



TREB: Save HST with re-sale housing

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO STAR

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Resale housing market conditions continued to moderate in the Greater Toronto Area last month. With 6,564 homes changing hands in July, activity declined 34 per cent from July 2009 when there 9,967 sales. On the year, existing home transactions were up 12 per cent compared to the first seven months of 2009.

Given that real estate conditions vary in individual areas, specific figures for the 416 Area and 905 Region are important to consider. In the 416 Area there were 2,582 sales, while 3,982 transactions took place in the 905 Region. As compared to July 2009, when there were 3,880 sales in the 416 Area, activity in the city decreased by 33 per cent. In the 905 Region activity decreased by nearly 35 per cent compared to July 2009's 6,087 transactions.

Interestingly, moderate sales activity has not had an unfavourable effect on home values. New listings dipped to the lowest level for July since 2002. This means that there was enough competition between buyers to continue to see upward pressure exerted on the average selling price of a resale home in the GTA. With 21,714 active listings throughout the GTA there is about 10 per cent less choice in the market compared to a month ago when 23,923 homes were available for sale.

The average selling price of a home in the GTA last month was \$420,482, a six per cent increase over the July 2009 average of \$395,414. Average price growth meanwhile, was marginally stronger in the 905 Region than in the 416 Area. In the 416 Area, the average price of \$444,459 rose nearly six per cent from \$421,110 a year ago. In the 905 Region, the average price of \$404,935 grew nearly seven per cent from July 2009's average price of \$379,035.

Affordability is key reason that the resale housing market in the GTA and country-wide recovered so quickly from the recession. The share of the average household income going toward a mortgage payment on the average

priced home, plus utilities and property taxes remains within broadly accepted mortgage lending guidelines. Mortgage rates remaining close to record lows have mitigated much of the price increases we have seen over the past year.

Over the long term, the demand for resale homes is driven by population growth and the availability of jobs. The main driver of population growth in the GTA is immigration. The Toronto area is Canada's single greatest beneficiary of immigration. The availability of jobs in many different sectors of the economy is one of attributes that attracts so many people to the GTA. While the Toronto area, like most other parts of Canada, experienced job losses during the recession, the recovery has been quite strong. According to Statistics Canada, employment in the GTA has climbed above the pre-recession peak. Average earnings are also continuing to grow on an annual basis.

It's important to weigh a number of variables when considering your next real estate transaction. Economic conditions, local neighbourhood statistics and individual properties' attributes are just a few of the factors that a REALTOR® can help you consider before making your next move. To learn more about the benefits of working with a Greater Toronto REALTOR® visit www.TorontoRealEstateBoard.com where you will find market updates, GTA open house listings, neighbourhood profiles, and more.

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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