



A spectator photographs the ceremonial beginning of the demolition of a low-rise building at Bloor and Yonge Streets to make way for Toronto's soon-to-be tallest condominium tower, 1 Bloor. SAMI SIVA/THE GLOBE AND MAIL

City condo market cools off

As construction begins on 1 Bloor, analysts say investors aren't buying like they used to

BY MATTHEW CAMPBELL

Torontonians at the busy intersection of Yonge and Bloor Streets were treated to an unusual sight yesterday as a tracked excavator officially began demolition for the 80-storey 1 Bloor condominium and hotel development.

Onlookers — about 800, according to police estimates — thronged Bloor Street to watch the vehicle take a ceremonial chunk out of a low-rise building that will make way for the project by developer Bazis International.

The sheer size of the 1 Bloor tower and the considerable publicity surrounding its launch, including a multi-day lineup of buyers before the opening of its sales office,

have made it one of the most visible symbols of the city's building boom.

Yet it may also mark the end of an era.

Industry sources suggest that after an extraordinary year in 2007, Toronto's high-rise condominium market is slowing.

Although total sales remain strong, individual projects are having a tougher time as a huge number of developers — 148 in the high-rise market, according to Urbanation, a condo tracking firm — compete for buyers.

Brad Lamb, one of the city's most prominent real estate agents, has noticed the pinch. "Of what we expected to sell in a month," he said, "we are now selling half. ... We've

come down to earth."

The change appears to be the result of investors, looking to rent or quickly sell multiple condo units, beginning to balk at rising prices and reports of a weakening economy.

Although there are no definitive statistics on the number of investors in the market, Jane Renwick, executive vice-president of Urbanation, estimates they snapped up as much as 60 per cent of units in some large, downtown developments last year. "We're expecting investor activity to slow," she said.

At Mr. Lamb's firm, meanwhile, "investors would now take a quarter" of the units in a typical project, down from half in 2007, he said.

All of this implies that the "housing market in Toronto is certainly cooling down," according to Craig Alexander, deputy chief economist at Toronto-Dominion Bank.

But "cooling" is relative, especially in popular neighbourhoods. City Councillor Kyle Rae, whose downtown ward includes the Yonge and Bloor intersection, has not seen "any reduction in applications" for development. But slower sales and financing may mean those applications take longer to become buildings.

Mr. Lamb is unfazed by this new reality.

"It was ridiculous," he said of last year's condo market. "... Nobody in our industry thought it could last."