

Gazing into the crystal ball with condo pro Urbanation

Condo living. Metro talks to Urbanation editor Ben Meyers about the future of Toronto's condo marketplace

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Urbanation is considered the authoritative source on the Toronto condominium market. Metro talks to editor and executive vice-president Ben Meyers. He and his team gaze deeply into the crystal ball about the future of Toronto's condo marketplace.

Where do you think interest rates are headed and what should owners be aware of?

"I did a survey of people in the industry and asked what were some of their concerns going into 2012 and interest rates wasn't high on their list."

Is the market in downtown Toronto still being driven mainly by investors?

"For sure, investors are snapping up a lot of the products, certainly along the subway lines. For a lot of investors, especially foreign investors, they look at Toronto as very much an emerging city, and a great place to store their dollars. And they see in 10 years this market being significantly higher even if there are some short-term fluctuations."

A lot of the condos are being bought by investors and they're renting them out. How does this affect the rental market?

"We've been warning that there weren't enough people out there to rent these units, but we just started tracking the condo rental market in a new report that we're calling Urban Rental and the market's still very tight; it's still very difficult to find a unit.

The rents aren't going up as quickly as the new market is but it's still very tight."

Should the rental prices reflect the new condo prices?

"Certainly we like to see pricing in the new condominium market, the resale condominium market and the rental market moving at fairly close to the same base, but again there's different mixes of units trading within those buildings and the age of the buildings, so it's not always going to be 100 per cent."

How do you recognize if we're in a bubble and just what the heck is a bubble anyway?

"In the new condo market it's gone up eight per cent year over year, so we've seen that level of increase in 10 of the last 15 years. It's hard to say that yes, this is a bubble when the bubble hasn't burst in any of those 10 years. We

just ran our resale numbers for the first course — this is fresh off the press — and it was only up about four per cent year over year, so it doesn't strike me as anything near a bubble.

How do we compare to the U.S. in that respect? People are worried that their properties may go under. Would that ever happen here?

"I'm not going to say it never will. Most real estate cycles are seven to 10 years and we're in 15 consecutive years of a strong market. The difference between the United States and us is the prudent banking system. They allowed sub-prime mortgages, they gave mortgages to people who could not afford them and that caused prices to be inflated, inflated, inflated in a lot of markets.

Ben's advice to readers? "Buy something that you can see yourself living in for five years."



Urbanation editor and executive vice-president Ben Meyers. HANDOUT