



## Condos booming but many prefer homes

### Poll examines likes and dislikes

#### Lack of yard space a factor in Toronto

Nov. 11, 2006. 01:00 AM

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As the highrise condominium market continues to grow and evolve, home builders, and no doubt homebuyers, are asking themselves whether we have entered a "new normal" market phase in terms of the highrise percentage of total new home sales.

Some argue that condos have a natural market limit based on the demographics of first-time buyers and others amenable to the condo lifestyle.

The argument goes that as soon as those buyers marry and begin a family, they immediately develop a hankering for suburban living.

Others contend the condo market is being propelled by government policy promoting intensification, while others assert just as vehemently that government policy has zero impact on market preference and only affects the price and/or distance purchasers have to drive to obtain their preferred form of housing.

In the midst of the debate come some revealing statistics from an Ipsos Reid poll of more than 2,000 adults aged 25-29 living in Toronto, Vancouver, Montreal, Calgary or Ottawa.

The Reid poll found 35 per cent of respondents would likely consider purchasing a condo as their primary residence. The likelihood ranged from a low of 25 per cent in Montreal to a high of 47 per cent in Vancouver, which begs the question of whether the propensity is related more to price than to preference.

Here in Toronto, 42 per cent of respondents would consider buying a condominium as their primary residence. According to RealNet Canada Inc., that is precisely the percentage of people who actually purchased highrise condo suites in 2005.

So what do condo buyers like about the form, tenure and lifestyle? The top five reasons given among those likely to consider purchasing a condominium, in rank order, were that condos:

- Are easier to maintain. They don't want the hassle of maintaining a house.
- Are more affordable. The RealNet Canada Inc. new house price index for condos currently stands at \$317,896, compared with \$392,893 for low-rise homes.
- Offer preferred amenities and lifestyle.
- Are more secure.
- Have lots of places within walking distance.

On the flip side, those not likely to consider purchasing a condominium cited as their top five objections:

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- No backyard or play area.
- Not enough room.
- No desire to live downtown.
- Don't want their kids growing up downtown.
- Not the right environment for children.

Drilling down on the family question, 80 per cent of respondents stated they would not consider living in a condominium if they were planning to start a family.

A couple of interesting points about respondents in Toronto:

- They are the most likely to say they would not consider purchasing a condo as their primary residence because there is no backyard or play area (75 per cent).
- But they are the most likely to say they would consider buying a condo as their primary residence because it is easier to maintain and they don't want the hassle of maintaining a house.

It will be very interesting to see how the GTA housing market unfolds over the next few years.

Through the first nine months of this year, 45 per cent of all new home sales in the GTA have been highrise condominium apartments.

In June, highrise sales actually exceeded low-rise sales for the first-time, reaching a 60 per cent share of total sales for that month. These are unprecedented numbers.

To put the current market split in perspective, highrise averaged 26 to 28 per cent of total new home sales from 2000-2003, bumped up to 33 per cent in 2004, jumped sharply to 42 per cent in 2005 and is going through the roof this year.

My prediction is that over time, the market will rebalance with the low-rise/highrise market share returning to a more sustainable two-thirds/one-third split, albeit with a growing proportion of highrise sales in the 905 region. The open space and family factors revealed in the Reid poll will be the primary drivers of that shift.

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*Do you have a question about the home building industry? Email **Desi Auciello**, president of the Greater Toronto Home Builders' Association-Urban Development Institute at [president@gthba.ca](mailto:president@gthba.ca) or fax 416-391-2118. The views expressed here are those of the GTHBA-UDI president.*

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