



Market Commentary

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE RESALE HOMES & CONDOS

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North Districts

Sales growth in TREB's north districts followed the trend for the GTA as a whole, with sales slightly more than double the level experienced in November 2008.

"The north districts encompass a broad array of housing alternatives, from large single-detached homes on estate style lots through condominium apartments pointed at first-time buyers. Because the existing home stock caters to the majority of home ownership preferences that exist in the GTA, it makes sense that sales growth in the north districts would follow that of the GTA as a whole," commented Jason Mercer, TREB's Senior Manager of Market Analysis.

The north districts also experienced the largest decline in average days on the market compared to last November, dropping 45 per cent to 29 days. Over the same period the average sale price to asking price ratio increased to 99 per cent.

Mercer expects that growth in ownership housing demand will remain strong over the long-term: "The GTA is the single greatest beneficiary of immigration into Canada. Many new comers chose to move into York region between 2001 and 2006 according to the 2006 Census of Canada. This speaks to the diversity of employment opportunities and amenities the northern GTA has to offer."

East Districts

The average home price for TREB's eastern districts remained lower than the averages for the west, central and north districts.

"The combination of comparatively lower home prices and very low mortgage rates has been attractive to households looking to take advantage of affordable low-rise home ownership opportunities. In some cases, for example, a household could purchase a single-detached house in Durham Region for the average price of a condominium apartment in downtown Toronto," explained Jason Mercer, TREB's Senior Manager of Market Analysis.

While the eastern districts have the lowest average price, it is interesting to note that they also exhibited the strongest year-over-year price increase in November, at 17 per cent.

"As in other TREB districts, demand for ownership housing has increased relative to the supply of listings in the market. The result has been strong growth in home prices," continued Mercer. "It is also important to realize that if the composition of home sales changes, this also impacts average price. For example, if the share of single-detached home sales was greater this year than last, that would influence the growth rate of average price."

West Districts

TREB's western districts experienced strong annual price growth on average, climbing 12 per cent to \$397,184.

According to Jason Mercer, TREB's Senior Manager of Market Analysis, "tighter market conditions have been one of the key factors behind the strong annual price growth experienced in the second half of 2009. Sales have risen strongly relative to listings. As we move into 2010, however, more sustainable annual price increases are expected to re-emerge. More households will list their homes for sale, as they react to the strong rates of sales and price growth experienced through the end of 2009. Increased choice in the marketplace will likely see the rate of price growth move into the single digits."

Mercer also commented on the diversity of housing types available in the west: "Transactions in the western districts are spread across many different home types and price ranges. In some parts of the west we have seen the construction condominium apartment projects catering to many different walks of life. At the same time, there also exists a wide array of low-rise housing that attracts first-time buyers right through to households looking for luxury accommodation priced over one million dollars."

Central Districts

In November, TREB's central districts experienced the largest year-over-year increase in sales at 111 per cent.

According to Jason Mercer, TREB's Senior Manager of Market Analysis, "the reason for the large reported increase in sales is two-fold. First, we have definitely seen a resurgence in consumer confidence regarding the home ownership market. Interest rates are very low and we have seen increasing signs that the economy is on the recovery path. Second, we also have to remember that we are comparing sales during the housing market recovery this year with sales during a steep market decline last year. This is known as the base year effect."

The central districts also experienced the shortest average days on the market and largest sale price to listing price ratio.

Mercer added that "sales have risen strongly relative to listings over the past year. With less supply in the market compared to demand, transactions have occurred at a quicker pace and substantial upward pressure has been exerted on the average resale home price."

Tom Lebour is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.