

Zeppelin's Real Estate Tech

2Q 2024: A Real Estate Newsletter by Zeppelin Partners Limited

Phone (852) 37576388 Fax (852) 37576399 E-mail stephenchung@zeppelin.com.hk Web: www.Real-Estate-Tech.com

There was the Biden and Trump debate, and then there were flying bullets. Else, routine.

In this issue:

- **Toronto residential real estate: how risky prices may be**
- **Average prices: beware of miscomprehension, on your part**
- **City of Toronto residential real estate: charts and tables**

"Don't just read an article. Read its readers' responses. They may tell you more."

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](#). This newsletter is now into its [28th](#) year and [111th](#) 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 continues 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

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 the City University of Hong Kong and had spoken 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

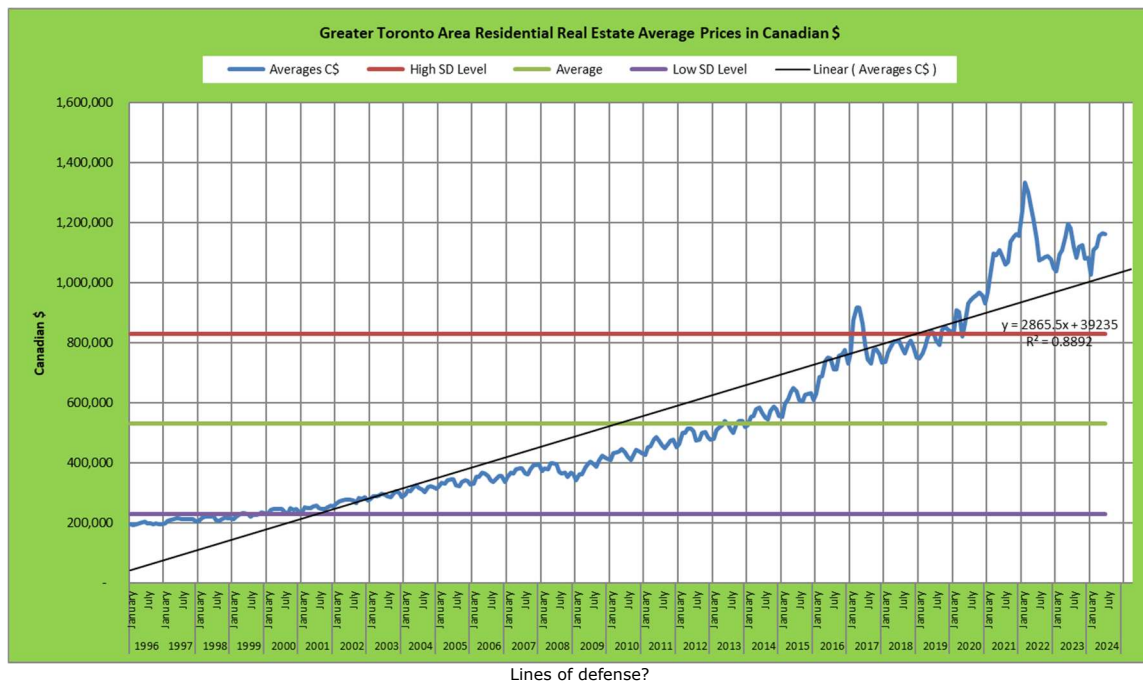
We welcome enquiries from interested parties and could be reached as follows:

Email: StephenChung@zeppelin.com.hk
Office Phone: 852-37576388
Office Fax: 825-37576399
Office Address: Unit 07, 10/F CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Hong Kong
Websites: www.zeppelin.com.hk and www.Real-Estate-Tech.com

Toronto residential real estate: how risky prices may be

Real Estate Tech, 2Q 2024

Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk



Assessing how risky prices may be is always a guess. Your humble author has no magic wand. Suffice to say factors that can influence home prices are plenty, ranging from the significant to the petty, from the long term to the short term, and from economics via social to political. Demographics, supply and demand, liquidity, mortgage rate, and so on come to mind.

Here we show one way to assess the price risk. The fluctuating blue line represents the nominal average home prices of the Greater Toronto Area across time from 1996 to present. Data comes from the Toronto Regional Real Estate Board's website. The flat green line in the middle represents the average of these averages across the period. The upper flat red line represents the higher standard deviation price level, while the lower purple flat line is the lower standard deviation price level. The thinner sloping black line represents the overall gradient of the largely rising home prices during the period.

Without going into the technicalities, and this isn't specific to GTA, one may treat the three flat lines as lines of (price) defense. The upper flat red line is the first line of defense, followed by the middle flat green and then the lower flat purple. In a falling price market, it is common, but not always, to see the first line of defense being breached. Sometimes, it may breach the second middle line, too, if the fall is serious and significant enough. Occasionally, perhaps rarely, it may even breach the third lower line in an almost all hell break loose situation.

Your humble author isn't predicting anything. However, should there be a significant downward home price adjustment in the GTA, there could be, roughly, a decrease of 28% from the June 2024 average price to the first flat red line of defense. Also, the price gradient in the last eight years or so (not shown in the chart, only visually guessed) might be steeper than the overall price gradient for the period. Intuitively, perhaps leverage your home no higher than 70%. The lower, the better in terms of financing risk reduction.

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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 March 2024. Rough charts and tables were compiled and some of these are listed below:

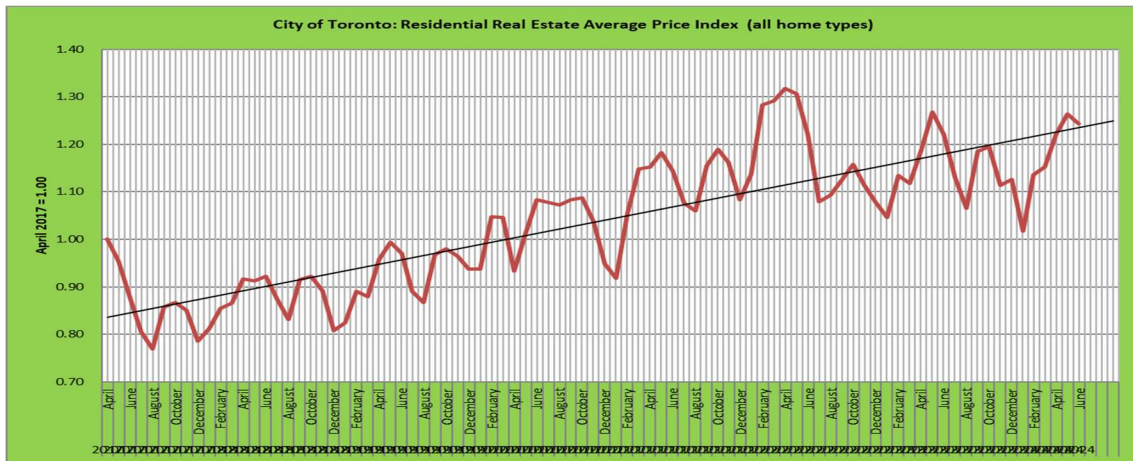
1) From April 2017 (the last price peak) to June 2024 price changes in percentages, major home types

City of Toronto:		Apr17 to Jun24
All Home Types		24.35%
Detached		11.41%
Semi-detached		16.21%
Townhouse		32.09%
Apartment		31.97%

2) May 2024 and June 2024 average and median home prices, major home types

Metro Region	Sub-district		May-24 Average C\$	Jun-24 Average C\$	Difference C\$ May-Jun24	Percentage +or- (Jun-May)/May 2024	May-24 Median C\$	Jun-24 Median C\$	Difference C\$ May-Jun24	Percentage +or- (Jun-May)/May 2024
Metro Toronto	All Home Types		1,193,202	1,173,781	-19,421	-1.63%	948,000	930,444	-17,556	-1.85%
	Detached		1,826,370	1,758,649	-67,721	-3.71%	1,480,000	1,396,500	-83,500	-5.64%
	Semi-detached		1,416,496	1,282,973	-133,523	-9.43%	1,287,594	1,161,500	-126,094	-9.79%
	Townhouse	Condo	908,461	892,432	-16,029	-1.76%	820,000	805,000	-15,000	-1.83%
	Apartment	Condo	767,064	763,148	-3,916	-0.51%	650,000	650,000	0	0.00%
Metro West	All Home Types		1,089,796	1,125,463	35,667	3.27%	933,500	982,500	49,000	5.25%
	Detached		1,550,727	1,540,882	-9,845	-0.63%	1,330,000	1,300,000	-30,000	-2.26%
	Semi-detached		1,189,273	1,115,354	-73,919	-6.22%	1,100,444	1,022,500	-77,944	-7.08%
	Townhouse	Condo	823,113	817,472	-5,641	-0.69%	795,000	777,500	-17,500	-2.20%
	Apartment	Condo	685,391	657,963	-27,428	-4.00%	619,900	600,000	-19,900	-3.21%
Metro Central	All Home Types		1,293,206	1,235,125	-58,081	-4.49%	888,000	820,000	-68,000	-7.66%
	Detached		2,571,669	2,494,057	-77,612	-3.02%	2,250,000	2,037,500	-212,500	-9.44%
	Semi-detached		1,679,339	1,561,387	-117,952	-7.02%	1,528,500	1,422,500	-106,000	-6.93%
	Townhouse	Condo	1,058,132	1,051,396	-6,736	-0.64%	946,000	879,000	-67,000	-7.08%
	Apartment	Condo	827,661	815,305	-12,356	-1.49%	691,795	680,000	-11,795	-1.70%
Metro East	All Home Types		1,110,972	1,108,210	-2,762	-0.25%	1,050,000	1,020,000	-30,000	-2.86%
	Detached		1,386,124	1,361,223	-24,901	-1.80%	1,250,000	1,183,000	-67,000	-5.36%
	Semi-detached		1,319,199	1,256,234	-62,965	-4.77%	1,273,250	1,231,000	-42,250	-3.32%
	Townhouse	Condo	790,013	806,949	16,936	2.14%	790,000	795,000	5,000	0.63%
	Apartment	Condo	625,345	631,043	5,698	0.91%	570,000	587,500	17,500	3.07%

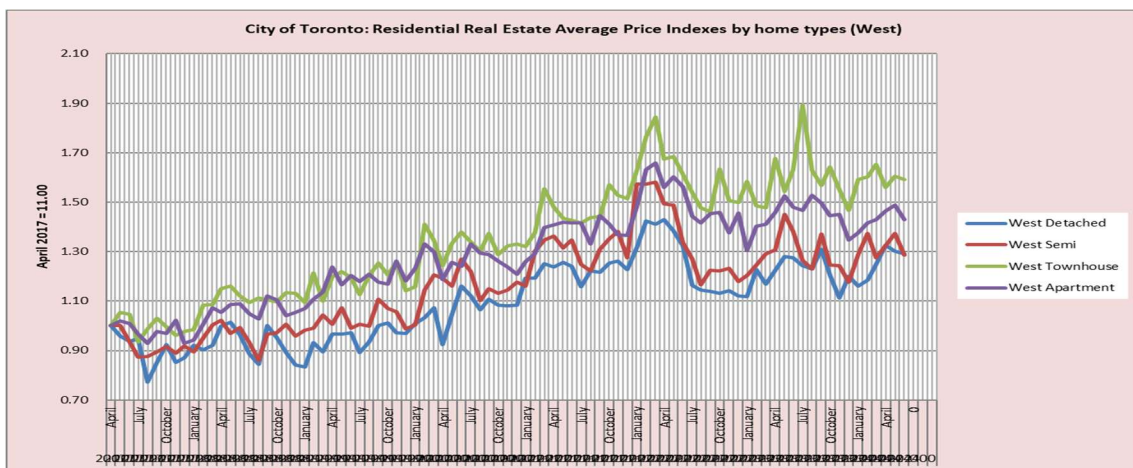
3) From April 2017 to June 2024 home price trend



4) From April 2017 to June 2024 average prices of major home types



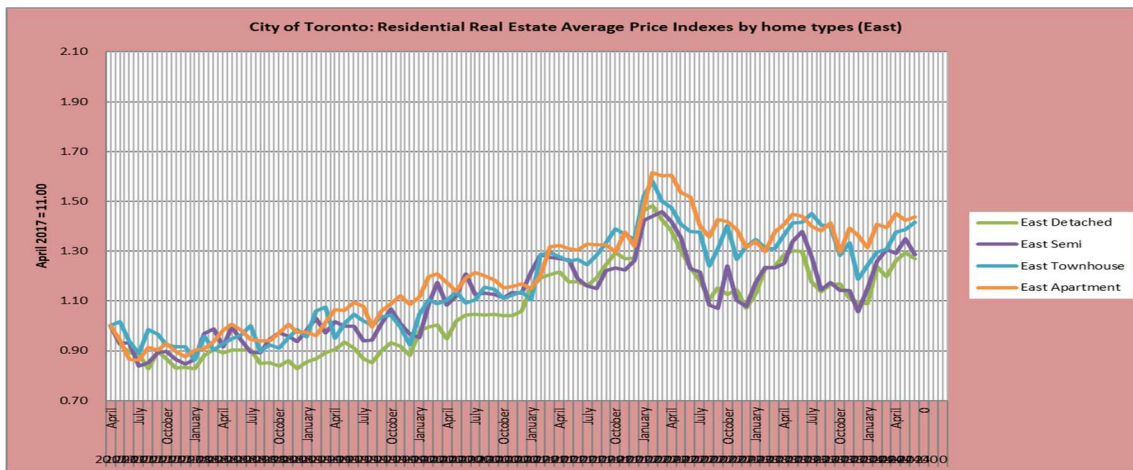
5) From April 2017 to June 2024 average price trends, major home types, West Toronto



6) From April 2017 to June 2024 average price trends, major home types, Central Toronto



7) From April 2017 to June 2024 average price trends, major home types, East Toronto



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Contact us:

Mr. K. K. Wong Director kkwong@zeppelin.com.hk

Mr. Stephen Chung Honorary Advisor stephenchung@zeppelin.com.hk

Address: Unit 1007, CCT Telecom Building, 11 Wo Shing Street, Shatin, Hong Kong

Phone: 852-37576388

Fax: 852-37576399

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