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3621 Highway 7 East, Suite 403 Markham, Ontario, L3R 0G6
Voice: (905) 305 9669 Fax: (905) 305 9668 landpower.ca

Landpower Newsletter

April 2015

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INSIDE THIS ISSUE:

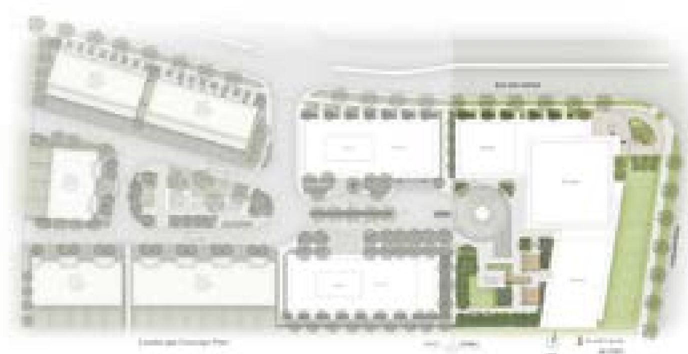
VIP

HOT

UNION
A MARKHAM COMMUNITY

ASPEN RIDGE
HOMES

- Major intersection: Markham Road and Bur Oak Ave, within Bur Oak Secondary School zone
- With 15 feet & 20 feet frontage, the gorgeous two or three storey units range from 1760 to 1816 square feet, giving you room to grow in this exciting Markham development. starting from high $500's.



Starting From $250,000

ASPEN RIDGE will be crafting a set of four-storey condominium buildings, beautifully designed to compliment both each other and the neighbouring townhomes at UNION in Markham.

The first tower will have 40 units, while the second will have 30, each holding suites ranging from 657 to 1400 square feet. Starting from the mid $200's, the condos at UNION are the new standard in urban living in Markham.

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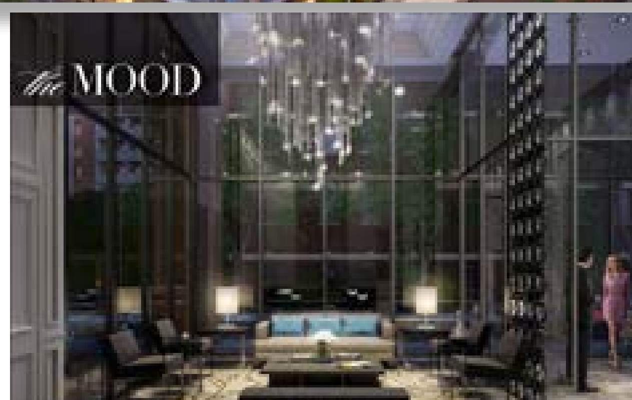

- A boutique residence of just 150 suites that will reignite the Rosedale area.
- The Jack's elegant limestone facade effortlessly captures the upscale personality of its distinctive Rosedale address. A landmark form destined to enhance the social fabric of Toronto's most storied neighbourhood.
- Walking distance to St. Clair subway station

- Urban, sophisticated, connected, vibrant. Introducing Vida. Inspired condominium living, next to the subway, across from Bayview Village, with all the elements of the good life.

VIDA CONDOS AT BAYVIEW VILLAGE is a new condo development by Castle Group Developments currently in preconstruction at 2 Cusack Court, North York

TORONTO'S ECONOMY GETS BOOST, says Conference Board of Canada

Toronto's economy is expected to grow faster this year, while unemployment should fall, thanks to lower oil prices and a stronger U.S. dollar, the Conference Board of Canada says. The Pan Am games will help boost tourism, condo and new home construction will resume and manufacturing will recover at an accelerating pace, the Ottawa-based think tank says in a cross-city comparison. "The lower loonie and strong U.S. economic growth is all good news for Toronto," said Alan Arcand, the board's associate director of the Centre for Municipal Studies. Toronto's growth will accelerate to 2.8 per cent, the strongest gain in five years, and by a similar pace in 2016, up by 2.9 per cent, the board predicts, in its report Economic Insights Into 13 Canadian Metropolitan Cities.

That's up from 2.4 per cent in 2014.

Arcand said this year's growth rate would be considered average. But given how soft the economy has been in recent years, "a year of average growth is going to feel pretty good."

Unemployment is expected to fall to 7.8 per cent from 8 per cent, the board says. As well, Canadians will save an estimated $1,000 this year on gas pump prices putting more spending money in their pockets

In a dramatic "reversal of fortunes across the country," Edmonton's growth rate will plunge to 1.9 per cent, the board also predicts.

Edmonton was the fastest growing city in 2014, rising 5.6 per cent, while Toronto ranked tenth. Edmonton will fall to 19th this year while Toronto will rise to 5th out of 28 cities.

The outlook for Edmonton and Calgary has likely worsened since the forecast was done late last year as oil prices have fallen further since then, Arcand said in an interview. Alberta's economy is the most sensitive to oil prices.

The board's winter forecast assumed the average price of a barrel of crude oil, using West Texas Intermediate as the benchmark, would be $56 U.S. in 2015. That's down from an average of $93 U.S. a barrel in 2014.

Crude is currently trading even lower at around $42 U.S. a barrel on slowing global demand and a boom in U.S. shale gas production.

Arcand said the board is in the process of revising its forecast for its next quarterly report. But he expects the economic outlook for the Toronto area to remain "pretty stable," he said. The area's boundaries lie roughly west of Oshawa, east of Burlington and south of Barrie.

Manufacturing is expected to lead the way, rising 3.5 per cent this year and 3.6 per cent next year, the board said. The sector has made gains in four of the past five years.

Sill, it remains below pre-recession highs, having shrunk by more than 30 per cent during the 2000s when both oil prices and the Canadian dollar were high.

"Manufacturing has been pretty ugly in recent years," Arcand said. "122,000 jobs were lost in the Toronto census metropolitan area. It's got a long way to go to get back to peak levels of output."

Construction activity in Toronto is expected to rise by 2.4 per cent this year, following a decline of 0.2 per cent in

2014 as home and condo builders jump back into the market after a two year pullback, the board says.

Non-residential construction continues, including officer towers, facilities for the 2015 Pan Am games, and public infrastructure, such as the overhaul of Union Station.

Toronto's services sector is expected to grow by 2.8 per cent as gains in transportation, retailing and personal services are partially offset by slower growth in the public sector due to government restraints, the board predicts.

Overall, employment in Toronto is expected to rise 1.8 per cent in 2015, buoyed by consumer spending and tourism, following a lacklustre 0.3 per cent gain the previous year.

Personal incomes are expected to rise to $44,738 this year from $43,793 in 2014.

Inflation is forecast to rise 2 per cent this year, down from 2.6 per cent in 2014.

*Source: The Star - Business, 19th Mar, 2015

TORONTO'S RECORD HOUSE PRICES TO RISE FURTHER BY 2017

Toronto's record house prices could soar a further 17 per cent by the end of 2017 as the lack of supply in the face of unrelenting demand continues to drive prices far beyond the rate of inflation, says the chief economist of Central 1 credit union.

Long-time housing watcher Helmut Pastrick says those who caution that Toronto's market is in bubble territory and about to burst are based on "inadequate models" that ignore some key basics.

"The principal drivers of home prices are market demand and supply fundamentals. Toronto's population is growing and supply is limited. Prices will keep rising until the next economic recession, whenever that is."

Barring any unforeseen global crises, that's at least two years off, predicts Pastrick, who's studied the housing market for 40 years, 18 years as chief economist with Credit 1, the umbrella organization for about 130 credit unions in Ontario and B.C.

Ontario housing markets, with the exception of Toronto, have largely underperformed since 2001. But that's now likely to change in the face of the "economic seismic shift" of slumping oil prices that may be a drag on the Canadian economy but a boon for Ontario exporters and manufacturers, says the economic forecast being released Thursday.

He anticipates that Toronto home prices, which averaged $573,183 in 2014 could soar to $670,000 by the end of 2017. Ontario house prices, which averaged $430,984 in 2014, could hit $496,000 during the same time.

Southwestern Ontario, and especially communities with a strong manufacturing base such as Windsor and Sarnia, are likely to see an uptick in jobs and economic growth which could play out in strong house sales and above-inflation price increases to the end of 2017, he adds.

The Canadian Real Estate Association recently predicted that low oil prices could result in a 1.1 per cent decline in national home sales through 2015, but a 2 per cent increase in average prices.

"Ontario's housing market is poised to expand at a more robust pace in conjunction with improved economic prospects due to a faster growing U.S. economy, the weaker loonie, and energy savings from lower oil prices," Pastrick says.

"Upward pressure on housing prices will continue, though it will ease later in this three-year forecast when listings come onto the market at a faster pace."

That last part, however, may be wishful thinking. Toronto realtors have been anxiously awaiting a surge in listings for the last few years, anticipating that the increase in equity would encourage more homeowners to sell and move up, boosting the supply for first-time buyers who too often find themselves caught up in bidding wars that have further driven up prices.

But most have been staying put, citing fears they won't be able to find an affordable replacement and the high costs of land transfer, real estate and other transaction costs.

Many have been opting to renovate and even expand existing homes instead, which Pastrick predicts could see renovation spending continue to grow at about seven per cent annually.

"Looking beyond 2015, higher interest rates are coming, but at a moderately rising pace."

What Pastrick is severely underestimating, however, is the fact affordability is severely stressed, given that house price gains have far outpaced wage increases the last decade, says Hilliard MacBeth, an Edmonton-based investment advisor whose book, When the Bubble Bursts: Surviving the Canadian Real Estate Crash, was released this week.

"The gap has been filled so far by people going further and further into debt. But at some point, people just can't take on anymore debt, even if the banks and CMHC (through the Canada Mortgage and Housing Corporation's insurance fund) work as hard as they can to make it possible for people to go further into debt."

MacBeth believes the condo sector remains the most vulnerable to a downturn because of oversupply and warns that could contribute to as much as a 40 or 50 per cent drop in house prices over time.

That could happen in two very different ways, he stresses: A U.S.-style housing market meltdown triggered by a recession, or the route many housing bears have come to believe is the more likely scenario — slumping sales that result in a soft landing, where prices slow and even drop over time until wages can catch up.

*Source: Toronto Star - Business, 25th Mar, 2015

PRICE GAP BETWEEN CONDOS AND NEW HOUSES IN TORONTO SOARS

In a sign of things to come as Toronto's spring housing market heats up, the gap between the price of a new house and a new condo skyrocketed to nearly $300,000 in February. It was a fresh record for a market where intense competition has pushed the average price of a detached house over $1-million, while a flood of newly built condos, many of them aimed at investors, has kept prices flat.

The average price of a new house in the Greater Toronto Area hit $733,578 in February, up 12 per cent from a year earlier, data from real estate research firm RealNet Canada Inc. and the Building Industry and Land Development Association show. That figure includes the price of all low-rise housing: detached, semi-detached and townhouses.

The average price of a new condo, meanwhile, has gained less than 1 per cent over the past year, rising to

$442,672 in February. New condo prices have actually fallen slightly in the past two months.

The growing disconnect between single-family and high-rise homes has pushed the price gap up nearly $40,000 since December.

Given that the numbers capture only newly built housing, the widening price gulf reflects the fact that the soaring cost of land in the Toronto area has shifted new single-family development toward higher-end homes, while pressure from investors to keep condo prices low has encouraged developers to shrink the size of units.

(The average unit size of newly built condos has fallen from 925 square feet a decade ago to 801 square feet today.)

But the divide also mirrors what is happening in the resale market, where the price gap between condos and houses hit nearly $250,000 in the first two weeks of March, Toronto Real Estate Association numbers showed. Resale house prices jumped 11 per cent this month compared with a year ago, while condo prices remained flat.

The widening gulf between condo and house prices was to be expected given that 2014 was a particularly strong year for new condo construction in Toronto. There were roughly 18,000 condo units built in Toronto last year, according to data from BuzzBuzzHome, a site that tracks new housing development, compared with about 1,200 single-family homes.

However, the numbers also reflect the shifting preferences of buyers in the region, who have becoming increasingly willing to bid up prices on the dwindling supply of single-family homes even as a glut of high-rise housing has given condo investors an abundance of choice.

Sales of newly built single-family homes jumped 17 per cent in February from a year ago, while condo sales were up 8.6 per cent, the building industry association said. Condo sales actually fell 6 per cent within the City of Toronto from a year earlier, although they rose in the suburbs.

But while Toronto's condo boom tends to steal the spotlight, the shift away from single-family homes toward high-rise condo development has become a national phenomenon.

Investment in new high-rise construction jumped 6.4 per cent across the country in January compared to a year earlier, according to new numbers from Statistics Canada. At the same time, investment in construction of new single-family homes rose by just 2.3 per cent.

Much of that growth came from Alberta, where, despite a drop in oil prices, spending on new condo construction rose 14 per cent compared with the same time last year, a reflection of the fact that construction went ahead on many projects that were started when oil prices were still high.

British Columbia and Ontario, two provinces whose housing markets stand to benefit the most from cheaper oil, also saw spending on new home construction rise in January, up 11 per cent in B.C. and 3.6 per cent in Ontario.

CIBC BANK MORTGAGE

TERM	RATE	SPECIAL OFFERS[2]
1 year	2.89%	
2 years	2.84%	2.29%[ii]
3 years	3.55%	
4 years	4.14%	2.69%[iii]
5 years	4.79%	