

# Bubble trouble or 'market correction'?

**Condo trends. Is Toronto's red-hot market finally cooling off? Metro investigates**

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Toronto condo owners may be feeling a little skittish about the market with concerns fuelled by volatile world events, recent banking reports pointing to a market correction, and the possibility of rising interest rates.

Are sellers now becoming frustrated trying to sell their units? Ask James Temple, a Toronto urban professional whose two-level low-rise loft at 39 Roehampton Ave. has been on the market now for several months. Temple's European boutique-style unit has undergone various upgrades, although he's lowered the asking price to \$394,500.

Gone are the days of bidding wars and multiple offers, he says. "I would advise people to be patient."

Bette Ursini is the founder of the Toronto Condo Network and believes the market is starting to peak as far as new sales

go. "They're getting to \$700 and \$800 a square-foot without parking, whereby the resale are around \$500 to \$520 a square-foot, so we think that this could be the last year of the pre-construction condo boom and we think the developers are feeling it as well because they're sort of rushing stuff to the market."

Still, many developers see a strong condo market and have no intention of slowing down.

Lanterra Developments CEO Barry Fenton recently told Metro, "I'm very bullish on the market. I've been on BNN a few times over the last two weeks to talk up the market because I'm still very positive about the market ... I would say that over the next three years we'll be to the market with 4,000 units. That's really exciting."

It's all about resale now says diamond award winning realtor Al Daimee, who specializes in King West condos.

"We have to talk about retail and preconstruction separately and the reason why is the resale market is priced well compared to the new construction market," he says.

He envisions it becoming harder to buy for investors driving the red-hot market. "There's been some in the real estate industry who have been saying for a while that there should be



39 Roehampton Ave., listed with Chestnut Park Realty. THEA MENAGH/TORONTOREALESTATEPHOTOGRAPHER.COM

some new rules to curb or limit foreign investment, to make it a little more difficult for foreign investors to buy property. When you see three out of four units being sold to investors in almost every new project,

that's an alarmingly high percentage," says Daimee.

Is Toronto headed for an American-style real estate meltdown with thousands of properties underwater? Not so, say some experts. Barry Lyon

is one of Toronto's most respected real estate consultants. He maintains that the condo market is healthy and needed a correction. It's happening now and will sort itself out fairly soon: "Simply, we feel that the

## What goes up...?

Experts weigh in on the possibility of a condo bubble.

- Barry Lyon, president of Barry Lyon Consultants Ltd. "We don't see any multiple offers in the condo. It's certainly still happening in the single-family. The only multiple offers in the condo would be in an older building in a prime location with larger suites."

- Al Daimee, sales representative, Royal LePage Real Estate Services Ltd. "There is a perception that when interest rates go up we will see a correction in the marketplace. If prices do soften, there's a strong rental market to support it."

market has peaked and that this is healthy for the market and that overall, the market became overheated and will now return to a more stable, normal type of level."

Lyon believes a bubble is more likely in the housing market, not condos.

"Our concern has been that Toronto's single-family market is more of an overheating problem, more of a potential bubble problem than is the highrise market. The highrise market is in the process of adapting and will be normalized within a couple of years now."