Condo king Brad Lamb spills the tea on the Toronto market

L–R: Brad Lamb predicts prices will increase slightly this year; he says condos will only get smaller

What's your market prediction for the year ahead?
Unbeknownst to people, the condo market is slowly getting better. It's all about excess inventory, and if you look at the amount of inventory in the central districts, last year at this time there were around 3,400 properties for sale. Now, there's about 2,700. So we're just kind of turning a corner now; we're seeing rental rates going higher too.

What's changed?
Part of the goal of the government's new HST move [removing HST for first-time buyers of new builds under $1 million], was to help builders sell their excess inventory and not get demolished. By removing the HST on builder inventory, we can now compete and sell our product at the same price as the resale and not have to pay a 13 per cent tax. Condos sold are going to go up, and builder inventory will go down. That will stabilize the market and turn prices higher.

That will all happen this year?
This is probably a year where inventory will fall, and prices will creep up but not by much. The other part of the HST equation is that the government wants builders to build again. But most of the people who buy new condos are investors, and they're losing $100,000 to $300,000 a unit on condos that are closing right now, so they're not exactly happy, and they're not dying to get back into the market. With how the government packaged the HST move, an investor will have to still pay that extra 13 per cent on closing, rent the apartment and then get the money back. I don't think they'll like that.

Do developers fear that investors won't return to the market in the same numbers as years past?
That's definitely a major concern of mine. I think we'll have to fight harder for buyers. You have to do more work for buyers, more incentives. We'll have to be kinder to buyers. I don't think we'll be going back to 25,000 condos sold in a year. This year, we'll probably see 6,000 to 8,000 sold, which is better than zero. And we'll probably get up to 12,000 or 15,000 at the max, but I don't see us going back to that frenzy yet. That's a while away, probably five, six, seven years away.

Does being kinder to buyers mean moving away from the shoebox condos?
No, we build based on what you can afford: a first-time buyer with a combined income of $120,000, they can afford $3,000 a month, and we reverse engineer from there. So no, that's not going to change; it's actually going to get worse.

If someone is looking to buy right now while the market is down, where would you advise them to go?
West of Yonge Street, east of Strachan Avenue, down to Front Street and maybe up to Bloor Street. And I've already heard some people are going to launch at $1,000 a square foot, which is a bargain. People should buy them, if they're smart. Developers are going to give you lower down payment schedules. They'll probably give you incentives: no taxes for a year or no condo fees for a year or 5,000 free upgrades.