

SUN NEW HOMES & CONDOS



Regardless of anything, owning real estate is still one of the best investments you can make, especially if you are willing to ride out economic cycles.

Low-rise sales part of the real estate cycle



HUGH HERON

ON-SITE INSIGHT

If you have been keeping track of new home sales across the Greater Toronto Area over the past few years, you know that low-rise sales are at a dip in the inevitable cycle that occurs with real estate.

The main reason is the lack of land available for low-rise development, which is a direct result of Ontario's Places to Grow Act implemented in 2005 to dictate regional growth plans.

With so much property coming under protection in the Oak Ridges Moraine Conservation Plan and the Greenbelt Act, we are short on land, which means that prices for the low-rise homes we can build are on the rise.

The good news is that when you look at the big picture, historically, low-rise homes are always in demand. The time

to get into the market is now, before prices, and possibly mortgage interest rates, rise again.

The most recent recession has something to do with sales statistics as well. Even with historically low interest rates, people are struggling to come up with down payments to afford new homes. As usual, builders have responded to the shifting marketplace with more efficient, compact and affordable choices.

Smaller homes today simply "live" a lot larger than they did decades ago. Designs have changed substantially, with more open-concept spaces bringing families together, and less wasted space with hallways.

It's important to keep new home statistics in the context of the time. Since I came to Canada and started in the

business in 1967, I've seen many high points and dips in low-rise sales.

I remember early in my career building homes in Thornhill backing onto the Ladies' Golf Club of Toronto that were going for \$20,000. Today, they're worth over a million. I'm sure the people who originally purchased there and held onto their homes during economic ups and downs were happy they did.

People also tend to forget the recessions we lived through in the 1980s. Interest rates climbed to over 20 per cent at one point. Homeowners who stuck it out eventually made money when rates lowered and home prices rose. And remember that new home prices will rise, with the costs of materials and labour increasing continually.

Another factor in low-rise sales is the Places to Grow Act's push toward building condominiums near traffic nodes to make better use of the infrastructure that is already in place. This is a great idea, espe-

cially with 100,000 immigrants settling in Toronto every year. Families come here because on a world scale, our quality of life in Canada is unsurpassed.

We live in peace, without bombs dropping on us, and people of all cultures and backgrounds can do well here if they work hard. Many of these immigrants gravitate to condominiums, because apartment-style living is common in many other countries. There will always, however, be people who prefer low-rise living.

Regardless, owning real estate is still one of the best investments you can make, whether you live in it or choose to rent it out — especially if you are willing to ride out economic cycles. As builders, we have to keep moving forward, which is exactly what we're doing. When people's needs change, we do too, and we work hard to make homes as affordably priced as we can make them in the face of land scarcity and rising development costs.

The bottom line is that new homes will go up in price over

time. Before eliminating a new low-rise home from your shopping because of what you read in the media, do your research and look at the selection of townhomes, semi-detached and detached homes for sale today.

Check into what financial incentives are available to help you purchase, and remember that a small low-rise home is more spacious than the compact houses of years ago. As Toronto grows and land becomes scarcer, the new low-rise homes of today are bound to be valued even more in the future.

— *Hugh Heron is principal and partner in the Heron Group of Companies and president of Heathwood Homes, as well as a former member of the board of directors of Canada Mortgage and Housing Corporation, and a past-president of the Toronto Home Builders' Association and the Ontario Home Builders' Association.*

Giving Back to the Community with Heart

In 2003, the Heron Group and Heathwood Homes established the Mikey Network to honour the memory of former partner Mike Salem, who experienced sudden cardiac arrest (SCA) and died on a golf course in 2002.



This non-profit charitable organization promotes heart-healthy living and places public-access defibrillators called Mikeys in high-risk public places. In Mike Salem's name, the network works with community partners to offer a second chance at life to people of all ages who experienced SCA. To support this worthy cause, visit www.mikeynetwork.com