

New in Homes & Condos

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INDUSTRY NEWS

It's business as usual

Despite negative reports, the GTA's developers and brokers are preparing for a busy fall

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SPECIAL TO THE STAR

Jim Ritchie isn't fazed by all the gloomy headlines of late proclaiming a dip in home sales and predicting the imminent popping of Toronto's real estate "bubble."

"I've been in this business long enough to know the news that comes out every two weeks about real estate markets is not necessari-

ly a barometer of where things are going on a long-term basis," says Ritchie, vice president of sales and marketing for Tridel Corp., the GTA's largest condo builder.

Besides, he notes, comparing current market conditions to those of a year ago — the usual way of measuring trends — doesn't provide an accurate picture, given the extremes experienced in recent times.

Last summer witnessed a flurry of activity as homebuyers regained confidence in the wake of the downturn. For its part, Tridel had a "phenomenal two quarters" in the second half of 2009, Ritchie says. "It might have been a record for us."

Strong sales continued in early 2010, but things were quieter this

HOT HOT HOT continued on H19

'I think we may not be able to deliver enough highrise units'

HOT HOT HOT from H1

summer in Toronto, with interest rate hikes the introduction of the harmonized sales tax and global economic malaise pushing some buyers back onto the sidelines.

Still, Ritchie isn't concerned. "The market isn't dead," he says. "We're just having more of a normal year."

Tridel currently has 20 projects on sale, including phase two of its Metrogate highrise community at Kennedy Rd. and Highway 401, which launched in July. "We've sold 131 suites there in just over five weeks," Ritchie says. "And we're very happy with that."

This fall the company is launching the first phase of 1 Old Mill, a 260-unit condo tower at Bloor St. and The Kingsway. And Ritchie indicates he's working on a handful of other openings for next spring.

"We're not looking at the short-term indicators from the Toronto Real Estate Board that get people all in a flap," he says. "We're moving ahead."

Ritchie's not the only one feeling confident these days.

A host of other developers and brokers, the people on the frontlines of the Toronto real estate market, insist things have been humming along just fine, particularly with pre-construction highrise condo sales.

Despite a slowdown this summer — traditionally real estate's dead season anyway — industry insiders say the second half of 2010 has been plenty active and a slew of project launches are planned for fall.

"We've never been busier," says Hunter Milborne, president of Milborne Real Estate Inc., who estimates that between his company and competing firms, there will be as many as 15 condo launches in the coming months.



Barbara Lawlor

"Nobody's holding back," he says. "Everyone is full steam ahead."

Milborne is set to open sales for Chaz on Charles, a 45-storey, 413-unit condo on Charles St. in Yorkville, as well as Post House, a 21-storey project in the St. Lawrence Market area.

"We've already had some preview sales for both projects and it's going very well," he says. Indeed, when an exclusive event was held earlier this summer for Post House, 150 brokers were invited — 300 showed up.

To Rob Cooper, president of Alterra Developments, the builder of Post House, this bodes well for the project's official launch later this month.

"I think the location sells itself," he says. "The brokers don't have to be convinced, and I'm confident the buying public will see the quality of this development."

The market may be calming some but Cooper says top-notch projects will still find buyers.

"If a condo is well-priced, with a desirable location and good floor plans, including smaller units that are affordable, I really believe there's a strong demand."

Stephen Price shares this upbeat assessment.

"We have a positive view of where the market is today and where it's going," the chief operating officer of Graywood Developments says. "And it's not intuition; we're basing it on



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sales we're experiencing in our existing projects."

Graywood currently has two highrise condo projects on the market: Residences at the Ritz-Carlton, a 52-storey tower with 159 residential units that's Ritz-Carlton's first combined hotel-condo in Canada; and Five, a 45-storey tower at the corner St. Joseph and St. Nicholas Sts.

Five, which launched in May, is currently two-thirds sold. "And we're seeing continued good traffic through the sales office and deals being done," Price says.

Graywood hopes to build on this success with two launches this fall: Ocean Club, a 36-storey tower on Lake Shore Blvd. W. in Etobicoke, and The Mercer, a 415-unit highrise in the Entertainment District near King and John Sts.

His firm has been enjoying healthy sales, but Price is cautiously optimistic. "I don't want to suggest we're in a boom period," he says. "We're not. We're in a reasonably balanced period."

Compared to U.S. housing markets, however, which continue to suffer in a weak economy, Toronto -- the condo capital of North America -- ain't a bad place to be.

No need to tell that to Barbara Lawlor.

"This year (2010) has been an extraordinary year so far," says the president of Baker Real Estate, "probably our best ever."

Lawlor acknowledges the bulk of that business occurred in the first half of the year but notes "we're poised to bring another couple of thousand units to market in the fall."

Baker recently launched Limelight Condos, the fifth condo tower in Daniels Corp.'s City Centre project in Mississauga. Next up is phase two of Emerald City, a 29-storey condo at Don Mills Rd. and Sheppard Ave. E.

This will be followed by the launch of One Sherway Tower 4 in Etobicoke for Great Gulf Homes and Nexus North in Markham, among a number of other projects on Baker's slate. "The atmosphere is very positive," Lawlor says.

DEVELOPERS AND BROKERS are feeling bullish and pressing on with plans for fall launches.

But some industry observers have raised the spectre that Toronto's condo-building frenzy could lead to an oversupply of product.

George Carras, president of RealNet Canada, a real estate information services company, maintains that such fears simply aren't borne out by the numbers.

"The market is fine in terms of both demand and supply," he says.

In fact, with the curbing of lowrise home construction around the GTA as a result of provincial policy -- which has mandated intensification of existing residential areas -- Carras thinks Toronto could be faced with the opposite predicament.

"Instead of oversupply, I think we may not be able to actually deliver enough highrise units," he says.

Carras notes that approximately 80,000 newcomers move to Toronto each year, and about 40,000 new units annually are required to have what he calls a "perfectly housed market."

But with lowrise home construction dwindling and taking a large chunk of inventory out of the market, highrise condos will be needed to fill the void going forward.

Problem is, according to Carras: "I don't think we've ever built more than 15,000 highrise units a year in Toronto.

"So if we need 40,000 and ultimately can't deliver more than 15,000, that's going to be undersupplying the market."