REAL ESTATE MARKET REPORT
JULY 2019: **TORONTO REGION**

July marks the 5th consecutive month of recovery in the Toronto and area residential resale market place. It started in March with 7,138 reported sales. Since March there have been substantive positive monthly variances compared to 2018, culminating in July's performance.

In July there were 8,595 reported sales, a dramatic 24.3 percent increase compared to the 6,916 sales that were reported in July of last year. Reduced mortgage stress testing thresholds, marginal declines in mortgage interest rates, a strong economy and growing consumer confidence are some of the factors responsible for this string of positive monthly results.

Another market positive is that we are seeing increases in the average sale price for homes in the greater Toronto area, but modest increases consistent with the rise in wages and the consumer price index. In July the average sale price came in at $806,755, only 3.2 percent higher than the average sale price of $781,918 achieved last July. This is the forth connective month where increases on a year-over-year basis have averaged about 3 percent. These increases are very encouraging because they ensure market stability and sustainability.

Market disparity between the Toronto market (416 region) and the greater Toronto area (905 region) continues, although it is not as extreme as it was in 2018 and early 2019. For example: the average sale price in the City of Toronto was $840,000, but only $807,000 in the greater Toronto area. The months of inventory in the City of Toronto is only 1.8 months, and 2.4 months in the 905 regions. All properties sold in the City of Toronto, including all condominium apartments, sold for 100 percent of their asking price (on average) and for only 99 percent in the 905 regions. Lastly in the City of Toronto all new listed properties spent only 20 days on market before being reported sold, while in the 905 regions they spent 23 days on the market. To repeat, although the disparity persists it is declining and not as marked as it once was.

The most sought-after housing type in the greater Toronto area are semi-detached properties. There was a startling increase of 42.3 percent in reported sales of semi-detached properties in the City of Toronto compared to similar sales in July 2018, although price growth was restrained at 5 percent. At months end there were only 257 semi-detached properties available for sale in Toronto. This is very problematic, since 276 semi-detached properties were reported sold in July, more than the total inventory of available properties in August. Unless a plethora of properties come to market in August and the fall, semi-detached properties will be like unicorns in Toronto's resale marketplace.

The lack if inventory continues to be a concern for the greater Toronto market place. In July 14,393 new listings came to market, almost 4 percent more than the 13,873 that came to market in 2018. Unfortunately, due to the string of absorption numbers over the last four months – over 36,000 properties have been reported sold since March – we enter August with only 17,938 active listings, almost 10 percent less than the 19,725 listings that were available to buyers last year.

Although strong sales numbers were reported for detached properties in July – detached property sales were up by almost 30 percent compared to last year – average sale prices declined by almost 10 percent. Detached property prices are experiencing the whiplash effect. Leading up to April 2017 detached property values increased substantially higher than other property types. During 2019 there has been a downward pull on detached property values, bringing them in line with other housing types, correcting the pre-April 2017 run up.

As has been forecast in these reports for the past few months, the future of the Toronto and area residential resale market is clear – anticipate monthly increases in sales volumes of at least 10 percent and increases in the average sale price of about 3 percent compared to the same month last year. I do not believe that the fall election will have any significant impact on Toronto's housing market and any stimulation that might be experienced by further declines in mortgage interest rates will be tempered by the mortgage stress tests that remain in place.

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