

# Zeppelin's Real Estate Tech

## 4Q 2020: A Real Estate Newsletter by Zeppelin Partners Limited

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One news item seems to be dominant during the quarter: the USA presidential election and up to the date of writing this newsletter, neither Biden nor Trump has been officially declared without any doubt to be the winner, not to mention the accusatory salvos being exchanged. Meanwhile, there appears to be hope for a COVID (19) vaccine. Anyhow, Merry Christmas and Happy 2021 (fingers crossed)!

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- **GTA: COVID19's impact on residential real estate in metro and nearby suburbs**
- **Canada: COVID19's impact on residential real estate across cities**
- **Global: COVID's impact on residential real estate in selected metropolitans**

**"Food-loving societies can be fun but food-loving-only societies can't."**

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 comprising real estate developers, investors, fund managers, financiers, owners, users, top executives, senior managers, prominent academics and related professionals from Hong Kong and abroad. Our content is / 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 [25<sup>th</sup>](#) year and [97<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 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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## GTA: COVID19's impact on residential real estate in metro and nearby suburbs

Real Estate Tech, 4Q 2020

Stephen Chung BS BBA (HKU) MS in Real Estate Development (MIT) MRICS MHKIS FPFM PQS

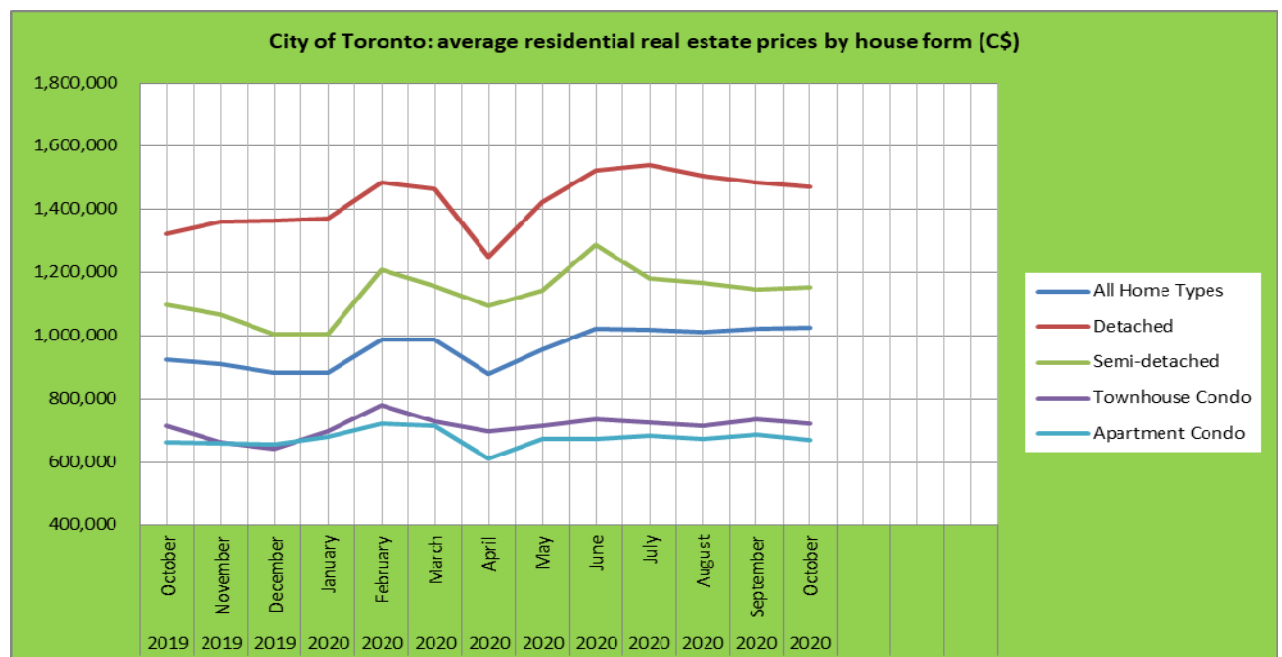
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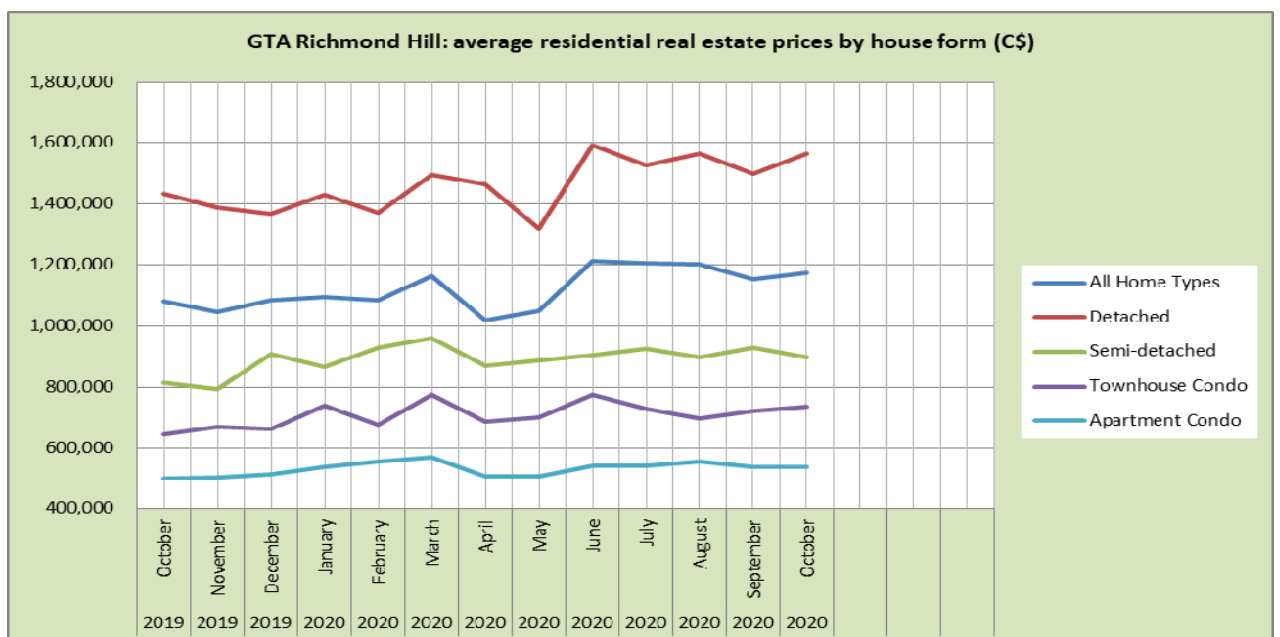
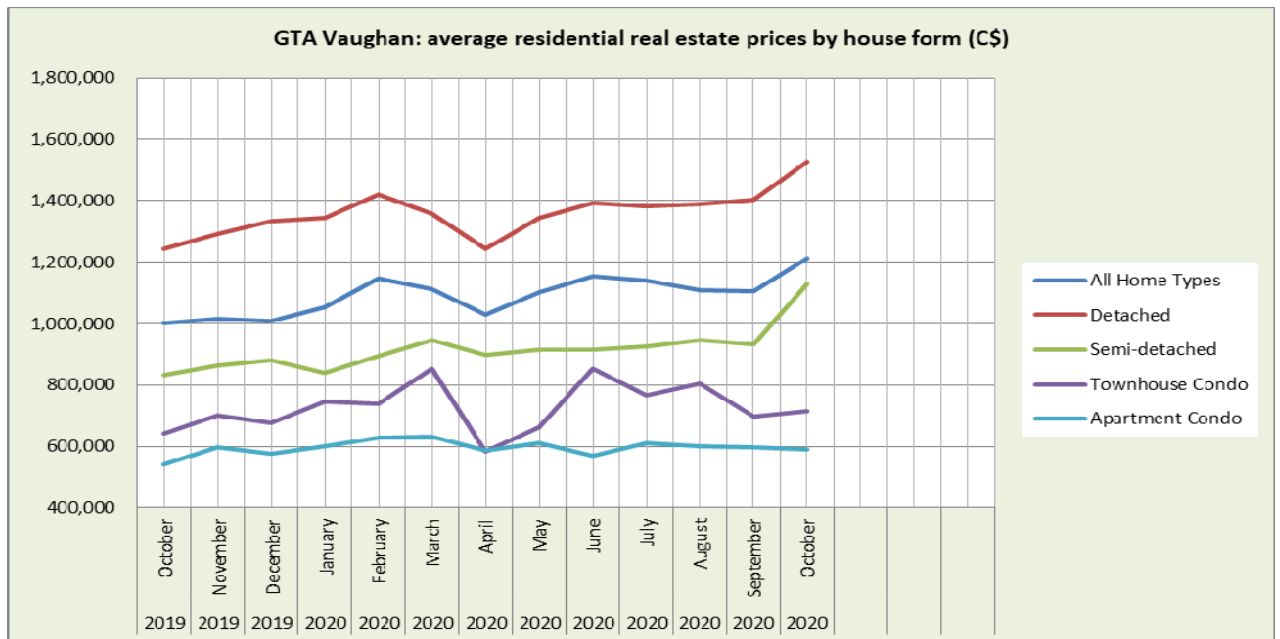


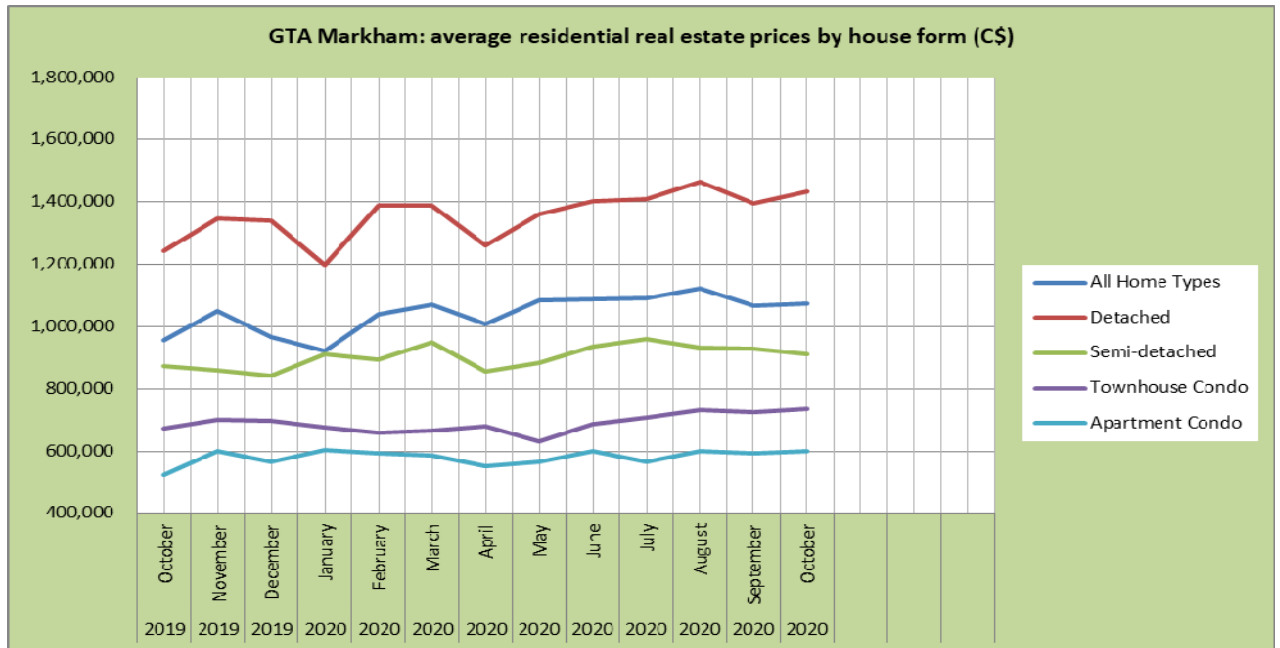
Greater Toronto Area: to where would you flee from COVID19? (Courtesy of [www.wikipedia.org](http://www.wikipedia.org))

Since COVID19 struck, there have been reports that many households are moving into the less dense regions in the Greater Toronto Area (GTA). Moreover, households are said to prefer the 'house' form of residences such as detached, semi-detached, or even row / town houses.

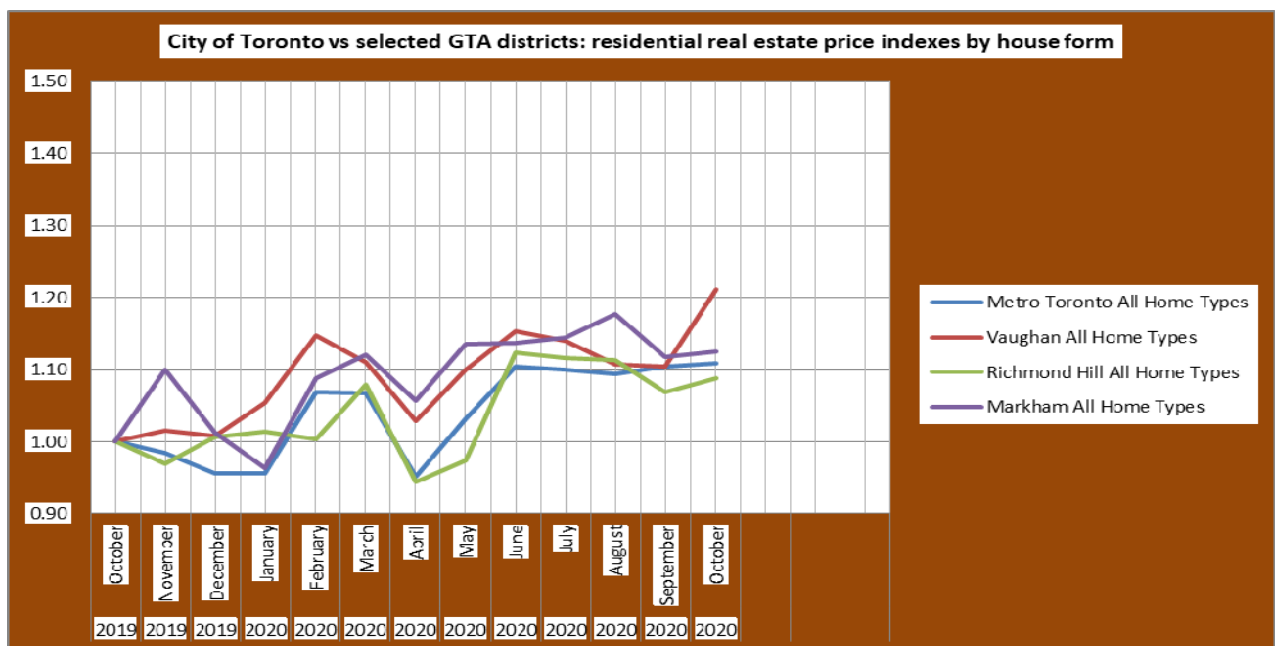
As such, here we intend to explore if the above sayings appear true between the City of Toronto and three of the closer suburbs of Vaughan, Richmond Hill, and Markham. Of course, your humble author would love to cover all suburban regions in the GTA (and even beyond the GTA if feasible) yet the resources required are way beyond his reach (academic and research institutions may fair better in this regard). Anyway, data started from October last year (2019) and are categorized by the mentioned four regions and house forms i.e. detached, semi-detached, condo townhouse, and condo apartment. Let's look at their average price performances first:

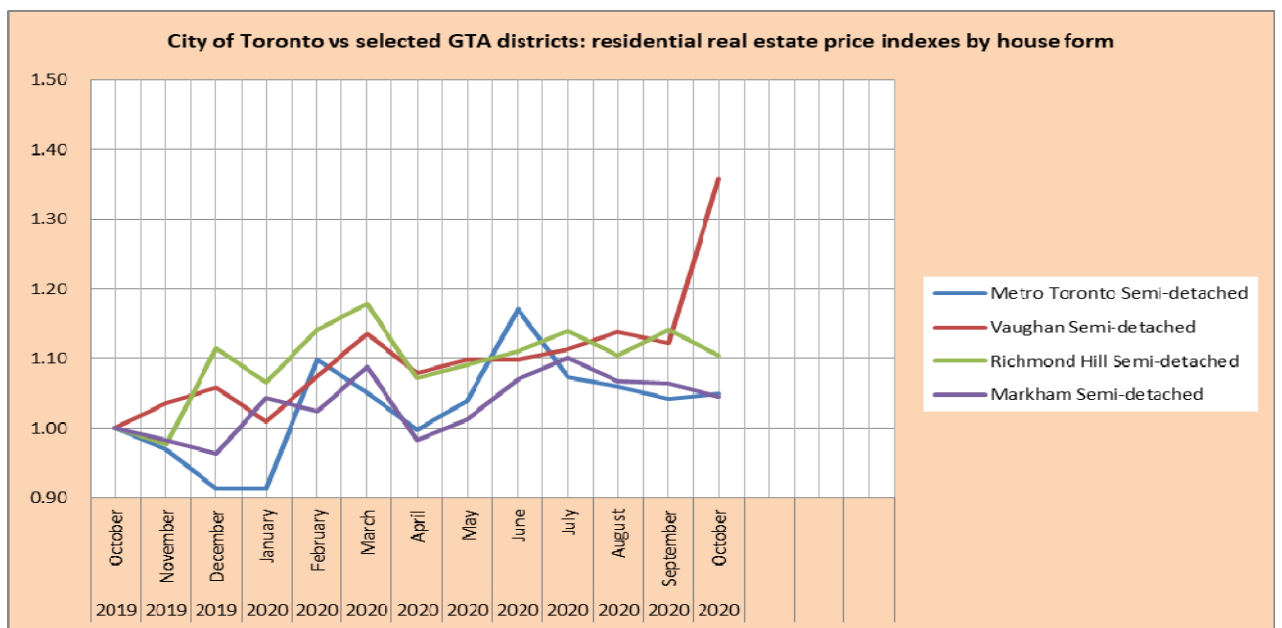
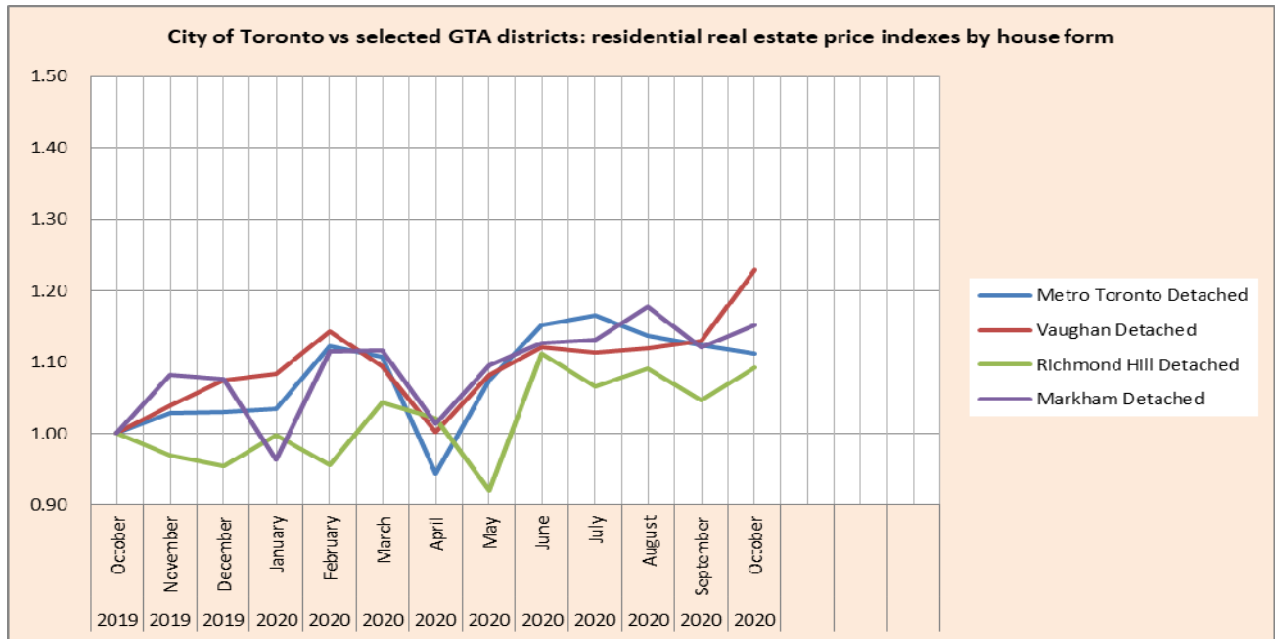


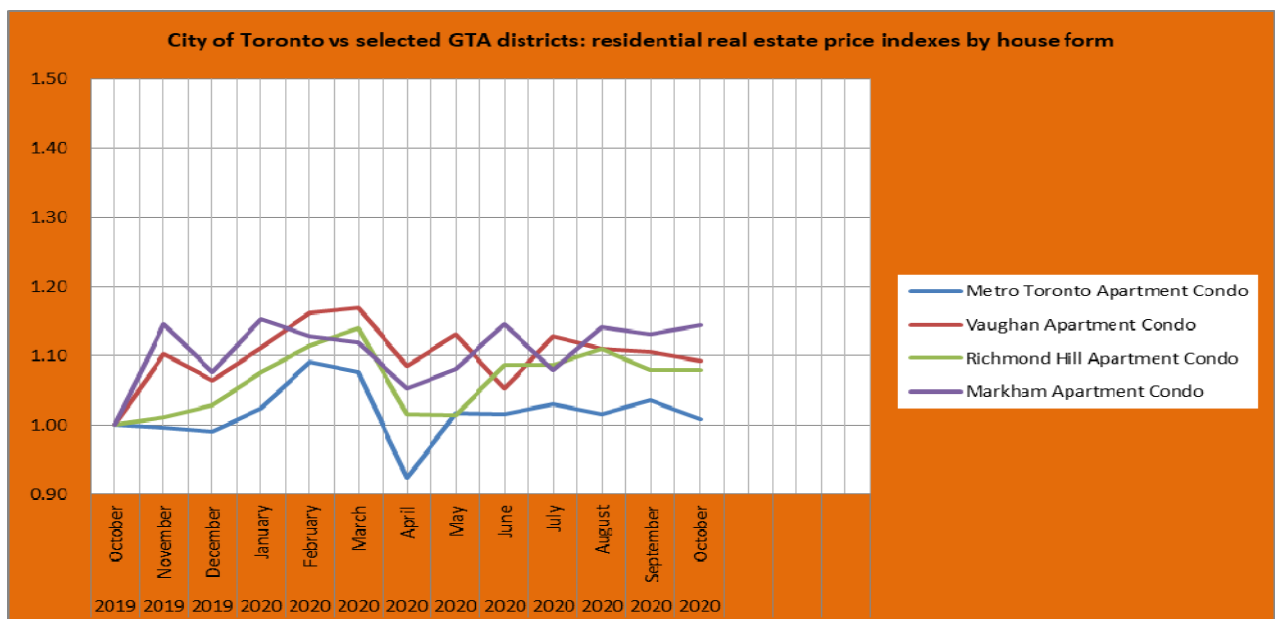
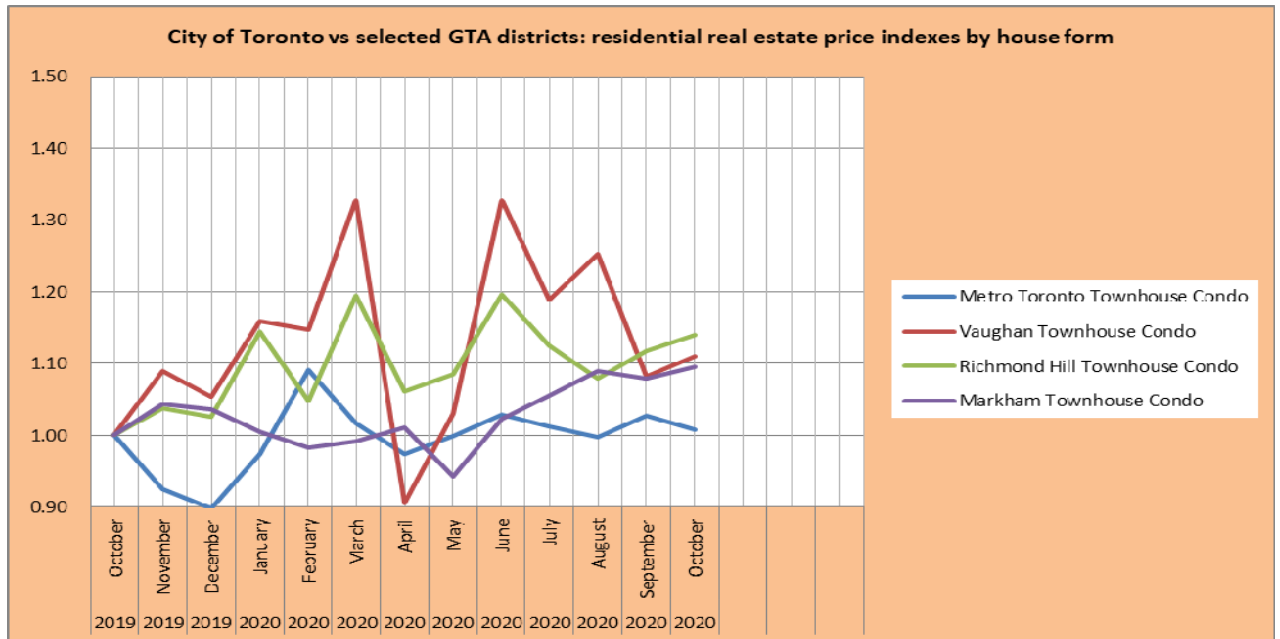




And now let's look at some price indexes categorized by house forms (the first chart sums up all house forms):







Some observations:

- 1) Based on the "all house types" composite index figures, the City of Toronto isn't the worst price performing region but Richmond Hill, and in fact the City resembles Markham.
- 2) Vaughan has the best price performances among the four, and is largely supported by its detached and semi-detached house prices.
- 3) The City of Toronto's detached and semi-detached prices have held up quite well i.e. its overall lackluster performance was mainly caused by its townhouse and apartment prices.

Now look at the following table showing the price changes since April this year (2020) when COVID19's impact and implications were felt:

Metro Region	Sub-district	2020
Average C\$		October
Apr 2020 = 1.00		
Metro Toronto	All Home Types	1.16
Metro Toronto	Detached	1.18
Metro Toronto	Semi-detached	1.05
Metro Toronto	Townhouse	1.04
Metro Toronto	Apartment	1.09
Vaughan	All Home Types	1.18
Vaughan	Detached	1.23
Vaughan	Semi-detached	1.26
Vaughan	Townhouse	1.23
Vaughan	Apartment	1.01
Richmond Hill	All Home Types	1.15
Richmond Hill	Detached	1.07
Richmond Hill	Semi-detached	1.03
Richmond Hill	Townhouse	1.07
Richmond Hill	Apartment	1.06
Markham	All Home Types	1.06
Markham	Detached	1.14
Markham	Semi-detached	1.06
Markham	Townhouse	1.08
Markham	Apartment	1.09

4) The City of Toronto's average prices performed not too badly, even its condo apartment sector did well.

5) Yet Vaughan is undoubtedly the overall winner of the four regions.

6) If COVID19 has caused some significant degree of exodus from the City of Toronto, such exodus phenomena isn't reflected in the macro price statistics of the four regions being studied here. Not that there isn't a shred of evidence, just that it doesn't feel sufficiently strong.

Perhaps the City folks choosing to flee from COVID19 have gone to other suburbs in the GTA or even further out beyond the GTA. Or perhaps only certain spectrum of City households have chosen to do so e.g. those households living in (the denser) apartments. Or perhaps City detached house dwellers have not been as anxious as apartment dwellers to leave the City. And so on...further investigation and analysis by resourceful research entities are needed to provide an accurate and comprehensive picture.

Or maybe some are banking on the (hopefully coming soon) vaccine...

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## Canada: COVID19's impact on residential real estate across cities

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Close to 9,100,000 km<sup>2</sup> in land area or 9,000 x Hong Kong  
(Courtesy of <https://en.wikipedia.org/wiki/Canada>)

Earlier in the year (2020) around spring, when COVID19 (C19) started to reveal its impact causing alarm, many investment analysts sounded caution, not unreasonably, to investors, real estate ones included.

Fast forward to the end of the 4<sup>th</sup> quarter, surprisingly perhaps, and a pleasant one at that especially to homeowners, residential real estate prices in various cities across the country have performed quite robustly (Table A, data were abstracted from [www.crea.ca](http://www.crea.ca) and the various regional real estate boards, and focused on the months of January, April, and November where applicable):

- 1) Overall, the average / median residential real estate prices in the selected cities have made gains to varying degrees since April 2020 (Chart 1)
- 2) There is a slight negative correlation between the price movement seen in the January – April period and that seen in the April – November period i.e. there is a tendency, albeit not significant, for cities which experienced price drops in the January – April period to see bigger price gains in the April – November period (Chart 2)
- 3) Note not all cities saw price drops in the January – April period (Chart 1)

Here are the table and charts:

CANADA: COVID19 impact on residential real estate prices across selected cities since January 2020:						
Provinces:	Cities:	Average Prices in CAD:			Jan-Apr 2020	Apr-Nov 2020
		Jan-20	Apr-20	Nov-20	Percentage +/-	Percentage +/-
British Columbia	Greater Vancouv	1,008,700	1,036,000	1,044,000	2.71%	0.77%
	Victoria	756,000	775,900	813,700	2.63%	4.87%
Alberta	Calgary	417,100	422,655	455,584	1.33%	7.79%
	Edmonton	352,500	353,577	376,636	0.31%	6.52%
Saskatchewan	Regina	283,750	294,000	306,000	3.61%	4.08%
	Saskatoon	310,000	328,000	340,000	5.81%	3.66%
Manitoba	Winnipeg	292,500	315,000	328,000	7.69%	4.13%
Ontario	Ottawa	470,000	475,000	525,000	1.06%	10.53%
	Greater Toronto	839,363	820,222	955,615	-2.28%	16.51%
Quebec	Montreal	353,000	360,000	435,000	1.98%	20.83%
	QuebecCity	255,000	260,000	279,000	1.96%	7.31%
Prince Edward Island (PEI)	PEI	262,500	239,000	300,000	-8.95%	25.52%
New Brunswick	Greater Moncton	185,000	210,000	233,000	13.51%	10.95%
Nova Scotia	Halifax	256,250	288,750	306,250	12.68%	6.06%
Newfoundland & Labrador	St. John's	231,250	236,875	258,250	2.43%	9.02%
Yukon	Not included					
NW Territories	Not included					
Notes:						
		1) Where composite home prices aren't available, single family detached prices are used.				
		2) Where average prices aren't available, median prices are used.				
		3) Where greater regional prices aren't available, metro or city prices are used.				

Table A

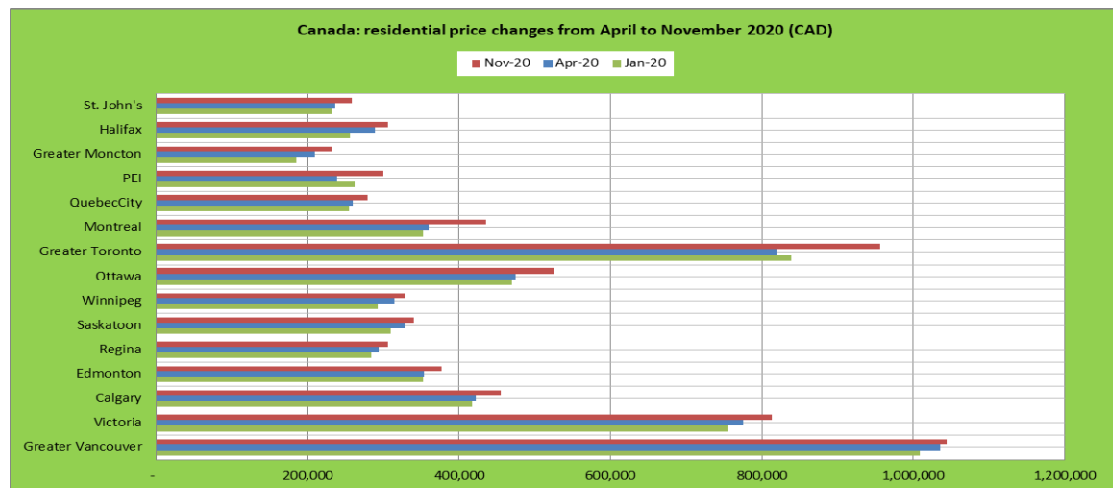


Chart 1

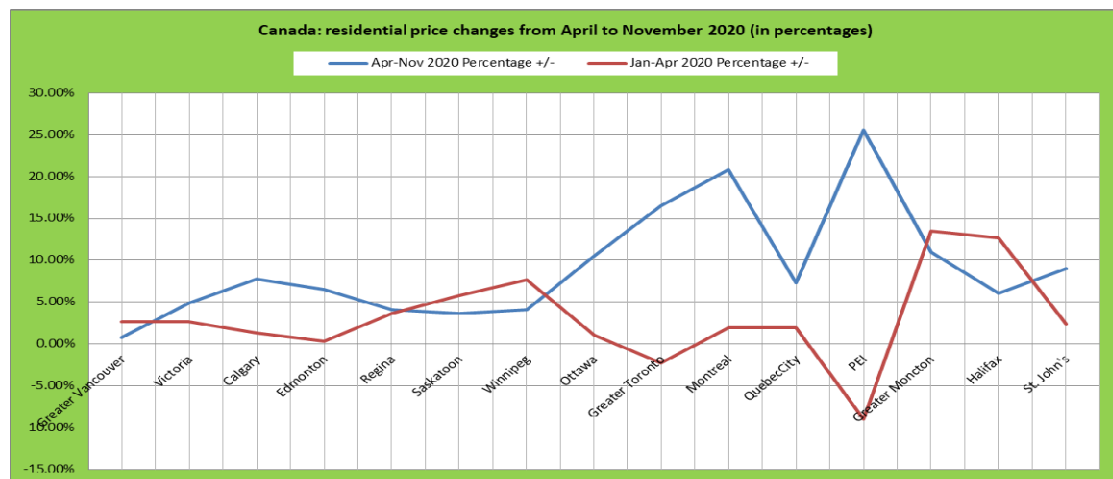


Chart 2

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## Global: COVID19's impact on residential real estate in selected metropolitans

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(Courtesy of [www.publicdomainfiles.com](http://www.publicdomainfiles.com))

Notwithstanding the impact of COVID19 on the world resulting in lockdowns and shutdowns, changes in daily habits as basic as handwashing, working at home, and meeting via zooming, not to mention the rather regrettable casualties, residential real estate around the world have apparently been holding quite steady overall, especially when compared to fellow sectors of retail and office.

Here we have randomly selected a few metropolitans to obtain a rough snapshot of the situation (data came from different sources and websites including professional and public / government entities) and built the following charts (meant at best for very rough reference and data could be price-based or index-based, average or median, affected by fewer transactions due to COVID19, and / or skewed by specific house types and neighborhoods e.g. NYC data is mainly Manhattan's condo and co-op price figures):

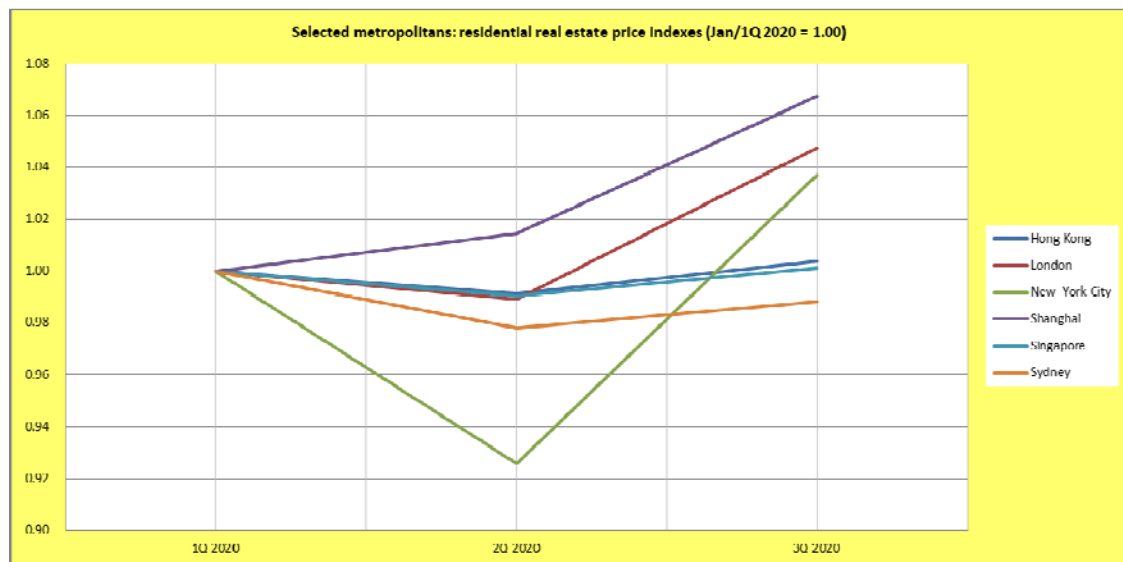


Chart 1



Chart 2

Rough observations:

- a) Most markets which had experienced price losses in the January to April period have regained their lost grounds, if not more.
- b) Losing more doesn't necessarily translate into winning back big time.
- c) Performances do not always seem to jive with the (individual) metros' COVID19 conditions.

Stating the obvious, while COVID19 appears to have a role in residential price performances as far as 2020 goes, it might not be the only factor.

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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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