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Toronto, as seen from the new Thompson Residences and Hotel. A total of 5,500 condo units are being built this year in the core.

Photo: Peter J. Thompson / National Post

City of mass construction: Toronto's unstoppable condos show no signs of slowing down

Suzanne Wintrob, National Post

Brad Lamb believes Toronto's downtown condominium market is out of this world.

"There's no other place on the planet where all this [activity] is happening," says the president of Brad J. Lamb Realty, who specializes in downtown condo sales. "We have a large immigration of people coming to Toronto every year. We have a diverse economy

that can support a reasonably affluent lifestyle. And we have a very stable Canadian economy. Everyone is recognizing how great Canada is, and Toronto is the centre of Canada.”

Mr. Lamb’s enthusiasm is echoed by those who analyze the downtown condo market and those who build it up. According to Urbanation, numbers cruncher to the development industry, 16,000 new condo units are expected to come to the Toronto CMA area this year (5,500 will be in the downtown core), down slightly from last year but still a healthy level. RealNet Canada reports that in the first 11 months of 2010, 36% of new condo units sold in the Greater Toronto Area were situated in the downtown core between Bloor Street and the waterfront. Twenty-two per cent of GTA’s new condo sales took place in what RealNet calls Downtown West, between University Avenue and Dufferin Street, which RealNet president George Carras says totalled more than all of Calgary’s new condo sales in the same time period. With interest rates low and close to 100,000 new immigrants arriving on Toronto’s doorstep every year, 2011 is expected to continue drawing in the masses.

“More and more people are choosing downtown as a place to live,” says Mark Cohen, founding partner at The Condo Store Marketing Systems. “You even have people with families looking at living in condos. Downtown remains one of the safest — if not the safest — place to live in the city, which makes this a very un-American kind of place.”

Given the size of starter condos, one would think first-time buyers are fuelling the market. Not so, say the pundits. Sure, 400- to 500-sq.-ft. suites are common, and they will always have an allure for younger buyers, who rarely spend time at home yet want to live where the action is, says Ben Myers, Urbanation’s executive vice-president. But today’s imaginative architects and interior designers are whipping up wee spaces that are much more functional and feel quite spacious.

“Over the course of time, suites won’t get any smaller — they’ll be configured a little differently,” explains Sam Crignano, president of Cityzen Development Group, which is building up the area around St. Lawrence Market with London on the Esplanade and the upcoming Pier 27 and Backstage. “You’re going to have rooms that are multi-use, like a den/dining room that converts into a bedroom with a Murphy bed. Europeans have been doing this for a long time and the same holds true in a lot of Asia. The flexibility of a space is going to be key, going forward.”

Mr. Lamb concurs. A decade ago, he says, a new breed of developers began building “hip cool projects with hip cool architects.” Today, those same developers have upped the ante considerably, with 500-sq.-ft. units “that will blow your socks off” and countertops, finishings, floor-to-ceiling windows, amenities and even lobbies that are more beautiful and thoughtful than ever. Among those he praises are Freed Developments, Context, Streetcar, Lanterra and his own Lamb Development, all of

whom build downtown, and architects and interior designers including Yabu Pushelberg, Cecconi Simone, Michael Niven and II by IV Design.

Also getting attention in 2011 are empty nesters and second-time condo buyers. Riz Dhanji, vice-president of sales and marketing at Canderel Stoneridge, which is building 75-floor Aura at College Park and DNA3 in King West, says many empty nesters are downsizing from large family homes and choosing a downtown condo as their weekend escape. And as the price of single-family homes escalates, first-time condo dwellers with kids in tow are choosing to upgrade to larger units rather than buy a house. Mr. Dhanji expects the trend to continue through 2011.

But perhaps the biggest demographic that will continue to drive sales this year is the investor market, both local and international. Mr. Lamb says there are few developers building rental towers any longer, in part due to the city's rent control laws, so investors hold the key to rental accommodation. He says it's not uncommon for 40% of a building to be owned by investors, with most rentals situated below the fifteenth floor because they are less expensive than those with a brighter view. Mr. Myers estimates 50% to 60% of downtown condo units are owned by investors who rent them out.

"If no one is building new apartment buildings, [people] can't live in tent cities," says Mr. Lamb. "They've got to live somewhere. The only place that's providing new affordable housing is the condo market."

As for prices, Mr. Cohen says they are likely to hold steady this year at anywhere from \$500 to \$600 per square foot, though upscale neighbourhoods such as Yorkville will still command sums of \$800-plus. Mr. Myers puts the average price at \$370 per square foot, adding that there will be fewer new projects completed this year in the GTA, "so we'll see what that does to the price."

Looking a bit farther out, Mr. Carras expects the next couple of years to produce alternatives to the popular towers, particularly six-storey wood-framed buildings and four-storey walk-ups on main streets such as Bloor Street West. Mr. Crignano thinks people will begin to put neighbourhood first, searching for their preferred schools, parks and shops and then finding a suitable building nearby — much like house buyers already do. And with Waterfront Toronto building up the West Don Lands and East Bayfront as part of a 25-year mandate to transform 2,000 acres of brownfield lands into sustainable mixed-use communities and dynamic public spaces, Mr. Cohen believes the areas "will have a magic of their own" and attract attention.

Yet what will certainly put Toronto in the global spotlight is the bevy of luxurious hotel residences set to open this year and next. All are five-star hotels, known the world over, that cater to a sophisticated buyer who travels the world in style.

“It will make us a more cosmopolitan city when we have these large brands like Ritz-Carlton, Shangri-La, Four Seasons and Trump,” Mr. Dhanji says. “It’s going to have a great impact and make us more of an international city. ... It’s going to shape the downtown core even more. The next few years are going to be great on the skyline of Toronto, once all of these projects are completed.”