

# First-time buyers driving demand for new homes

CONFIDENCE from HI

place, but we honoured that price and the consumer reacted accordingly.

"The consumer confidence there was overwhelming."

Boxgrove is a flagship site for Arista, where the company has built more than 400 homes.

Bauco says while affordability certainly was a key factor in the sellout, he says the fact that major retail will be a component of Boxgrove is another appeal, as well as attached garages and traditional lot lengths, which aren't always available in Markham, where most developments are based on New Urbanism principles.

Christene DeGasperis, vice-president of sales and marketing for Aspen Ridge Homes, says her company will be closing its Macleod's Landing sales office in Richmond Hill the end of the month and not reopening until February. That's because all 340 homes of a phase it launched in April have sold out. The homes, on 35- and 45-foot lots have double car garages and were priced

between \$340,000 and \$480,000.

"The beginning of the year, the market was more price sensitive and we redesigned our products to cut costs, but kept the features that people love, like the big family rooms and big bathrooms," says DeGasperis.

"As soon as we launched the Encore series, it flew and has been steady since. I've been blown away by the number of people coming into the sales office."

She says three factors are driving sales: low interest rates, a sense of security, and people's ability to sell their current home.

"Location, location, location" is still an important consideration for a lot of buyers, says Hugh Heron, president of Heathwood Homes. A case in point is his company's successful launch of two infill projects in Richmond Hill, the Reserve at Woodlands and Forestbrook.

Two-thirds of the 130 homes offered at the sites, which are close to each other and offer similar upscale designs, as well as prime lots with walkouts surrounded by woodlands and greenery, sold out on

6



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PATRICK O'HANLON,  
KYLEMORE COMMUNITIES

9

nized that as well," says Heron. "The greenery is phenomenal. I don't think we've ever had the opportunity to build on a site like this."

Patrick O'Hanlon, president of Kylemore Communities, says his company, which caters to the move-up or move-down market with homes priced from \$500,000 to \$2 million, has had its strongest summer in five years. It has sites in Markham, Aurora and Newcastle.

"We've sold 150 homes in the last four months," says O'Hanlon. "We had about 100 inventory homes, which are almost all gone because a lot of people still didn't want to buy something that won't be ready for a year or two out because they aren't sure they will sell their existing homes."

Nonetheless, Kylemore is preparing to launch a third phase of its West Village site at Angus Glen in Markham in January, "and we already have a waiting list of buyers. There's real demand."

York and Halton regions are among the hottest locations, says CMHC's Hildebrand.

"The price gap between new and resale is also narrowing," he says. "It costs about an average of 15 per cent more for a new home, while a few months ago, it was 30 per cent. And in York Region, there's only about 5 per cent difference."

While the news is positive on the lowrise side, condo sales haven't fared quite as well.

"Condo sales are still 50 per cent off from last year and have seen the same kind of recovery as lowrise," Hildebrand says.

"It's harder for highrise projects to get funding and because of the long gap between purchasing and move in, it's not as attractive to a lot of purchasers."

There is a lot of excess condo supply on the market and builders are offering price cuts and generous move-in bonuses and reconfiguring units to appeal to first-time buyers to help spur sales, he says.

Sales of new highrise and lowrise homes will moderate next year as interest rates rise and the harmonized sales tax is implemented, affecting affordability, says Hildebrand.