

# Toronto condo prices: best bang for your buck

## Newcomers snap up local properties for their value

As uncertain economic conditions persist here and around the globe, many Canadians are wondering if luxury condominiums are still a good investment.

The answer from many industry experts is a resounding “yes.”

“Whether we’re talking physics or real estate, the theory of relativity applies,” says Stephen Dupuis, president and chief executive of the Building Industry and Land Development Association (BILD). With more than 1,400 member companies, BILD is the voice of the land development, home building and professional renovation industry in the greater Toronto area.

“Relative to 2007, the GTA luxury condo market has moderated in terms of the volume of sales, but compared with any other major city in the world, we still sell and build more condos in all price ranges.”

According to RealNet Canada, BILD’s research source, sales of new condos in the GTA in 2008 exceeded 15,500 units while CMHC reports that construction was started on nearly 24,000 units last year, reflecting the very healthy sales rates of previous years.

“At the upper end of the market, Toronto condo prices continue to represent the best bang for your buck, relative to major markets in the United States and around the globe,” says Dupuis.

RealNet’s research backs this up. Its study of similar-size one-bedroom-plus-den units in Toronto, Calgary and Vancouver showed

that Toronto’s 633-square-foot condo came in at \$288,900 (\$456 per sq. ft.) compared with \$357,900 (\$528 per sq. ft.) for a 678 sq. ft. unit in Calgary and \$461,000 (\$739 per sq. ft.) for a 615 -sq.-ft. unit in Vancouver.

Internationally, the situation is similar. Toronto’s luxury and super-luxury condo prices (starting around \$800 and \$1,400 per sq. ft. respectively) are lower than Paris, London, Tokyo, Moscow, Hong Kong, Dubai, New York, Los Angeles, Sydney and Monte Carlo. In fact, international investors must pay from two (Sydney, Paris and Dubai) to eight times more (London) for prime condo space in those cities. Put in dollar terms, a 750-sq.-ft. unit selling at \$600,000 here would cost \$1.2-million in Sydney, Paris or Dubai and \$4.65-million in London.

## Compared with other cities, we still sell and build more condos in all price ranges

The increased cost comparisons for Toronto’s super-luxury condos range from 1.8 times versus Tokyo, Japan to 3.7 times in Los Angeles to a whopping 8.4 times in London. Taking that 750-sq.-ft. unit again-- it would be \$1.05-million here, \$5.18-million in L. A. and \$8.85-million in London.

Mark Cohen, senior vice-president of the Condo Store Marketing Systems, a key player in the industry for more than 25 years, cites other reasons luxury condos still represent excellent value.

“Changing market conditions present good opportunities for buyers and sellers alike. Economic and political uncertainty and a general ‘let’s wait and see where the world is going’ attitude has forced buyers and sellers alike to view purchasing differently,” he says.

“However, if buyers want to buy, they’re finding right now that

motivated, practical sellers are making luxury properties very attractive financially, and are creating smart, well-thought-out purchasing opportunities, understanding very well what it takes to motivate discretionary buyers in a time of uncertainty.”

Furthermore, Cohen says, the huge number of choices in the marketplace and the constant raising of the bar in terms of architecture, interior design, suite design, finishing appointments and so on continue to make them excellent investments.

“Best of all, the competition is fierce among builders and developers, particularly in times of uncertainty and this, in turn, also produces great buying opportunities for consumers. Many ‘brave’ buyers come out way ahead when they operate in these times. I’ve seen it on a few occasions over the last two and a half decades in this town,” he adds.

“Today, the international spotlight is focused on Toronto, and our properties here are a steal by comparison,” says Barbara Lawlor, president of Baker Real Estate, an

industry expert who’s been selling condos since 1987.

But on top of that, she says, newcomers to Canada are snapping up condos and luxury condos because they realize their investment potential down the road. With the addition of investors from overseas, these two groups are still playing a major role in driving the market.

“When I started selling condos over 20 years ago, these groups made up just 5% of sales,” says Lawlor.

Indeed, the demand for Toronto’s luxury condos originates from a variety of sources. Affluent immigrants and foreign investors are lining up with the traditional buyers that include empty nesters, Boomers, young professional couples and individuals. And, when you factor in the numerous lifestyle choices currently available, such as upscale downtown living, serene resort-style adult communities complete with adjacent golf courses, waterfront properties with views and so on, the choices become even more alluring.



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**Toronto has a high standard of living, and our luxury condo prices are lower than those in Paris, London (top) and Dubai (above).**