

Is now a good time to invest in Toronto's condo market?

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The debate rages on as to whether it's a good idea to invest in Toronto's condo market, especially when it looks like there may be an oversupply in the market.

In the last few years, condo market growth slowed considerably after warnings about the risk of a housing downturn. But recent data now shows that the condo market may be gaining traction once again.

Last fall, condo sales were at a 4.5-year-old record low, but January's real estate numbers show that buyers are scooping up condos again, [according to the *Globe and Mail*](#). Toronto's condo sales saw a yearly gain of six per cent, while detached and semi-detached house sales dropped by two per cent and townhouse sales dropped by ten per cent.

It's likely that the renewed interest in condos is influenced by the record price gap between houses and condos with [affordability](#) for houses continuing to worsen. This gap may only get worse over the next few years. In the fourth quarter of 2014, the average sales price of a new condo was \$560 per square foot in the GTA, [according to Urbanation](#). This climbs to \$716 per square foot for new condos in the downtown core. The average price of a condo in the 416 area in January was \$382,458, which increased by 4.5 per cent from the year before, and the average price of a condo in the 905 area was \$310,045, which is a 3.6 per cent yearly jump.

Banks seem to be more confident with the condo market since they are willing to provide more financing for projects by increasing their contribution to 75 per cent of the building from 70 per cent. Now may be a good time to enter the market since currently there are about 1,600 unsold new units thanks to completion of many development projects.

Though anyone looking to invest in the condo market should be aware that there could be a rise in [purpose-built rental](#) condos with developers building these structures with plans to rent out units rather than sell them to potential investors. It's no surprise with low [rental vacancies](#) in a few urban cities with Canadians opting to rent for longer. Developers are looking into property management opportunities, but so are institutional investors. In two Toronto condos, institutional investors bought entire buildings from developers, which shut out any smaller investors, [according to the *Financial Post*](#).

According to the *Post*, one of these projects was in Toronto's Liberty Village, which cancelled its Kingsclub condo project after three years. No building had begun on the site, according to *CBC News*. While a 49-storey condo near Yonge and Bloor was transformed into rental units after developer Cityzen received an offer from an institutional investor that couldn't be refused, Cityzen

president told the *Post*.

If you bought a newly built property, whether as an [investment](#) or for personal use, you could qualify for an HST housing rebate. With the help of [Rebate4U](#), put some money back into your pocket by filing a claim with the CRA. We strives to provide our clients with the most professional and quality service in obtaining rebates for their new and extensively renovated homes. We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.