

TORONTO REGION

October 2017

AVERAGE SELLING PRICE

\$780,104

OCTOBER 2016: \$762,691

SALE PRICE
CHANGE Y/Y

+2.3%



SOLD



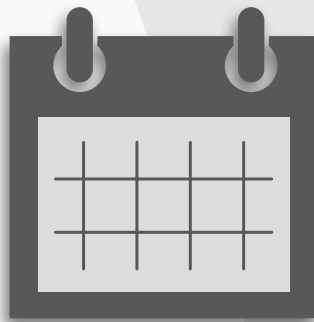
14,903

NEW LISTINGS

OCTOBER 2016: 13,331

23

DAYS ON
MARKET



PROPERTIES SOLD

7,118

OCTOBER 2016: 9,715



CONCLUSION

Market is showing steady sustainable improvement notwithstanding negative press and two quarter point mortgage rate increases.



CHRISTIE'S
INTERNATIONAL REAL ESTATE

October 2017

TORONTO REGION

REAL ESTATE MARKET REPORT



CHRISTIE'S
INTERNATIONAL REAL ESTATE

The Toronto residential resale market returned to form in October. It returned to where it should have been before the frenzy set in at the beginning of this year and buyers began competing for properties indiscriminately and paying unreasonable prices. Price increases of 30 percent on a year-over-year basis are simply unsustainable. Even without the implementation of the 15 percent foreign buyers tax introduced in April the market would have returned to reality. Reality was accelerated by the tax.

Comparing the resale market today with what was happening in the first four months of 2017 is pointless, although that appears to be a favourite parttime of journalists. Rather, if we compare the market to last year, and assess what has happened since the end of May, we get a picture of a strong, stable market, that surprisingly has yet to move to a balanced market. Having said that, we also see a fractured picture in which some trading districts in the greater Toronto area are much stronger than others.

In October, there were 7,118 reported sales, a substantial improvement compared to the 6,379 in September. Last October there were 9,830 reported sales in the greater Toronto area. Although the year-over-year variance was 26 percent, that variance was a dramatic improvement compared to the monthly variances between May and this month.

Except for the condominium apartment sector, what has changed is the supply of properties on the market. In October supply was up by almost 70 percent compared to last year. At the end of October there were approximately 18,850 properties available for buyers to purchase. That compares to only 10,563 last October. It was last year's lack of supply, coupled with historically low mortgage interest rates, that drove the market into the frenzy that we experienced during the months from January to April.

Buyers are still alive. They are now more deliberate. However when attractive homes in desirable neighbourhoods become available buyers respond quickly, often still finding themselves in competition. This is clearly demonstrated by the fact that all sales in the greater Toronto area took place in only 26 days. By any assessment this is a scorching pace.

Twenty-six days represents the overall days on market. Depending on housing type and location the market is even faster. For example, and notwithstanding that the average sale price for detached properties came in at \$1,287,765 in the City of Toronto (\$1,008,207 in the 905 region), all detached properties sold in only 19 days. Semi-detached properties, with an average sale price of \$948,309, sold in an astounding 17 days. Historically strong neighbourhoods like Riverdale, Leslieville and the Beaches are seeing sales take place in only 10 to 12 days, and for average sale prices substantially higher than asking prices. The market place in these neighbourhoods appears to be shockingly unchanged when compared to the pre-April market.

The average sale price for all properties sold also strengthened in October. It came in at \$780,104, up 2.3 percent compared to October 2016. In September, the average sale price was \$775,564. A year-over-year increase of

PREPARED BY:

CHRIS KAPCHES, LLB, PRESIDENT AND CEO, BROKER

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approximately 3 percent is ideal. It is consistent with inflation and more importantly wage increases. During the later part of last year and into this year, price increases were mayfold times higher than increases in wages. That is an unsustainable situation. Since April we have also seen the Bank of Canada increase the bank rate by 50 basis points, causing mortgage interest rates to rise, although at 3.5 percent (five-year fixed term) they continue to be historically low. Looming ahead is the stress testing that will take place in January. Even though borrowers will be paying the lenders reduced mortgage rates, they will be qualified on a rate 2 percent higher than what they will be paying. The new stress testing will act as a further control on exuberant increases in home prices.

Although prices generally have come under control and are in the sustainable range, condominium apartments continue to sell for approximately 21 percent more than a year ago. There are two reasons for this unique activity. Even though condominium apartments are becoming pricier, they are still the most affordable housing type available to buyers. Secondly there is little supply. Whereas the overall supply of housing year-over-year has increased by almost 80 percent. There have been no appreciable increases in the supply of condominium apartments.

Under these circumstances it is not surprising that condominium apartment prices are rising. In October, the average sale price for condominium apartments came in at \$555,004. In Toronto's central core where most condominium apartments are located and where most sales take place, the average sale price was an eye-popping \$620,000.

In October, we also witnessed an improvement in the numbers of high-end sales, properties having a sale price of \$2,000,000 or more. In September, there were 188 sales in that category. In October that number jumped to 208, an increase of more than 10 percent.

As the resale market moves towards the end of the year and a form of balance that we have not experienced in some time, both buyers and sellers should be thrilled with the markets transformation since April. We have an increase in supply for buyers, and steady but sustainable price increases for sellers. The area of major concern, which is beyond the scope of this residential resale market report, is the rental market and its critically low vacancy rate.

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CHRIS KAPCHES, LLB, PRESIDENT AND CEO, BROKER