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IN PARTNERSHIP WITH THE ROTMAN SCHOOL OF MANAGEMENT

REAL ESTATE ROUNDTABLE

Our 18th annual unscripted & unrehearsed discussion with 10 housing experts on the city's favourite spring topic.
Special thanks to our incredible sponsors Fitzrovia and The RE/MAX Collection.

SECTION ONE: MARKET UPDATE

POST: As we do each year, we will kick things off with an update on the economy and interest rates from the country's top real estate economist, Benjamin Tal.



BENJAMIN TAL: Let me start by noting that the fact that Trump is Trump does not mean that he's wrong on everything. He's not wrong on the border. Every country needs a secure border, and the border with Mexico is not secure. He's not wrong on defense spending. The U.S. has been subsidizing NATO, including Canada, on defense spending. We have to change it. And he's not wrong on China. China hasn't been playing fair. So now, let's establish what's going on.

To understand Trump is really to try to understand what's in his head. Everything that we need to know about Trump is in the name. His name — T is for tariffs and taxes, R is for regulations. Now, I had a problem with the U, but then U and M — undocumented migrants. And the P is protectionism. It's all in the name. So now, how can we read Trump? And how can we interpret what he's doing?

At the end of the day, I'm not sure that they know exactly why they are using tariffs as a tool, but they can do it. By the way, it's very important to understand that, according to the U.S. Constitution, Congress has the power to impose tariffs, not the president. The president has the power only in cases of national emer-

gency. And now, all of a sudden, everything under the sun is a national emergency. Not enough toilet paper: national emergency.

For the next few months, for sure, it will be chaotic. The market will go down. The stock market will go down. The bond market will react. There will be a lot of volatility. But what's reasonable? We have to remember one thing: Trump appears to be unstoppable. But Trump has his kryptonite. What I mean by that is he has vulnerabilities.

"I SEE THE BANK OF CANADA CUTTING INTEREST RATES TO ABOUT 2.25 PER CENT, MAYBE TWO PER CENT, HELPING THE HOUSING MARKET THAT WILL BE STRUGGLING OVER THE NEXT FEW WEEKS AND MONTHS DURING THIS PERIOD OF UNCERTAINTY."

— BENJAMIN TAL

POST: What vulnerabilities?

BENJAMIN TAL: Vulnerability number one is the stock market. Trump cannot have a situation in which, under his watch, the stock market is falling. He's always using the stock market as a barometer of success. If he's going to impose all those tariffs, the stock market will go down. It's not a coincidence that a month ago he extended the deadline by one month when the stock market was down by 2.5 per cent. So the stock market is a barometer, and the stock market is a vulnerability: one thing.

Gasoline prices. He cannot have a situation in which, under his watch, gasoline prices go up. Now, the U.S. consumes

21 million barrels of oil per day. They produce 13 million per day. They buy eight million per day. Most of it is coming from us. If there is a tariff on our energy, their gasoline prices will go up significantly. The consumer will feel it. His base will feel it immediately. So that's another vulnerability.

Another vulnerability is inflation. He was criticizing Biden-Harris about the cost of living. Tariffs are inflationary. If you impose a 25 per cent tariff, inflation will go up significantly. And then you

don't have time because, if there is a long-term gain, it takes a while to be felt. But the short-term pain is immediate. The inflation story is immediate. And he doesn't have time because the midterm election is in two years from now. And then you have inflation, and the Fed will have to raise interest rates. Trump wants to see lower interest rates, which means that you will have a conflict between Trump and the Fed, which is the last thing the stock market would like to see; back to vulnerability number one.

So what I'm saying here, he appears to be very confident that he can do whatever he wants, but he cannot. This is just a tactic. This is just a negotiation tool. I think that the ultimate goal is to renegotiate the

United States-Mexico-Canada Agreement (USMCA). It's supposed to reopen in 2026. He wants to open it in 2025, and he will do whatever it takes to tell us what he wants.

So the next few months will be chaotic. The market will go crazy. But I believe that the fog will clear six months from now. By the end of the year, we will know where we are. We are going to renegotiate the USMCA. The Bank of Canada will help us. I see the Bank of Canada cutting interest rates to about 2.25 per cent, maybe two per cent, helping the housing market that will be struggling over the next few weeks and months during the period of uncertainty. At the end of the day, the sky is not falling. It's looking very bad now, and I admit it is scary. But remember, he is not a superhero. He has vulnerabilities, and those vulnerabilities will be very, very evident in the near future. That's the worst of the situation. So you can smile.

POST: Amanda, we know buying a home is based on confidence, and you interview a lot of CEOs. So, what's the general feel on confidence in the business world right now? Are they pulling back?



AMANDA LANG: Something I've been thinking about a lot lately in the context of Trump and his impact on us is that we need to keep our circle of worry inside our circle of control. It's not a new saying, but it's been important to me because worrying about things that are existential and well

PANELLISTS SPILL THE TEA

Worst place you've ever lived?

BARRY: My grandparents' basement when we first moved to Toronto.

SEBASTIAN: I had a large family growing up, my bedroom was off the kitchen. It smelled like curry at all times.

KORTNEY: I lived in a place with no heat when I first moved to Nashville to save a little money.

Worst real estate mistake you've made?

BARRY: Didn't buy enough of it.

SEBASTIAN: Buying a condo in Surrey, B.C. when I lived in Toronto.

KORTNEY: Buying high right before the recession.

BRAD: Buying any development sites between 2020 and 2022.

BRIAN: Not buying buildings I hesitated on.

ADRIAN: Removing all of the bathtubs at my first rental building, The Selby.

AMANDA: I've never made a real estate mistake.

Decorating trend that needs to die?

BARRY: White. The white's gotta go.

SEBASTIAN: Builder beige.

KORTNEY: Shiplap needs to die.

BRAD: No more bronze. No more brass.

BRIAN: Doing an entire apartment floor in shiny, white porcelain tile.

AMANDA: Throw pillows, too many throw pillows!

Next hot neighbourhood?

BARRY: Anywhere there is infill housing.

SEBASTIAN: Wherever I am.

KORTNEY: Can Canada be my neighbourhood?

BRAD: In T.O. every neighbourhood is hot.

BRIAN: I love the Annex.

ADRIAN: King East.

AMANDA: The urban core, so GTA.

CONTINUED FROM PREVIOUS SPREAD

beyond our control isn't helpful. You can look at the numbers, the GTA numbers for the Toronto real estate data for February, to see that's not working very well for a lot of Canadians. There is a loss of confidence. There is worry out there. People are on the sidelines. They don't know what to do. In the first Trump administration, we saw businesses sitting on cash and not investing.

But the difference this time is our government is in a different frame of mind. Governments, every provincial government and the federal government, whoever is in charge after the next election, doesn't matter. The frame of mind is different. We're a little more focused. We're working together better. And I would say, what's in their circle of control? Well, a whole bunch of things that have nothing to do with tariffs. The biggest part of our economy is service industries. By the way, our housing shortage is still with us, and it's, you know, yes, deeply affected in some parts by tariffs. A lumber war would not be a good thing. But we can be going full steam ahead on infrastructure, on construction, on new building, on cutting red tape, on cutting regulations, on speeding up development. All of those things are in our control.

SECTION TWO: DETACHED HOMES

POST: With detached home inventory increasing, are sellers being forced to lower prices, or are they holding firm in hopes of a market rebound?

BARRY COHEN: Well, we see it every day. People are dropping prices, but it's generally in the lower price range. They're a little more susceptible to the market conditions and the fears and the chatter about tariffs and elections and everything else. And I can tell you the bad weather hasn't helped us at all. And you see that in February. But when you move into the upper range, you know, the \$3 million to \$5 million, I think people are taking a wait-and-see approach. And then, when you work your way up the real estate food chain, it's very obvious. The uber-rich are sitting on the side. If the home is compelling, they're buying; otherwise, they want to have an oppor-

tunity to buy it at 90 cents on the dollar next year. But that hasn't happened, right?

POST: Kortney, over to you. With tariffs and Trump heavy on everyone's mind, it's great to have you on this panel. What are you seeing in the detached market right now?



KORTNEY WILSON: Well, first of all, you all are so smart, and I just feel so grateful to be on this panel with all of you. So thank you. I live in Nashville, Tennessee. So a lot of the expertise that I have is contained to that market, and we are somewhat isolated being sort of the NashVegas of the south. But I actually agree. I think it's relative. It's affecting my lower listings more than anything. However, home prices are up by a long shot in this first quarter already, where we are. And I think it's because people have been sitting. They locked in really low, historically low. What I'm seeing currently is

"WE NEED TO KEEP OUR CIRCLE OF WORRY INSIDE OUR CIRCLE OF CONTROL. THAT'S NOT TARIFFS; IT'S CONSTRUCTION, CUTTING RED TAPE, SPEEDING UP DEVELOPMENT."

—AMANDA LANG

that people are ready to take the plunge, even if that means breaking even. I'm not seeing people in Nashville take a huge hit because, again, they've locked in at historically low prices or interest rates of three per cent. And now, we're at six and a half. What I am seeing, however, is I've had three people in the last week in Nashville call me about selling everything in Nashville and moving their real estate ventures to another country, one being Canada. If I had a nickel for every time in the last month somebody has asked me about immigration or immigration into Canada! I'm a dual citizen, born in Canada. So that's been interesting for me there.

BRIAN GLUCKSTEIN: When Barry was talking about the buyers — you know, we deal with an affluent buyer base — and they are feeling there are some deals out there, which are not significant, but the big thing we're seeing right now is the clients are asking, what is the cost

going to be to renovate these houses based on the tariffs? So that's giving them a pause. They're not not doing it, but they're now asking us, how much will the appliances cost? How much will the plumbing fixtures cost? How much will the materials cost that are made in the United States? How significant is that going to be in a difference to the renovation that was done a year ago? So they're not stopping the process, but they're slowing the process down because of this caution and uncertainty.

We're trying to tell them there are certain products that we'll buy not from the United States. So we'll buy appliances from Germany. We'll buy stone and tiles from Spain and Italy. We're looking at plumbing fixtures from Europe. We're asking our vendors, does the product now come through the United States? A lot of it came to the United States, to the distribution centres, and then came up to Canada. We don't want to do that anymore. So we're telling our vendors, we want a direct ship from Europe. And we're working on that now, and the vendors are coming to us with that information. And it's the best way to do it anyway because we're paying duty into the United States and then duty into Canada. So in the long run, I think this is going to be a long-term effect in the way we renovate these houses and buy the product.

POST: Barry, can we follow up a bit on the luxury market? You were saying the luxury market here in Toronto has remained basically the most stable or the most resilient. Is that just because those buyers have money that they can count on?



BARRY COHEN: It is resilient in the higher end because they can afford to wait, right? — if there's an opportunity. But when we actually look at last year, and it was a very quiet year, the year started off with one sale over \$7.5 million for the first two months compared to this year where there's already been six. And then we went through all of last year with virtually no uber high-end sales, right? And when you got to about the last quarter of the year, I think everybody got comfortable with the new land transfer tax. That was the theme last year, the land transfer tax. So, by the last quarter, we were selling real estate.

As a matter of fact, we were laughing on the first week of January. I wrote a

memo to my team saying, "Hey, it's 2025, everybody's gonna forget about 2024, rates are going down, and Trudeau just announced his eventual resignation. Get on the street and start working." And then Trump appeared! So everything has changed in the last five weeks.

POST: I see Amanda wants to jump in.

AMANDA LANG: I just wanted to say, because we can always tie the macro to the micro, and one of the things that has been happening for decades, but will be writ large with Donald Trump in America, is the bifurcation of our society. And the people with money will have more money. You know, we've seen this described over time, but the capital is now circulating among the people who have assets, and it's not trickling down to the people who have incomes. And so, the real estate market will see a similar bifurcation between those two, and it'll be-

come more pronounced, I think, as we go forward, not less. Unless we do something, human beings could change this with policies, but if we don't change the policies, we're going to keep living in this world.



MICHAEL KALLES: We did a quick study. Let's look at the last few major issues in the economy. When the dot-com bubble burst, the S&P 500 went down 50 per cent, the HPI, the housing price index, in Toronto went up 15 per cent. The financial crisis, the last financial meltdown — S&P down 58 per cent, HPI up 18 per cent. COVID 19 — S&P down 20 per cent, housing market up initially five per cent, and then eventually 42 per cent. So I think a lot of people are going to be looking to something that's very stable, and I for one am very bullish on the Toronto real estate market. I think there's certain segments, like the condominium

market, that are going to take some years to get through the current inventory. I think we'll be thinking about things in a different way in 2028.

POST: Let's go to Sebastian. How is the hesitancy around buying right now impacting the home improvement market?



SEBASTIAN CLOVIS: I think it's impacting it in several different ways. Typically, major renovations happen in the first three years of somebody purchasing a home. They buy a home, and they want to make it their dream home. And so they'll get a mortgage that can accommodate their renovation budget. As sales start to go down, there's less of these people that are in that one-to-three-year kind of period, and therefore the home improvement industry starts to go down because there's not as many people buying homes. So that's the first thing.

The second thing is I think that parties who are involved in flipping properties — which requires that they sell the home immediately after they finish the renovation project — if they can't guarantee that they're going to be able to sell the home, then they're not going to take on the renovation project. And so I think there's less flipping going on. The business model doesn't work in the current industry. And so again, the home renovation industry starts to take a hit from that.

And then I think many homeowners are kind of asking themselves the question fearfully for the first time, is my house still worth what it was when I bought it? I think, for the first time ever, people are actually starting to question that, which means that when they go up for their mortgage renewal, there's a chance that their house is not worth the same thing that it was worth when they purchased it. That means that they're not going to be able to borrow against the perceived value of the future sale of that house in order to renovate.

We may have been having a conversation in the past about the haves and the have-nots. It seems like this might be the beginning of the era. The fact that there is still resilience in the luxury real estate industry and not on common ground says that we might be moving into an era where it's a conversation of the have-nots and have-yachts. And I would say that either way, you better have a life jacket.

2025 PREDICTIONS



THE MASTER OF FLIP KORTNEY WILSON:

As someone with a referral network as a realtor in Nashville, I think we're going to see a large population of people in the red states, especially LGBTQ-friendly people going to friendly states, or friendly countries, rather. And I think Canada is going to be one of them.

THE MODERN LANDLORD ADRIAN ROCCA:

I think rents are going to be flat for 12 to 18 months. I think we will get into nearly double-digit rent increases in 2027, 2028, 2029. So I think, if you are brave in this market, you will be rewarded if you actually put a shovel in the ground. I also see a lot of foreign capital coming to the Canadian market to play the currency depreciation right now. We're getting a lot of interest from the Middle East and Asia, and you'll see some bigger headlines coming into the market.

DETACHED HOME SHOWDOWN

Living in a detached home has increasingly become a pipe dream in Toronto, with the average price skyrocketing high above the \$1 million mark. See how some of the biggest cities in the world match up! These are the average prices for a detached home, based on most recent data and converted to Canadian dollars.



TORONTO
\$1,782,262



NEW YORK CITY
\$1,804,433



LONDON
\$2,141,541



LOS ANGELES
\$1,865,270



SYDNEY
\$1,327,831



VANCOUVER
\$2,006,100

*Sources and calculations: New York and Los Angeles: redfin.com; London: gov.uk; Sydney: propertyupdate.com.au; Toronto: trrebc.ca; Vancouver: gvrealtors.ca

2025 PREDICTIONS



THE TV HOST SEBASTIAN CLOVIS:

We're still in a housing crisis. We still need the millions of houses that we needed last year at this time, when we had this panel, that haven't been addressed yet. In 1945, soldiers were coming home from the Second World War, and there weren't enough houses. So the federal government decided to rubber-stamp three or four designs that you could just build. They were being built in 36 hours, 700 to 1,100 square feet with a backyard. But my point is that we need a more diverse housing stock that can accommodate more people. We've built millions of houses before. The federal government has helped with it, and we can do it again. I'm telling you as a builder, we can get the houses built.

THE DESIGNER BRIAN GLUCKSTEIN:

I think the market is going to continue to be stagnant, and there's so much uncertainty. But one of the things I wanted to mention, not for 2025, but we're going to see a tsunami of money coming in through inheritance. So if we think prices are high now, wait until we have a generation that inherits all this money sitting in GICs and their parents' houses, then we're going to really see prices go up. So it's going to be interesting to see when that happens. Benjamin can say when that will happen, but it's going to be soon.

2025 REAL ESTATE ROUNDTABLE

CONTINUED FROM PREVIOUS PAGE

SECTION THREE: THE CONDO MARKET

POST: New condo sales have dropped 64 per cent in 2024. It's been generally just an incredibly slow year for the condo market in Toronto. How long could this downturn last before demand returns?



BRAD LAMB: There will be no new condos breaking ground over the next two or three years.

There haven't been any new condos breaking ground over the last year and a half. So we have a situation where, according to Amanda, and I believe her, we have a housing shortage. I don't think it feels like that to people right now. I think it feels like there's a housing surplus because interest rates went very, very high. It scared people, made things difficult, and people stopped buying. They just turtled and stopped buying. Even if they need a house or they're forming a family, they're just not buying homes. They're not buying condos, they're not buying houses, and they're certainly not buying new condos.

So we have a real crisis forming here because, if you count the cranes — I don't know if people do that for a hobby, I do — there were 170 cranes two and a half years ago in Toronto, more than the 11 largest cities in the United States. That's how many homes we were building. It was pretty amazing. If you count now, there's less than 50. In another six months, there'll be less than 35, and in about a year and a half, there will be close to zero. I think Fitzrovia will have all the cranes. They'll have maybe 10 cranes and that'll be it.

So we're in a very, very bad situation. It's worse than I think the early '90s when we had a similar situation because we have stopped on a dime building new housing in Toronto. And there is a shortage of several tens and tens of thousands, probably 150,000 to 200,000, multi units. There's probably a shortage of that or higher in Toronto. We're now contributing zero to that.

So what does that mean? It means we're going to have mass unemployment in construction. It means those people who came to this country for jobs are going away because they're unemployed. They're not going to come back when we need them. So our construction industry is shrinking. Now, when we do get a mar-

ket back, it'll come back raging where there's not enough product and there'll be competition for product. You can't see it now, but I promise you it'll come. Maybe it's two years, maybe it's three years, maybe it's five years. But when that happens, we don't have enough trades to build these homes. We don't have enough expert people to build the homes. So what happens is that those prices go higher, housing becomes more scarce, less gets built, housing prices get more expensive.

KORTNEY WILSON: I'm just curious: are interest rates the only thing standing in the way of buyers who are sitting right now?

BRAD LAMB No, so this is what's happened with real estate prices. We need \$1,600 a foot to build the new highrise condo in Toronto. We can sell them right now for \$1,100 a foot. Our cost is about \$1,320 a foot. So we can't build anything. Everyone is sitting on their land, every-

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—BRAD LAMB

one's paying their debt, everyone's trying to look to the future. We need real estate prices to rise 25 per cent. So that \$1,100-per-square-foot condo was \$1,350 or \$1,400, now it's down to \$1,100, and it needs to go back up to \$1,400 and then pop up to \$1,600 a foot for me or anyone else like me to build new houses.

Now, the chance of that happening in a couple of years is not possible, right? So the solution here is we're going to need to have the HST removed on housing entirely, like gone, because the HST represents, for me, \$200 a square foot of cost. And we absolutely must remove all levies on any construction in the city of Toronto, all levies. So right now I pay \$75,000 a door [a unit], pay about \$200 a foot. So if you take that \$400 a foot and you take it off my cost, I can now deliver a home at \$1,200 a foot and we can build housing again.

And back in 1991, I don't know if anyone remembers 1991 to 1996, in that period, no one was building houses.

From 1990 to 2001, the city of Toronto eliminated all levies on housing, and the market started again. That has to happen. That is the only thing that's gonna save this city from a spiral, because we need to build housing. We need to build housing to fulfill the need for housing, and we can't wait three or four years to get back doing it.

BENJAMIN TAL: If I may, can I put something in perspective here? I think it's extremely important to understand because this is a very crucial time. So we started with Trump, and the Trump situation will resolve itself one way or another. There will be tariffs, there will be something. Next year when we meet, we won't be discussing Trump as much as we are doing it now. We'll be discussing affordability.

I totally agree, we are in a situation in which we are building nothing in the condo market. Absolutely zip, nothing. The demand is going to grow. In fact, population growth is not zero, it's not negative, it's actually positive. It's rising. It's rising faster than perceived, and we have more people than we think in this country because we are undercounting non-permanent residents.

Another thing which is extremely important when it comes to housing — every other OECD country is getting older. Canada is getting younger. Last year we got 1.2 million people into this country, over the course of breakfast. And it's a short-term pain, because you have to find housing and all this business, but it's a long-term gain. If you look at the age structure of this Canadian population, it changed dramatically over four years. We are getting younger. The last time it happened was 1957, the baby boom. Back then they needed diapers. Here they need help, they need housing. So in the short term, it's very painful for the economy and the housing market. But in the long term, we are getting younger. We have this huge dividend that no other country has, and that will be positive for demand for housing. We need the supply, totally there with you. We need to cut all those taxes and levies because it's insane.



BRIAN GLUCKSTEIN: Well, one of the things we have to do is, from a development standpoint, the city has been very spoiled, and developers have been spoiled because buildings that we would design would

sell in a weekend. People would buy 20 units at a time from overseas. And we have to reimagine: who are we building for? So we have been building so many buildings for investors, not owners and not families. And the problem is we have apartments that are 300 square feet, 475-square-foot two-bedrooms, where a bedroom is eight feet by eight feet. You can't fit a twin bed in, and you have to climb out to open the closet. So this is not what families want to have. We have to reimagine. We cannot build buildings for investors. We have to build buildings for families and couples that wanna grow within there.

If you're going to buy an apartment and it's gonna take you 30 years to pay for it, you want to grow within that space, and you're not growing in a 475-square-foot two-bedroom. So we have to reimagine two years down the road because we're not going to be building anything. We have to reimagine spaces and figure

out how we're going to build larger apartments where people can have a queen-sized bed in their bedroom.

SEBASTIAN CLOVIS: I love that. I love that. Round of applause. Because I think that was right on. And I 100 per cent agree. I think that when sometimes we talk about the missing middle, we're talking about the segment of housing that we need for real families to live in. I think what we need to consider is that the middle is not just one type of house. Like a three-storey, three-bedroom detached home is much different than a small bungalow. And so there needs to be a bridge. There needs to be different types of housing for different parts of your life.

We need a bridge that takes people from living in their parents' basement to renting with something that makes sense to getting into a small home and then eventually being able to afford a larger family home.

BRAD LAMB: So maybe I'm a realist, I don't know. I just said my cost of building a highrise condo, and this is like a 50-storey building. So it's not like we're wasting land, right? My cost for 1,000 square feet is \$1.3 million. My cost for 700 square feet is \$1.1 million. My cost for 478 square feet is \$700,000. So I don't know. Can the average consumer afford a \$700,000 condo? I don't think so. So we can all dream and talk about what would be lovely, but that's not gonna solve the problem.

BENJAMIN TAL: What are the development charges now?

BRAD LAMB: Development charges are generally around \$70,000 a door [a unit].

BENJAMIN TAL: So let me ask you a question. \$70,000 times zero is zero. And zero is what we are building. So when the government or when the municipalities are cutting development charges, they are not losing any money because they are not making any money because they are building zip. So why don't you cut it? It doesn't make any sense.



SALIMA RAWJI: We're talking about supply shortage. It's real. Why do we have it? Because we have immigration. Why do we have immigration? Because we have a GDP problem. This is not going to go away in the short term. So we are going to continue to need people to come to the city. And if people need to continue to come to the city, they have to say, "I have economic opportunity," hence the opening part of the conversation. And they need to say, "I have livability." And what does livability mean? That's what you're talking about. But there are a lot of other ways to get to livability other than living in a unit with enough square footage for a wife and kids. Being able to access amenities in your building is important, a.k.a. what makes your unit more livable. We should hear from Adrian because he is doing a phenomenal job at livability. And I'm sure he will want to talk about it.

I mean, I don't disagree with anything Brad has said. We are not building. Like he is talking about truth. I have spent the last 20 years of my life working in institutions that have land trying to put product into the market. There are zero transactions going on. What is going on is people not being able to hold onto

2025 PREDICTIONS



THE JOURNALIST AMANDA LANG:

The only prediction I have is that we're headed into a year of wild uncertainty, and it might feel quite unpleasant. But I think by the end of the year, toward into next year, we'll have clarity on a lot of things, including possibly a new trade agreement with the U.S. Things will feel calmer. This is a time when governments can do big things, and ours seem galvanized at every level. I hope we do big things this year. That's more of a hope than a prediction, but it's what I'm sitting in amid all of the bad feelings of not knowing what's going to happen next.

THE CONDO KING BRAD LAMB:

Uncertainty aside, I think interest rate policy will eventually get traction, and buyers will get off the sidelines and buy. The market will start to improve. There's been some kind of sideline stuff happening, but it'll start to improve. The overhang in the rental market and the condo resale market will probably largely clear up this year. We'll see some price increases probably toward the end of the year, midpoint to the end of the year. Ultimately, the market's going to get better, and we'll see that by this time next year. It still won't be a place where we can sell new housing out of concrete, but the stick stuff will happen, and we'll see a resurgence of that.

CONDO MARKET SNAPSHOT

It's been an interesting year for Toronto's condo market — with demand down and supply continuing to rise, both new and resale units have felt the impact. From condo starts to active listings, see how the market has played out in Toronto over the past year.

\$688,055 Average condo selling price	42.8% Year-over-year change in active listings, 2023 to 2024
-22% Year-over-year change in resale Toronto condo sales as of Feb. 2025	-64% Year-over-year change in new condo sales in the GTHA, 2023 to 2024
24,277 Unsold new condo units in development in 2024	64 Number of months it would take to clear current unsold inventory
-59% Year-over-year change in condo starts, 2023 to 2024	-7.3% Predicted year-over-year change in condo prices for 2025

*Sources: trre.ca, urbanation.ca, Bullpen Consulting

2025 PREDICTIONS



THE SALES PRO BARRY COHEN:

I think that the average price will hold level this year. I don't think we're going to see any growth. I think that the condo market, new condos, is going to continue to suffer. But resale condos are holding their own. They're up or down one or two per cent. But where I do see a shift is in luxury condos. We are selling high-end condos, \$3 million and up, and that's going well. But we're also selling \$6 million, \$7 million and \$8 million condos, and we're finding that people are moving from detached into these large condos for safety or downsizing. So I think that that trend will continue.

THE BANKER BENJAMIN TAL:

Well, I think that the economy will slow down over the next few quarters. There's no question about it. The unemployment rate, unfortunately, will rise. Things will clear at the second half of the year toward the end of the year. Interest rates will be lower than they are now. And I think that what would be a big surprise is how quickly demand will be rising. I think that population growth will be faster than expected, and that's something that will add to demand. So the inventories in the condo market will be swollen faster than perceived.

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their land and trying to get rid of it, but we don't see that translating. And so we do have to fix it. It does have to come from levers outside of the individual, that is true. But I do think that there are other things that we can think about in the conversation in the continuum of the conversation. We haven't touched on seniors.

SECTION FOUR: THE RENTAL MARKET

POST: Why are rental rates declining? How low will they go? And any other thoughts you want to throw in there, Adrian?



ADRIAN ROCCA: Who in this room actually thinks, I hear this all the time, "Oh, you must be so happy you're not in the condo market. Rental's where it's at." Who actually thinks rental's where it's at today? Put up your hand.

So this is the only way we can make rental work today: we're one of the very few, because of our vertical integration. We develop, construct asset property, manage entirely in-house. We actually go more downstream than that. We have our own school that plugs into our young family buildings. We do our own kind of food and beverage line. We have a bunch of different levers where we could move fees around and profit around to make sense of going vertical. And we're really focused on tactical execution, our ability to move quickly through design, development, construction and actually start cash flowing. That gives us a big advantage in the market. Most people don't have that advantage, right? And so when you look at rents declining, 8.5 per cent, everyone's like, "Why are rents declining eight and a half per cent?" Because we have 25,000 units completing this year. And we have a lot of downward pressure on rentals. We have a lot of downward pressure on lease velocity because of that. It's an absolute dog fight with concessions and trying to create separation, not only with our competitors and purpose-built rental, but also the condo market. And it's pretty binary. An investor that bought is in survival mode right now to drop their rents to at least cover a portion of their mortgage, right? So that creates a huge issue in our market.

And so as a mid- to long-term view, I'm incredibly bullish on building rental.

2025 REAL ESTATE ROUNDTABLE

And we're going to continue to do that when we want to be the pre-eminent national players. Doing that today is incredibly difficult, right? You need institutional capital. It's a big balance sheet game. It's not a private balance sheet game, unless you could get ACLP [Apartment Construction Loan Program] from the CMHC [Canadian Mortgage and Housing Corporation], or kind of do smaller buildings. There's a lot of financial recourse or guarantees that you have to underwrite as a developer or as a landlord.

I definitely agree with Brad, right? Like what was sold off plan, you know, in terms of a very small kind of one-bed, 450 square feet, 650 square feet two-beds, that actually sold really well. The rents don't translate in the same kind of respect. We've actually made a really bold call going after young families and downsizers, right? It's a pretty lonely place right now. Most of our buildings are larger, more livable suites. What does

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—ADRIAN ROCCA

that mean? We're doing 850-, 900-square-foot two-beds. We're doing 1,100, 1,200-square-foot three-beds.

We're actually seeing good leasing velocity, really strong rental tones in that segment of the market. But it's not just real estate. It's not just bricks and mortars. It's not just the size and composition of those suites. It's how do you actually program? How do you bring that to life? If you're going to go after young families, where are they going to go to school? Schools are at their capacity. I'd argue the quality of the education has deteriorated over the years. I didn't want to deal with the city. I didn't want to deal with the province to get a school and go through all that red tape. So we just created our own school. It's called the Bloomsbury Academy. We do it at subsidized tuition just for our residents.

I lived in London in the U.K. for seven years, and so we fundamentally wanted to create different product. I love masonry, I love brick. Our facades are really

uniquely different. I remember the first building I did was when I was at Tricon, the Selby, which is a 50-storey rental tower. And people would say, there's no way the U.S. operating model and rental model is going to work up here. Canadians are fundamentally different. I totally disagree. As it relates to tariffs, I'm pro-Canada, but as it relates to hospitality, Canadians are no different than anyone else that wants to go to a really nice hotel and get looked after, right? — and wants to walk in their front door and see an animated lobby and really great customer service and great hospitality with great programming. If you're a new member to Canada, you're going to get a community that's going to invest in you and invest in that experience, and that is what we need more of. And we're just not getting that at all. What I get all the time is "You're only building luxury." We're across the spectrum. By the way, we are going to get into affordable social housing. I'm really passionate about that.

Now, are you creating a big balance sheet on the back of that? No, but you're living a comfortable life. It's sustainable. You could run a P&L [profit and loss statement] on the back of that. You could actually live a really sustainable life. So I think there are actually more legs in that segment of the market than we're giving ourselves credit for. We do get a lot of pushback from some institutional investors around the longevity around the rents that we are underwriting. But I actually say, in the next five years, 75 per cent of the highrise product is actually gonna be PBR, purpose-built rental versus condos. And I think that's a good thing.

BARRY COHEN: Do you foresee a glut of rent? Are we short inventory right now on purpose-built rent?

ADRIAN ROCCA: Today we are not, but if you actually forecast the drop in new starts — if you look at the last 10 years, we've been about 16,000 units — I'm talking about condo and purpose-built rental. If you look at last year, we were down to 12 [thousand units]. This year we're gonna be down — these are new starts — down to five and a half to six. So we are totally undersupplied. If we talk about a housing crisis, the longer this goes, the government's gotta wake up. They have done a good job engaging the private sector. What they've done a poor job is sticking their neck out and forget-

ting about politics and actually making good decisions. So I think that needs to change. Thirty per cent of our total development costs is municipal levies, government levies, development charges. We need a full waiver.

The government continues to reach out. Ben and I have been in a number of meetings with them, but they have not done anything, especially municipally with the mayor's office. We actually need more help. Zero of zero is zero, right? The fact that we've been sitting on our knees right now, waiting and pleading with the government to actually step up and help is a disgrace. We absolutely need help yesterday. And the longer this goes by, this is gonna turn a crisis to a catastrophe.

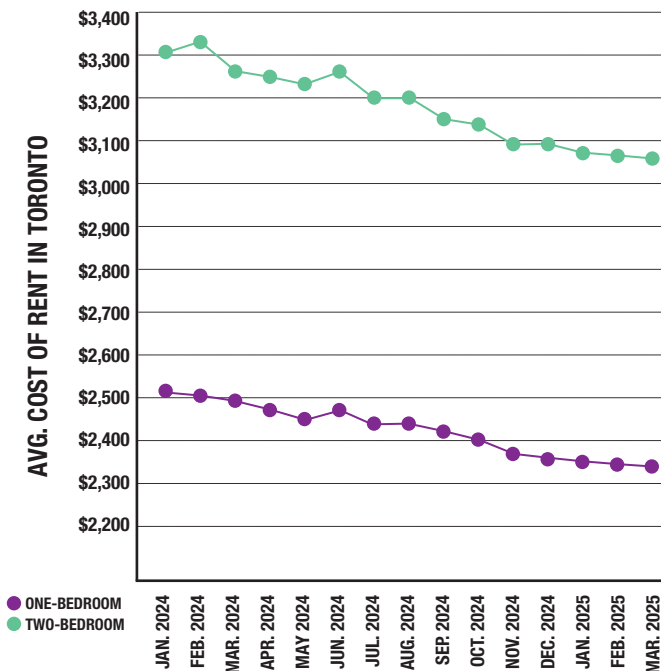
POST: Michael, do you want to weigh in before we wrap up rentals?

MICHAEL KALLES: I'll just give you the per-

spective from the brokerage side. Listings are up 46 per cent on rentals. There's just a major glut, what we're seeing, and our product is different. It's usually investor condo units, owners who thought they would make it big on capital appreciation. Now they're saying, look, let's see if we can just get some type of contribution to our mortgage payments. But I think the big thing is that, right now, I'm hearing Brian's words from last year saying that people are making a decision to live in a rental, and listening to Adrian — these are lifestyle condominiums. I've seen basketball courts and facilities that are second to none. And you can't compare that to a person who bought an investor condo and is trying to push it out the door. But we are seeing incentives from landlords, free months, reduction in rents coming month after month after month. So it's certainly changed in the last six to 12 months.

RENTAL REVENGE

Ever since the aftermath of the pandemic caused a double-digit jump in rents across Canada, Toronto has been feeling the pressure. But this year, rental rates have seen a steady decline after a spike in unit completions and an increased vacancy rate, putting a bit of the power, temporarily, in tenants' hands.



*Sources: Rentals.ca and Urbanation Inc.

SECTION FIVE: AUDIENCE QUESTIONS

POST: We're going to jump into our audience's questions. The first one is for Benjamin, what is the probability of the Bank of Canada raising rates to support the Canadian dollar?



BENJAMIN TAL: Twenty-two per cent. No, they will not do that. The opposite is going to be the case. I think that the Bank of Canada will be cutting interest rates. They have to show that they are participating in the effort to fight Trump to an extent. The government is going to do something as well. So the government, plus the Bank of Canada, will try to help. I will not be surprised if, by June, July of this year, we'll see interest rates much lower than they are now. We see the Bank of Canada cutting to about two per cent. *[Editor's note: After the panel, the Bank of Canada has since cut rates again from three per cent to 2.75 per cent.]*

POST: Our second question, anyone can jump in, how can we get development companies to build larger units instead of megaprojects with all tiny one-bedroom and studio units for investors?

BRAD LAMB: So there's been a lot of talk about small condos. So here's the issue. We have to sell 70 per cent or 75 per cent of the building before a bank will lend us the money to build it. That's how the model works. No one is going to put \$400 million into a building of their own money and just build a building. So you have to borrow the money. So in order to borrow the money, we have to have the sales.

So we had to figure out a way of selling buildings quickly so that we could actually build them instead of giving their money back and getting in trouble with the newspapers and Tarion [the Province of Ontario's new home warranty program]. So the model is, it always was investors, it's now more so catered to investors, and there's been a lot of slagging on condominium investors. I disagree with all of it. Most condominium buildings are very nice. The facilities are very nice. The ones I build are beautiful. We just finished a building called the Bread Company nearby here. We're renting 480-square-foot apartments, so investors are listing for \$2,200, \$2,300. There's nothing wrong with that. That's not any lower than it was a year ago. It's about the

2025 PREDICTIONS



THE CITY BUILDER SALIMA RAWJI:

I focus on students right now, and so I think we are going to see student housing continue to pick up interest as an asset class in 2025. I don't know about 2026, but definitely, we're going to get deals done in 2025.

THE BROKER MICHAEL KALLES:

Well, I'll quote someone from my office. They had a funny line. They said, "People in Toronto don't like to buy real estate unless there's a lineup." I don't know why that is. Step off the sidelines! So my prediction, looking a little further into the future, as I said at the beginning, I'm very bullish on the market, and I think there's going to be some instability. I think condos are going to be back by 2028, and I think we're going to be in a better, probably stationary, year. I think it'll be probably around where we were in 2023 and 2024.

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same. I think if you deliver something nice, then people will come to it.



SALIMA RAWJI: Let's just think about the history of time. We had a bunch of rental construction happen in the '70s. There was government support that made that happen. The government support went away. We had growth in our market. So we had condos. We had net inflow, so we had demand for housing, and so we see run up in prices. So people say, "Hey, this is a good way for me to make money." Nothing wrong with that. Our industry responds.

What does our industry do? We design for the investor. And we all knew it was happening, and we all did it. And the structures of the industry are designed around that model. If the question is, "How do we not do that?" then we need to focus on the end user as the buyer. And then, what has to happen structurally in the system to change so that the end user is the one that actually drives the decision making through that process.

AMANDA LANG: Which, not to be the skunk at the garden party, but people talk about our housing market as though it's a market that's not functioning. And I would say it's a market that is functioning exactly as we've designed it...

SALIMA RAWJI: Exactly.

AMANDA LANG: ...Which is we've financialized it. We turned it into an investment product, and therefore, scarcity is rewarded. And that's why we don't build, and that's why we price people out of building, because 60 per cent of us own houses. And no politician is going to stand up and say, "The solution to our housing problem is that the value of all of your houses is going down 40 per cent." That is the solution, by the way. We need to build enough houses for the overvaluation to come out, but more importantly, it changes the customer. It changes the product. And if we don't do that, we're going to have the same problem.



BRAD LAMB: We cannot get end users to make a decision, a timely decision, in buying an apartment. We can't wait two years. We can't open a sales pavilion and wait to have 200 sales happen over two years. We can't do it, or we can't build it, because the costs go up too much. The city even changes tariffs. In a period of two years, they could double, and in fact, they did double the tariffs for the lot levies from \$35,000 to \$75,000. So we get stuck underwater. There's no model. And by the way, Miami, L.A., New York, same thing. They all sell their condos to investors.



AMANDA LANG: Brad, I have no problem with you building for investors and investors participating in this market, if that's what we decide to do. Where you lose my interest is when tax dollars are then going to support that process. You want an HST break. You want developer fees cut. Which, by the way, they don't go to fund Cadillacs. They go to us. They go to the city. So we have to square the circle here a little bit on what our efforts are about.

BRAD LAMB: Well, you're going to give a tax rebate to Fitzrovia, who are building apartments. So, who cares if one guy owns 300 units or 300 guys own one unit? That's a rich guy, and you're saying that this rich guy can have all these great incentives. Why can't the one person that's buying an investment condo get an incentive to build a home for someone who can't afford to buy a home? What's wrong with that?

AMANDA LANG: Well, don't be disingenuous. Partly, that's because of the type of housing that he's building. So he's getting taxpayer government support, policy support for the type of ... again, it goes back to building condos that are livable for people that need the homes, the market that we're trying to serve.

BRAD LAMB: His [Fitzrovia's] apartments aren't as livable as you think. Nine hundred square feet for a two-bedroom? Come on. When I started selling real estate, a two-bedroom was 1,500 square

feet. That's livable. Nine hundred square feet is barely livable. He's doing what he has to do. He needs a rent per square foot to make it work. He knows exactly what he's doing, and that's why he's doing it.

AMANDA LANG: He's still working within the system we have.

BRAD LAMB: You live in a dream world.

AMANDA LANG: He's working in a financialized system.

BRAD LAMB: I'm sorry. You need to be a realist and not live in a dream world.

AMANDA LANG: No, no. You're saying you want the system as you operate it to stay the same. I'm saying, if we want to make change, you have to actually change things. That's all I'm saying.

SECTION SIX: FIRST-TIME BUYERS

POST: OK, that's the perfect segue into the next question. When we're talking about the public, the average buyer, when there are weaknesses in the market, how do people right now take advantage of that?



BARRY COHEN: I don't really think there's a weakness. Again, there isn't a mentality to buy a house right now. But we're talking about a one per cent, two per cent change in price. In the past five years, if you go back out to 2022, we're up about seven per cent. The big jump was 2019 to 2020, right? and then 2022. So, right now, we're seeing, OK, real estate went down two per cent. Sales are down 25 per cent. It doesn't change the average price. But forget about waiting for a weakness because the demand will be too strong. As rates go down, people will find real estate more affordable. More will come in. There's wealth transference. There's still immigration. I don't see that changing in the near future. Buyers have to look outside Toronto. If you can't buy a detached home — it's \$1.7 million in Toronto right now — you'll have to look to other areas.

KORTNEY WILSON: One of my jobs is convincing buyers right now that they are, in fact, paying 100 per cent interest when they're renting a house and that this is the time for them to buy, even if it's outside of the district they want to be in. And I'm having great success. Of course, it's slightly more affordable. But when everything flips on its side, we will see, again, supply-to-demand issues, and they won't be able to afford anything for the next 10 years.

MICHAEL KALLES: Just a quick point. In today's market, there's so much money on the sidelines. It's not like the financial meltdown that billions were melted away. The money is there. It just takes confidence, right? And all of the things that we're talking about, federal election and tariffs, that's the enemy of real estate. But I can tell you there are opportunities, but you have to be a pioneer. You have to step off the sidelines to pick them up. I say this every year, but I'll say it again. I think I've said it for 18 years straight, but no matter when you bought, if you held a home for seven years anytime in the last 60, you've made money. So don't treat it like an asset. It's your home. It's utility. It's made-in-Canada memories. It's where you raise your family. So I think that we have to stop thinking about everything as asset. The best time to purchase a home is when you can afford it. That's the time to step off the sidelines.

BENJAMIN TAL: Just one thing about the money on the sideline, very important, is that investing was easy over the past few years. Everybody went to GIC. Remember six per cent, seven per cent GIC? Forget about investment, forget about stocks. Now, GIC rates are going down, with interest rates going down. I estimate that there are \$370 billion of excess savings sitting in GICs looking for the exit. And this exit is real estate. This exit is dividend-paying stocks. So there is a lot of money in the system to finance a lot of purchasing. There is purchasing power, and this money is looking somewhere. And if real estate would be a good opportunity, people will go there because the money is there. There's no question about it.

IN GRATITUDE

There are many people in our city who don't have basic shelter and a roof over their heads. With that in mind, Post City, Streets of Toronto and the Rotman School have made donations on behalf of our panellists, our readers and our sponsors — The RE/MAX Collection and Fitzrovia — to Sistering, an organization supporting unhoused women and trans people in Toronto, and to Red Door Shelter, which provides sanctuary for families.