

TREB: Market recap: demand high, supply low

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TREB President Larry Cerqua

The Toronto Real Estate Board's monthly resale housing market report shows that September's market was no exception to the ongoing trend of high demand, and low supply across the Greater Toronto Area.

TREB Members reported 9,902 sales on TREB's MLS System, up 21.5 percent from September 2015, and annual rates of sales growth were strong for all major home types across the GTA.

However, sales growth was not as pronounced for detached homes in the city of Toronto as well as for semi-detached homes across the region, largely because the number of listings for these home types and in these areas was also down. I'd like to point out that this sustained lack of listing inventory in many GTA neighbourhoods is also contributing to continued high rates of price growth for all home types. Other influencers on the average selling price could also be related to changes in both market conditions and the mix of homes sold.

In fact, price growth was up across all home types when compared on a year-over-year basis. Both the MLS Home Price Index (HPI) Composite Benchmark, which provides a price growth measure for a benchmark home, allowing for an apples-to-apples comparison from one year to the next, grew by 18 percent. Meanwhile, the average selling price was up by 20.4 percent to \$755,755.

There has also been widespread speculation about the effects of foreign buyers on the Toronto real estate market. TREB is closely monitoring how the recent changes to federal mortgage lending guidelines and capital gains tax exemption rules impact the housing market in the Greater Toronto Area.

While these changes are pointed at the demand for ownership housing, it is important to note that much of the upward pressure on home prices in the GTA has been based on the declining inventory of listings.

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