

# Zeppelin's Real Estate Tech

2Q 2023: A Real Estate Newsletter by Zeppelin Partners Limited

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Major news and issues of this quarter? Ask ChatGPT.

In this issue:

- **Canada: demographics**
- **Returnees to Canada take note: deemed deposition of real estate**
- **City of Toronto residential real estate: charts and tables**

**"The difference between class and crass isn't just one letter".**

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](#), [21<sup>st</sup> 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 [26<sup>th</sup>](#) year and [107<sup>th</sup>](#) issue.

**We also operate a website [www.real-estate-tech.com](http://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.

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# 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](http://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 had been 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 Institution of Chartered Surveyors
- Business Associations: such as the Rotary Clubs

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

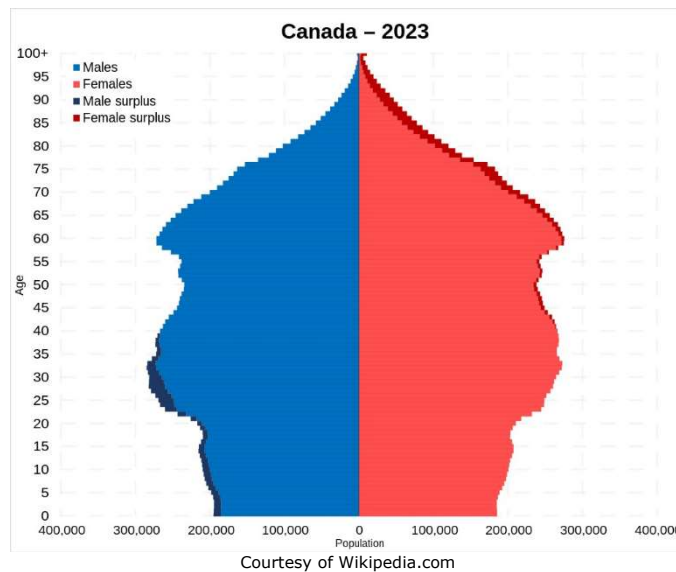
Online book = Easy Real Estate Lectures  
Hard copy = Real Estate Investment Know-How above 101  
Hard copy = The Real Estate Market Turning Point  
E-Report = USA Residential Real Estate Analysis

**We welcome enquiries from interested parties** and could be reached as follows:

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## Canada: demographics Real Estate Tech, 2Q 2023

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Demographics have an influential impact on real estate, including the residential sector. As such, let's take a rough look at Canada's demographics. Data come from the websites listed below plus Google searches:

1) Demographics pyramid (refer to the graphic above): it looks like an ice cream cone with two scoops on top. A) The generations born in or before 1945 (the year WW2 ended) were dwindling steeply in numbers with more women than men; B) The two bulges are made by the baby-boomer and Y / millennial generations, both being quite numerous; C) the X generation between the baby-boomer and Y generations is less numerous; D) the Z and Alpha generations are shrinking numerically; and E) there are more men than women in the Y, Z, and Alpha generations, possibly in part due to immigrants where men applicants outnumber women applicants by 56% to 44%.

2) Generational groupings and their % of total population are listed below.

Generation:	War Years	Baby-boomer	Gen X	Y/Millennials	Gen Z	Gen Alpha
From year-year	Before 1946	1946-1964	1965-1976	1977-1995	1996-2010	2011 to...
population%	7%	25%	19%	22%	18%	9%

3) The tight supply to demand situation and the general upswing in home prices across Canada in recent years have in part been due to the Y-Millennial generation getting married and forming households.

Naturally, home prices don't just rely on population size or growth, and other factors, especially the income and liquidity factors, play a major role too, not to mention socio-cultural aspects such as the propensity to marry, to have children, or even to divorce.

Here are the links to part of the information referenced:

[https://en.wikipedia.org/wiki/Demographics\\_of\\_Canada](https://en.wikipedia.org/wiki/Demographics_of_Canada)

<https://businesscouncilab.com/insights-category/analysis/2021-census-population-trends-population-by-age/>

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## Returnees to Canada take note: deemed disposition of real estate

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Courtesy of [www.infrastructure.gc.ca](http://www.infrastructure.gc.ca)

In recent years, many Canadians who have been living abroad, such as those from Hong Kong, are returning home to Canada. Some of these returnees have kept their residential properties in Canada while living abroad and are likely to have been renting them out to tenants. As such, it is only natural that they may wish to reoccupy such residential properties upon their return.

If so, please hold for a while and read this short article, which serves as a friendly reminder to be aware of Canada taxation, in particular the part on “deemed disposition” of properties.

Now, your humble author isn’t an accountant or a tax expert and thus any information provided herein must be read with a grain of salt and do consult relevant experts in Canada in case Canada taxation, including deemed disposition, may apply to your case. Suffice to say your humble author won’t take any responsibility for errors made or damages, monetary and financial ones in particular, thus caused.

Anyway, deemed disposition may affect returnees who wish to reoccupy their rental properties in Canada for own use by deeming a disposition, i.e., as if a sale or transaction has taken place, notwithstanding the returnees haven’t actually sold their reoccupied properties. If the property had been acquired in the past for \$x and now the market price is \$3x, then a capital gain of \$2x is deemed to have been realized, and half of the gain, \$1x, may be subject to tax.

There are circumstances through which returnees may be entitled to settle the tax at a later date, e.g., if capital cost allowance hasn’t been claimed on the property while being a rental investment property. Nonetheless, this may only mean tax deferment, not exemption. In any event, and again, please do check with relevant experts on Canada taxation.

Here is the link to the Canada Revenue Agency website:

[https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4037/capital-gains.html#Business\\_Residence](https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4037/capital-gains.html#Business_Residence)

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# City of Toronto residential real estate: charts and tables

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(Courtesy of [www.publicdomainpictures.net](http://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 2023. Rough charts and tables were compiled and some of these are listed below:

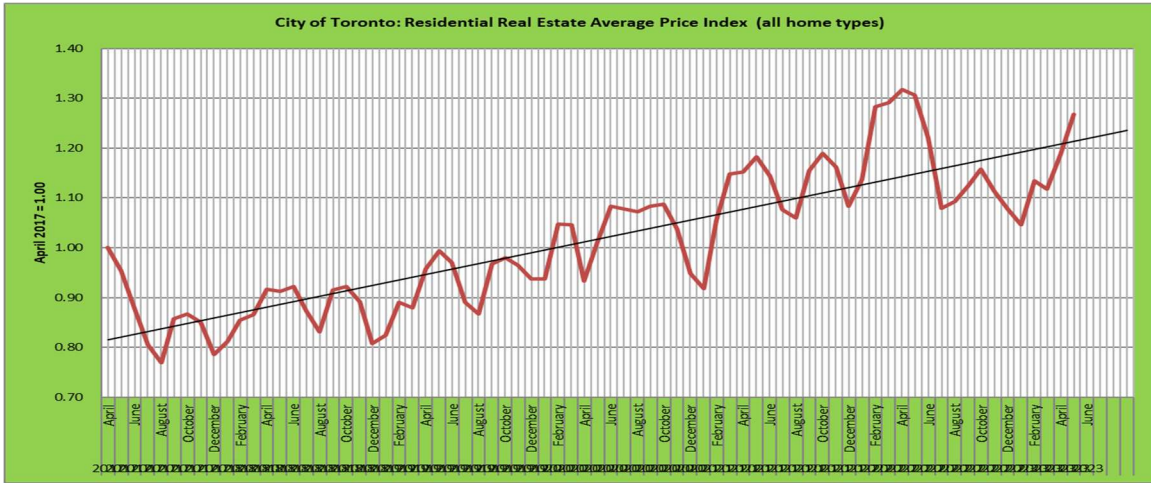
1) From April 2017 (the last price peak) to May 2023 price changes in percentages, major home types

City of Toronto:	Apr17 to May23
All Home Types	26.81%
Detached	21.20%
Semi-detached	26.70%
Townhouse	37.49%
Apartment	35.73%

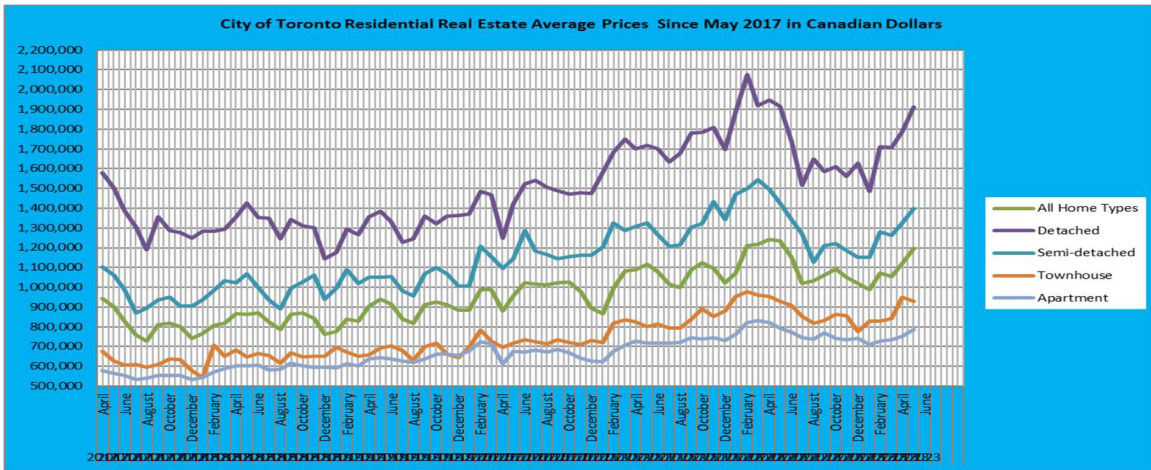
2) April 2023 versus May 2023 average and median home prices, major home types

Metro Region	Sub-district	Apr-23 Average C\$	May-23 Average C\$	Difference C\$ Apr-May23	Percentage +or- (May-Apr)/Apr 2023	Apr-23 Median C\$	May-23 Median C\$	Difference C\$ Apr-May23	Percentage +or- (May-Apr)/Apr 2023
Metro Toronto	All Home Types	1,120,352	1,197,021	76,669	6.84%	875,000	928,800	53,800	6.15%
	Detached	1,787,752	1,913,132	125,380	7.01%	1,465,000	1,510,000	45,000	3.07%
	Semi-detached	1,326,462	1,398,821	72,359	5.46%	1,200,000	1,306,000	106,000	8.83%
	Townhouse	949,605	928,955	-20,650	-2.17%	850,000	859,000	9,000	1.06%
	Apartment	751,916	784,914	32,998	4.39%	663,000	685,000	22,000	3.32%
Metro West	All Home Types	1,031,054	1,084,986	53,932	5.23%	928,000	950,000	22,000	2.37%
	Detached	1,461,251	1,526,986	65,735	4.50%	1,328,500	1,350,000	21,500	1.62%
	Semi-detached	1,132,335	1,256,134	123,799	10.93%	1,020,001	1,175,000	154,999	15.20%
	Townhouse	861,284	791,775	-69,509	-8.07%	780,000	732,500	-47,500	-6.09%
	Apartment	671,246	702,829	31,583	4.71%	620,000	640,000	20,000	3.23%
Metro Central	All Home Types	1,196,407	1,295,422	99,015	8.28%	815,000	851,050	36,050	4.42%
	Detached	2,570,025	2,829,671	259,646	10.10%	2,270,000	2,400,400	130,400	5.74%
	Semi-detached	1,656,353	1,654,807	-1,546	-0.09%	1,454,500	1,492,500	38,000	2.61%
	Townhouse	1,157,865	1,148,808	-9,057	-0.78%	970,000	1,014,000	44,000	4.54%
	Apartment	803,538	838,556	35,018	4.36%	700,800	732,400	31,600	4.51%
Metro East	All Home Types	1,053,840	1,107,477	53,637	5.09%	1,010,000	1,090,000	80,000	7.92%
	Detached	1,376,931	1,394,863	17,932	1.30%	1,253,500	1,247,500	-6,000	-0.48%
	Semi-detached	1,223,687	1,308,660	84,973	6.94%	1,156,000	1,202,000	46,000	3.98%
	Townhouse	778,877	805,009	26,132	3.36%	810,000	815,500	5,500	0.68%
	Apartment	618,211	635,599	17,388	2.81%	600,000	590,000	-10,000	-1.67%

3) From April 2017 to May 2023 home price trend



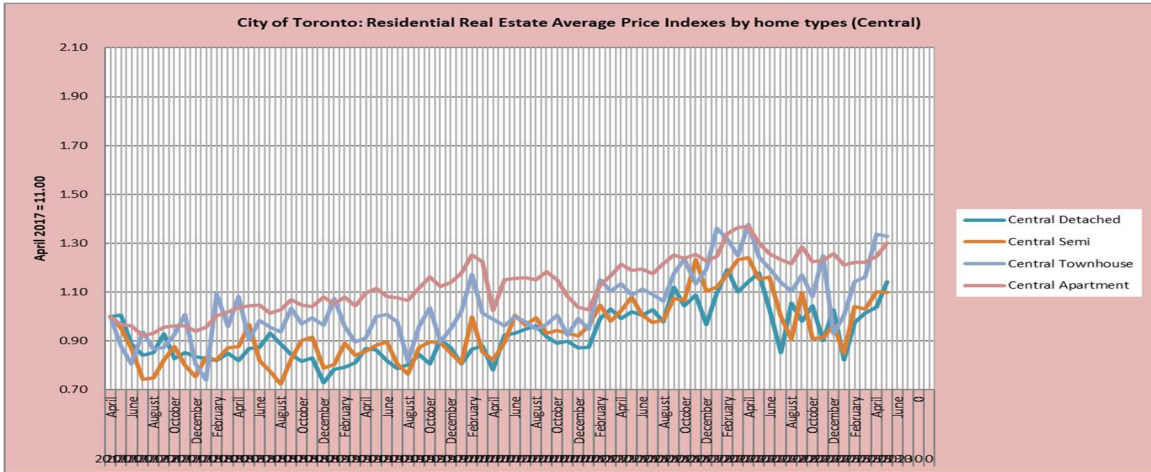
4) From April 2017 to May 2023 average prices of major home types



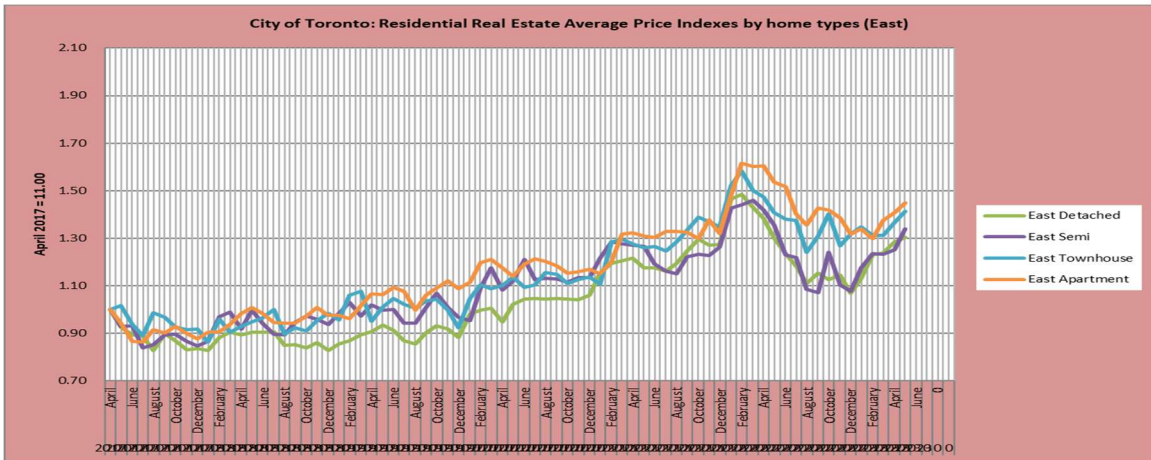
5) From April 2017 to May 2023 average price trends, major home types, West Toronto



6) From April 2017 to May 2023 average price trends, major home types, Central Toronto



7) From April 2017 to May 2023 average price trends, major home types, East Toronto



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- **In Real Estate Investment:** you encounter challenges in 1) Selecting which markets (cities), sectors (residential, office, retail etc), and properties-projects to invest; 2) Striving for the best possible risk-adjusted portfolio return; or 3) Sensing the volatility of a market or sector; 4) Deciding which corporate strategies, tactics, priorities, properties, and projects to pursue; 5) Getting a **INDEPENDENT SECOND OPINION** on which you can trust...**you need an independent real estate analyst like us**
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