



Highlights

- Toronto's average resale home price surpassed \$1.0 million for first time ever.
- Strong price growth supported by demand for low-rise housing.
- Condo apartment segment starting to show signs of awakening after a difficult 2020.

Toronto's average home price breaks \$1.0 million for first time ever

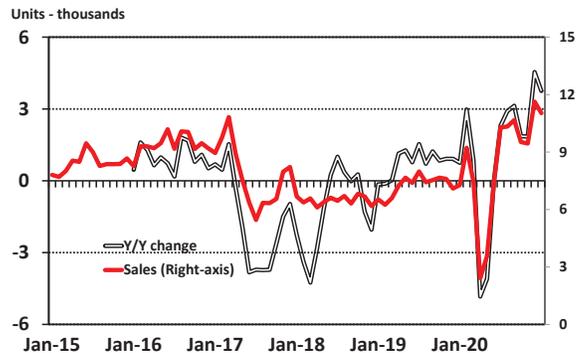
The Toronto Region Real Estate Board (TRREB) released January 2021 data this week and the big story was housing valuation. For the first time since the data started being collected and released the seasonally adjusted average home price broke the \$1.0 million mark, coming in at \$1,005,333 (3.4 per cent growth from December). Despite adjusted sales falling 5.1 per cent in January after a very strong December which saw 23.1 per cent growth, compositional effects and a greater share of single-detached sales helped lift average price growth.

After increasing by 14.3 per cent in December new listings fell back down in January by 18.2 per cent. A stronger pull back in new listings relative to the slight pull back in sales tightened the market further. The sales-to-new-listings-ratio came in at 78.8 per cent in January, up from 67.9 per cent in December. The last time the SNLR was this high was back in January 2017 just before government policies came into place to cool a very hot market.

Year-over-year sales were up 51.6 per cent, new listings were up 19.9 per cent, and average price was up 15.5 per cent.

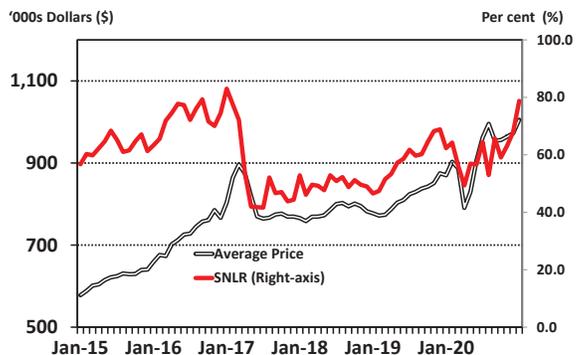
The seasonally adjusted constant quality housing price index (HPI) moved up significantly in January (by 2.1 per cent) after very modest month-over-month growth in the last quarter of 2020 (0.7 per cent average monthly growth). Very strong growth to the single-detached HPI (up 3.0 per cent) and modest growth to

Existing Home Sales, Toronto Region REB



Source: TRREB, Central 1 CU. Note: Seasonally adjusted. Latest: Jan.-21

Existing Home Sales, Toronto Region REB



Source: TRREB, Central 1 CU. Note: Seasonally adjusted data presented, SNLR = sales-to-new-listings-ratio. Latest: Jan.-21

the townhome/row HPI (up 0.7 per cent) largely lifted the overall HPI. We are possibly seeing the initial signs of a rebound in the condo market after sliding for three consecutive months as the condo apartment HPI moved up 0.5 per cent in January. Year-over year the overall HPI moved up 11.9 per cent in January, an increase from 10.8 per cent in December.

Low interest rates and the desire for space continue to pull many buyers towards the low-rise market especially single-detached homes. Barring any further shocks, the resale homes market is setting up to have a very strong year in 2021 especially once economic and social life starts to return to something closer to normal. The only thing that could slow the market down is affordability issues. If market tightness persists; many potential buyers could be priced out of the market low interest rates notwithstanding.

The rebound in demand for condo apartments in January could be a positive sign that buyer confidence in this segment, particularly by investors, is starting to firm up. With economic and social life expected to return to close to normal in the second half of 2021, investors may be returning to the market to take advantage of deals and prepare for demand from students, immigrants, and tourists post 2021.

Edgard Navarrete

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com