

On May 12, Jesta Group announced a \$500 million plan to buy more than 1,000 unsold Toronto condos over the next twelve months. The first deal — \$30 million for nearly every unsold unit in a building beside Toronto Metropolitan University — is already closed.

The headline is the cheque. The story is the math.

## **THE MARKET THEY WALKED INTO**

Q1 2026 was the worst quarter Toronto's condo market has seen in 35 years. A record 4,295 newly built units sat finished and unsold. Zero new projects launched in the GTHA for the first time in decades. Another 8,629 units wait in the pre-construction pipeline.

This is not a soft market. It is a market with a backed-up drain.

## **THE TRADE**

Jesta is buying studios and one-bedrooms in downtown buildings — 30+ units at a time, directly from developers — at \$700 to \$800 per square foot. The Q1 market average was \$1,189. That is roughly a third off, at scale.

Average unit price: under \$500,000. They will rent these at around \$4.25 per square foot — roughly \$2,125 a month on a 500 sqft suite. Capital stack: \$100M equity, \$400M debt. Hold: three to five years. Exit: into the supply shortage they expect between 2028 and 2030.

## **WHY THE CALENDAR MATTERS**

None of this works without the federal HST rebate — 13 percent off, but only if construction started before March 31, 2026 and the purchase closes before March 31, 2027. Ottawa is effectively paying institutional capital to clear distressed inventory. Jesta has twelve months to deploy. They are not the only one moving: the provincially-backed High Art Capital is doing the same thing with \$300 million in initial funding, scaling toward \$1.3 billion.

## **THE PLAYBOOK, IN FOUR MOVES**

One — buy below replacement cost, not below market. They are paying less than it costs to build the same unit new. That sets a floor.

Two — generate cash flow through the trough. Rents cover the carry while the glut clears.

Three — stay strictly downtown. No Vaughan. No suburbs. No glass-walled interior bedrooms. Liveability is part of the underwriting.

Four — exit into the drought. With zero launches now, the 2028–2030 pipeline is thin. They sell into the shortage.

## **THE RISK THEY FLAGGED THEMSELVES**

A prolonged slowdown in immigration. Population growth is what absorbs the inventory and supports the rents. It is the single biggest variable, and it is the same one every Toronto homeowner should be watching.

## **WHAT THIS MEANS FOR YOU**

Buying for yourself: the negotiating leverage in the downtown condo market is the strongest it has been in a decade. Institutional capital is now actively absorbing that inventory. The window closes.

Selling a downtown condo: understand who you are competing with. Bulk inventory at \$700–\$800 per square foot puts a real ceiling on resale pricing in the same building for the next year.

Watching Milton, Oakville, Burlington: this is not your story. Downtown studios on a tax rebate run on a different clock than freehold in the 905. Do not let these headlines drive a decision on a family home.

Small investor: the HST rebate Jesta is using is available on a single unit too — same structure, smaller scale, same March 2027 deadline.

## **THE BOTTOM LINE**

When patient, leveraged, deeply experienced capital writes \$500 million cheques into a 35-year low, the question is not whether they are right. The question is whether the logic applies, in some smaller form, to you.