

TREB MARKET WATCH HIGHLIGHTS FOR MARCH 2019

Toronto Real Estate Board President Garry Bhaura announced that Greater Toronto Area REALTORS® reported 7,187 residential sales through TREB's MLS® System in March 2019. This result was in line with 7,188 sales reported in March 2018. For the first quarter of 2019, sales were down by one per cent compared to Q1 2018. While March and Q1 sales remained relatively flat compared to last year, new listings have declined more so than sales. March new listings were down by 5.1 per cent year-over-year and Q1 new listings were down by 1.5 per cent.

“The OSFI stress test continues to impact home buyers’ ability to qualify for a mortgage. TREB is still arguing that the stress test provisions and mortgage lending guidelines generally, including allowable amortization periods for insured mortgages, should be reviewed. The supply of listings in the GTA also remains a problem. Bringing a greater diversity of ownership and rental housing online, including ‘missing middle’ home types, should be a priority of all levels of government. TREB is happy to be taking part in the City of Toronto’s consultations for the Housing TO – 2020-2030 Action Plan, and will certainly be raising the supply issue during these discussions,” said Mr. Bhaura.

The MLS® Home Price Index Composite Benchmark was up by 2.6 per cent year-over-year in March, while the average price for March sales was up by a lesser annual rate of 0.5 per cent to \$788,335. The average selling price for Q1 2019 was up by 1.1 per cent year-over-year. “Market conditions have remained tight enough to support a moderate pace of price growth. Despite sales being markedly lower than the record levels of 2016 and early 2017, the supply of listings has also receded.

Sales & Average Price By Major Home Type^{1,7}							
March 2019		Sales			Average Price		
		416	905	Total	416	905	Total
2019							
Detached		671	2,559	3,230	\$1,267,598	\$910,624	\$984,782
Semi - Detached		215	456	671	\$1,020,561	\$680,501	\$789,462
Townhouse		296	957	1,253	\$741,881	\$617,226	\$646,674
Condo Apartment		1,349	616	1,965	\$603,969	\$463,774	\$560,020
Year-Over-Year Per Cent Change							
Detached		-4.0%	6.8%	4.3%	-2.1%	-1.2%	-2.1%
Semi - Detached		-8.5%	1.6%	-1.9%	-1.3%	4.5%	0.8%
Townhouse		15.2%	11.1%	12.1%	0.4%	1.2%	1.2%
Condo Apartment		-14.1%	1.7%	-9.7%	2.3%	3.3%	1.6%

Year Over Year Summary

	Feb 2019	Feb 2018	% Change
Sales	5,025	5,148	-2.4%
New Listings	9,828	10,473	-6.2%
Active Listings	13,284	13,362	-0.6%
Average Price	\$780,397	\$767,801	1.6%
Average DOM	25	25	0.0%

Average Price Growth – By Property Type (*Selected TREB Zones)

Includes 1-year, 5-year, & 10-year Compound Annual Growth Rates (“CAGR”)

Property Type	Feb 2019	Feb 2018	1yr CAGR	Feb 2014	5yr CAGR	Feb 2009	10yr CAGR
Detached	\$ 943,401	\$ 987,410	-4.5%	\$ 662,473	7.3%	\$ 417,882	8.5%
Semi-Detached	\$ 693,416	\$ 658,229	5.3%	\$ 430,476	10.0%	\$ 295,674	8.9%
Townhomes	\$ 608,870	\$ 595,144	2.3%	\$ 397,467	8.9%	\$ 263,753	8.7%
Condos	\$ 438,160	\$ 420,382	4.2%	\$ 267,447	10.4%	\$ 206,593	7.8%

Data Note : Average prices are based on firm transactions entered into the TREB MLS® system between the first and last day of the month/period being reported.

***TREB Zones Included in Report:**

Burlington. Halton Hills. Milton. Oakville. // Brampton. Caledon. Mississauga. //

Why the best time to buy is now

WHY WAITING MAY NOT BE YOUR BEST OPTION IN THE TORONTO REAL ESTATE MARKET

Toronto first-time home buyers often believe the best approach to entering the market is to take the extra time to save for a larger down payment in order to reduce their monthly mortgage payment. Unfortunately, given the dynamics of the Toronto real estate market, this thoughtful approach can often cost them their dream home.

MINIMUM DOWN PAYMENT*	MAX PURCHASE PRICE
\$20,000	\$400,000
\$25,000	\$500,000
\$35,000	\$600,000
\$50,000	\$750,000
\$75,000	\$999,999
\$200,000	\$1,000,000
\$300,000	\$1,500,000

STEADY INCREASE IN HOME PRICES

Toronto house prices have steadily climbed. On a compound annual growth rate basis, Toronto properties (all TREB regions) have grown 8.6% per year over the past 5 years, 7.6% per year over the past 10 years, and +6.7%* per year over the past 20 years. There are market blips you read about in the media reflective of short-term volatility that occur in any market. But, if you step back and look at the longer-term picture, the growth in Toronto real estate prices has been very consistent. Toronto is a high-demand real estate market, and while overall results are impressive, pockets of the housing market have outperformed whether it be on a geographic or property type basis.

While your realtor can provide you with a full analysis for your specific circumstances, one example of this would be the recent outperformance of the “416” region condo market. Given tighter lending guidelines, rising interest rates, and the higher price point of other property types, this relatively affordable segment of the market has experienced an annual growth rate of over 13%* per year over the past 3 years. To put that in perspective, Anna and Pete’s target home priced at \$750,000 could have increased to almost \$850,000 just one year later.

BUYING POWER TODAY VS. WAITING

Overall, while it may seem like a good strategy to sit on the sidelines and wait for the perfect time to buy, given the dynamics of the Toronto market, this strategy can often cost people their dream home. Let’s look back through the example of Anna and Pete. They have their heart set on a home at the target price of \$750,000 and have saved the minimum down payment amount of \$50,000. If they decide to postpone their decision to purchase, their circumstances could change as follows after one year’s time:

- The \$750,000 home could have increased to \$810,000 based on the 10-year average price average, or significantly higher based on more recent trends especially for homes at this price point.
- If interest rates were to increase by 1.00% over the next year, their maximum buying power could be reduced to \$695,000.
- Any mortgage rule tightening could further erode the purchasing power.