

# OCTOBER 2024: TORONTO AND REGION

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The Bank of Canada began lowering its benchmark rate on June 5th of this year. It did so again in July, September, and on October 23rd it made its biggest reduction, 0.50 percent, bringing its overnight lending rate to 3.75 percent. The Toronto and Region residential resale market did not immediately react to these rate reductions, in fact the market's immediate reaction was one of caution, which further immobilized buyers.

Based on the policy statements accompanying the Bank of Canada's rate reductions, more rate cuts were on their way. With mortgage interest rate levels higher than they have been in recent memory, and average house prices still high, potential buyers waited for a more affordable buying landscape. As a result, the market's sales performance in July, August and September was abysmal. Higher sales volumes were being achieved more than two decades ago when the Region's population was almost 2 million people fewer than it is today.

All that changed in October. The four rate cuts have provided some affordability relief, and buyers responded positively. In October 6,658 properties were reported sold, a 44.4 percent improvement over the 4,611 properties reported sold last October. Although this is a substantial, and welcome improvement, it is still lower than the typical number of sales in October over the past 15 years. For example, in October 2011, 7,642 homes traded hands. October's numbers were also a welcome improvement over September's sales. In September only 4,978 homes were reported sold. The 6,658 sales in October were a 34 percent improvement over last month's results.

Average sale prices continued to stay strong. In October the average sale price came in at \$1,135,215, 1.1 percent higher than the average sale price of \$1,123,390 achieved last year. Average sales prices declined marginally in the 905 Region (less than 1percent) but strengthened in the City of Toronto. The average sale price for detached properties in the 416 Region came in at \$1,778,855, an increase of 4.4 percent, while semi-detached properties came in at \$1,315,547, an increase of 3.3 percent compared to October last year.

Condominium apartment sales improved along with other sectors of the resale market in October, although not quite to the same degree. In October condominium apartment sales throughout the Region were up by 33.4 percent whereas ground level property sales (detached, semi-detached and townhouses) increased by almost 50 percent year-over-year.

The increase in condominium apartment sales was, no doubt, in part driven by their continuing decline in average sale prices. Notwithstanding that sales of condominium apartments in the City of Toronto increased by 32 percent, the average sale price declined by 1 percent. The average sale price came in at \$721,366. At the end of October there were 8,774 condominium apartments available to buyers. This represents 35 percent of the entire supply of available homes in the Region.

Generally, supply remains high compared to the years leading up to the pandemic market, which saw supply plummet. During the pandemic market, almost every property coming to market was immediately absorbed. At the end of October there were 24,481 properties available to buyers throughout the region, more than 25 percent higher than the 19,536 available last year. The number of new listings coming to market slowed in October. Although higher than last year, the number of new properties coming to market was reminiscent of the number of properties coming to the market in October in the years before the pandemic. In October 14,700 new listings came to market. In 2018 and 2019, 14,435 and 13,050 properties came to the market in October, respectively.

Semi-detached properties, particularly in Toronto's eastern and western trading areas, continue to be the most sought-after property type. Desirable communities and price point are driving this sector of the marketplace. In the City of Toronto's western trading areas all semi-detached properties sold for \$1,315,547 (on average), in 19 days, and for 103 percent of their asking price. In the City's eastern districts all semi-detached properties sold for \$1,235,314 (on average), amazingly in only 13 days and (also amazingly), for 107 percent of their asking price. Unlike condominium apartments, the supply of semi-detached properties is almost non-existent. Throughout all the trading areas of the City of Toronto only 515 semi-detached properties were available for sale – representing only 2 percent of the Region's entire inventory.

YEAR-OVER-YEAR SUMMARY			
	2024	2023	% Change
<b>Sales</b>	6,658	4,611	44.4%
<b>New Listings</b>	15,328	14,700	4.3%
<b>Active Listings</b>	24,481	19,536	25.3%
<b>Average Price</b>	\$1,135,215	\$1,123,390	1.1%
<b>Average DOM</b>	27	21	28.6%

Source: TRREB 2024

Looking forward towards the end of 2024 and into 2025 we are optimistic about the Toronto and Region residential, resale market. The Bank of Canada's lower benchmark rate – now at 3.75 percent – has made purchasing a home in the Toronto Region more affordable but a return to pre-pandemic affordability is still far in the future. As October came to an end, five-year fixed term mortgage rates continued to hover around 4.5 percent, substantially higher than the 2 percent rates available before and during the pandemic. Another Bank of Canada rate cut is expected in December, likely another 0.5 percent. This will further drive the market momentum that we saw in October. Early November data indicates that the momentum is continuing.