



**GREATER TORONTO
& HAMILTON AREA**
MULTI-FAMILY
TAKE



Q4
2023

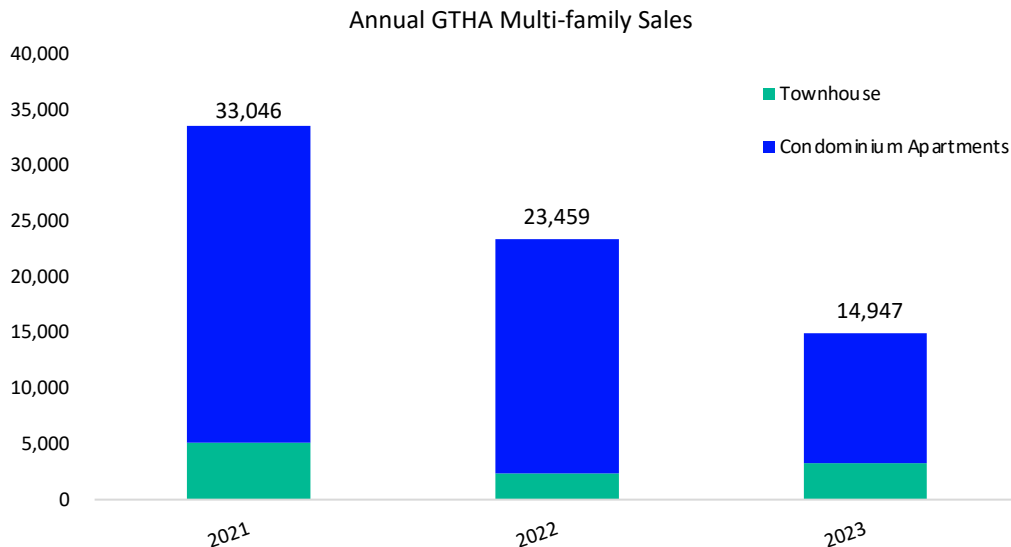
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Apartment Demand Wanes,
Townhouses Rebound

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The Greater Toronto and Hamilton Area (GTHA) multi-family market faced one of its most challenging years in two decades in 2023. Annual sales were down 36 percent from a year earlier to 14,947 with the 12-month pace of condominium apartment and townhouse sales down 60 percent from the 37,104 sales recorded for the recent peak in Q1-2022. Feeling the brunt of the downturn were condominium apartment sales, which declined 44 percent from 2022 to 11,692 sales. Market demand for townhouses was on the upswing in 2023, rising 38 percent from a year ago to 3,255 units.

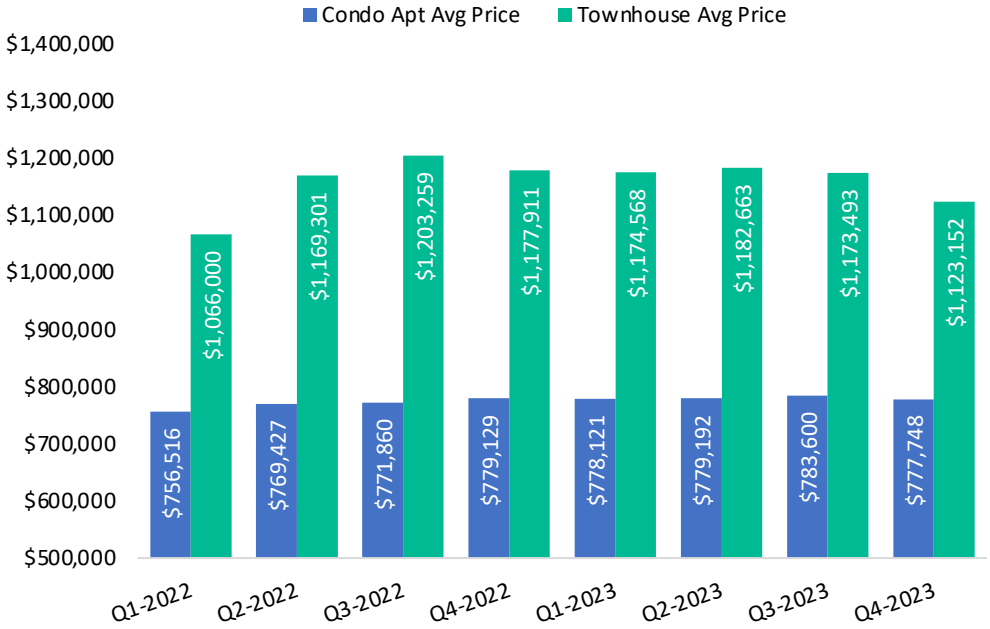


Source: Zonda Urban

Third and fourth quarter multi-family sales volume totalled 6,181, a decline of 12 percent from 2022 and 29 percent lower than 2023 first half sales (8,766) when the market witnessed some resurgence in March and April amid a belief that interest rates had stabilized. The weakening in market conditions during the second half mirrored the trend of 2022, and despite an increase in total unit launch volume during the fourth quarter, total launch activity fell by 14 percent for condominium apartments for the second half of the year. Of the 9,215 condominium apartment units brought to the market during the second half of 2023, 2,701 or 29 percent were sold in their first quarter of launch compared to 51 percent for second half 2022 launches. Among the 19 condominium apartment projects that opened in the fourth quarter, just three were able to sell at or above 50 percent of their total units. There were two projects launched, *Canopy Towers 2 - Tower B* and *The Hill Residences*, which were largely put on hold shortly after opening (Zonda Urban understands some minimal and unconfirmed sales occurred in each). Zonda Urban expects these projects to return to the market with redesigns and potential repricing during 2024.

Appetite for townhouses contrasted condominium apartments with units released to the market rising 338 percent in the latter half of 2023 over the year prior, and first quarter post-launch sales up 322 percent. The higher influx in new townhouse supply had little impact on absorptions, with 36 percent of new units sold in the third and fourth quarters, relative to a 38 percent absorption rate for the second half of 2022.

The difference in the 2023 market response between new condominium apartments relative to new townhouse product came down to a nimbleness to be flexible—townhouse developers began recalibrating in late 2022 with price reductions and an emphasis on smaller, more affordable units. By the fourth quarter of 2023, the average end-selling townhouse price was down five percent year-over-year, equal to a \$55,000 per unit reduction and a 126 square foot smaller average unit size. While new condominium apartment developers are rethinking their suite mixes, most of the market adjustment has come in the form of aggressive incentives, and betting on locations outside of Toronto’s downtown core with more attractive price points.



Source: Zonda Urban

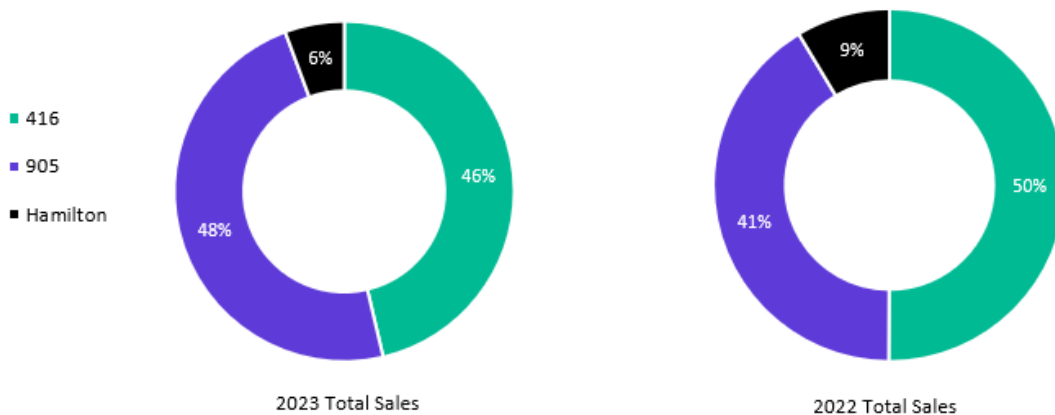
New condominium apartment launches in Q4-2023 sold for an average \$1,334 PSF, two percent higher than Q4-2022's \$1,312 PSF. The average new townhouse project sold for \$708 PSF, up 21 percent from Q4-2022's \$583 PSF, the latter which shifted lower due to a higher presence of stacked units released at that time.

The slowdown in demand that has drastically reduced absorption rates for new multi-family developments triggered a surge in unsold inventory levels, which reached an elevated 26,173 units as of Q4-2023. Available multi-family inventory in the GTHA increased 70 percent year-over-year, including a 25 percent increase between the third and fourth quarters of 2023. The number of unsold new condominium apartments increased 73 percent from a year ago to 21,856 (15,039 released) while available townhouse units climbed 54 percent over Q4-2022 to 4,317 (2,035 released). Zonda Urban’s outlook is for a tempered first half of 2024 as developers seek to sell existing unsold inventory before turning to the launch of new sites. As of mid-February, just one condominium apartment project with 160 units had opened, compared to eight project launches with 2,960 units during the first two months of 2023.

Sales

Sales of new multi-family units in Q4-2023 were down 23 percent from a year prior at 3,396, the lowest quarterly total since Zonda Urban began tracking the GTHA market. Sales of condominium apartments declined at a sharper rate, falling 29 percent on an annual basis to 2,843. Townhouse sales continued to go against the general trend, increasing 34 percent on an annual basis to 553 sales during the fourth quarter. While the three-year quarterly average for GTHA multi-family sales is 5,954, only the second quarter of 2023 exceeded this pace at 6,127, and then back to Q2-2022 when 6,785 units were sold.

The City of Toronto's overall share of 2023 new home sales in the GTHA fell to its lowest point in the post-1990 era at 23 percent. The decrease in total volume in the 416 Region encompassing the former City and its outer boroughs was principally due to fewer sales occurring in Downtown Toronto. 416 Region sales contracted to a 46 percent share with 24 percent occurring in the outer 416 former municipalities, a share unchanged from 2022 and higher than 2021's 14 percent share. The share of annual sales in the 905 Region strengthened to 48 percent during 2023, up from 41 percent in 2022 and 46 percent in 2021. The 905 Region gained back some market share based on a slightly weaker overall market in Hamilton-Grimsby, with this market area accounting for six percent of annual sales, down from nine percent in 2022, though up from four percent in 2021.



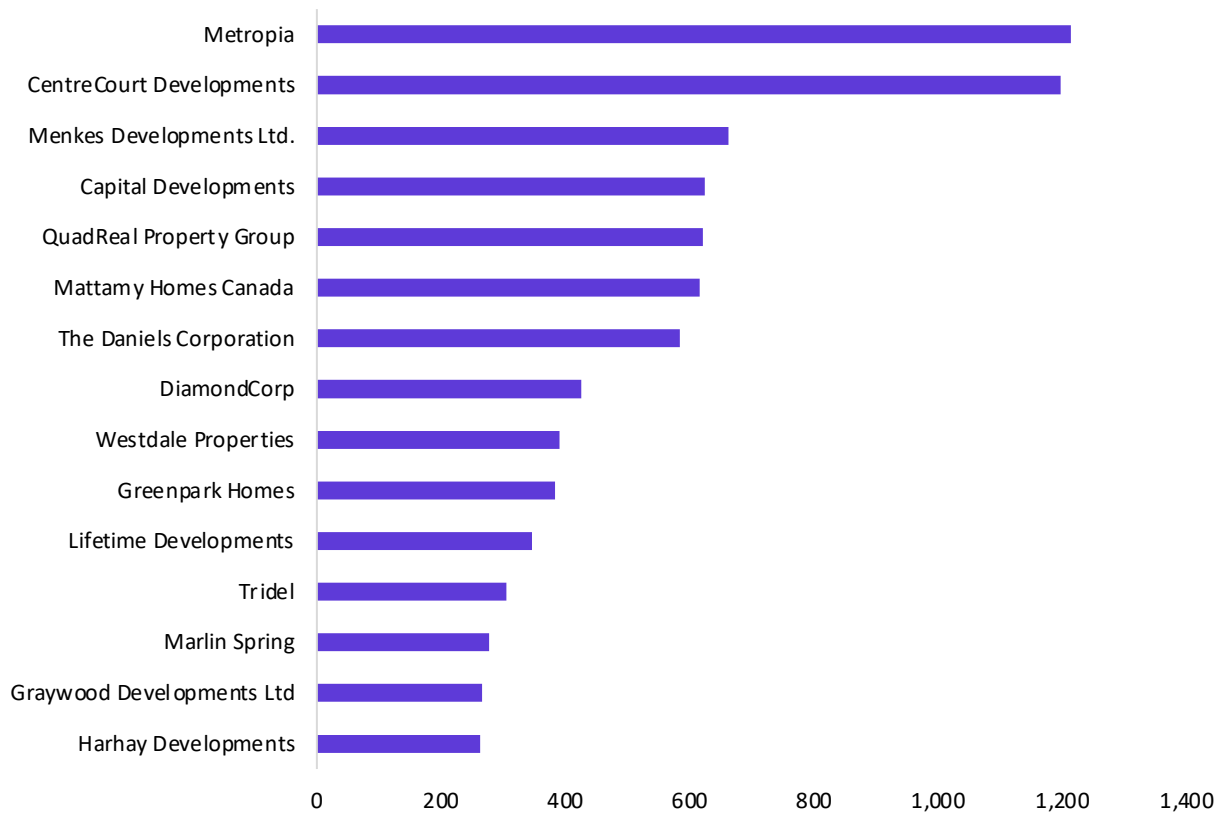
Source: Zonda Urban

By neighbourhood, the leading market area for condominium apartment sales during 2023 was Downtown Markham with 1,340 sales, or 12 percent of the annual market. This was primarily supported by the launch of the *Union City* development. 2022's highest selling neighbourhood, Downtown Hamilton, fell from 1st to 5th ranked for sales during 2023 with a five percent share of the market (585 sales), while the third ranked neighbourhood in 2022, Pickering Town Centre, moved up to 2nd in 2023 with an eight percent share of the market (962 sales). Rounding out the top five neighbourhoods was third ranked Islington City Centre at six percent share of the market (631 sales) and Vaughan Metropolitan Centre at 4th with a five percent share (625 sales). Neither of the two latter neighbourhoods ranked within the top ten a year prior.

Uptown Core-Trafalgar in Oakville (521 sales) lead all neighbourhoods with a 17 percent share of annual townhouse sales. Brampton's Mount Pleasant neighbourhood ranked second with 422 sales or a 13 percent share, followed by Pickering (non-City Centre) at a 10 percent share or 300 sales. The Milton (six percent share; 192 sales) and Oshawa (six percent share; 181 sales) comprised the fourth and fifth highest neighbourhoods for townhouse sales during 2023.

The downturn in GTHA new condominium apartment sales helped shift a higher concentration of annual volume to a select group of developers. Leading in 2023 was Metropia at 1,213 sales, all of which occurred in their three tower *Union City* development in Markham. Second in sales volume, and the only other developer to surpass 1,000 sales during the year was CentreCourt Developments at 1,197 sales, predominantly at the *Kipling Station* and *Pickering City Centre* projects. Five other developers sold more than 500 units during 2023 including Menkes Developments, Capital Developments, QuadReal Property Group (in partnership with Menkes), Mattamy Homes, and The Daniels Corporation. These developers comprised a total 47 percent share of all 2023 sales.

GTHA Top 15 Developers by 2023 Condominium Apartment Sales*

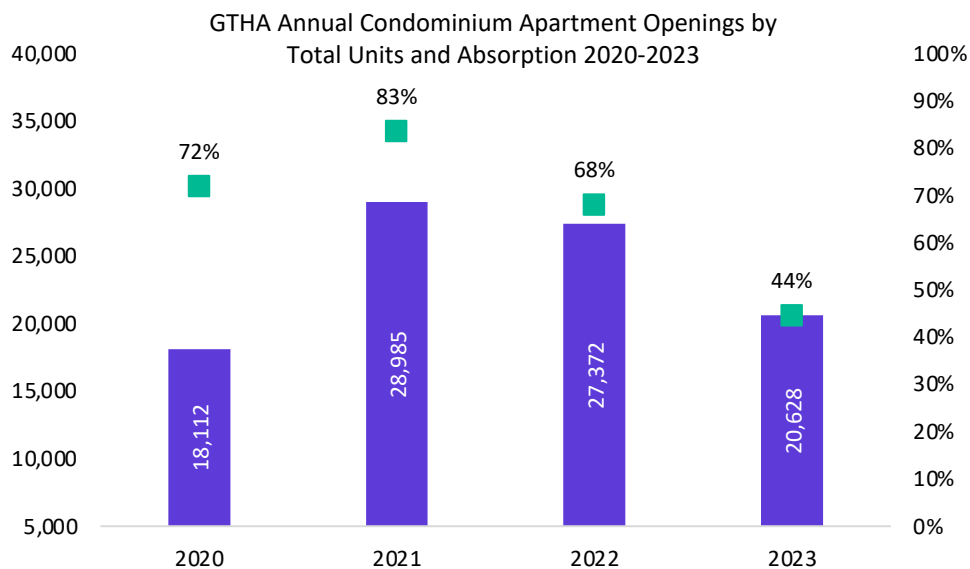


Source: Zonda Urban

*Includes partnerships

New Launch Activity

Nineteen new condominium apartment developments representing 6,819 units launched sales during the fourth quarter with absorptions slowing to 26 percent, the lowest by quarter during 2023 and well under Q4-2022's 58 percent absorption rate when fewer units (5,775) came to the market in 21 project openings. Sixteen townhouse projects began sales in Q4-2023 bringing a release of 726 units to the market, of which a total 266, or 37 percent, were reported sold at the end of the year.

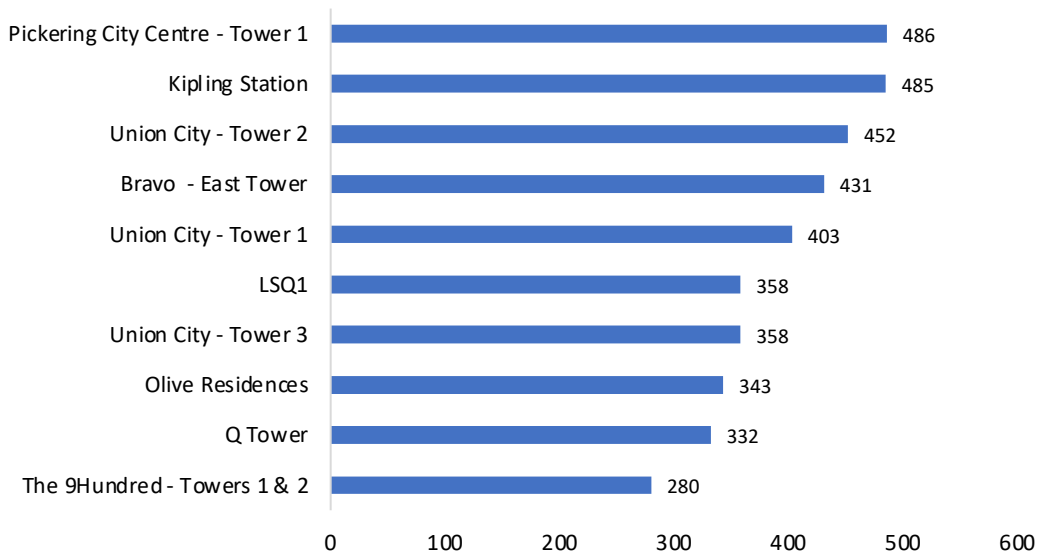


Source: Zonda Urban

New condominium apartment developers pulled back on launch activity during 2023 in response to significantly slower demand, with a total of 66 projects representing a total 20,628 units opened, which is a 25 percent decline in total units relative to 2022’s total 27,372 units in 95 projects. 2023 marked the second consecutive year where new condominium apartment launches declined in the GTHA after peaking at 101 new project openings in 2021 (28,985 units). 44 percent of total condominium apartments launched in 2023 were sold during the year, nearly half of the 83 percent absorption rate of 2021, and under the relatively market normal 68 percent rate of 2022.

Two years of contraction in new launch activity has concentrated the share of annual sales volume amongst the strongest performing projects. In 2023, the top ten selling new condominium apartment projects comprised a 34 percent share of annual sales, rising from 27 percent in 2022. In contrast to 2022, only one of the best-selling projects, *Q Tower*, was in the Downtown Core sub-market. Leading all sales during 2023 was the first tower at *Pickering City Centre* by CentreCourt Developments (the second tower ranked 13th for sales during 2023), which also had the second highest selling project, *Kipling Station* in the Islington City Centre neighbourhood in the Etobicoke sub-market. The three towers released by Metropia in the Markham City Centre neighbourhood, *Union City – Towers 1, 2 and 3*, accounted for 1,213 (31 percent) of the top ten’s 3,928 sales during 2023. Falling neatly in line with regional shares of 2023 sales volume, 54 percent of sales in the top ten projects were in the 905 Region. None of the top ten selling projects of 2023 sold more than 500 units, compared to half of the 2022 leading projects. Other developments just outside of the top ten selling above 200 units included *Centricity* in the Garden District neighbourhood (ranked 11th), *Park Road* in the Bloor-Yorkville neighbourhood (ranked 12th) and *Corktown East* in the Downtown Hamilton neighbourhood (ranked 14th).

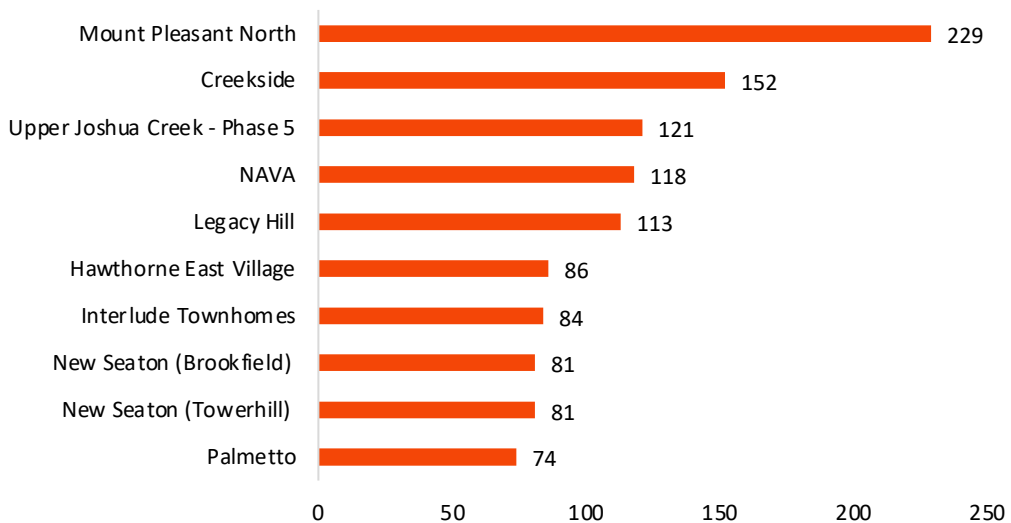
GTHA Top Selling Condominium Apartment Projects 2023



Source: Zonda Urban

The highest selling townhouse developments of 2023 had an equal share of the market as their condominium apartment counterparts with the top ten projects comprising 35 percent of annual sales at 1,139. Leading projects was Mattamy Homes' *Mount Pleasant North* in the Brampton Mount Pleasant neighbourhood at 229 sales, followed by Caivan Homes' *Creekside* in the Uptown Core-Trafalgar neighbourhood in Oakville at 152 sales. The top five projects sold above 100 units in total and included *Upper Joshua Creek – Phase 5* (121 sales), *NAVA* (118 sales) and *Legacy Hill* (113 sales). Just over a third of sales in the top ten selling projects in 2023 were in the Uptown Core-Trafalgar neighbourhood of Oakville.

GTHA Top Selling Townhouse Projects 2023



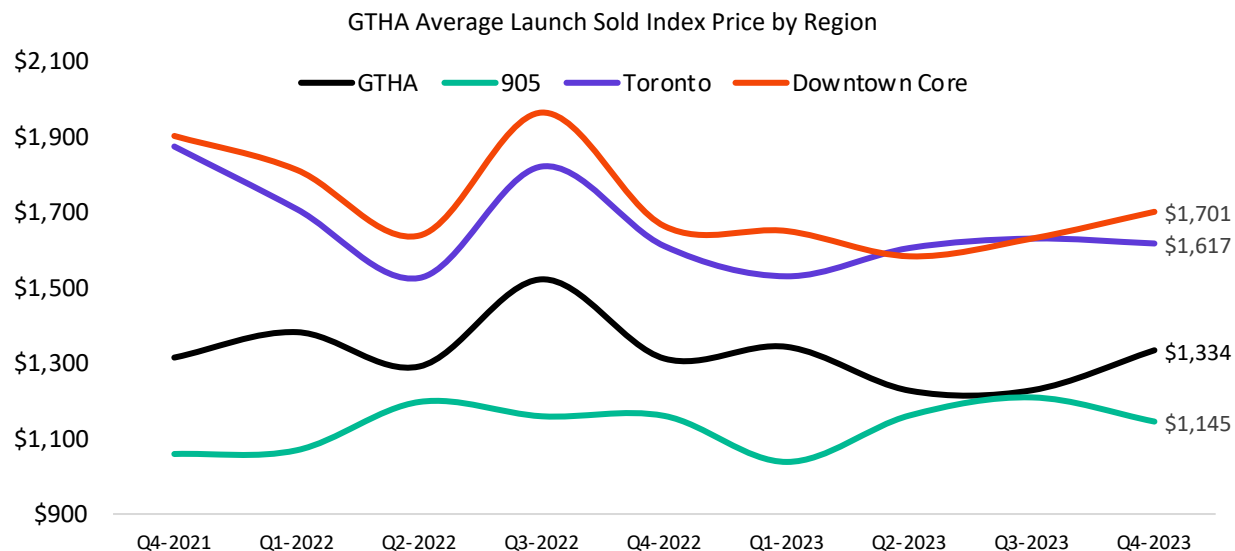
Source: Zonda Urban

Pricing and Inventory

Price growth for new condominium apartments decelerated throughout 2023, declining from a five percent annual growth rate in the first quarter to two percent at the end of the fourth quarter. The blended (sold) index price was stagnant between the third and fourth quarters at an average \$1,142 PSF while the average end-selling price contracted 0.2 percent year-over-year.

Townhouse price growth rebounded during the fourth quarter with the average blended (sold) index price increasing two percent on annual basis, after spending most of 2023 in negative growth. However, new product sizing has trended smaller with sold sizes decreasing by 126 square feet over the past year and resulting in the average end-sale price declines by \$54,759 per unit.

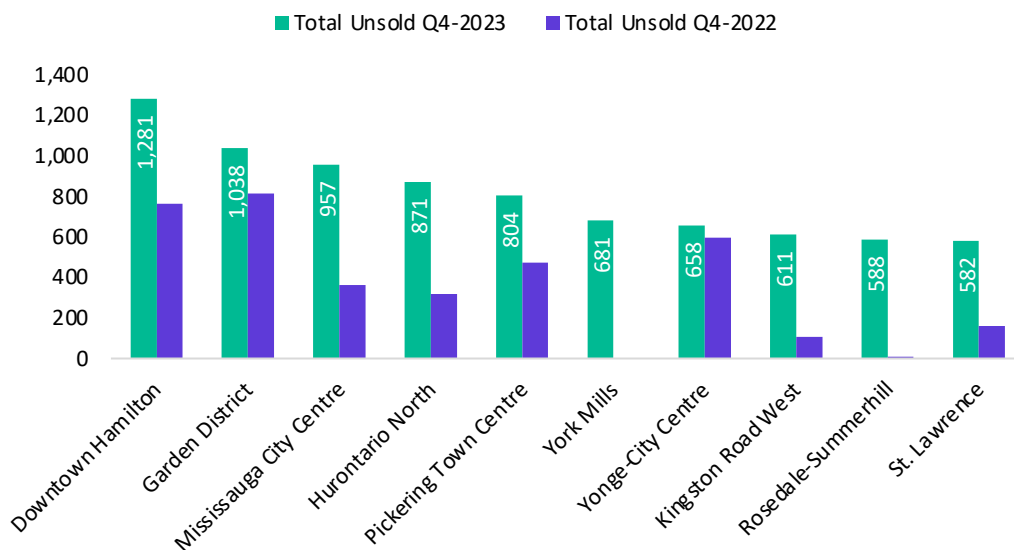
Blended index pricing for new condominium apartment launches fell in line with GTHA price appreciation with new openings in the fourth quarter selling two percent higher than those of Q4-2022 at an average \$1,334 PSF. The regional and sub-market compositions varied somewhat with 905 Region launches averaging one percent lower than a year ago at \$1,145 PSF and 416 Region launches falling eight percent year-over-year to an average \$1,455 PSF. Limited activity in the Downtown Core sub-market resulted in a two percent annualized increase in the average blended (sold) index price for Q4-2023 new openings at \$1,701 PSF, while launches in Etobicoke sold for seven percent lower at an average \$1,158 PSF and two percent lower in Mississauga at \$1,295 PSF. Blended launch index pricing appreciated eight percent on annual basis in Halton Hills/Milton to \$1,073 PSF, reflecting an inconsistent quarterly influx of new supply in this sub-market during 2023.



Released and unsold inventory at the end of 2023 surged to its highest level since Zonda Urban began tracking the GTHA market. Inventory reached 26,173 units, 83 percent or 21,856 in condominium apartments and 4,317 in townhouses at the end of Q4-2023. The 70 percent year-over-year increase in multi-family inventory was most heavily influenced by the 73 percent increase in the number of unsold new condominium apartments compared to the same period last year.

Downtown Hamilton had the highest level of unsold inventory by neighbourhood as of Q4-2023 with 1,281 units remaining unsold, an increase of 68 percent on annual basis. One additional neighbourhood, Garden District, had greater than 1,000 units in available inventory at 1,038, representing a 28 percent year-over-year increase. Inventory increased by 164 percent and 174 percent, respectively, in the Mississauga City Centre (957 units) and Hurontario North (871 units) neighbourhoods with over 1,800 units available in central and North Mississauga at the end of 2023. New launches during the second half of 2023 resulted in released inventory rising by 70 percent in the Pickering Town Centre neighbourhood. Stark shifts in unsold inventory occurred in the Rosedale-Summerhill neighbourhood where available units rose from just 10 in Q4-2022 to 588 as of Q4-2023, and in the York Mills neighbourhood which had no supply a year ago, with one project launch adding 681 unsold units.

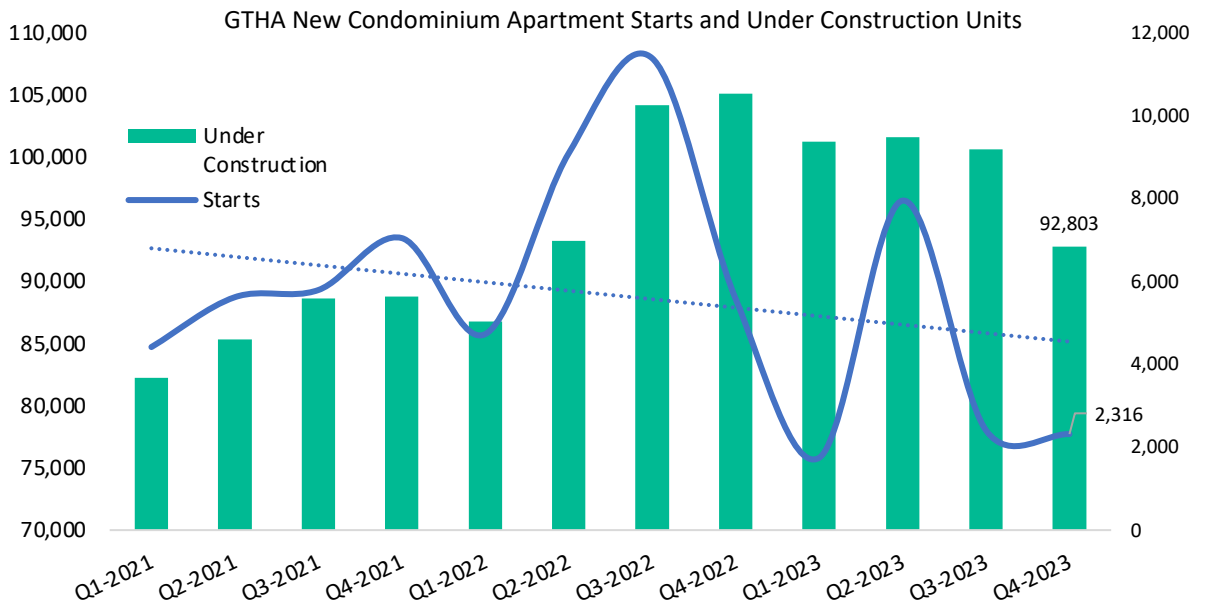
GTHA New Condominium Apartment Unsold Inventory:
Q4-2023 vs Q4-2022



Source: Zonda Urban

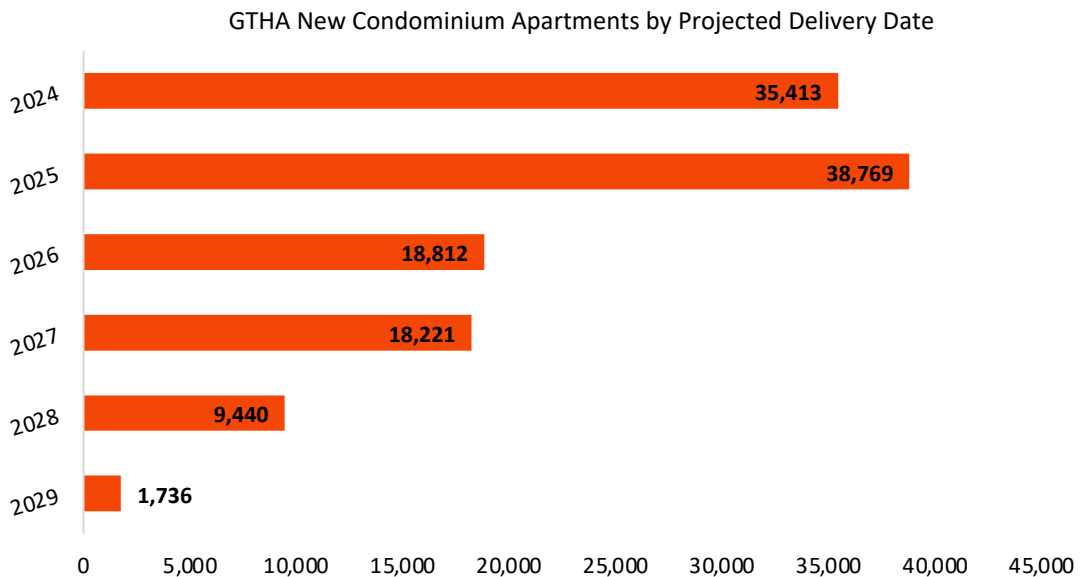
Construction and Supply

Construction starts for condominium apartments in the GTHA have been declining since the second quarter of 2023. In Q4-2023, 2,316 units commenced construction, which brought the 12-month average for construction starts down 48 percent year-over-year. Surging completions, which reached a peak of 9,950 units in the fourth quarter, resulted in a record total of 27,297 condominium apartments completed for the year. New condominium apartment units under construction finally eased, down 12 percent on annual basis and under 100,000 units for the first time since mid-2022 at 92,803 units.



Source: Zonda Urban

Projecting the year ahead is always challenging—based on current occupancy dates, 2024 is expected to be another high year for new condominium apartment completions. However, the current figure of 35,413 will likely steadily decline to approximately 26,000 to 27,000 units by the end of the year, rivaling the number of completions achieved in 2023. Though slower sales absorptions will result in the moving of some of the estimated 38,769 completions in 2025 into 2026 and 2027, this will not alleviate a significant decline in the delivery of new condominium apartment units in the GTHA after 2025.



Source: Zonda Urban

Zonda Urban has the most current and accurate data on the new multi-family home markets in Greater Toronto & Hamilton, Ottawa, Vancouver, Calgary, Edmonton, Kelowna and Victoria. NHSLive, Zonda Urban's online data platform, provides timely data on the new rental and multi-family home sectors of the market. With its user-friendly interface and extensive functionality, it has become an invaluable tool for thousands of industry stakeholders to make better decisions. Call or email sales@zondaurban.com today to schedule a demonstration of NHSLive.

We appreciate your feedback. Please contact us with any questions regarding this GTHA multi-family report or any of our other periodic publications. In addition to maintaining the most current new multi-family home and rental apartment project data on NHSLive.ca, Zonda Urban provides advisory services that can be tailored to meet your firm's specific needs. Please contact us to discuss how we can assist you in the design or positioning of your new multi-family home or rental apartment community.



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