

TORONTO CONDO MARKET REPORT

May 2011

SALES COMMENTARY:

April marked a slowdown in real estate markets, not just for Toronto but across Canada's well. Toronto Real Estate Board statistics showed 9,041 sales in April versus 10,898 for April last year – a drop of 17%. It should be noted that April sales in 2010 were the biggest sales month of the year. Overall condo sales were also lower in April – off 18% from April a year ago, while the downtown condo market was off by 12%. Part of the explanation is that there is a lack of listing inventory. Active listings are down 24% from the same time a year ago. The sales-to-list ratio for even the downtown condo market is virtually unchanged from a year ago, even with more new projects hitting the market. This is an **indication that prices will remain strong**.

Lower sales results in isolation have led many experts to proclaim that the real estate market will decline for the balance of the year. However preliminary results for May suggest that 10,500 units will be sold. This would be a 16% increase from April of this year, but more importantly it would be 10% greater than May 2010! Contrary to the experts, we have been predicting that 2011 sales will start to run ahead of 2010 by midyear. Again it appears that our forecasts are more accurate than the so called experts. **While there may be some increase in mortgage interest rates later in the year, it will be minor and should have minimal impact.** At this time there are no factors in place that would suggest any change in the direction of this market. And if we do not get more listings into this market, prices will not level off as many suggest but will continue to increase at rates above 5%.

This month we looked at sales at 300 Manitoba– Mystic Point. The building is about 10 years old and is located in Etobicoke, just south of the Gardiner Expressway. The building is a loft style, with 17ft. ceilings. It is a 'first time buyer' building which appeals to people who work in 905 but want to be close to the City. The first unit we looked at was a one bedroom, 2-storey loft with parking and locker at just over 600 sf. It sold in 2011 for \$240,000. The same unit also sold in 2007 for \$199,000 and in 2006 for \$183,000. Prices have increased about 30% over 5 years. A larger two bedroom, two bath unit, also with parking and locker sold in late 2010 for \$298,000. At just over 900 sf, the price is a very reasonable at \$330/sf. This unit also sold previously in 2009 for \$270,000 and in 2004 and 2003 for \$212,000 and \$195,000. The increase in price for this unit over the seven year period is just over 50%. When downtown condo prices are in the \$500-550/sf range, this building with selling prices in the \$350/sf range will certainly appeal to price sensitive buyers.

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RENTAL COMMENTARY:

As with sales, rental numbers in April were lower. There were 28 studios, 282 one bedroom units, 150 two bedroom units, and only 2 three bedroom units leased. Average monthly rental prices backed off slightly from March with studios going for \$1250. One bedroom units without parking start at just over \$1400 and increase with parking and a den to just under \$1700. Two bedroom units start at \$2,000 and go to \$2400 which includes a den and parking. While the rental pool has grown by 25% over the last year, **the vacancy rate for rental condos is still under 1%!** An indication of how quickly these units are leasing is that one bedroom units are averaging just 9 days on the market while two bedroom units are being leased in 19 days. Note that the rental apartment vacancy rate is closer to 3%.

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