

GTA MONTHLY HOUSING REPORT

Prepared Exclusively for Royal LePage Signature Realty by Urbanation Inc.

JUNE 2021

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

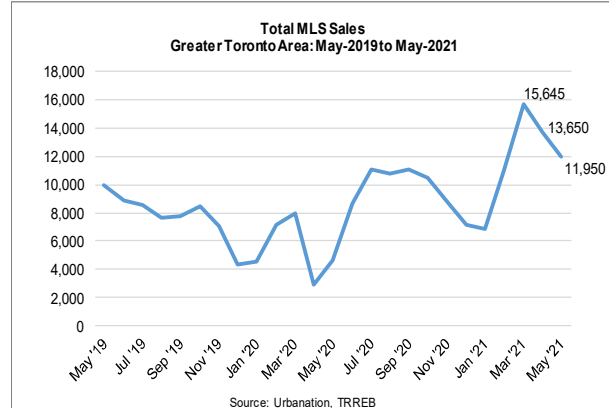
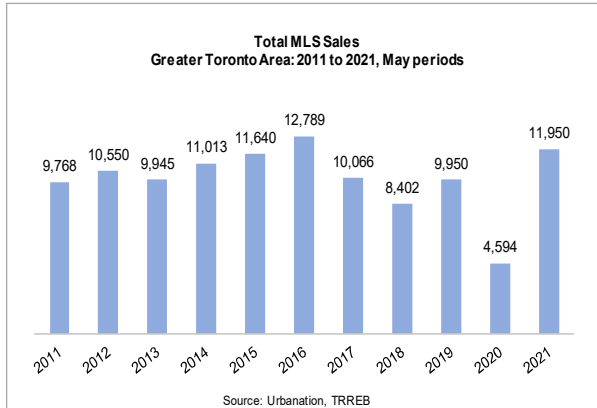
Sales Continue to Moderate from Record Highs but Remain Elevated

Summary Points

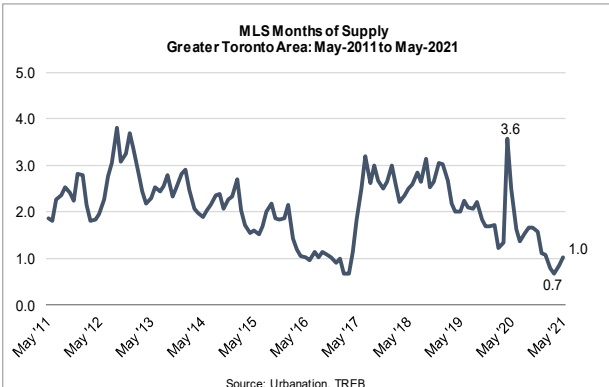
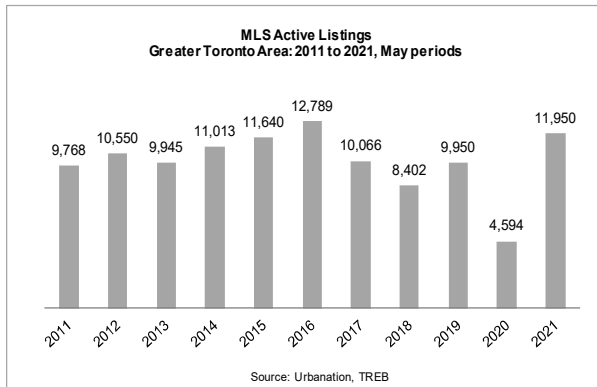
- May sales fell to a three-month low of 11,950 transactions, declining 12% from April and down 24% from the monthly record set in March. A typical market sees housing sales grow month-to-month throughout the spring. This year, however, activity was pulled forward as households in lockdown accelerated their home buying decisions to avoid being priced out of the market and to take advantage of record low mortgage and the spurt of new listings that arrived earlier than usual. Despite the latest moderation, last month represented the second highest May on record behind 2016. Furthermore, the 12-month running total reached a new high of 126,907 sales.
- The volume of new listings arriving on the market also slowed over the past two months, but by a lesser degree than sales, resulting in a slightly more balanced market compared to recent months but still considered tight and characteristic of a seller's market. While active listings reached their highest May level in five years, supply was equal to only 1.0 month of inventory, up from the March low of 0.7 but less than half the 10-year average of 2.1 months. Furthermore, the ratio of sales-to-new-listings at 64% stayed above the upper boundary of a balanced market (60%), with homes selling at an average of only 11 days (10-year average of 23 days) and for an average of 105.6% of listing prices (10-year average of 99.9%).
- The continued strength in the market led to further upward pressure on prices in May. The average selling price reached above \$1.1 million for the first time ever, increasing 1.6% from April and 28.4% from a year ago. On a month-to-month basis, price increases have been generally slowing over the past couple months, but continue to remain supported by high demand and low supply. With the current average price about 13% higher than the 10-year trend level, it is likely that prices will continue levelling out in the coming months as buyers act less aggressively following the strong run-up over the past year.

Summary Charts for May 2021

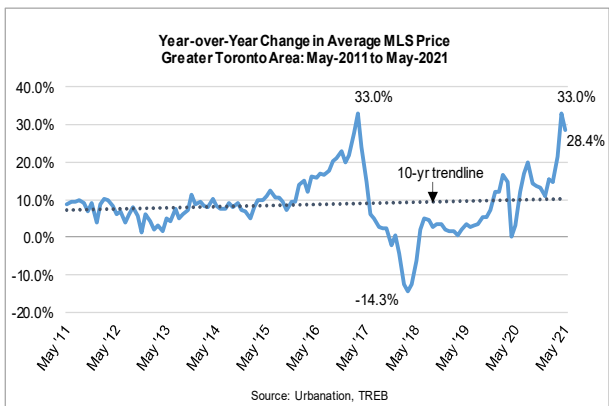
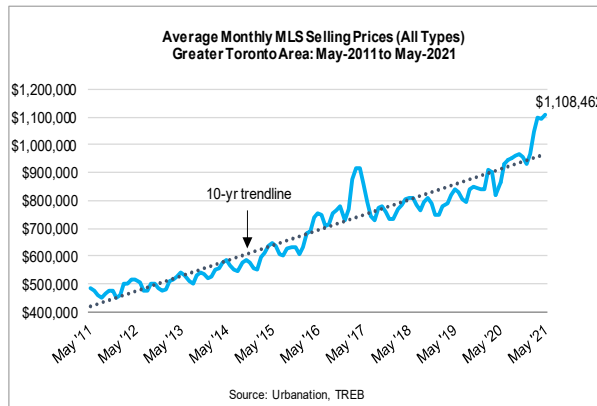
Demand Indicators



Supply Indicators

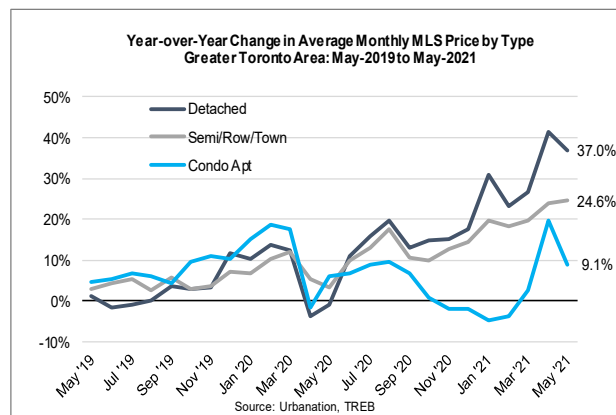
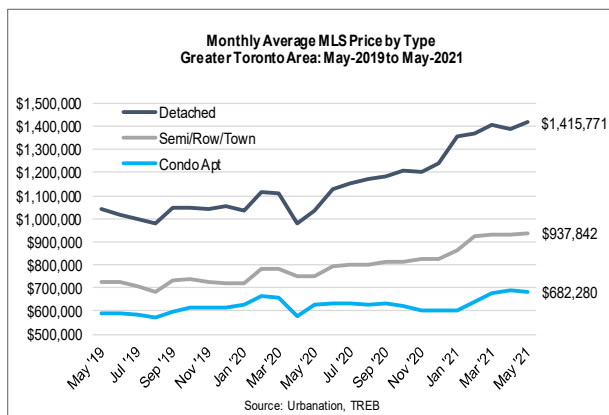
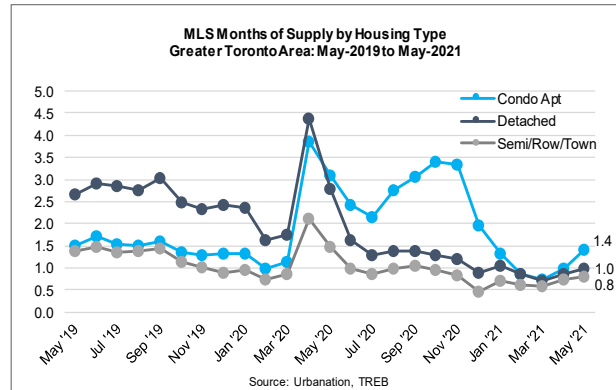
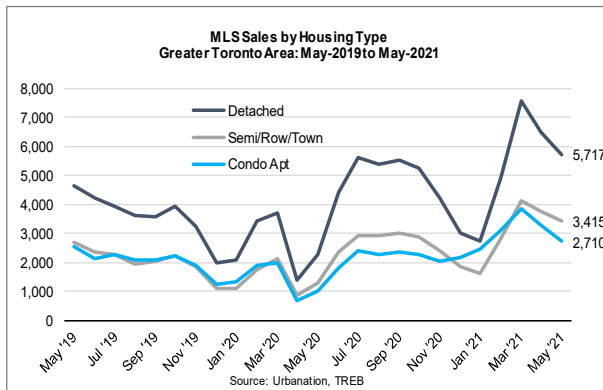


Price Indicators



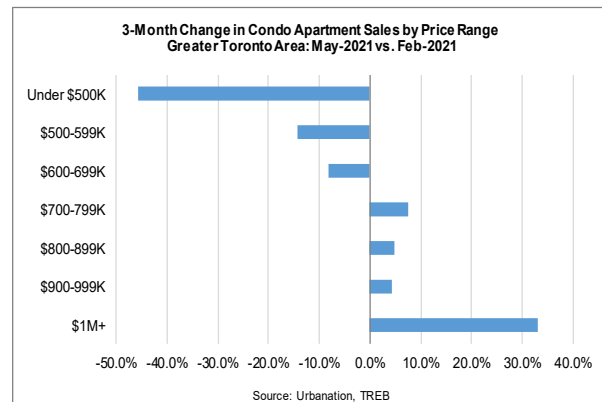
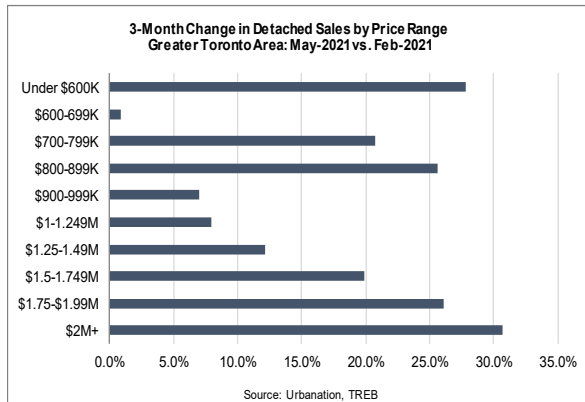
Some Heat Comes off the Condominium Market as Average Prices Near \$700K

- Sales slowed the most for condo apartments between April and May, recording an 18% month-over-month decrease compared to declines of 12% and 9% for detached and semi/row/town houses, respectively. As a result, supply levels for condo apartments grew to 1.4 months — the highest level of the year and marking a slight divergence from supply for detached and semi/row/town houses at 1.0 and 0.8, respectively. While market conditions remained tight for condo apartments, average prices dipped by 1.4% in May after reaching a record high in April, moving annual price appreciation back into single digits at 9.1%. Meanwhile, average prices for detached houses continued to trend higher, posting a 2.0% month-over-month gain to reach above \$1.4 million for the first time, with prices 37.0% higher than a year ago. Within the semi/row/town category, price increases were relatively more modest at 0.7% month-over-month and 24.6% year-over-year. With the latest changes in pricing dynamics, the gap between average detached and condo apartment prices increased to its second largest level on record at \$733,491 behind the high of \$756,350 set in January 2021.



Detached Houses \$2 Million+ & Condos \$1 Million+ Drive Sales in Past 3 Months

- In comparing sales in May to three months earlier in February, activity was up 9% across the GTA. Within the detached category, sales were up 16%, driven by growth in the low-end of the market under \$600K and between \$700 and 899K, and also the high-end of the market above \$1.75 million. In fact, the fastest growing sales segment over the past three months was detached homes over \$2.0 million, which increased 31%. For condo apartments, sales in May were down 13% compared to three months earlier, dragged down by activity under \$700K. All sales segment for condo apartments above \$700K were up in the past three months, led by a 33% surge in sales above \$1 million.



905 Leads Annual Price Growth Across All Housing Types

- Across all housing type categories, median prices had risen year-over-year as of May by a larger degree in the 905 region of the GTA than in the City of Toronto. Detached prices in the 905 increased the most — by 38% compared to 21% in the Toronto. For semis/rows/towns, 905 median prices growth of 26% compared to 16% growth in Toronto, while condo apartment prices in the 905 were up 17% compared to 7% in the city. Aside from condo apartments in Toronto Central, double-digit annual price growth was recorded everywhere in the GTA. As of May, supply levels were under 2 months everywhere, although were lowest in the most affordable market of Durham at 0.6 months for detached houses, 0.5 months for semis/rows/towns, and 0.9 months for condo apartments.

MLS Market Summary by Area and Housing Type															
Greater Toronto Area: May-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	384	147.7%	\$1,300,000	17.1%	1.1	297	175.0%	\$943,143	14.1%	0.9	389	132.9%	\$595,000	10.2%	1.3
Toronto Central	381	284.8%	\$2,255,000	18.7%	1.7	309	202.9%	\$1,229,745	17.8%	1.3	1,235	162.2%	\$678,000	4.3%	1.6
Toronto East	490	175.3%	\$1,150,000	19.8%	0.8	353	199.2%	\$964,358	14.4%	0.7	257	188.8%	\$550,000	19.8%	1.1
City of Toronto	1,255	190.5%	\$1,395,000	20.8%	1.2	959	192.4%	\$1,015,197	15.8%	1.0	1,881	158.7%	\$639,000	6.5%	1.5
Halton Region	619	127.6%	\$1,375,000	37.6%	0.8	433	157.7%	\$858,032	25.6%	0.6	139	178.0%	\$565,000	15.7%	1.1
Peel Region	1,136	157.0%	\$1,240,000	35.4%	0.9	917	162.8%	\$840,581	20.6%	0.8	315	136.8%	\$549,000	11.4%	1.4
York Region	1,273	197.4%	\$1,425,000	29.5%	1.4	593	205.7%	\$965,503	22.2%	0.9	302	395.1%	\$628,100	17.4%	1.4
Durham Region	1,051	96.1%	\$940,000	37.9%	0.6	433	118.7%	\$713,305	33.8%	0.5	59	145.8%	\$530,000	37.7%	0.9
905 Region of GTA	4,079	143.1%	\$1,240,900	37.7%	0.9	2,376	161.4%	\$851,700	25.5%	0.7	815	204.1%	\$579,700	17.0%	1.2

Source: Urbanation Inc., TREB

Key Takeaways

As expected, the market continued to cool from its blistering pace earlier in the year, while still maintaining near record levels of activity. After a 30% surge in prices that has led to an annual increase in sale values averaging a record \$245,000, it is natural that the buyer pool would begin to shrink somewhat due to sales having been pulled forward and also affordability constraints. This appears to be showing up more noticeably in the condo segment, which relies on a larger share of first-time buyers who don't have the advantage of leveraging equity in an existing home. While there is some degree of buyer fatigue setting in, the market is by no means slow or uncompetitive. The seasonal change this year may be having the opposite effect compared to a typical year, where households are now becoming less infatuated with changing their living arrangements and busier making plans to enjoy the weather and the provincial reopening. As bidding wars become less common (but not uncommon) and homes begin selling for closer to asking prices, there will be less of a sense of urgency to buy than there was in earlier months. It was telling that the stricter mortgage stress test rules implemented at the start of June did not see the typical spurt in activity beforehand. Buyers, it appears, have become more adjusted to the current market realities and likely have more grounded expectations about where housing prices are headed (i.e. buyer psychology is starting to normalize). The slower sales trend is likely to persist through the summer. Come fall, more listings are expected to arrive on the market, which will likely drive higher sales but may also generate more balanced conditions depending on how buyers react. The second half of 2021 will be interesting to watch, but there doesn't appear to be any major changes in store for the market and prices should remain supported by low inventories.

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.

