

Insights on the GTA Condominium Market

The results of a [survey conducted by Urbanation Inc.](#) indicate that the majority (52%) of buyers of new condominium units in the Greater Toronto Area are being purchased by investors who do not intend to occupy their units and that only about 5% of new units are being purchased by foreign buyers (i.e. buyers whose primary residence is outside of Canada). The survey was conducted among developers of condominium projects being developed in the 3rd quarter of 2016 (projects in the pre-construction and construction stages and recently completed projects). Urbanation Inc. is a research company that has been analyzing the Toronto condominium market since 1981.

The results of the Urbanation survey are consistent with the findings set out in the Canada Mortgage and Housing Corporation (“CMHC”) November, 2016 report, Housing Market Insight Canada – Foreign Ownership. The [CMHC report](#) indicates that foreign ownership of condominiums in the Toronto Census Metropolitan Area in 2016 was 2.3%, with the greatest concentration of foreign ownership in new condominiums and condominiums with more than 500 units.

There has been considerable speculation as to whether the Government of Ontario will introduce a tax on foreign buyers, as was done in British Columbia. Since the results of the surveys conducted by both Urbanation and CMHC indicate that only a small percentage of units are being purchased by foreign buyers, this would seem to suggest that there is no need for a foreign buyers tax.

[Another survey conducted by Urbanation](#) indicated that the supply of condominium units in the Greater Toronto Area listed as available for rent dropped by 13% in the 3rd quarter of 2016.

“Market conditions became very tight in the third quarter with the average condo rental spanning only 12 days on the market and the number of units renting for above asking price more than doubling from a year ago.”

These findings are consistent with [recent findings of the Toronto Real Estate Board](#), which indicated that rental rates for condominium units had escalated considerably due to the fact that there were fewer new condominium projects being completed in the third quarter.

With the hot real estate market in the GTA it will be interesting to see what happens in 2017.