

# Zeppelin's Real Estate Tech

**4Q 2022: A Real Estate Newsletter by Zeppelin Partners Limited**

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Ukraine X Russia still, China relaxed Covid measures, the US raised rates, and World Cup 2022! Season's Greetings and an Enjoyable 2023 too.

In this issue:

- **Canada: overall residential real estate prices have slowed or dropped**
- **Entry: high prices, low rates, abundant \$ OR low prices, high rates, tight \$?**
- **City of Toronto residential real estate: charts and tables**

**"Ensure financing is your friend, not your foe, when investing".**

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 [105<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 has 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: overall residential real estate prices have slowed or dropped

Real Estate Tech, 4Q 2022

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Past 12 month average price performances of selected provinces and cities					Nov'21 - Nov'22
Provinces	Cities	In CAD\$	Nov 2021 Prices	Nov 2022 Prices	% + or -
<b>CANADA</b>			719,185	632,802	-12.01
<b>British Columbia</b>			992,245	904,020	-8.89
	Greater Vancouver		1,134,800	1,131,600	-0.28
	Victoria		840,500	894,400	6.41
<b>Alberta</b>			426,792	422,709	-0.96
	Calgary		465,900	509,300	9.32
	Edmonton		370,000	367,100	-0.78
<b>Saskatchewan</b>			315,600	321,000	1.71
	Regina		312,400	314,300	0.61
	Saskatoon		358,100	367,800	2.71
<b>Manitoba</b>			333,046	330,742	-0.69
	Winnipeg		336,900	330,000	-2.05
<b>Ontario</b>			921,819	829,934	-9.97
	Greater Toronto		1,153,000	1,089,800	-5.48
	Ottawa		630,200	623,500	-1.06
<b>Quebec</b>			471,644	476,787	1.09
	Montreal		496,900	501,000	0.83
	Quebec City		297,900	319,500	7.25
<b>New Brunswick</b>			248,200	269,800	8.70
	Fredericton		252,900	275,100	8.78
<b>Nova Scotia</b>			344,600	368,600	6.96
	Halifax		446,400	479,600	7.44
<b>Prince Edward Island</b>			326,300	355,000	8.80
<b>Newfoundland &amp; Labrador</b>			262,800	280,200	6.62
	St. John's		298,900	318,100	6.42

Western and Central Canada lagging while Eastern Canada rises

Given higher interest and mortgage rates and in the near horizon too, residential real estate prices have been under some pressure, at least in certain provinces and cities. Data has been abstracted from crea.ca on selected markets and their 12-month price performances from November 2021 to November 2022 are monitored. Some observations:

- 1) As a general statement, residential prices have either slowed or dropped in the western and central parts of Canada while prices are still on the rise in the eastern portion of the country.
- 2) Province-wise, Ontario and British Columbia have seen the largest decreases in prices while the Atlantic provinces of New Brunswick and Prince Edward Island show quite impressive gains.
- 3) City-wise, of the ones selected herein, Greater Toronto has the largest price drop while the winner is Calgary with an over 9% gain.
- 4) Simple correlations between the three columns (November 2021, November 2022, and %+ or -) suggest 1) the higher priced markets remain higher priced still whether their prices go up or down or remain stable; 2) the higher priced markets overall have lower price gains or price drops while the lower priced markets tend to see mostly price gains.
- 5) That Canada as a whole have dropped some 12% may indicate the statistical impact from the price movements in the more populated provinces and cities.

Is it the time to invest then? Given the various global and local factors, be these economics, geopolitical, and social, and the current price levels, finding enticing opportunities may prove difficult. But if you think you have found one enticing enough, and you are investing for the long run (10+ years), then why not.

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## Entry: high prices, low rates, abundant \$ OR low prices, high rates, tight \$?

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How does your sentiment correlate with the market sentiment?

When investing in real estate, choosing which market to invest in comes before choosing which property to invest in. Get the first part right and the second part is likely to offer satisfaction. Get the first part wrong and fortune may flee from you even if you get the best property in town.

Your humble author would generally regard any analysis done to find which market to invest in as "macro" and that done for finding which property to invest in as "micro". In terms of analytical data required and methods applied, and while there are some shared similarities between the two, they also require different items and approaches. For example, macro usually requires some broad economics data while micro would look at the property details, including a rent roll if obtainable.

As for which is more paramount? Macro or micro? Your humble author would say both are just as important and generally regards debate between contemporaries on the subject a waste of time. Good macro but poor micro, you end up with a dud property. Good micro but no macro, you will start to wonder if some supernatural is ganging up against you. Not good for wealth, health, or soul.

Macro sometimes involve timing. Many would say timing isn't too important and that it is hard to do well. No to the not too important part and yes to the it is hard part, based on your humble author's biased experience.

Whether by luck or skill, a well-timed investment generally outperforms a not so well-timed one, even assuming the right market is discovered in the latter. And in many, though perhaps not all, cases this would mean investing in a down market under usually a bad economy when rates are high, borrowings are difficult to get, and yet below-replacement-cost deals could be located. The hard part here is in not getting too affected and thus swayed by the negative market sentiment which usually exists in a down market. You need focus, commitment, and perseverance as sometimes even your own team, be they investors or professionals, would have doubt too.

Also, if the well-timed market is one with relatively higher market price fluctuations and volatilities, that is being riskier and yet is now in a low trough, all the better.

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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 November 2022. Rough charts and tables were compiled and some of these are listed below:

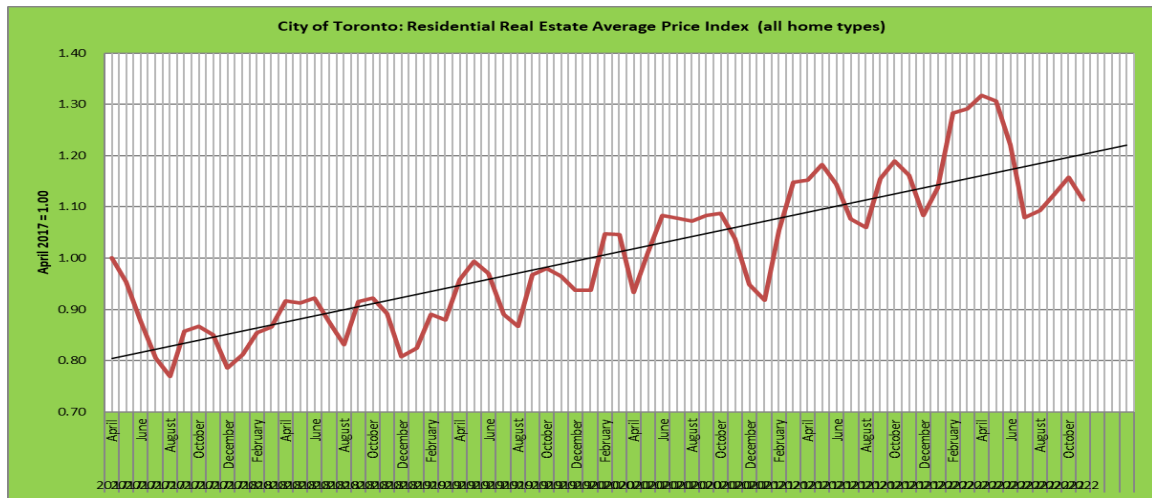
1) From April 2017 (the last price peak) to November 2022 price changes in percentages, major home types

City of Toronto:	Apr17 to Nov22
All Home Types	11.32%
Detached	-1.14%
Semi-detached	7.51%
Townhouse	26.81%
Apartment	27.07%

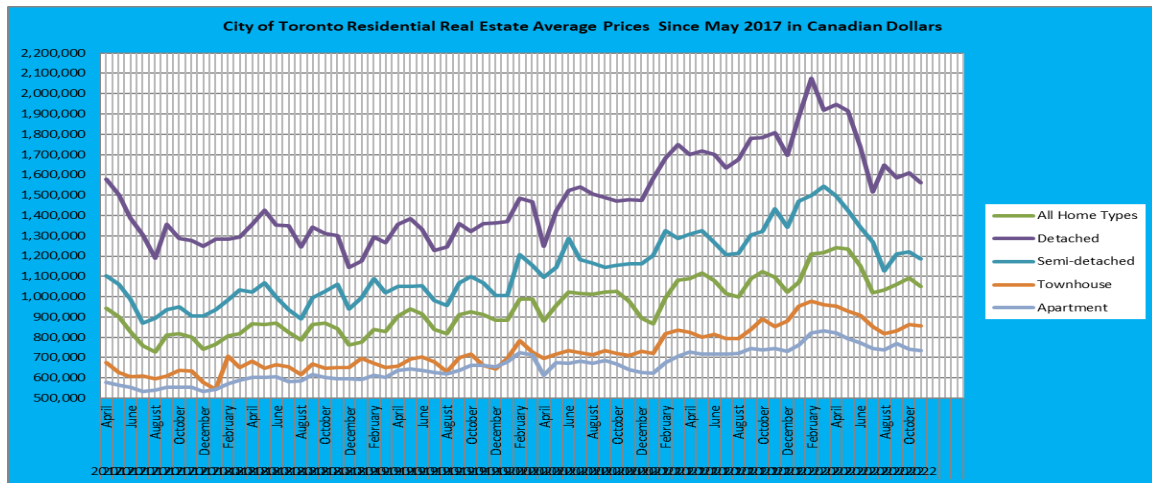
2) July 2022 versus November 2022 average and median home prices, major home types

Metro Region	Sub-district	Oct-22 Average C\$	Nov-22 Average C\$	Difference C\$ Oct-Nov22	Percentage +or- (Nov-Oct)/Oct 2022	Oct-22 Median C\$	Nov-22 Median C\$	Difference C\$ Oct-Nov22	Percentage +or- (Nov-Oct)/Oct 2022
Metro Toronto	All Home Types	1,093,097	1,050,788	-42,309	-3.87%	887,500	851,000	-36,500	-4.11%
	Detached	1,609,077	1,560,548	-48,529	-3.02%	1,230,000	1,273,000	43,000	3.50%
	Semi-detached	1,219,810	1,187,016	-32,796	-2.69%	1,150,000	1,095,000	-55,000	-4.78%
	Townhouse	863,310	856,777	-6,533	-0.76%	805,000	753,800	-51,200	-6.36%
	Apartment Condo	740,374	734,797	-5,577	-0.75%	655,000	649,000	-6,000	-0.92%
Metro West	All Home Types	1,001,004	1,001,058	54	0.01%	875,000	896,000	21,000	2.40%
	Detached	1,350,642	1,360,916	10,274	0.76%	1,170,000	1,190,000	20,000	1.71%
	Semi-detached	1,059,736	1,067,023	7,287	0.69%	971,500	947,500	-24,000	-2.47%
	Townhouse	839,331	773,567	-65,764	-7.84%	810,000	695,000	-115,000	-14.20%
	Apartment Condo	671,260	634,110	-37,150	-5.53%	615,000	600,000	-15,000	-2.44%
Metro Central	All Home Types	1,184,269	1,118,874	-65,395	-5.52%	811,000	780,000	-31,000	-3.82%
	Detached	2,584,879	2,236,273	-348,606	-13.49%	2,150,000	1,780,000	-370,000	-17.21%
	Semi-detached	1,368,417	1,373,535	5,118	0.37%	1,343,000	1,248,500	-94,500	-7.04%
	Townhouse	936,527	1,080,458	143,931	15.37%	890,000	870,000	-20,000	-2.25%
	Apartment Condo	788,135	792,060	3,925	0.50%	690,000	686,500	-3,500	-0.51%
Metro East	All Home Types	1,029,721	969,621	-60,100	-5.84%	970,000	900,000	-70,000	-7.22%
	Detached	1,205,206	1,226,910	21,704	1.80%	1,075,000	1,075,000	0	0.00%
	Semi-detached	1,213,012	1,077,209	-135,803	-11.20%	1,145,000	1,035,000	-110,000	-9.61%
	Townhouse	799,764	721,892	-77,872	-9.74%	745,000	738,880	-6,120	-0.82%
	Apartment Condo	622,596	608,293	-14,303	-2.30%	580,000	555,000	-25,000	-4.31%

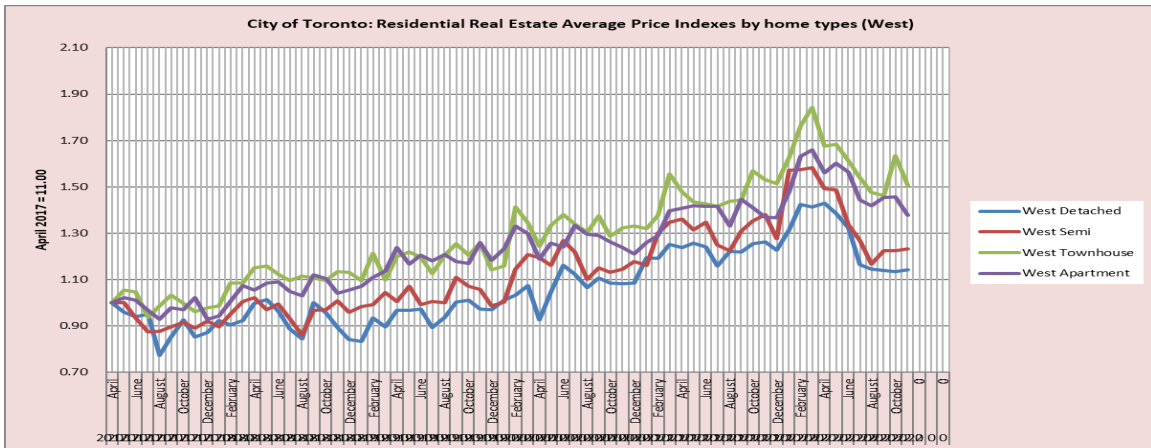
3) From April 2017 to November 2022 home price trend



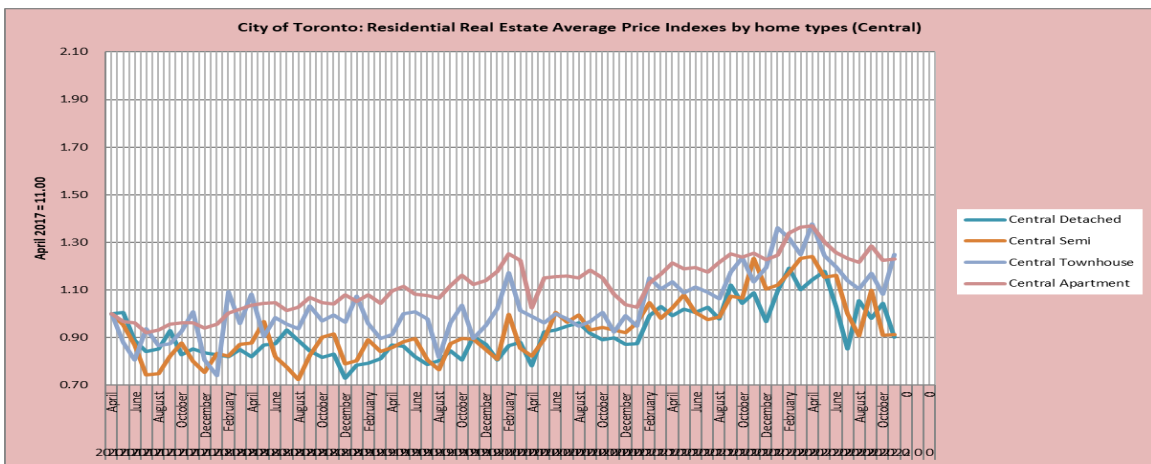
4) From April 2017 to November 2022 average prices of major home types



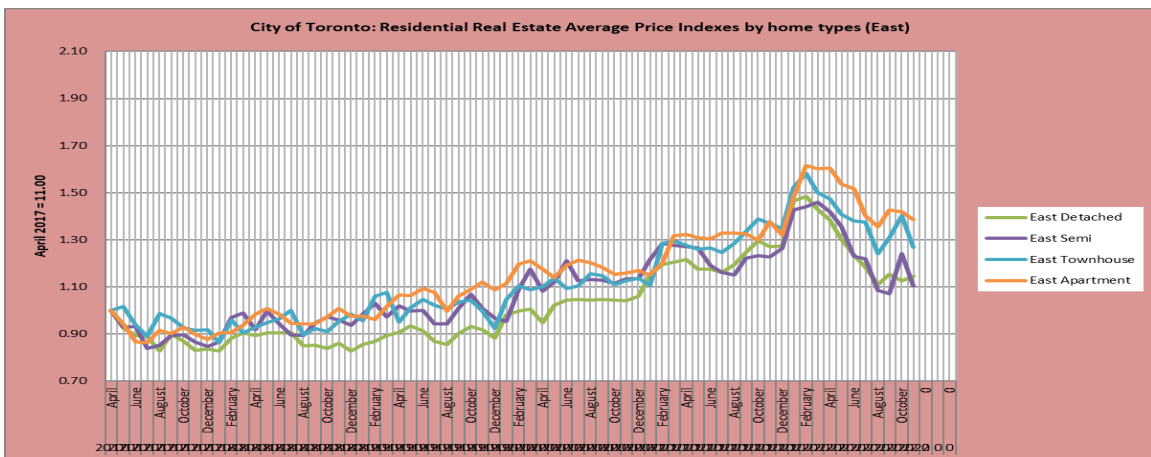
5) From April 2017 to November 2022 average price trends, major home types, West Toronto



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



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



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## Do you need our services? You DO when...

- **In Real Estate Development:** you encounter overestimated proceeds, cost overruns, underestimated time schedules, design and quality issues, construction contractual disputes, joint venture conflicts, or the like...**you need an experienced project manager like us**
- **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**
- **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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