



# From the desk of **BRAD J. LAMB**

BRAD J. LAMB REALTY NEWSLETTER APRIL 2012



blog

Check out Brad J. Lamb's Blog – a frank, opinionated, topical comment on real estate and life.

## THE KING CHARLOTTE

I love Charlotte Street. About 14 months ago, I bought a warehouse at 11 Charlotte Street, off King Street West, east of Spadina. Years ago, I sold 36 Charlotte (Charlotte Lofts) for Urban Capital. It was very hard to sell condos in 1999. With just 60 condos in the building, it took me about a year and a half to sell 45 units so the developer could build it. In 1999, very little was going on in this area. It was surrounded by parking lots and unattended warehouses; it was a different time. 36 Charlotte was my fifth new development that I sold as a developer's broker. I bought 3 units in the building to help Urban Capital get their financing. When I sold those 3 units in 2002, I made about a \$320,000 profit.

I spent a lot of time in this area in 1999 as I personally manned the small sales centre on most occasions. While I was selling the Charlotte Lofts, I kept looking at the parking lot directly to the south. I tried very hard to get Urban Capital to buy that property, to no avail. The two principals did not think it was a good site for a project.

I bided my time and with profits earned from selling my three units at the Charlotte Lofts, plus some other money, in 2004 I bought that parking lot. Much to my surprise, it had sat unsold, I couldn't believe my luck. Glas now sits on that parking lot. 25 Oxley Street was developed – 16 stories with 163 units, over the period of 2004-2008. I love the way the 16-storey building fits into its midblock site. It's not showy; it's clean, elegant, and modern.

So when I got the call that 11 Charlotte could be bought, I took some of my profits from the development at Glas and I made an offer. Unfortunately, a huge REIT was also interested and bid against me. I was so sure about Charlotte Street and this area I made a cash offer with no conditions. I bought the building, engaged architects Alliance and ii x iv Interior Design and re-zoned the small property to house a 32-storey, 232 unit, ultra modern tower on the site. The project is known as The King Charlotte, so named for the nearby intersection.

The King Charlotte is a great project. It offers superb modern architecture on a very small 5600SF floor plate. The floor plans are the best I have ever seen or been a part of designing. All the units represent a wide, shallow design offering large expanses of glass, and of course, light. Floor



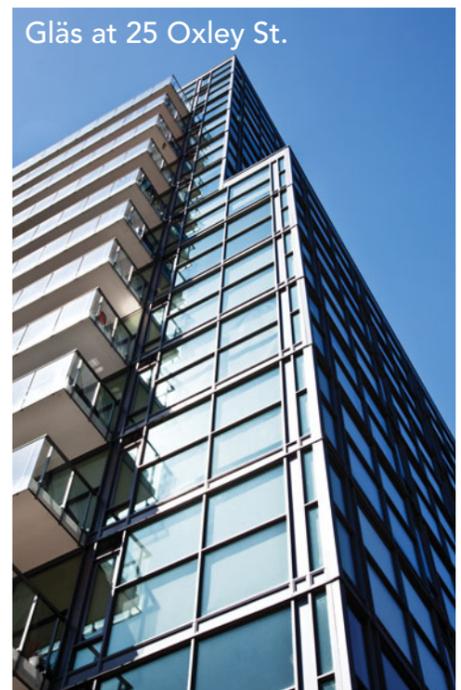
King Charlotte rendering



11 Charlotte St.



36 Charlotte St.



Glas at 25 Oxley St.

plans vary from 1, 2, and 3 bedrooms. Interior design firm ii x iv has designed the interior to be nothing short of spectacular, where no upgrades are needed. Standard finishes are amazing and include: 9 foot ceilings, double thick stone countertops, European cabinetry, exotic engineered hardwood flooring throughout, 6 foot deep balconies, 4 stainless steel appliances, gas cooking in the kitchen, gas nozzles on all balconies for year-round barbequing, spa-like bathrooms featuring stone tiles, spa bath tubs, fully tiled tub skirts, and high design faucets, to name just a few.

Additionally, the common elements are on the same level of a very high end project. Execution is everything, so the top of the building houses the Skylounge, with an incredible 33rd floor outdoor pool and lounge with a stunning entertainment light box facility.

I couldn't be more excited about what we've done. Sure to be an icon and hotly in demand to buy or lease, 11 Charlotte is now 65% sold out. With a date in late May when the shovel hits the ground, two bedrooms can be bought for just \$508,900 and three bedrooms for just \$579,900. Check it out while you can – our sales office is located on site at 11 Charlotte, or visit [www.kingcharlotte.com](http://www.kingcharlotte.com).

# DOES LAYOUT MATTER?

Does layout matter? Absolutely. The most sought after suite in any city is what I call the WIDE SHALLOW. What is the WIDE SHALLOW? Simply put, it describes a floor plan layout that is wider on the glass side and shallower on the suite depth, offering the most desirable characteristics of maximum glass and light with an optimum use of square footage. Essentially, it is the most efficient and desirable floor plan possible.

The project that best exemplifies this is the King Charlotte ([www.kingcharlotte.com](http://www.kingcharlotte.com)), one of my projects at King and Spadina. Usually, a developer has little choice over a project floor plate. Often because of the land dimension and city planning rules that cut into a floor plate, floor plans suffer terribly. At the King Charlotte, we were lucky. The floor plate was a perfect long, thin rectangle surrounded on four sides by glass. This allowed us to deliver the HOLY GRAIL of floor plans – the WIDE SHALLOW. Below are two typical floor plans, a 2 bedroom and a 3 bedroom.

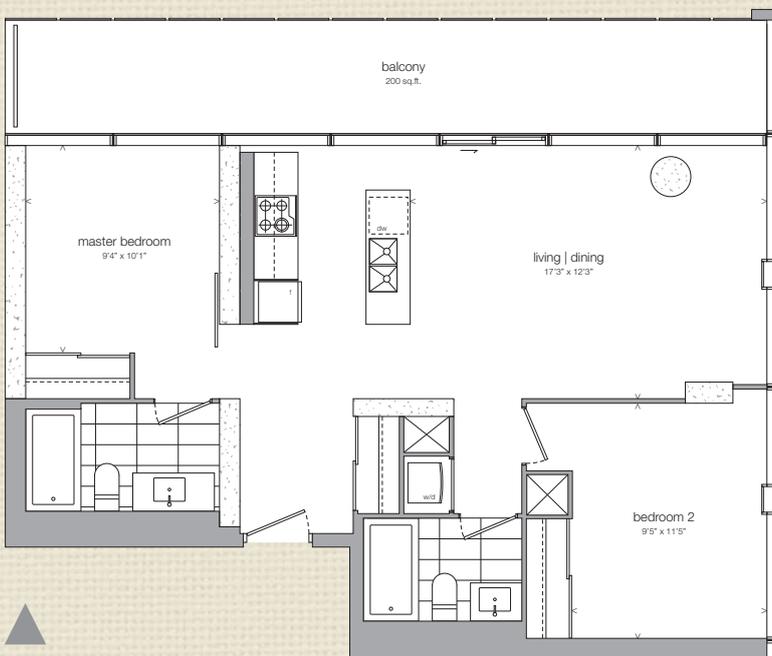
You will note two things: tons of glass and great proportion to the suite given that the 2 bedroom is 842SF and the 3 bedroom is 962SF. Both of these suites offer the same amount of living space found in a more box shaped unit of significantly larger square footage. Additionally, wide-shallow two and three bedroom suites allows for a split bedroom plan, where bedrooms are at opposite ends allowing for maximum privacy.

What does this mean to you? You save money! All condos in Toronto sell on a “price per square foot.” These suites feel 200SF larger than they are. You save over \$100,000 by increased by space efficiency.

It is now quite common for developers to create 2 bedroom suites at 650SF-700SF, and 3 bedroom units at 750SF-850SF. They are doing this because they think investors want to squeeze more people into a unit. Additionally, city policy is forcing developers to create more 3 bedroom suites. This is a false economy, in

the end, a floor plan has to stand the test of liveability and many of these absurd minimally-sized 2 + 3 bedroom units will fail that test.

I believe that we need to create living spaces that work. That is why at the King Charlotte we have created 2 and 3 bedroom plans that work wonderfully at what they are supposed to be; spacious, affordable, stylish homes to actually live in. Check out the wide shallow suites at [www.kingcharlotte.com](http://www.kingcharlotte.com).

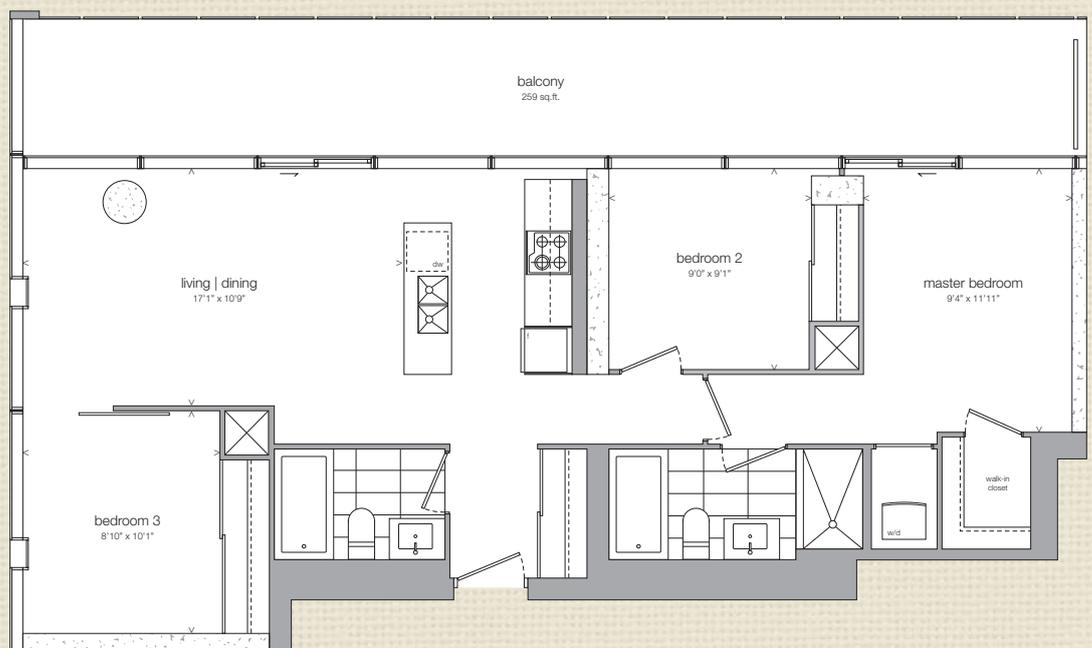


**842 sq.ft.**

two bedroom  
from \$508,900

**962 sq.ft.**

three bedroom  
from \$579,900



# TORONTO CONDO RENTALS

Recently, I reported that the rental vacancy rate for condos in downtown Toronto was less than 1%. Some people thought I made this up. TREB just reported that the last quarter of 2011 showed the condo rental vacancy rate for the GTA was 1.3%. This is for the entire GTA. The demand for condo rentals downtown is higher than the rest of the GTA. As I said before, it is well below 1%.

Note that 4664 units were rented in the GTA during the final quarter, up over 2% over 2010. The number of rental listings was down by 7% over the same quarter. This represents a recipe for higher rents.

Rents for 1 bedroom and 2 bedroom units rose over the year by four and five percent, respectively.

TREB found that: "The number of renters looking for apartments with modern finishes and amenities has steadily increased. The main source for these types of units has been investor-held condominium apartments. As renters have flocked to this segment of the rental market, upward pressure on rents has increased."

Pro-rated over the year, the rental market is absorbing almost 20,000 units. This is one reason why the Toronto condo market is so strong. It has de facto replaced the apartment market for new inventory.

## 2011 WRAP-UP

The final numbers are in; 2011 was the second best year or record, with 89,347 reported TREB sales. The best year remains 2007 with 93,193 sales. Average prices rose 4.1%. My prediction made in my newsletter of February 2011 showed 80,000 sales and a 3% increase in pricing. The average "days on market" for time to sell was just 32 days, down from 37 days, showing a continuous tightening of the market.

Condo sales now account for 33% of all sales in the TREB GTA. This percentage number has increased dramatically over the last 10 years as new condo construction has outpaced single family home construction. A demand shift has occurred towards condominium living. This is the future of downtown housing. Case in point – a typical month in 2011, TREB reported 979 central condo sales and 463 detached/semi or townhouse sales. The condominium market IS the market in central Toronto (the borders of which are Dufferin to the west, DVP/Victoria Park to the east, Steeles to the north, and the waterfront to the south). Last year, 11,756 condominiums sold in Central Toronto on TREB MLS versus 10,994 the year before. Expect 2012 to show even more growth in condo MLS resales.

## ROYAL LEPAGE SAYS PRICES IN CANADA TO RISE!

I recently read that Canada's largest real estate broker has come out and indicated that they believe real estate prices will rise again in 2012. Royal LePage is a very professionally run, international real estate corporation controlled by Brookfield. Brookfield is a multi-billion dollar conglomerate with world-wide operations. They believe that prices will rise just less than 3% this year. Prices in the fourth quarter rose 4.2% nationally, and 10.9% in Vancouver.

I believe that this represents a conservative opinion. Real estate prices in Toronto will continue to rise until the next recession. I believe that is at least 5 years away.

## BURY THE HST

Hey Flaherty - bury the HST. I guarantee you that you would see less grouching if consumers never saw the tax. What annoys the consumer is seeing the tax on the bill; if you want to make HST palatable, just make it disappear into the price.

In fact, if you really want to be creative, raise it by 3% and eliminate it for new housing. You may not have noticed, but housing is getting expensive in Canada, especially in Toronto and Vancouver. Nailing buyers with a 13% tax on a new home is just a bad idea. Most people struggle to buy a home, and taxing new development just keeps more people out of the market.

## HIGH END CONDO SALES

In 2011, only 231 condos sold for more than \$1.0M in the entire GTA on the MLS system. My company sold 17 condo suites for over \$1.0M last year. Almost 3700 freehold homes sold in the GTA through MLS sales for \$1.0M or more.

The high-end million dollar condo market is just a baby in Toronto. I expect that over 300 'million+' condos will sell through MLS in the GTA in 2012. This is a huge growth area for the future. Within 5 years, we will see over 1000 million+ sales per year representing over 25% of the high-end market in the GTA.

For now, the Toronto condo market's heart and soul is the affordable housing alternative for young couples, first-time buyers, and investors. With average condo prices at \$350K, Toronto represents a very affordable city.

## QUICK UPDATE

One easy way to predict price changes is to analyze the supply of real estate. For the Central Districts (C1-C11, which is defined by the area south of the 401, north of the waterfront, east of Dufferin, and west of the DVP), there are currently 1163 condos for sale and 678 for lease. The same time last year showed 1386 properties for sale and 997 for lease. What this tells me is more than likely, 2012 will be a strong year for condos. I would expect that due to supply constraints, prices and rents will go higher.

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