CONDOMINIUM REPORT 2010

Ontario

Ottawa

The condominium lifestyle has grown increasingly popular with buyers in the Ottawa area, with one in four sales now involving a condominium. Apartments and towns represent 24 per of total residential sales to date, up from just 21 per cent in 2009. Close to 2800 units changed hands between January 1st and September 30th, an increase of close to 12 per cent over the same period one year ago (2,799 vs. 2,501 units). Average price has responded accordingly, with values climbing almost 13 per cent to $252,641, compared to the $223,882 posted year-to-date 2009. The market has transitioned to balanced territory, following seller's conditions earlier this year. Rising inventory should take some of the upward pressure off prices in the new year, as several new developments come on-stream and several others near completion. Young professionals, empty nesters and retirees are largely responsible for the upswing in sales in the downtown area, driving demand for both new and resale product. Townhomes are sought-after, serving up the best of both worlds, offering purchasers all the benefits of a single-detached home, but little of the responsibility in terms of maintenance and upkeep. In the core, proximity to entertainment and amenities is key, but quality finishes also rank high on wish lists. First-time buyers are leading the charge in the Ottawa market, snapping up entry-level apartments and townhomes. Condominiums have now become the first step to homeownership for a growing number of purchasers. The most popular price point is currently $150,000 to $200,000—accounting for nearly 31 per cent of all condominium sales—followed closely by the $200,000 to $250,000 price point, which represents 28 per cent of sales in this segment. Entry-level product in downtown Ottawa remains in tight supply, as builders focus on the mid-to-upper price points in the city centre. Buyers on a limited budget are looking to suburban areas that offer greater bang for the buck. The lowest-priced sale in Ottawa this year—at $95,000—was a one-bedroom, 35-year-old unit in Beacon Hill South. Move up buyers are spurring demand in the hot pockets of Westboro, Centretown and New Edinburgh between $350,000 and $600,000. Luxury units, lofts and townhomes, priced over $450,000 are coveted, with sales above this price point up 72 per cent year-over-year (131 sales were recorded to the end of September versus 76 during the same period in 2009). While some of the upswing in activity can be accounted for by an increase in the number of condominiums available, strength in the upper end is a clear indication that the condominium lifestyle has established a firm foothold in the city. Sales over $450,000 are comprising a larger share of the city's condominium market—now at 4.7 per cent, up from three per cent one year ago. Fourteen sales have occurred over $800,000 so far this year, while the most expensive condo moved for close to $1.4 million. The two-bedroom unit boasts 2,785 square feet of living space and

overlooks Rideau Hall. The market is expected to remain stable through the final months of 2010. Rising inventory and softer consumer confidence levels (given the forecast for slower economic growth going forward) will translate to more temperate price appreciation in the condominium segment in 2011.

Thunder Bay

While condominiums represent a small percentage of total residential sales, the lifestyle continues to resonate with purchasers in Thunder Bay. To date, limited inventory levels have hampered strong demand for units, with just 39 apartments and nine townhomes sold so far this year, compared to 38 and 12 units respectively during the same period in 2009. The average price for a condominium apartment increased 14 per cent, rising to $155,570 this year, up from $135,994 one year ago. Townhouse units climbed 6.5 per cent from $118,375 in 2009 to $126,139 year-to-date. Most of the existing condominium townhouse stock, built as affordable housing over 30 years ago, has struck a chord with students at nearby Lakehead University. Prices of townhouse-style units start at about $120,000, but listings are few and far between. None are currently available. Popular areas for apartment-style condominiums are Mariday Park and College Park. Developers have honed in on the shortage of available product, with several new projects on the horizon, including a new waterfront development on Lake Superior and a multi-unit residential plan combining townhouse and apartment condominiums near the university. Construction is also underway on the Lakeview Condominiums, a 24-unit apartment-style building. Proposals before council include a 109-unit life lease condo project called Compass Square. Until new units come on-stream, the pressure on the existing supply of condominiums, including Mariday Suites, Pine Crest, King Arthur Suites, Waverly Park Condos, Fanshaw Condos, Maplecrest, Marina Park Condos, and Brookeside, will persist. Only 15 apartment-style units are listed for sale at the moment—12 of which are conversions from former rentals. Existing demand supports the need for an influx of new condo product in the city, particularly as an increasing number of expats return home, seeking out condo units with the intention of embracing the snowbird lifestyle. Activity is expected to remain steady for both resale and new construction into 2011, while prices are expected to climb in response to limited availability in the days and months ahead.

Collingwood

Condominium activity has been brisk in the Georgian Triangle area in 2010, propped up by attractive affordability levels and an excellent selection of product. From January to the end of September, 246 condominium apartments and townhomes changed hands, compared with 230 during the same time in 2009—representing an increase of close to seven per cent. Demand has been strong among buyers at all price points. Average price now hovers at $227,998, up seven per cent from $212,157 one year ago. The market remains balanced. Almost 100 apartment-style suites and nearly 50 row/townhome units are currently listed for sale. Prices range from as little as $100,000 for an entry-level stacked apartment-style unit at Cranberry or Blue Mountain to $779,000 for a waterfront penthouse at Admiral's Gate. Most purchasers are seeking out quality product priced under $300,000, while retirees and empty nesters drive the lion's share of activity over $300,000. An increasing number of first-time buyers are looking to condominiums as a necessary first step to homeownership, given the rising price of detached and linked homes in the area. Recreational purchasers round out the buyer's pool, accounting for nearly 50 per cent of all sales. Investors remain active, but perhaps less so than last year, given the higher tax base for rental properties and tightened rules and stipulations enforced by the

condominium corporations. New or newer construction is favoured, but demand for resale product has held up well, given the value per square foot. For example, an older 1,000 to 1,200 sq. ft., two-bedroom condo might sell for $250,000, while a new 800 sq. ft. unit could command $300,000. Prime waterfront condomimiums now start from $400,000, a fact that has prompted many to seek out water-access properties priced from $250,000. Buyers are definitely seeking more bang for their buck, and that's a trend that exists across all price ranges. Most look for quality finishings, unique features and excellent amenities. The upper end of the condominium market in Collingwood has performed beyond expectations this year, with 31 sales priced over $350,000, up from 22 in 2009. The most expensive condominium to change hands this year in Collingwood moved for close to $770,000. Overpriced properties continue to stagnate, given the wide selection of inventory available for sale. The most popular areas continue to be within the largest developments—Cranberry Resort, Lighthouse Point, The Shipyards and Intrawest. Buyers are taking more time to make decisions in recent weeks, which should—along with rising inventory—ease the strong year-to-date momentum. Overall, the market will still finish out the year posting double-digit sales gains, while average price appreciation moderates.

Barrie

While first-time buyers account for the vast majority of condominium sales in the Barrie area, empty-nesters and retirees are gaining ground. Of the 236 condominium properties that changed hands year-to-date, an estimated 65 per cent involved entry-level purchasers while the remaining 35 per cent were mostly buyers downsizing from single-detached homes. Affordability continues to be the major motivator—with average price hovering at $197,788 to date, up close to six per cent from the $187,111 recorded in January to September of 2009. Inventory levels have increased by about 10 per cent over last year, yet demand remains consistent for entry-level condominium product priced from $125,000 to $150,000 in Barrie's south end. Empty nesters, retirees and some young professionals are opting for larger condominium units in coveted waterfront buildings, overlooking Kempenfelt Bay, starting at $250,000. Investors have played a greater role in the market in recent years. Once just a minute segment, investors are now involved in as many as 30 per cent of new condominium sales. The upswing in investment activity can be attributed to a number of factors, including the city's low vacancy rates. Fewer rental units have also prompted some renters to consider homeownership—making the case for owing versus renting. With the last phase of Nautica—the most successful condominium development in the history of Barrie—wrapped up, one new project remains. Situated in the north east section of the city, Market Town targets both first-time buyers and investors. Given the ideal location, close to both the Royal Victoria Hospital and Georgian College, the condominium project—with one-bedroom units starting at just under $140,000—should do well. Condominium ownership is easily achievable in Barrie, as demonstrated by the lowest priced sale to date at $99,000 in the Timberwalk complex. The most expensive sale occurred on the water, priced at $670,000. With no other projects planned in the city centre due to the limited availability of land and with an expected increase in demand from an aging demographic, the outlook for the multi-unit residential lifestyle in Barrie is bright.

CONDOMINIUM UNIT SALES
YEAR-TO-DATE (JANUARY TO SEPTEMBER)

Market	2010	2009	% +/-
Ottawa	2,799	2,501	11.9%
Thunder Bay	48	50	-4.0%
Collingwood*	246	230	6.9%
Barrie	236	234	0.8%
Hamilton – Burlington	1,969	1,858	6.0%
Greater Toronto	22,499	20,362	10.4%
Kitchener – Waterloo**	811	752	7.8%
London	1,246	1,205	3.4%
Halifax – Dartmouth	562	579	-2.9%

*Georgian Triangle **August Statistics

Source: CREA, Local Real Estate Boards, RE/MAX

Greater Toronto

While overall demand for condominium apartments and towns in Greater Toronto has softened somewhat in recent months, multiple offers continue to occur on affordable product in the downtown core. Units priced under $300,000 are particularly coveted, with younger buyers vying for entry-level properties in developments along King West, the Harbourfront, and Bay St. north to Bloor. To date, close to 6,800 properties have been listed for sale in C01—bordered by Bloor St. to the north, Yonge St. to the east, Dufferin St. to the west, and Lake Ontario to the south—close to half of which have sold. Average price in the area—which boasts the highest concentration of condominiums in the city—peaked in March, and now hovers at about $395,000—still well ahead of year ago levels. Days on market are sitting at a monthly average of 31 in September. Yet, inventory levels in some of the more popular buildings are exceptionally low, creating real upward pressure on pricing. End-users account for approximately 90 per cent of existing sales in the downtown core, while Asian and Middle Eastern investors are driving demand for newer product. American investors are less active than in prior years, with most preferring to invest in Chicago and New York where rental rates are climbing. Supply has kept rental rates in check for close to three years in the GTA. Other popular areas within the central core include virtually all developments along the Yonge subway line, as well as Cabbagetown and the Distillery district. Queen West is expected to be a significant up-and-comer when more units come on stream next year —far outpacing the popularity of trendy King West. Condominium communities in peripheral areas such as Port Credit and Square One in Mississauga and parts of Scarborough are also enjoying solid demand from first-time buyers. Empty-nesters and retirees continue to be a major force in the upper end of the market this year. Year-to-date sales of luxury units priced in excess of $1 million have jumped close to 50 per cent in the Greater Toronto Area, rising from 95 units between January and September

2009 to 142 units during the same period in 2010. Condominiums now represent close to 32.5 per cent of total residential sales within the GTA. Almost 22,500 units have changed hands year-to-date, an increase of just over 10 per cent from the 20,362 sales posted this time last year. Solid economic fundamentals will support momentum in the condominium segment in coming years, especially given the expected upswing in population and immigration. Land scarcity will also play a role, as the city ramps up its intensification and urban renewal efforts, particularly in the core.

Hamilton – Burlington

First-time buyers, empty nesters and retirees are driving demand for condominium product in Hamilton-Burlington this year. From January to September, 973 condominium apartments and townhomes changed hands in Hamilton, up six per cent from the 918 units sold one year-ago. Burlington also experienced an upswing in sales, rising six per cent to 996 units this year, an increase over the 2009 figure of 940. Conditions remain balanced in Hamilton-Burlington, with an ample supply of resale inventory across most price points. Condominiums now account for 22 per cent of all residential sales. Newer construction continues to generate the most hype amongst purchasers, with some apartment units virtually flying off the shelves. One such project in Southwest Hamilton, near McMaster Innovation Park, was 65 per cent sold out in a single weekend, with suites priced at approximately $350 per square foot. Values have held up quite well in the city, with the average price now hovering at $223,000 versus $215,000 one year ago —an increase of four per cent. Lifestyle remains the primary factor in purchasing decisions in Hamilton, given that single-detached homes and condominiums can be bought at similar price points. Buyers have been increasingly attracted to the Dundas area, where baby boomers, empty-nesters and retirees have been fuelling sales of high-rise condominiums, priced between $250,000 and $650,000. Demand remains steady for these condominium projects, central to all amenities, which are springing up in the area. First-time buyers are flocking to northeast Burlington, driving activity for units priced between $300,000 and $325,000. The area is increasingly sought-after given its commuter access. Northeast Burlington has also benefited from spillover from nearby Oakville and Mississauga, as some purchasers are willing to add a few minutes to their commute in exchange for greater value. Downtown Burlington, near the water, is also coveted.The condominium option provides buyers with an opportunity to live in the downtown for as much as $100,000 less than it would cost to buy a detached home in the same neighbourhood. The city's most expensive sale to date occurred in Downtown Burlington. The unit—offering nearly 2,700 sq. ft. of living space within walking distance to the water—commanded $1.125 million. Hamilton's priciest luxury suite sold for $750,000. The upper end of Burlington's condominium market has been quite brisk, with 35 units changing hands over the $500,000 price point, compared to 24 in 2009. Yet, there has been some buyer resistance to pricing of larger suites. Values per square foot—particularly in Downtown Burlington—have been disproportionate to the over-all market, and the issue has been compounded by a lack of supply. Builders have yet to respond to demand for larger units. As a result, a new trend has emerged whereby an upper end buyer will purchase two or three regular units and combine and convert these into one substantial high-end suite. This is a relatively new phenomenon and the response these will receive on the market has yet to be seen. On the whole, larger luxury units that are fairly priced are being snapped up quickly within days of hitting the market—even in buildings that are older, smaller or in less-than-prime locations. While end users account for the lion's share of purchases in Hamilton-Burlington, investors also remain active. Affordability continues

to be a significant draw. Value, attractive interest rates, and improving economic conditions should serve to maintain demand through to year-end, while prices post modest appreciation.

Kitchener – Waterloo

Strong sales, steady demand and tight inventory levels characterized the condominium market in Kitchener-Waterloo in 2010. From January to August, 811 units changed hands, compared with 752 during the same period in 2009—representing an increase of close to eight per cent. The average condo price has also experienced an upswing of nearly 10 per cent year-to-date, outpacing the performance of the overall market, which reported a seven per cent increase for all residential product combined. The year-to-date (August) average price for condominiums is now at $201,732 versus $183,986 one year ago. First-time buyers continue to be the driving force in the market, with entry-level units priced between $150,000 and $200,000 snapped up quickly. Condominiums located close to the university are most coveted. One new condominium development—within a five-minute drive of the campus—sold out within a week. Single purchasers with good jobs in the technology and knowledge-based sectors are increasingly active in the market. These work-hard, play-hard individuals are fuelling demand for apartment-style, high-rise units in the heart of the city close to entertainment. Out-of-country purchasers have also been increasingly active in Kitchener-Waterloo, buying small to mid-sized units for their kids attending school or in town on work visas. In fact, purchasing a starter unit, priced close to $200,000, results in monthly carrying costs that are comparable to monthly rental rates. As such, there continues to be a steady stream of renters looking to condominiums to make their move into homeownership, and vacancy rates are increasing in the area as a result. Uptown Waterloo is particularly sought-after by move-up purchasers—many of whom are empty-nesters, retirees and snowbirds. Most are seeking out suites priced between $250,000 and $400,000. Two 25-storey condo towers at the corner of Westmount Rd. and Erb St., expected to come on stream in 2012, have been particularly well-received. Upper end townhomes, priced between $500,000 and $600,000, are also in high demand, but limited supply. The upper end has maintained a steady pace year-over-year, with sales over $500,000 on par with year ago levels, but still only accounting for a handful of sales. Kitchener has several promising projects planned or underway with the redevelopment of the city's core, including a similar project to the towers in Uptown Waterloo and the conversion of the former Arrow Shirt Manufacturing Plant. Given limited availability of building land, the city's master plan calls for further intensification. As such, condos are expected to account for a growing share of new construction and an increasing percentage of residential sales. Condominium sales currently represent close to 18 per cent of sales in Kitchener-Waterloo. In the short term, slower economic growth may serve to slow sales in the final quarter of 2010 and into 2011. Yet, tight inventory levels will continue to be a factor influencing the market over the next six to 12 months, with a firm seller's market in place. As a result, prices will continue to climb. The condominium segment should begin its transition to more balanced territory next year, as an influx of new listings comes on-stream. The long-range outlook for condominiums is quite positive in Kitchener-Waterloo, given attractive affordability levels and the focus on higher-density housing.




London

Sales of condominium apartments and townhomes continue to gain traction in the London area, prompted by affordability, location, and lifestyle. One in five residential homes sold in London today is a condominium—and that figure is climbing as more and more purchasers realize the advantages of condominium living. To date, 1,246 condominiums have changed hands, up close to three per cent over the 2009 figure of 1,205 for the same period. Average price is on the upswing as well, with values rising eight per cent to $171,782, an increase of more than $13,000 over last year. Although inventory levels are slowly increasing, absorption has not been an issue, in large part due to an influx of purchasers from the Golden Horseshoe looking for more bang for their buck. First-time buyers, retirees, and investors are most active in London, fuelling demand for product priced between $120,000 and $170,000. Student housing also drives this segment of the market, and a recent city bylaw requiring all rental units—with the exception of condominiums apartments and townhomes—to be licensed has prompted a surge in investment. This, despite changes to lending criteria governing investment properties that now require a 20 per cent down payment and prevent the purchaser from borrowing against a principal residence. The University of Western Ontario and Fanshawe College attract close to 70,000 students a year, and condominiums located in close proximity command a premium as a result. The downtown corridor is particularly coveted, while purchasers looking for a more blue-chip address may consider units in the city's north end. The lowest priced sale this year was a condominium apartment located in the city's east end at $58,000, while the most expensive —a detached condominium in the south end—moved for $778,000. Once considered 'affordable housing,' the condominium concept has gained wide appeal. Retirees and empty nesters are especially attracted to condominiums because of the amenities and maintenance-free lifestyle—the peace-of-mind in knowing that they can lock up their units in December, head south, and come back in March worry-free is invaluable. Townhomes continue to be the most popular type of condominium ownership, a fact not gone unnoticed by area developers, who are bringing an increasing number of projects to the table.

Nova Scotia

Halifax – Dartmouth

Sales of condominium apartments and townhomes remain healthy in Halifax-Dartmouth, despite some softening from heated activity reported earlier in the year. Five hundred and sixty-two condominiums have changed hands between January and September, down from 579 units during the same period one year ago—a modest 2.9 per cent decrease. Average price has increased just over 2.5 per cent, climbing from $221,251 year-to-date 2009 to $226,760 this year. Market share now comprises over 11 per cent of all residential sales. By far the greatest activity is occurring in the downtown/peninsula area, where first-time buyers, empty nesters, retirees, and professionals are buying up condominium units. Sales in the peripheral areas of the city, such as Clayton Park West and parts of Dartmouth, have tapered as rising condominium fees have deterred some buyers from entering the market. Fewer condominium developments overall are coming on stream—the exception being Dartmouth Crossing—as builders and developers limit the release of inventory. As a result, the supply of condominiums is on par with years past, with just under 375 units currently listed for sale. Of those units, 116 are priced at less than $200,000. Affordability continues to be a major factor driving condominium sales in Halifax-Dartmouth, with product available from as low as $65,000.

Lifestyle also plays a role—especially with empty nesters and retirees who are drawn to maintenance-free living. However, the construction of several luxury rental apartments in the Bedford and Russell Lake West areas, offering 1,800 sq. ft. units for a monthly payment of $1,200 to $1,500, are attracting many potential condominium purchasers. The most expensive condo—located on the peninsula—sold for $1,275,000 in August, while the least expensive unit—a bachelor in a 35-year-old building—sold for $65,000. Heavy investment activity subsided in April, as the federal government tightened lending criteria. The 20 per cent down payment, coupled with the fact that potential investors were prevented from borrowing against their principal residence, proved to be a deal breaker for many. Condominiums continue to be a popular choice in the Halifax-Dartmouth area, with steady sales and prices anticipated in coming months.

CONDOMINIUM REPORT 2010

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