



# From the desk of BRAD J. LAMB

BRAD J. LAMB REALTY NEWSLETTER MARCH 2011

## OUR YEAR IN REVIEW

I must say that overall, 2010 was a great year for Brad J. Lamb Realty Inc. and Lamb Development Corp. We settled in to our new King Street West headquarters and got around to the business at hand, selling, designing, and developing condominiums and condominium projects. 2010 saw Brad J. Lamb Realty Inc. sell 1145 properties and lease another 305. It was certainly not our best year, but better than 2009. 2010 goes down as our 6th best year with a little over \$500 million in sales. Lamb Development Corp. had a fantastic year, as we started construction on four projects (Parc, Worklofts, Flatiron Lofts, and The King East). We broke ground on some 635 condominium units in 2010, for over \$220 million in value. Over the course of the year, we launched two new projects. The first project launched was the much written about and fully APPROVED Theatre Park on King Street West (right next to the Royal Alexandra Theatre). It's our spectacular 47-storey point tower. We expect to break ground at Theatre Park during the summer 2011. Our grand public opening for Theatre Park is this March. The second project launched in 2010 was the Riverside Towns. This is the second effort at our Broadview and Queen East parcel. Our first attempt was the Leslieville Lofts. Apparently, this stunning 8-storey structure was too much for the city and neighbourhood to handle (as was the name, to be correct, the land lies in Riverside, not Leslieville. And this faux pas caused quite a stir for the local councillor and neighbours). Leslieville Lofts was cancelled in 2009. Its rebirth is a 4-storey stacked town home styled condo project in the Victorian mode, albeit with über modern interiors. This



project has had no detractors and so far has earned the support of all who have weighed in. We expect to start construction in July of this year. Lamb Development Corp.'s 2010 sales broke 400 units for over \$185 million making it one of the 12 largest condominium developers in the city.

In addition to all of the Lamb Development Corp. projects, Brad J. Lamb Realty Inc. also managed the sales programs (as the exclusive broker only) at 11 St. Joseph Street (Eleven), The Ninety (at Queen East and Broadview), among a few others. Eleven was launched in April 2010 and is currently 90% sold; The Ninety is 85% sold and well under construction. Marketing wise, both developments have exceeded everyone's expectations.

Upcoming Lamb Development Corp. projects include the King Charlotte (located at King and Spadina), George Richmond, in Toronto's downtown east end, and Gotham Ottawa. Stay tuned for more on these incredible new developments, or visit [www.lambdevcorp.com](http://www.lambdevcorp.com).

## BRAD J. LAMB REALTY INC. IS EXPANDING OUR SALES FORCE

21 excellent agents who just happen to also be nice people work at Brad J. Lamb Realty Inc. We are starting a slow expansion to 40 agents by the end of 2012. We will accommodate most of the new additions in our planned new downtown east office located on King Street East in the newly blossoming and exciting condo zone on the lower east side. While we get many employment requests, it takes me a long time to actually hire someone. For those of you interested, please call Ryan at 416.368.5262 or email him directly at [ryan@torontocondos.com](mailto:ryan@torontocondos.com).

## EXPECTATIONS: 2011

Many of the naysayers and doomsdayers made bold predictions last year that never amounted to anything more than hot air. Again, the Garth Turners, Nouriel Roubinis, and David Rosenbergs were all wildly wrong. The stock market climbed higher, real estate prices climbed higher, and the economy expanding with no double dip in sight. In fact, it now appears that the moribund U.S. economy expanded nicely over the year. Most predictions are for a better result in 2011. U.S. real estate prices are a bargain, and those of you interested should get it done. U.S. real estate prices will start rising again this year. Although it is expected over the year to see U.S. unemployment rates edge lower, it is

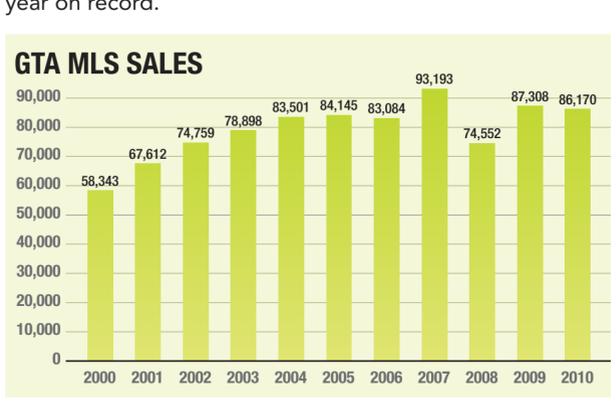
**“Many projects are now selling without even launching publicly, often 70% of a new project is sold out through private functions. This new condo market will stay strong in 2011.”**

acknowledged that the rate will still likely hover around 9% for the year. The U.S. economy can expand nicely with unemployment at 9%. Expansion is good, it means growth. More about U.S. real estate prices; cities like Miami, Las Vegas, Phoenix, and Atlanta, among others, rose too high too fast. The underlying fundamentals were not there for these cities to experience sustained price increases. Cities like Manhattan, Chicago, Boston, Los Angeles, Toronto, Montreal, and Vancouver fundamentally should have higher prices. These cities are probably underpriced as they have limited expansion options and diverse, strong economies. In Toronto's case, we have the addition of a quickly expanding population. Toronto's pricing should be higher than what it is today. We need to wake up and smell the coffee because offshore money is buying everything in sight.

Some of you will argue that we are in a bubble, that prices will drop precipitously. I refute that strongly. Currently, we are in an economic growth phase and our government debt issues pale in comparison to the entire world, save Australia, China, and some of Asia. The austerity measures of which we all knew would eventually arrive after the huge economic stimulus, will be less severe in Canada than for the rest of the first world. Our markets fared similarly to Australia because in many ways we have similar economies. Experts believe that Canada will lead the G7 in the recession recovery, it is the only G7 country to have recouped its losses from the recession. Canada is definitely the place to be.

### TORONTO SPECIFICALLY

It is true that the June to December 2010 MLS sales production was slower in Toronto than in the previous year. June to December in 2009 was part of a spectacular year, the best 7 months in the GTA's MLS record. Of course, if you compare this part of 2010 to 2009, the numbers will look terrible. A fair comparison is to look at annual sales for the last 10 years (all good years really). 2010 was the third best year on record.



My prediction for 2011 MLS sales is 80,000 units. It will be a very good year, not a great year. We want very good years, I'll take 10 very good years over 3 great years any time it is offered. Some people talk of 16,000 new condos to be delivered in Toronto in 2011. So what? 14,500 of those units have already been sold. The 1500 unsold unit balance will be offered in the resale market and will be absorbed in 3 months or less. The GTA's resale market is responsible for 20,000

## THERE ARE SOME RUMOURS AND INNUENDOS I CAN LAY TO REST

■ At no time was I looking to sell either Lamb Development Corp. or Brad J. Lamb Realty Inc.; we have been very profitable every year we have been in business. I will die in my office working at, and for, these companies.

■ I have never self-proclaimed myself "Toronto's Condo King." What an embarrassing claim to make. However, from day one when I launched Brad J. Lamb Realty Inc. in 1995, I did refer to the company as "Toronto's Condominium Specialist," which we are. Please stop referring to me as the self-proclaimed condo king.

■ My outdoor ad campaigns are terrible. I fully admit it and take all the blame for their existence. I bet you've noticed them though.

■ We have helped many people earn tremendous amounts of money buying and holding real estate for the long term. I have never, and will never, advocate flipping real estate. I have always said that flipping is a fool's game of "hot potato." Anyone who has become wealthy will tell you that wealth is created over time. You should listen to this, as it is the best advice you will ever receive. Patience, perseverance, and a long time is what it takes.

■ Most of the thousands of buyers that we have helped invest in real estate started with small sums of approximately \$20,000. They have seen that amount blossom over 15-20 years (I started selling real estate in 1988) into hundreds of thousands of dollars, in some cases, millions. This has all been done over 4 recessions. This is why the long term is so important because recessions come without obvious warning. I have read criticisms about this claim, as if I'm just telling people to give me \$20K and I'll make them rich. While what I advocate is not difficult, it requires a strict adherence to an investment philosophy that will eventually make you wealthy. This is what I advocate. Of course, the critics are know-it-all's that sit back, do nothing, and criticize.

■ Brad J. Lamb Realty Inc. is a real estate broker. We have exclusively sold over 100 new projects in Toronto. For 92% of these projects, I was just the exclusive broker, not the developer. At all times for each and every project, I fought hard for good design execution and for delivering what was promised. As project owner, the developer takes all the responsibility for a projects shortcomings. Blaming me for a developer's bad execution is like blaming the ticket agent for a plane crash. I will say that in every case these buildings are better than they would have been because of my efforts. But, I never have full control unless I own the property, so you can hold me totally responsible for creating Lamb Development Corp. projects such as 169 John, Zen Lofts, Gläs, East Lofts, Flatiron Lofts, Worklofts, The King East, Parc, The Riverside Towns, Theatre Park and King Charlotte. We do get the odd complaint, but because we care about customer service, these issues don't manifest into problems.

condo sales per year in an average year, and every year a percentage of these sales are unsold new units that were just completed. This year, this will represent less than 10% of the overall volume – again, an average year. One last thing, in our city, only one group now builds apartment buildings and it is the government housing operation of Toronto Community Housing. Last year, a small number of units were completed, compared to the demand. Over 85,000 households are wait listed. These are all low-income housing units, not market value housing. There is a huge demand for tens of thousands of new market value rental units every year. Who do you think supplies these needed units? Condo developers build them, investors buy them, and tenants rent them.

The new development market is in a very good position. Sales are now totally controlled by real estate brokers and investors. There is a massive demand for new development, yet to be built, condominiums in the downtown core. Many projects are now selling without even launching publicly, often 70% of a new project is sold out through private functions. This new condo market will stay strong in 2011. I predict 17,000 sales.

Finally, of course, we will have a recession again. When we do, real estate prices will fall. Timing a recession is not possible. Mr. Turner has been selling his real estate doom and gloom for 4 years now. In that time, billions of dollars of profits have been made. No one can know when the next crisis will come. Sitting on your hands and never doing anything will result in the achievement of NOTHING. If you are buying a home to live in, buy a house that you can afford. Expect interest rates to rise 2-3% and buy based on that. Buy to live your life, and buy for a long time, and a long time will take care of you.

If you're buying investment property, buy real estate that is covered by the rent. Your monthly costs should be lower than the rent. Again, you will not be successful in timing the next drop in prices, so buy for the long term. Let the tenant pay off your mortgage and let time raise the value of the property. You will get wealthy. If you can sell quickly at a healthy profit, that may be a good thing to do, it may not. Do not speculate in real estate – you will eventually get caught.

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