

Condo buyers are looking for more space, and builders are finding ways to provide it

This spring, developers are preparing for a world where some condo purchasers want more than just what's been on offer before

SHANE DINGMAN
REAL ESTATE REPORTER
TORONTO

THE LISTING

Selling condominium apartments in the Toronto region used to be a fairly straightforward business: Open a sales centre, have a big party for realtors, give potential buyers a list of floor plans and watch the deposits roll in.

But spring 2021 is both the end of the literal cold weather and also perhaps also the end of the year-long winter of COVID-19, and developers are preparing for a world where some condo purchasers want more than just what's been on offer before. In some cases, if the floor plan doesn't have enough of the space or features they want, they're increasingly open to combining more than one unit to make a new space.

Ben Rogowski, executive vice-president and chief operating officer of condominium developer Canderel, says that in 2020 four different buyers negotiated to combine existing units into larger megaunits at its 900 St. Clair West project (near Oakwood, between Corso Italia and Hillcrest Village). One buyer combined four units into one, two gobbled up three units each and a last buyer wanted to combine two units.

"As an industry, we're catering a lot more to the buyer than we have in the past ... especially at the front end. We've seen an increase in desire for those [combo] options over the last year. I don't know if it's a COVID trend," Mr. Rogowski said. "And they're willing to pay the proper price for it. In the past, people had sticker shock when they looked at what it cost to put that many units together."

Canderel's St. Clair building was selling preconstruction contracts at about \$1,200 a square foot, which would put a large (for a condo) 800-square-foot apartment at about \$1-million.

It's virtually impossible to combine units after construction is complete: Even moving a kitchen a few feet is often impossible in a condo, where plumbing stacks, HVAC requirements and even structural elements are designed to replicate on each floor as the building rises. So the time to make a condo bigger is when it's still in the planning phases.

"The combo-suite buyer is a move-down buyer; someone coming out of a big house and they want more space. And we're seeing it applied to young families as well, who can't afford or don't want to live in a single-family home," Mr. Rogowski said.

A \$1-million condominium apartment might not seem affor-



A rendering shows the proposed condo development by Canderel at 900 St. Clair Ave. W., in Toronto. Canderel's executive vice-president Ben Rogowski says four different buyers for the building negotiated deals to combine existing units into larger megaunits. CANDEREL

dable, but if trends we're seeing in the Toronto market continue, by the time the building is complete in a few years it might look like a steal.

According to the latest sales data from the Toronto Regional Real Estate Board, for the first time since 2017 the price gap between resale condominiums and detached homes in Toronto was more than \$1-million. In February, the average resale price for a detached home in Toronto was \$1,684,073, up 13.2 per cent from February, 2020, when the average price was \$1,485,304, whereas the average condo price was \$676,837 in February, 2021, down from \$722,675 in February of last year. In the 905 region the gap between average prices for condo (\$563,587) and detached

(\$1,371,791) is a little lower, but the price increases of detached homes have been even faster, growing 27.8 per cent since 2020. In dollar terms, already expensive Toronto detached homes cost an average of \$200,000 more than a year ago, and in the 905 it was more like \$350,000 more.

But the reality is there's just not a lot of large condos in the resale market, either. Two- and three-bedroom units in recently built projects are often a tiny minority of the units available, essentially just penthouse luxury units. And in Toronto the condo investor class, who drive so much of the sales activity, have had very little interest in combining units to make larger ones. "I still recall having this option

pre-2007 recession at a project called M5V where The Condo Store had purchased close to 40 per cent of the building for our investor group. We had the ability to combine units and make them much larger but at that time, not a single client took the option. For our clients, it isn't really something of interest," said Rich Kuypers, of The Condo Store Inc.

"What they [buyers] are telling us is they want an extra bedroom for the grandkids to sleep in," said Mr. Rogowski, who says combination inquiries focus first on seeking extra living-room/kitchen space, then outdoor space, and then also seeking more bedrooms. "We were working with one buyer who said, 'I want one section to be its own

suite [a studio, with its own kitchen], I'll rent it out in the meantime but somewhere down the line I'm going to need some full-time care."

Now, as Canderel prepares to launch sales for a new mid-rise project at 625 Sheppard Ave., it's letting buyers know there are opportunities to create more living space. It's a different way to sell, but with new condo apartment sales in 2020 ending on a seven-year low (down 28 per cent from 2019 and at 18,257 units sold below the 10-year average of 21,421, according to Urbanation Inc.), the time for new selling models is now.

"We've been really spoiled as an industry and it hadn't forced too much creativity; I see that changing," Mr. Rogowski said.