

REAL ESTATE MARKET REPORT

SEPTEMBER 2020: TORONTO REGION

We have run out of superlatives to describe the greater Toronto residential resale marketplace. Records have been broken consistently for the last few months, and September was no exception. Two records were shattered in September: most sales ever recorded for the month, and the highest average sale price for all properties reported sold.

In September 11,083 residential resale properties were reported sold. This is more properties reported sold than in any previous September. By comparison, last September 7,791 properties were reported sold. This year's sales were 42.3 percent higher than reported sales in 2019. September's sales brought the year-to-date total to 68,793, 1 percent higher than the number of reported sales at the same period last year. This means that in the last four months the market has made up for the momentum lost during the implementation of the lockdowns and the provincial emergency measures designed to contain the spread of the Coronavirus in March.

The second record was the average sale price for all properties sold. In September it came in at \$960,772. The previous record was set in August at \$951,536, and the record before that was set in July at \$943,609. September marks the fourth consecutive month in which a new average sale price record has been set. It is almost unfathomable that in April the average sale price was only \$820,222. Since April it has increased by 17 percent.

It should be noted that in the city of Toronto the average sale price came in at \$1,022,051. This is an astounding number when it is remembered that of the 3,551 recorded sales in the city of Toronto, 1,549, or 44 percent, were condominium apartments. During the pandemic condominium apartments have been out of favour. Buyers have sought out ground level properties that offer outdoor space. In September the average sale price for all condominium apartments sold only rose by 7 percent compared to the same month last year. Detached home prices increased by 28 percent and semi-detached home prices by almost 50 percent (in the city of Toronto).

For the third consecutive month more listings came to market compared to the same month last year. In September 20,420 new properties came to market, a 31 percent increase compared to the 15,616 that came to market last September. Due to the incredible absorption rate in September (11,083 sales), at month end there were 18,167 properties available to buyers, a mere 5 percent increase compared to the 17,254 available last year. In order to experience a balanced market, the marketplace would require an available inventory of at least 25,000 active listings. It is not surprising, given the absorption rate, that throughout the greater Toronto area all properties (on average) sold in just 16 days.

During the pandemic there has been an explosion of higher priced property sales. In September 461 properties having a sale price of \$2 million or more were reported sold. This represents an 86 percent increase compared to the 248 properties reported sold in 2019. No doubt the need for space, coupled with historically low interest rates (5 year mortgage rates at less than 2 percent) have driven those that can afford it to larger more expensive properties.

September's market data provides some empirical proof that buyers are looking for space and ground level properties far from the core of the city of Toronto. Although sales were strong in the city of Toronto – 3,555 sales which amounted to a 20 percent increase compared to the 2,987 properties reported sold in 2019 – that paled compared to what happened in Toronto's 905 region.

Of the 11,083 reported sales in September, 7,528 of them were in the 905 region. Last September only 4,804 properties were reported sold in the region. Year-over-year this represents a 57 percent increase in the number of sales, substantially and dramatically higher than the city of Toronto. Also, in September, the average price rose by approximately 12 percent in the city of Toronto but by almost 17 percent in the 905 region with South Simcoe County, the region furthest north from Toronto, registering an average sale price increase of 20 percent compared to last year. At this rate average prices in the 905 region will not remain lower than prices in the city of Toronto for much longer. The average priced property in the 905 region, however, does buy more land, and more space compared to similarly priced properties in Toronto. It should be noted that some districts in the 905 region have also become pricey. In September the average price in Halton region was \$1,087,859 and \$1,066,380 in Peel, both higher than the average price for all properties sold in Toronto (\$1,022,051).

Early data for October indicates that it will be as robust as September. Those buyers that have had not been directly and economically affected by the pandemic continue their quest to purchase properties that not only meet their needs but that can act as a sanctuary in these uncertain times. They do so while having access to mortgage financing at less than the rate of inflation.

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