

WED OCT 9, 2013

REAL ESTATE

Why buyers should avoid committing condo ageism

BY: DAVID FLEMING

The Grid

Considering all the glitz and glamour that goes into new condo developments these days, it's no wonder some buyers are apt to turn up their noses at older models. The exact definition of "old" is different for each potential condo buyer—I've had clients who thought anything over five years was practically ancient, and others who refused to look at a building unless it was in its first year of occupancy.

I would agree that, for the most part, newer buildings are a better investment for today's young condo seeker, one who is likely going to look to re-sell in three to five years. Older developments, however, have a lot to offer those who are more established and in the market for a long-term stay.

With baby-boomers electing to downsize their properties, I'm now getting a lot of business from homeowners interested in maintenance-free condo living. And do you think that old George and Mabel want to live on vibrant King West or in John Street's flashy Cinema Tower? Not on your life.

The number one reason—or, the more I think about it, one of the only reasons—a buyer would want to live in an older building is the price. The initial cost associated with mature condos is often a fraction of what a unit in a new build in the same area might run you, and a buyer looking for the largest space possible could really benefit from making the less fashionable choice.

In most areas of the city, there is often a cheaper, older building steps away from flamboyant new projects—you probably just haven't noticed it. What looks like a sleepy library might actually be a fantastic residence, even if it does date back to—gulp—1991. Consider, for example, how far your dollar can stretch in the area around Avenue and St. Clair. A two-year-old residence at The Avenue (155 St. Clair Ave. W.) will typically run you \$800 to \$1000 per square foot. But just down the way, at 40 Oaklands Ave. (a 30-year-old building) units routinely sell in the low \$400s per square foot. One 1,800-square-foot unit sold this past April for a paltry \$331 per square foot.

An aesthetic comparison between a condo in its infancy and another that's well into its third decade might seem unfair, but if you're a buyer primarily motivated by location and, of course, money, then an older building might be worth scouting out.

What are the drawbacks? For starters, a more dated building is going to be in greater need of repairs, and thus maintenance fees could be much higher. And don't forget the ever-present threat of a special assessment—a levy charged to condo owners for a large, unanticipated construction expenditure.

Keep in mind, too, that the extravagant amenities that can be found in some newer luxury buildings—outdoor pools, brand new fitness facilities, movie theatres, virtual golf simulators, and other perks—likely won't be available in buildings dating back to the 1980s. But if you're a buyer who favours a tranquil ground-floor garden over a bowling alley or batting cage you'll never use, then what's the loss, really?

Members of your grandparents' demographic are not the only buyers for older condos, either. Some of today's younger real-estate purchasers—albeit a small percentage—are attracted to slightly dated models, where the space they can purchase far exceeds anything similar in a new building, and where fewer amenities mean lower fees. Take 330 Adelaide Street East, a great example of a mature location that is suited to youthful homeowners: The building is 15 years old and units can be bought for around \$470 per square foot. Just around the corner, a pad at the chic, shiny East Lofts (138 Princess St.) runs up to \$600 per square foot.

Just as there is “a buyer for every unit,” there's also a building for every buyer. I see the value in new buildings for more short-term interests, but there is also value in older buildings for purchasers who are looking to plant some deeper roots—or who are motivated by the sheer size of what they can afford at a lower price point. The properties may be oldies, but they're still goodies.