GREATER GOLDEN HORSESHOE EDITION

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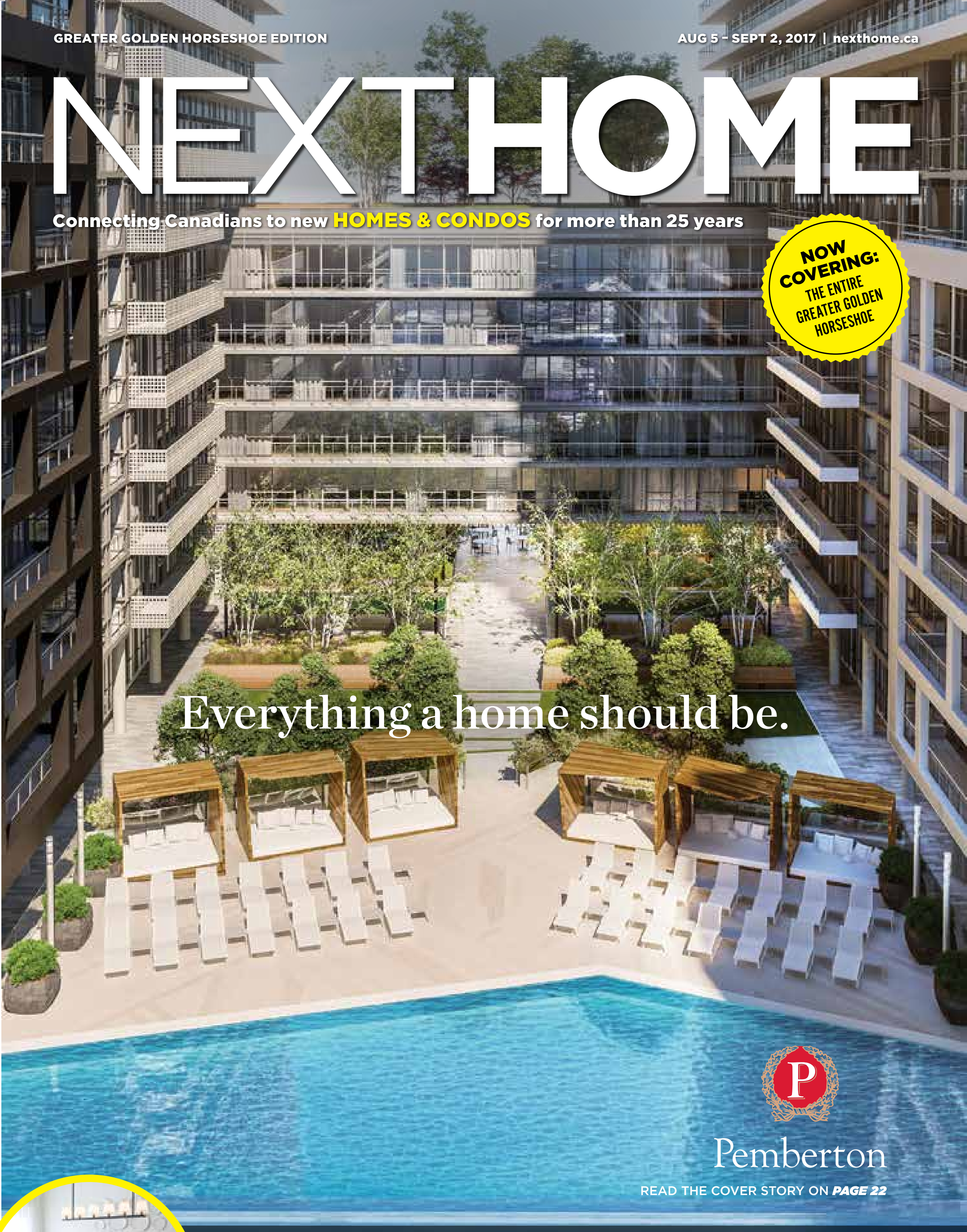

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NEXT**HOME**

exclusive: 92

IN CONVERSATION WITH
CONDO KING BRAD LAMB

Q&A WITH

BRAD **LAMB**

DEVELOPER, **LAMB DEVELOPMENT CORP.**

BY LYDIA **MCNUTT**

NEXT**HOME** chats with "Condo King" **Brad Lamb** about the GTA's hot housing market, the province's plans to cool it down, and the next "it" area in the Greater Golden Horseshoe.

NEXTHOME: *Do you agree that Toronto home prices have gotten out of control?*

BRAD LAMB: I don't believe that Toronto home prices have gotten out of control. We had a blip during October 2016 to April 2017 where prices rose 30 per cent. I think Toronto prices are lower than the value that they offer vis-à-vis other cities across the globe. Toronto is a top three "best city to live" in the world. We won't likely see that same jump for a significant time, but on the whole, prices will continue to rise.

NH: *Ontario's Fair Housing Plan: good or bad news, and why?*

BL: Ontario's Fair Housing plan is very bad news for the province. First, the rent control legislation is going to discourage investors from buying condominiums to rent, because the new rules are

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significantly more onerous. It will also greatly discourage purpose-built apartment investors from committing the huge amounts of money and risk required to build an empty building and then wait for it to fill up over time. Condominium rents in Toronto will likely rise 20 per cent over the next two years as a direct result of this legislation. So in the end, with significantly higher rents, perhaps new apartment construction will start again, but not for the reasons that Queen's Park wanted.

The 15-per-cent investor tax is a wrong-headed tax. It has been shown that 4.7 per cent of transactions measured over a reasonable test period were foreign-buyer related. This is an insignificant percentage. The highest concentration is in Richmond Hill and Markham, where there are significant Chinese populations. Foreign investors would also be more highly concentrated above the $2-million mark. The overall marketplace sub-$2 million is probably less than 3.5 per cent foreign buyer, which is nothing. It's ludicrous to create a tax policy to attack 3.5 per cent of transactions.

More importantly, I think that this tax will do little in the medium- and long-term to slow down price growth in the resale market. Foreign investors are more active in the buying of [pre-construction] new condo development. This marketplace is more risky for buyers, as it is a five- to six-year wait for a completed unit and a substantial down payment of 15 to 35 per cent is required. There is risk that the project won't proceed, as developers need to sell 70 per cent of the inventory before they can get financing to start construction. Without foreign investors, the industry is at risk. This industry is a huge contributor to this city in terms of economic development and a 13.2-per-cent contribution to Ontario gross domestic product. This industry provides the bodies on the street to fill the cafes, restaurants, bars and retail stores, in addition to providing employees for the five million plus sq. ft. of new office space that has been created downtown over the last few years. New condominiums provide rental housing for people who can't afford to buy, and for those who can't find suitable accommodations in the dated, purpose-built apartment market. A vacancy tax is just silly – there aren't many vacant apartments or houses in Toronto; it is purely political posturing for the sake of garnering votes in the next election.

NH: *Hamilton's reputation has changed dramatically in the last couple of years. When did you predict it as the next hot bed for real estate?*

BL: I've been visiting Hamilton on and off for the last 15 or 20 years to monitor its development. Less and less of Hamilton's economy is based in the industrial sector, and more is in education, medicine, services and technology. Downtown is flourishing, renovations are everywhere, [and] I am seeing new housing, new condominium projects, new retail and a complete change in the look of streets. This is the kind of thing [developers] look for when we go into a new city.

NH: *What else do you look for when choosing the next "it" area for new development?*

BL: To date, I've worked in Montreal, Ottawa, Hamilton, Edmonton, Calgary and Toronto. One of the most important things is that the population of the city is [large] enough to support a highrise condominium marketplace, and that equates to prices in the $600-per-sq.-ft. range. The cities that we're active in are cities that can support that number. I also look for an active nightlife, vibrant bar/restaurant scene, an exciting retail scene. I like to see people going out and spending money.

NH: **Y***ou have a new condo project coming to Edmonton, which is starting to see signs of recovery. What are the challenges of developing in a "down" market?*

BL: Development is always a challenging industry in any city. All cities suffer demand setbacks, regardless of national recessions, so slowdowns are a reality.

The key to survival is patience, hard work and a super positive outlook on life.