



Toronto Real Estate Market Report

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May 2016 was the best May in the history of the Toronto and area residential resale market. The market has evolved in such a way that every month new records are set. May was no exception.

The 12,870 reported sales were a record. That number eclipsed May 2015 sales by more than 10 percent. Last May there were 11,640 sales, which until this May, was an extremely strong number.

If the market is setting volume records, it follows that the market will be generating sale prices that are also setting new records. In May the average sale price for all properties reported sold in the greater Toronto area came in at \$751,908, surpassing the previous record of \$739,166 established the month before. May's average sale price exceeds last May's average sale price by almost 16 percent. In more concrete terms, the same house will cost a buyer \$102,000 more in May than it would have cost only a year ago. In the City of Toronto, the average sale price was even higher, scoring another record at \$782,051.

The central districts of Toronto are the most expensive place to buy a home. The average sale price for all central district properties came in at \$904,632. This price also includes condominium apartments, which because of their volume, made this number more digestible. The average price for a detached property in the central district came in at \$2,013,470, also a record. Semi-detached properties averaged \$1,034,802, again a record.

Clearly money is pouring into higher priced properties. Although no systematic analysis has been conducted, brokerages are anecdotally reporting more and more Asian investment in market areas that rarely saw foreign investors. In May 378 properties were reported sold having a sale price of \$2 Million or more. This is an astounding 61 percent more than the 240 properties that sold in this category in May 2015.

There are, other than condominium apartments, few, if any neighbourhoods that are still reasonably priced. The least expensive trading area in Toronto is in the north west, bordering on Brampton. The average sale price in this district (known as W10) came in at \$433,298, with 102 reported sales. The next least expensive neighbourhood is in the opposite end of the city, bordering on Pickering. The average sale price in this eastern reach of Scarborough came in at \$500,866 on the strength of 97 sales. These two trading districts and their average sale prices clearly indicated that you have to search a long way from central Toronto to find less expensive priced properties.

In the City of Toronto a detached house now costs \$1,285,693, another record. A semi-detached house, based on May sales figures, is now \$834,883, if you can find one. All detached houses in Toronto sold (on average) after only 12 days on the market, even faster in the eastern districts. Semi-detached properties sold in only (gasp!) 9 days, and unbelievably even faster in very popular trading neighbourhoods.

The numbers of sales, coupled with how quickly they have been taking place, has reduced the greater Toronto resale market to 1.6 months of inventory. Inventory levels in the City of Toronto are slightly higher at 1.9 months due to the large number of condominium apartments that are available for sale. But even condominium apartment sales are now moving at a pace not seen before.

In May all condominium apartment sales in the City of Toronto took place in only 23 days, 15 percent faster than the pace at which they sold in May of 2015. It should be noted that in a balanced market sales take place in 60 to 90 days, regardless of the property type. The volume of condominium apartment sales is also growing, given that condominium apartments may be the only housing type that a large sector of buyers can afford. Of the 4,639 sales reported in the City of Toronto in May, 2137, or almost 50 percent, were condominium apartments. As in the case of detached and semi-detached properties, the average sale price for condominium apartments continues to rise. In May the average price for a condominium apartment was \$442,520. In the central core, where most condominiums are located, the average price is higher, coming in at \$494,100.

As we approach the summer months with the average sale price for a typical property in the greater Toronto area being more than \$750,000, sustainability becomes a concern, notwithstanding an inventory shortage. At the beginning of June there were only 12,931 properties, including condominiums apartments, available for buyers to purchase. That number is more than 30 percent less than the 18,858 properties available for sale last year. It will be interesting to see if buyers will continue to compete for these properties, or if, as was described in a recent article on the Toronto and Vancouver real estate markets, we begin to experience "buyer gridlock".

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