



Expect demand to remain strong

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

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The first quarter of 2011 ended strongly for the existing home market in the Greater Toronto Area. Resale transactions reported through the TorontoMLS® system in March amounted to 9,262 – the second strongest March on record behind March 2010. There were 19,610 sales reported during the first quarter, representing a 12.5 per cent dip compared to the record pace experienced during the first three months of 2010.

I asked Jason Mercer, the Toronto Real Estate Board's (TREB's) Senior Manager of Market Analysis, to provide some context for the sales figures reported so far this year. He provided both a historical back-drop and a forward looking view:

“This year's first quarter result was slightly higher than the average for the last five years and was in line with TREB's forecast sales range for 2011. At the beginning of this year, our forecast range for sales through the TorontoMLS® was between 80,000 and 85,000. The actual first quarter result supports this forecast, so we will be making very little if any adjustment to our outlook on sales,” said Mercer.

The average price for March 2011 transactions was \$456,147, representing a five per cent increase compared to the average of \$434,696 reported in March of 2010. Price growth through the first three months of the year was quite uniform, ranging between four and little over five per cent. I asked Jason Mercer to provide his view on the pace of price growth so far this year.

“The annual rate of price growth in the first quarter was at the upper end of TREB's forecast range of between three and five per cent. We have not seen as many new listings as expected so far this year. In March, for example, new listings were down by 19 per cent compared to March 2010. This means that

market conditions have tightened up and there is more competition between buyers. The result has been continued price growth,” said Mercer.

When considering housing market conditions in the GTA, I think it is also important to break things down in terms of geography and home type. First off, home buyers in the GTA benefit from a great diversity of home types. In the first quarter, a substantial share of home sales was accounted for by the four major home types: single-detached and semi-detached houses, townhomes and condominium apartments. Low-rise home types accounted for approximately three-quarters of total sales, with condominium apartments accounting for the other 25 per cent. Average sale prices ranged between approximately \$320,000 for condominium apartments through to approximately 570,000 for single-detached homes.

It is interesting to note, however, that when we break sales down by geography the mix of home types sold can vary quite a bit. In the City of Toronto, 45 per cent of total sales were accounted for by condominium apartments. The regions surrounding the City of Toronto have a much greater share of low-rise sales along with some denser nodes of condominium apartment sales in parts of Peel and York regions.

The existing home market remains on a healthy footing in the GTA. Sales levels remain strong from a historic perspective and the average selling price continues to grow at a strong, but sustainable pace. With the economic outlook continuing to improve, I expect this situation will continue moving forward.

Bill Johnston is President of the Toronto Real Estate Board, a professional association that represents 31,000 REALTORS® in the Greater Toronto Area.

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