



In 2017, ZIGG's average price per square foot was \$767; by 2019 the average reached \$999. Down the street at Imperial, prices started higher – \$843 a square foot – and finished higher as well at \$1,025 in 2019. But the relative rate of appreciation favoured Zigg: 30-per-cent price growth compared with 21-per-cent.

Asking \$1-million for a three-bedroom condominium may be difficult to contemplate for many buyers, but to Mr. Dhanji, it's all relative. "If you want to buy in Wychwood, a starter home will cost you \$1.5-million to \$1.6-million – how does a young family afford that? That person who wants to get into the neighbourhood, this is the starter for them." And as he pitches to presale buyers, he argues that mid-rise can increase in value with that family.

As Shaun Hildebrand, president of market research firm Urbanation Inc. points out, anecdotes are not data and a few examples do not make a trend. When Urbanation compared mid-rise with high-rise resale price trends over the past 15 years – for simplicity focusing on the old city of Toronto boundaries and excluding Etobicoke, Scarborough and North York – some interesting findings emerged.

First, over that time mid-rise posted an average annual price growth of 7.7 per cent, which underperformed high-rise price growth, which averaged 8.2 per cent annually. But high-rise price growth is uneven, spikey even during times of high speculation. "Taller buildings have reached higher peaks for price appreciation during market run-ups, which may be related to a greater degree of investment activity in these projects," Mr. Hildebrand said. "During periods of steadier price appreciation, such as 2011 [to] 2015, mid-rise buildings generated relatively stronger rates of growth."



Fieldgate Urban's Dov Seidenfeld argues that mid-rise buyers tend to want to live in their units and not rent them out.

#### FIELDGATE URBAN

That fits with the profile of a mid-rise buyer, according to Dov Seidenfeld, principal at Fieldgate Urban, a subsidiary of Toronto-based developer Fieldgate Homes, which is preselling the Poet project at 1285 Queen Street East. "People may not want to invest in the beginning, because the end price is higher [than high-rise units], but when you break it down it's a very minimal premium," Mr. Seidenfeld said. He argues that mid-rise buyers tend to want to live in their units and not rent them out. Among other things, when a mid-rise project arrives in a mature area such as Leslieville – which is dominated by low-rise housing – it is often the first new supply to the area in decades.

"The amount of mid-rise zoned is limited in scope, and makes them a stronger investment case: there are very few units on the market, the end users will

have that supply to live with and that's it," Mr. Seidenfeld said. "Also, people retain them – they do not give them up – so the second one comes on the market, it disappears. That creates for the [presale] investor a huge market opportunity."

Urbanation also sees signs that the period of soaring price growth in the high-rise sector may be nearing its end. "Price growth between the two building types began to converge in 2018, and in Q1-2019, buildings under 12 storeys saw average resale prices per square foot grow 10 per cent year-over-year, compared to 6.5 per cent for buildings of 12 or more storeys," Mr. Hildebrand said. "We may be now entering back into a period of outperformance of mid-rise buildings as the market is shifting."

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