



Mid-year market report

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

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Throughout the next year, I will be bringing you news on the Greater Toronto Area resale housing market and there couldn't be a more exciting time to be taking the reins as President of the Toronto Real Estate Board.

Greater Toronto REALTORS® reported 10,955 sales last month, making it the best June on record. Compared to June 2008 when 8,600 homes changed hands, last month's sales increased an incredible 27 per cent.

The news with respect to house prices is also favourable. The average price of a home in the GTA was \$403,972 last month, up two per cent from a year ago when the average price was \$395,866.

In the City of Toronto there were 4,362 sales compared to 3,481 transactions a year ago. The average price meanwhile, was \$441,703 compared to \$433,082 last June.

In the 905 Region there were 6,593 transactions in contrast to 5,119 sales a year ago, while the average price was \$379,008, up from \$370,559 a year ago.

With 18,704 properties available for sale, June's active listings were down 30 per cent from a year ago when 26,697 properties were on the market.

Limited availability can have a positive effect on the market but it is only one factor in the equation. Most significantly, low borrowing rates continue to make home ownership more affordable. Currently the five-year fixed rate remains at about five per cent.

As we move into the autumn months, we may see some seasonal moderation however; June's numbers demonstrate the GTA resale housing market has weathered the global economic climate with remarkable resiliency.

From a broader perspective the news is also encouraging. In Ottawa the province's second biggest city, housing sales increased 12.5 per cent in June and the average price grew three per cent compared to a year ago.

On the national front, the Canadian Real Estate Association reported 49,521 sales in May, within one per cent of last May's total. The average house price in Canada meanwhile, peaked to a monthly record of \$319,757 in May.

The Organization for Economic Co-operation and Development, a British based think tank, also expressed cautious optimism with respect to the world economy recently.

Its latest report, which covers more than 80 per cent of the world economy, is the first in two years to see previous projections for economic growth revised upwards rather than downwards. After the deepest decline since WWII, global economic activity is showing signs of stabilization and in fact, Gross Domestic Product is expected to increase moderately in all of the G7 nations in 2010.

One key concern at home and abroad is employment. Canada's unemployment rate in May was 8.4 per cent - the highest rate in 11 years, and some forecasts project it to rise to 9.3 per cent by the end of the year. This is favourable though, compared to estimates of a 10 per cent global unemployment rate at the year's close.

Given that we're all inextricably linked, the most significant factor from a global perspective will be the timing that world leaders choose to scale back economy fuelling measures; doing so too soon could cut off growth while leaving it too late could cause government deficits to skyrocket.

From nearly every perspective, the road ahead won't be completely free of bumps but it can be stated with relative certainty that we can look forward to a much brighter picture in real estate and the economy in general in the months ahead.

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