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The period of the traditional post-New Year calm is ending and developers are starting to introduce new projects to the market. Both customers and agents are interested in the same question: will the emerging projects be significantly more expensive than the ones we saw at the end of the previous year?

The previous year – especially its second half – was known for the high prices of condo-apartments in practically all of Toronto. On average, during 2016 the apartments became 10% more expensive although there were regions that experienced a 15% increase, or more. Practically all new projects that entered the market in the second half of 2016 were sold out instantaneously. Hence, having seen such high demand, developers took advantage of the situation and rose priced right in the middle of sales. You could reserve an apartment only by working with a “Platinum” broker who has access to the project. Virtually not a single project in downtown Toronto emerged to open sales in the end of 2016.

This situation was quite predictable; the small amount of new projects as a consequence of the 2011-2013 condo-apartment crisis, an unbalance between demand and

NEW HORIZONS OF THE CONDO-APARTMENT MARKET IN THE GTA

offers, and the toughening of mortgage rules which forced potential clients to transfer from a detached or town house to condo-apartments all contributed to the current state. The demand will be higher than the offers available at least up to 2021, until the volume of construction is recovered and accordingly; we will see two-digit numbers in the graph of yearly price increases. For those who are considering obtaining an apartment or investing should definitely not wait. However, this does not go to say that you can buy anything and anywhere just for the sake of buying. Many projects in the GTA are constructed in areas where we will not see a price increase in the near future. You have to be especially careful choosing a project for investing purposes.

I am often asked the question: is it too late to invest in condo-apartments now considering that in the past year, the prices went up by \$30-60 thousand for a unit? My answer: absolutely not. We are only in the beginning of the rally; a year ago in downtown Toronto, we saw prices of \$650 per square foot at the excavation stage, this year the price is over \$700 and in 2020, I doubt that it will be possible to buy a unit in a good project for less than \$1000 per square foot.

If considering that the construction of an apartment building takes approximately three years and upon buying you invest only a deposit while the price continuously increases, it is not difficult to calculate the annual percent that the investor’s money works under. I will not go into mathematical details but I will mention a fact that has been proven over the years. For a 6-7% price increase of real estate, the profit made from invested money can reach up to 60% annually

– imagine what can be said about the times when two-digit numbers will appear in the graph of price increases. This is the golden time for investors.

Returning to the question of how much more expensive will the emerging projects be compared to those at the end of the previous year, I would say on average by 3-4% which currently makes no significant difference in the calculations of investors.

All apartments obtained in the excavation stage have a steady and positive “cash flow” upon completion of construction – this has long not been the case in the segment dealing with detached and town homes in developed areas.

Furthermore, during construction the price of the apartment can dramatically change and obtaining a credit, even after the toughening of the mortgage rules, will not be difficult as after depositing 20% of the price in the contract, you will only need a credit of 50-60% from the market price of the real estate. On such conditions, any bank will gladly give you the credit.

Finally, let’s discuss which projects among the ones already on the market are interesting from an investing point of view. In today’s article, I would like to highlight two projects:

The first project – called **“Via Bloor”** – is two 37 storey towers by the company “Tridel” located on the intersection between Bloor St East and Parliament St. I have already discussed this region numerous times in my interviews and publications. This is a region that should expect major changes in the near future. Currently it is in the construction phase and the prices have not yet had a chance to rise extremely high but in the next



become significantly more expensive and those who have invested here will make a sufficient profit.

You can obtain detailed information about these and other projects, including the price and layout of the units, on our site WWW.CONDODEAL.CA. In the near future, the smart-phone app will be available for download via which you will be able to automatically receive the latest news regarding new projects. Our company has access to primary sales in numerous construction projects in Toronto;

four to five years, it will become unrecognizable. Consequently, it will belong to a different price category.

The second project – called “**Supersonic Condos**” – is a 30 storey building by the company “Linvest” located on the intersection between Eglinton Ave East and Don Mills Road. The region is known as Flemingdon Park and has a valuable location in the city; it is near several parks and a golf course, as well as a walking distance from the Ontario Science Centre. However, it has not been attracting the attention of major developers due its lack of transportation accessibility. The situation has drastically changed with the beginning of construction of the new

subway Eglinton LRT Cross Town Line, which is supposed to be ready in 2021. When this construction is complete, you will be able to get to downtown Toronto in a mere 15 minutes. Large developing companies have reacted immediately – they bought out areas suitable for the construction of apartment buildings and in the near future, we will see the creation of a comfortable complex of condos of the luxury class. The prices in this region have not yet increased – a square foot costs \$600 and you can buy a small one bedroom apartment for \$300,000 which is completely atypical of areas that are within 15-20 minutes of travel distance from central downtown. As a comparison, the nearby area of Yonge and Eglinton which has access to the subway is in the price category of \$700 per square foot. Without a doubt, in the next few years the region of Flemingdon Park will

by working with us, you are guaranteed to receive the latest updates, best prices and improved contract conditions. As a general rule, we sell projects long before they become accessible to the majority of brokers.

Further, we would be happy to see you at our monthly seminars dedicated to investments and real estate that take place in the office of the company *Invest Connect Management* located at 10376 Yonge Street, Unit #306, Richmond Hill. You can receive seminar information as well as register for them on WWW.INVESTCONNECT.CA

