



The Market Remains Stable

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

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In recent months we have witnessed a shift in the resale housing market, on which analysts have offered a variety of perspectives.

The Toronto Real Estate Board's (TREB) statistics show that the Greater Toronto Area (GTA) has seen diminished sales activity in the past five consecutive months.

In the United States meanwhile, millions of families have lost their homes as a result of risky lending practices that precipitated a foreclosure crisis.

Despite these circumstances though, there are plenty of reasons to have confidence in the GTA resale housing market.

In May for example, 9,411 properties changed hands throughout the GTA. While this figure is down 16 per cent from a year ago, it's important to recognize that May 2007 posted the highest sales volume for any month in the Toronto Real Estate Board's 88-year history. The more than 9,000 sales recorded last month is unquestionably, still representative of a healthy market.

Many factors can influence the market and one on which we're keeping a close eye is the City of Toronto's Land Transfer Tax, which has been in effect for four months. One of the ways we're doing so is by monitoring statistics, not only on a GTA basis but also specifically within the City of Toronto and the 905 Region.

In the City of Toronto, there were 3,711 sales in May, down 19 per cent from last year's 4,578 sales. In the 905 Region, 5,700 transactions were recorded, which represents a 13 per cent decline from May 2007's 6,568 sales. When you look at May 2007 compared to May 2006, a different picture emerges. Sales in the City of Toronto were up 16 per cent and in the 905 Region, up 19 per cent. This is one of the reasons TREB is concerned about the Toronto land Transfer Tax and the impact it could be having.

Despite moderate sales activity though, prices have con-

tinued to increase. With an average price of \$398,148 in May, the GTA figure increased four per cent from last May's average of \$382,787. At \$434,271, prices increased three per cent in Toronto from \$422,163 a year ago, while in the 905 Region there was a five per cent increase to \$374,629 from \$355,341 last May.

While our market may no longer be characterized as hot, steady sales and modest price increases are favourable housing market conditions.

For buyers, there is more good news. Listing inventory has increased 15 per cent to 27,267 homes on the market in May compared to 23,739 a year ago. This extra supply of choices has affected the number of days properties remain on the market prior to sale. Even this figure however, has varied marginally from 28 days a year ago to 31 days in our current market.

There is also plenty of choice with respect to mortgage products, designed to make carrying costs more affordable. This factor combined with historically low interest rates and strong overall employment numbers are the key reasons our market continues to be healthy.

Another indicator of our market's stability is the list to sale price ratio, or the percentage of the asking price achieved on the sale of your home. Last month this figure stood at 98 per cent, down only one per cent from a year ago.

According to 2006 figures released recently by Statistics Canada, more people in our country than ever before own their homes. Specifically, 71 per cent of Ontario residents were homeowners in 2006. These statistics show that one thing on which most of us, can agree is that real estate is the best long-term investment you can make.

For more information visit www.TorontoRealEstateBoard.com. Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 27,000 REALTORS® in the Greater Toronto Area.