

## **Condominiums first step to homeownership** **in most major centres, says RE/MAX**

Given serious escalation in detached housing values, condominium apartments and towns have now emerged as the first step to homeownership, says RE/MAX Ontario-Atlantic Canada.

Affordability has fuelled buying activity across the board, according to the 2010 RE/MAX Condominium Report, highlighting trends and developments in eight Ontario markets and one in Nova Scotia. Condominiums now represent one in every three homes sold in the Greater Toronto Area; close to one in every four homes sold in Ottawa and Hamilton-Burlington; and almost one in every five homes sold in London, Kitchener-Waterloo, and Collingwood. The trend has translated into a solid upswing in unit sales activity, with 78 per cent of markets posting an increase in year-to-date sales (January – September 2010 vs. 2009)—with percentage gains outperforming overall residential sales in most markets examined.

As one of few affordable housing options available to first-time buyers, the concept is poised for dramatic growth in years to come. The lifestyle has also gained a foothold with younger, hipper audiences, as the definition of homeownership evolves with the changing demographic. Dreams of the small home with a white picket fence are being replaced by the funky loft apartment in close proximity to shops, restaurants, and entertainment.

Other factors that support an escalation in condominium sales include an expanding population base, especially in areas like Barrie which saw a 21 per cent increase in the 2006 census. Immigration and in-migration will also play a role, with at least half of new immigrants settling in Ontario—and more specifically, the Golden Horseshoe. Urban renewal and intensification also add to the mix, drawing younger purchasers to the downtown core of major urban centres.

While the greatest activity continues to occur in the lower price points—under \$200,000 in areas like Ottawa, Barrie, and London and under \$300,000 in Toronto and Collingwood—luxury product is also attracting more affluent empty-nesters and retirees to the maintenance-free lifestyle. Condominium sales in the GTA over the \$1,000,000 price point have seen a 49 per cent increase year-over-year, while condos priced in excess of \$450,000 in Ottawa have seen sales jump 72 per cent compared to the same period in 2009.

Investors are also an active part of the equation, spurring demand for entry-level resale product in college and university towns like London, Kitchener-Waterloo, and Barrie—in the hopes of cashing in on student housing. New construction in major centres has also experienced an increase in investment activity—with the vast majority of units in Toronto's downtown core purchased by Asian and Middle Eastern investors as a long-term hold.

Unlike 1989, when a flood of new condominium listings wreaked havoc on the market, these purchasers are in for the long haul. Leverage is not a factor, with most paying cash for their units. If they can't sell their apartments, they're more than prepared to rent them out.

Brought to you by:



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