

TODAY'S REAL ESTATE MARKET CHALLENGES

MICHAEL
DIPASQUALE



The last two years have been an interesting time for the Toronto area real estate market. In early 2017, prices were escalating rapidly and bidding wars were common. By that fall, new government rules, the mortgage stress test and higher interest rates had cooled the low-rise market. Last year, sales remained sluggish and GTA low-rise prices were down a modest four per cent.

Although it's still early in 2019, we are seeing regular traffic at our Dunpar sales centres. Home buyers are very interested, but hesitant as to whether or not they should go ahead and purchase. In my opinion, it's a very good time to buy.

Analysts are predicting a stable housing market, with modest price gains of around two per cent this year and no market crash.

The Ontario economy remains healthy, there is good job growth, low unemployment, stable inflation and a recession seems unlikely. As inflation is currently below 2 per cent, we can expect interest rates to remain stable. Home prices have and will remain high. The issue is that in the 416 and in 905 areas such as Mississauga, Vaughan and Oakville, there is a land supply issue and this will be forever.

Another significant influence on the market is immigration

- Toronto area is welcoming approximately 110,000 newcomers a year and all those people need somewhere to live.

Condo sales have not been subject to the same fluctuations as the low-rise sector. That market has remained strong and prices have increased, as condos offered an affordable ownership alternative. But the price gap between high-rise and low-rise prices is shrinking and now that millennials are partnering up and starting families, most don't want to raise children in small condo suites.

You may have heard about the 'Missing Middle.' This refers to mid-rise buildings, townhouses and stacked townhouses that bridge the gap between the high-rise and traditional detached housing forms. As an infill builder specializing in townhouses, Dunpar has realized there is a huge and growing need for this type of product that fills the niche between high-rise condos and detached homes. However, the approval process to allow for more townhouse development is slow and hasn't kept pace with the demand.

This type of housing can be easily integrated into residential blocks with single-family housing and can help cities achieve infill and density goals. Townhomes are among the most in-demand housing in the GTA, sought by buyers who want room to raise a family, or downsizers who want less maintenance but don't want to sacrifice too much space. There are others who simply don't



want to live in towers and prefer ground-related housing.

The townhouse option provides sustainable living, particularly in locations close to transit such as Dunpar's Streetsville Centre in Mississauga and Lakeshore Village in Etobicoke. Towns – especially back-to-back units – are more affordable than detached homes, yet still offer 1,500 to 2,000 sq. ft. of space with parking. In transit-oriented locations such as these, cars aren't a necessity – another benefit for young people that have little interest in driving or owning a vehicle - or older adults who don't want to have to use the car to access services and shopping. Either way, two-car parking is still provided in all homes.

The townhouse's time has come. It's a great solution for the challenges of the GTA housing market now and for the foreseeable future.

Michael DiPasquale is the Chief Operating Officer of Dunpar Homes. He is a guest expert on the Business News Network, Bisnow and CitySpark.