



GTA housing market solid

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE NATIONAL POST

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Toronto Real Estate Board (TREB) members reported 6,681 sales in October, representing a 21% decline from the record level of sales reported in October 2009. While sales were down in comparison with last year, market conditions remained tight enough to see 5% year-over-year growth in the average October selling price, to \$443,729.

In my opinion, the resale housing market in the GTA has remained healthy. The sales levels reported in the second half of 2009 and first few months of 2010 were not sustainable in the near term. Many home buyers arguably purchased sooner than they otherwise would have to take advantage of record low mortgage rates during that period. As a result, we have seen the level of sales balance out in the second half of this year, but it is important to note that year-to-date sales through the first 10 months of the year are up 1% in comparison with the same period in 2010.

Here is TREB's senior manager of market analysis, Jason Mercer, on the state of the market into 2011:

"In comparison to last year, the number of resale home transactions in November and December of this year will be lower. This means overall sales for 2010 will be lower than 2009, but it is possible that we will see the third highest level of sales on record after 2007 and 2009," Mr. Mercer says.

"Affordability is expected to remain in check in 2011, with moderate growth in borrowing costs and household incomes. Sales should remain above the 80,000 mark in the GTA with a modest increase in the average selling price," Mr. Mercer says.

It is also interesting to look at how last month's results broke out across the GTA and by type. Annual change in sales and price was similar in the City of Toronto and 905 regions, suggesting the change in market conditions experienced since the spring have unfolded in a uniform manner.

When we start breaking market activity down by housing type, however, we see some stark differences. In the City of Toronto, 42% of home sales are accounted for by condominium apartments. In TREB's central districts, which encompass areas like the downtown core and North York city centre, the share of condominium apartment sales account for almost 60% of total transactions. GTA resale home transactions occurring outside of the City of Toronto, in contrast, are dominated by low-rise home types. In the 905 regions combined condominium apartments accounted for only 12% of total sales.

Jason Mercer suggests this has a lot to do with the history of condominium development: "Condominium development was initially centred in the downtown core of Toronto and along major transit lines and arteries. Moving forward, however, we will see the high-rise component account for a greater share of new-home development outside of the 416. Many first-time buyers will be looking for affordable housing outside of the City of Toronto and more aged households, many of whom will prefer to remain in [the suburbs], will be [moving] into apartments."

All in all, the GTA housing market remained solid in October. Generally speaking, households continue to find affordable housing options in Toronto and surrounding areas.

Bill Johnston is President of the Toronto Real Estate Board, a professional association that represents 30,000 REALTORS® in the Greater Toronto Area.

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