

# CONDO LIVING

## Demand for condos to remain solid

Condos remain affordable stepping stone for first-time buyers

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Special to QMI Agency

Plans are on the rise among homeowners in Toronto to buy a condo within the next five years, according to a recently released BMO Condo Buying Report, while buyers in Montreal and Vancouver may be reconsidering the prospects of high-rise living.

"Our department has done an analysis on the Canadian housing market and we're anticipating that it's calming, it's not crashing," says Frances Hinojosa, a mortgage expert with BMO Bank of Montreal.

The report seems to paint a fairly optimistic picture despite recent market jitters. "We're finding that the market is actually softening on its own, it's not a panic where there is going to be necessarily a crash that's going to happen," she says.

The report, conducted by

Pollara, reveals some interesting data by examining the intentions of homeowners to buy property over the next five years in four of Canada's major city centres.

The findings show that home buyers in some of Canada's major cities are still looking to purchase a condo by 2018 and that buyers in Toronto, Calgary and Vancouver are the most likely to be eyeing a condo for their next purchase.

The study reveals that a third of prospective Toronto buyers plan to purchase a condo in the next five years, up 11 points from the fall. In comparison, prospects for condos among home buyers in Calgary have risen eight points from the fall (33 per cent versus 25 per cent). At the same time, intent to buy a traditional home has dropped from 71 per cent in the fall to 58 per cent.

The report shows that demand in Vancouver has waned, with intent to buy condos dipping by five points, from 33 per cent in the fall to 28 per cent. "If you look at Vancouver, there was a softening in their prices but not their sales. With recent statistics released by the real estate board, the softening may be related to a pricing differential from the Toronto market, says Hinojosa. "Their price points are a lot different than the Toronto market. It could be pricing out some of the first-time

homebuyers that just want to get into buying something."

Montreal showed a slight dip which Hinojosa attributes to a growing market. "I don't think it's anything to necessarily panic about right now. They weren't traditionally a big condo marketplace as Toronto or Vancouver. When you're new to the game, you may have some adjustments."

According to the report, 24 per cent of buyers will be opting for condo living, down 3 points. However, intent to buy a house has risen sharply by 16 points, from 46 per cent in the fall to 62 per cent.

For many first-time buyers, particularly in high-priced markets like Toronto and Vancouver, condos represent an affordable stepping stone into the housing market says Hinojosa, and predicts that down the road, those individuals will want to move into low-rise homes.

"Eventually what I see happening is those young, first-time homebuyers, their first home is not to be their last. That's their starter place, the condo."

On the other side of the spectrum, many in the baby boomer demographic may be looking to downsize from the family home, leading some to consider the condo market as well. Hinojosa added that the report shows prospective buyers of the age 50 and over are more likely to be planning to purchase a condo than those under the age of 50 (30 per cent versus 17 per cent).

**BMO's Frances Hinojosa:** For many first-time buyers, condos represent an affordable stepping stone while on the other side of the spectrum, baby boomers may be looking to downsize from the family home..

Despite recent market jitters, a new report from BMO paints an optimistic picture for long-term demand for condos in Toronto.

