REAL ESTATE MARKET REPORT

JANUARY 2025: TORONTO AND REGION

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The first month of 2025 prompts a reference to Hugh MacLennan's 1945 novel (Two Solitudes), primarily because it is Canadian, and secondly, because it symbolically acts as a reference point for the Toronto and Region residential resale market: two solitudes.

January did not start with a bang, at least in some sectors. Overall, 3,847 properties were reported sold, almost 8 percent fewer than the 4,177 properties reported sold in January of 2024. Coming into 2025 expectations were high for a strong start, especially since the Federal government had increased the cap on insured mortgages to $1.5 million (December 15, 2024). Theoretically this would enable buyers with smaller down payments to enter the market. It didn't happen, at least in January. No doubt the political turmoil – US tariffs, Federal Liberal party leadership race, and a provincial election – created heightened and for some a troubling level of economic uncertainty.

A deeper dive into the January resale data (TRREB) indicates that the marketplace was not operating homogeneously. Detached, semi-detached and townhouse sales in the City of Toronto were collectively 15 percent higher than similar ground level sales in 2024. In the 905 Region similar property sales decreased by 9 percent, a starling disparity, two solitudes.

The condominium apartment market was down across the board. In the City of Toronto condominium sales decreased by 14.5 percent compared to last January, and by 7.4 percent in the 905 Region. The average sale price for condominiums in the City of Toronto continued its downward trend coming in at $691,039, a decline of 2.5 percent. In the 905 Region average sale prices for condominiums remained stable coming in at $633,932. It is interesting to note that in January 2022, the average sale price for condominium apartments sold in the City of Toronto was $760,000. By January 2023 the average sale price had declined to $711,000 and this year it came in at $691,000.

Inventory levels continued to increase during the first month of 2025. In January 12,392 properties came to market. This is a deceptive number in that more than 30 percent of these properties are relisted properties, properties that had previously been on the market and didn't sell. The total number of properties available to buyers at the end of January throughout Toronto and the surrounding Region totalled 17,157 properties, over 70 percent more than the number of properties available last year. Almost 7,000 of those properties are condominium apartments, more than 65 percent of them located in the City of Toronto. At the end of January there were 6,920 active listings in the City of Toronto. More than 65 percent of all of the City of Toronto's active listings (4,540) are condominium apartments.

Notwithstanding these conflicting marketplaces and numbers, the Toronto and Region overall average sale price remained robust, coming in at $1,040,994, 1.5 percent higher than it was last January ($1,025,226). Its strength is a reflection of ground level sales in the City of Toronto, and sale prices in the 905 Region. The average sale price for detached, semi-detached and townhouses for January was $1,225,000. The average sale price for similar type properties in the 905 Region was only $1,065,000, again two solitudes. Clearly the demand for ground level properties persists, even in the face of all the prevailing political turmoil and economic uncertainty.

Whereas sales of ground level properties in the City of Toronto increased dramatically in January compared to last year, combined by more than 15 percent, similar type properties in the 905 Region declined. In fact, sales of ground level properties in the 905 Region combined declined by 9 percent, again two solitudes.

YEAR-OVER-YEAR SUMMARY

	2025	2024	% Change
Sales	3,847	4,177	-7.9%
New Listings	12,392	8,337	48.6%
Active Listings	17,157	10,083	70.2%
Average Price	$1,040,994	$1,025,226	1.5%
Average DOM	37	37	0%

Source: TRREB 2025

The weakness in the condominium apartment market can be explained. Many of the units on the market are investor units. Declining average sale prices, combined with declining rental rates for condominiums have rendered them no longer an attractive investment vehicle. The numbers in this report only partially reflect the dire condition of the condominium apartment market. Unmeasurable thousands of condominium apartments are available on the assignment market, most if not all, underwater (worth less than what they originally sold for). In addition to declining rents, increased mortgage rates have also taken the luster off condominium apartment sales and prices. There are many condominium projects that are and will be registered and completed in 2025 and 2026, adding more inventory to the market. These "structural" problems with the condominium market will take some time to normalize.

It is a little harder to explain the disparity of sales between the City of Toronto and the 905 Region. It may be a post pandemic phenomenon – many buyers who left the City to seek "sanctuary" housing – more space, affordability, more security – are returning to the City and the demand for housing in the 905 Region has commensurately declined. This is speculation and the phenomenon may be restricted to January and will normalize over the rest of 2025.

Early February numbers are much more robust. The positive change in sales started at the end of January and has continued. It would appear that consumers have digested and rationalized all the market turmoil of early January and are moving forward. Residential resale markets are driven by local domestic conditions – local economy, job market, population growth, demand, available inventory, and affordability. Of all these factors, only affordability (or lack thereof) is trending negative.