

Luxury buyers quick to act in Toronto's high-end market

Listings are slow to arrive on the Toronto market so far in 2018 and January sales stumbled compared with the flying start to 2017. Nevertheless, some buyers with deep pockets have been quick off the mark.

One of the most prestigious streets in Toronto was the setting for a competition between two bidders vying for a five-bedroom Rosedale mansion with an asking price of \$8,249,900. Janet Lindsay of Chestnut Park Real Estate Ltd. says 56 Binscarth Rd. had undergone a sumptuous renovation by the Toronto-based design firms of Raymond Murakami and Powell & Bonnell.

The triumphant buyer paid \$8.4-million. In the depths of January, the house was on the market for six days.

According to the Toronto Real Estate Board, sales in the Greater Toronto Area fell 22 per cent last month compared with January of 2017. The average price dipped 4.1 per cent in January compared with the same month last year. The average price now stands at \$736,783.00, according to TREB.

New listings rose 17.4 per cent compared with the same month last year, but TREB points out that last year's action was rare.

"It is important to note that the level of new listings was the second-lowest for the month of January in the past 10 years," a TREB statement said.

Despite the overall slowdown, the condo market is seeing some fast-moving deals, Ms. Lindsay says. A buyer with \$5.05-million to spend pounced on a Yorkville condo suite the day after it arrived on the market. The two-bedroom unit at 155 Cumberland St. was listed with an asking price of \$4.98-million.

Ms. Lindsay says buyers are circling and they are willing to move quickly when they see a unit that ticks all the right boxes. In this case, the 2,700-square-foot suite has lots of polished wood and marble on the interior and a 1,400-square-foot outdoor terrace with a hot tub on the exterior.

At One St. Thomas Residences, the art-deco-style boutique building near Bloor and Bay, a two-bedroom unit listed with an asking price of \$3.488-million sold in five days for \$3.750-million.

"There are not many things out there. The buyer has been looking for a year and a half," Ms. Lindsay says.

She points out that activity began later than usual this year because most students didn't return to school from the Christmas and New Year's holidays until Jan. 8.

Ms. Lindsay adds that some sellers are hesitant to list while they're waiting to see how the renegotiation of the North American free-trade agreement progresses. There's also lots of turmoil surrounding the administration of U.S. President Donald Trump and the investigation into his campaign's possible ties with Russia. Global financial markets have been roiled in recent days.

"I think some of the uncertainty is around NAFTA and what's happening in the U.S.," she says.

Ms. Lindsay says that the low inventory of properties for sale also creates a vicious cycle because it discourages homeowners from selling their existing houses when real estate agents can't show them fresh listings.

"For families, they're not so sure about where they'll go. It's not as if they can see themselves going into a rental short term."

Ms. Lindsay has a few homeowners in the throws of editing and decluttering now as they prepare to list soon. She is trying to avoid putting up "for sale" signs around Family Day, which falls on Feb. 19 in Ontario this year.

Ms. Lindsay is advising sellers to list before March because that month will be clogged with holidays. The public and private schools have March breaks during separate weeks. The Easter long weekend also begins in March this year.

"Timing is everything," she says.

In the west end, a contemporary house overlooking High Park sold in January for \$3.75-million. The house, which was built into a steep slope at 168 Ellis Park Rd., was listed in late October with an asking price of \$3,999,990.

Real estate agent Pro Sarbadhikari of Sutton Group Realty Systems Inc. says the unique property received a number of offers during the time it was on the market, but the final

deal worked best for the sellers. The house was designed and owned by architect Graham Smith, who used advanced technology to make the house as environmentally friendly as possible.

Mr. Sarbadhikari says the transaction marks the highest selling price to date on the Canadian Real Estate Association's Multiple Listing Service for the WO1 and WO2 areas, which include High Park, Swansea and Bloor West Village.

"Pricing in the city is getting wider as it is stretching outside of the downtown core as it grows," Mr. Sarbadhikari says.

Christopher Bibby of Re/Max Hallmark Bibby Group Realty Ltd. has been holding off on listing properties too soon because he senses that more buyers will be hovering in a few weeks. He plans to roll out new listings starting this month and continuing into March and April.

"We're strategically holding out. Frustration will mount because there aren't a lot of listings," says Mr. Bibby, who specializes in hard lofts and one-of-a-kind condo units.

First to hit the market this month is a sub-penthouse with panoramic views on Adelaide Street East. The two-bedroom unit in the Mozo building is listed with an asking price of \$1.05-million. That will be followed by a townhouse in the King Street West area, a condo in the Distillery District and a hard loft downtown.

Mr. Bibby notes that some buyers are always poised to snatch up units in sought-after buildings, such as the Candy Factory lofts on Queen Street West.

"If we had a dozen units come out in the Candy Factory, they'd be sold in multiples," he says.

Neighbourhoods such as St. Lawrence Market, the Junction and Roncesvalles Village are also popular, he adds, pointing out that these areas have relatively few units on offer compared with parts of downtown packed with high-rise towers.

"Things are flying."

People who are planning to live in a condo are often looking for more space than they can find in a reasonable price range in the core.

"You can't buy anything under half a million dollars in downtown Toronto," he says.

Mr. Bibby says some of his clients are planning to move up to a detached or semi-detached house. But instead of trading up from a condo, they're planning to keep it for the potential capital appreciation or rental income, he says. That trend keeps supply tight.

"A lot of our buyers are not selling any existing inventory – they're holding onto it. With rents going up as fast as they are, why would you cash out now?"

Another emerging trend is that parents of preschool children are already purchasing real estate with an eye to the day their kids will move out.

One set of clients picked up a junior one-bedroom, he says, even though their children are both under five. Parents reckon that either one of their children will move into the unit some day or it can be sold to finance another property. He says the parents regard money in the market as a slow and steady investment.

"You're seeing a lot of long-term strategy," he says. "It's real. Ten, 20 years from now, where are we going to be?"

Mr. Bibby says he has been hearing from foreign real estate agents who represent buyers interested in Toronto.

"Canadians living overseas are looking to bring money back here."

He also has clients who travel in Asia, the Middle East and Europe and see advertisements for listings in Canada.

Mr. Bibby says that condo prices have risen so sharply in the past year that some investors who buy now can't cover their costs by renting out the unit. He works through the numbers with them, but still they're willing to come up with the extra \$200 or \$300 a month.

In the past, investors typically were not willing to pay out of pocket to carry a unit.

"The average investor is perfectly fine with it," Mr. Bibby says of the recent shift.

Meanwhile, Mr. Bibby says neither buyers nor sellers in his realm seem unsettled by tighter rules surrounding uninsured mortgages or an increase in interest rates.

Even sales data that show a decline in the market from this time last year will only convince people that activity has returned to a semblance of normalcy, in his opinion.

"We've had so much thrown at the market – it was pandemonium," he says of last year's stream of policy changes, stricter regulations and market turbulence.

"There's nothing we could do or say at this moment that would worry anyone."