

GTA MONTHLY HOUSING REPORT

Prepared Exclusively for Royal LePage Signature Realty by Urbanation Inc.

OCTOBER 2021

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

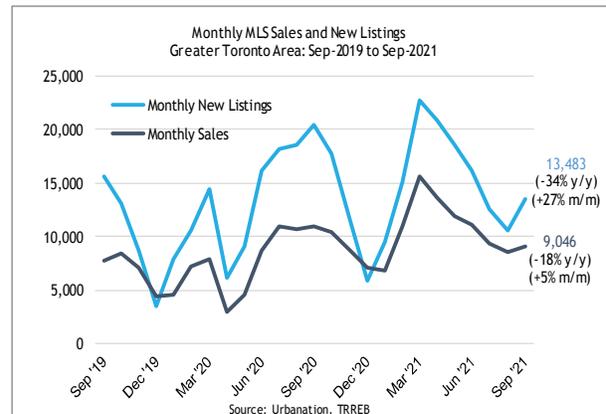
Market Tightens Further, Fuelling another Surge in Prices

Summary Points

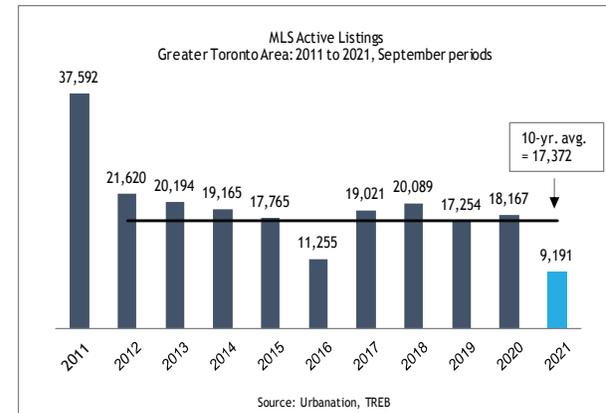
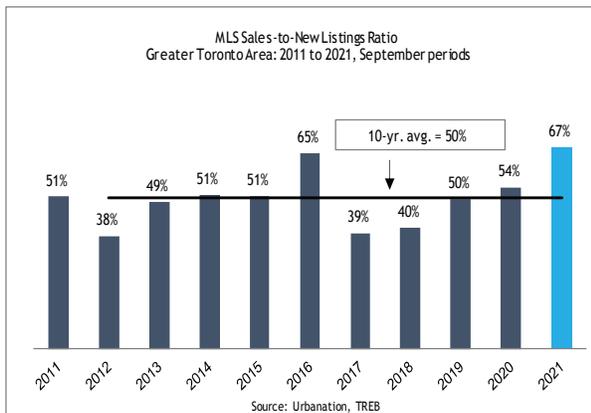
- Resale housing activity in the GTA grew 5.4% month-over-month in September, which was a larger than normal seasonal increase facilitated through a 27% month-over-month increase in new listings. Compared to the record volume from a year ago, sales were down 18% and new listings fell 34%. While sales in September were still 14% above the 10-year average, new listings remained 15% below the 10-year average, illustrating the current market imbalance.
- The rise in new listings from August was in line with growth usually seen during the fall season kick-off. However, against the current level of demand in the market, new supply was at a record low. Indeed, the sales-to-new-listings ratio rose to 67% -- the highest level ever for a September period and far surpassing the 10-year average of 50%. As a result, the level of active listings at the end of September dropped to a more than 25-year low for the month at 9,191 units – down 49% year-over-year and 47% below the 10-year average of 17,372 active listings.
- As anticipated, the tightening in supply during the summer and early fall caused prices to surge once again in September, increasing 6% from August and 18% year-over-year to reach a record high \$1.136 million. This followed a six-month period between March and August when prices remained fairly flat month-over-month.
- The average time on market fell to a September low of 14 days and the average sale price-to-list price rose to a five-month high of 106.1%, which was the highest level ever for a September period. The sale price-to-list price ratio has been above 100% for 15 consecutive months, nearly matching the 16-month record set during the period ending May 2017.

Summary Charts for September 2021

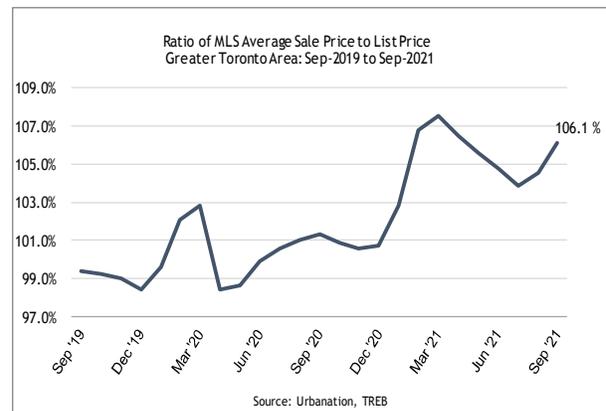
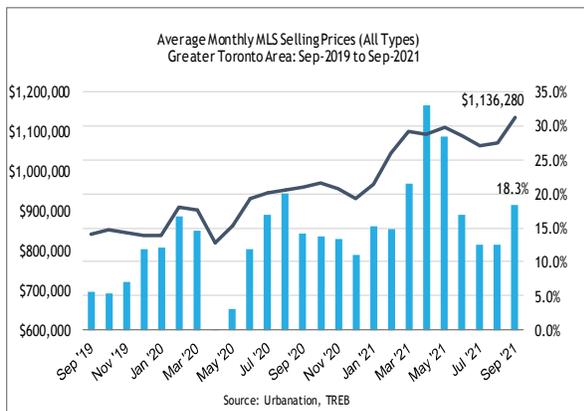
Demand Indicators



Supply Indicators

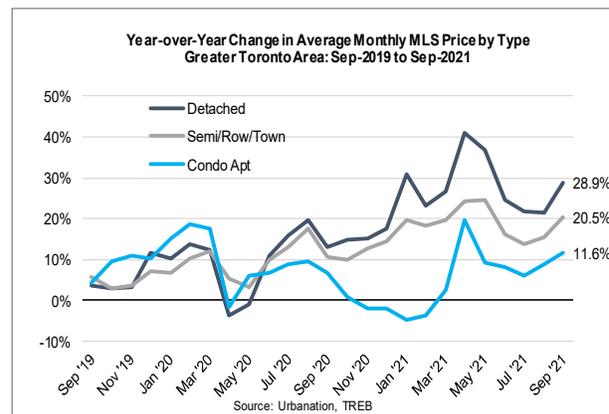
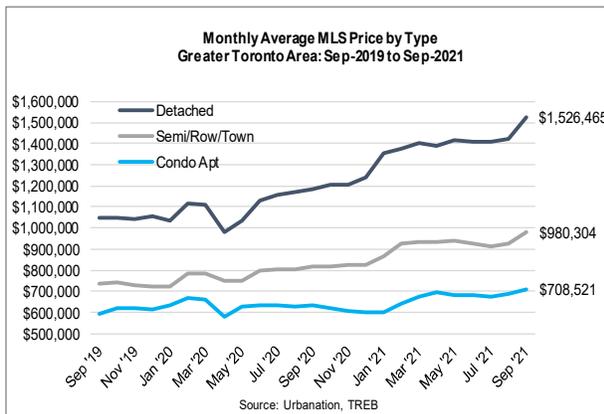
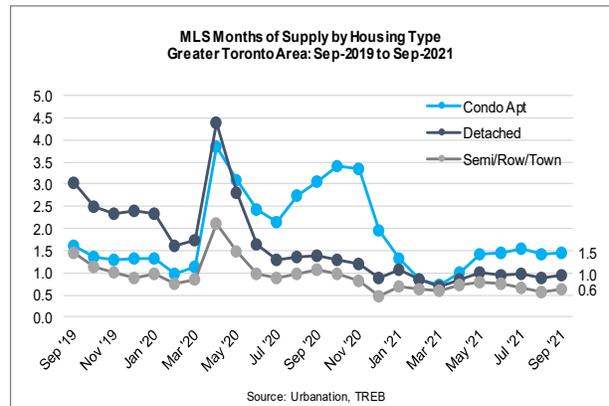
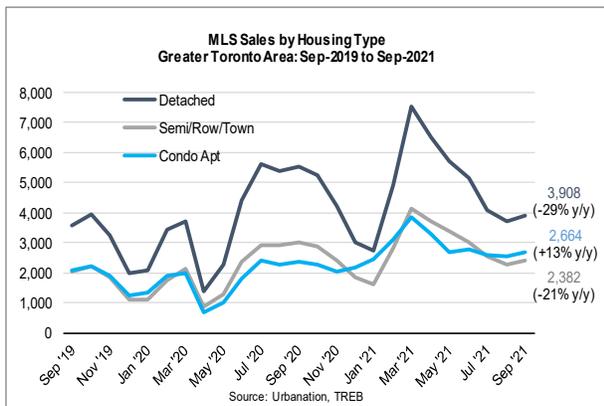


Price Indicators



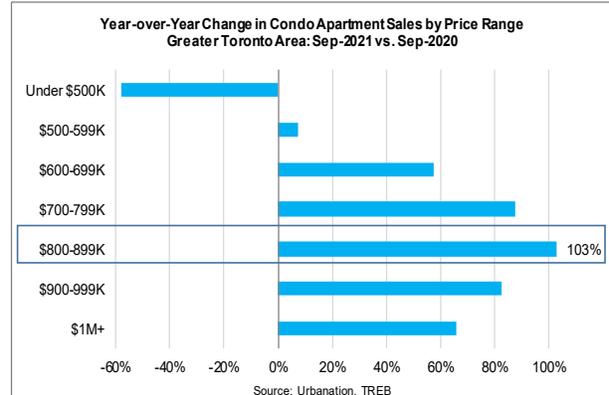
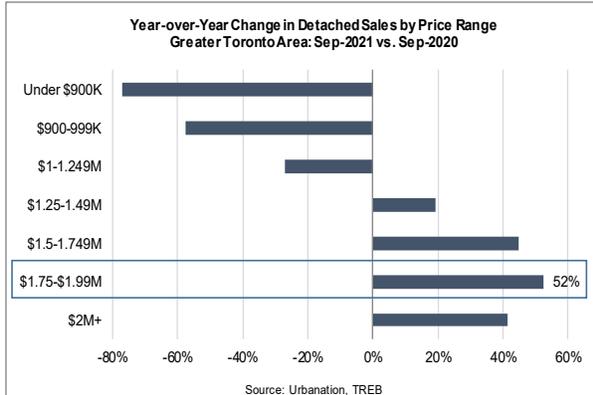
Condo Prices Rise Above \$700K as Detached Prices Surpass \$1.5 Million

- Sales increased month-over-month in September across all housing types. However, on an annual basis, sales for detached houses were down 29% and sales for semis/rows/towns were down 21%, while condo apartment activity was up 13%. At 29.4%, the share of total GTA sales represented by condo apartments was at its highest September level on record, which follows a record wide price differential that has emerged between condos and low-rise housing.
- With supply levels remaining low across the market, the rise in demand during September led to a jump in prices for all housing types. Detached prices increased the most compared to August, rising 7% month-over-month to surpass an average of \$1.5 million for the first time ever. A new threshold was also passed for condo apartment prices, which moved above the \$700,000 mark with a 3% monthly gain. The 6% monthly prices increase for semis/rows/towns was nearly as strong as detached houses, reaching an average of \$980K.
- On an annual basis, detached price growth of nearly 29% in September was more than double that of condo apartments at under 12%. The price differential between the two housing types at \$818K in September represented a record high, growing by 81% (+\$367K) compared to two years earlier.



Detached Sales Growing Fastest in \$1.75-1.99 Price Bracket

- The fastest growing price bracket for detached houses escalated from the \$1.5-1.749 million range into the \$1.75-1.99 million range in September, posting annual sales growth of 52%. For condo apartments the growth leader for sales remained consistent with the previous month, with the \$800-899K bracket doubling in volume compared to a year ago.



416 & 905 Prices Converging

- Sales were down year-over-year in September everywhere in the GTA for detached and semi/row/town properties following the record volumes recorded a year ago. For condo apartments, which didn't experience the same degree of sales growth as low-rise homes last year, activity was up by double-digits in most areas of the GTA, led by a 23% increase in Central Toronto.
- Supply levels remained lowest and price gains remained strongest in the 905 region of the GTA. Median detached prices were up 30% year-over-year in the 905 to \$1.347 million, coming within close range of median prices in the City of Toronto (\$1.39 million) which were up 17% annually. For semis/rows/towns and condo apartments, median prices rose 25% and 15%, respectively, in the 905, compared to 9% and 8% growth in the City of Toronto.

MLS Market Summary by Area and Housing Type Greater Toronto Area: Sep 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	288	-23%	\$1,290,000	13%	1.1	194	-27%	\$922,582	8%	1.1	333	-8%	\$609,000	11%	1.5
Toronto Central	252	-17%	\$2,200,000	17%	2.2	213	-11%	\$1,230,832	15%	1.6	1,176	23%	\$700,000	9%	1.8
Toronto East	355	-26%	\$1,208,000	21%	0.7	283	-11%	\$961,131	4%	0.6	283	21%	\$554,000	17%	1.0
City of Toronto	895	-23%	\$1,390,000	17%	1.2	690	-16%	\$1,009,478	9%	1.1	1,792	16%	\$650,000	8%	1.6
Halton Region	423	-37%	\$1,443,000	23%	0.8	260	-28%	\$931,694	27%	0.4	145	19%	\$625,000	23%	0.7
Peel Region	818	-30%	\$1,310,000	30%	0.7	665	-23%	\$874,737	19%	0.4	340	9%	\$557,500	12%	1.2
York Region	907	-24%	\$1,555,000	30%	1.2	438	-15%	\$1,065,130	28%	0.6	315	6%	\$636,000	16%	1.2
Durham Region	666	-34%	\$1,050,000	36%	0.6	268	-31%	\$759,571	27%	0.4	58	-16%	\$532,750	21%	1.2
905 Region of GTA	2,814	-30%	\$1,347,400	30%	0.8	1,631	-23%	\$916,000	25%	0.4	858	7%	\$596,100	15%	1.1

Source: Urbanation Inc., TREB

Key Takeaways

The increased competitiveness and further jump in prices came as expected in September given the market tightening that closed out the summer, with current conditions pointing to a heated October that could result in price appreciation that moves above 20% once again. Demand remains strong as buyers continue to take advantage of record low borrowing costs, psychology fuels a fear of missing out (from both first-time purchasers and their parents providing them with financial assistance), market confidence grows alongside a full recovery in employment and high vaccination rates, and investors play a larger role in the market. The last point is important, as recent studies have shown that investors are currently representing close to one quarter of home purchases in the GTA. While investors can be productive for the market by increasing rental supply, they also contribute to the lows in resale inventory being experienced. Investors aren't the true problem, however, but rather the symptom. To be clear, the GTA has been underbuilding housing for many years, which is the underlying issue. The Liberal housing plan made some ambitious, if not ambiguous, promises with respect to creating housing supply, but ultimately the responsibility for acting on their pledges will fall on the province and municipalities. In other words, the situation won't be fixed anytime soon. Instead, it will be interesting to see if the slightly higher interest rates that recently materialized will provide at least some market relief, although any impact in the short-term is likely to be minor given how tight conditions are currently and the fact that the Bank of Canada has been clear on not raising their policy rate for at least another year.

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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