

Zeppelin's Real Estate Tech

3Q 2024: A Real Estate Newsletter by Zeppelin Partners Limited

Phone (852) 37576388 Fax (852) 37576399 E-mail stephenchung@zeppelin.com.hk Web: www.Real-Estate-Tech.com

Harris replaced Biden, Israel strikes back, and Canada's NDP-Liberal coalition was teared.

In this issue:

- **"Location, location, and location" isn't a good real estate investment motto**
- **Home purchase is a big-ticket item: normal that fresh graduates can't afford it**
- **City of Toronto residential real estate: charts and tables**

"Wisdom is knowing oneself. More important than one's IQ and EQ."

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](#), [21st 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](#). This newsletter is now into its [28th](#) year and [112th](#) issue.

We also operate a website 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 continues to write this newsletter.

Readers are to seek professional consultation where required and Zeppelin including its associates and consultants do not accept any responsibility for losses arising out of the usage of or reference to the newsletter. Copyrights rest with Zeppelin and/or the author(s). Opinions expressed by invited guest writer(s) do not necessarily imply consensus or agreement on our part.

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

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 had been an honorary adjunct professor of the University of Hong Kong and the City University of Hong Kong and had spoken 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:

Email: StephenChung@zeppelin.com.hk
Office Phone: 852-37576388
Office Fax: 825-37576399
Office Address: Unit 07, 10/F CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Hong Kong
Websites: www.zeppelin.com.hk and www.Real-Estate-Tech.com

“Location, location, location” isn’t a good real estate investment motto

Real Estate Tech, 3Q 2024

Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk

location. location. and location?

First, location is important in terms of real estate investment. Second, it isn’t the only factor in real estate investment. Third, saying it solely three times in a row gives an over-simplified impression that just by having a good location will automatically lead to investment success.

The motto might have been applicable many centuries ago, when people in general were born, resided, and died within, say, no wider than a 30-mile radius region from their birthplace. Monies didn’t cross borders, let alone people. There weren’t the modern legal, financial, and monetary systems that back up cross-region, cross-country, and cross-continent transactions, investments, and capital flows commonly seen today.

If not “location, location, location”, then what? Your humble author suggests: “Timing, Selecting, and Pricing”. Here’s a brief explanation:

- A) **Timing:** In short, buy low and sell high. Not always easy to realize, capture, and act. Nevertheless, whether by luck or skill, a well-timed investment usually brings good return outcomes. Suffice to say some prominent investment gurus, and not just those in real estate, have well-timed investments. Timing involves analyzing the macro factors relevant to real estate, such as the economy, the legal framework, the demographics, etc.
- B) **Selecting:** This refers to investment allocations. It may be about choosing which real estate sector (residential, office, retail, etc.) to invest in a specific market. It can also be about which cities to invest in within a specific country (Toronto, Vancouver, Edmonton, etc.) Sometimes, it may even be which neighborhoods to invest in a city. Or even what type of real estate to invest in worldwide. Selecting involves the investor’s know-how, experience, and risk-taking preferences, etc.
- C) **Pricing:** Don’t overpay. Once an investor decides it is the proper time to invest and is comfortable with the market(s) and sector(s) selected for investment, potential properties are sought for investment. Assuming all other factors being equal, location now plays an important role, among consideration for other property attributes. Still, don’t pay excessively, not even for a good location. Why? Overpaying means depleting one’s investment returns, while risks may be increased.

If location is the only concern and factor affecting real estate investment returns and risks, then real estate developers, investors, and asset managers shouldn’t be compensated handsomely when and if their projects, properties, and portfolios do well.

Notes: The article and/or content contained herein are for general reference only and are not meant to substitute for proper professional advice and/or due diligence. The author(s) and Zeppelin, including its staff, associates, consultants, executives, and the like do not accept any responsibility or liability for losses, damages, claims and the like arising out of the use or reference to the content contained herein. It is also possible, but not a must or always, that the author(s) and / or Zeppelin would have a stake in the market(s) and / or property(ies) analyzed and described.

Home purchase is a big-ticket item: normal that fresh graduates can't afford it Real Estate Tech, 3Q 2024

Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk



Graduation, called Commencement in the US... of a Life Path (courtesy of <https://www.rawpixel.com>)

To typical families, buying a new refrigerator, a washing machine, or a dish washer, isn't something that they do without much thought. Most will research the market and seek to buy the best model their budget allows. Buying a new car, a more expensive big-ticket item, usually requires more product comparison and budget consideration.

Home purchase is probably the biggest big-ticket item a typical household will encounter, be it the first time, a trade up (e.g., couples having their first kid) or a trade down (e.g., empty nesters).

In recent times, there is often outcry that home prices have gone up so much that fresh or recent college graduates can't afford to buy their own homes. Prices are N times their incomes on average. Factors leading to this situation are varied and many. Demographics, population growth, housing production process (supply: zoning, planning, and permitting), mortgage rates, economics, and so on come to mind.

Your humble author would cite the easy money, created by whatever method or in whatever name, has been a major cause. The easing, done worldwide, devalues the price of money (interest rate), is mostly distributed in the form of financing, and usually benefits the better off as they can qualify for more financing, and thus asset prices shoot up, home prices included. There is thus a disconnection between the asset-financial world (e.g., home price) and the down-to-Earth economy (e.g., salary).

Also, the increased percentage of high school graduates going into college might have been a factor. For instance, in the US, back in the 1960s to 1970s, the percentages hovered around 45% to 50% (Hong Kong having much lower percentages then). In recent times, the percentages go from around 65% to 70% based on googled info. In short, the number of college graduates, even if dropouts aren't counted, has increased. By itself, having more college grads may be beneficial from a societal-socio-educational angle. However, the flip side may mean some college graduates won't find the type of employment and salary they have been expecting. Indeed, today, some college and university degree names sound puzzling to graying baby-boomers such as your humble author.

Nonetheless, even in the 1960s to 1970s, when college graduates were a comparatively rarer breed, home purchase wasn't an easy task to them either. Few could buy a home within a year of graduation. Most did so only after several years of work by spending less and saving more for the initial home deposit. Besides, mortgage rates were double-digit in the 1970s.

Fresh and recent college graduates not being able to buy a home isn't surprising. It has been the case for a long time. Before today's college graduates were born.

Notes: The article and/or content contained herein are for general reference only and are not meant to substitute for proper professional advice and/or due diligence. The author(s) and Zeppelin, including its staff, associates, consultants, executives, and the like do not accept any responsibility or liability for losses, damages, claims and the like arising out of the use or reference to the content contained herein. It is also possible, but not a must or always, that the author(s) and / or Zeppelin would have a stake in the market(s) and / or property(ies) analyzed and described.

City of Toronto residential real estate: charts and tables

Real Estate Tech, 3Q 2024

Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk



(Courtesy of 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 **September 2024**. Rough charts and tables were compiled and some of these are listed below:

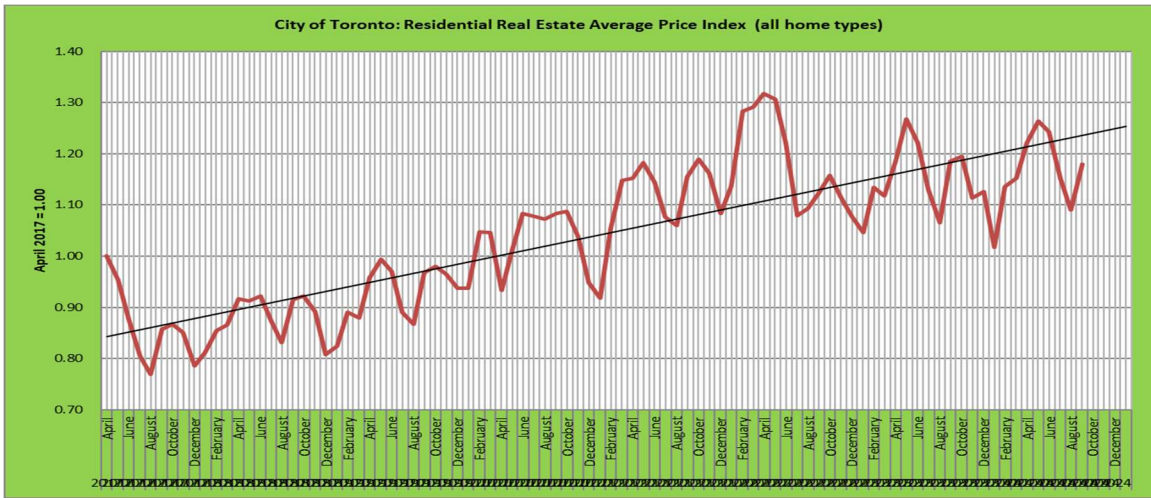
1) From April 2017 (the last price peak) to **September 2024** price changes in percentages, major home types

City of Toronto:	Apr17 to Sep24
All Home Types	17.98%
Detached	6.79%
Semi-detached	17.69%
Townhouse	23.39%
Apartment	22.42%

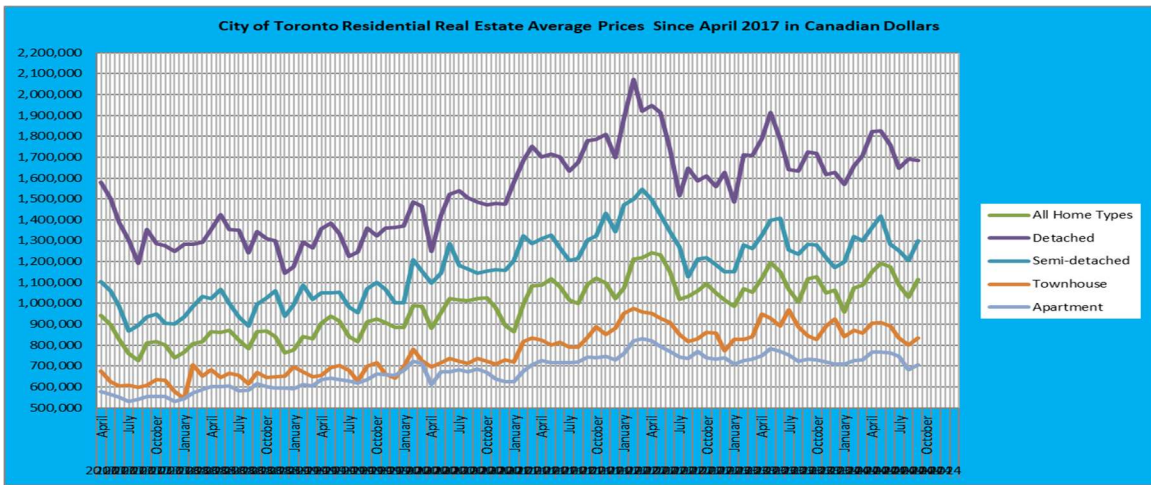
2) **August 2024 and September 2024** average and median home prices, major home types

Metro Region	Sub-district		Aug-24 Average C\$	Sep-24 Average C\$	Difference C\$ Aug-Sep24	Percentage +or- (Sep-Aug)/Aug 2024	Aug-24 Median C\$	Sep-24 Median C\$	Difference C\$ Aug-Sep24	Percentage +or- (Sep-Aug)/Aug 2024
Metro Toronto	All Home Types		1,029,069	1,113,671	84,602	8.22%	814,000	880,500	66,500	8.17%
	Detached		1,692,239	1,685,755	-6,484	-0.38%	1,300,000	1,326,000	26,000	2.00%
	Semi-detached		1,204,678	1,299,324	94,646	7.86%	1,079,000	1,129,500	50,500	4.68%
	Townhouse	Condo	800,446	833,706	33,260	4.16%	782,500	742,500	-40,000	-5.11%
	Apartment	Condo	681,835	707,917	26,082	3.83%	615,000	620,000	5,000	0.81%
Metro West	All Home Types		965,840	1,037,669	71,829	7.44%	840,000	892,000	52,000	6.19%
	Detached		1,476,602	1,439,884	-36,718	-2.49%	1,250,000	1,280,000	30,000	2.40%
	Semi-detached		1,018,938	1,074,363	55,425	5.44%	949,000	960,000	11,000	1.16%
	Townhouse	Condo	766,370	792,932	26,562	3.47%	762,500	742,500	-20,000	-2.62%
	Apartment	Condo	623,691	630,529	6,838	1.10%	585,000	584,000	-1,000	-0.17%
Metro Central	All Home Types		1,099,216	1,212,456	113,240	10.30%	740,500	812,500	72,000	9.72%
	Detached		2,660,966	2,551,164	-109,802	-4.13%	2,212,500	2,094,500	-118,000	-5.33%
	Semi-detached		1,518,635	1,683,850	165,215	10.88%	1,457,612	1,510,000	52,388	3.59%
	Townhouse	Condo	889,951	1,010,736	120,785	13.57%	832,500	875,000	42,500	5.11%
	Apartment	Condo	728,644	755,575	26,931	3.70%	642,000	650,000	8,000	1.25%
Metro East	All Home Types		968,449	1,018,015	49,566	5.12%	940,000	960,000	20,000	2.13%
	Detached		1,227,360	1,252,311	24,951	2.03%	1,070,000	1,101,000	31,000	2.90%
	Semi-detached		1,158,819	1,164,241	5,422	0.47%	1,095,000	1,090,000	-5,000	-0.46%
	Townhouse	Condo	729,918	687,256	-42,662	-5.84%	750,444	690,000	-60,444	-8.05%
	Apartment	Condo	574,137	616,795	42,658	7.43%	556,250	560,000	3,750	0.67%

3) From April 2017 to September 2024 home price trend



4) From April 2017 to September 2024 average prices of major home types



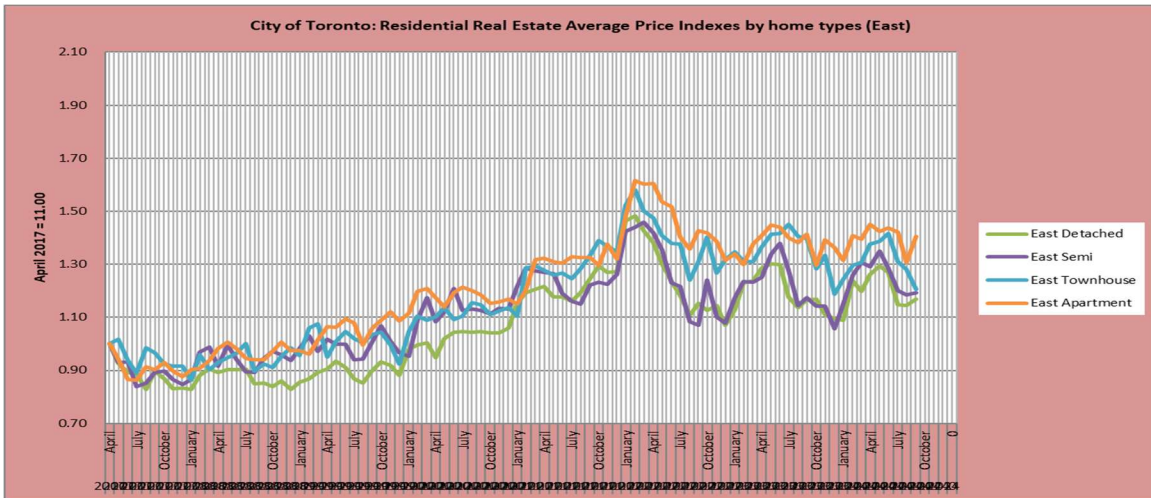
5) From April 2017 to September 2024 average price trends, major home types, West Toronto



6) From April 2017 to September 2024 average price trends, major home types, Central Toronto



7) From April 2017 to September 2024 average price trends, major home types, East Toronto



Notes: The article and/or content contained herein are for general reference only and are not meant to substitute for proper professional advice and/or due diligence. The author(s) and Zeppelin, including its staff, associates, consultants, executives, and the like do not accept any responsibility or liability for losses, damages, claims and the like arising out of the use or reference to the content contained herein. It is also possible, but not a must or always, that the author(s) and / or Zeppelin would have a stake in the market(s) and / or property(ies) analyzed and described.

Contact us:

Mr. K. K. Wong Director kkwong@zeppelin.com.hk

Mr. Stephen Chung Honorary Advisor stephenchung@zeppelin.com.hk

Address: Unit 1007, CCT Telecom Building, 11 Wo Shing Street, Shatin, Hong Kong

Phone: 852-37576388

Fax: 852-37576399

Web: www.Real-Estate-Tech.com and www.zeppelin.com.hk

Zeppelin Partners Limited

Real estate development, investment, and management
Access to global professional networks