



Strong economy sees numbers boosted

Richard Silver

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

August 26, 2011

As one of the world's most diverse cities, Toronto welcomes nearly 100,000 newcomers to Canada each year. These people have chosen Toronto to begin building a better life. A report released recently by CIBC World Markets confirmed that the reasons for embracing Toronto are well founded.

The report assessed the performance of Canada's largest cities in the first quarter of this year, and while Toronto didn't come out on top in any individual category, the cumulative effect gave Toronto top position in the report's ranking of Canadian cities.

The Toronto Real Estate Board's figures on July's resale housing market are testament to the strength of our local economy.

A total of 7,992 homes changed hands in July, representing a 23 per cent increase over the 6,564 sales from a year ago. While sales were robust in July, it is important to note that the sharp increase is relative to July 2010, when higher lending rates, new mortgage regulations and misconceptions about the Harmonized Sales Tax dampened activity.

Including July transactions, there have been 55,863 transactions so far this year, within 1.3 per cent of last year's performance. Total sales for the year are expected to move above the 2010 total by the end of August.

Sales activity in the 905 Region outpaced that of the City of Toronto last month, with year-over-year increases of nearly 25 per cent and 21 per cent respectively.

The amount of time it took to sell a home, on average, declined compared to last year. Homes that sold this past July were on the market for an average of 26 days – down by 21 per cent from an average of 33 days a year ago. This decline in selling time is largely due to a dip in listings in comparison to last year. Less supply has led to more competition amongst home buyers, which has decreased the decision time for offers.

Tighter market conditions continued to drive strong annual growth in the average selling price. The average price of a resale home in the GTA increased by almost 10 per cent year-

over-year to \$459,122. Gains were slightly stronger in the city's surrounding area, with the 905 average price climbing 11 per cent to \$448,612. The average price in Toronto increased seven per cent to \$475,717.

Jason Mercer, the Toronto Real Estate Board's Senior Manager of Market Analysis suggested that market may become more balanced in the second half of the year: "We did see some year-over-year improvement in new listings in July, but sales continued to grow at a faster clip. As we move toward the end of 2011 and into 2012, expect more households to list their home for sale, prompted by the strong price growth reported during the first half of 2011."

Homeownership remains affordable in the Greater Toronto Area. Low mortgage rates and steady income growth have kept homebuyers confident in their ability to purchase and pay for a home over the long term. This is why the number of transactions and the average selling price has continued to grow. However, some of our REALTOR® Members serve consumers in the City of Toronto putting their clients at a disadvantage. Consumers could be doing even better with the repeal of the backbreaking and unfair upfront costs brought about by Toronto's additional land transfer tax. Mayor Rob Ford has promised to do away with the tax. All Members of the Toronto Real Estate Board, especially residents in the 416 area code, look forward to the fulfillment of this promise.

With the recent volatility of the financial markets, the strength of home ownership has become a great topic for discussion. Variations can occur but your home is where you enjoy your family and friends. Living in the Greater Toronto Area is a very wise long term investment with lots of options in terms of housing type and neighborhoods.

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

Follow TREB on www.twitter.com/TREB_Official, www.facebook.com/TorontoRealEstateBoard and www.youtube.com/TREBChannel