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Buyers lined up for units at FirstHome in Mississauga. Similar success stories were at Fly Condos (below, top) and U Condominiums.

## These are happy storeys

Why some real-estate projects are bucking the slackening-sales trend

BY LISA VAN DE VEN

Pemberton Group's U Condominiums opened for sale in November; since then, the project has sold 65% of the units. Meanwhile, at Empire Communities' Fly Condos, people lined up to get their choice units when the sales office opened on the first weekend of May; more than half the suites were sold by the end of the weekend. At the end of May, The Daniels Corp. had overnight lineups at its FirstHome Eglinton West site in Mississauga, selling out in one day. Then there's Aspen Ridge's Macleod's Landing in Richmond Hill — where there have been lineups as well — and Castlemore Crossing in Brampton, by Mattamy Homes, which opened at the end of March and was 70% sold within six weeks.

They're not the stories you expect to hear — not now, anyway. In boom time, lineups were normal, quick sellouts almost par for the course. But that boom is over, at least for the moment, and Toronto's new home and condo sales aren't about to blow anyone away. Except at some sites, that is. Despite the bad news all around, there are still projects that are bucking the trend; communities that are selling like it's still 2008.

"We have done incredible. We are ecstatic," says Boaz Feiner, vice-president of Geranium Homes' housing division. He's talking about the developer's Cardinal Point site in Stouffville, which at press time had sold 80% of its current phase of townhomes, released earlier this year. "It's far exceeded our expectations."

And Mr. Feiner isn't the only low-rise developer who should be enthused. While some projects may be doing better than others, new home sales in the low-rise market have in fact been slowly rising overall as 2009 progresses. According to a report put out by RealNet Canada, April saw 1,880 new homes sold in the greater Toronto area, up from 1,485 the month before and from just 476 in December. It's still a decline of 26% compared with April of last year, but it's an improvement.

Still, today's low-rise market is much different from this time last year, with buyers who are much more price conscious than they have been in the past, says Christene DeGasperis of Aspen Ridge. And she should know: At Macleod's Landing, the builder released pared-down versions of many of its home designs, for



prices approximately 20% lower. Since the release, the site has seen lineups, and it's largely these streamlined, lower-priced homes that are selling. "The buyer wants to save some money," Ms. DeGasperis says. "A year or two ago, it was all about 'what we get' — in terms of our finishes, in terms of our exterior features — and now it's all about price."

Price has become a determining factor in the new condo market, too, and there are success stories to be told there as well. Overall, though, the numbers aren't quite as positive as they have been in low-rise, with first quarter sales this year less than a third of what they were in the first quarter of last year. "Low-rise has been a lot more aggressive, in terms of price discounts. You hit the sweet spot in price — and sales come," says Jane Renwick, executive vice-president and editor of Urbanation, which provides market research for Toronto's condo market. "High-rise is a little less flexible, because of the length of the sales cycle and the fact that a lot of the contracts are firm up, or they're trying to hit a certain revenue number in order to say this project is viable."

The longer high-rise sales cycle also requires a certain amount of confidence in buyers, Ms. Ren-

wick says, adding that product buyers can see and touch has been doing better in today's market, since purchasers aren't required to have the same faith that everything will happen on schedule and as planned. "For high-rise, you're looking at, on average, a four-year cycle," she says. "That requires a lot of faith and a lot of perseverance to see that project through."

Which could be part of the reason Daniels's OneCole Condominiums have done so well; the developer sold out 90% of the project's 292 units over the first month and a half of pre-sales. But the site was already well into construction before the developer even started sales, and is on track to begin occupancy later this year. "There are no questions about whether this building is going to happen," says Simona Annibale, vice-president of marketing for Daniels. "It really does help eliminate one of the biggest concerns that I believe buyers have, which is not knowing what's really going to happen and how long is it going to take the developer to really break ground. We're well beyond that."

Despite the issues of buyer faith overall, Ms. Renwick adds, "the market is not dead" and a project doesn't have to be built

or under construction to do well. And that's obvious at sites such as Fly Condos and U Condominiums, both of which have had a successful year so far.

At Fly, lower prices designed for the current market, combined with precise timing and a strong marketing push, provided the formula for success that led to lineups at the project's grand opening in May, according to Paul Golini Jr., executive vice-president of Empire Communities. The developer originally had a soft launch of the Front Street site last fall, but "it was the worst time possible," Mr. Golini says. The economy was collapsing and nobody was buying real estate. They did sell about 50 suites at the time, but decided to close the sales office, redesign and re-price, while increasing their marketing efforts. "We tried to time it right, and ended up opening the first weekend in May," Mr. Golini says. "We said, 'Let's come out with an aggressive newspaper, media and radio campaign and not focus on any sort of gimmicky incentives or promotions. Let's just go with price.'"

The plan worked, and more than half of the 458 suites were sold as of press time, driven largely by first-time buyers and some investors. And while its buyers may be more price-driven, Mr. Golini says, they're also more informed. "It's a buyer that's spent the time and perhaps done the due diligence by visiting other sites, knowing what they want, being more comfortable that now's the right time," he adds.

That intelligence, as well, has led buyers to seek out sites that stand out in other ways besides pricing. U Condominiums opened in the midst of the economic downturn, in November, yet, by press time, developer Pemberton Group had already sold 65% of its units. While it did release a collection of smaller fully furnished "urban design suites," geared to first-time buyers, price points have remained consistent, and Marianne Paroczai of Circle M Realty Corp., U's broker of record, says it's largely the project's Bay and Bloor location, with views of the grounds of St. Michael's College at the University of Toronto, that has made the site successful.

"U Condominium buyers, while price aware, are proving that there is a depth to the market, even at higher prices," Ms. Paroczai says.

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