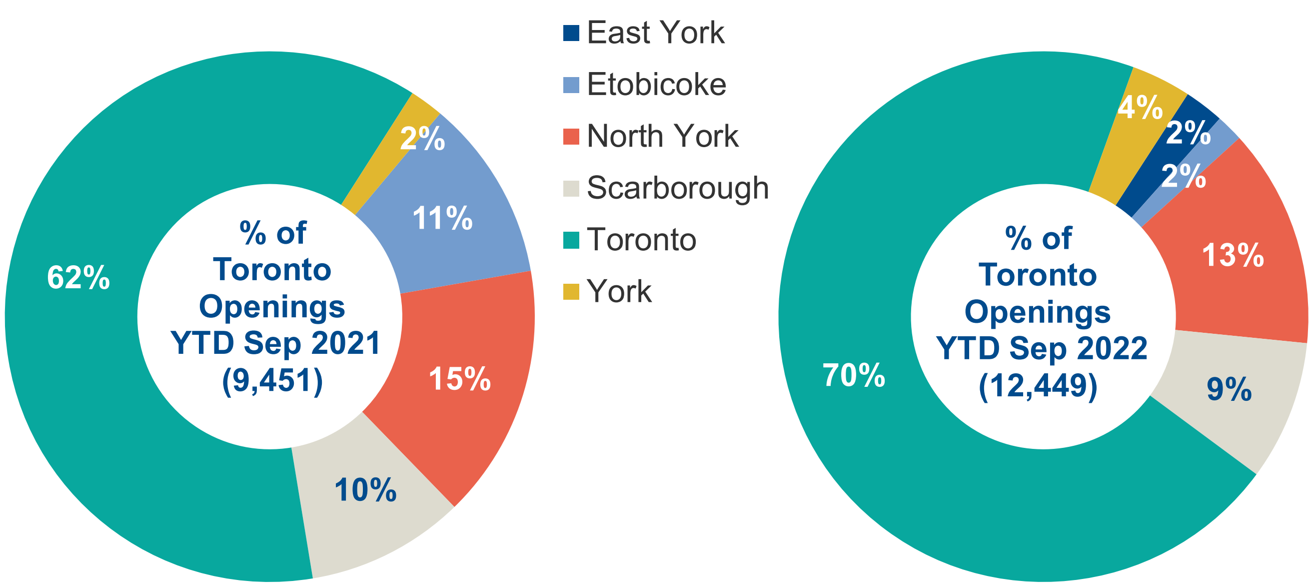
Source: Altus Group

GTA Condominium Apartment Units in New Openings by Region



Source: Altus Group

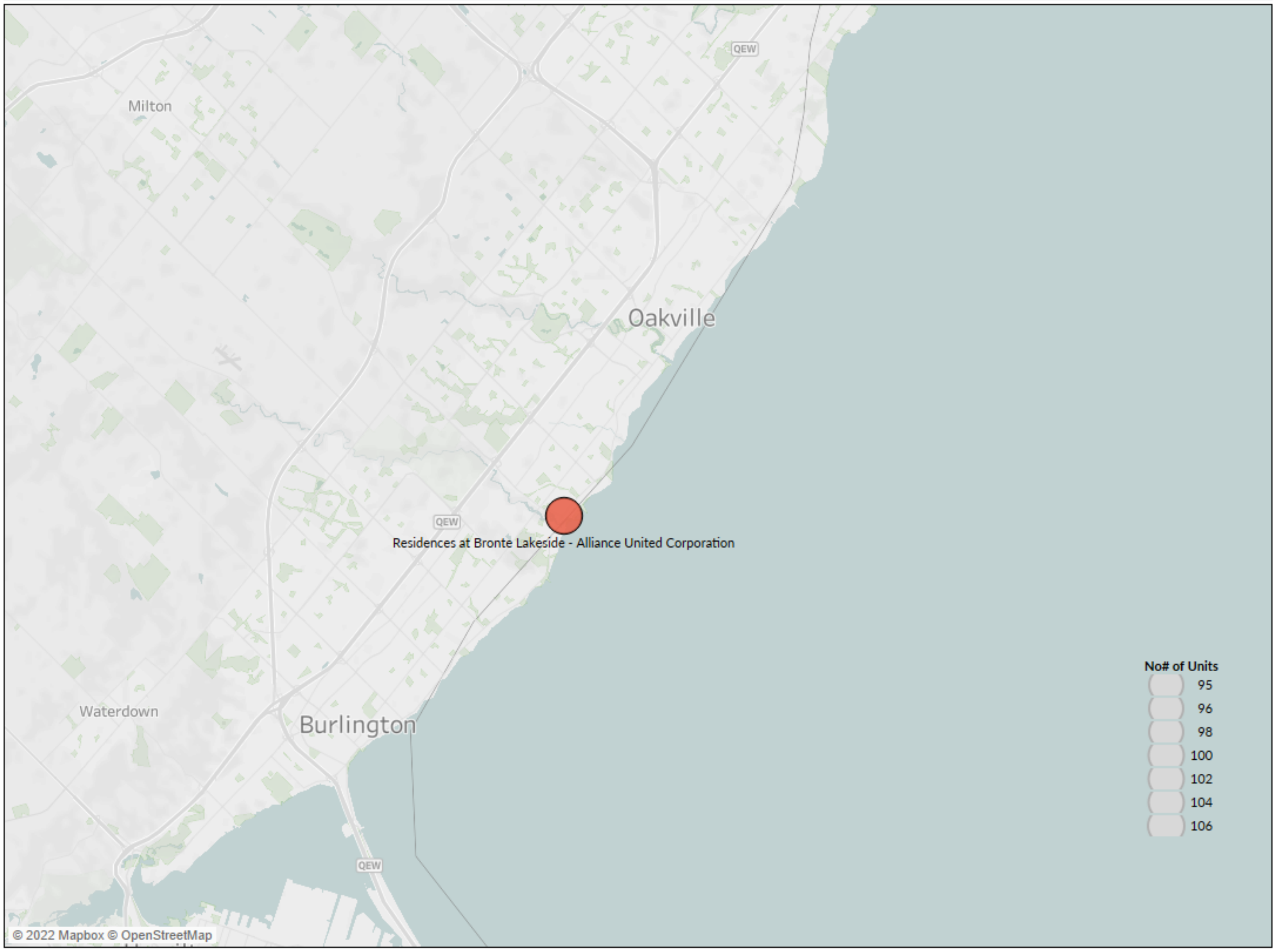
City of Toronto Condominium Apartment Units in New Openings by Former Municipality



Source: Altus Group

New Condominium Apartments - Openings

August 2022 New Project Launches by Number of Units



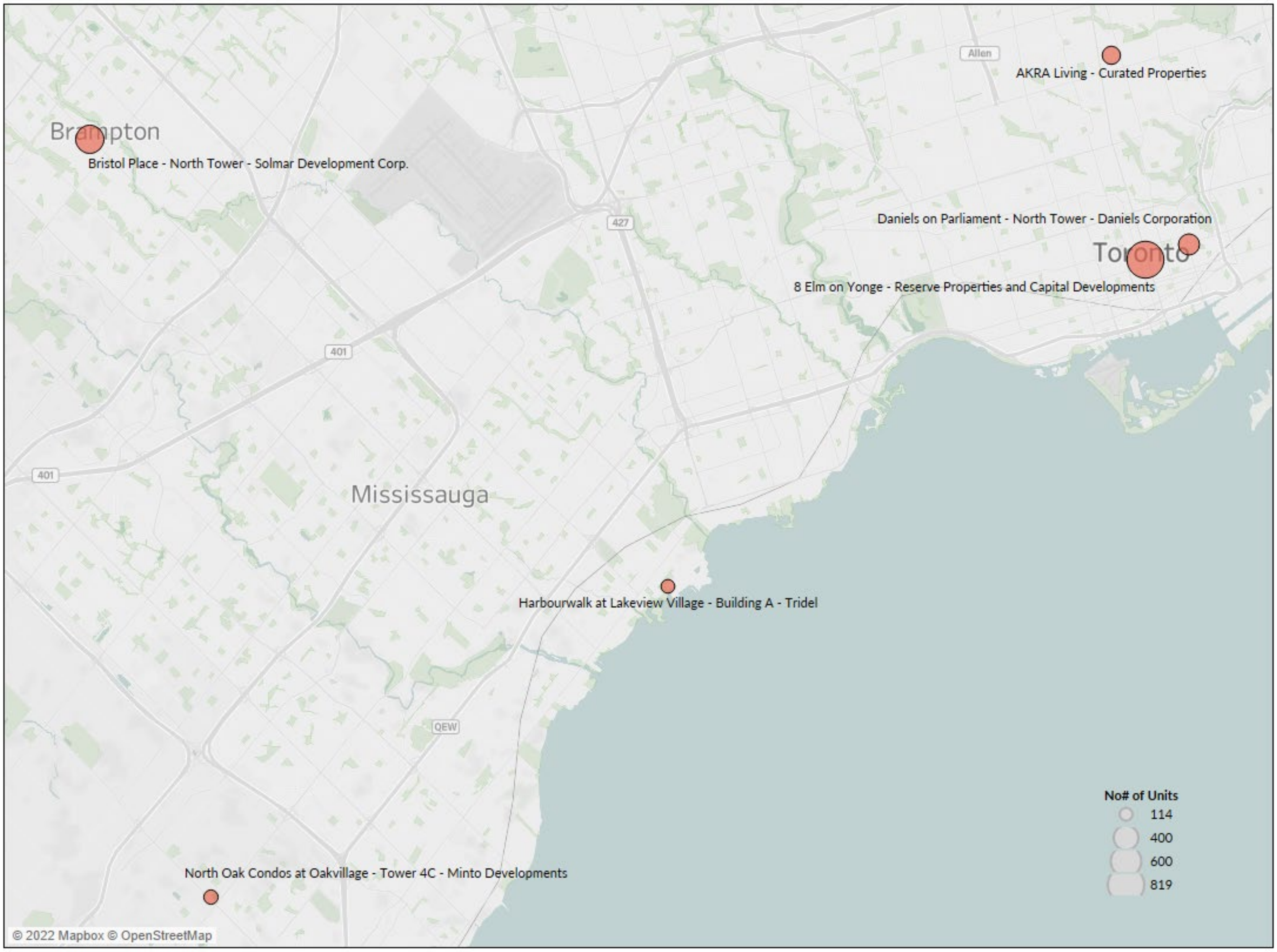
Source: Altus Group

New Condominium Apartment Project Openings - August 2022	
Project Name	**Residences at Bronte Lakeside**
Developer	Alliance United Corporation
Date Opened	August 30, 2022
Municipality	Oakville
Region	Halton
Structural Type	Apartment
Floors	6
Project Total Units	**201**
Total Units Released	**95**
Studio	-
1 Bedroom	5
1 Bedroom + den	28
2 Bedroom	24
2 Bedroom + den	23
3 Bedroom & up	-
Penthouse	-
Townhouse	-
Other	15
Opening Month Sales	**0**
Next Month Sales	**8**
% Sold (of released units)	8%
Remaining Available Inventory	87
Original $PSF	$1,440
Minimum Size (sq. ft.)	520
Maximum Size (sq. ft.)	1,832
Minimum Price	$689,900
Maximum Price	$4,099,900
Notes	2-storey lofts included in "Other"

Source: Altus Group

New Condominium Apartments - Openings

September 2022 New Project Launches by Number of Units



Source: Altus Group

New Condominium Apartments - Openings

AltusGroup

New Condominium Apartment Project Openings - September 2022

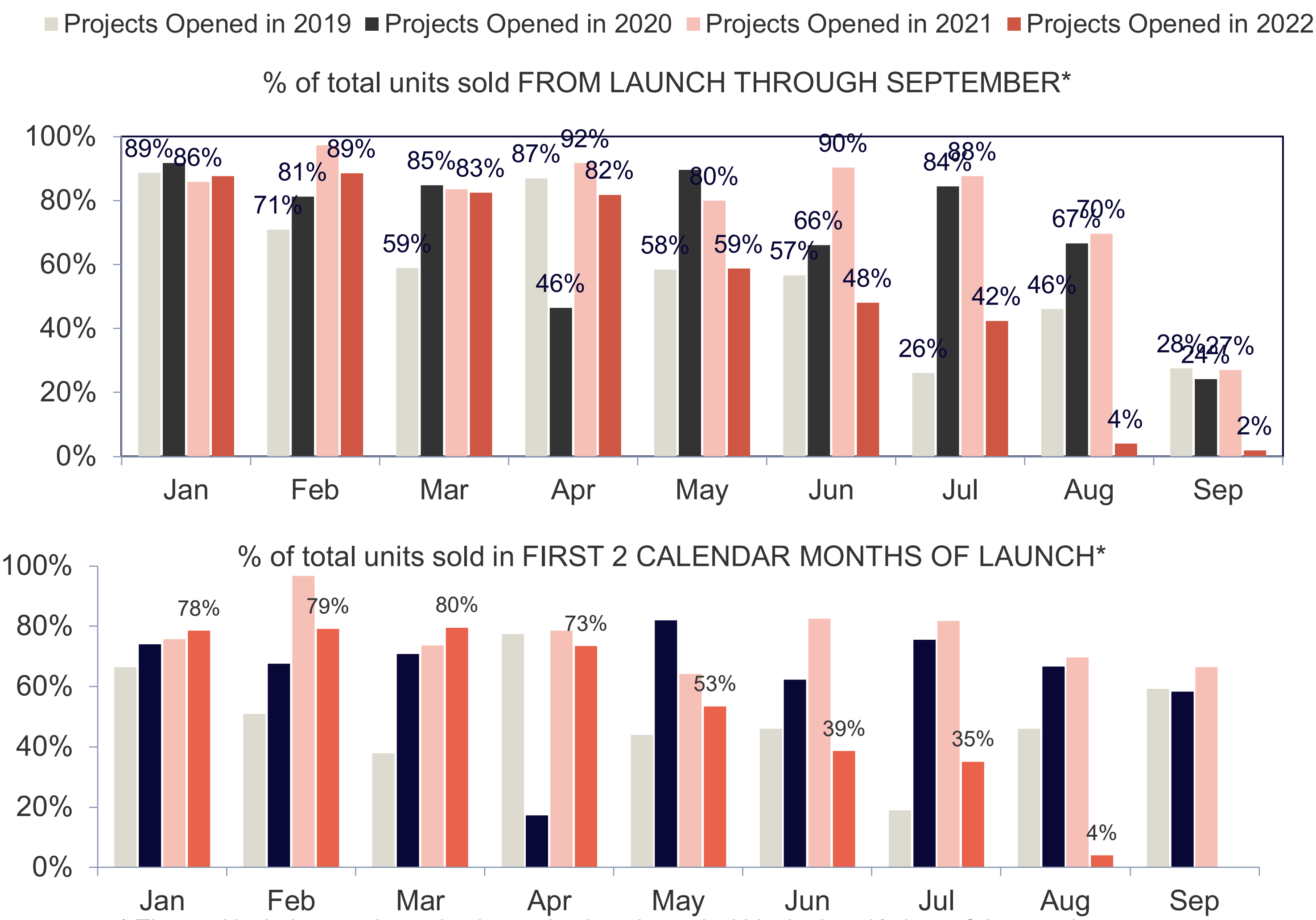
Project Name	8 Elm on Yonge	AKRA Living	Bristol Place - North Tower	Daniels on Parliament - North Tower	Harbourwalk at Lakeview Village - Building A	North Oak Condos at Oakvillage - Tower 4C
Developer	Reserve Properties and Capital	Curated Properties	Solmar Development Corp.	Daniels Corporation	Tridel	Minto Developments
Date Opened	September 28, 2022	September 24, 2022	September 14, 2022	September 22, 2022	September 23, 2022	September 24, 2022
Municipality	Old Toronto	Old Toronto	Brampton	Old Toronto	Mississauga	Oakville
Region	Toronto	Toronto	Peel	Toronto	Peel	Halton
Structural Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
Floors	69	22	48	10	19	20
Project Total Units	**819**	**200**	**562**	**293**	**433**	**231**
Total Units Released	**819**	**200**	**480**	**268**	**114**	**124**
Studio	54	32	-	86	-	-
1 Bedroom	433	52	160	26	-	49
1 Bedroom + den	-	52	80	-	14	49
2 Bedroom	249	28	240	120	17	20
2 Bedroom + den	-	10	-	-	81	6
3 Bedroom & up	83	26	-	22	2	-
Penthouse	-	-	-	-	-	-
Townhouse	-	-	-	14	-	-
Other	-	-	-	-	-	-
Opening Month Sales	**0**	**0**	**48**	**0**	**0**	**0**
% Sold (of released units)	0%	0%	10%	0%	0%	0%
Remaining Available Inventory	819	200	432	268	114	124
Original $PSF	$1,627	$1,520	$1,227	$1,261	$1,382	n.a.
Minimum Size (sq. ft.)	292	407	447	368	603	517
Maximum Size (sq. ft.)	998	1,480	665	1,455	1,621	980
Minimum Price	$572,900	$654,900	$552,900	$506,900	$772,000	$659,900
Maximum Price	$1,661,900	$2,099,900	$813,900	$1,706,900	$2,284,000	$1,089,900
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 all deals were subject to the 10-day conditional period	No firm sales as all deals were subject to the 10-day conditional period

Source: Altus Group

New Condominium Apartments - Openings

- **Focusing on the six projects opened in September, only 2% of units launched were sold during the month,** as five of the projects opened towards the end of the month when firm sales are not recorded.
- Overall, the sales of projects launched over the past five months have greatly lagged previous years as the impact of the rising cost of borrowing, along with the housing affordability crisis, becoming more prominent.
- Caution needs to be used in comparing sales rates in projects opened in one month/year versus another, as the proportion of projects opened in the last 10 days of the month (when firm sales are not recorded) can vary from one year, or one month, to another.

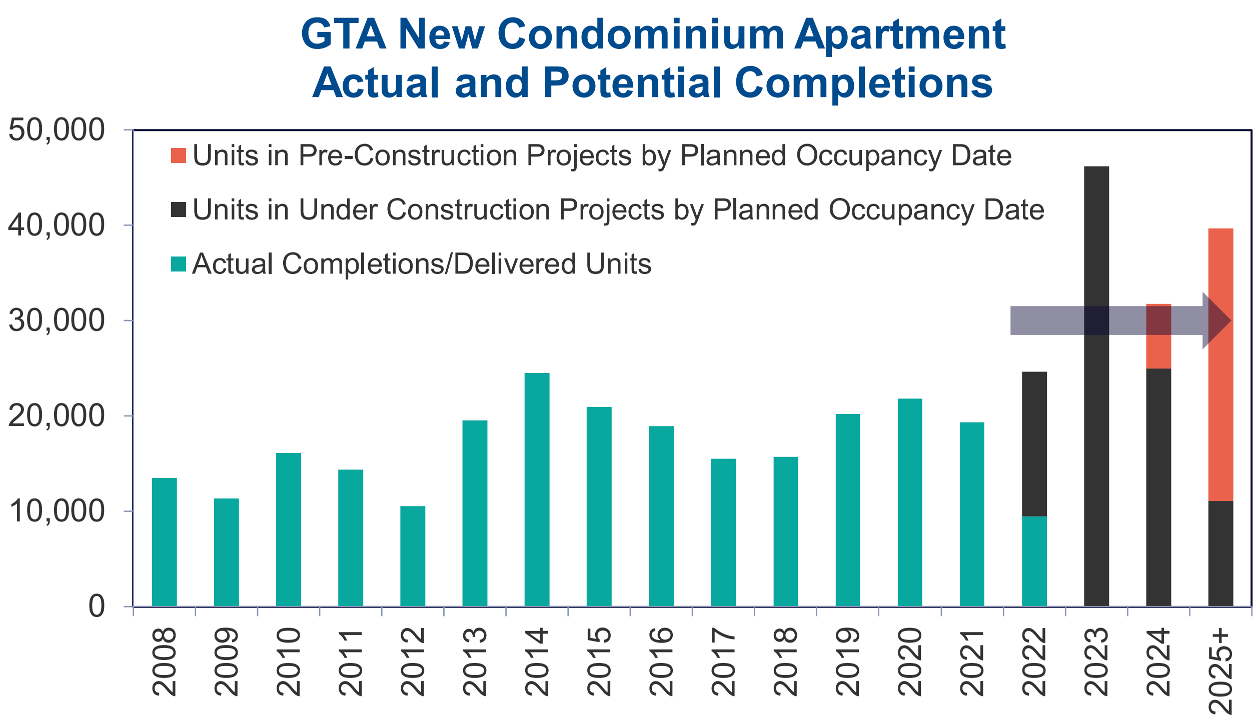
GTA New Condominium Apartment New Project Absorption Timelines (% of Total Units Sold Through September)*



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

Source: Altus Group

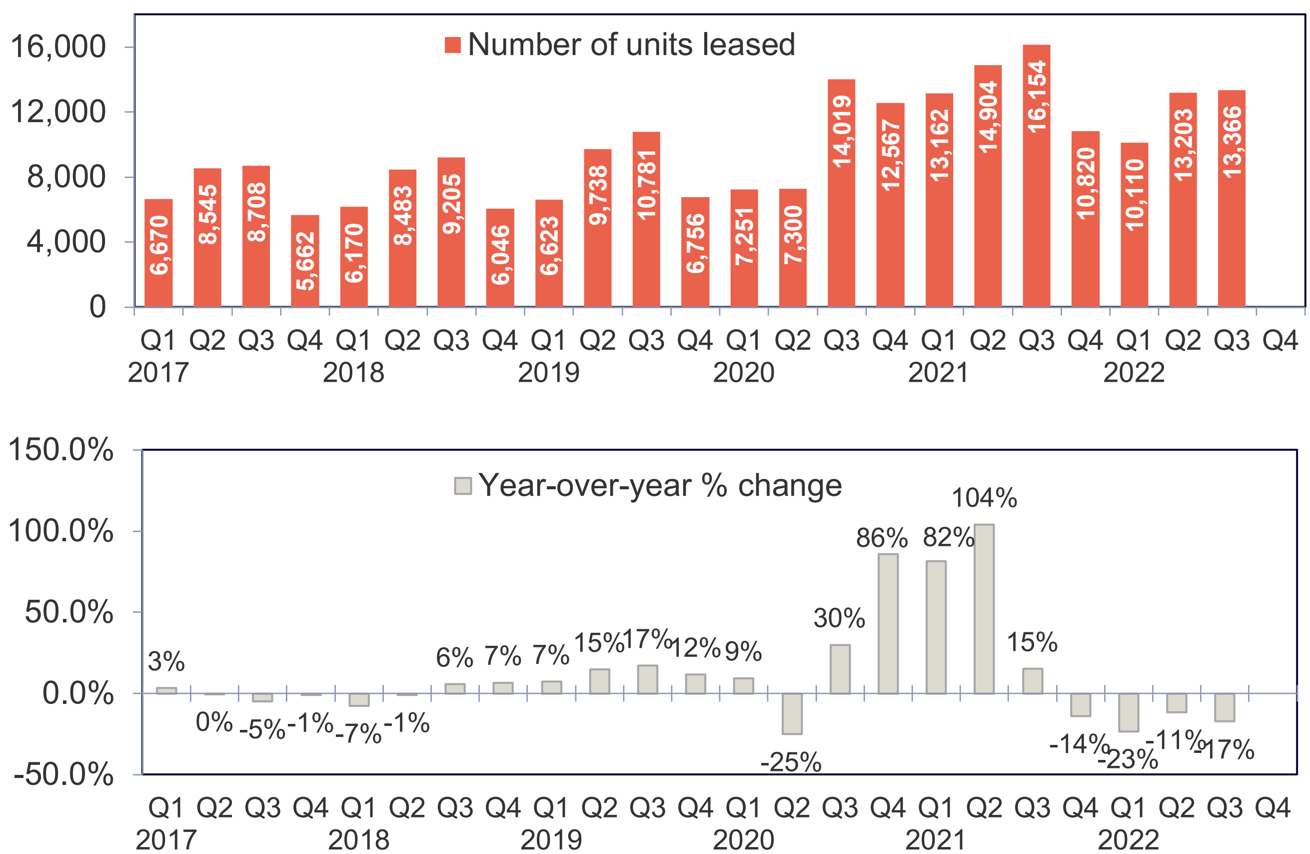
- As of the end of September 2022, there were about 132,850 new condominium apartment units in projects either under construction or in pre-construction stages.
- **There have only been 9,450 units delivered in the first nine months of 2022.** This is almost 45 percent below the average level of completions in the previous three years and is the lowest year-to-date September level since 2012.
- Based on planned occupancy dates, and only considering units currently under construction, one might expect that annual completions of condominium apartment units will be higher in 2022. **However, the strikes earlier this year among a number of trades has likely pushed out completion dates,** particularly for projects that would have been completed this year**.** In addition, **pandemic-related disruptions may continue to add to the "typical" construction delays experienced in recent pre-pandemic years**, especially as the winter "flu" season is on the horizon. Rising construction costs and interest rate hikes are also top of mind for both consumers and developers, further contributing to delays.



Source: Altus Group

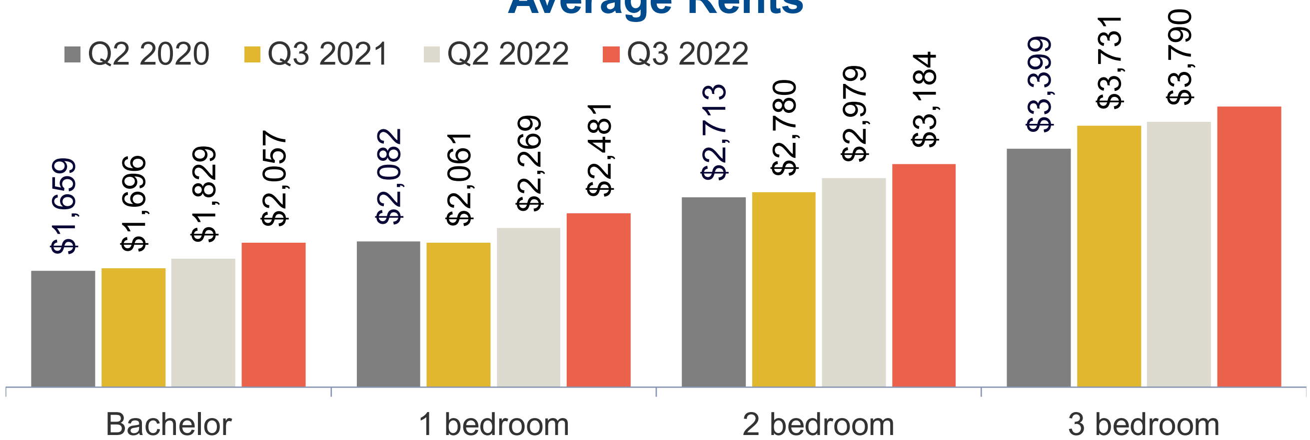
- **The number of GTA condo apartment lease transactions slowed in Q3 2022** (according to data from the Toronto Regional Real Estate Board) compared to Q3 2022.
- **Rising rents are important for investor interest in the sector.** Apartment rents in the GTA have fully recovered from the losses that occurred at the start of the pandemic *(charts next page)*. **Tighter conditions continued in Q3 2022**, as both listings and units leased were little changed from the previous quarter (*charts after next page*), which could contribute to additional rent increases in the near term.

GTA Condominium Apartment Lease Transactions (All Bedroom Types)



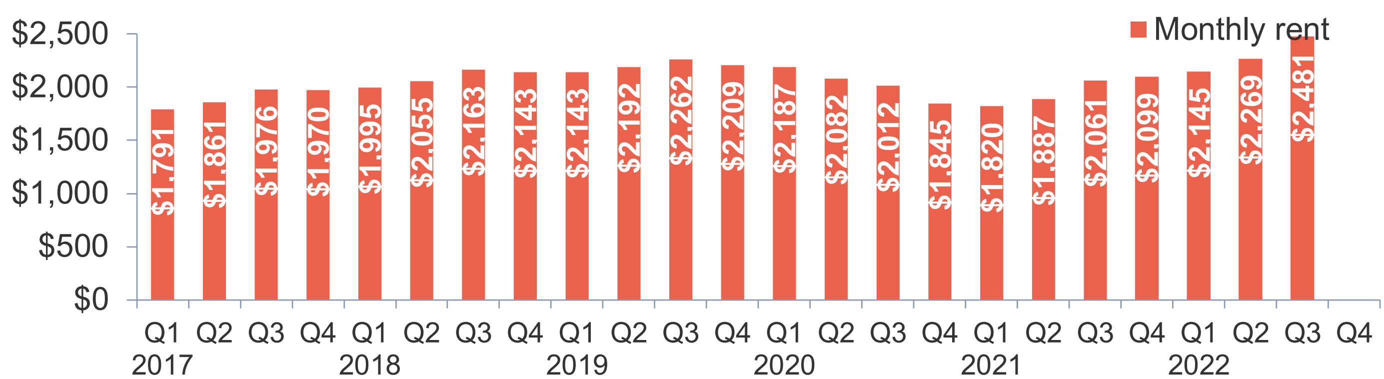
Source: Altus Group based on Toronto Regional Real Estate Board data

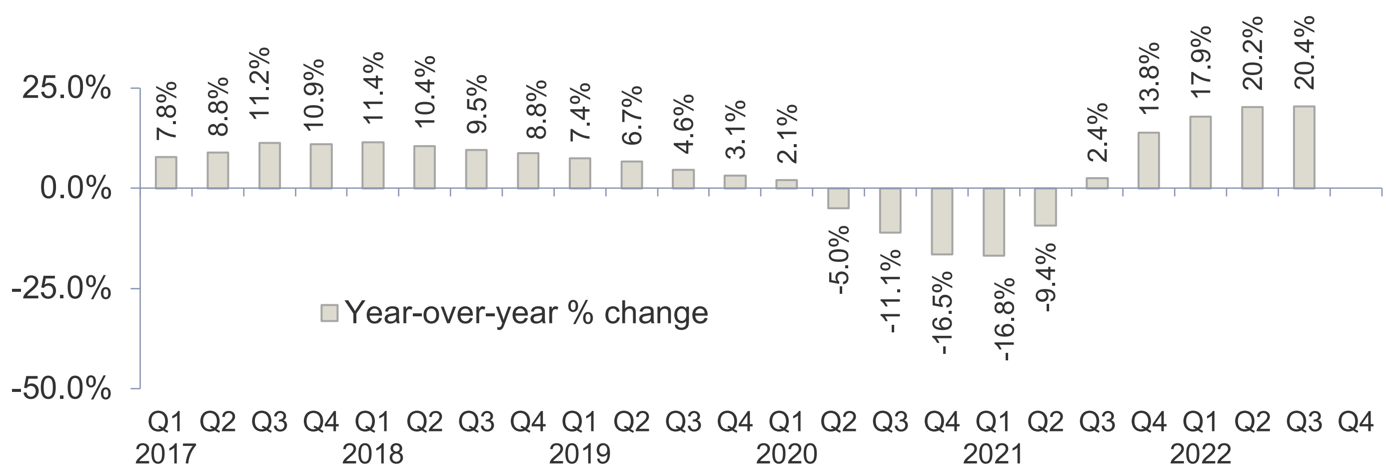
GTA Condominium Apartment Lease Transactions Average Rents



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

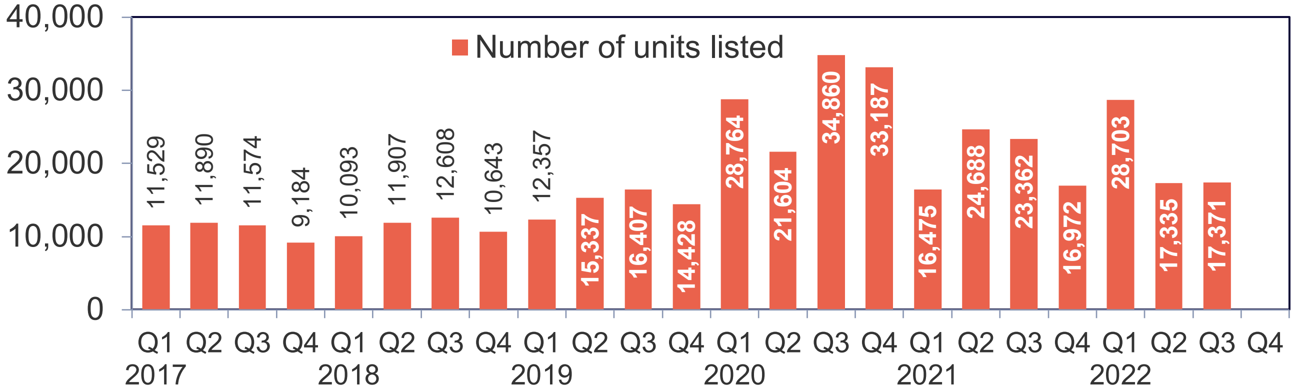
GTA Condominium Apartment Lease Transactions Average Rents, 1 Bedroom Units



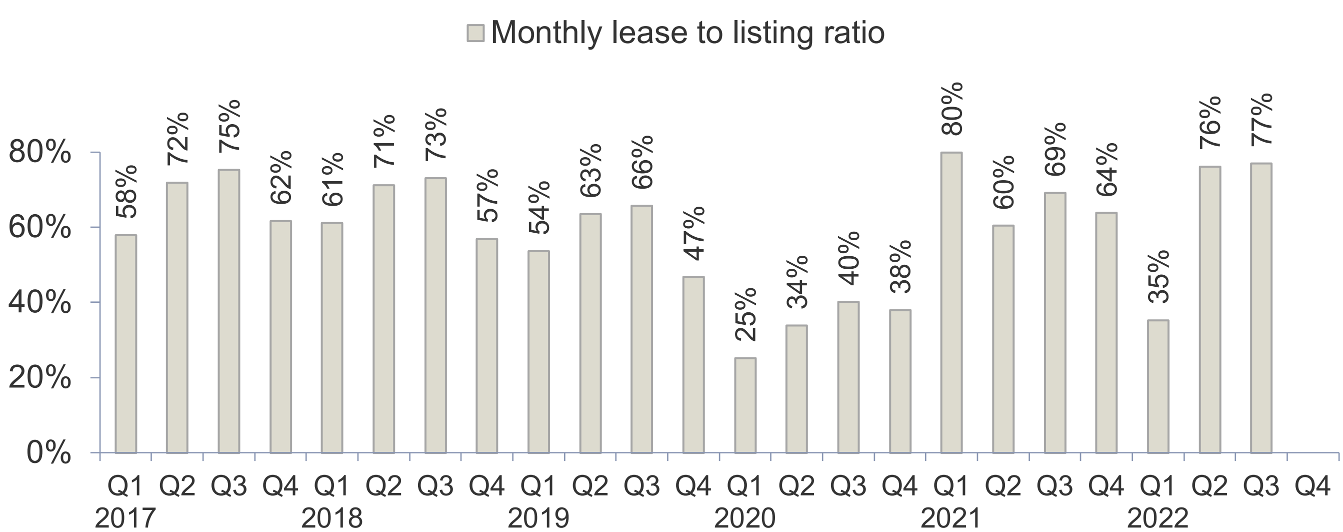


Source: Altus Group based on Toronto Regional Real Estate Board data

GTA Condominium Apartment Lease Listings (All Bedroom Types)



GTA Condominium Apartment Lease to Listing Ratio (All Bedroom Types)

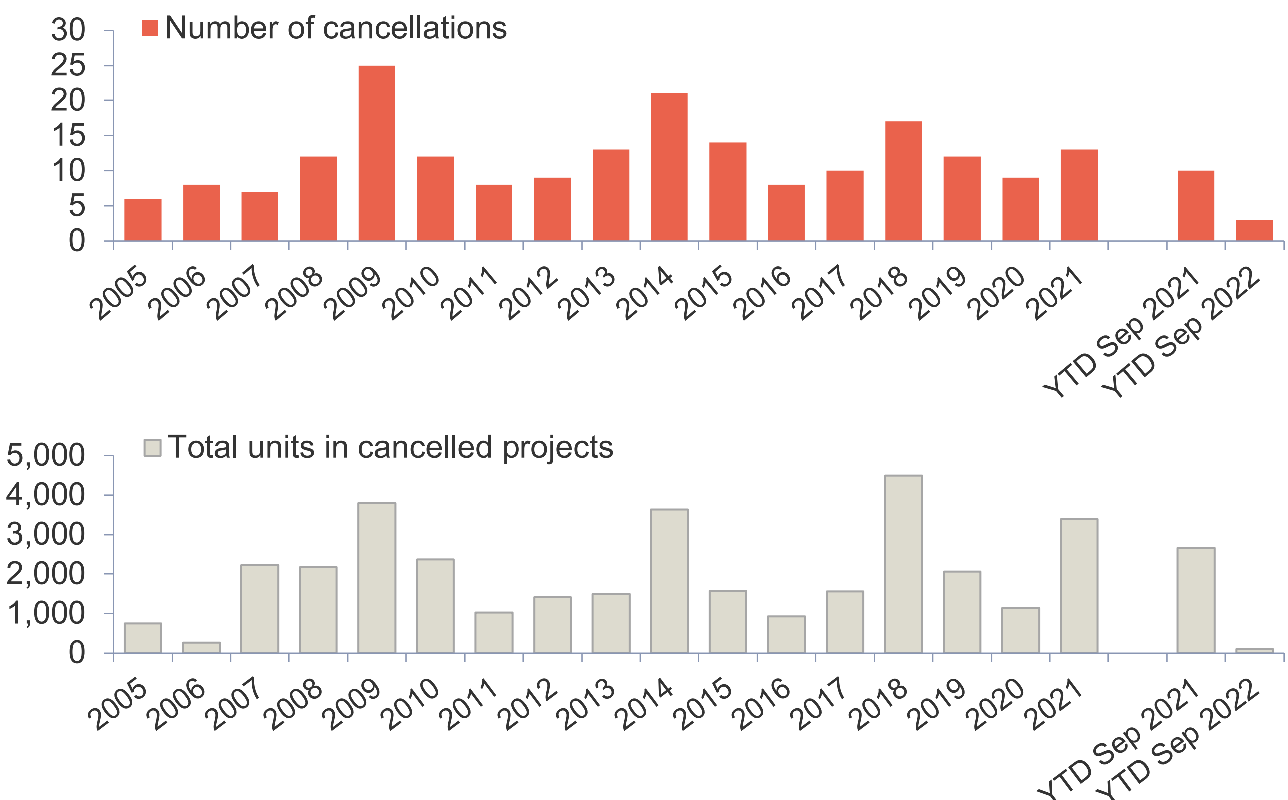


Source: Altus Group based on Toronto Regional Real Estate Board data

Focus on Cancelled Condominium Projects

- In 2021, more new condominium apartment projects, and more units, were cancelled than in 2019 or 2020. **As of the end of the 3rd quarter in 2022, there remains only three projects which have been cancelled -** Harrington Tuxedo Park Boutique Towns (a 24 unit stacked townhouse project in Mississauga) and Le Triomphe (a 20 unit apartment project in Aurora).
- **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).

Condominium Apartment Projects Cancelled During Each Year, GTA



Source: Altus Group

Altus Group GTA New Home Data Definitions

AltusGroup

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