

Toronto and area's residential resale market, which I have been describing as beautifully boring over the last few months, got a lot less boring in September. Compared to last September, reported sales were up by 22 percent, but more concerning is the fact that average sale prices jumped by almost 6 percent. With salaries and wages increasing by only 3.5 to 3.8 percent affordability and substantially concerns once again get pushed to the forefront.

In September the average sale price climbed to \$843,115 for all properties sold in the greater Toronto area. In the City of Toronto, the average sale price made its way to \$913,096. These are the highest average sale prices recorded since the housing measures implemented by the provincial government in April 2017, and more concerning, they are beginning to approach the record high average prices reached in early 2017 that drove government intervention in the first place.

In the City of Toronto, it is now almost impossible to buy a detached or semi-detached property for under \$1 Million. In September the average sale price for detached properties came in at \$1,306,000 and semi-detached increased to \$1,069,000. What is alarming is the rise in condominium apartment sale prices, the region's most affordable housing type. For the City of Toronto, the average sale price came in at \$636,817, however the bulk of condominium sales take place in Toronto's central core, and there the average sale price popped to \$719,341, a record number. The sale of an average priced condominium apartment represents only 700 square feet of living space.

The 905 regions have also been showing signs of life, however they lag the prices that are approaching record highs in the City of Toronto. The average price for detached properties remains under \$1 Million (\$946,256), while semi-detached prices dramatically lag their Toronto counter parts, coming in at only \$689,950. In the 905 regions condominium apartments, which are becoming more plentiful, are only \$497,000.

No doubt the rise in average sale prices is being driven by a lack of inventory. This is particularly true in the City of Toronto. Throughout the greater Toronto area listed properties are down by over 14 percent compared to last year ----- 17,254 available properties for the entire greater Toronto area is simply insufficient supply. In the City of Toronto, the situation is becoming critical. At month end only 5,499 properties were available for sale. This translates into only 1.9 months of inventory. It is not surprising that all properties sold in the City of Toronto sold in only 19 days (including all condominium apartment sales) and astonishingly for 101 percent of their asking prices.

Given these market conditions it is imperative that the political parties engaged in Canada's federal election not make promises that will stimulate the housing market. In particular the Conservative Party's promise to lower the mortgage stress testing levels and increase amortization times will have a disastrous impact on the prevailing market and its longer term sustainability.