

Toronto Condominium Apartment Market

Will Dunning
June 12, 2012

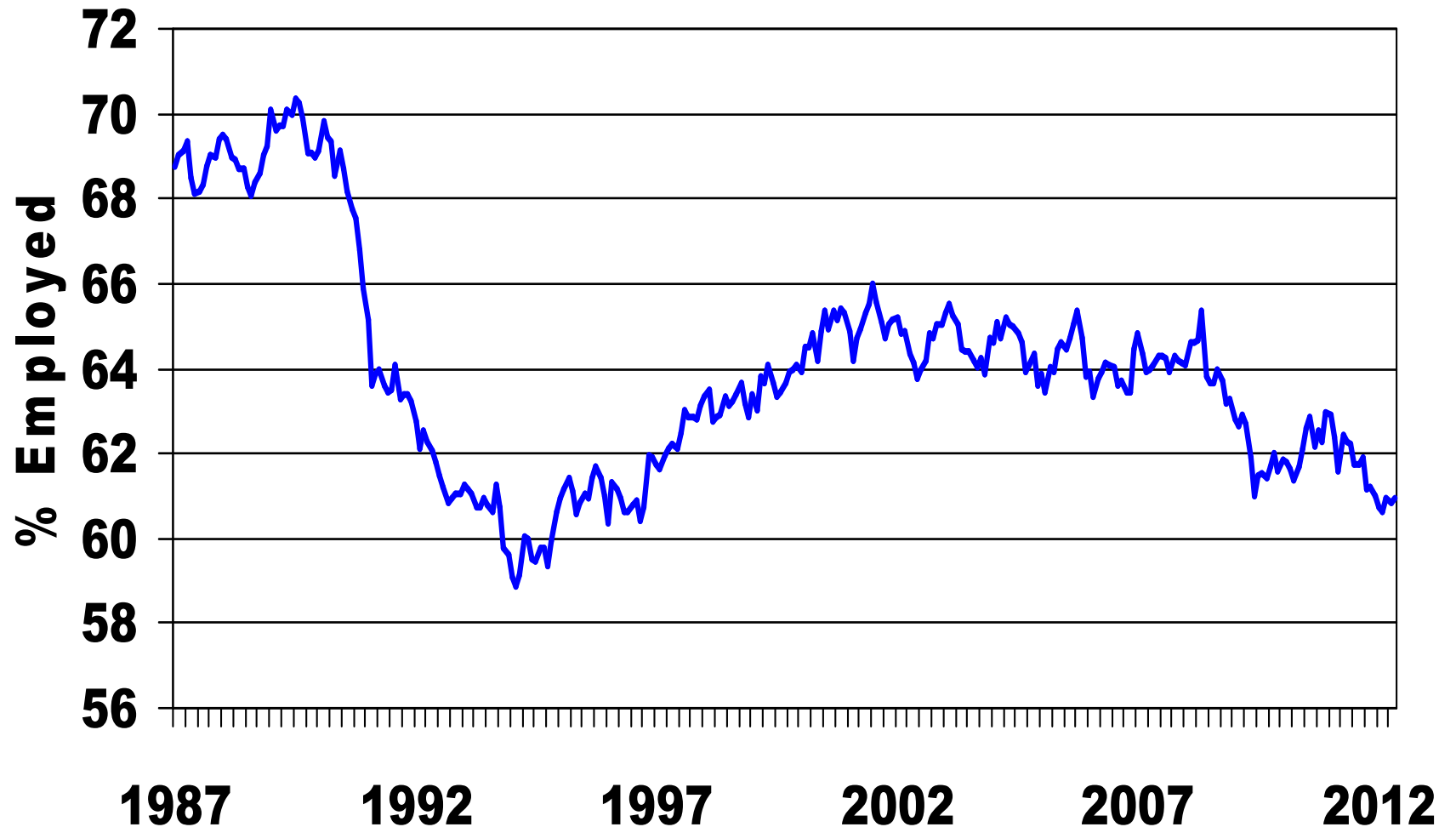
My Agenda

- Reacting to concerns about excess investment in the condominium apartment market
- Demand indicators
- Supply
- Future imbalances

Demographic Projections

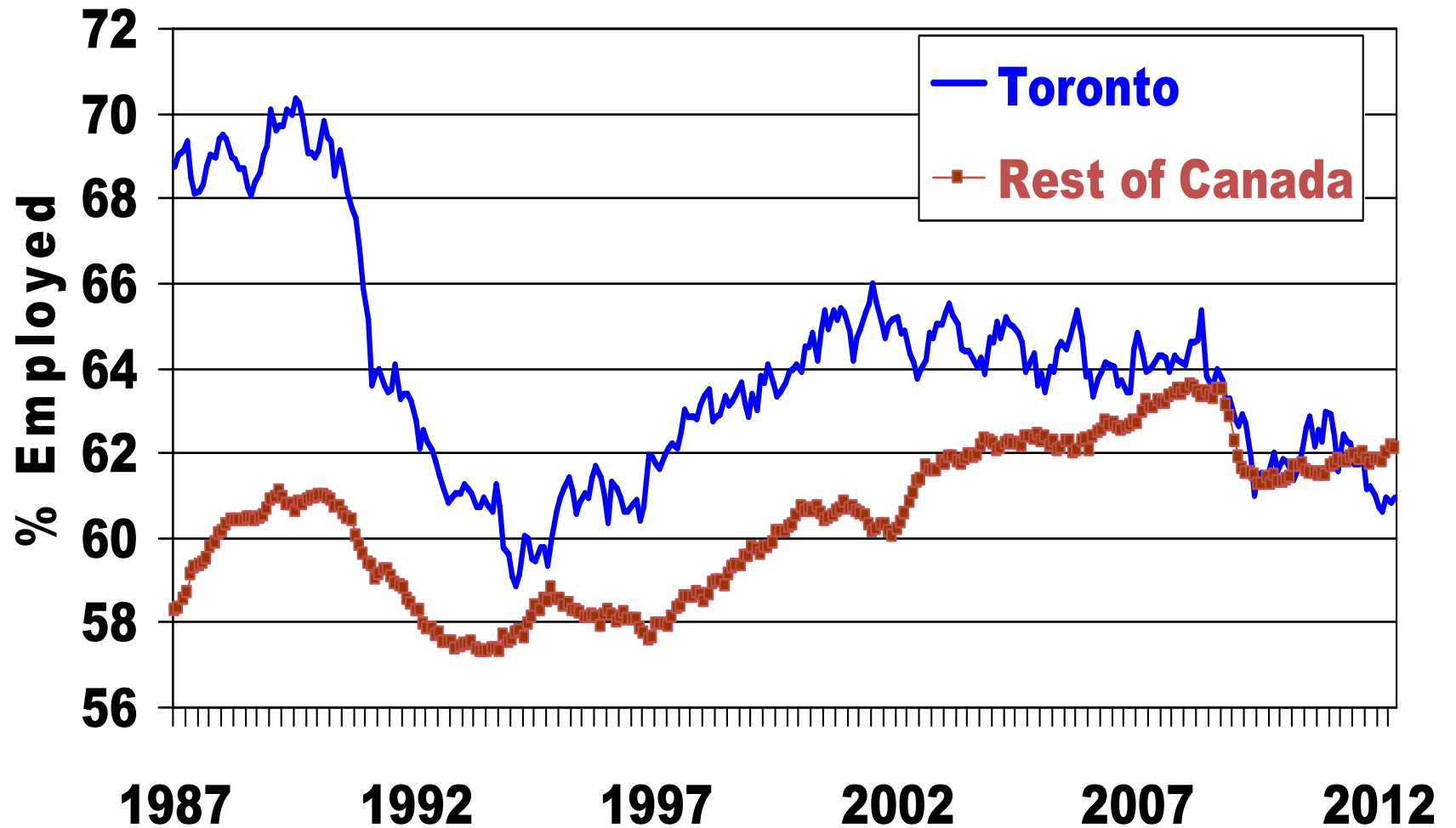
- Requirements for new apartments
 - 2006-2011 – 18,000 / year
 - 2011-2016 – 14,500 / year
- Projections assume stable household formation rates
- *BUT...*

“Employment Rate” in Toronto CMA



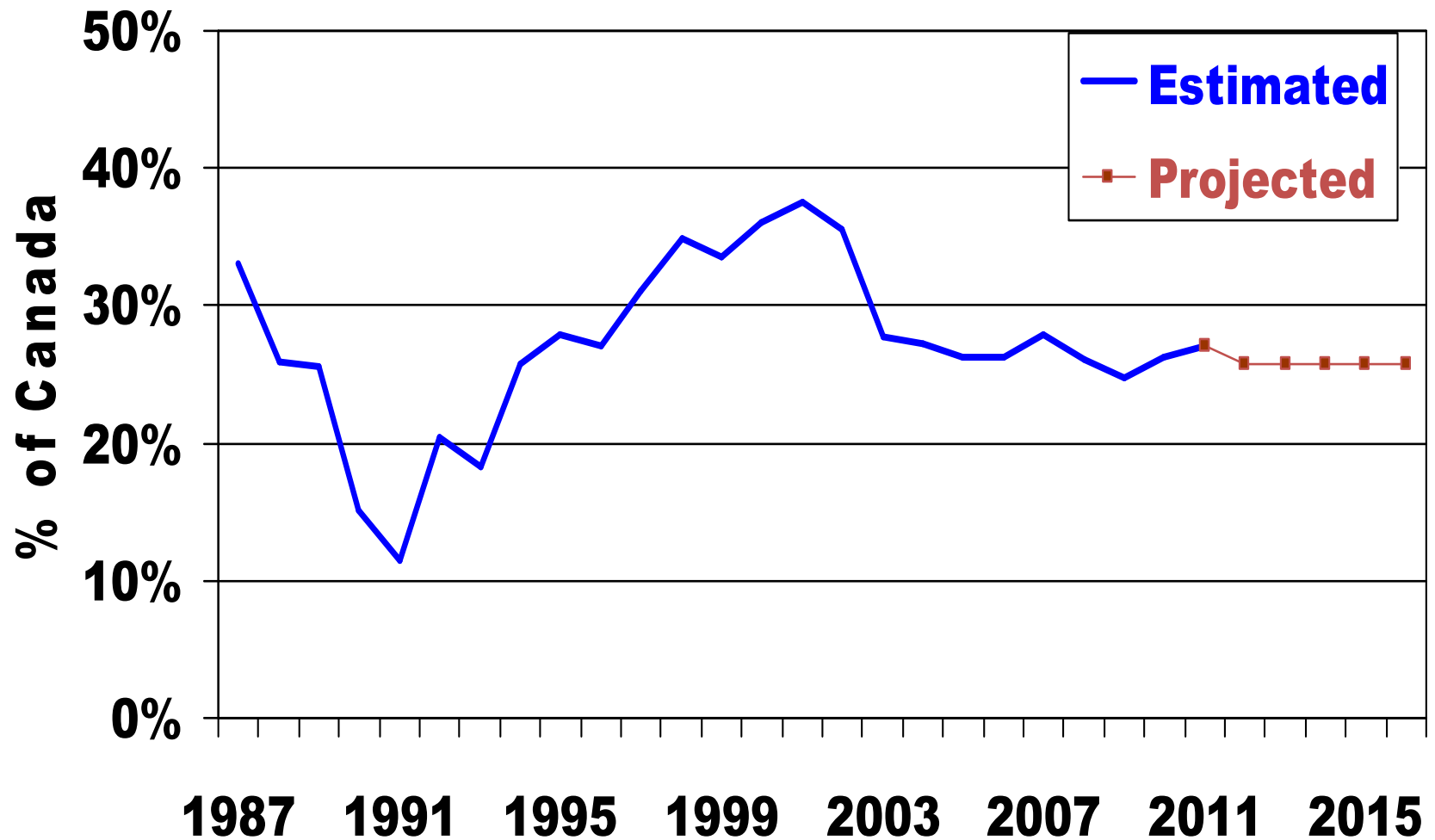
Source: Statistics Canada

Versus Rest of Canada



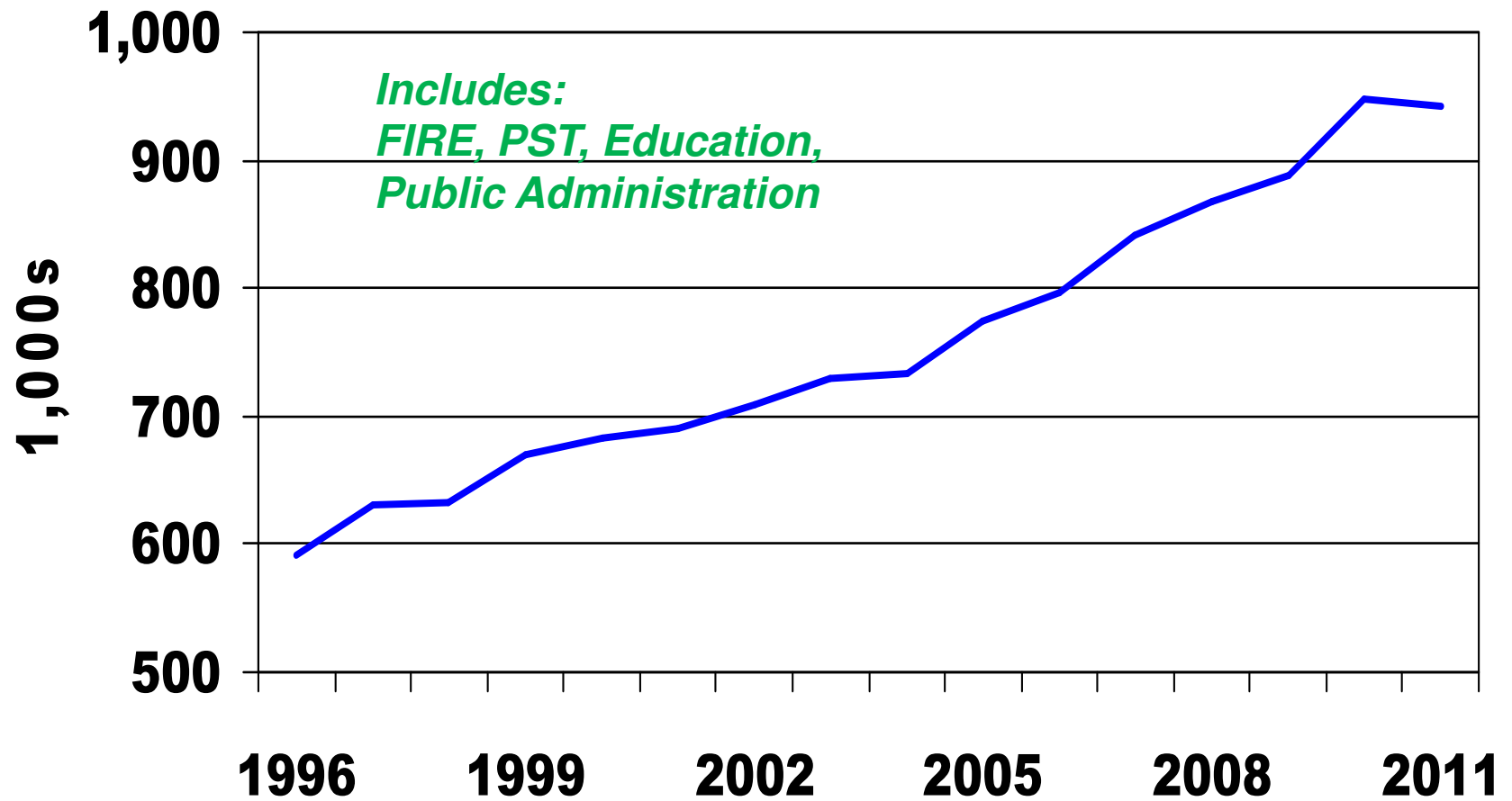
Source: Statistics Canada

Toronto CMA Share of Population Growth



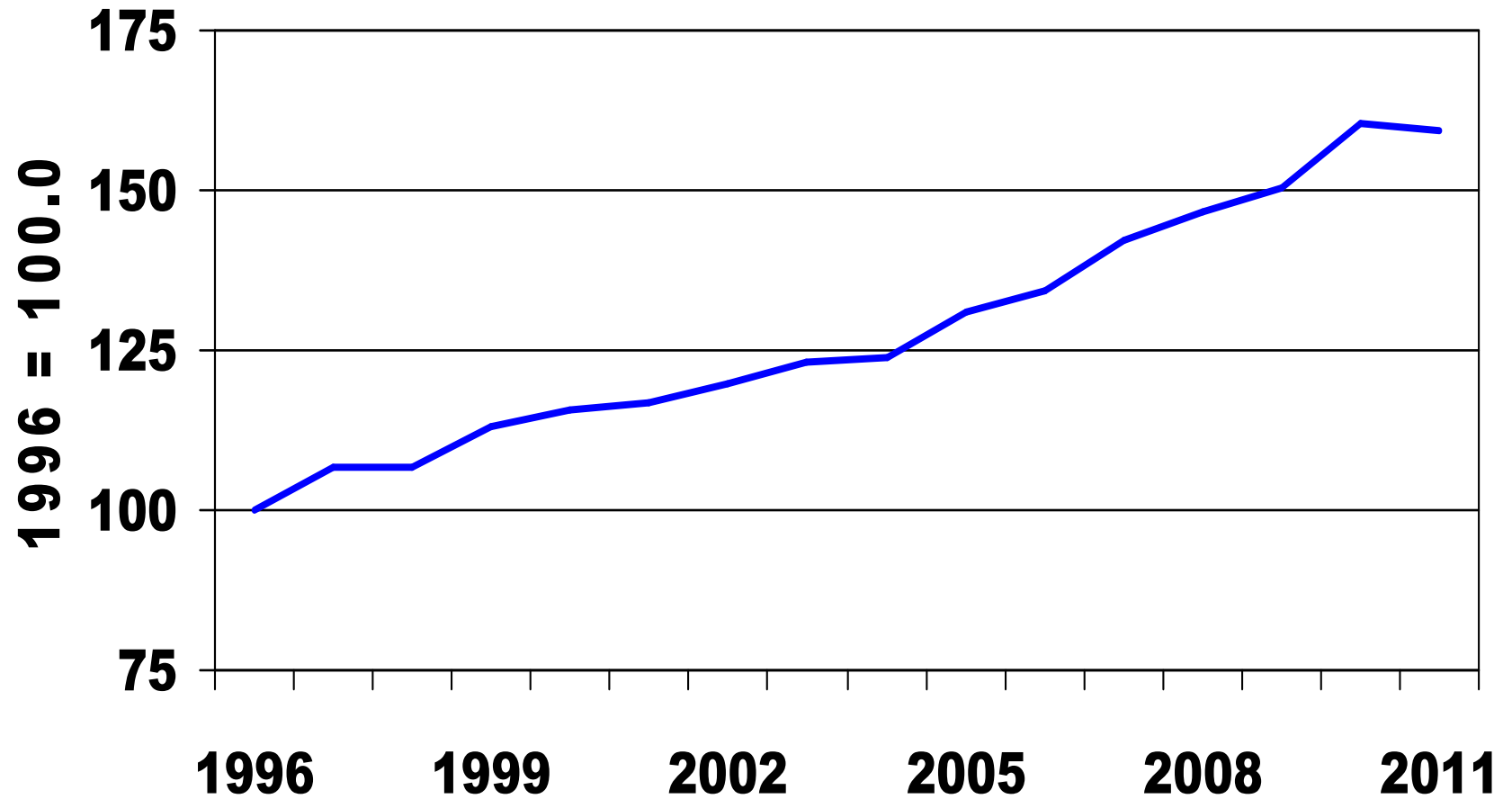
Source: Statistics Canada

Toronto Employment in “High Income Services”



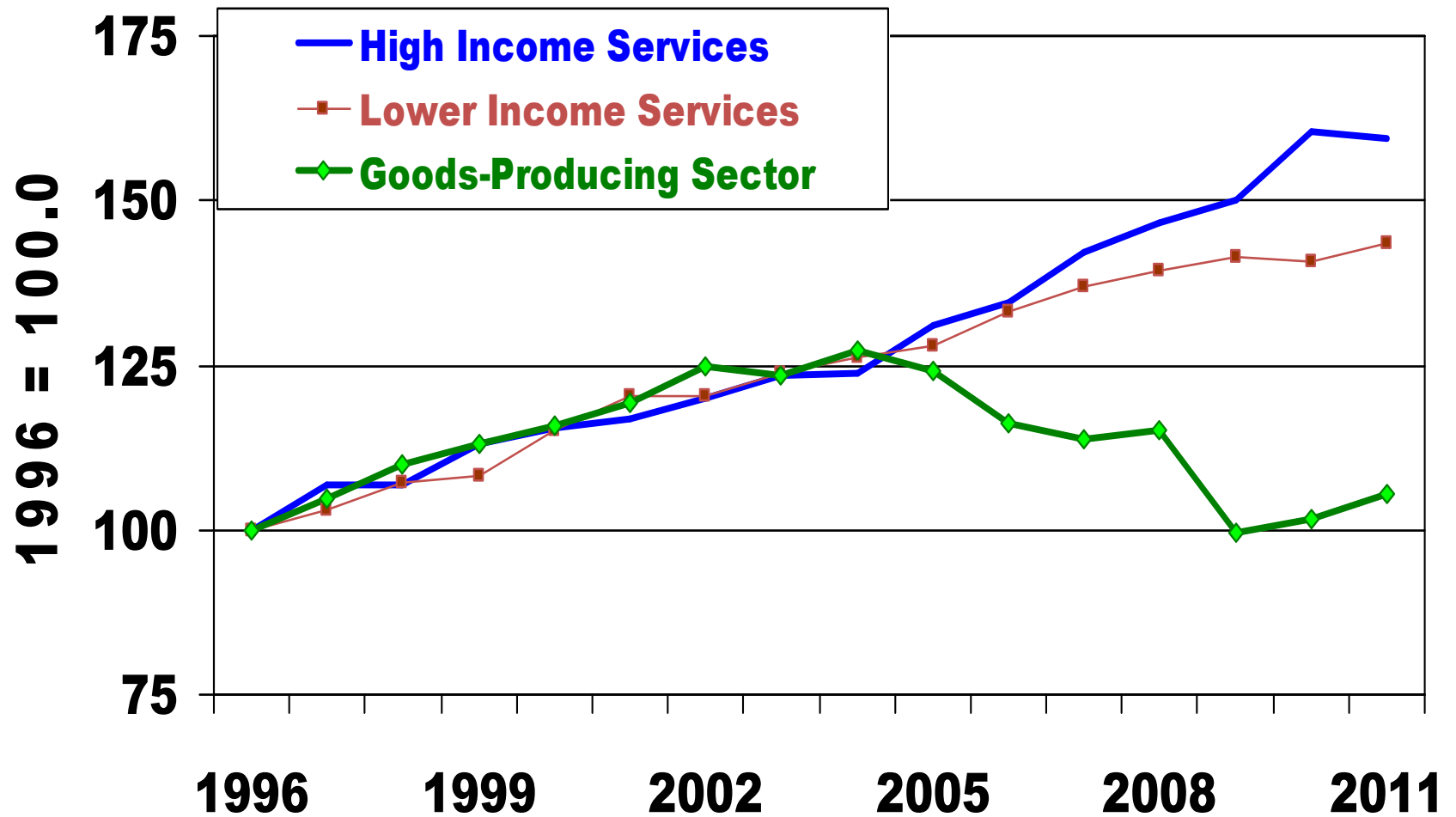
Source: Statistics Canada / Will Dunning Inc.

“High Income Services” as an Index



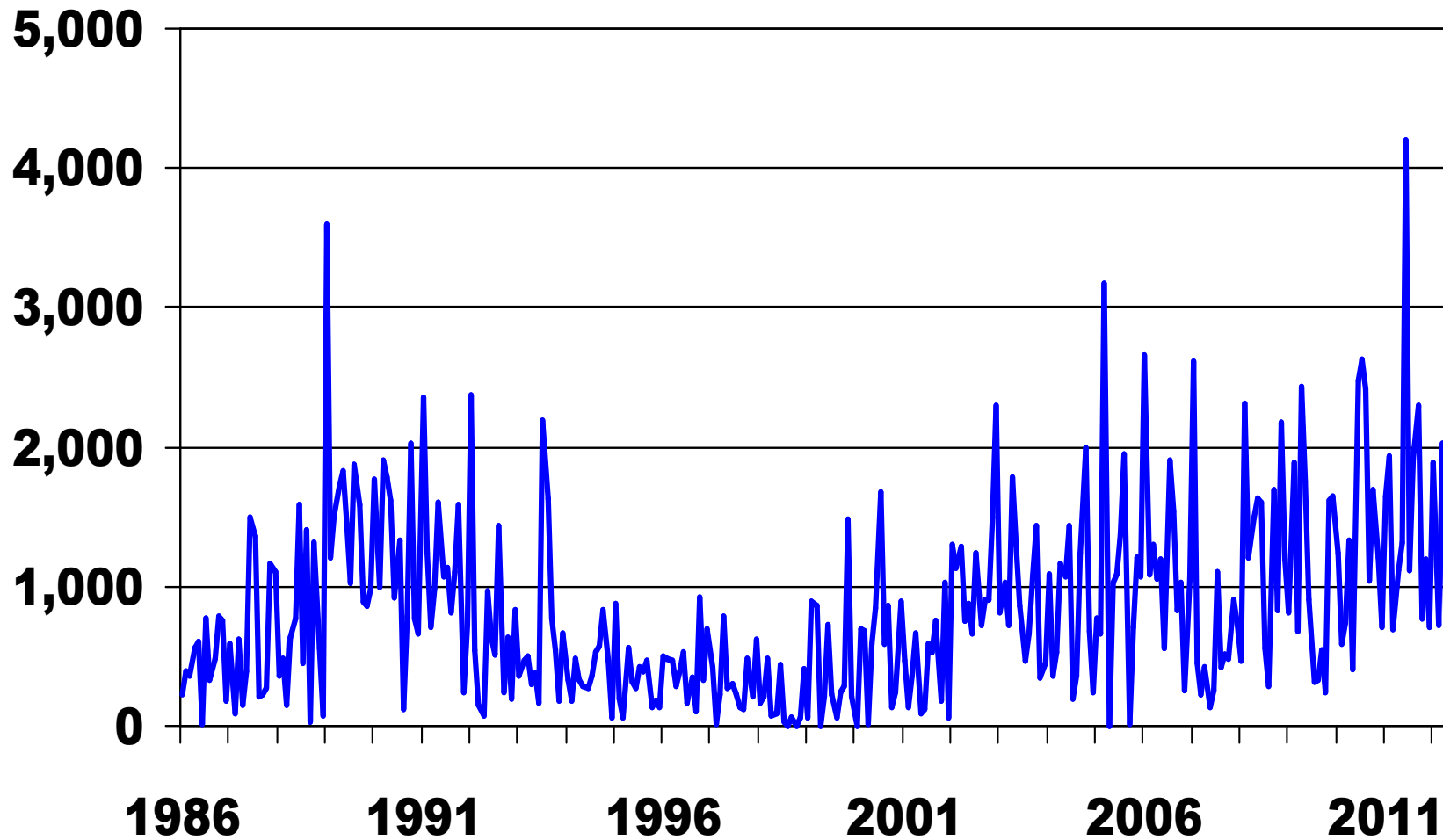
Source: Statistics Canada / Will Dunning Inc.

“High Income Services” Lead Job Growth



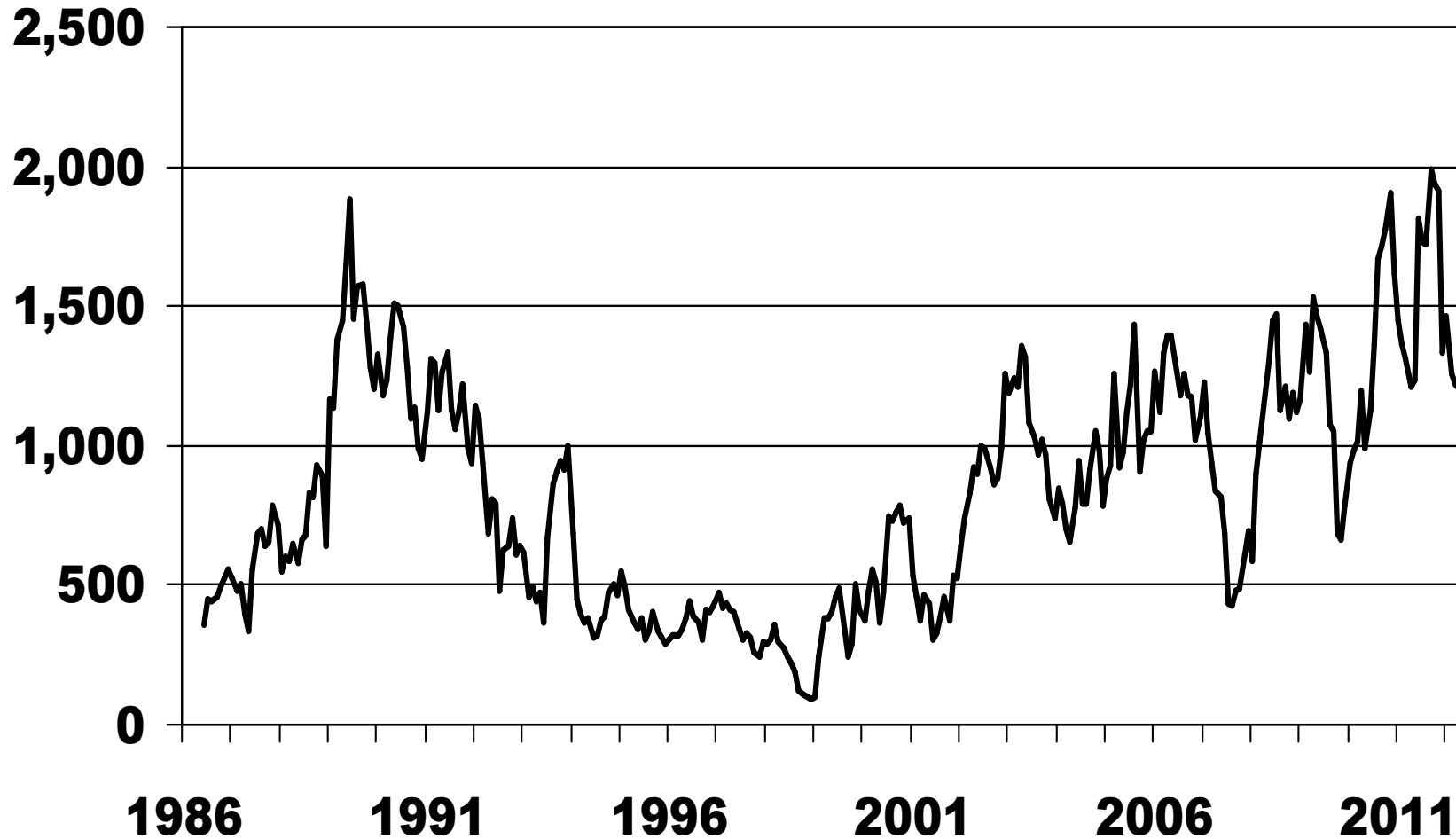
Source: Statistics Canada / Will Dunning Inc.

Monthly Apartment Completions



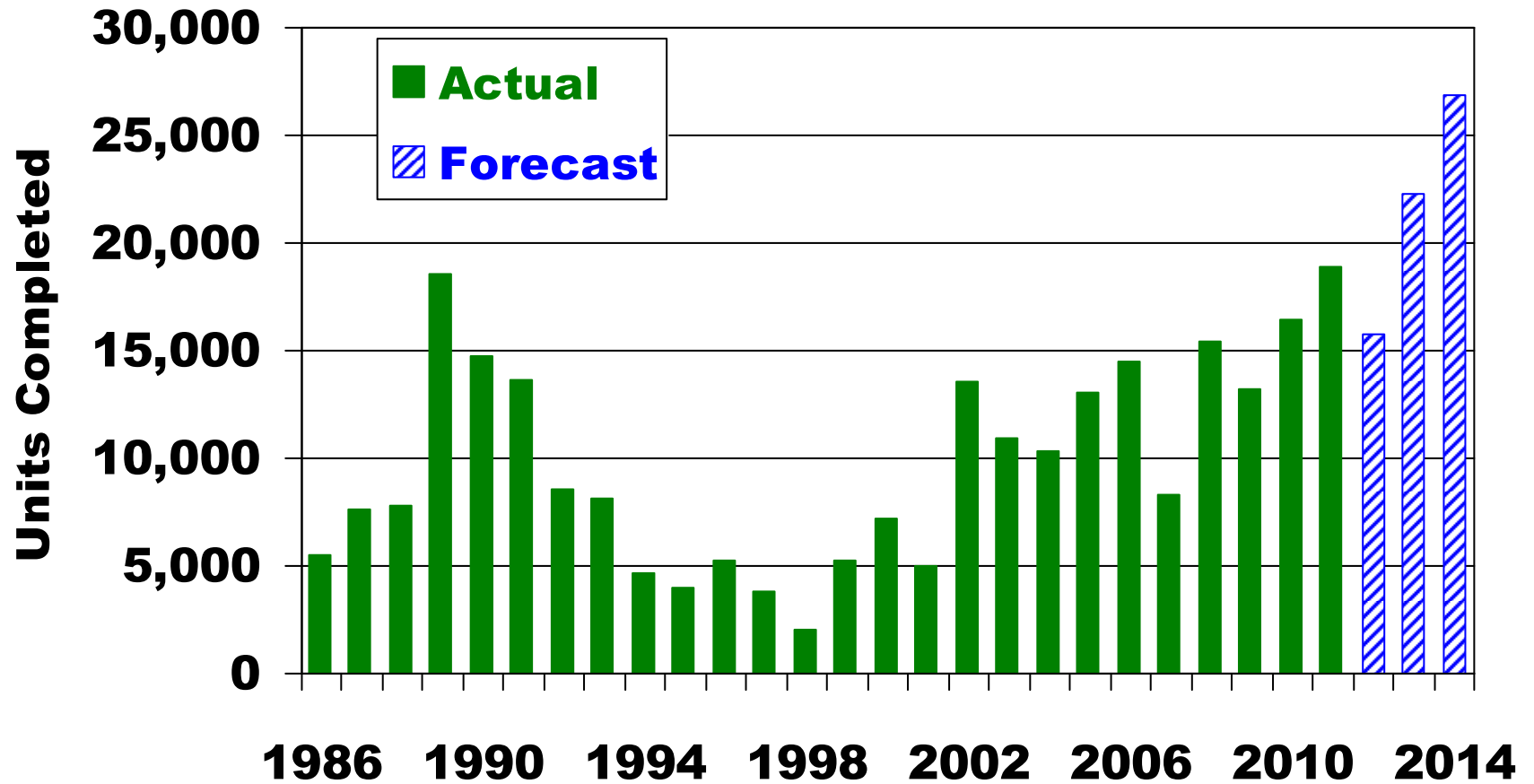
Source: CMHC

Moving Average of Completions



Source: CMHC

Annual Apartment Completions in Toronto CMA

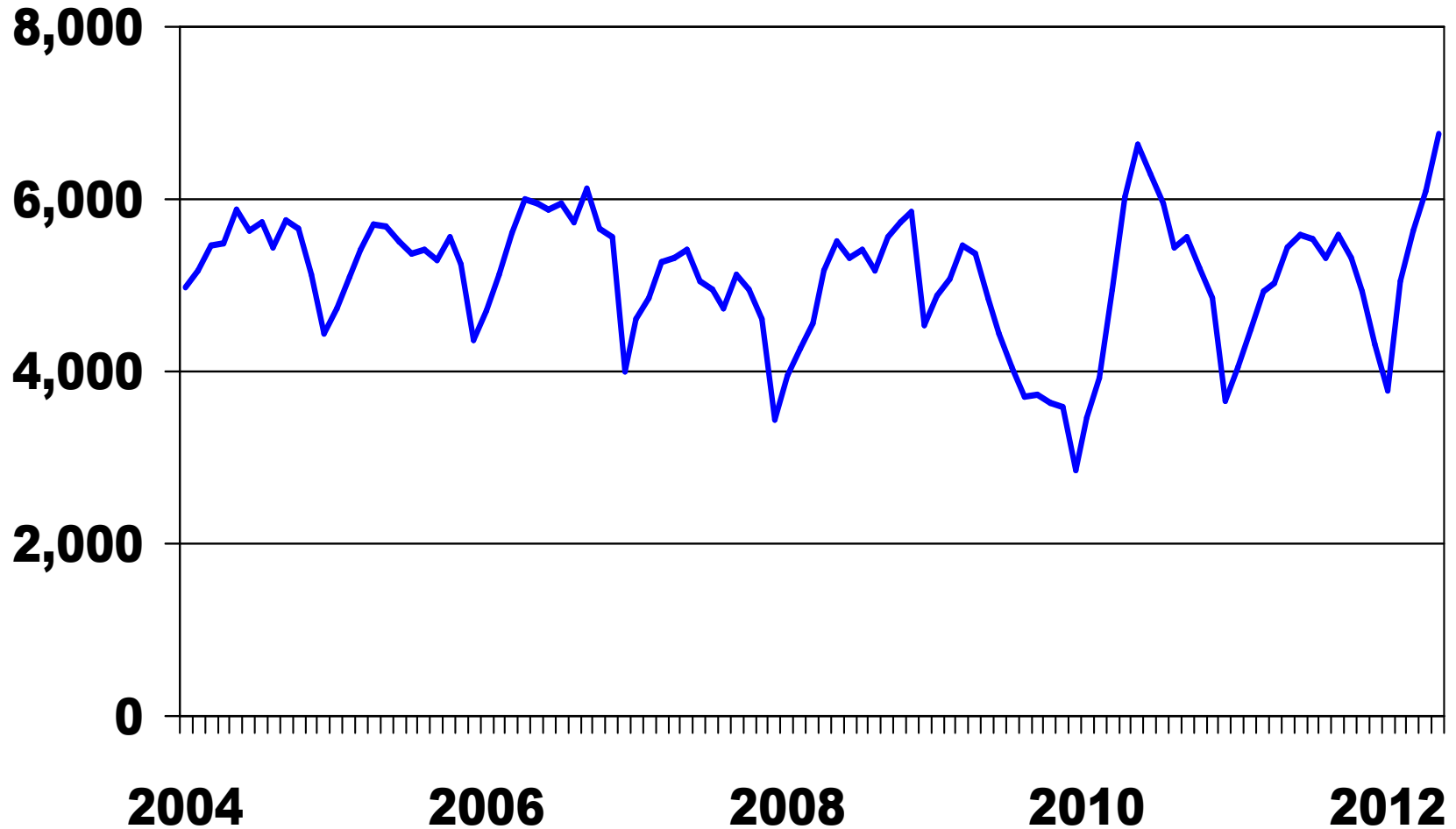


Source: CMHC / Will Dunning

Some Caveats Around CMHC Data

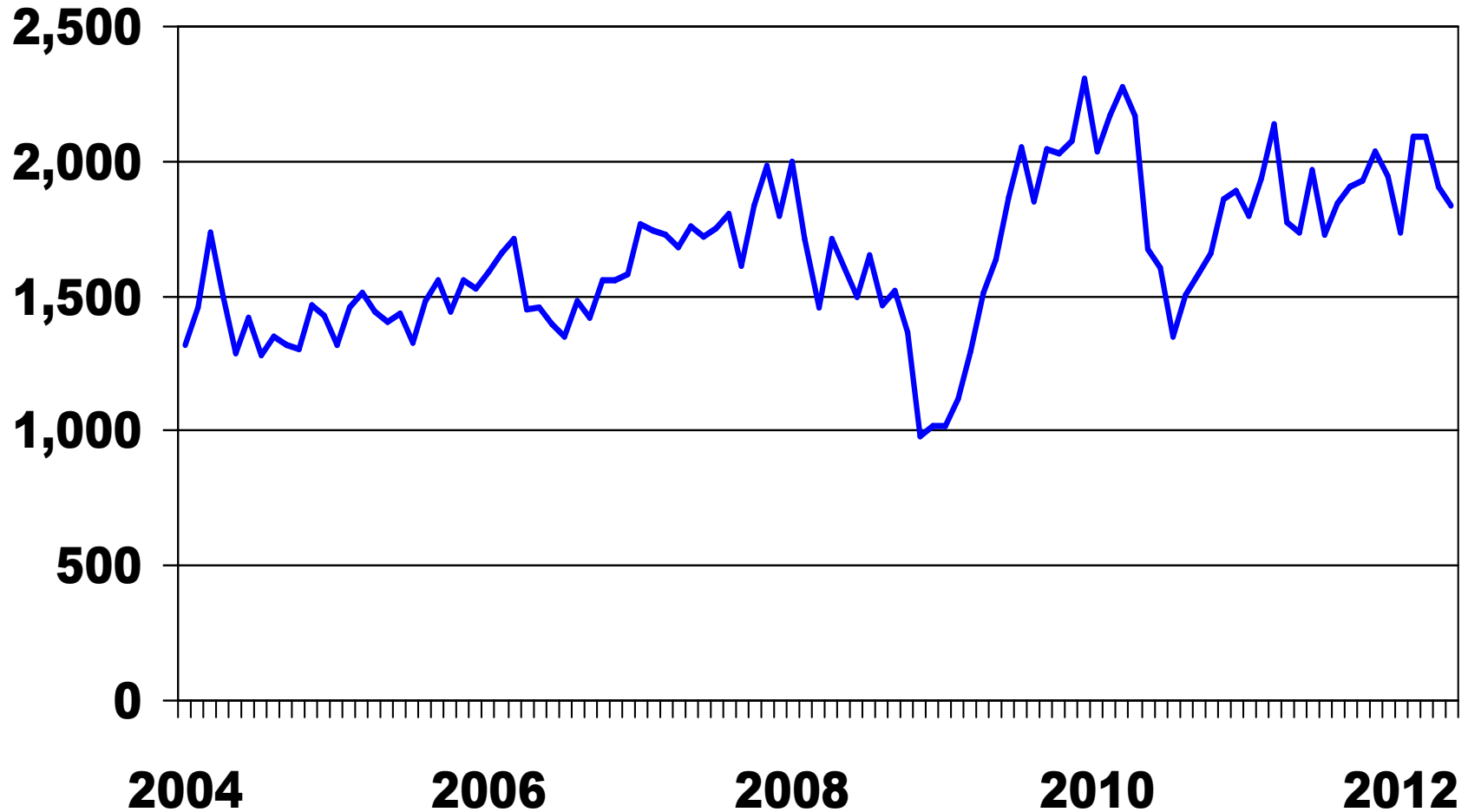
- “Completion” occurs before “availability”
- “Absorption” does not = “occupancy”
 - Resale listings as an alternative

Condo Apartment Resale Listings



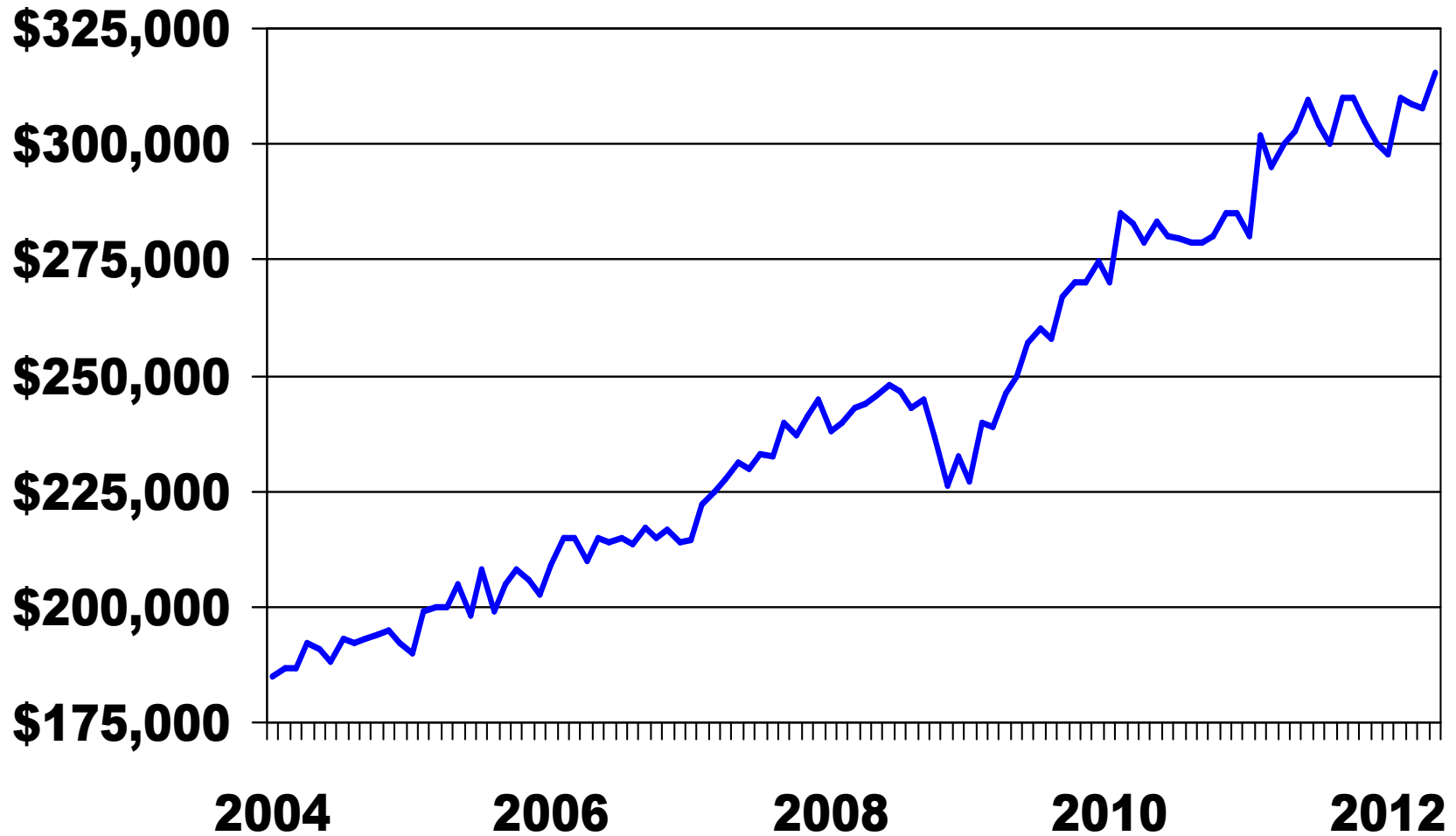
Source: TREB

Condo Apartment Resales (units)



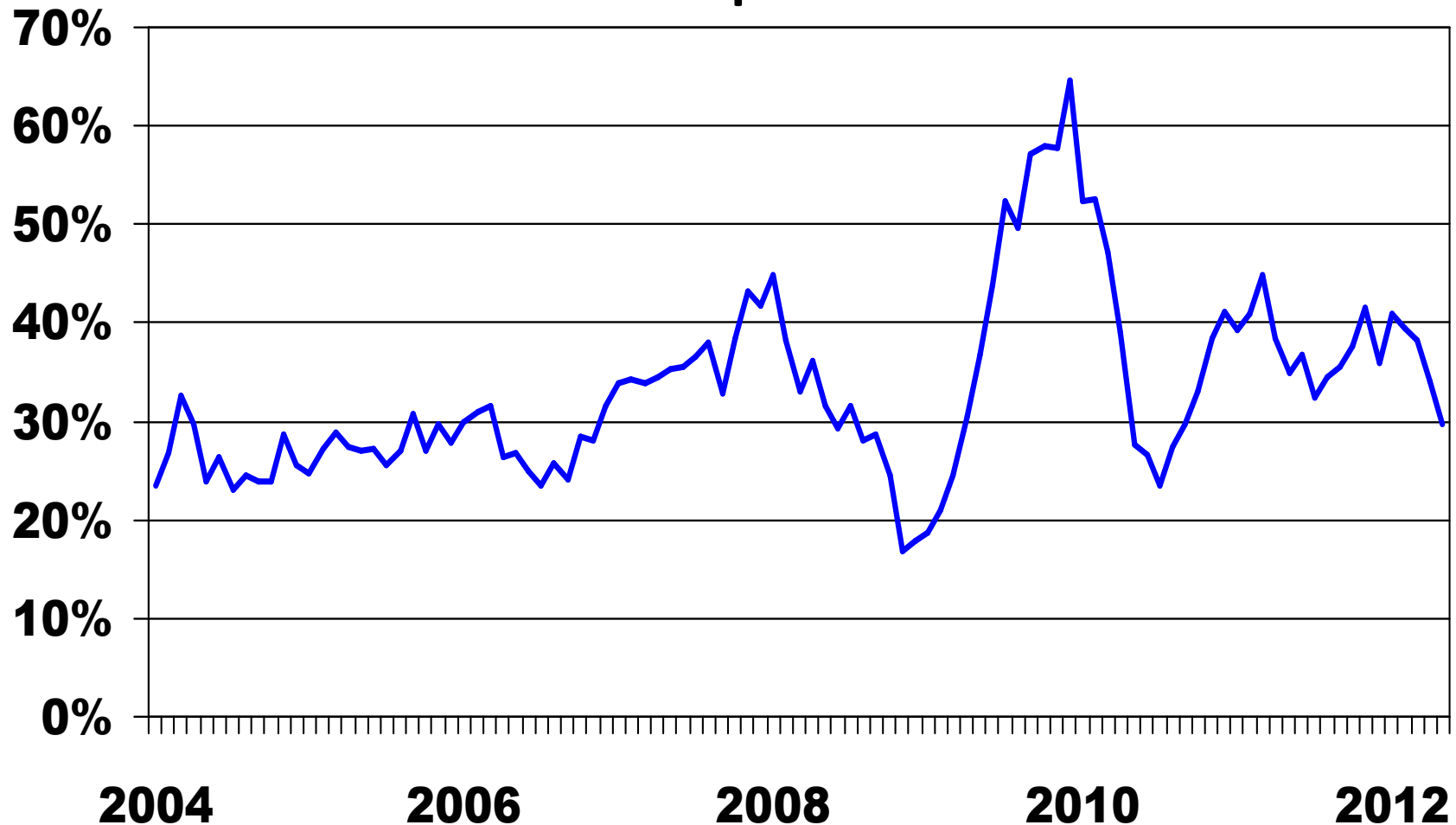
Source: TREB / Will Dunning Inc.

Median Condo Apartment Price



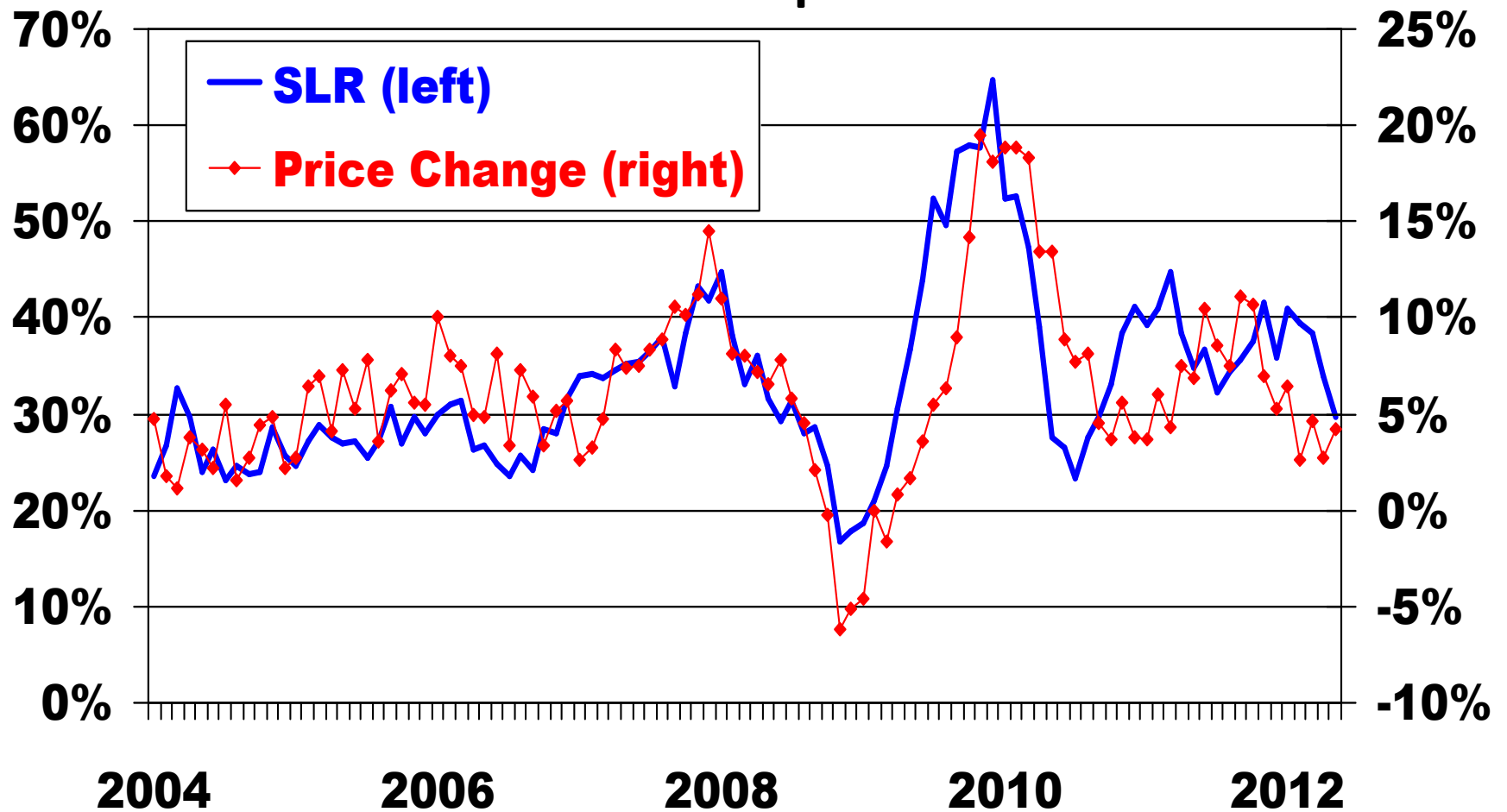
Source: TREB

Sales-to-Listings Ratio for Condo Apartments



Source: TREB / Will Dunning Inc.

Sales-to-Listings Ratio vs Price Change for Condo Apartments



Source: TREB / Will Dunning Inc.

Imbalances

- Balance this year
- 2013-2016 – 20,000-25,000 surplus units
- Trivial relative to housing stock of 2 million

Consequences

- Difficulty filling new rentals
- How many investors will exit?
- Reduced sales vs increased supply
- Some price correction
- Direct employment consequences (1.3 jobs per du)
- Negative “wealth effect” for 300,000 owners

About Will Dunning

Analyzing housing markets since 1982

Consulting services include:

- Custom research on economics, demographics, and housing markets.
- Briefings and presentations.

See “Housing Market Digest”

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