



# From the desk of BRAD J. LAMB

BRAD J. LAMB REALTY NEWSLETTER OCTOBER 2009

## THE RECESSION IS OFFICIALLY OVER

You may or may not have noticed that I didn't produce a July 2009 newsletter. Since I have been one of the few consistently positive prognosticators reporting on this city's real estate industry, I thought I would wait for more evidence so I could once and for all slam the door on the remaining doomsday dreamers. It can't be refuted anymore. This country, the U.S., and the world is officially in recovery. The recession is over.

The Toronto Real Estate Board recently released August home sales statistics and once again, they were nothing short of amazing. Taking a look at June, July, and August sales which are never historically terrific months, as summer is typically a very slow sales period; the results confirmed what I predicted in January. With 10,955 – 9,967 – and 8,035 sales respectively, we have seen the strongest summer on record. Toronto's real estate market has evolved into a seller's market. The time to sell has dropped further to 30 days. Active listings have dropped by 37%, and sales are up 27% year over year. Average prices are up 6% to \$387,921. We are now sitting in the most expensive market in the history of Toronto. Multiple offers are common, in many instances 10 or more offers were made for a single home or condo. What is clear now is that virtually every economist in Canada overstated the recession and underestimated the speed and pace of the real estate recovery that we are now witnesses to. They

were just flat out wrong.

Here's how it is. Not only are we facing drastic and severe shortages of resale product in Toronto and elsewhere, we have turned off the supply tap to restock the shelves. The single largest contributor to new home starts are condominium units or multiple family units. Due to the lack of new development launches over the last 15 months, and the likelihood of

these supply issues, prices are rising fast. Condo prices downtown are now over \$500 per square foot for average quality condominium product and can easily rise to over \$700 per square foot for penthouse quality, high-style units. There is not enough product under construction to alleviate the supply crunch because most of this housing is pre-sold and buyers are choosing not to resell their units.

Ladies and gentlemen – we are going to see substantially higher prices. I believe that typical new development launches will now

***“Ladies and gentlemen – we are going to see substantially higher condo prices. I believe that typical new development launches will now achieve \$500-\$550 per square foot this fall in most downtown locations.”***

that continuing for another 6 months, we will be facing a very serious housing shortage in this city for the next 2 years. The same is likely true in Ottawa, Vancouver, Calgary, Montreal, and Edmonton. All Toronto's remaining new developments are experiencing phenomenal sales of 8-20 units per month, re-launched projects are experiencing multi-hundred unit sale weekends. In June, I predicted that the city would absorb 1,000 new development sales per month. July and August sales soared well over this amount. The resale condominium inventory in Central Toronto district (C01-C14 = DVP – Waterfront – Dufferin – 401) has dropped to just 860 units for sale. Due to

achieve \$500-\$550 per square foot this fall in most downtown locations. We will see substantially elevated sales through the fall at all of the new development sites that still have anything left to sell. As a result of this, it is likely that dozens of new development launches will take place next spring 2010. we will not see these homes completed until 2014.

The housing market has recovered completely, both resale and new sale. Prices will rise further, and anyone who owns real estate in the city should be rubbing their hands together with glee. For those of you that have not yet committed, do it now or it will cost you tens of thousands of dollars.

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