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Condominium broker Brad Lamb says buying the right condo at the right time in the right place is a wise investment.

# Condos as investment: Buy small, says expert

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SPECIAL TO THE STAR

It's the rallying cry of the real estate industry: location, location, location. Whether you're looking for a place to live or an investment property, where you buy can sometimes be more important than what you buy. And that's particularly true if you're in the 20 per cent of condo owners who buy with the intent to flip — a practice with merit, according to Brad Lamb, one of Toronto's leading condominium brokers.

"Like most large cities, affordability is a huge issue," says Lamb. "The average price of a house in Toronto is about \$400,000 — out of reach for most first-time buyers. Homes in the suburbs might be more affordable, but there are a lot of people who don't want to live there. A condo is an excellent alternative for this kind of purchaser especially if they want to live within a reasonable commuting distance to the downtown core."

He also predicts that the price of low-rise will increase significantly as the land for new developments becomes less available, as in Mississauga, and that low-rise will be reserved for the wealthy. Added to that is the steady population growth in the GTA which is expected to increase by three million people over the next 20 years. He advises that adding to your portfolio by carefully choosing the right condo at the right time in the right place is a wise investment decision.

So what's the right condo? One that you buy from plan, can hang on to for a while — anywhere from two to 10 years — is centrally located with excellent amenities and small.

"Buy and hold is the philosophy for condo investors," explains Lamb. "The biggest names like Hilton and Trump are successful because they buy real estate, they rarely sell real estate. Time enriches an investment, so make sure you can afford to close when the building is complete."

Lamb believes we're witnessing the "Manhattanization" of Toronto — a phenomenon that saw condo prices skyrocket in Manhattan, regardless of their size or age. "Toronto is the fifth largest city in North Amer-

ica. People want to live here. We're a city with good economic prospects and steady population growth. By 2010, all remaining parking lots in downtown Toronto will be sold for condos and lofts. When that happens we're going to start building on top of current structures — building 20 stories on top of 10 stories. That's going to drive prices up and increase the value of any investment you make today."

The market's demographic is predictably comprised of young singles, childless couples, or empty nesters who want to downsize. None of these groups requires a lot of space. So the best investment suites are small — those from 350 to 1,200 square feet because there are more buyers and tenants who can afford them. While most people would like larger suites, they're going to be more expensive, which subsequently narrows the market of people looking to rent them.

"Condos priced below the average, especially at the plan stage, are usually a good investment. In the Toronto market, you're well advised to buy a one-bedroom, centrally located with good amenities in the \$150,000 to \$200,000 range. If you can afford it, you'll yield more rental income buying two condos at \$150,000 than you would with one at \$300,000.

"Proximity to work, shopping, entertainment and transportation make a property appealing," says Lamb, adding that as gas prices rise, a downtown location is a necessity for someone who may not have, or want, a car. As an investor, you should also ensure that your building has extra amenities such as a gym, pool and guest suite, and that the unit has an ensuite laundry and balcony — features that can help keep it rented as vacancy rates fluctuate.

"Choose a condo corporation with a good track record. Make sure it's well-managed and has a good reserve fund for maintenance. And when choosing tenants, remember that they can affect your investment.

"No one can predict if the condo market is going to rise or fall, from one year to the next," says Lamb. "But I can tell you that for my money, I bet on Toronto as a location with great investment potential."