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# GTA MONTHLY HOUSING REPORT

Prepared Exclusively for Royal LePage Signature Realty by Urbanation Inc.

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## October 2022

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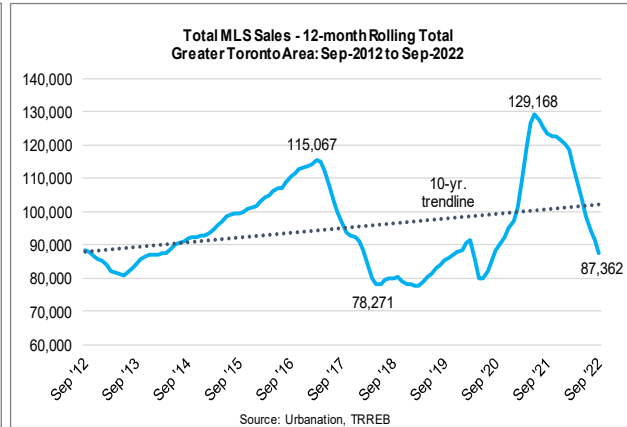
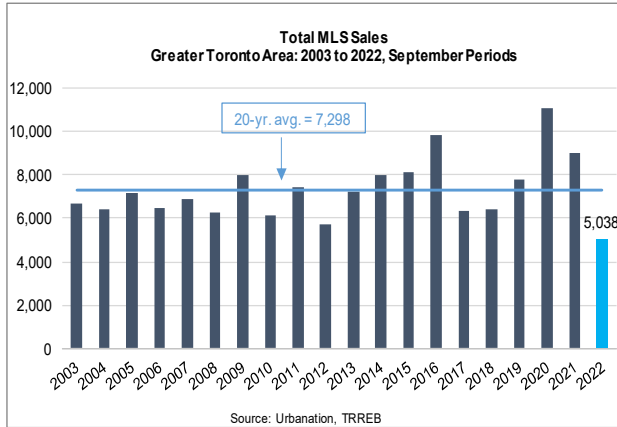
### ***Prices Increase for Second Consecutive Month in September***

#### ***Summary Points***

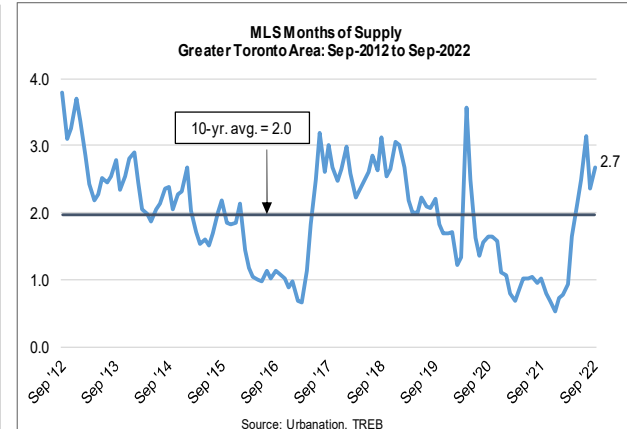
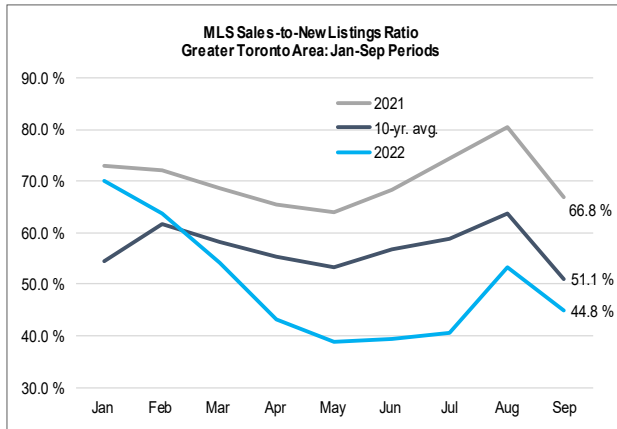
- Low supply helped to support a 0.7% month-over-month increase in average selling prices during September, despite sales volumes remaining at a 20-year low.
- The total volume of sales in the GTA declined 44% year-over-year to 5,038 transactions in September, also declining 10% month-over-month after activity perked up during August.
- The 12-month rolling sales total fell to 87,362 — the lowest level in two years and falling further below the 10-year trend level of just over 100,000 sales.
- The number of new listings increased 7% from August but fell 17% annually to its lowest September level since 2002.
- The ratio of sales-to-new listings at 45% and months of supply at 2.7 remained within balanced territory during September. Active listings at month-end totaling 13,535 units were 30% below the 20-year average.
- The average home sold for 97.9% of asking price during September, up slightly from 97.7% in August and marking the first improvement since the market slowdown began in March.
- At \$1.087 million, average resale prices have increased by 1.2% (+\$12,794) over the past two months but experienced a 4.2% annual decline — the first year-over-year decline for GTA prices since May 2018.
- Average prices were up 13% compared to two years ago and were 40% higher than five years ago. The 20-year average annual rate of price growth in the GTA was 7.2%.

## Summary Charts for September 2022

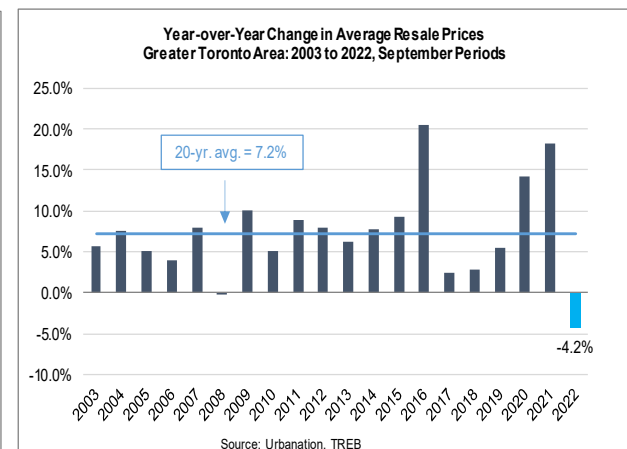
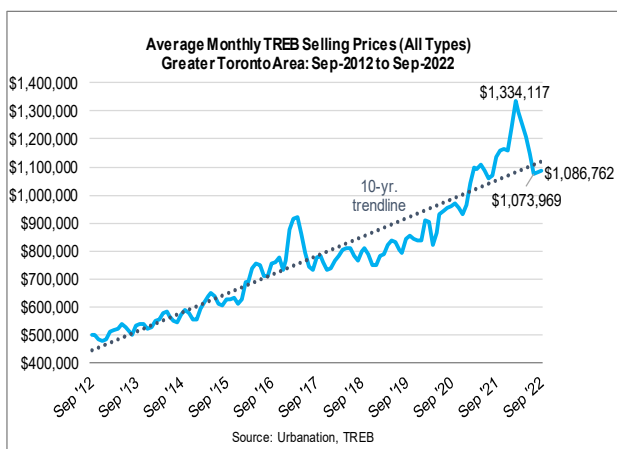
### Demand Indicators



### Supply Indicators

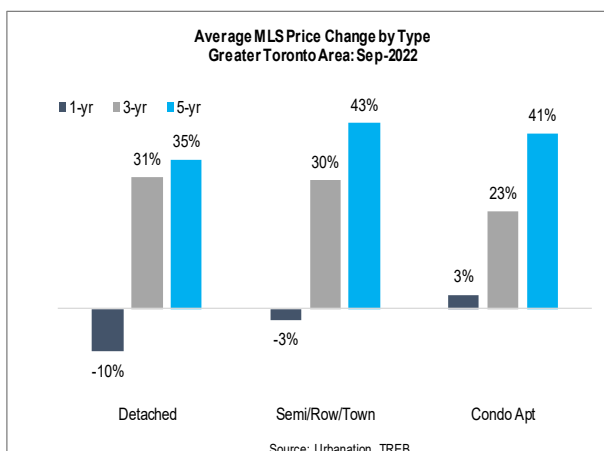
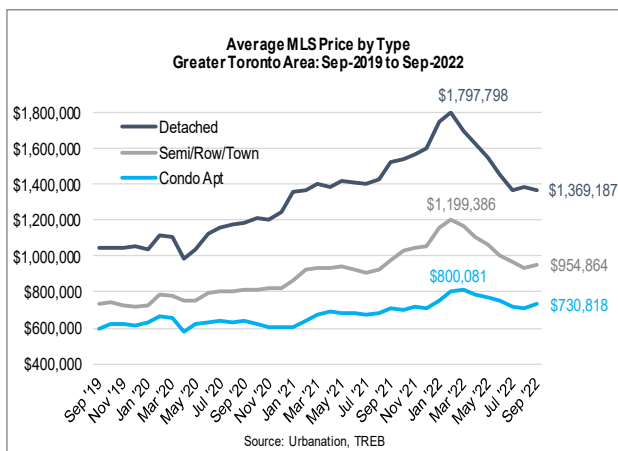
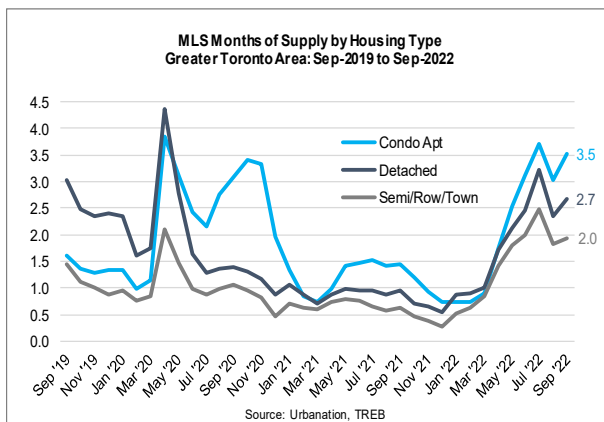
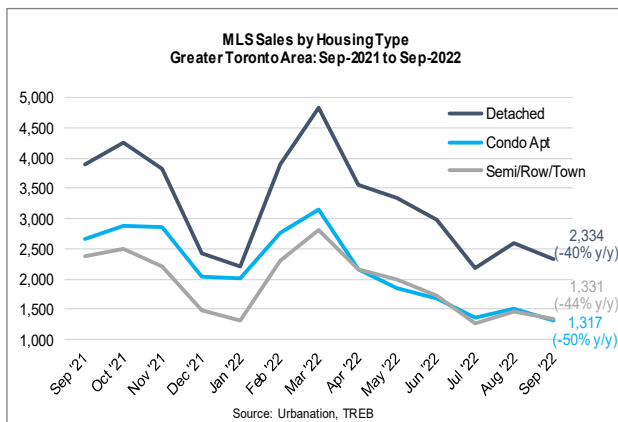


### Price Indicators



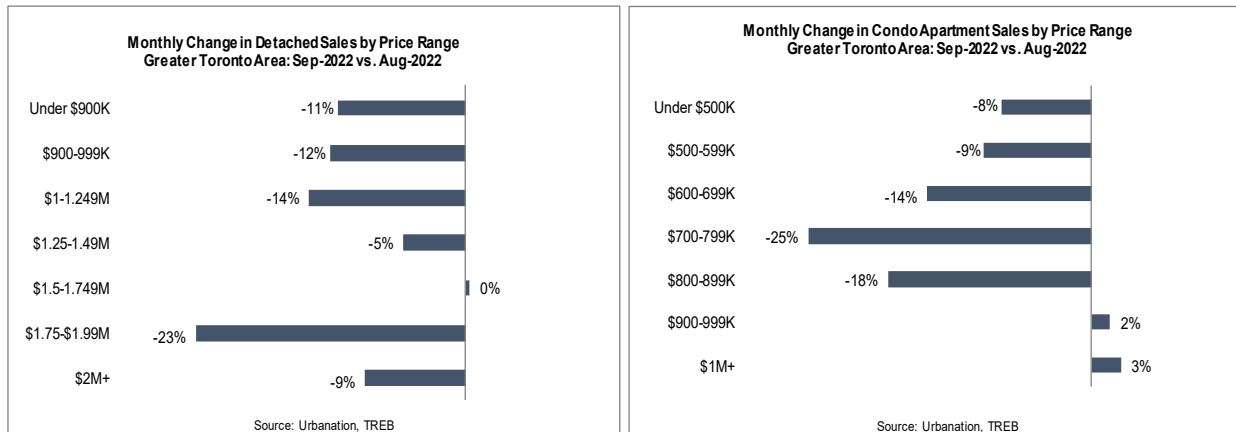
### Price Gains Focused on More Affordable Housing Types in September

- Average selling prices for condo apartments and semis/rows/towns recorded month-over-month increases of 2.7% and 2.0%, respectively, while detached prices slipped by 0.7% from August.
- Condo apartment prices increased last month despite sales falling 50% annually during September — the steepest drop in activity by housing type. Condo apartments also had the weakest sales-to-new listings ratio at 38% and the highest amount of inventory on the market at 3.5 months.
- Part of the explanation behind the rise in average prices for condo apartments during September was a compositional shift in activity towards more expensive units in the City of Toronto.
- Nonetheless, condo apartments were the only housing type to maintain positive year-over-year price growth in September with a 3% gain, compared to a 10% annual drop in detached prices and a 3% decline in average prices for semis/rows/towns. As of September, five-year price growth was strongest for semis/rows/towns (+43%) and condo apartments (+41%).



### Higher-End Condo Sales Increase During September

- While the detached market saw lower sales activity compared to August for all price segments, aside from the \$1.5-1.749 bracket which was unchanged, sales increased month-over-month for condo apartment sales priced above \$900K.
- The steepest monthly declines in sales were recorded for detached properties between \$1.75 and 1.99 million (-23%) and condo apartments between \$700 and 799K (-25%).



### City of Toronto Prices Increase Across All Housing Types in September

- Median selling prices rose 2% month-over-month for detached and semi/row/town homes, and by 1% for condo apartments in the City of Toronto during September. Meanwhile, median prices were flat for detached and semi/row/town homes in the 905, with 905 condo prices also rising 1% monthly.
- Supply levels were generally lower in the 905 than in the City of Toronto during September across all housing types. However, detached and semi/row/town homes in Toronto East recorded exceptionally low supply at 1.9 and 1.8 months, respectively. Supply was generally lowest in Durham Region, where detached prices declined the most year-over-year (-10%).

MLS Market Summary by Area and Housing Type																		
Greater Toronto Area: September 2022																		
	Detached						Semi/Row/Town						Condo Apartment					
	Sales	Y/Y %	Median Price	M/M%	Y/Y%	Mths of Supply	Sales	Y/Y %	Median Price	M/M%	Y/Y%	Mths of Supply	Sales	Y/Y %	Median Price	M/M%	Y/Y%	Mths of Supply
Toronto West	170	-41%	\$1,180,000	-1%	-9%	3.4	123	-37%	\$893,236	0%	-3%	2.7	167	-50%	\$620,000	0%	2%	3.7
Toronto Central	128	-49%	\$2,037,500	-2%	-7%	4.3	94	-56%	\$1,198,722	13%	-3%	3.9	585	-50%	\$700,000	0%	0%	3.5
Toronto East	199	-44%	\$1,100,000	0%	-9%	1.9	134	-53%	\$929,985	4%	-3%	1.8	123	-57%	\$575,000	2%	4%	3.5
<b>City of Toronto</b>	<b>497</b>	<b>-44%</b>	<b>\$1,290,000</b>	<b>2%</b>	<b>-7%</b>	<b>3.0</b>	<b>351</b>	<b>-49%</b>	<b>\$951,424</b>	<b>2%</b>	<b>-6%</b>	<b>2.4</b>	<b>875</b>	<b>-51%</b>	<b>\$666,000</b>	<b>1%</b>	<b>2%</b>	<b>3.5</b>
Haltom Region	291	-31%	\$1,350,000	6%	-6%	2.8	177	-32%	\$888,814	1%	-5%	1.5	85	-41%	\$605,000	-2%	-3%	3.3
Peel Region	421	-49%	\$1,235,000	0%	-6%	3.0	359	-46%	\$888,273	0%	2%	1.9	148	-56%	\$585,000	0%	5%	4.0
York Region	512	-44%	\$1,412,500	-4%	-9%	2.6	240	-45%	\$1,017,760	-1%	-4%	1.8	167	-47%	\$675,000	3%	6%	3.2
Durham Region	457	-31%	\$950,000	0%	-10%	1.6	158	-41%	\$737,823	0%	-3%	1.7	38	-34%	\$557,500	5%	5%	2.5
<b>905 Region of GTA</b>	<b>1,681</b>	<b>-40%</b>	<b>\$1,231,500</b>	<b>0%</b>	<b>-9%</b>	<b>2.5</b>	<b>934</b>	<b>-43%</b>	<b>\$896,200</b>	<b>0%</b>	<b>-2%</b>	<b>1.7</b>	<b>438</b>	<b>-49%</b>	<b>\$620,800</b>	<b>1%</b>	<b>4%</b>	<b>3.3</b>

Source: Urbanation Inc., TREB

## **Key Takeaways**

- Resale market activity remained restrained during September as affordability continued to erode and consumer confidence continued to fall. However, there been some emerging signs of stability as listings have followed in the same direction as sales, creating a near-term floor for prices.
- The market has been profoundly impacted by the aggressive moves by the Bank of Canada to fight off inflation, raising their benchmark interest rate from a low of 0.25% in March to 3.25% in September. The size and speed of the recent interest rate increases hasn't been seen in nearly 30 years.
- The combined effect of higher borrowing costs, high prices, and increased economic uncertainty has removed a lot of buyers from the market for the time being. Despite the recent price declines, affordability has continued to worsen, with the full effect of rate increases not yet felt as buyers in September were able to take advantage of rate holds under 4%. Current variable and fixed-term mortgage rates are above 5%.
- Overall, demand for housing in the GTA has continued to rise, as the population has begun to quickly expand and the job market has strengthened. This can be viewed through rental market activity, which showed average condo rents rising 14% over the past six months and 20% year-over-year in September.
- The ownership market should remain suppressed in the near-term as the Bank of Canada continues increasing interest rates. The consensus view is for the benchmark rate to rise to 4.0% by the end of 2022, with further marginal increases, if any, in early 2023. This view is based on the expectation that inflation has peaked — annual inflation slowed to a four-month low in August but at 7% remained well above the target range of 1-3%.
- As interest rates begin to level-out, the market will adjust more to higher borrowing costs. As this happens, prices will continue to find their footing and eventually see some recovery next year. However, with rates remaining higher than the market has been accustomed to in recent years, a modest pace for housing activity can be expected – i.e. it may take a while to get back to peak prices in early 2022.
- Recent data shows prices and sales levels are beginning to bottom-out. This has largely been supported by the exceptionally low amount of supply in the market and large amount of “shadow demand” looking for the right deal. Further downside risks for prices could materialize if the Bank of Canada needs to continue acting aggressively to tame inflation, if the economy enters into a deep recession and lending tightens up significantly, and if listings begin to trend sharply higher as homeowners face unbearable mortgage cost increases.
- Overall, downside risks remain contained and the positive outlook for the GTA's fundamental housing demand drivers and deteriorating outlook for supply as new development scales back continues to support the long-term outlook for housing values