Altus Group

The Altus Group Condominium Apartment Monitor

GTA Edition

Data as of January 2023

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New Condominium Apartment Dashboard

January 2023			YTD December 2022	
Sales	**Inventory**	**Benchmark Price**	**Sales**	**Benchmark Price**
381	**11,896**	**$1,127,192**	**20,967**	**$1,173,145**
-84%	**+43%**	**-2%**	**-36%**	**10%**
2nd lowest January on record	***Highest January since 2016***	***2nd consecutive year-over-year decline***	***Below the 10-year average***	***Highest YTD December on record***

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

Highlights

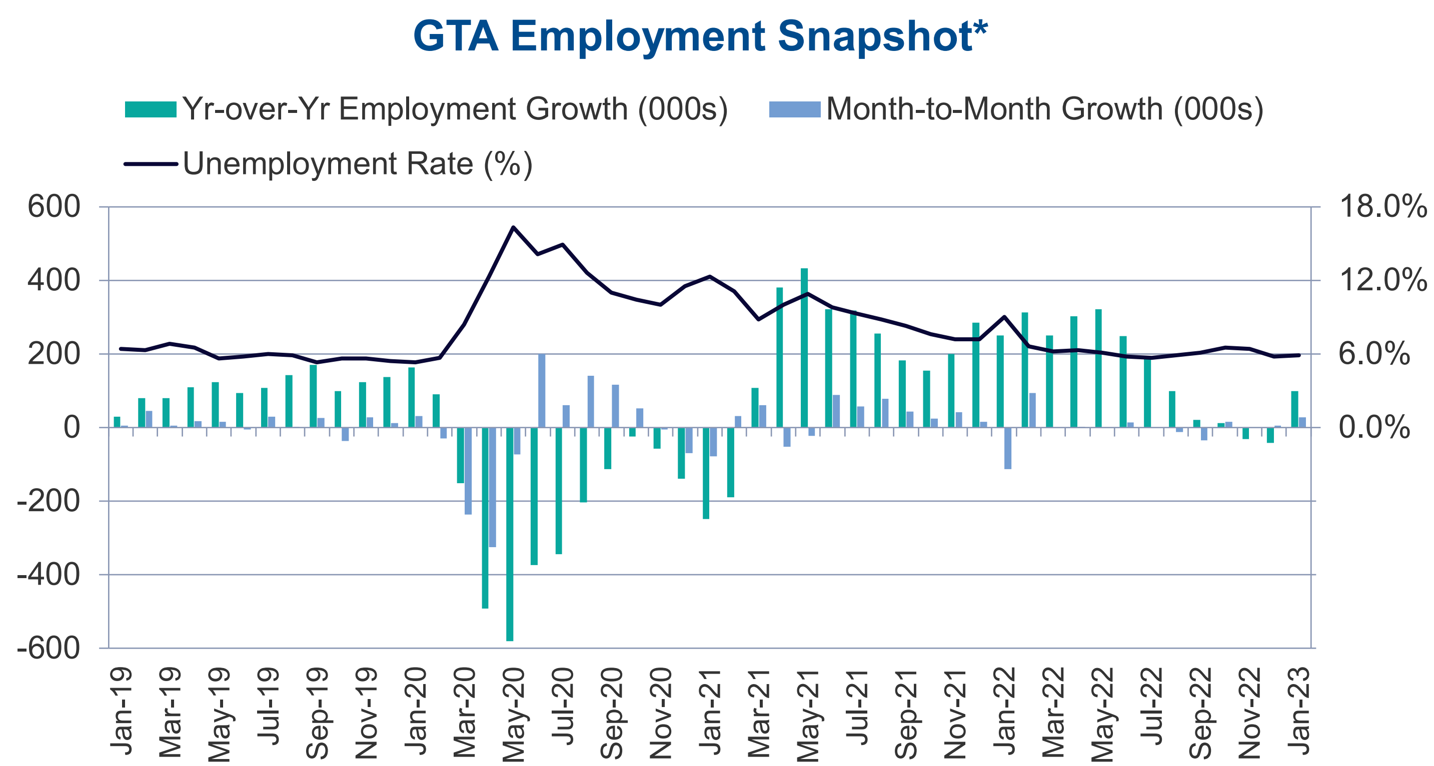
- **New home sales started 2023 on a very quiet note.** Condominium sales dropped to their lowest January since 2009. Meanwhile, single-family sales slumped to an all-time low for January. As a result, total sales dropped by over 80% from last year in January.
- **The benchmark price of a new condominium apartment fell in January 2023 and recorded a 2nd consecutive year-over-year decline.**
- Looking ahead, the combination of rising prices and higher interest rates has pushed both buyers and developers to the sidelines in search of greater certainty on the shorter-term outlook before jumping back into the market. Expect 2023 new condominium apartment sales to come in below 2022 levels, with somewhat longer absorption timelines than in 2022.

GTA Condominium Apartment Key Performance Indicators

	Jan-22	Dec-22	Jan-23	*Yr-Over-Yr % Change*	YTD Jan 2022	YTD Jan 2023	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*							
Total active sites	331	344	345	*4%*	331	345	*4%*
New projects opened	8	2	2	*-75%*	8	2	*-75%*
Units in new projects opened	2,427	292	944	*-61%*	2,427	944	*-61%*
Total sales (units)	2,363	413	381	*-84%*	2,363	381	*-84%*
Sales as % of total new & resale	*54%*	*30%*	*29%*		*54%*	*29%*	
Inventory (units)	8,290	11,201	11,869	*43%*	8,290	11,869	*43%*
Sales-to-inventory ratio	29%	4%	3%	*-89%*	29%	3%	*-89%*
Months of inventory	2.9	6.4	7.5	*160%*	2.9	7.5	*160%*
Benchmark price	$1,150,685	$1,131,614	$1,127,192	*-2%*	$1,150,685	$1,127,192	*-2%*
Price PSF Benchmark	$1,243	$1,355	$1,361	*9%*	$1,243	$1,361	*9%*
Unit size Benchmark (sq. ft)	926	835	828	*-11%*	926	828	*-11%*
Units completed	1,202	705	856	*-29%*	1,202	856	*-29%*
Resale Condominium Apartments (Toronto Real Estate Board data)							
Total sales (units)	2,016	966	950	*-53%*	2,016	950	*-53%*
New listings (units)	2,568	1,392	2,757	*7%*	2,568	2,757	*7%*
Inventory ("active listings", units)	1,472	3,430	3,725	*153%*	1,472	3,725	*153%*
Sales-to-inventory ratio	137%	28%	26%	*-81%*	137%	26%	*-81%*
Months of inventory	0.5	1.9	2.2	*328%*	0.5	2.2	*328%*
Average price of units sold	$748,566	$705,659	$687,696	*-8%*	$748,566	$687,696	*-8%*
HPI constant quality price index (Jan 2005=100)	366.9	353.3	351.7	*-4%*	366.9	351.7	*-4%*

** see end of report for Definitions*

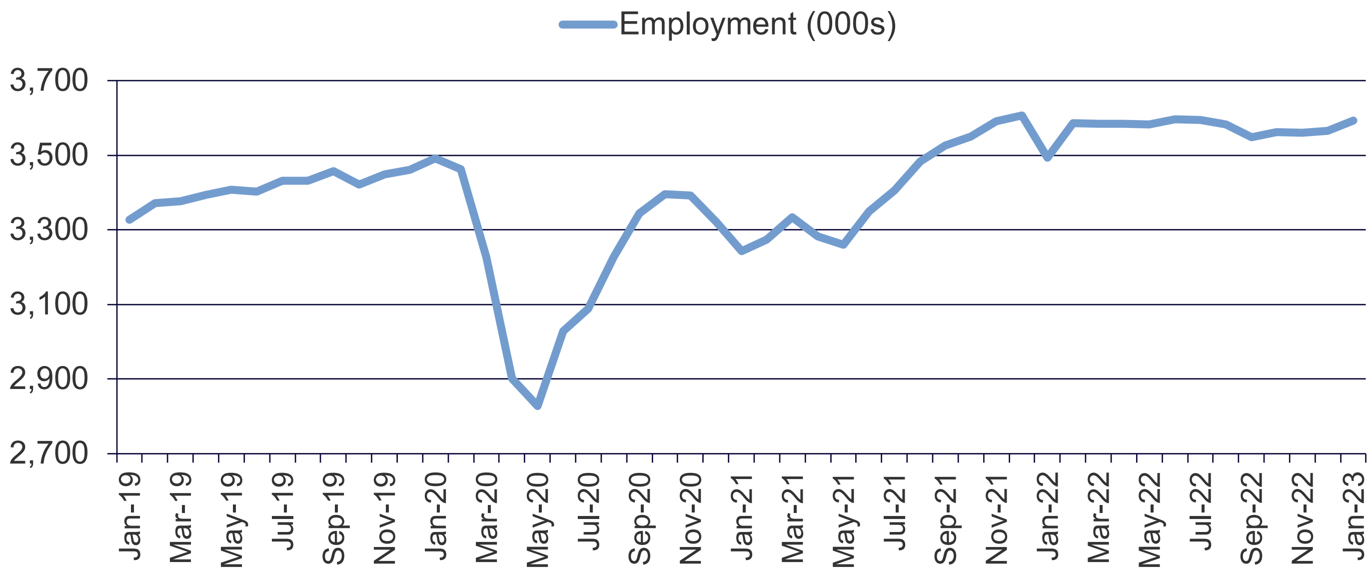
- **Year-over-year employment growth in January record its largest increase in six months, with month-to-month growth also in positive territory.** The GTA unemployment rate inched higher in January to sit at 5.9%.
- **The Bank of Canada increased the target for the overnight rate by 0.25 percent at its latest rate announcement on January 25**, stating that **"***In Canada, recent economic growth has been stronger than expected and the economy remains in excess demand. Labour markets are still tight: the unemployment rate is near historic lows and businesses are reporting ongoing difficulty finding workers. However, there is growing evidence that restrictive monetary policy is slowing activity, especially household spending. . . If economic developments evolve broadly in line with the MPR outlook, Governing Council expects to hold the policy rate at its current level while it assesses the impact of the cumulative interest rate increases.*" **The next rate announcement date is March 8.**
- **Variable rate mortgage interest rates remain above the average 5-year fixed special rate with the spread climbing to over 125 basis points.** The 5-year fixed variable is rate now nearly 450 basis points higher than its recent low in early Fall 2021 *(chart next page, bottom).*



Source: Altus Group based on Statistics Canada data

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

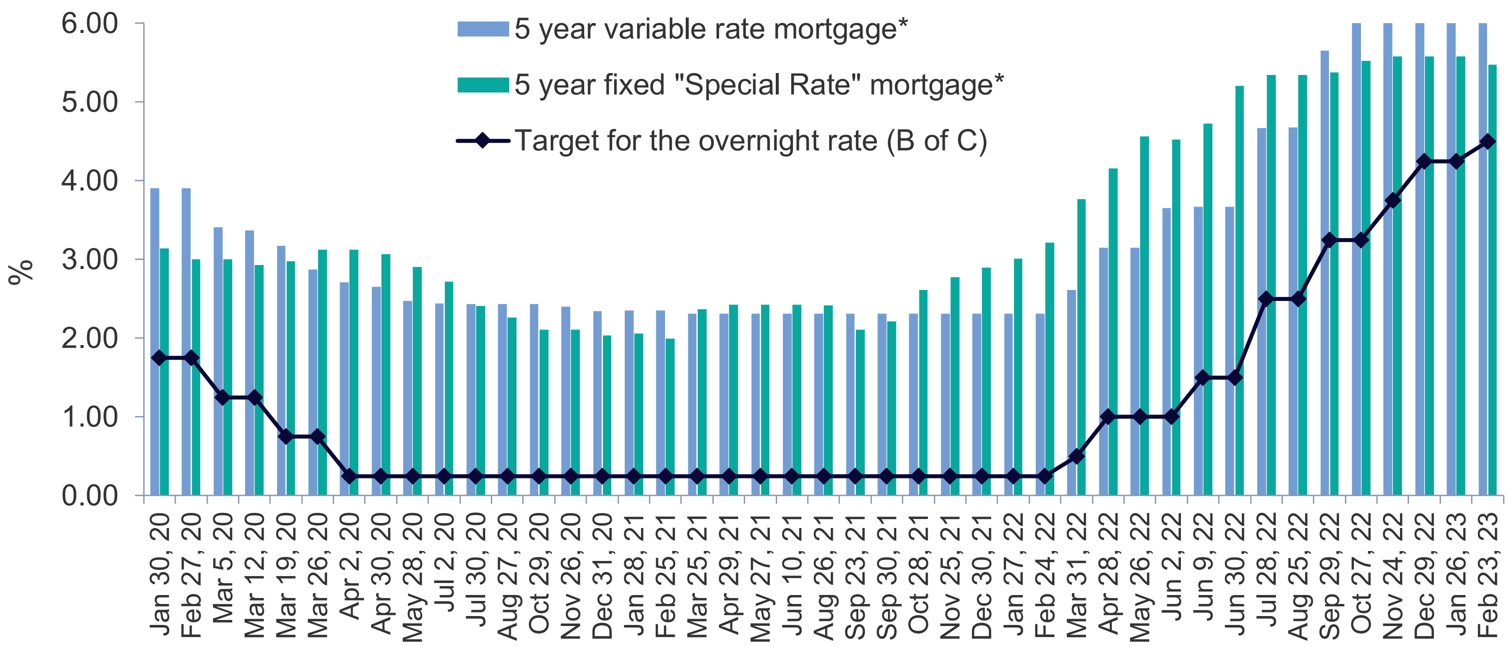
GTA Total Employment*



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

Source: Altus Group based on Statistics Canada data

Selected Interest Rates

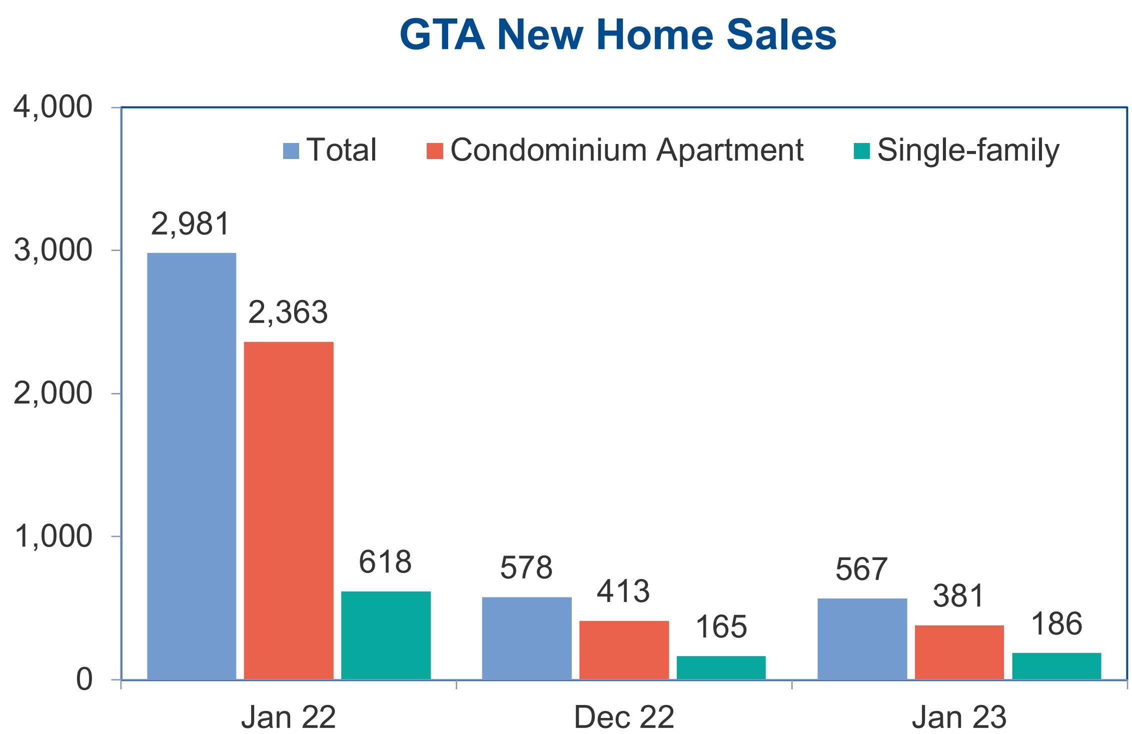


** Average for the major banks*

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

New Home Market - Sales

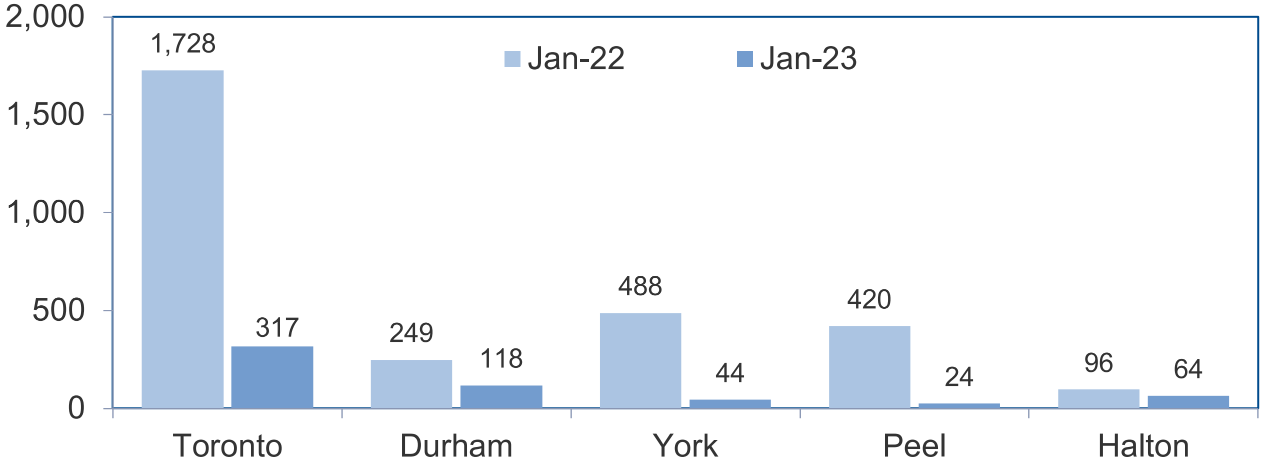
- **The GTA saw the slowest January for total new home sales on record.** January sales of new condominium apartments hit a 14-year low while new single-family home sales registered a record low.
- **The weakness in new home sales was shared across all regions** (*charts next page*), and in both the new condominium apartment and new single-family sectors.



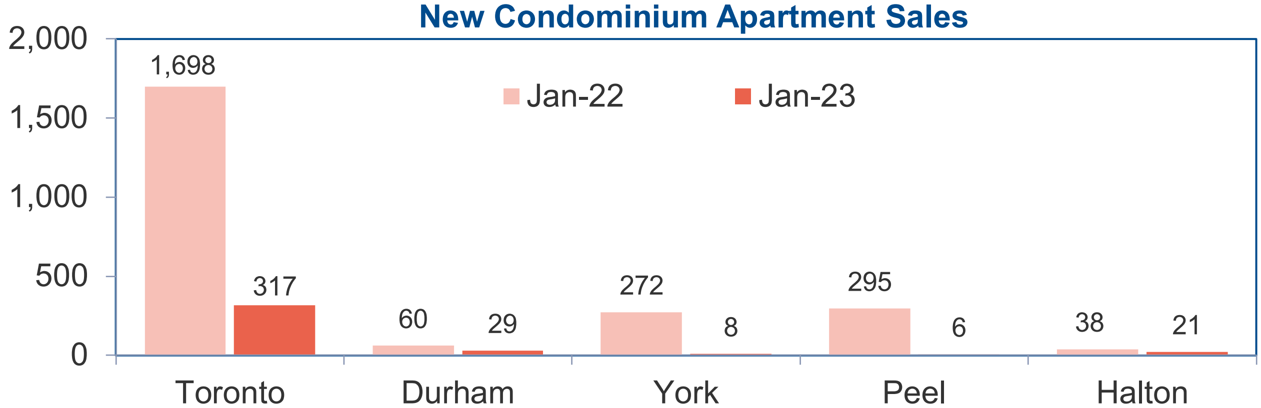
Source: Altus Group

GTA New Home Sales by Region

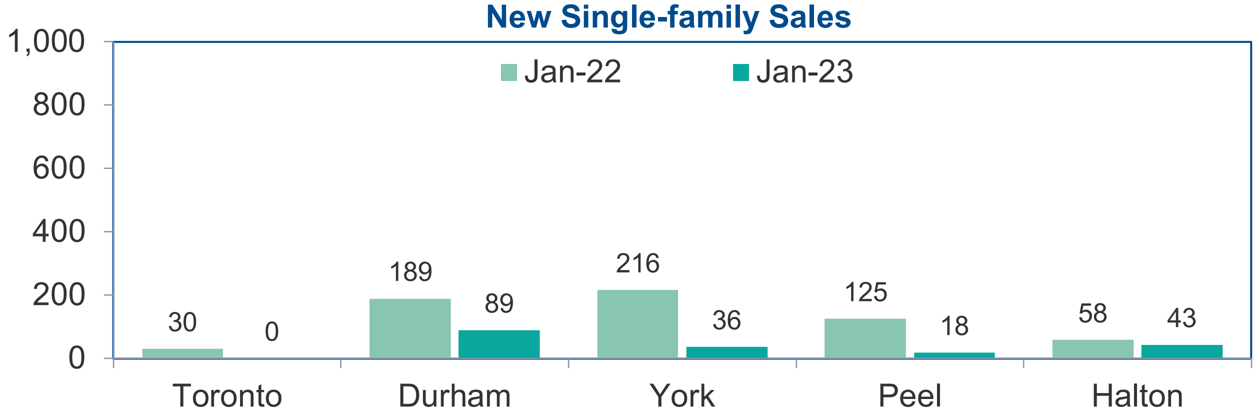
Total New Home Sales



New Condominium Apartment Sales



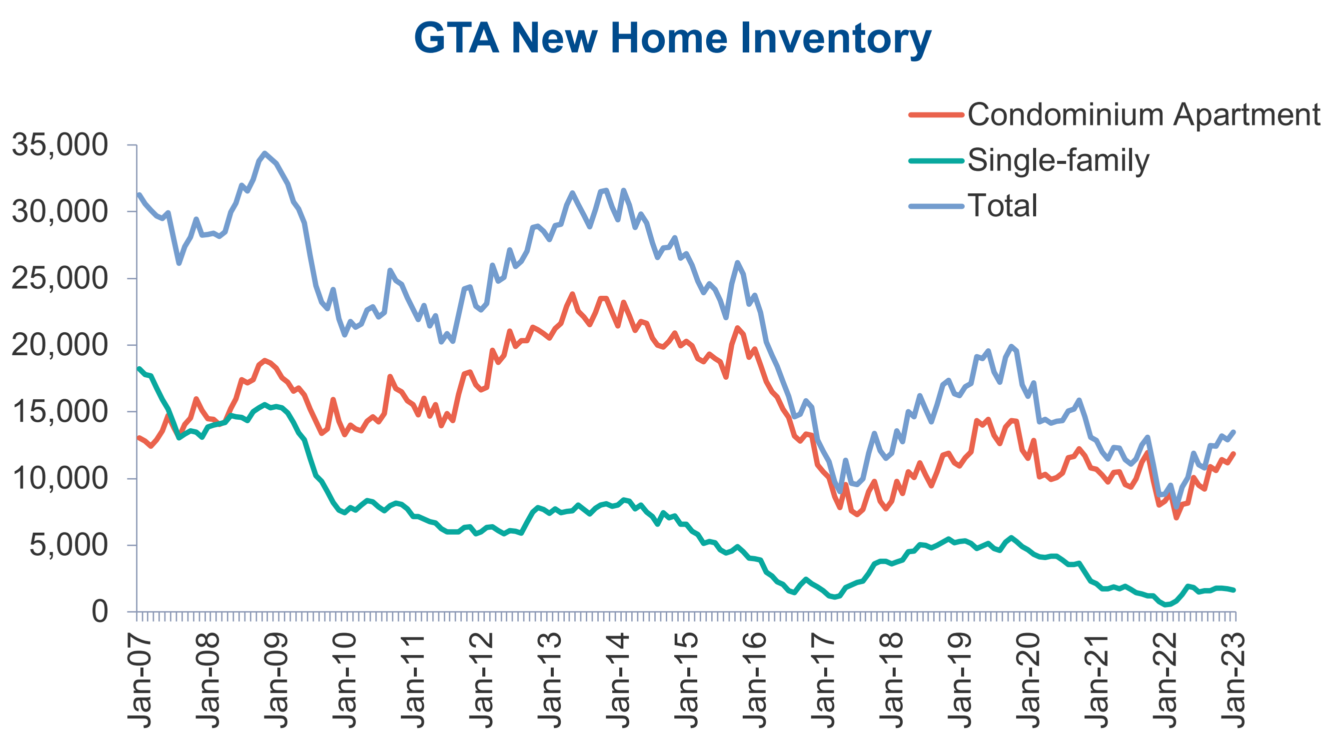
New Single-family Sales



Source: Altus Group

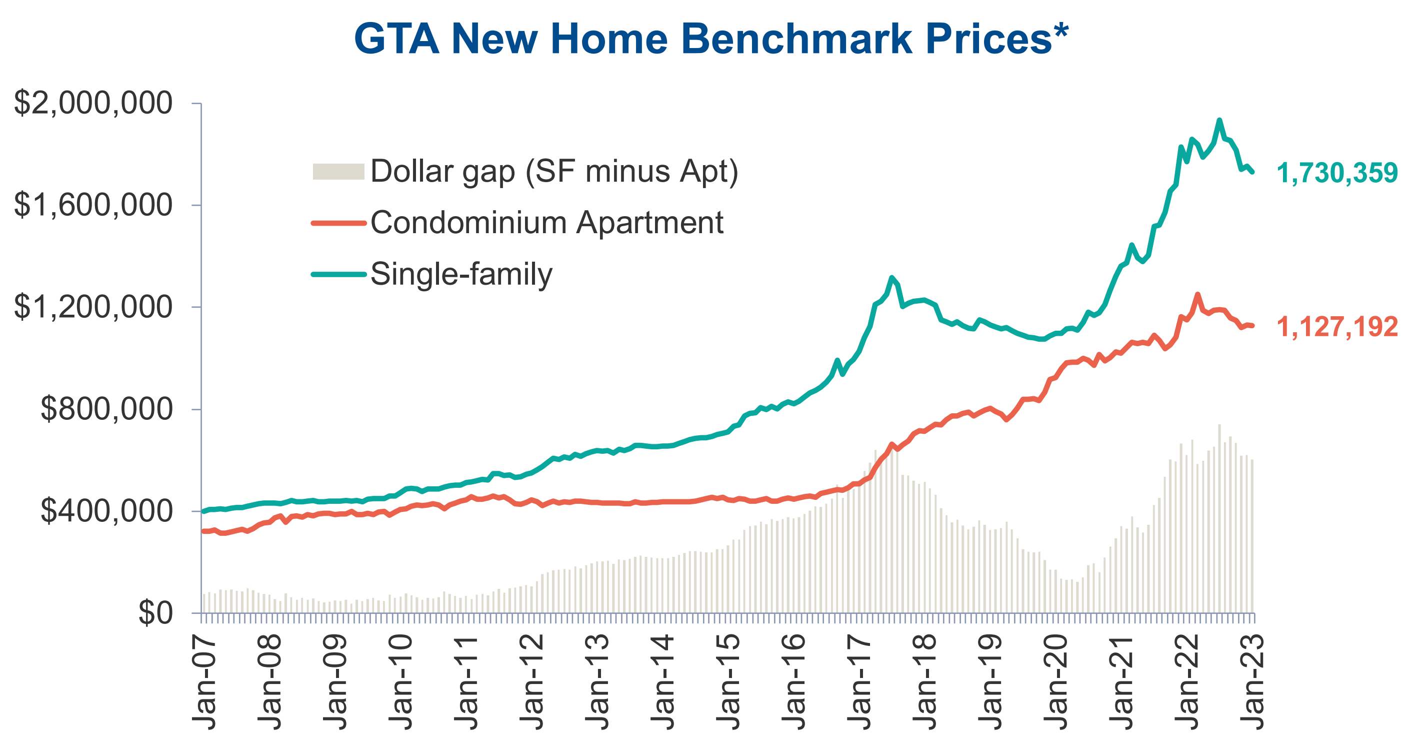
New Home Market - Inventory

- **The total inventory of new homes across the GTA nudged higher in January 2023 but remains 25% below the 10-year average.** Total inventory was up by over 50 percent compared to a year earlier.
- **Condominium apartment inventory was the driver behind higher overall inventory in January** due to the combination of lower sales and more new units launching.
- Based on average monthly total new home sales over the past 12 months, there were about 3½ months of available supply of total new homes at the end of January 2023, well below the long-term average for November of about 7½ months.



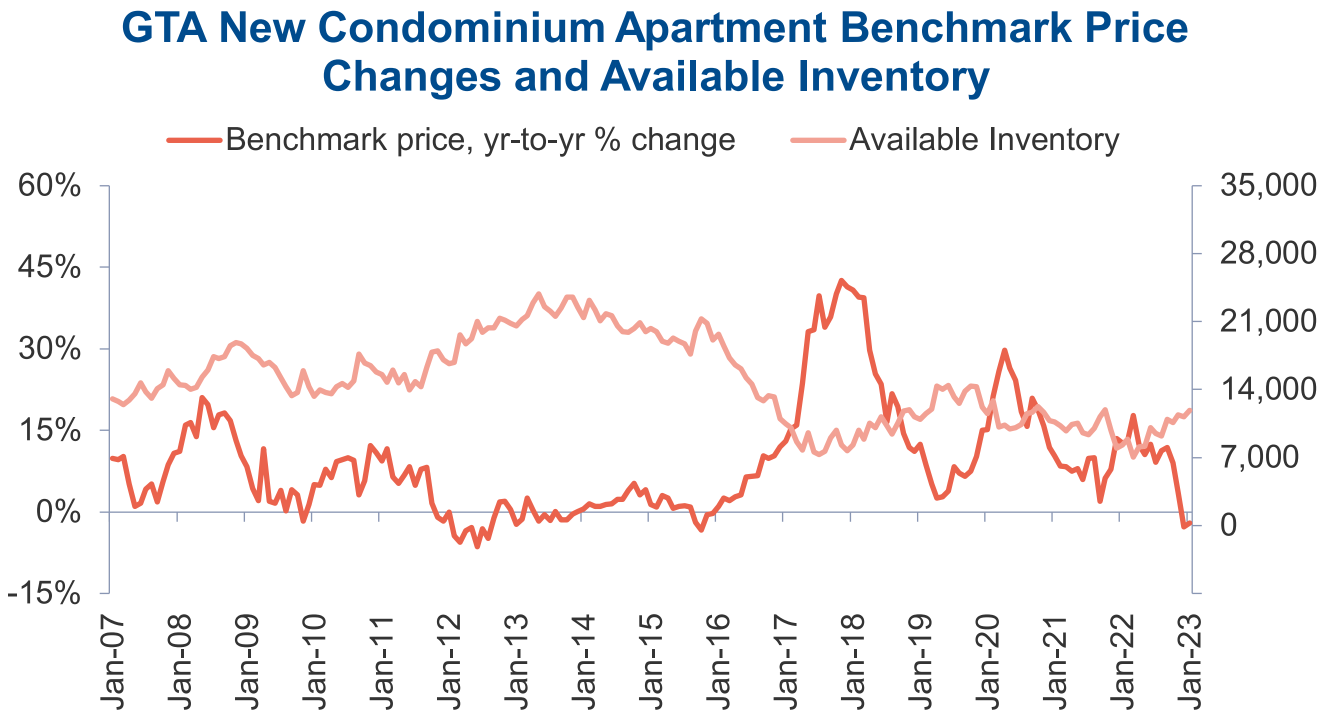
Source: Altus Group

- **The benchmark price for a new condominium apartment slipped by two percent in January 2023 compared to last year.** Single-family benchmark pricing also moved lower in January.
- **The price advantage of available new condominium apartments compared to new single-family homes narrowed slightly in January.** Both the condominium apartment benchmark price and the single-family benchmark price registered year-over-year declines for a 2nd consecutive month (*charts next page*).
- 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.

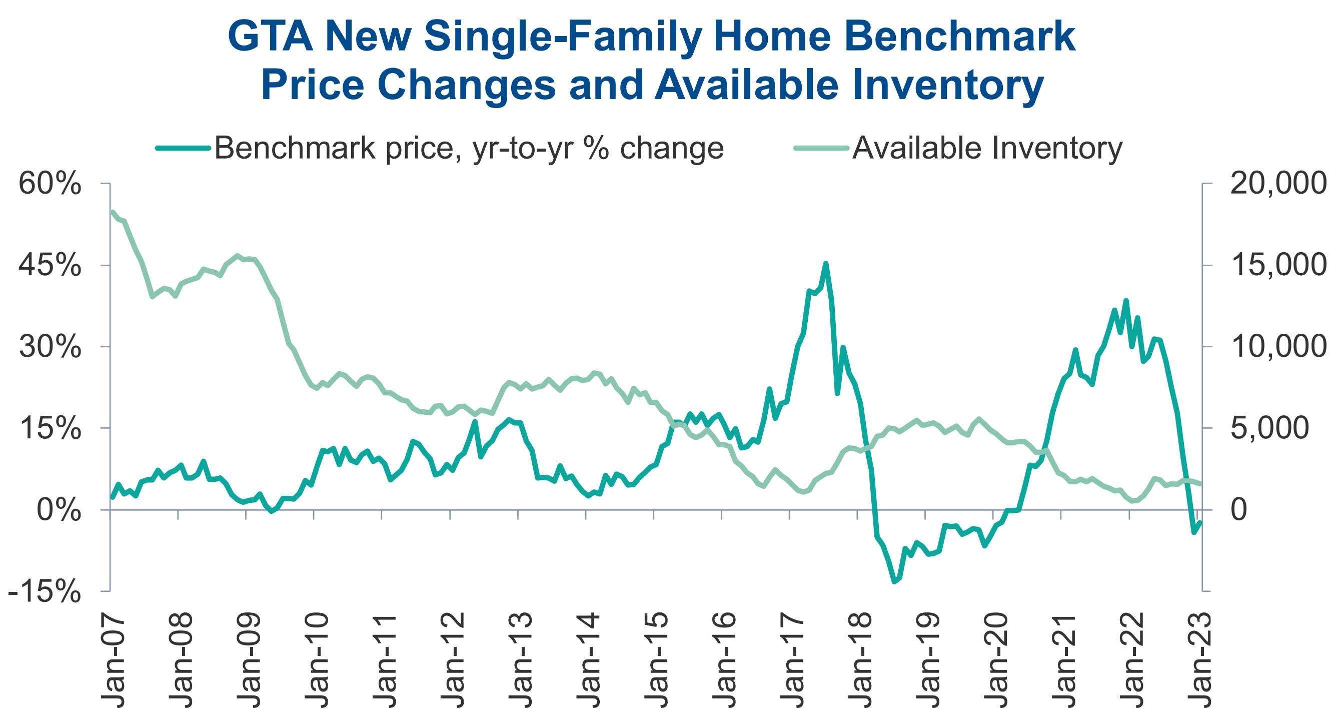


** Average asking price of available new home inventory at end of period with outliers removed*

Source: Altus Group



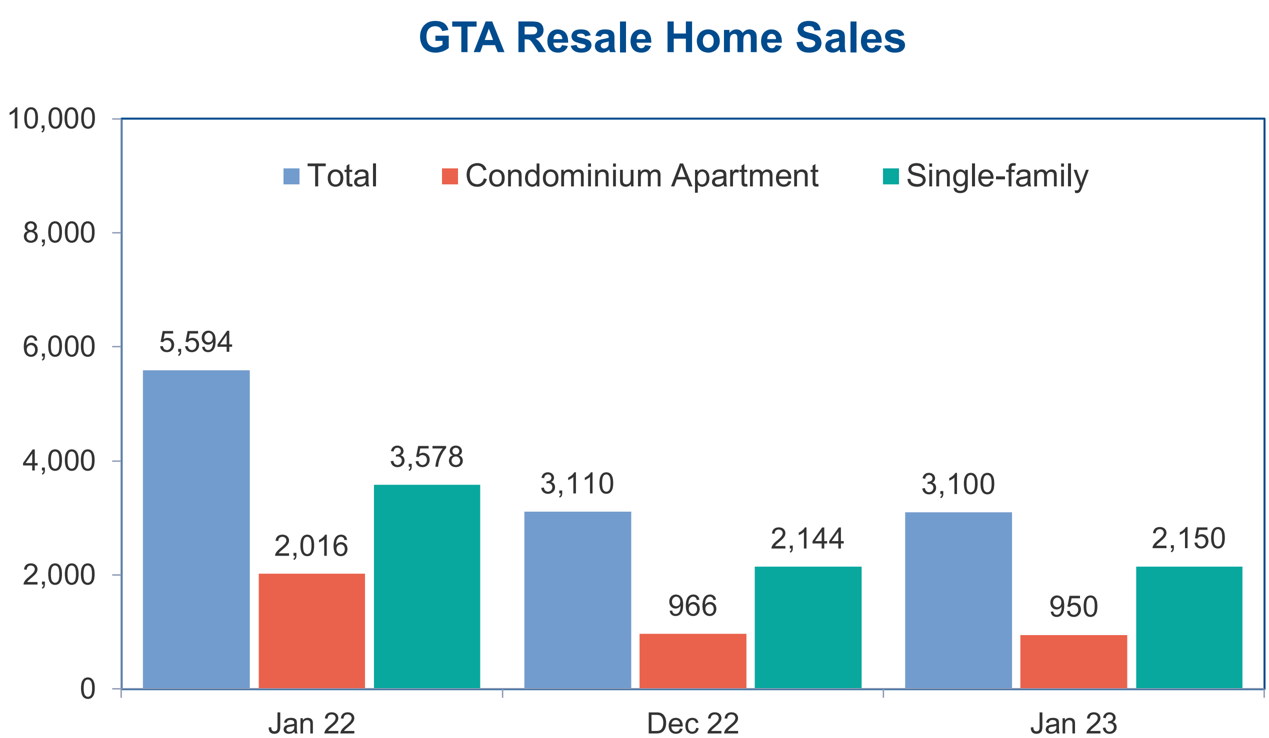
Source: Altus Group



Source: Altus Group

Resale Home Market - Sales

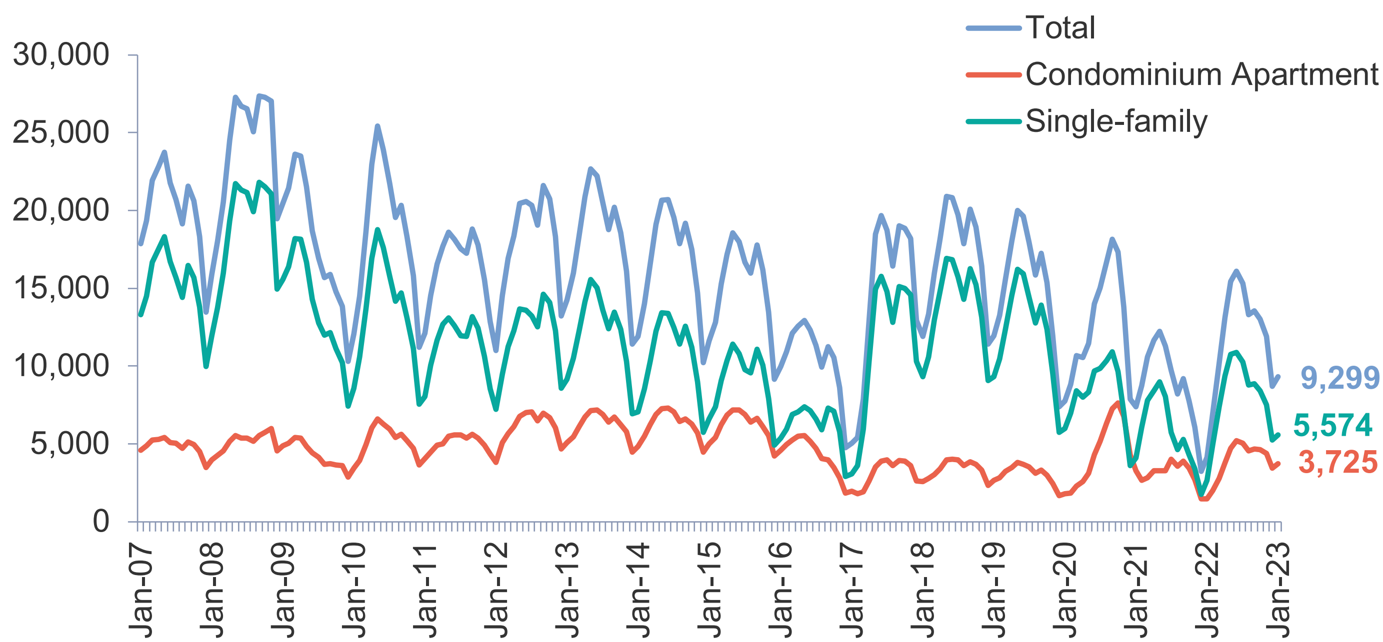
- **Sales of existing homes hit their lowest level in January 2023 since the onset of the pandemic** and sit at their lowest January level in 14 years.
- **Total inventory levels are on par with the 10-year average –** with resale condominium apartment inventory about 12% above the 10-year mark and resale single-family inventory almost 10% below the 10-year level *(chart next page, top).*
- The average sales price for an existing single-family home in January 2023 was 21% lower than a year earlier, compared to an 8% decrease for resale condo apartments *(chart next page, bottom).*



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

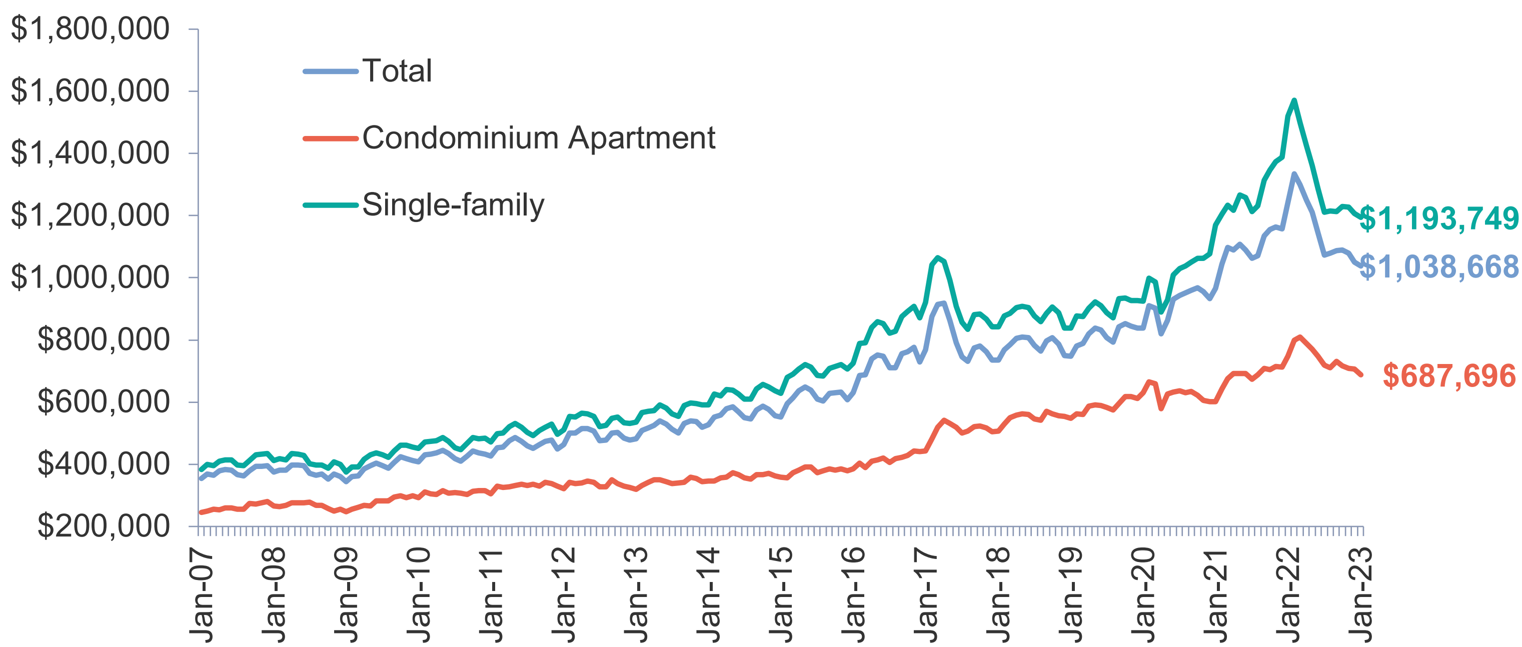
Resale Home Market - Inventory & Prices

GTA Resale Home Inventory ("Active Listings")



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

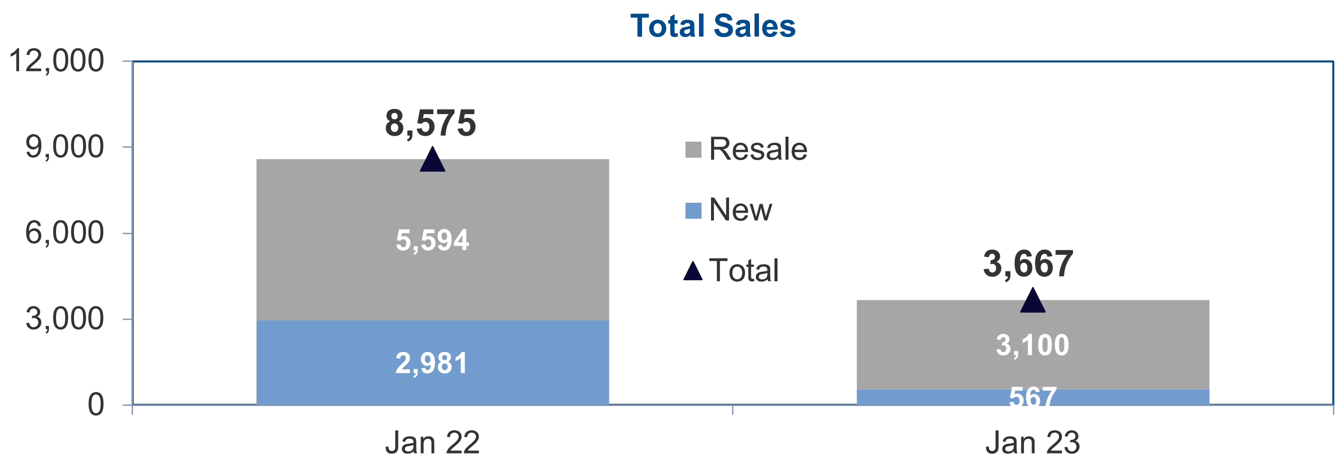
GTA Resale Home Prices

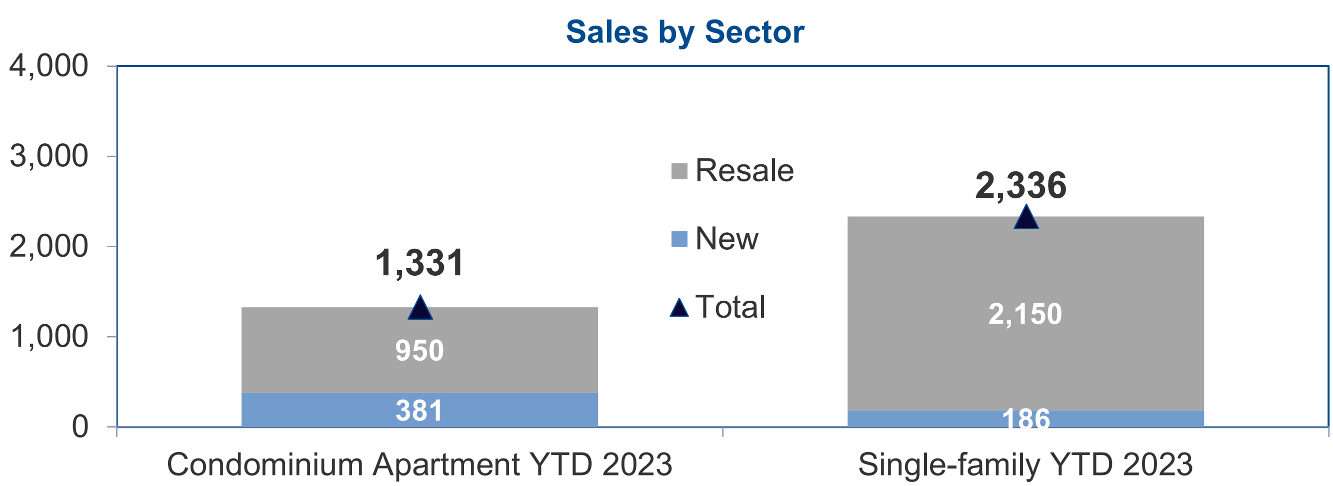


Source: Altus Group based on Toronto Regional Real Estate Board data

- **Total home sales in the GTA in January 2023 were down 57% from a year earlier**. The decline was evident in both the single-family (-44%) and apartment (-70%) sectors.
- **The new home sector accounted for almost 1 out of every 7 home sales in January 2023** – this compares to about 1 in 3 for 2022. About 1 in 13 single-family and 1 in 4 condo apartment homes sold were new homes.

GTA Combined New & Resale Home Sales

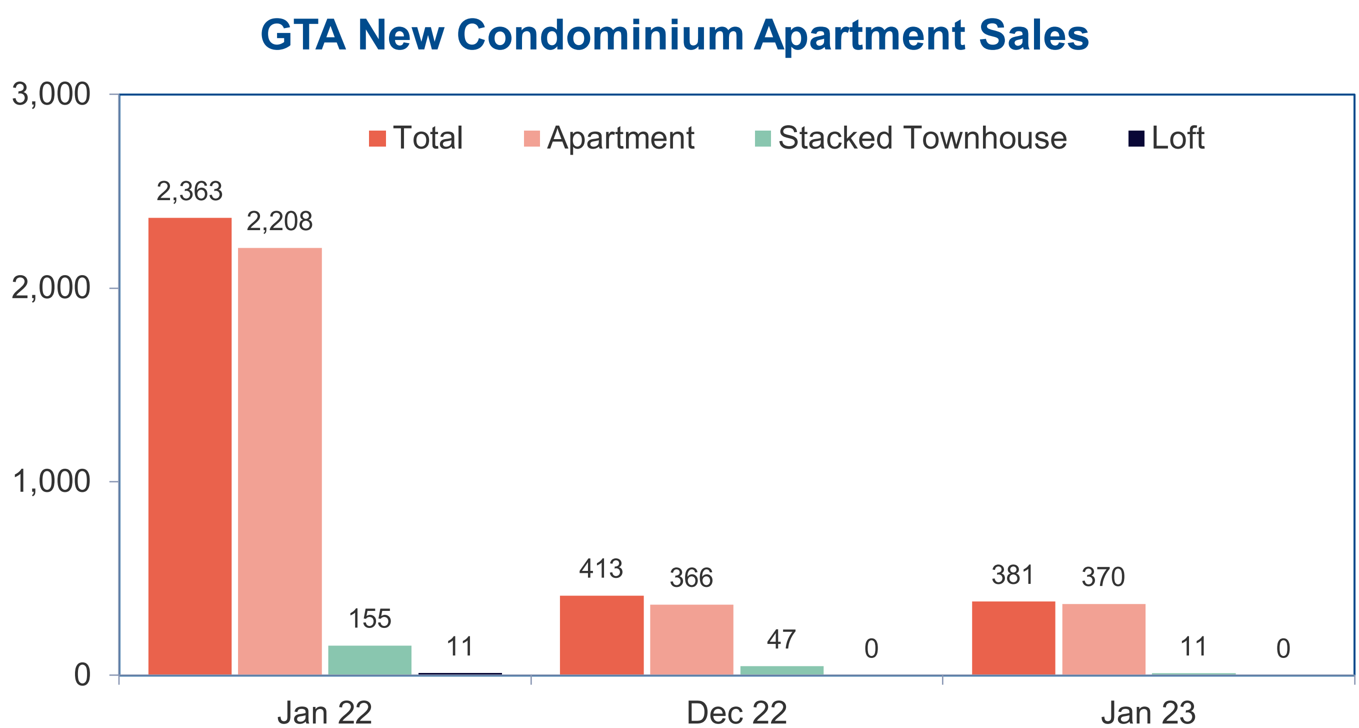




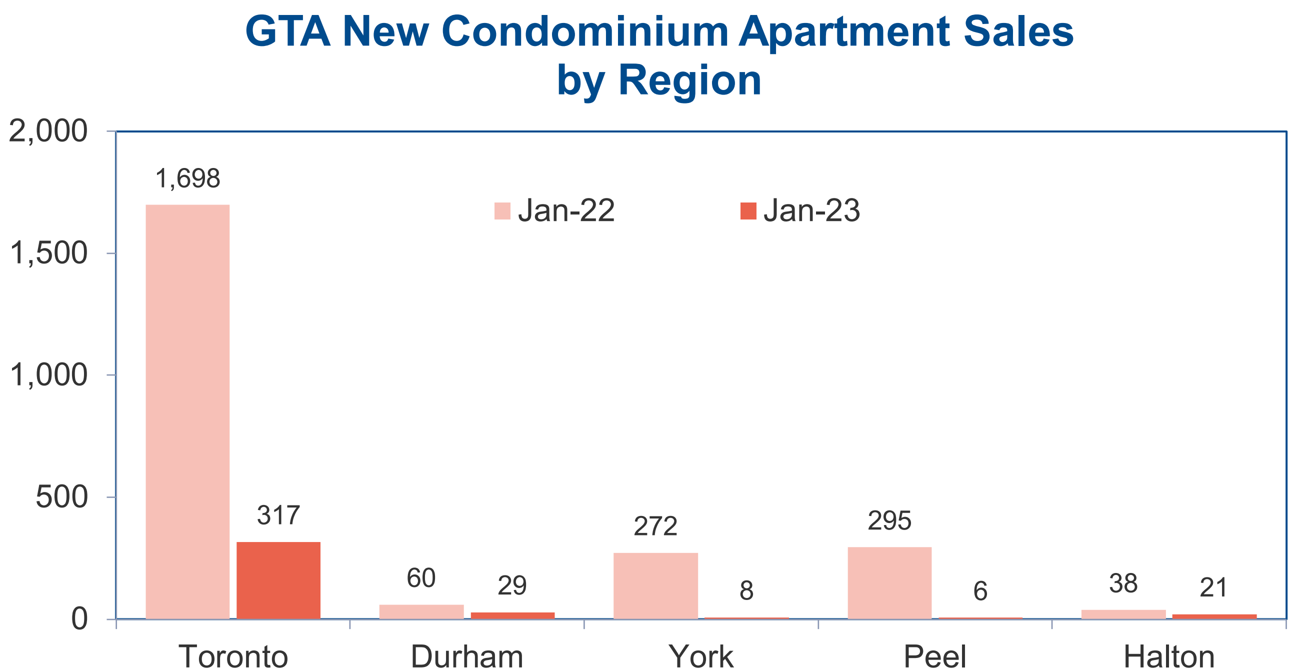
Source: Altus Group and Toronto Regional Real Estate Board data

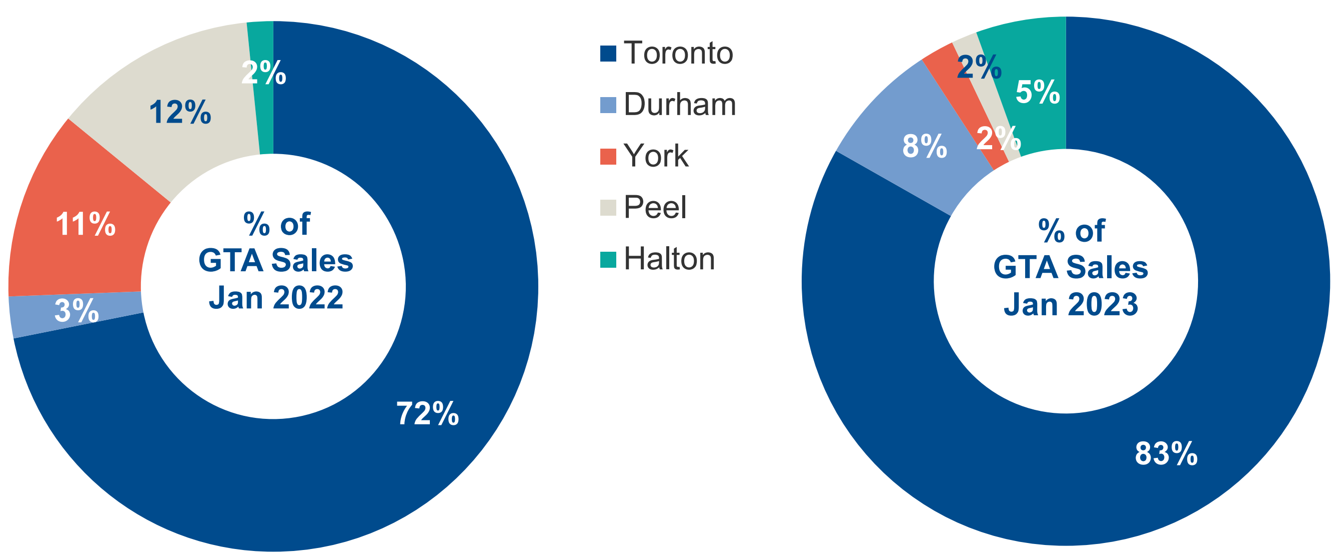
New Condominium Apartments - Sales

- **Total new condominium apartment sales in the GTA were the 2nd lowest January on record**. The weakness was shared across all regions *(charts next page*).
- **Stacked townhouses**, which had set a new annual record for sales in 2021 before falling by about 75% in 2022, started 2023 off in very weak fashion (*see additional analysis on new stacked townhouses later in the report)*.



Source: Altus Group



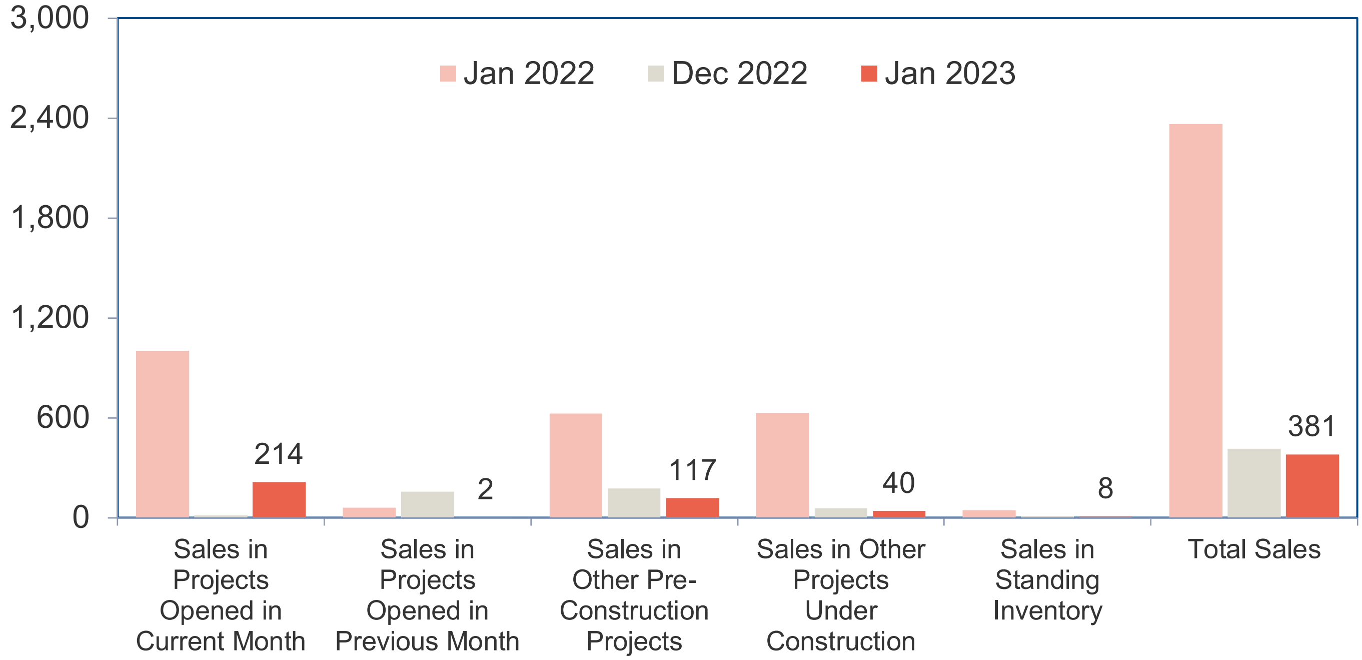


Source: Altus Group

New Condominium Apartments - Sales

- **Over half of January 2023 new condominium apartment sales occurred in newly opened projects.** The vast majority of the remainder of January sales occurred in projects opened two months or more ago.
- **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.

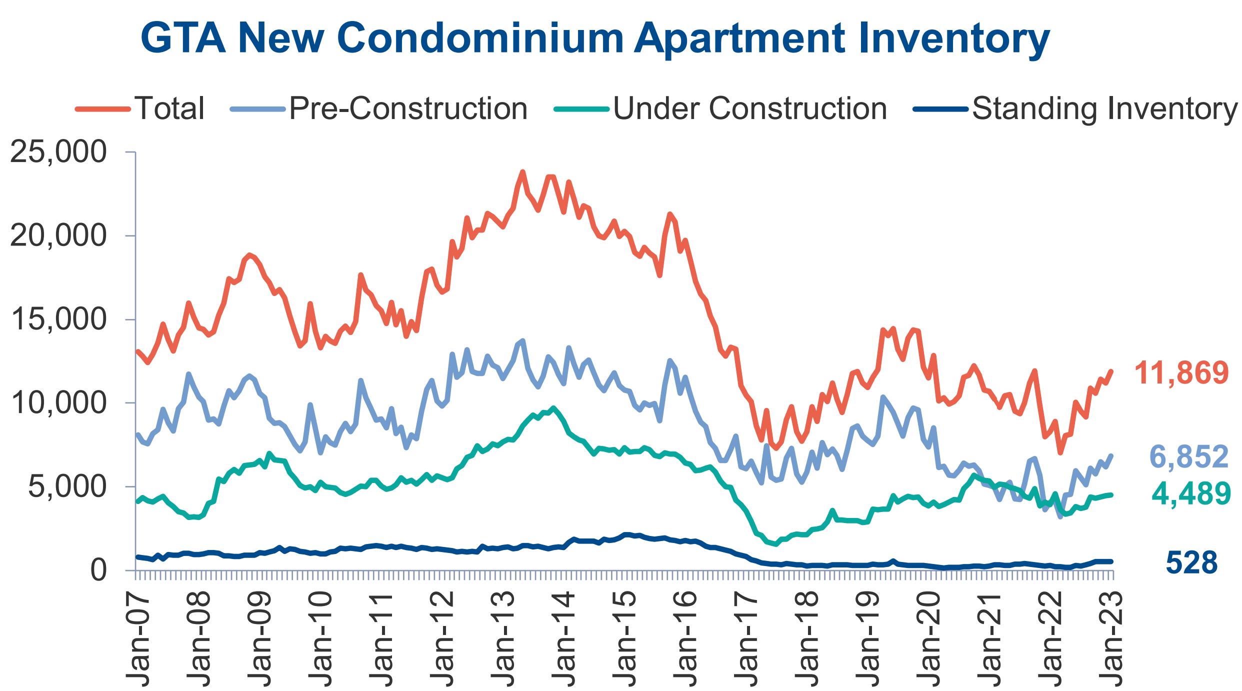
GTA New Condominium Apartment Sales by Construction Status



Source: Altus Group

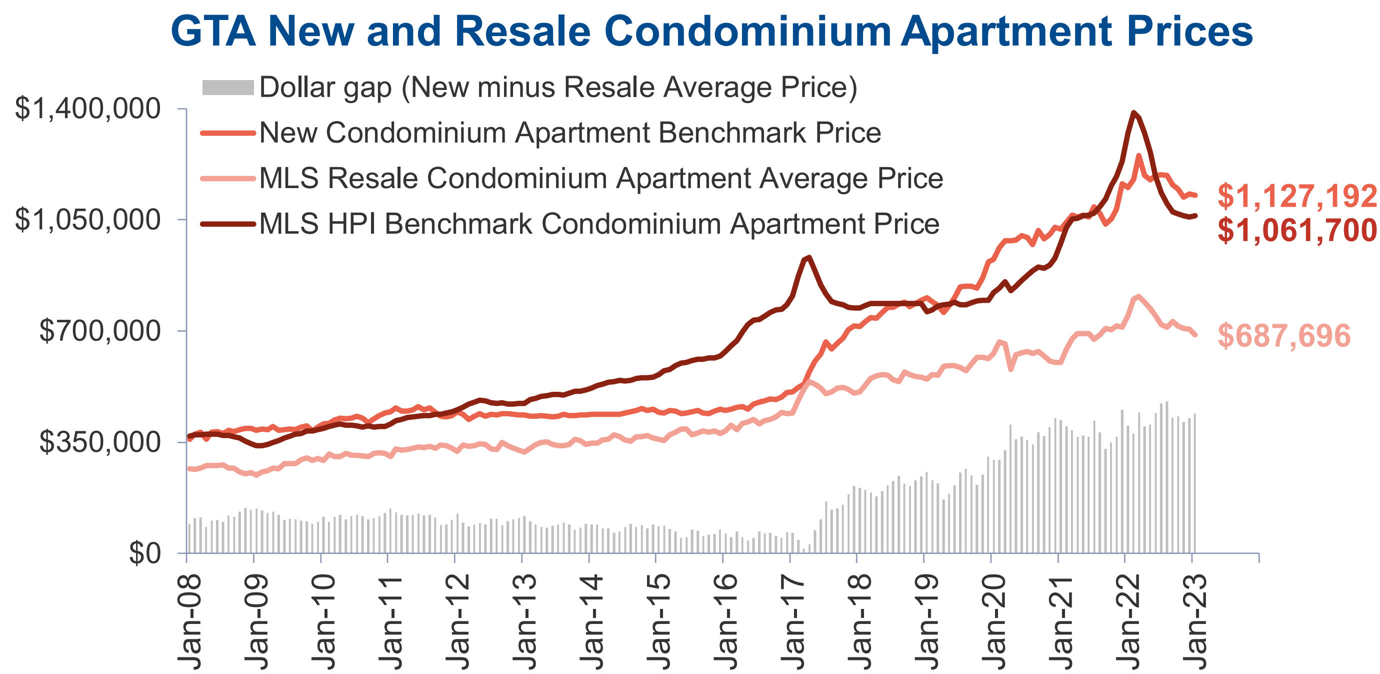
New Condominium Apartments - Inventory

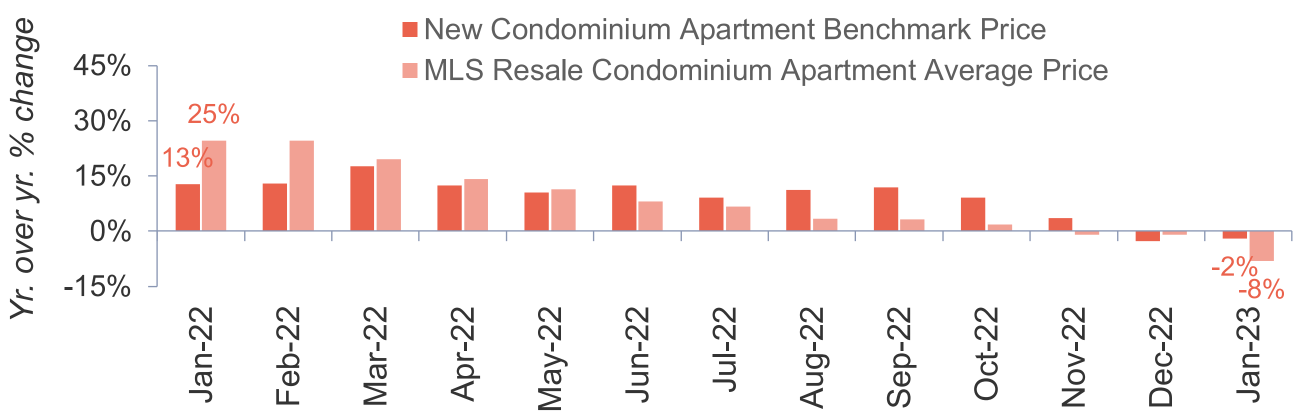
- **The inventory of available new condo apartments moved higher in January and remained well below the 10-year average.** The combination of lower sales and more units new openings led to the inventory increase. The rise in new openings led to an increase in pre-construction inventory levels.
- **The current unsold inventory at new condominium apartment projects represents about 7.5 months of supply** at the average monthly pace of sales seen over the past 12 months, down by about one-fifth from the longer-term average for January of over 9 months.
- **Almost two-thirds of the available inventory is concentrated in the City of Toronto.** Based on sales in the past 12 months, each of the Regions can still be characterized as ”tight”, with months of inventory ranging from about 4.5 months in Halton to about 8.5 months in Durham.



Source: Altus Group

- **The benchmark price of a new condominium apartment fell in January 2023 and recorded a 2nd consecutive year-over-year decline** *(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 widened in January,** propelled by a larger decline in resale condo unit prices.

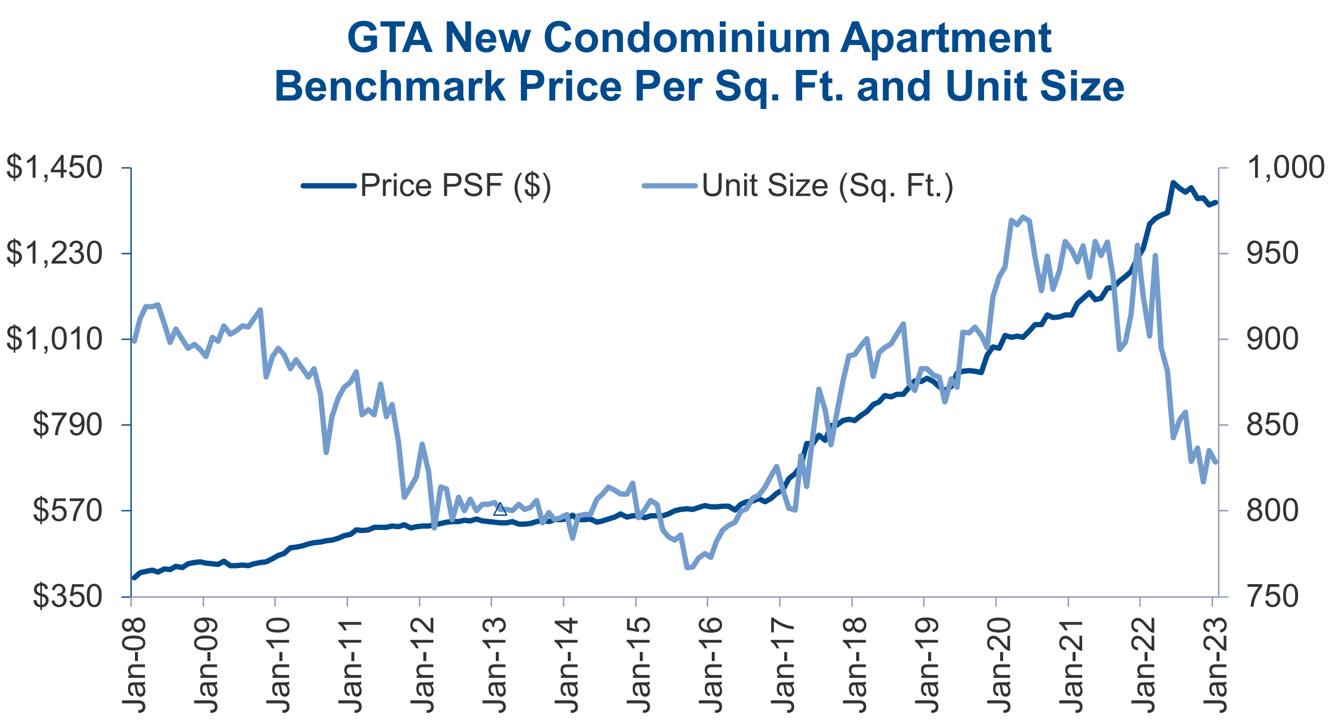




Source: Altus Group and Toronto Real Estate Board data

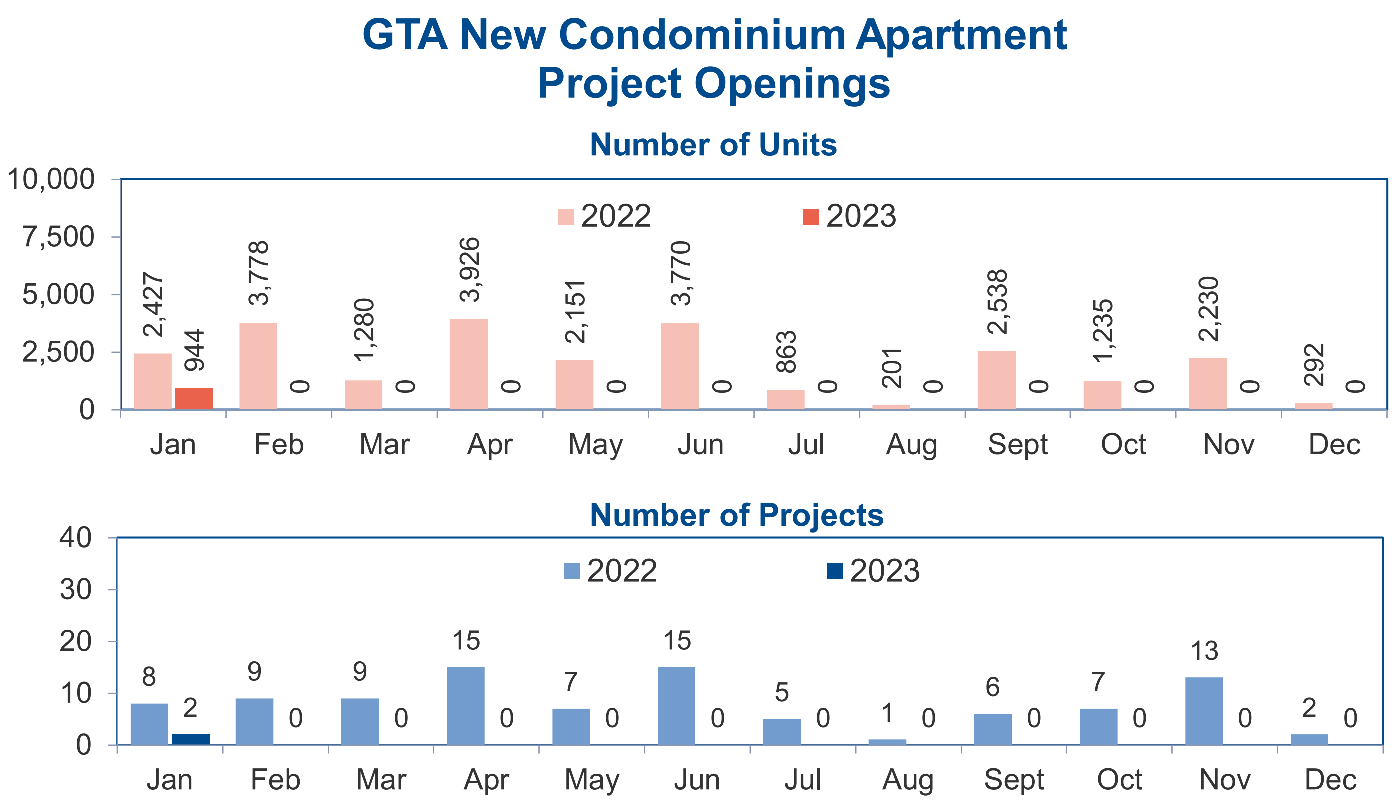
▪ **The price per square foot for a new condominium apartments climbed slightly in January 2023 while unit sizes slid.** This occurs as there is more inventory in the market and units are priced competitively.

▪ 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).



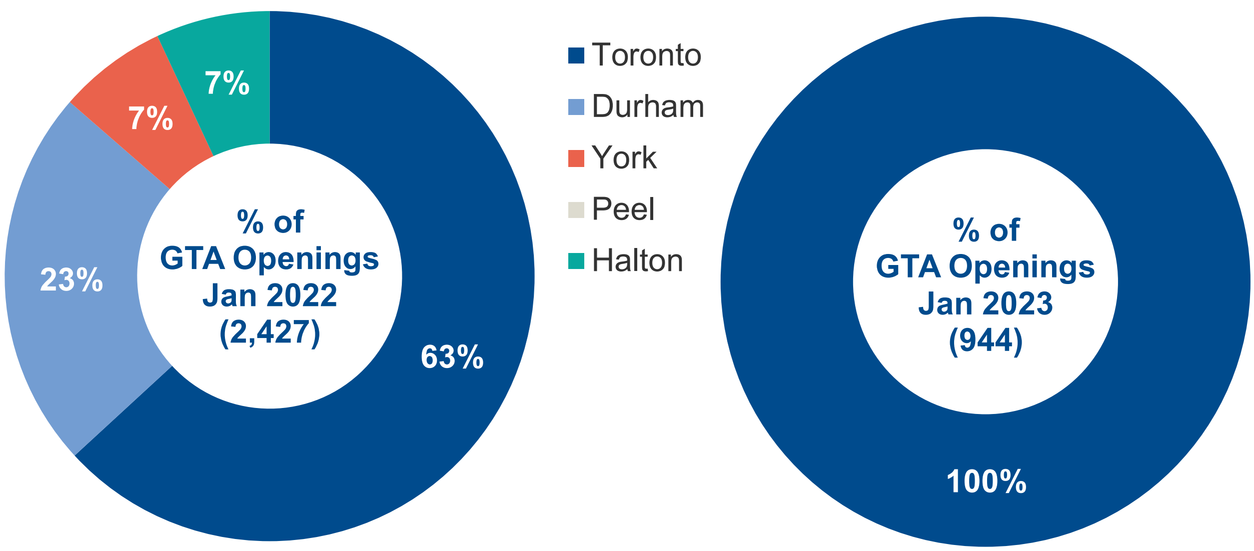
Source: Altus Group

- **January 2023 saw the launch of two new projects containing just under 950 units.** The average size of new projects jumped to over 470 units after three months with averages below the 200 unit level.
- **All of the newly opened units were in the City of Toronto** *(chart next page, top)***.** Within the City of Toronto, North York has increased their share of new condominium apartment openings from the previous year *(chart next page, bottom)*.
- On the pages following the next page are maps showing the location of new projects launched in December 2022 and January 2023 accompanied by summary tables with additional details on each project.



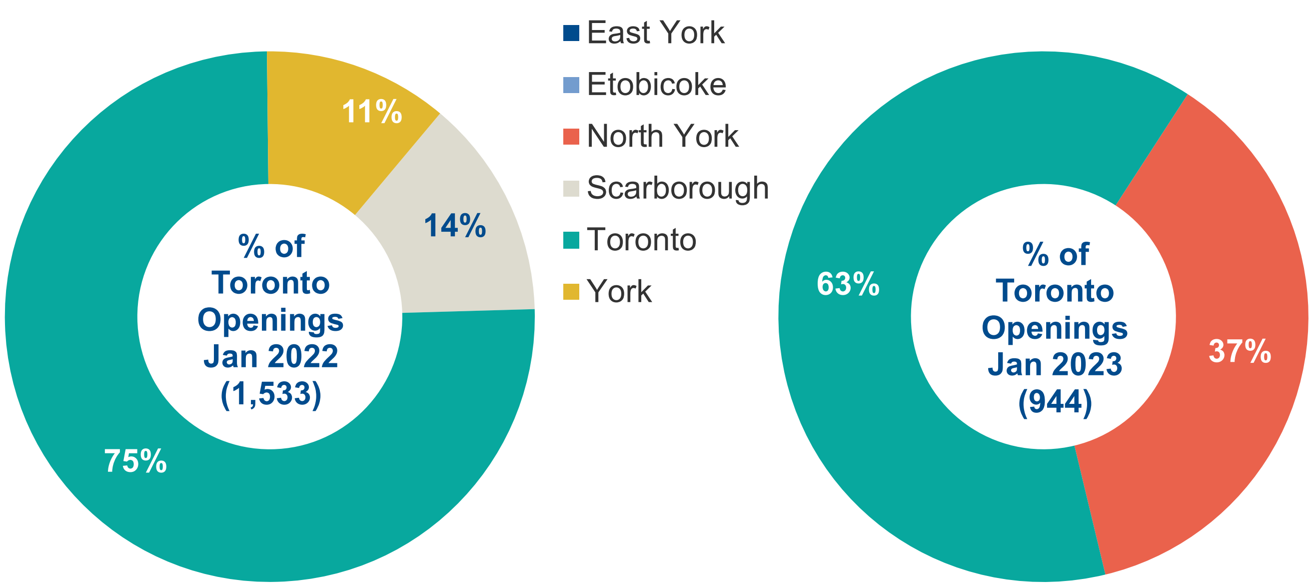
Source: Altus Group

GTA Condominium Apartment Units in New Openings by Region



Source: Altus Group

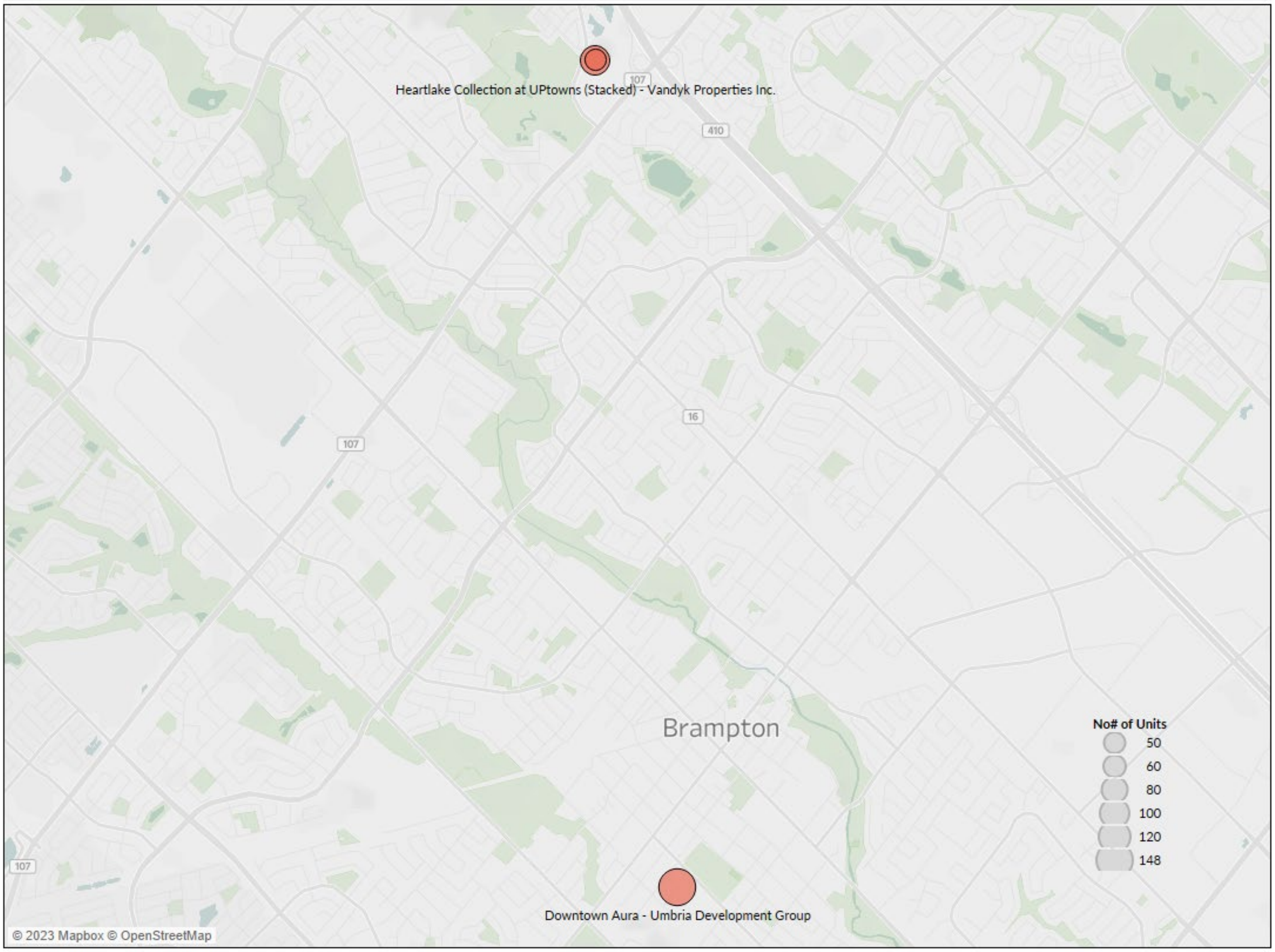
City of Toronto Condominium Apartment Units in New Openings by Former Municipality



Source: Altus Group

New Condominium Apartments - Openings

December 2022 New Project Launches by Number of Units



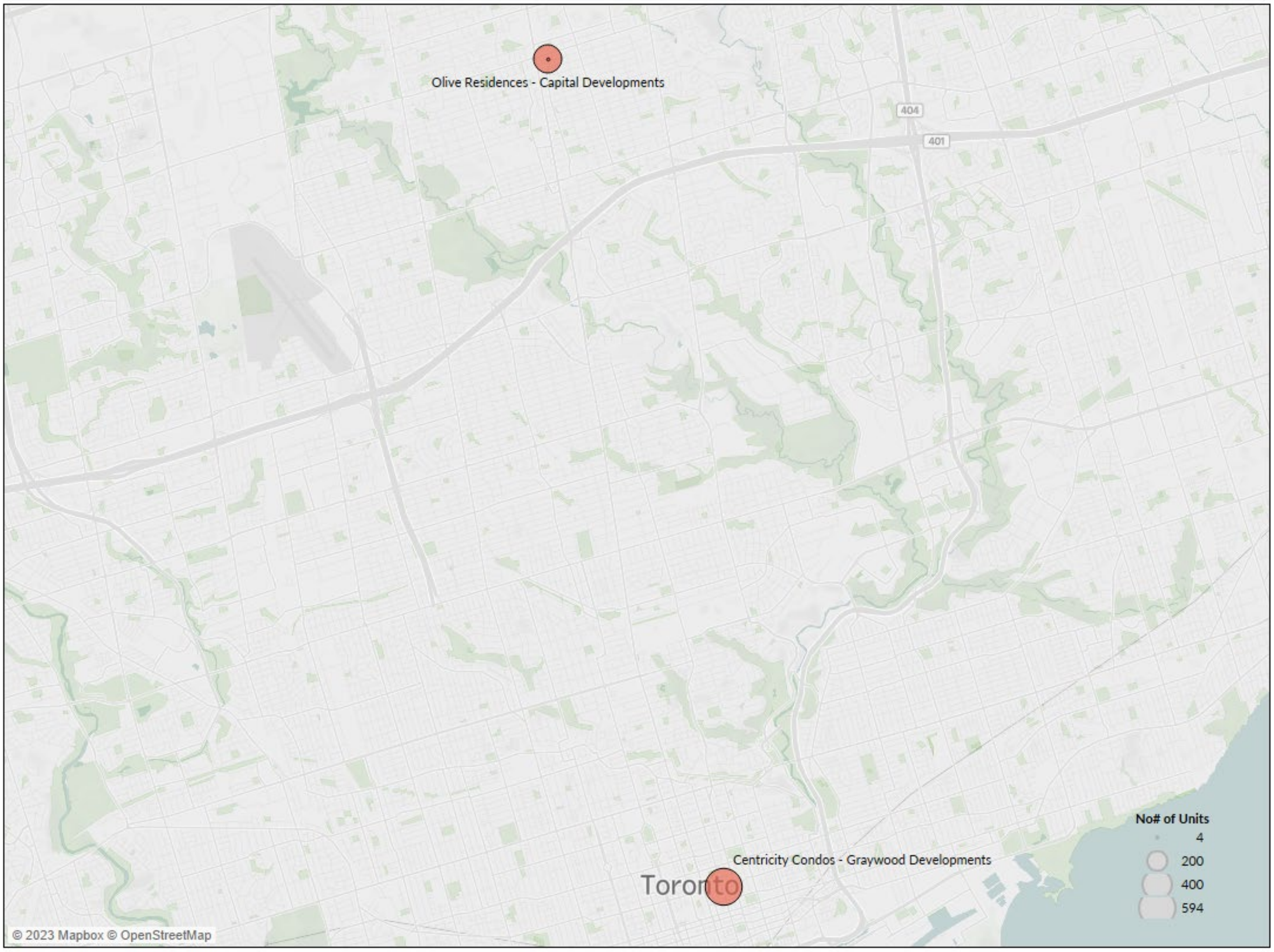
Source: Altus Group

New Condominium Apartment Project Openings - December 2022		
Project Name	**Downtown Aura**	**Heartlake Collection at UPtowns**
Developer	Umbria Development Group	Vandyk Properties Inc.
Date Opened	December 5, 2022	December 3, 2022
Municipality	Brampton	Brampton
Region	Peel	Peel
Structural Type	Stacked	Stacked
Floors	3	3
Project Total Units	**148**	**144**
Total Units Released	**148**	**94**
Studio	-	-
1 Bedroom	-	8
1 Bedroom + den	-	-
2 Bedroom	148	74
2 Bedroom + den	-	-
3 Bedroom & up	-	12
Penthouse	-	-
Townhouse	-	-
Other	-	-
Opening Month Sales	**6**	**8**
Next Month Sales	**1**	**1**
% Sold (of released units)	5%	10%
Remaining Available Inventory	141	85
Original $PSF	$936	$757
Minimum Size (sq. ft.)	818	556
Maximum Size (sq. ft.)	1,178	1,139
Minimum Price	$798,900	$599,990
Maximum Price	$1,069,990	$834,990
Notes		

Source: Altus Group

New Condominium Apartments - Openings

January 2023 New Project Launches by Number of Units

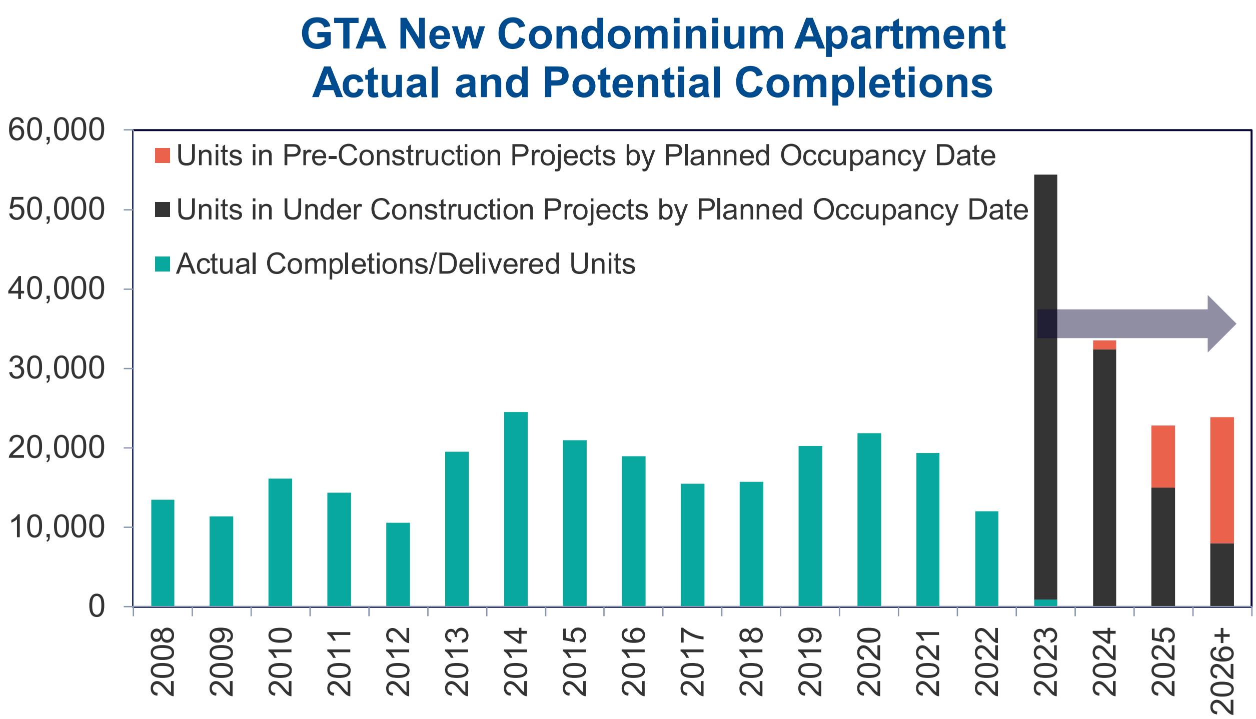


Source: Altus Group

New Condominium Apartment Project Openings - January 2023		
Project Name	**Centricity Condos**	**Olive Residences**
Developer	Graywood Developments	Capital Developments
Date Opened	1 11, 2023	1 26, 2023
Municipality	Old Toronto	North York
Region	Toronto	Toronto
Structural Type	Apartment	Apartment
Floors	53	29
Project Total Units	**594**	**350**
Total Units Released	**594**	**346**
Studio	4	29
1 Bedroom	189	85
1 Bedroom + den	171	100
2 Bedroom	145	105
2 Bedroom + den	27	-
3 Bedroom & up	58	27
Penthouse	-	-
Townhouse	-	-
Other	-	-
Opening Month Sales	**214**	**0**
% Sold (of released units)	36%	0%
Remaining Available Inventory	380	346
Original $PSF	$1,535	n.a.
Minimum Size (sq. ft.)	380	447
Maximum Size (sq. ft.)	1,215	1,045
Minimum Price	$595,990	$550,900
Maximum Price	$1,610,990	$1,199,900
Notes		No firm sales as all deals were subject to the 10-day conditional period

Source: Altus Group

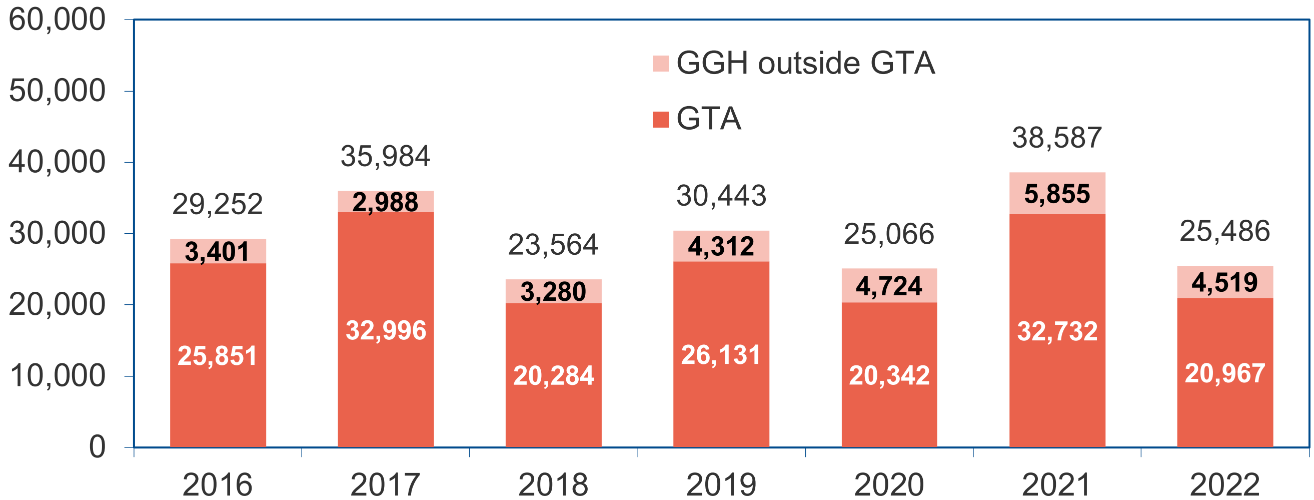
- As of the end of January 2023, there were about 133,700 new condominium apartment units in projects either under construction or in pre-construction stages.
- **There were only 856 units delivered in January 2023** – the lowest January since 2018.
- Based on planned occupancy dates, and only considering units currently under construction, one might expect that annual completions of condominium apartment units will be higher in 2023. 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. Rising construction and borrowing costs are also top of mind for developers, with the potential to further add to delays.



Source: Altus Group

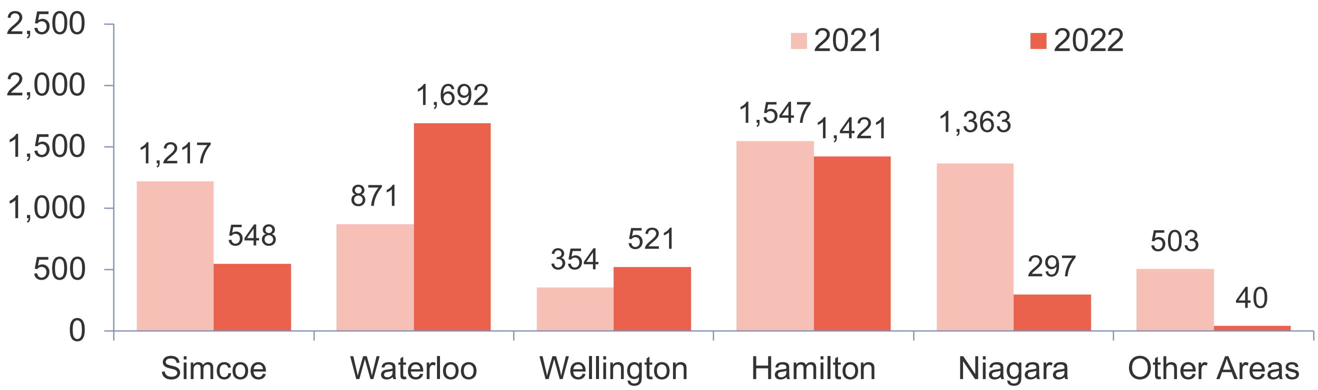
- Altus Group also tracks new condominium apartment sales (as well as new single-family sales) in most areas of the Greater Golden Horseshoe (GGH) outside of the GTA.
- Similar to the GTA, **new condominium apartment sales were down in 2022 in the other areas of the GGH** covered by Altus Group, by a combined 23% compared to the GTA decrease of 36%.
- **Only Waterloo,** at the western edge of the GGH areas outside the GTA, **recorded an increase in new condominium apartment sales in 2022**.

GGH New Condominium Apartment Sales by Broad Area



Source: Altus Group

GGH Outside GTA New Condominium Apartment Sales by Region/County

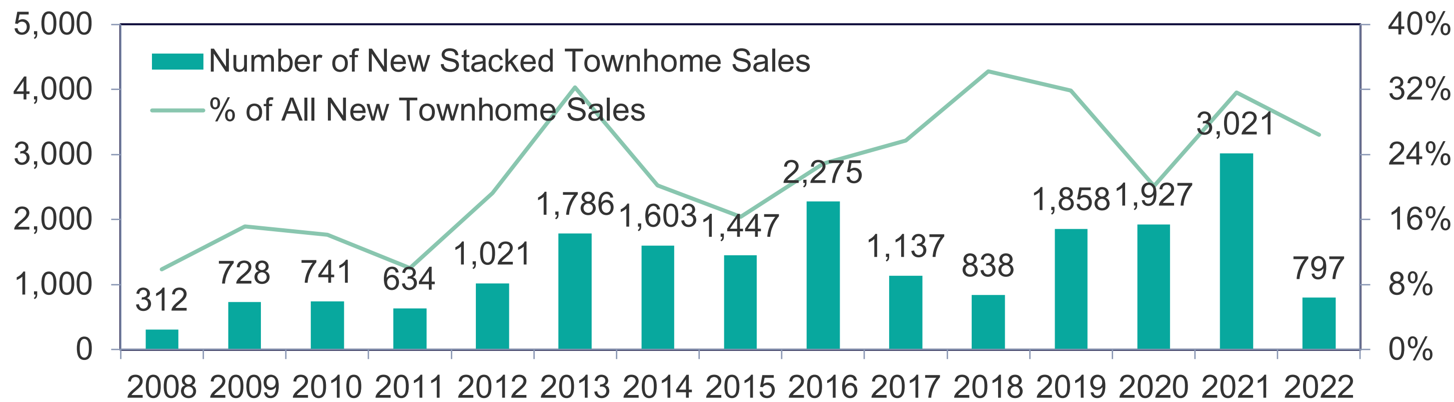


Source: Altus Group

New Stacked Townhomes

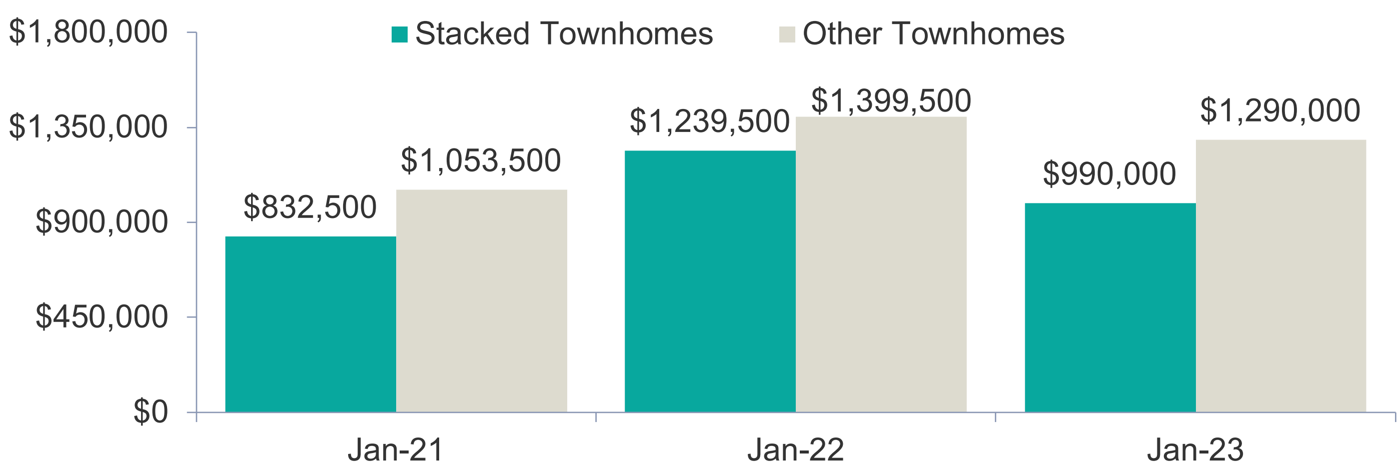
- Stacked townhomes are included in the previous data on condominium apartments. Here we break this product type out separately to look at recent trends in this segment, and to also combine it with traditional townhome information to cover townhomes as a group.
- **Sales of new stacked townhomes in 2022 registered their lowest annual total in eleven years,** after setting a new record high in 2021. At the same time, sales of new traditional townhomes also fell in 2022, such **that the share of total townhome sales accounted for by stacked townhomes was down** to about 1 in 4 (from 1 in 3 in 2021).
- **The lower average price point of new stacked townhomes vs. traditional townhomes provides an attractive alternative for many buyers seeking more space than a typical new condo apartment.** In the last year, the price of stacked townhomes has fallen by a larger margin than traditional townhomes, further enhancing the relative attractiveness of the stacked product.

GTA New Stacked Townhome Sales



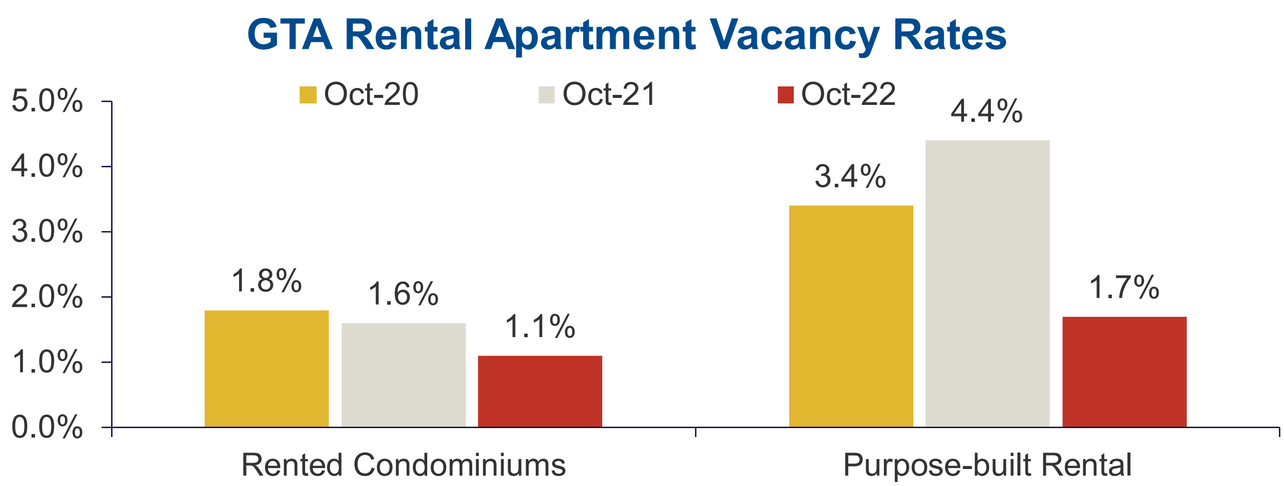
Source: Altus Group

GTA Average Prices of Available New Townhomes

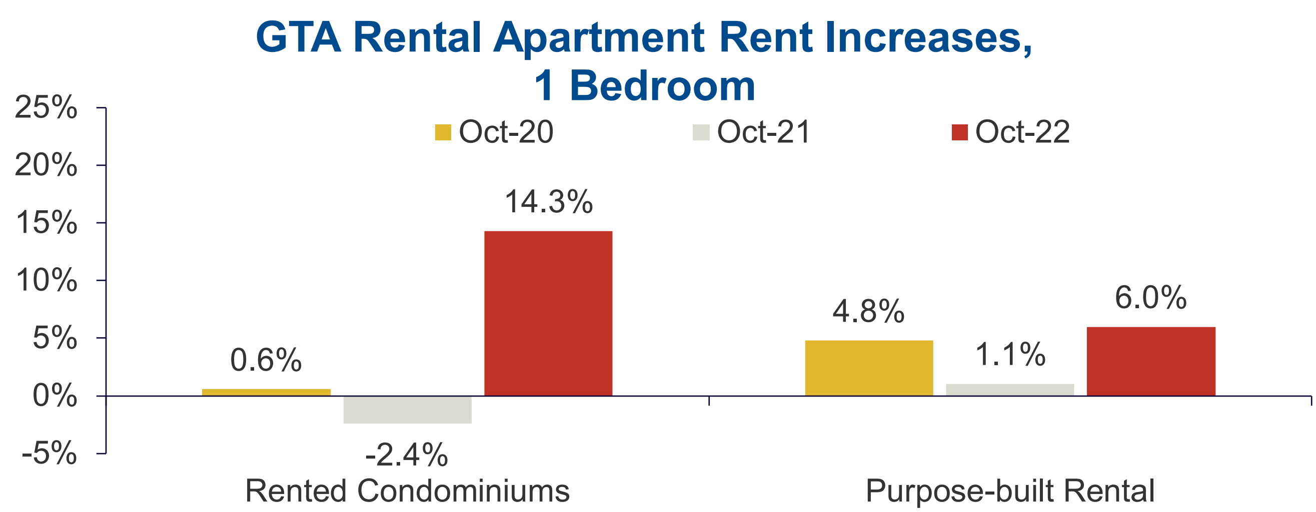


Source: Altus Group

- **CMHC data provide insight into the tightness of the rental market in the GTA.** The 2022 CMHC Rental Market Report results show that **the overall vacancy rate for rented condominium units in the GTA market declined to 1.1% in October 2022**. The overall vacancy rate for purpose-built rental units plunged to 1.7%.
- **Condo investors have been able to boost rents substantially in the past year.** The CMHC results show a jump of 14% for rents for 1 bedroom condo units, while rents for purpose-built 1 bedroom posted a more modest, though still strong, increase of 6%.
- The CMHC data also show that **just over 35% of the total condominium apartment stock in the GTA was in the rental pool as of October 2022**. Rented condos, however, accounted for a much higher share of growth in the total condominium stock in 2022, at over three-quarters.



Source: Altus Group based on CMHC data



Source: Altus Group based on CMHC data

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