

# DECEMBER 2024: TORONTO AND REGION

Prepared by: Chris Kapches, LLB, President and CEO, Broker



2024 has now come to an end, and unfortunately, it finished, to quote T.S. Eliot, not with a bang, but a whimper. Only 3,359 properties were reported sold, almost 2 percent fewer than were reported sold in December of last year. Although in absolute terms, a decline of a mere 60 properties is a small number, it must be remembered that 2023 was one of the most moribund residential resale markets in over 25 years.

In total, 67,610 residential properties changed hands in 2024, a marginal improvement of 2 percent over the 65,877 properties reported sold in 2023. These numbers can only be appreciated from a historical perspective. Throughout the decade leading up to the COVID-19 pandemic, annual sales averaged over 90,000 properties, with 113,040 sales in 2016. The highest number of sales ever recorded for the Toronto Region was 121,712 in 2021 during the height of the pandemic. Reported sales in 2024 were, sadly, consistent with those recorded in the late 1990s.

There were reasons for December’s poor performance. Buyers were disappointed with the lack of movement in fixed mortgage interest rates, notwithstanding the Bank of Canada’s reduction in its overnight lending rate on December 11, bringing the rate to 3.25 percent. Five-year fixed mortgage rates have remained over 4 percent. Additionally, the Federal government increased the cap on insured mortgage loans to \$1.5 million. Unfortunately, the changes did not take effect until December 15, too late for buyers to enter the market before the busy holiday season.

In December, the average sale price for all properties sold was \$1,067,168, marginally – 1.6 percent – lower than the average sale price for the Region in December of 2023, which was \$1,084,757. The Regional average sale price is deceptive. Condominium apartment sales made up almost 30 percent of all reported sales, with condominium apartment average sale prices for the Region coming in at only \$681,855. If condominium apartment sales are excluded, the average sale price for other types of properties—detached and semi-detached—becomes substantially higher. Detached property prices averaged almost \$1,400,000, and semi-detached property prices were well over \$1,000,000. In the City of Toronto, detached property sales exceeded \$1,600,000, and semi-detached property sales exceeded \$1,300,000. Unlike previous real estate

recessions, there was no appreciable decline in the average sale price, which is a contributing factor to the affordability crisis facing buyers.

YEAR-OVER-YEAR SUMMARY			
	2024	2023	% Change
<b>Sales</b>	3,359	3,419	-1.8%
<b>New Listings</b>	4,481	3,894	20.2%
<b>Active Listings</b>	15,393	10,368	48.5%
<b>Average Price</b>	\$1,067,186	\$1,084,757	-1.6%
<b>Average DOM</b>	36	32	12.5%

Source: TRREB 2024

Overall, 2025 indicators point to economic growth, improvement in borrowing costs, and moderate increases in home sales and average prices, although the future is clouded with challenges and uncertainties, particularly due to political upheaval in Canada and the United States.

Barring the impact of politics on the economy, it is anticipated that by year-end, the Bank of Canada will lower its overnight rate to 2.25 to 2.50 percent. This will have a positive impact on fixed mortgage interest rates, bringing the five-year mortgage rate down to around 4 percent—better, but still a long way from the 2 percent rate enjoyed by borrowers only a few years ago, and certainly not low enough to generate any form of robust or excited resale market.

The combined impact of lower, albeit modest, borrowing costs and easier entry into the resale market for properties valued at \$1.5 million or less will result in an improved marketplace compared to 2024. Sales are anticipated to increase by 6 to 8 percent (although this forecast may be a little over-optimistic), bringing total sales for 2025 to the range of 72,600 to 74,000 properties. This will be a welcome improvement but still a long way from pre-pandemic sales numbers. In 2024, sales increased by 2.6 percent compared to 2023.

The growth in average sale prices will likely be even more modest than the growth in sales. The year-end average

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sale price for 2024 came in at \$1,117,600, marginally lower than the average sale price of \$1,126,263 achieved in 2023. That number was predominantly front-loaded to sales at the beginning of the year. It is anticipated that average sale prices will increase within the range of 3 to 5 percent. 2025 will begin with an average sale price of \$1,117,600 and end with an average sale price of between \$1,150,000 and \$1,172,000.

Demand remains very strong and will continue into 2025. Population growth in the Toronto Region has been staggering over the last few years, substantially greater than supply. The problem for would-be buyers is affordability. Household income has not kept pace with borrowing costs and housing prices. Even with

the anticipated lower borrowing costs in 2025, buyers will require household incomes in excess of \$250,000 to qualify to purchase the average-priced home in the Toronto Region.

The year 2025 begins much more optimistically than 2024, but not without its uncertainties, especially on the Canadian political front and the impact the new American administration may have on the Canadian and more importantly, the economy of southern Ontario and the Toronto Region. Aside from those factors that buyers will have no control over, affordability will remain the market's major obstacle, although all signs point to improved conditions for buyers, certainly much better than the buying conditions in 2024.

