

GTA MONTHLY HOUSING REPORT

Prepared Exclusively for Royal LePage Signature Realty by Urbanation Inc.

AUGUST 2021

Based on data released for July 2021 from the Toronto Regional Real Estate Board

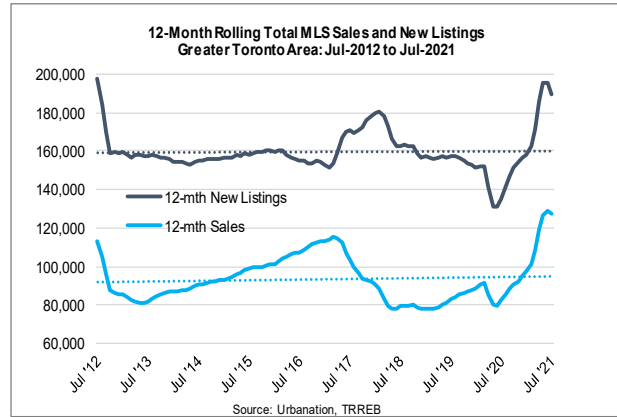
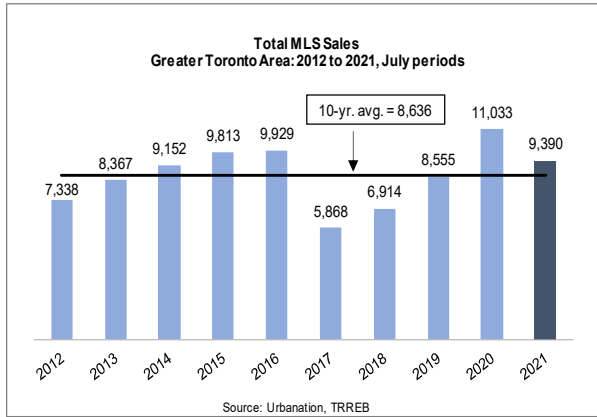
Active Supply Declines to Lowest July Level in More than 25 Years

Summary Points

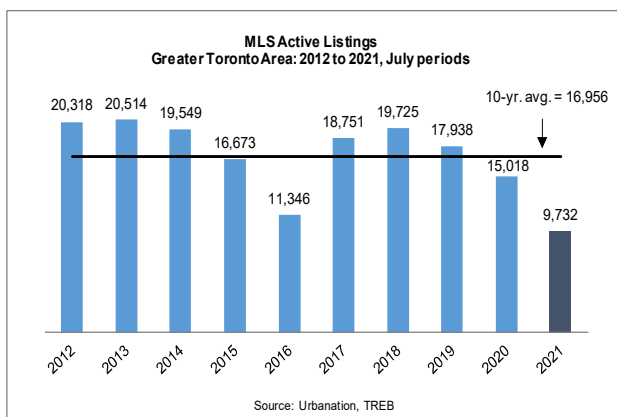
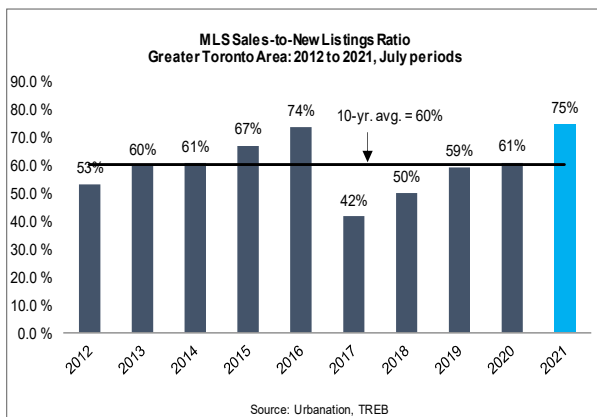
- For the first time in a year, sales fell on a year-over-year basis, declining 15% from a record high in July of 2020 to 9,390 transactions. Nonetheless, it represented the fourth best July on record as activity remained 9% above the 10-year average, resembling the buoyant levels experienced between 2014 and 2016. The moderation in sales from peak levels reached in March and April of this year was largely supply driven, as new listings fell 31% year-over-year in July and 13% below the 10-year average. The 12-month trend for both sales and new listings indicates that volumes are beginning to normalize from their record highs.
- As activity slowed during the first half of the summer, the demand-supply balance in the market tightened. The ratio of sales-to-new listings grew to a record high for a July period of 75%, far surpassing the 10-year average of 60% and indicating the continuation of seller's market conditions. Active listings at the end of July declined 35% year-over-year to 9,732 units — the lowest inventory level for July since available data back to 1996. Supply was equal to 1.0 month, which is less than half the 10-year July average of 2.1 months.
- Even with low supply, buyers continued to act somewhat less aggressively compared to the Feb-April period. The average time on market increased to a six-month high of 15 days, which was still well below the 10-year average of 22 days, and the average home sold for 104% of asking price, a six-month low but remaining above the 100% threshold for the 13th straight month.
- The average selling price was up 12.6% year-over-year in July as annual growth continued to moderate from the April high of 33.0%. At an average of \$1.06 million, GTA prices were down 4% from the May 2021 high of \$1.11 million, slipping to a five-month low as normal seasonal patterns for prices reemerged. GTA home prices are converging back to their longer-term trend level following a sharp deviation during the first 12 months of the pandemic.

Summary Charts for July 2021

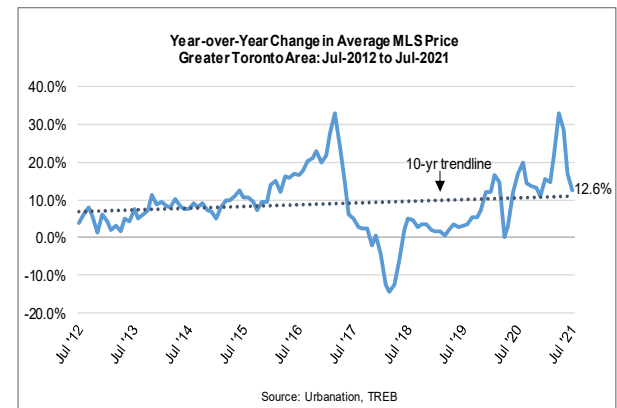
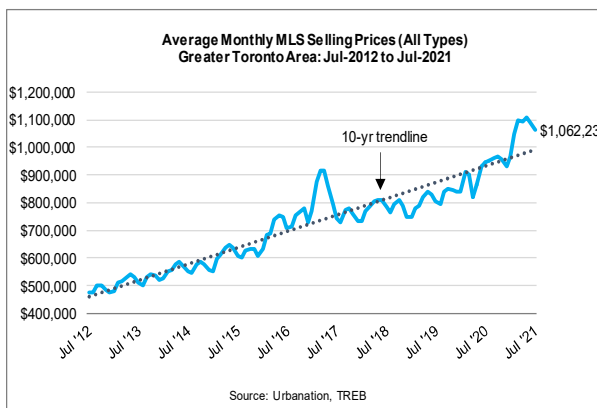
Demand Indicators



Supply Indicators

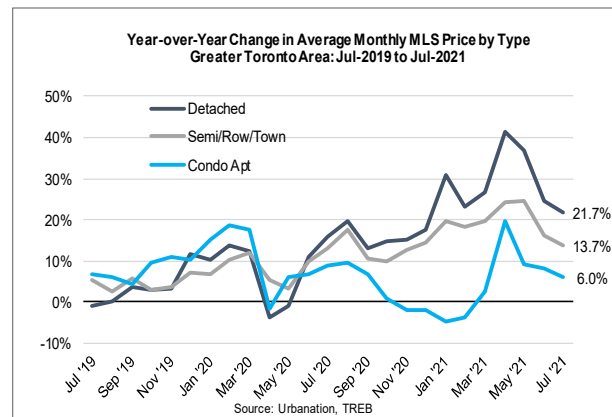
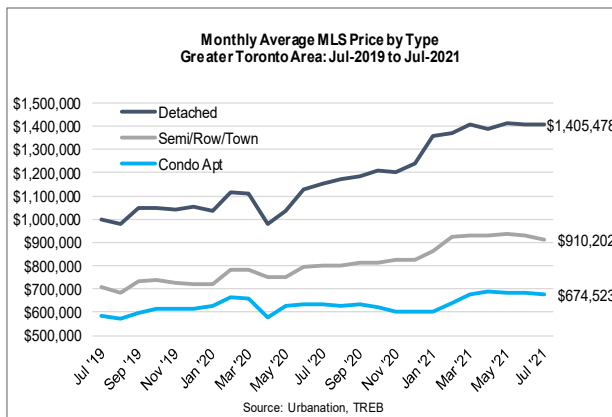
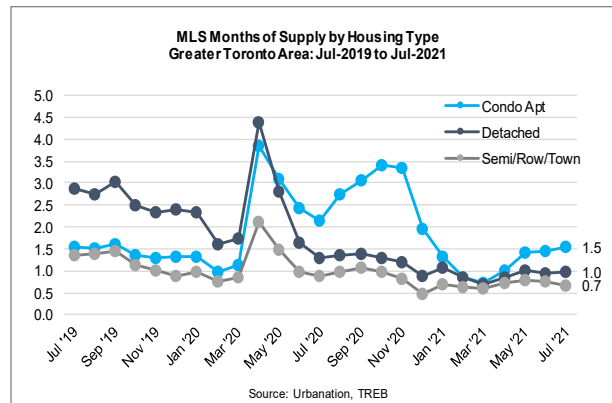
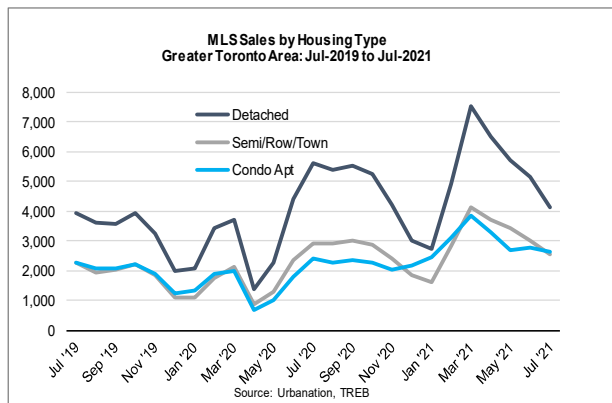


Price Indicators



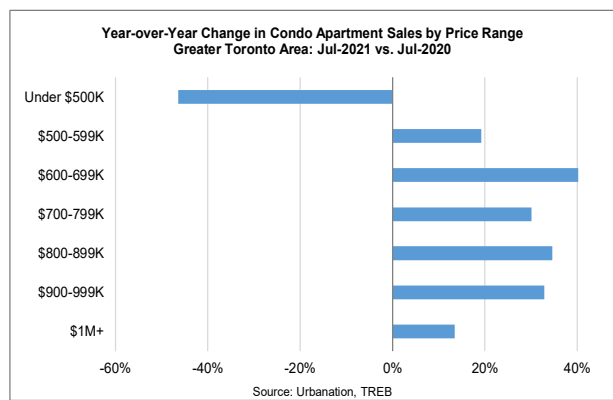
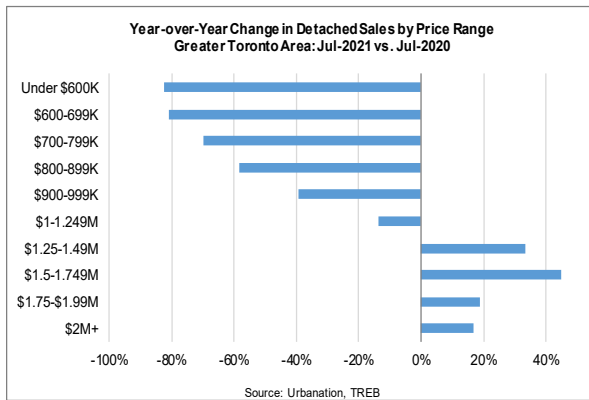
Supply Declining Fastest for Detached Homes

- Detached housing has experienced the largest slowdown in sales in recent months, which is partly to blame for the recent moderation in average prices as a relatively smaller share of higher-priced properties sell. Detached sales were down 26% year-over-year in July and 45% below the March high. Meanwhile, sales of semis/rows/towns decreased by a milder 12% from a year ago and condo apartment sales were up 8% year-over-year.
- The recent shift in sales momentum from detached homes to condos is mainly a supply issue, as detached new listings dropped 38% year-over-year, which kept inventories at only one month of supply, compared to 1.5 months for condos. Indeed, the sales-to-new-listings ratio for detached homes rose from 67% in July 2020 to 79% in July 2021, indicating that tight conditions have become even tighter for this property type. The semi/row/town category remained the most undersupplied in July at only 0.7 months of inventory.
- Annual price appreciation for detached homes remained strong in July at 22%, although average prices have levelled off over the past five months at just above \$1.4 million. The monthly pricing trend for semis/rows/towns and condo apartments was similar with average values in a holding pattern, as annual growth moderated to 14% for the former and 6% for the latter. At \$731,000, the gap between average detached and condo apartment prices remains at a record high, suggesting upside potential for condo prices in the near-term.



Sales Growth Strongest for \$1.5-1.74 Million Detached Homes & \$600-699K Condos

- Compared to July 2020, detached sales declined across all price segments under \$1.25 million as supply for entry-level houses fell sharply over the past year and strong price appreciation pushed home values into higher-end segments. The strongest annual growth was recorded within the \$1.5 to \$1.74 million bracket, which saw activity rise 45%. In the condo segment, units under \$500K have seen a 46% annual drop in sales as much fewer units are now priced below this threshold, with the largest gain in sales over the past year found within the \$600-699K segment, up 45%.



Supply Remains Lowest across the 905 Region

- Detached sales experienced the largest year-over-year declines in sales during July in 905 areas of Durham, Peel and Halton. York Region, which has the most inventory in the 905 at 1.2 months, experienced the mildest decline in detached sales of 14%. Compared to a year ago, median detached prices were still up the most in the 905 at 26%, compared to an 8% increase in the City of Toronto. Median prices were flat year-over-year for semis/rows/towns in Toronto and up 4% for condo apartments, compared to annual price growth of 19% and 12% in the 905 for the same property types. Inventory levels generally remained lowest across all housing types in the 905 region, which should support a continuation of relatively higher price growth in the suburbs compared to Toronto in the near-term.

MLS Market Summary by Area and Housing Type															
Greater Toronto Area: July 2021															
	Detached					Semi/Row/Town					Condo Apartment				
	Sales	Y/Y %	Median Price	Y/Y %	Mths of Supply	Sales	Y/Y %	Median Price	Y/Y %	Mths of Supply	Sales	Y/Y %	Median Price	Y/Y %	Mths of Supply
Toronto West	276	-20%	\$1,250,000	7%	1.1	211	-22%	\$874,900	3%	1.0	329	-17%	\$599,000	6%	1.8
Toronto Central	226	-28%	\$2,037,500	1%	2.3	194	-15%	\$1,084,887	-2%	1.6	1,205	16%	\$675,000	2%	1.7
Toronto East	348	-21%	\$1,125,000	14%	0.8	241	-9%	\$902,432	2%	0.8	222	-13%	\$550,000	15%	1.5
City of Toronto	850	-23%	\$1,325,000	8%	1.3	646	-16%	\$943,241	0%	1.1	1,756	4%	\$640,500	4%	1.7
Halton Region	472	-29%	\$1,312,500	19%	0.7	313	-17%	\$865,198	21%	0.5	125	-12%	\$588,000	19%	1.1
Peel Region	823	-32%	\$1,268,000	27%	0.8	786	-2%	\$832,821	15%	0.6	358	17%	\$550,000	8%	1.3
York Region	976	-14%	\$1,452,200	22%	1.2	464	-6%	\$985,524	18%	0.7	304	61%	\$619,000	14%	1.4
Durham Region	743	-32%	\$951,500	29%	0.5	291	-27%	\$733,600	27%	0.4	54	-35%	\$482,500	15%	1.1
905 Region of GTA	3,014	-27%	\$1,256,600	26%	0.8	1,854	-10%	\$860,900	19%	0.5	841	17%	\$576,300	12%	1.2

Source: Urbanation Inc., TREB

Key Takeaways

The GTA housing market has settled into its normal seasonal patterns, with activity slowing during the summer months and prices getting a bit of reprieve from the spring. Nonetheless, it is remarkable that sales volumes have remained close to record highs despite very low inventories, which has continued to support prices at near all-time highs. Predictably, the trajectory for prices has gradually started converging towards its long-term trend level as the stimulative impact of record low borrowing costs has been lessening following the sharp run-up in prices since the start of the pandemic. Buyers and sellers are taking a bit of a break to enjoy the province's reopening and warm weather, and it remains to be seen if the current holding pattern will continue into the fall. However, current demand-supply dynamics suggest the market will remain competitive and a further escalation in prices could occur. The impact on the rental market from people returning to the city became very visible in July, as condo lease absorptions rose to a record high and average rents jumped by more than 5% from June. This is happening as Canada welcomed the largest number of new residents in years during July as the government began easing travel restrictions amid an improving COVID-19 backdrop. A continued rebound in population growth combined with employment levels exceeding pre-pandemic highs will provide fundamental support for the GTA housing market, alongside the continuation of low interest rates. However, a return to the rapid growth experienced earlier in the year is very unlikely, as high prices will act as a limiting factor.

About Urbanation Inc.

Urbanation is a consulting firm focusing on the Greater Toronto Area condominium sector, providing market research and in-depth market analysis services to the real estate industry since 1981. Urbanation uses a multi-disciplinary approach that combines empirical research techniques with first-hand market observations. On a quarterly basis, Urbanation tracks the new, resale, rental and proposed condominium apartment markets in the Greater Toronto Area. Urbanation also actively conducts site specific market feasibility studies and produces customized market intelligence reports for its clients.

Caveat

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