REAL ESTATE MARKET REPORT

FEBRUARY 2025: TORONTO AND REGION

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CHESTNUT PARK
REAL ESTATE BROKERAGE

Real estate markets are generally influenced by local factors such as employment, the local economy, supply, affordability, and, ultimately, the domestic wants and needs of buyers and sellers. In February, however, local factors had only a tangential impact on the Toronto and Region residential resale market. Political policy considerations—specifically, the uncertainty they created—negatively impacted results.

Throughout the month, the Trump administration threatened to impose trade tariffs on Canadian goods and products entering the United States. In response, the Canadian government and the provinces developed retaliatory plans and measures. Economists weighed in, warning that tariffs—potentially as high as 25 percent on Canadian goods and products—would devastate the Canadian economy, resulting in massive job losses, inflation, and a significant decline in Canada's Gross Domestic Product (GDP). News of these potential tariffs, mostly based on speculation, dominated media channels, with President Trump personally promoting the agenda. The end result was fear and uncertainty, which immobilized buyers and sellers in Toronto and the surrounding region.

In February, only 4,037 residential properties were reported sold, a decrease of more than 27 percent compared to the 5,562 properties sold during the same period last year. Normally, even in flat markets, sales in February typically see a significant increase compared to January. For example, last year, despite a less-than-robust market, February sales were over 33 percent stronger than January's. However, this year, February's sales were only 5 percent higher compared to January's (3,834). The February sales figures for this year are more consistent with those from 1996, when the average sale price was only $202,263.

Remarkably, February's average sale price was $1,084,547, only 2.2 percent lower than the average sale price of $1,109,450 from February of the previous year. These numbers include condominium apartment sales, the least expensive housing type, which still accounted for more than 30 percent of all reported sales. The average sale price for all condominium apartment sales in February was $688,055, slightly higher at $724,632 for sales in the City of Toronto.

While the resale market throughout the region was historically weak, it was even softer in the 905 Region compared to the City of Toronto. Sales in the 905 area declined by almost 30 percent compared to last year, while the decline in the City of Toronto was only 22 percent. Average sale prices in the 905 Region dropped by 4.4 percent year-over-year, while in the City of Toronto, average sale prices increased by 2.3 percent. This divergence between the City of Toronto and the 905 Region began to manifest in the last few months of 2024 and has continued into this year.

Inventory levels increased again in February. There were 12,066 newly listed properties during the month, a 5.4 percent increase compared to the 11,443 properties listed last year. By the end of the month, there were 19,536 properties available to buyers, 76 percent more than the 11,097 properties available last year. However, it should be noted that February's inventory figures can be somewhat deceptive, as nearly 40 percent of the 19,536 properties available to buyers were relisted properties—homes that had previously been on the market but failed to sell, often due to the seller's high asking price.

YEAR-OVER-YEAR SUMMARY

	FEB 2025	FEB 2024	% Change
Sales	4,037	5,562	-27%
New Listings	12,066	11,443	+5.4%
Active Listings	19,536	11,097	+76%
Average Price	$1,084,547	$1,109,450	-2.2%
Average DOM	28	25	+12.0%

Source: TRREB 2025

The day before this Market Report was being prepared, the long-threatened tariffs—25 percent on most goods and products, and 10 percent on Canadian energy imports—were announced. Immediately, Canada and the provinces responded with strong retaliatory measures. We now have a tariff dispute with the United States. Initially, this news was devastating. However, as the situation is being processed, the uncertainty that has unsettled the Toronto and Region real estate market is beginning to dissipate. There seems to be a national resolve that Canada will navigate this economic challenge and emerge stronger. This resolution should positively impact the residential resale market.

The strong resale prices, particularly for ground-level properties in the City of Toronto, reflect the large pent-up demand from buyers. The cost of mortgage financing is beginning to decline, with more declines expected—perhaps even accelerated by the tariff dispute. Affordability, coupled with the historically strong desire for homeownership in the Toronto and Region marketplace, will likely unleash the built-up demand now that uncertainty has begun to subside. Early results from March indicate that this may already be happening.