GTA MONTHLY HOUSING REPORT

Prepared Exclusively for Royal LePage Signature Realty by Urbanation Inc.

December 2022

GTA Housing Market in Balance during November

Summary Points

- Home sales remained slow in November as activity declined to 4,544 transactions — down 49% from a year ago and 32% below the 10-year average. Many buyers remained on the sidelines due to the sharp reduction in affordability caused by higher interest rates, as well as low consumer confidence resulting from expectations for further rate increases and a slowing economy.

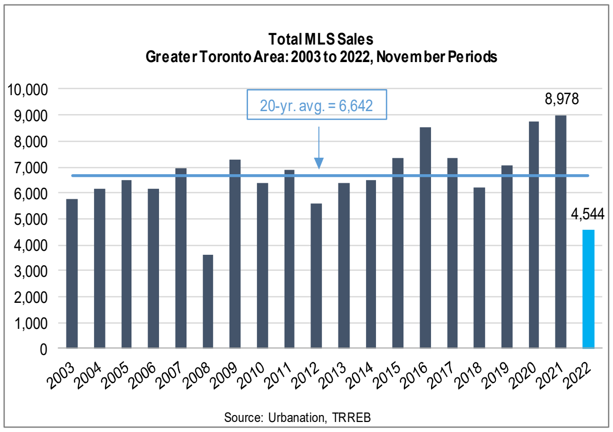
- Nonetheless, market conditions were balanced in November as new listings declined 12% year-over-year, resulting in a sales-to-new listings ratio of 51% (a balanced market is between 40% and 60%). Furthermore, active listings at month-end were 27% below the 20-year average and the 2.7 months of supply on the market was directly in line with the 20-year average.

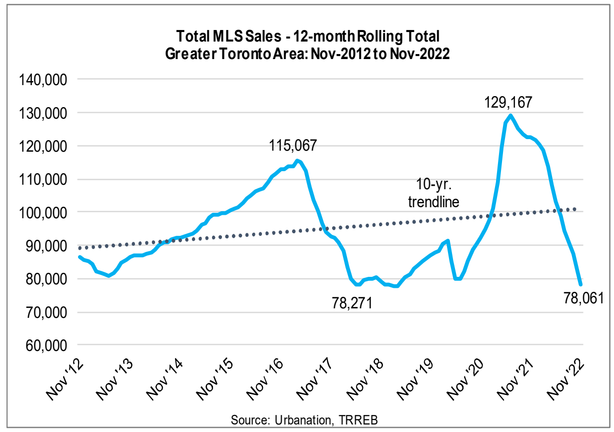
- The average unit sold for 98.3% of list price, a four-month high and close to the 20-year average of 98.8%.

- Average prices of $1.079 million in November were down 7.1% from a year ago ($1.163 million), but in line with the average recorded over the past five months ($1.081 million). Average selling prices were 19% below the February 2022 peak ($1.334 million) but 28% above the pre-pandemic level three years ago in November 2019 ($843K). The latest 20-year average for resale price growth in the GTA was 7.2% per year.

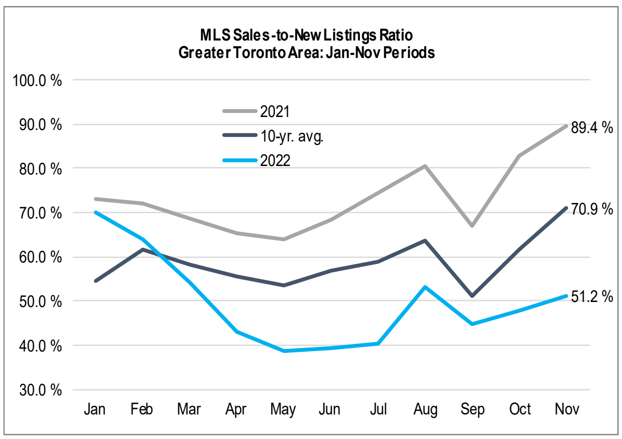
Summary Charts for November 2022

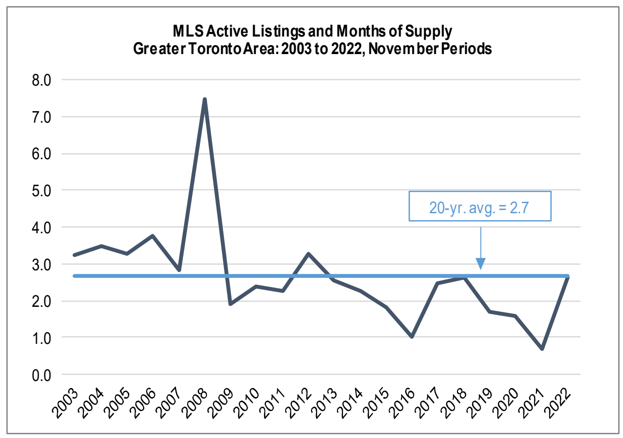
Demand Indicators



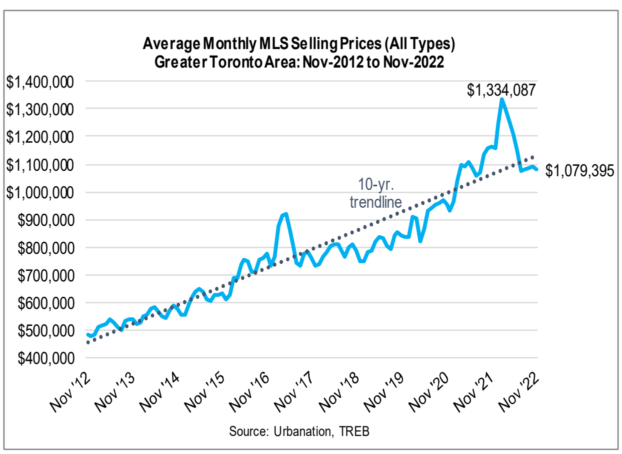


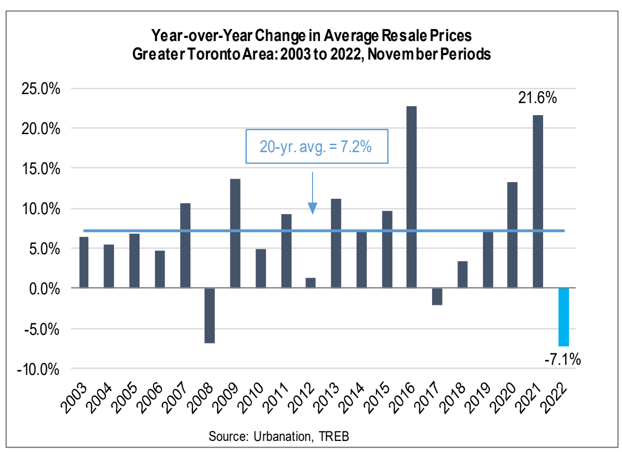
Supply Indicators





Price Indicators



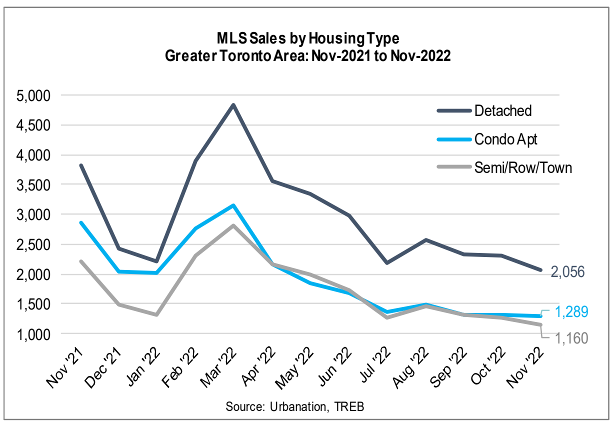


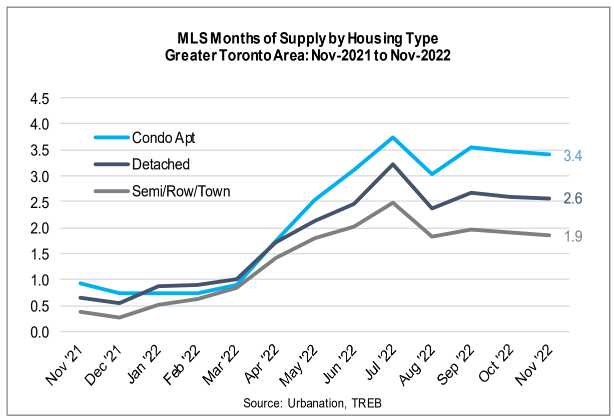
Average Detached Prices Rise to Five Month High

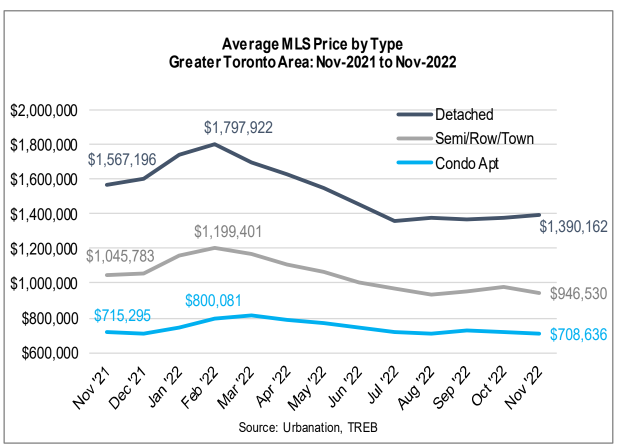
- Sales declined the most year-over-year by housing type for condo apartments (-55%), followed by semis/rows/towns (-47%) and detached homes (-46%).

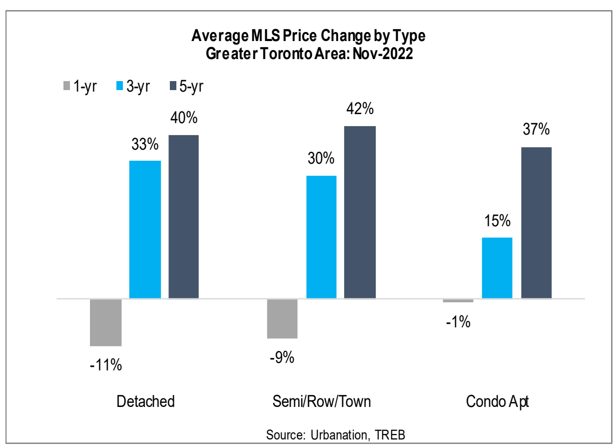
- Despite the slower sales environment, supply has levelled out across all housing types in recent months, remaining highest for condo apartments at 3.4 months, compared to 2.6 months for detached homes and 1.9 months for semis/rows/towns.

- With supply levels stable, prices have been supported in recent months across all housing types. Detached prices gained some momentum in November, rising 1.3% month-over-month to a five-month high of $1.39 million. Compared to a year ago, prices have declined the most for detached homes (-11%), while condo apartment prices were down only 1%. Over the past three years, price growth was slowest for condo apartments with a 15% increase, while price growth was strongest for detached homes at 33%.



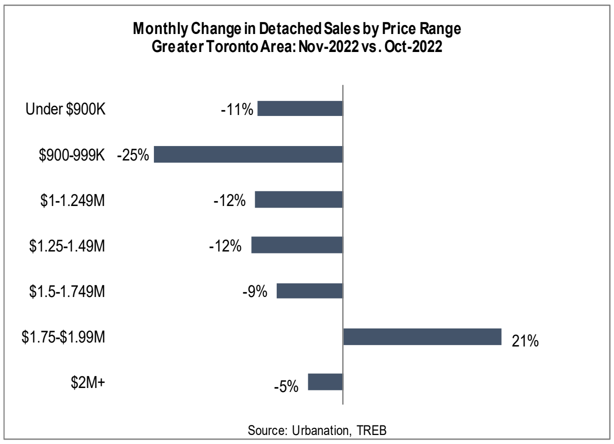


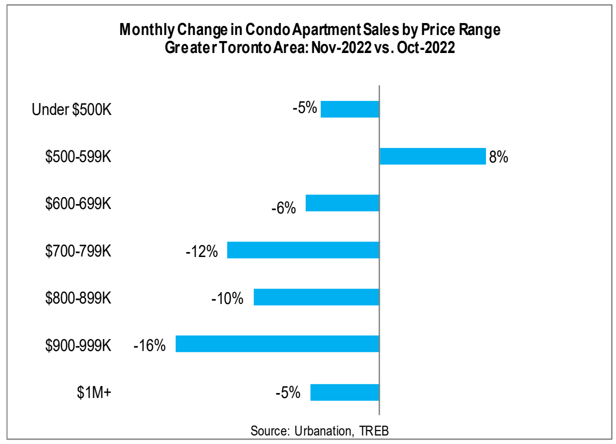




Detached Sales Gain Momentum above $1.75 Million

- The monthly gains in sales for detached properties selling for under $1 million in recent months reversed in November, as sales shifted towards more expensive homes. Detached houses selling for between $1.75 and $1.99 million increased 21% in volume over October. Within the condo apartment segment, sales declined month-over-month across all price segments except the $500-599K price range, which saw sales rise 8% from October.





Median Detached Prices Up 3% from October in Toronto and 905 Region

- Median detached prices increased 3% month-over-month in November in both the City of Toronto and 905 Region of the GTA. Compared to a year ago, median detached prices were down 11% in the City of Toronto and down 10% in the 905. Median prices for semis/rows/towns declined 6% annually in the City of Toronto and 11% in the 905, while median condo apartment prices were unchanged year-over-year in Toronto and down 1% in the 905.

- Supply levels were lowest among detached houses in Toronto East (1.2 months) and Durham Region (1.8 months), as well as semis/rows/towns in Toronto East (1.2) and in the 905 (1.7).

MLS Market Summary by Area and Housing Type
Greater Toronto Area: November 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	197	-32%	$1,190,000	2%	-12%	2.5	92	-57%	$870,105	-7%	-12%	2.8	177	-52%	$600,000	-2%	0%	3.2
Toronto Central	153	-45%	$1,780,000	-17%	-20%	3.2	126	-46%	$1,160,468	-4%	-7%	2.3	594	-55%	$686,500	-1%	-1%	3.3
Toronto East	192	-46%	$1,075,000	0%	-15%	1.5	129	-41%	$912,357	-9%	-7%	1.2	128	-54%	$555,000	-4%	-2%	3.2
City of Toronto	**542**	**-41%**	**$1,273,000**	**3%**	**-11%**	**2.3**	**347**	**-48%**	**$986,821**	**-5%**	**-6%**	**2.0**	**899**	**-55%**	**$649,000**	**-1%**	**0%**	**3.3**
Halton Region	209	-49%	$1,340,000	1%	-11%	3.4	147	-41%	$859,946	-1%	-13%	1.6	72	-44%	$630,000	0%	-2%	3.9
Peel Region	348	-53%	$1,240,000	3%	-11%	3.1	257	-57%	$855,187	-1%	-10%	2.1	140	-62%	$576,250	-3%	-1%	3.5
York Region	457	-47%	$1,505,800	4%	-8%	2.5	223	-41%	$995,834	-5%	-13%	1.5	140	-56%	$660,500	2%	0%	3.6
Durham Region	376	-44%	$925,000	0%	-14%	1.8	149	-41%	$730,444	-2%	-11%	1.5	32	-51%	$525,000	1%	-6%	3.4
905 Region of GTA	**1,390**	**-48%**	**$1,257,200**	**3%**	**-10%**	**2.7**	**776**	**-47%**	**$872,600**	**-3%**	**-11%**	**1.7**	**384**	**-56%**	**$612,800**	**0%**	**-1%**	**3.6**

Source: Urbanation Inc., TREB

Key Takeaways

- The GTA housing market continued to hold steady in a balanced state during November, characterized by a low sales volume, low supply, and flat pricing environment over the last five months.

- The housing market has been remarkably stable since July despite the Bank of Canada having aggressively raised its key policy rate from 2.50% to 3.75% (as of November). While rates were increased again in December to 4.25% (the highest level since December 2007) and the full impact of higher rates will take more time to work its way through the market, language from the Bank of Canada's latest policy statement indicates they will be taking a much more cautious, data-driven approach to deciding on further rate increases. With markets anticipating that the Bank has done enough to tame inflation, five-year Government of Canada bond yields have recently declined back down to the 3% level, bringing five-year fixed mortgage rates to under 5% as major banks.

- As rates stabilize, buyer confidence will improve and the prospect of any troubling degree of distressed selling will diminish, which should continue to provide support for current price levels. While some sellers are temporarily putting off their decision to list until early 2023, it is also anticipated that demand will improve from its 20-year lows. The spring market will very likely be less busy than typical years, but further downside risks for prices remains contained at this point.

- In 2023, the market is expected to continue adjusting from overheated conditions during the ultra-low interest rate environment of the pandemic. In that sense, sales levels are likely to remain below normal (although improving from current levels) and prices will trend sideways, allowing for affordability to improve as rates level out and potentially begin to decline later next year.

- The long-term outlook for the market remains positive, as demand and supply are heading in opposite directions. The delay of several thousand new condominium and rental units in recent quarters will lead to a drop in new completions in a few years, which will occur as immigration levels rise to record highs.

- The rental market has continued to outperform during the rising interest rate environment, with rents in November up 24% annually according to the latest data from Rentals.ca analyzed by Urbanation. This mismatch between housing demand and supply will continue to fuel further growth in rents, and eventually motivate more first-time buyers to enter the market.