

Zeppelin's Real Estate Tech

2Q 2022: A Real Estate Newsletter by Zeppelin Partners Limited

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Ukraine x Russia > 100 days, reopening or net-zero, inflation, gas \$, Twitter and Musk...etc.

In this issue:

- **A deal's a deal**
- **Canada home prices and political parties: any correlation?**
- **City of Toronto residential real estate: charts and tables**

"It is mean to twist the meaning of another's opinion to mean what one wants it to mean."

We also like to hear from readers wishing to share their real estate experience with us.

This quarterly (generally published in spring, summer, fall, and winter) newsletter is circulated freely via email to readers likely comprising real estate developers, investors, fund managers, financiers, owners, users, top executives, senior managers, prominent academics and related professionals. Our content has also been published in newspapers and web portals such as the [South China Morning Post](#), [China Daily](#), [Hong Kong Economic Journal](#), [21st Century Business Herald](#), [Apple Daily](#), [Sing Tao](#), [Quamnet Magazine](#), [The Standard](#), [MITCRE Alumni Newsletter](#), [Surveying Newsletter](#), [Reidin.com](#), [Centanet.com](#), [Netvigator.com](#), [Hongkong.com](#), [E-finet.com](#), [Red-dots.com](#), [PacificProperties.net](#), [Soufun.com](#) and [House18.com](#). We had also been quoted in the [Asian Wall Street Journal](#) and interviewed by [USA Today](#), [i-Money](#), [Ming Pao](#), [Radio Hong Kong](#), [Cable TV \(Money Café\)](#), [DBC Radio](#), and [Commercial Radio](#). We also publish monthly articles and analyses in the months in between. This newsletter is now into its [25th](#) year and [103rd](#) issue.

We also operate a website www.real-estate-tech.com through which we intend to share some of our real estate knowledge and ideas with interested parties. There are close to 1,000 content items, in English or Chinese, including analyses, articles, charts, and tables, plus spreadsheets, tutorials, e-books, and the like, the majority of which is free with some requiring a token fee. The website has been visited by tens of thousands from all over the world.

Zeppelin Partners Limited is involved in real estate development, investment, and management and offers services related to [real estate asset management](#) [analysis, investment strategy, and portfolio allocation], [project management](#) [architectural design, cost control, and contract administration], and [facility management](#) [facility utility assessment, property management strategy, and building maintenance]. We are based in Hong Kong with access to regional and global professional networks.

Stephen Chung, who created and writes this newsletter, is now Honorary Advisor to Zeppelin Partners Limited. He will continue to write this newsletter.

Readers are to seek professional consultation where required and Zeppelin including its associates and consultants do not accept any responsibility for losses arising out of the usage of the newsletter. Copyrights rest with Zeppelin and/or the author(s). Opinions expressed by invited guest writer(s) do not necessarily imply consensus or agreement on our part.

Who? Me?

Stephen Chung

Honorary Advisor, Zeppelin Partners Limited
Founder and Writer, Real Estate Tech Quarterly Newsletter
Real Estate Website Developer, www.Real-Estate-Tech.com

Stephen is an independent real estate analyst – number cruncher and chartered surveyor and has been involved in real estate development, investment, and management in Hong Kong / China / Asia and North America.

Stephen provides relevant real estate market insights and macro-micro assessments to real estate developers, investors, owners, financiers, funds, and civic organizations, and possesses many years of experience in building economics, project management, facility strategy, marketing, and research.

Stephen is also a regular real estate writer - columnist and his articles have been published in both English and Chinese media including the following:

- China Daily
- Hong Kong Economic Journal
- South China Morning Post
- Apple Daily, Sing Tao Daily
- Quamnet Magazine
- Real estate and finance websites such as Soufun.com, Finet.com etc
- Journals of professional institutes such as the Hong Kong Institute of Surveyors

Stephen is an honorary adjunct professor of the University of Hong Kong and has been invited to speak to audiences from:

- Universities: such as the University of Hong Kong, City University of Hong Kong, York University
- Professional Institutes: such as the Hong Kong Institute of Surveyors, Canadian Institute of Quantity Surveyors, Royal Institute of Chartered Surveyors
- Business Associations: such as the Rotary Clubs

Stephen has written 4 real estate books in Chinese to date as follows:

Online book = Easy Real Estate Lectures
Hard copy = Real Estate Investment Know-How above 101
Hard copy = The Real Estate Market Turning Point
E-Report = USA Residential Real Estate Analysis

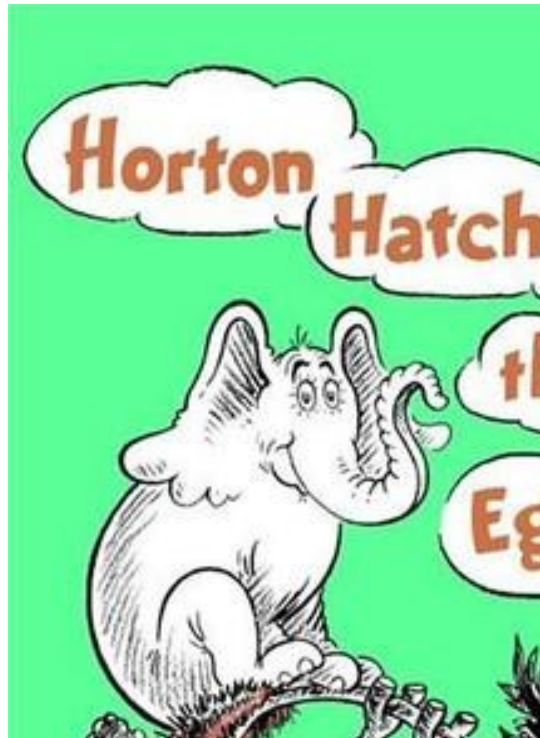
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A deal's a deal

Real Estate Tech, 2Q 2022

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"I meant what I said, and I said what I meant." (Courtesy of <https://en.wikipedia.org>)

Some time ago your humble author had read a news article which said purchasers of a pre-sale residential condo project were being asked by the developer to either agree to a new (higher) price or forfeit the pre-sale purchase (deposits returned). Not being facile with the current laws and rules, if any, governing the Ontario pre-sale condo market, he asked a few friends for clues on the how and the simple answer was there must have been a clause in the pre-sale agreement enabling the developer to raise the prices.

Assuming this info was true (caution: it might not be and yours truly hadn't researched further into the subject), then intuitively some contemplation (from a pre-sale buyer angle) as follows:

- 1) Best to avoid having such a clause in your pre-sale agreement.
- 2) If unavoidable, then pay a less than (pre-sale) market price for the unit to compensate for the uncertainty in closing the deal on the initially agreed price.
- 3) If unavoidable, deal with the relatively more established or reputable developers.

While it may be prudent and understandable from a developer's angle to have such a clause to cover probable rising construction costs and so on, given the current inflationary environment, logistics difficulties, and interest rate uptrend, and that pre-sale agreements precede construction completion, it is another issue to exercise the clause simply to capture the then newer-higher market price in order to increase the profit. Smart? Yes. Wise? No. Such actions will come back not only to haunt the developer in question but the whole industry too, one way or another, sooner or later.

Sometimes, harsher and stricter business rules, regulations, and laws are the results of (some) businesses breaking a vital ingredient to business (ironically): a promise in good faith.

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Canada home prices and political parties: any correlation?

Real Estate Tech, 2Q 2022

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Provinces	Average Home \$	Yr on Yr %	No of RE Agents	Party in power	Inclination L or R
Country	746,146	7.40%	140,000	Liberal	L
British Columbia	1,058,079	12.10%	23,000	New Democratic	L
Alberta	465,579	6.00%	10,500	United Conservative	R
Saskatchewan	295,000	3.60%	1,500	Saskatchewan Party	R
Manitoba	386,416	15.10%	2,200	Progressive Conservative	R
Ontario	985,354	13.30%	82,000	Progressive Conservative	R
Quebec	511,265	14.20%	13,000	Coalition Avenir Québec	R
New Brunswick	313,700	34.20%	950	Progressive Conservative	R
Nova Scotia	414,100	37.00%	1,800	Progressive Conservative	R
Newfoundland & Labrador	327,700	11.80%	500	Liberal	L
Prince Edward Island	335,700	23.70%	441	Progressive Conservative	R

Perhaps not much...

Ontario has just had an election and the governing Progressive Conservatives (i.e. conservative) Party won the ticket gaining a few more seats than last time. In the process, as is often seen in other Canadian provincial and city council elections too, housing affordability is one of the major issues being touted. And politicians of whatever stripes will tell voters that they are the ones who can 'solve' the problem, whatever this means.

Out of curiosity, your humble author had collected from various web resources some broad info on the provincial average home prices and the changes in the past year (crea.ca), number of realty agents (point2homes.com), and the political parties governing the provinces (Wikipedia.org) to see if any pattern might be spotted. Note here we have only divided the parties' inclination into just Right or Left without taking their degree of right-leaning or left-leaning into account. A few observations:

- 1) Average provincial home prices = there is no obvious pattern e.g. while BC and ON have the highest average prices, the former provincial government is Left while the latter Right.
- 2) Price changes in the past year = again no obvious pattern notwithstanding the Left provinces tend to have lower price increases while most of the Right provinces have higher ones, the lowest two provinces are Right governed too.
- 3) One pattern does stand out = the higher the average provincial home price is, the more realty brokers the province has.

Stating the obvious, the above is at best a rather coarse exercise and for someone interested in the topic, further detail study is required which is beyond the capacity of this newsletter. Nonetheless, assuming the above has some validity, then it can be inferred that provincial home prices might have more to do with other factors such as the economy, the population, income level, and so on than who or what political party is in charge.

By the way, as a sidenote, around 69% of Canadian households are homeowners, and whatever 'solution' is used to solve the housing affordability problem, if it leads to a major slide in home prices, the voters are unlikely to take this kindly comes the next election, be it provincial or federal.

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City of Toronto residential real estate: charts and tables

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(Courtesy of www.publicdomainpictures.net)

We have collected data from the website of the Toronto Regional Real Estate Board (<https://trreb.ca/>) focusing on the **City of Toronto's** residential real estate market (largely the secondary market). These data start from April 2017 and end in May 2022. Rough charts and tables were compiled and some of these are listed below:

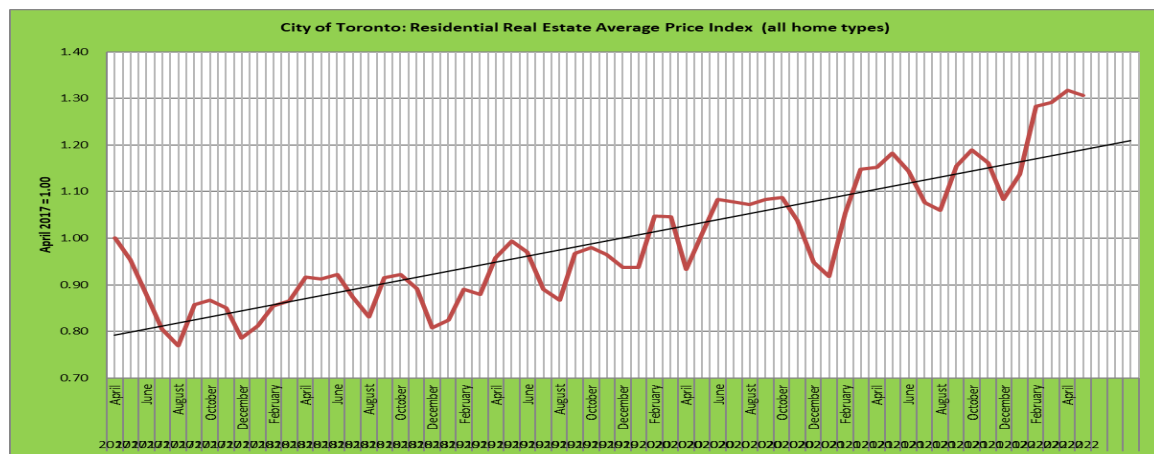
1) From April 2017 (the last price peak) to May 2022 price changes in percentages, major home types

City of Toronto:	Apr17 to May22
All Home Types	30.70%
Detached	21.31%
Semi-detached	29.19%
Townhouse	37.42%
Apartment	37.15%

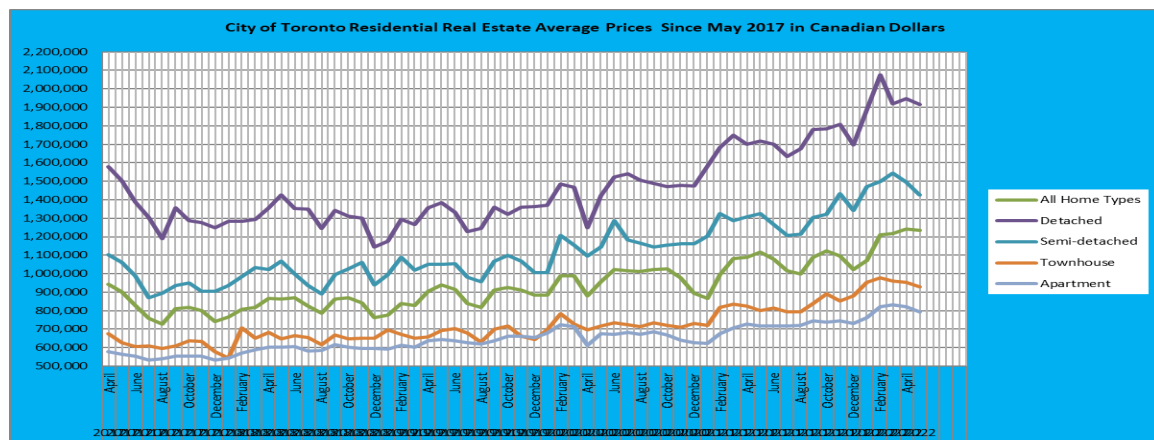
2) April 2022 versus May 2022 average and median home prices, major home types

Metro Region	Sub-district		Apr-22 Average C\$	May-22 Average C\$	Difference C\$ Apr-May22	Percentage +or- (May-Apr)/Apr 2022	Apr-22 Median C\$	May-22 Median C\$	Difference C\$ Apr-May22	Percentage +or- (May-Apr)/Apr 2022
Metro Toronto	All Home Types		1,243,070	1,233,748	-9,322	-0.75%	980,000	980,000	0	0.00%
	Detached		1,947,975	1,914,890	-33,085	-1.70%	1,560,935	1,505,000	-55,935	-3.58%
	Semi-detached		1,494,640	1,426,273	-68,367	-4.57%	1,350,000	1,300,000	-50,000	-3.70%
	Townhouse	Condo	951,883	928,464	-23,419	-2.46%	885,000	850,000	-35,000	-3.95%
	Apartment	Condo	820,835	793,124	-27,711	-3.38%	728,500	706,750	-21,750	-2.99%
Metro West	All Home Types		1,159,271	1,164,622	5,351	0.46%	1,005,000	1,009,056	4,056	0.40%
	Detached		1,703,984	1,650,810	-53,174	-3.12%	1,500,000	1,420,000	-80,000	-5.33%
	Semi-detached		1,293,268	1,289,354	-3,914	-0.30%	1,270,000	1,221,000	-49,000	-3.86%
	Townhouse	Condo	859,632	864,517	4,885	0.57%	840,000	850,000	10,000	1.19%
	Apartment	Condo	718,647	737,934	19,287	2.68%	685,000	665,000	-20,000	-2.92%
Metro Central	All Home Types		1,329,082	1,327,739	-1,343	-0.10%	882,250	866,000	-16,250	-1.84%
	Detached		2,831,101	2,918,154	87,053	3.07%	2,366,000	2,404,944	38,944	1.65%
	Semi-detached		1,868,781	1,734,600	-134,181	-7.18%	1,610,000	1,567,500	-42,500	-2.64%
	Townhouse	Condo	1,191,278	1,075,248	-116,030	-9.74%	950,000	984,500	34,500	3.63%
	Apartment	Condo	881,451	838,748	-42,703	-4.84%	760,000	745,000	-15,000	-1.97%
Metro East	All Home Types		1,177,295	1,145,694	-31,601	-2.68%	1,123,500	1,072,275	-51,225	-4.56%
	Detached		1,480,275	1,393,405	-86,870	-5.87%	1,347,250	1,265,000	-82,250	-6.11%
	Semi-detached		1,386,495	1,324,266	-62,229	-4.49%	1,310,000	1,200,000	-110,000	-8.40%
	Townhouse	Condo	840,222	802,383	-37,839	-4.50%	840,000	751,000	-89,000	-10.60%
	Apartment	Condo	703,905	674,372	-29,533	-4.20%	655,500	635,000	-20,500	-3.13%

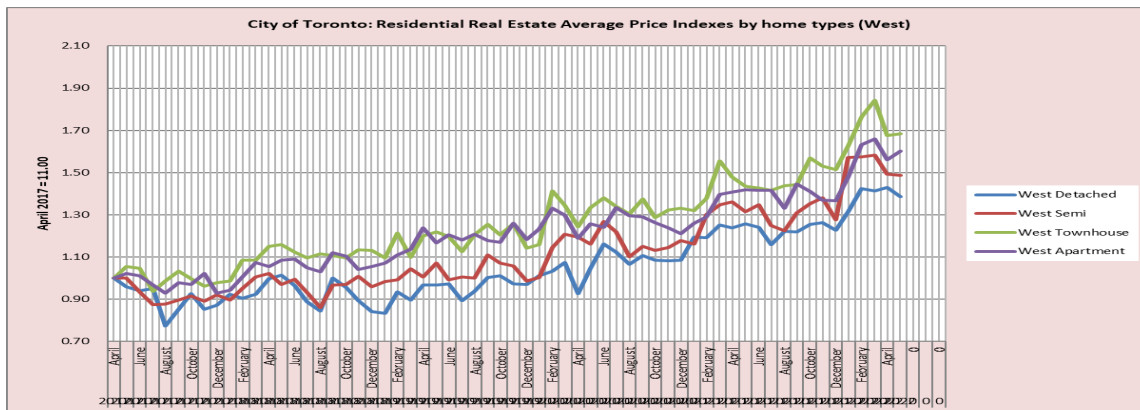
3) From April 2017 to May 2022 home price trend



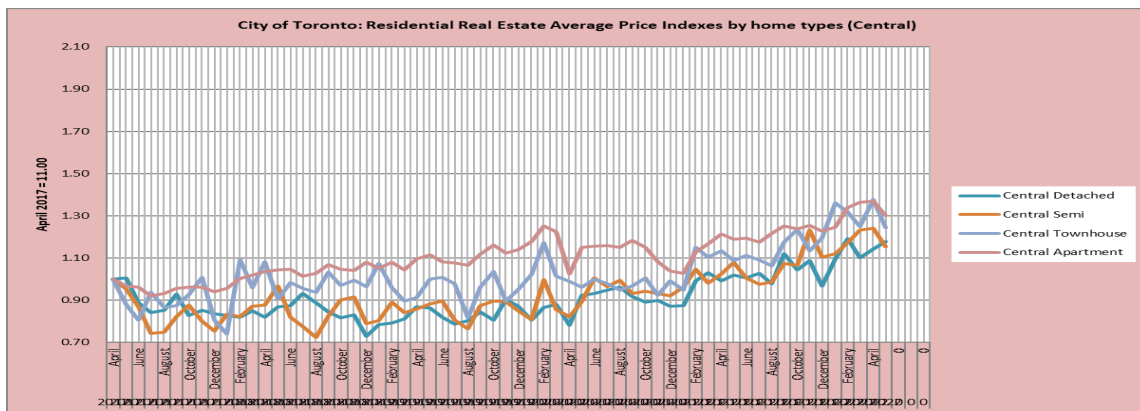
4) From April 2017 to May 2022 average prices of major home types



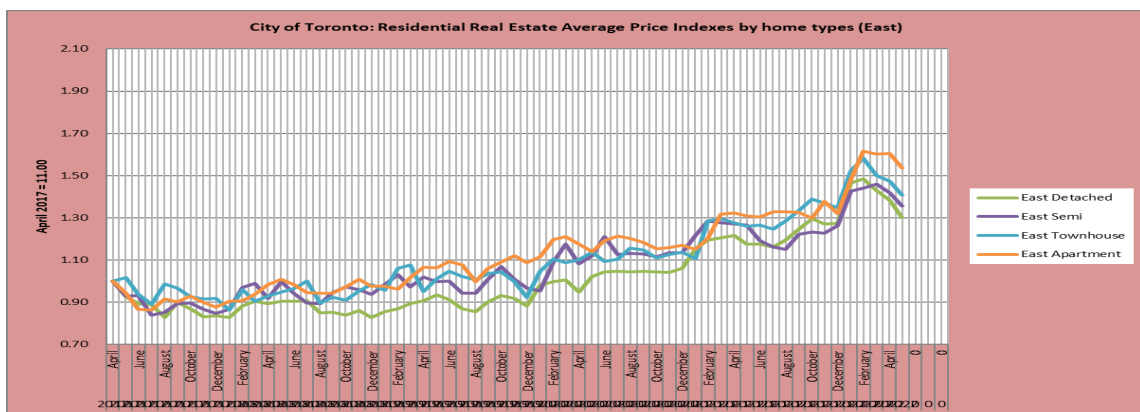
5) From April 2017 to May 2022 average price trends, major home types, West Toronto



6) From April 2017 to May 2022 average price trends, major home types, Central Toronto



7) From April 2017 to May 2022 average price trends, major home types, East Toronto



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- **In Real Estate Management:** you encounter questions on 1) if it is more economical to buy or rent the real estate facilities and assets, and if so where and what; 2) how best to manage and maintain such facilities and assets; 3) what level of human resources are required, all with a view to maximize their utility to help achieve the corporate objectives... **you need a seasoned facility strategist like us**

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