



TORONTO REGION

REAL ESTATE MARKET REPORT

CHRISTIE'S
INTERNATIONAL REAL ESTATE

June's residential resale market data is as bewildering as the data was in May. The attention-getting news is that sales were lower by 37.3 percent compared to sales achieved in June 2016. Last year 12,725 properties were reported sold. This June only 7,974.

Normally when sales are off by almost 40 percent other key market factors are also trending into negative territory. For example, the average days that properties are staying on the market, and the sale price to list price ratios. Ironically these aspects of the market are showing resilience. In June (on average) all properties reported sold spent only 15 days on the market. During June 2016, all properties were reported sold in only 15 days as well. It must be remembered that last year was a record breaking year for residential property sales in Toronto.

Not only did most properties sell quickly, but they sold on average for their asking price or more. Detached houses in the City of Toronto all sold for 100 percent of their asking price. In the eastern trading areas, they sold for 101 percent. Semi-detached property sales for the most part were even stronger coming in at 103 percent of their asking prices. Even condominium apartments sold for 101 percent of their asking price.

These two aspects of the market indicate that buyers are prepared to move quickly for the properties they want, and sellers are getting their asking prices or higher, and as indicated above, these sales are taking place at the same pace as they did during last year's record-breaking market. As a footnote, it should be noted that with so many properties having been listed more than once in the last two months, it is hard to determine if days on market and sales-to-list ratios are reflecting accurately.

One other aspect of the market should be highlighted. That is the months of inventory. Over the past two months inventory levels in Toronto have increased dramatically. In May inventory levels were up almost 50 percent compared to the same period last year. During the month of June, 19,614 new properties came to market, almost 16 percent more than the 16,918 properties that came to market in 2016. However, notwithstanding these massive increases in inventory, at the end of June active listings only totaled 19,680. At 19,680 available properties for sale the months of inventory was still only 1.2 months based on a 12 month moving average.

Although the market stalled in May and in June, there is still insufficient inventory to meet demand, even with many buyers on the sidelines waiting to see how Toronto's residential resale market will unfold.

Average sale prices continue to be higher than prices compared to last year. Detached houses in the City of Toronto sold for \$1,386,524 a 10.1 percent increase. Semi-detached houses at \$987,404 were similarly up by 8.1 percent. The most dramatic increase occurred in the resale price of condominium apartments. The average price in the City of Toronto came in at \$552,619, a 23.2 percent higher than last year at this time.

In the central core of the city the average sale price for condominium apartments came in at \$619,428, with all sales taking place in just 15 days and at 101 percent of the asking price.

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Although prices are considerably higher than they were a year ago, they have come down dramatically from the highs of April. At the mid point of the month the average sale price for homes in the greater Toronto area was \$949,470. That price has steadily drifted down since then. Over the past few weeks it appears to have stabilized around \$775,000, which is still higher than the average sale price of \$747,018 in June of 2016.

It is becoming increasingly clear that there are two types of buyers. Those that either of necessity or opportunity are taking advantage of the historically low mortgage interest rates and buying the properties they like, and those buyers that have hit the pause button on the assumption that prices might yet fall to lower levels. As indicated, it appears that price declines have stopped, but we will not be certain until we have at least 6 to 8 weeks more of average sale price information.

The pattern that is developing is similar to how the market unfolded after the B.C government implemented a foreign buyer tax. The market went into pause mode, with sales declining rapidly. A year later the Vancouver market is reporting record level sales and prices, with the government once again contemplating further measures it might implement to curb the market.

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