



# GTA MONTHLY HOUSING REPORT

Prepared Exclusively for Royal LePage Signature Realty by Urbanation Inc.

JULY 2021

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

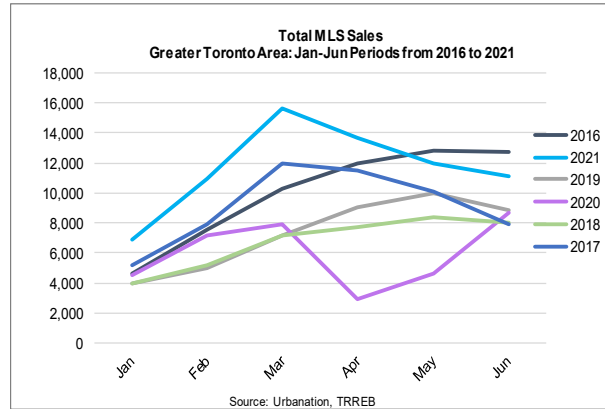
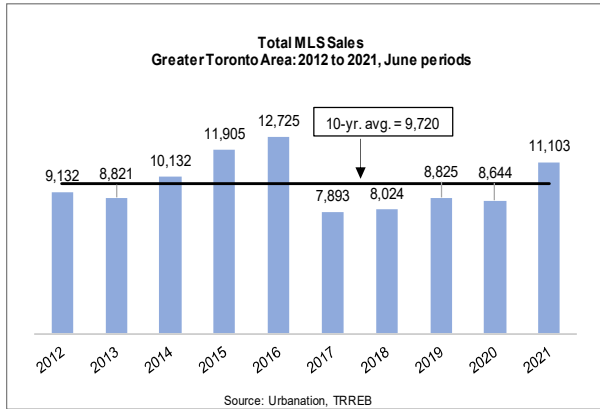
## ***Market Conditions Remain Strong but Prices Have Levelled Off***

### ***Summary Points***

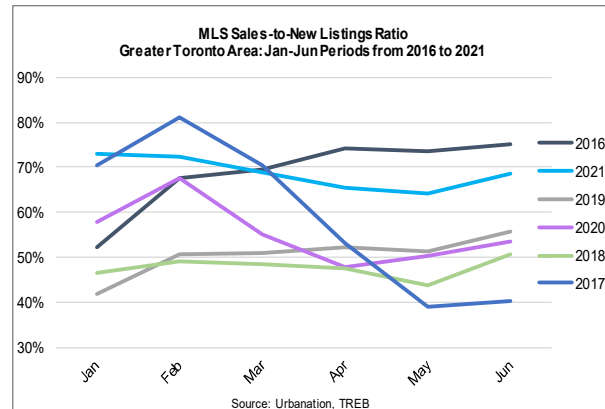
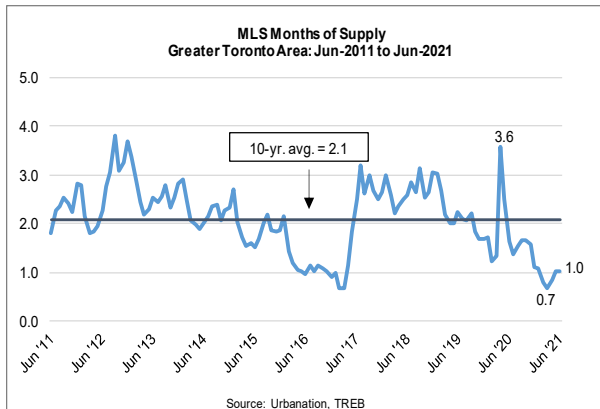
- Sales of 11,103 homes last month represented the third best June on record. Activity was up 28% from June of last year, when the market was just beginning to re-emerge from the initial pandemic slowdown. The monthly trend showed sales continuing to moderate from the March peak of 15,634 transactions, much of which can be attributed to a slower pace for new listings, which declined 13% between May and June compared to a 7% decline for sales. Nonetheless, the 12-month rolling sales total continued to reach new highs in June of 129,316 homes — 12% above the previous cycle high of 115,620 sales attained in March 2017.
- The monthly pattern for sales so far in 2021 has resembled 2017, although this year the market appears to be self-regulating aside from a tweak to the mortgage stress test rules that came into effect June 1 (the qualifying rate was raised from 4.79% to 5.25%). What's different during this market is that supply levels have remained exceptionally tight as sales volumes have adjusted. As of June 2021 there was 1.0 month of supply on the market, unchanged from May and less than half the 10-year average of 2.1 months. While the sales-to-new listings ratio began to plummet in the months following March 2017, it has remained elevated throughout 2021 and reached 69% in June — the second highest level for the month during the past 10 years.
- Despite market conditions remaining tight, selling prices may be reaching a resistance level following the strong run-up over the past year and the slight reduction in buying power (approx. 4%) from the new mortgage stress test. The average sale price in June of \$1.09 million was up 17.0% year-over-year but has remained virtually unchanged over the past four months. The market was still competitive as homes continued selling for above asking prices at an average of 104.8% in June, although it was the smallest margin since January.

## Summary Charts for June 2021

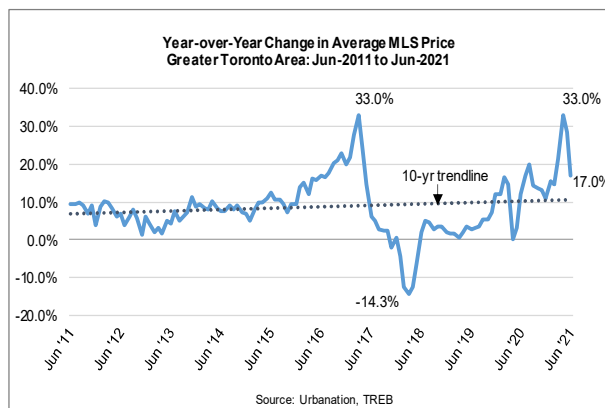
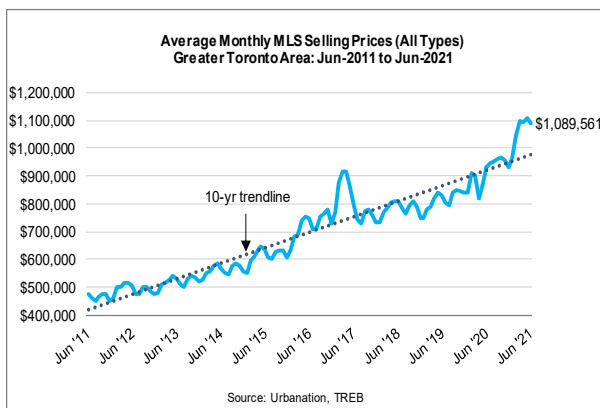
### Demand Indicators



### Supply Indicators

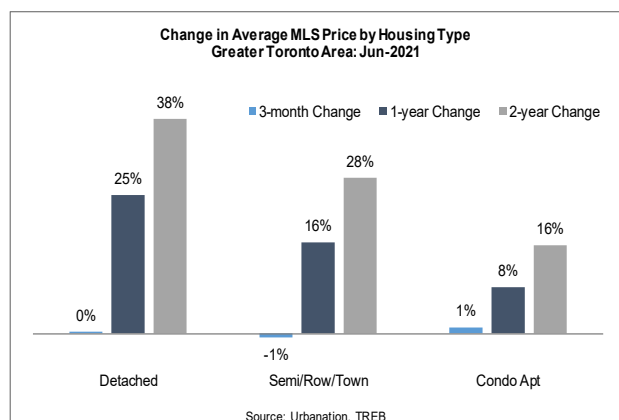
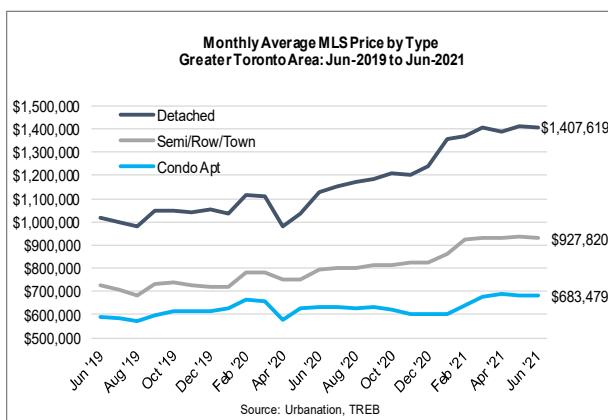
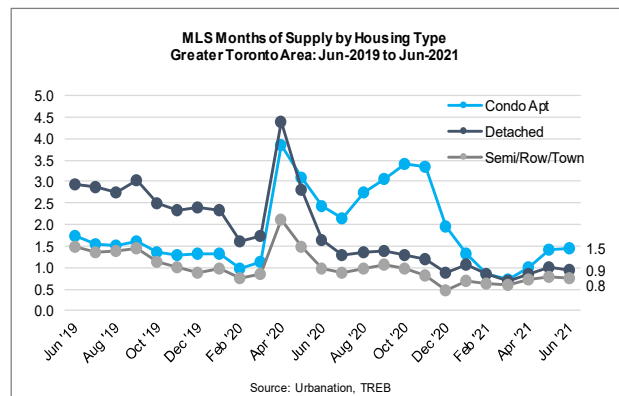
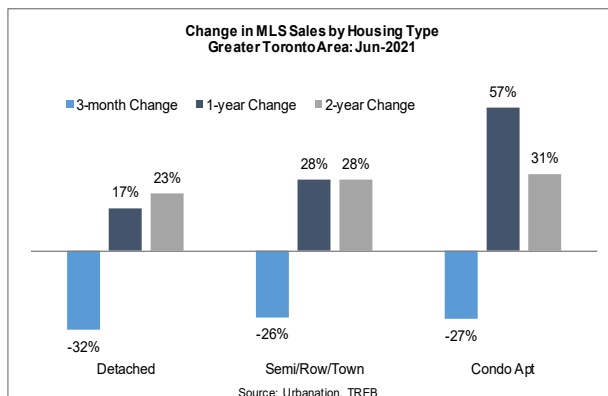


### Price Indicators



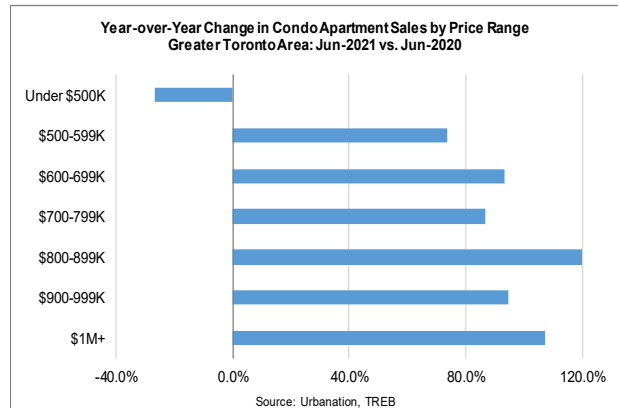
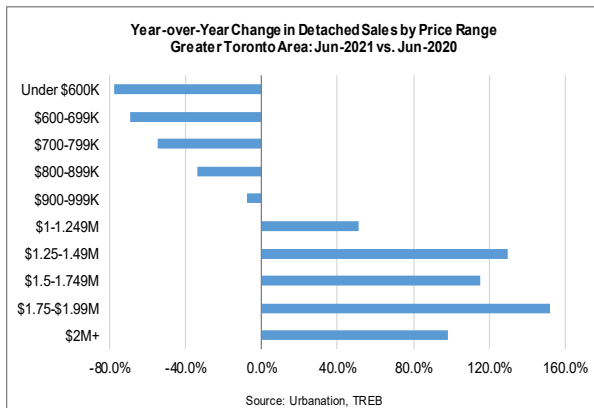
### Declining Supply Weighs on Detached Sales

- Total sales have declined by 29% over the last three months, with the strongest decline experienced by the detached segment with a 32% drop. This was mostly due to supply, as new listings for detached homes have fallen 37% during the same period and inventory levels have remained extremely low at 0.9 months of supply. Conversely, the 27% decline in condo apartment sales over the last three months was mostly demand-driven, as new listings in June were off by only 4% since March, raising supply levels from 0.7 months to 1.5 months. Still, condominium apartments were the growth leader for sales over the past one- and two-year periods with increases of 57% and 31%, respectively. Supply levels remained tightest for semis/rows/towns with inventory unchanged at 0.8 months.
- Prices have flattened over the last three months across all housing types but at record high levels. Detached prices have increased the most over the past one- and two-year periods with growth of 25% and 38%, respectively, while condo apartment prices have posted the slowest growth of 8% (one-year) and 16% (two-year). At an average of \$724,140, the gap between detached prices and condo apartment prices has risen 46% over the past year and has remained at record high differentials throughout 2021.



### Detached Houses Under \$1 million and Condos Under \$500K Quickly Disappearing

- The strong appreciation of GTA housing prices has meant increasingly fewer detached properties trading for under \$1 million. Detached sales under \$1 million declined 44% year-over-year in June, compared to a 93% increase in sales over \$1 million. The fastest growing segment was between \$1.75 and \$1.99 million, with annual growth of 152% in June. In the condominium apartment space, the number of units selling for under \$500K has declined by 27% over the past year, compared to growth of 87% for units selling above \$500K. The fastest growing price range for condo apartments was \$800-899K, which recorded sales growth of 120% in the past year.



### Detached Sales Shift into the City of Toronto

- Annual sales growth for detached homes was stronger in the City of Toronto than the 905 region of the GTA during June at 21% vs. 18%. However, supply remained lower (0.8 vs. 1.2 months) and price growth remained stronger (28.5% vs. 9.4%) in the 905 than the City of Toronto. Within the City of Toronto, annual price growth for detached homes was strongest at 19.5% in Toronto East, which posted less than one month of supply. The product type with the lowest supply (0.4 months) and fastest price growth (31.0%) was semi/row/town properties in Durham Region. The product type with the slowest growth in prices over the past year was condo apartments in Toronto Central (2.2%), although price appreciation is likely to improve as supply has declined to only 1.6 months.

MLS Market Summary by Area and Housing Type															
Greater Toronto Area: June 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	348	24.3%	\$1,222,500	5.4%	1.1	263	32.8%	\$963,068	8.4%	1.1	370	17.5%	\$595,003	8.4%	1.5
Toronto Central	326	34.7%	\$2,150,000	14.5%	1.8	281	23.2%	\$1,160,320	0.9%	1.3	1,247	55.9%	\$670,000	2.2%	1.6
Toronto East	411	10.5%	\$1,137,500	19.5%	0.9	303	50.7%	\$934,644	6.4%	0.8	284	65.1%	\$539,500	12.4%	1.1
<b>City of Toronto</b>	<b>1,085</b>	<b>21.4%</b>	<b>\$1,340,000</b>	<b>9.4%</b>	<b>1.2</b>	<b>847</b>	<b>35.1%</b>	<b>\$1,028,368</b>	<b>5.2%</b>	<b>1.1</b>	<b>1,901</b>	<b>47.7%</b>	<b>\$639,000</b>	<b>4.8%</b>	<b>1.5</b>
Halton Region	579	-0.7%	\$1,385,000	30.7%	0.8	365	20.5%	\$857,253	21.1%	0.5	139	43.3%	\$595,000	20.4%	1.1
Peel Region	1,074	24.3%	\$1,240,000	27.9%	0.8	846	21.6%	\$838,095	17.9%	0.7	344	67.8%	\$547,000	7.5%	1.4
York Region	1,138	32.9%	\$1,425,500	24.4%	1.3	508	47.7%	\$970,551	17.4%	0.9	338	156.1%	\$605,100	12.7%	1.3
Durham Region	967	10.3%	\$950,500	29.8%	0.5	372	13.1%	\$718,333	31.0%	0.4	64	8.5%	\$525,050	28.1%	1.0
<b>905 Region of GTA</b>	<b>3,758</b>	<b>18.2%</b>	<b>\$1,244,000</b>	<b>28.5%</b>	<b>0.8</b>	<b>2,091</b>	<b>25.1%</b>	<b>\$852,300</b>	<b>21.4%</b>	<b>0.6</b>	<b>885</b>	<b>79.5%</b>	<b>\$575,100</b>	<b>13.3%</b>	<b>1.2</b>

Source: Urbanation Inc., TREB

## **Key Takeaways**

The GTA housing market continued to operate at near record highs in June, although sales volumes began to normalize and prices have levelled off after the pandemic-induced surge that occurred over the past year. It's unclear how much of a role the new mortgage stress test played last month, as the typical rise in activity before such a policy change comes into effect didn't occur this time. It likely influenced the market in conjunction with a variety of other factors, including an offset to activity that was pulled forward earlier in the year than usual, somewhat less attention being paid to housing as the economy reopens and the summer begins, and high prices creating a greater affordability barrier. Indeed, it appears as though the market is bumping up against some resistance levels after reaching a new record high average sale price of \$1.1 million back in March. However, market conditions remain supportive of current prices as low supply has been a big factor behind the more limited volume of sales in recent months. Today's market may not be as frantic as it was in the winter, but it is still one of the most competitive environments ever seen. Sales and listing volumes will likely continue to slow during the summer, with a pick-up in activity reemerging in the fall that is consistent with seasonal patterns, but overall inventory levels should remain low along the way and keep prices from declining. The bigger question at this point is whether the momentum in the market will sustain throughout 2022 — i.e. will the depletion of pandemic-induced buying be offset by continued low interest rates, immigration and job creation or will high prices create too much of an affordability constraint for buyers? The answer is likely somewhere in the middle, and the market is unlikely to experience any major disruptions in the near-term.

## **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**

The analysis and insights contained herein have been prepared on the information and assumptions set forth in this report. However, this report relies on information from secondary sources and Urbanation cannot guarantee the accuracy of this data. Moreover, it is not possible to fully document all factors or account for all changes that may occur in the future.

This report has been prepared solely for the purposes outlined in an agreement between Urbanation Inc and Royal LePage Signature Realty, and is not to be used for any other purposes, or by any other party without the prior written authorization from Urbanation and Royal LePage Signature Realty. Urbanation and Royal LePage Signature Realty assume no responsibility for losses sustained as a result of implementing any actions based on information set forth in this report. This report is intended for internal uses only and it is prohibited from being posted on social media, and reproduced and redistributed in whole outside of Royal LePage Signature Realty.

