



6 QUESTIONS WITH **BRAD J. LAMB**

Toronto Real Estate Broker And Developer

Prices in Toronto have risen over 20% year over year in January and February – what is going on?

Toronto is a city that has really grown up. Our reality is that no one is building a meaningful amount of freehold housing anywhere in the 905 and further afield. Whenever a freehold development comes up for sale within 90 minutes of the city they sell overnight. There is a shortage of lots overall in the 905 and there are no lots in the 416. In the 416, when a freehold property is listed for sale there are often more than a dozen offers. This just drives prices higher. It is not going to change for the foreseeable future unless a drastic change of policy occurs. We are in an environment of low interest rates and an environment of slow economic growth (of about 1-2%). This is not high enough to stimulate inflation beyond 2%. Low interest rates will continue for the foreseeable future. Government debt payments have become

such a large part of government budgets that they simply cannot sustain higher interest rates without defaulting. Toronto's economy is doing very well and we see annually a large influx of people coming into the city every year. Last year the city grew by approximately 110,000 people. The population of the city is now almost 6 million people and government estimates indicate 9.5 million people in the next 20-25 years. I expect the pace of population increase to actually exceed government estimates as it has virtually every year. As Toronto becomes a more desirable place to live more people will want to be here. This just means higher pricing in the future.

How about the condo market? What is your prognosis on its future?

My prognosis on the condo market is in many ways similar to my prognosis for the freehold housing market only that it is a marketplace

where we can add additional supply. The problem here is less acute in the 905, however, the core has run out of land to develop. Development is being blocked by the City's planning department causing shortages.

Are these price increases sustainable?

No, of course not. Currently, we are experiencing 20-25% price growth across the board. Not just in freehold but also in the condo market. It is just booming. Condominiums are selling with multiple offers. We cannot sustain a 20-25% increase for 4-5 years running. I suspect we will see a 20-25% increase this year and then we will see something a little less than that in 2018 – maybe in the order of 10-15% increase and after that, due to affordability issues and possibly higher supplies. From the standpoint of investment property, \$1000PSF and higher will cool off investor interest as negative cash flow is a reality.

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So you're developing in Toronto, Ottawa, Calgary, and Edmonton – what's next?

We are developing in Toronto, Edmonton, Calgary, and Ottawa. We have our foot on the gas in Toronto doing a lot of development here. We have 5-6 more projects in the central part of the city. We have also recently bought several development sites in Hamilton. Hamilton is the future. I think its time has come for its downtown core to re-populate to large numbers. I see many young people moving to Hamilton for its affordability. The GO train is now stopping in Hamilton's downtown which allows people to commute from Hamilton to Toronto. Hamilton's cool factor is going through the roof.

With high prices in Toronto, some people are getting rich. Is it too late for Joe Average to participate?

It is true that the last 15 or so years in Toronto have been very good to real estate developers and investors with a little downward blip in 2008-2009. Anyone who bought a house has seen the price double in the last 6 years. A lot of wealth has been created in Toronto as many people have bought multiple properties. Many millionaires have been created. Is it too late? It is never too late. Every market has its opportunity.

What specific advice do you have for first time buyers trying to get into the market?

My advice for first time buyers is that they focus on buying a condominium and getting into the marketplace rather than stretching to that house. Get a one bedroom, one bedroom plus den or a two bedroom condo. It can be bought with 5% down. This allows them to get a foot in the market. Build equity. In 10 years take your \$400,000 equity that will likely build up, and buy your house.

For information on our developments contact info@lambdevcorp.com or visit the website www.lambdevcorp.com

