



MARKET HANDBOOK
MARCH EDITION

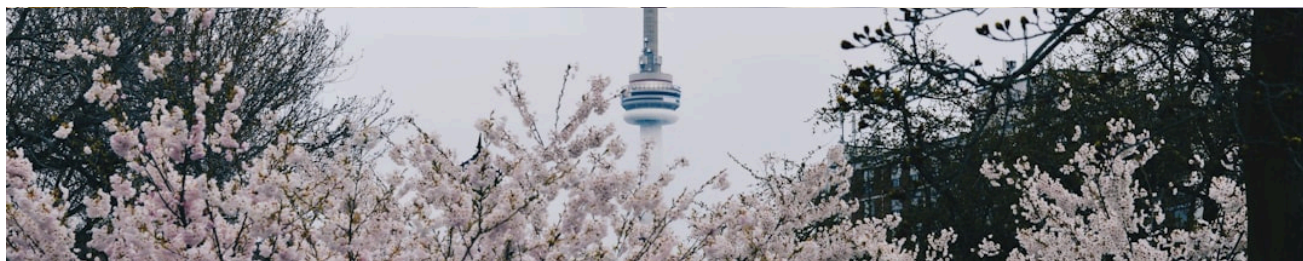


Better Late Than Never - Our Spring Market Came and Went in January, February and March...

We began the year with Real Estate taking off early, as it had done in previous years. Inventory was down in Toronto, and we were in competitive multiple-offer bid nights for our Buyers. While some Real Estate continued to take off in certain asset classes and neighbourhoods, overall, our spring market saw an increase in inventory without an increase in sales. Last year, we finished the year with 65,000 transactions, the lowest number of sales in 27 years since 1996. While we had anticipated this would be the recovery year, with all the buzz of interest rate drops looming on the horizon, that hasn't happened as expected. The U.S. economy is holding its rates, its economy is booming, and its inflation is up-ticking. The U.S. rate may not drop until next year. Hence, the Bank of Canada is holding our rates steady, and many homeowners and homebuyers are feeling the pinch. It has been a long haul with these interest rates.

The Bank of Canada is juggling a weakening economy that needs decreased interest rates, but they also don't want to crush the Canadian dollar. If possible, they will delay reducing interest rates for as long as possible. Canadian homeowners need to hang on tight for another six months to a year or so, so they say.

Overall, we experienced successful bid nights for our Sellers for April. Their listings came out well-timed in early to mid-April, and they received multiple offers selling either at market value or slightly above market value. This success story is a beacon of hope in the current market conditions. Shortly after they sold, we noticed some failed bid nights. Timing is critical; some are an ear to the ground, and some are good luck on your side. Buyers have generally cooled. Initially, the market became heated with multiple offers and a lack of good inventory, and Buyers fatigued early this year. While numerous offers have cooled slightly, Sellers and Buyers are cautiously walking through this Spring Market. It's a mixed bag out there—a hyper-micro market.



If you have any questions, give us a shout. We're not just here to provide you with market updates but also to help you understand the value of your property. We're happy to provide your home with an updated valuation for financing and current market value. Knowing the value of your property can give you a sense of security in these uncertain times.

Stay tuned,

Cari & Paul

Economic Indicators							
Real GDP Growth				Inflation (YR/ YR CPI GROWTH)			
Q4	2023	1.0%	▲	February	2024	2.8%	▼
Toronto Employment Groth				Bank Canada Overnight Rate			
February	2024	1.7%	▲	February	2024	5.0%	—
Toronto Unemployment Rate (SA)				Prime. Rate			
February	2024	7.1%	▲	February	2024	7.2%	—

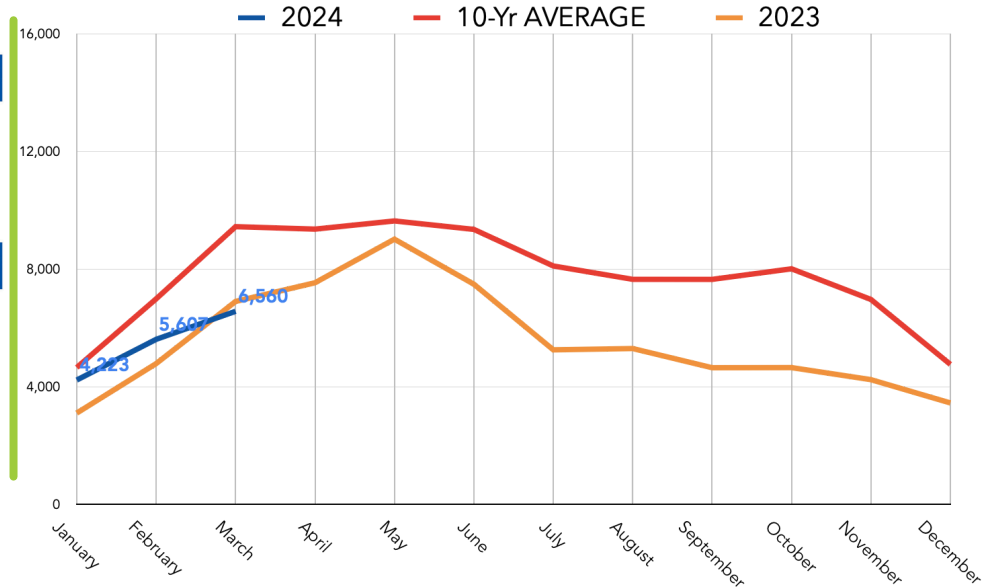
MONTHLY OVERVIEW - SALES -

ALL HOME TYPES - GTA
NUMBER OF SALES / TRANSACTIONS

MONTHLY TRANSACTIONS

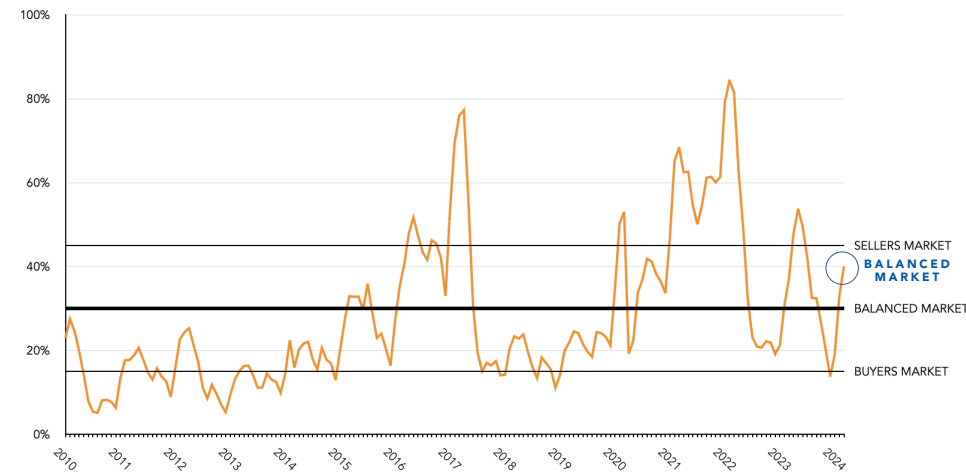
March

# of Sales	6,560
% Chg M.o.M.	+17.0%
% Chg Y.o.Y.	-4.9%
% Chg from 10 YR Ave	-30.5%
YTD Sales	16,390
% Chg from 10 YR Ave	-22.2%



Month-over-month sales continued its climb, up 17% to 6,560 sales in March. We are feeling the uptick in activity on the ground as we are seeing properties receive more showings and offers. The percentage of properties Selling Over Asking (SOA) jumped to 40% last month, this is approaching 'Sellers Market' territory. If you exclude Condos, Freehold properties are well into 'Sellers Market', especially for Semi-Detached and Detached homes. All this being said, March sales were still well below our historic average by 31%. The lower level of activity is comparable to the sales we experienced in 2023, where sales were at their lowest levels in 27 years.

SOLD OVER ASKING RATIO



Sold Over Asking	
Toronto	March
Detached	55%
Semi-Detached	67%
Townhouse	48%
Condo	22%
GTA	
York	45%
Peel	38%
Halton	33%
Durham	58%

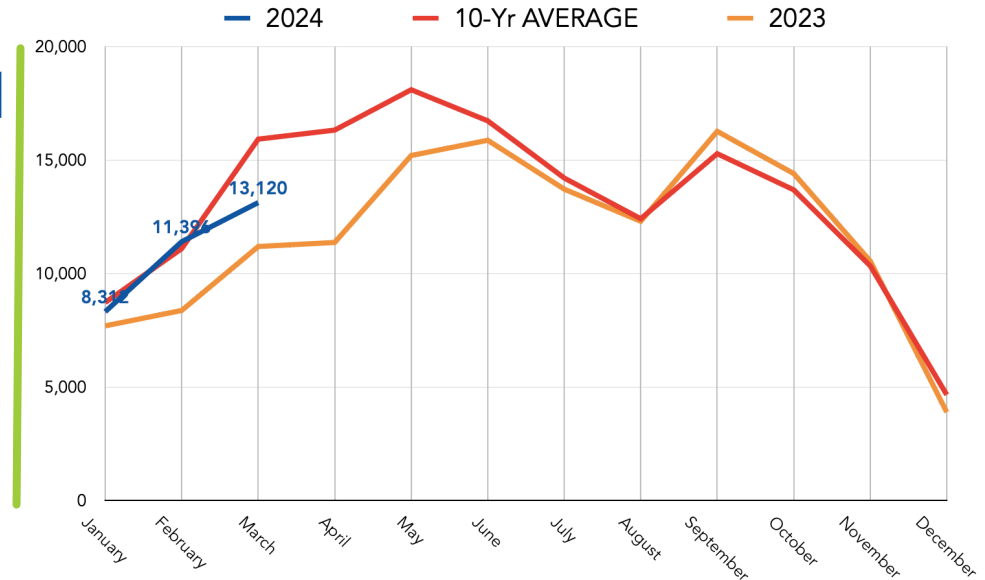
MONTHLY OVERVIEW - LISTINGS -

ALL HOME TYPES - GTA

NEW LISTINGS

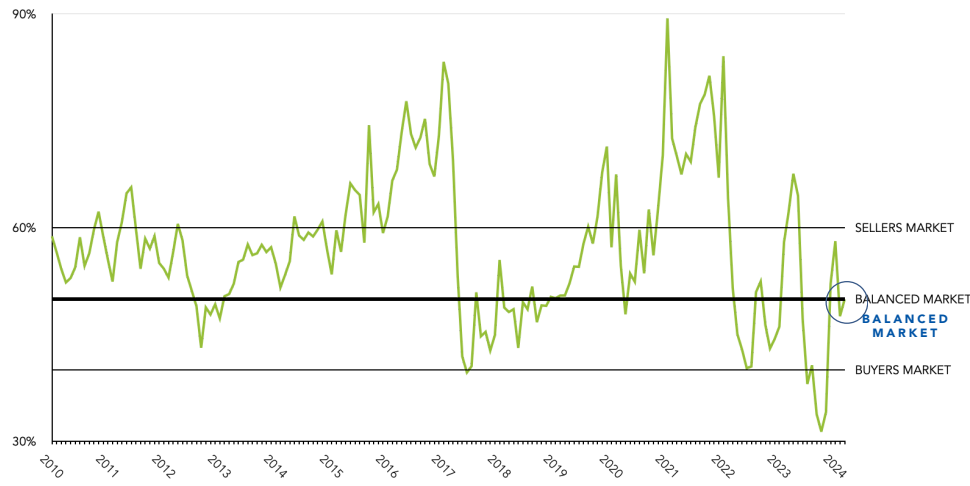
March

New Listings	13,120
% Chg M.o.M.	+15.1%
% Chg Y.o.Y.	+17.3%
% Chg from 10 YR Ave	-17.6%



New Listings also increased last month by 15%. Although, this added some relief for active Buyers, the number of new listings fell short for this time of year. Typically, March will see more than 15,000 new properties come to market in the GTA. This year, March listings were down almost 18% to 13,120. Some of the decrease in listings can be accounted for in the double holiday we saw in March. Sellers usually wait until after holiday weekends to list their homes on the market. Between March Break and an early Easter, many Sellers opted to hold off listing until April. This caused a lot of frustration for active buyers eagerly waiting for new inventory. Our List to Sale Ratio rose to 50% in March.

LIST TO SALES RATIO



List to Sales Ratio	
Toronto	March
Detached	56%
Semi-Detached	66%
Townhouse	48%
Condo	41%
GTA	
York	51%
Peel	48%
Halton	57%
Durham	58%

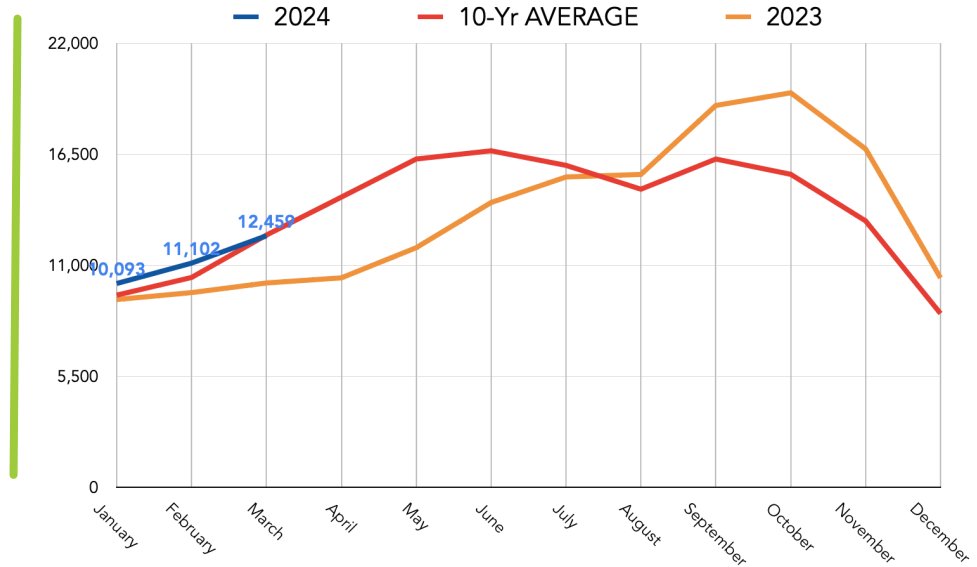
MONTHLY OVERVIEW - INVENTORY

ALL HOME TYPES - GTA

ACTIVE LISTINGS

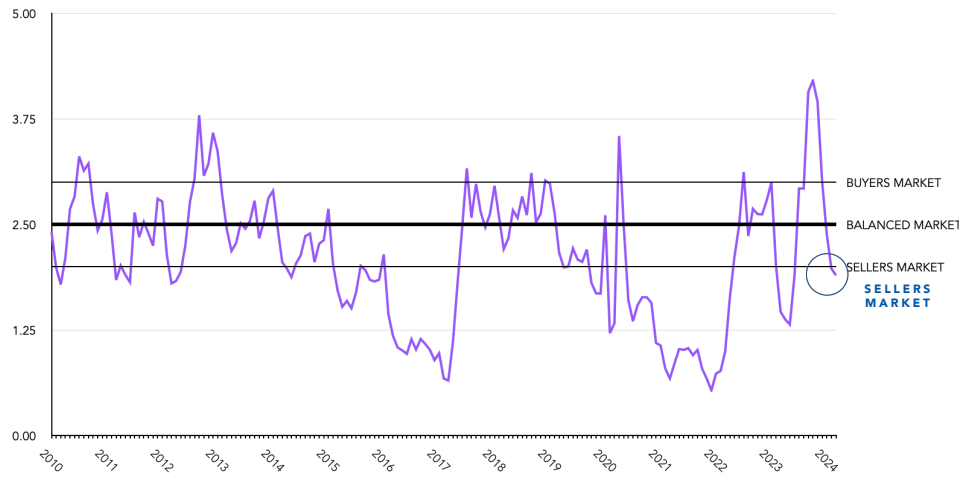
March

Inventory	12,459
% Chg M.o.M.	+12.2%
% Chg Y.o.Y.	+23.1%
% Chg from 10 YR Ave	-0.3%



Active inventory did increase in March by 12%. However, this increase is slower than our usual seasonal change. Inventory is finally in line with our long-term average. Even though inventory is balancing, the distribution is not even. We are seeing an undersupply of Freehold homes and an oversupply of Condos. Months Of Inventory (MOI) is sitting at just under 1.90 for March for the GTA. Broken down, Semi-Detached Homes in Toronto are at 0.71 MOI, and Detached Homes are at 1.29 MOI. Condos, on the other hand, are sitting at 3.41 months of inventory. Depending on what you are shopping for, you can be experiencing very different and contrasting markets.

MONTHS OF INVENTORY



Month of Inventory	
Toronto	March
Detached	1.29
Semi-Detached	0.71
Townhouse	2.12
Condo	3.41
GTA	
York	1.80
Peel	1.82
Halton	1.45
Durham	1.07

MONTHLY OVERVIEW - PRICE -

ALL HOME TYPES - GTA
AVERAGE PRICE

AVERAGE PRICE FOR GTA HOME -Last 3 Years

March

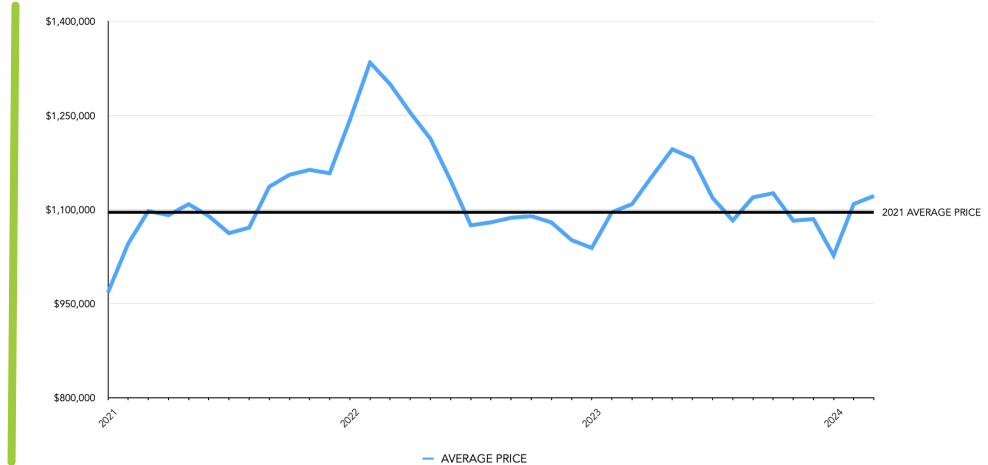
Average Price **\$1,121,615**

% Chg M.o.M. +1.2%

% Chg Y.o.Y. +1.2%

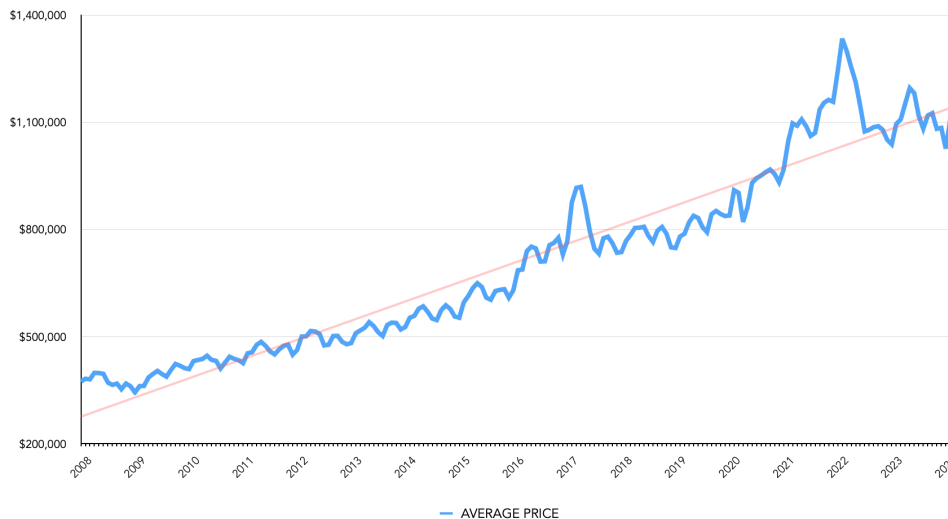
Annual Average **\$1,092,749**

% Chg -3.1%



Average Home Prices increased slightly by 1.2% to \$1,121,615. Prices in the GTA have been fluctuating around the \$1.1M mark since late 2021. There have been times where the Average Price has gone above that mark and there have been times where it has fallen below. Sentiment around the market seems to dictate if its going up or down each quarter, and that sentiment is heavily dependent on interest rates and interest rate announcements. Both Buyers and Sellers are eagerly watching the Bank of Canada’s announcements every six weeks, holding onto hope for cheaper borrowing costs ahead. With so many economic and policy changes happening, it is hard to know the immediate implications.

AVERAGE PRICE FOR GTA HOME - Monthly



Average Price

Toronto	March
Detached	1,708,437
Semi-Detached	1,300,403
Townhouse	999,771
Condo	729,392
GTA	
York	1,334,655
Peel	1,062,171
Halton	1,244,298
Durham	936,166

REGIONAL OVERVIEW - 416 VS 905

LOW RISE HOMES

CITY OF TORONTO - 416 - LOW RISE SALES

March

	# of Sales				Average Price		
	Sales	M.O.M	Y.O.Y	10 YR AVE	Average Price	M.O.M	Y.O.Y
Detached	647	+13.9%	-2.9%	-33.8%	\$1,708,437	+3.1%	+0.0%
Semi-Detached	222	+40.3%	-39.0%	-24.2%	\$1,300,403	-1.5%	+3.0%
Townhouse	236	+24.2%	+2.6%	2.6%	\$999,771	+3.0%	+2.7%
City of Toronto (416)	1,105	+17.7%	+0.6%	-31.4%	\$1,475,108	+1.5%	+0.2%

GREAT TORONTO AREA - 905 - LOW RISE SALES

March

	# of Sales				Average Price		
	Sales	M.O.M	Y.O.Y	10 YR AVE	Average Price	M.O.M	Y.O.Y
Detached	2,246	+16.6%	-3.8%	-35.9%	\$1,396,674	+1.2%	-0.3%
Semi-Detached	357	+26.6%	+0.8%	-39.2%	\$1,010,485	+1.2%	+2.3%
Townhouse	942	+14.0%	+0.5%	-20.8%	\$925,185	-0.1%	-0.1%
Greater Toronto Area (905)	3,545	+16.8%	-2.2%	-32.9%	\$1,232,496	+0.9%	-0.4%

Freehold market activity across the GTA seems to be moving together, as both the 416 & 905 areas saw similar increases in March. Freehold sales are up 17% to 18%, while prices are up 1% to 1.5%. Semi-detached is experiencing the largest uptick in sales, up 27% in the 905 and 40% in the 416. Detached sales, which comprise the bulk of the Freehold market, were up 14% and 16% in the 416 and 905 areas respectively. Semi-detached homes saw a slight month-over-month dip in prices in March, which isn't entirely surprising as this segment saw a significant jump in price in February. Semi-detached prices in Toronto are still up 3% year-over-year.

FREEHOLD & CONDO UPDATE

CITY OF TORONTO

TORONTO - Freehold VS Condo

FREEHOLD		CONDO	
# of Sales	1,105	# of Sales	1,186
M.O.M.	+17.7%	M.O.M.	+17.0%
Y.O.Y	+0.6%	Y.O.Y.	-15.9%
10 YR AVE	-31.4%	10 YR AVE	-32.1%
Average Price	\$1,475,108	Average Price	\$729,392
M.O.M.	+1.5%	M.O.M.	+0.4%
Y.O.Y	+0.2%	Y.O.Y.	-0.5%
New Listings	1,981	New Listings	2,901
M.O.M.	+11.2%	M.O.M.	+14.5%
Y.O.Y	+8.6%	Y.O.Y.	+17.5%
Inventory	1,489	Inventory	4,047
M.O.M.	+6.3%	M.O.M.	+13.3%
Y.O.Y	-5.8%	Y.O.Y.	+51.3%

Surprisingly condos saw an upward swing in sales, up 17% in March. Sales outpaced the increase in New Listings (+14.5%) to see prices stable at \$729,392. Condo inventory remained elevated at 4,000+ units on the market. This is up 13% from last month, and up a whopping 51% from this time last year. The condo market, by all metrics, is in a Buyer's Market. There are fewer investors and end users looking to purchase condos. Sales are down 32% from their long-term average and the prices are down 12% from their peak of March 2022. Condos are approaching the level of Inventory that we experienced in the Fall last year. The elevated levels of supply caused condo prices to decline by 9% over that period. In December 2023, 1,500 units were terminated off the market, inciting prices to rise again. It feels as though sellers from last year took their properties off the market in hopes of better times ahead. We are seeing many of these units return to market at a faster rate than they are being absorbed. For now, prices have held.

MARKET NEWS

Inflation, Immigration & LTI Rule Changes - What does this mean for Toronto Real Estate!

In this week's market update, we discuss inflation, immigration, and OFSI's new mortgage rules! Massive changes in lending rules and immigration policies will change the real estate landscape in the coming years. I will break down the changes and implications here.

Inflation

Annual inflation fell to 2.8% year-over-year in February, with the cost of cellular services, groceries, and internet access services contributing to slower growth. These are volatile segments of the market and are subject to monthly changes.

Similarly, the Bank of Canada's (BoC's) preferred measures of core inflation were also surprising, coming in at just 3.1% on average. This was below the expected amount for the second month in a row. Seasonally adjusted core inflation rose 0.1% in February and is now up 0.3% over the past three months. This is the lowest rate of growth since late 2020.

Housing costs, meanwhile, continue to put pressure on the household budget. Shelter prices rose 6.5 percent year-over-year last month, up from 6.2 percent in January. Mortgage interest costs are still adding 0.8% to headline CPI. If mortgage costs were removed from headline CPI, it would be bang on the BoC target at 2% for the second straight month.

Rents continue to be a thorn in the BoC's side. The rented accommodations index was up 7.9% year over year, adding over 50bps to the headline CPI.

Immigration & Population Growth

For the first time, Canada will put a "cap" on the number of new temporary resident arrivals to the country when it sets immigration levels in the fall. Non-permanent residents, comprised overwhelmingly of temporary workers and international students, grew by 800,000 in the past year alone and currently account for 2/3 of headline population growth. The federal government will aim to reduce the temporary resident share of the total population to 5% from 6.2% currently over a three-year period.

The impact on the total population growth will be significant. By this time next year, population growth will have plunged to just 0.8% from 3.2% currently, and it will flatline at roughly 0.7% out to 2027

MARKET NEWS

Inflation, Immigration & LTI Rule Changes - What does this mean for Toronto Real Estate!

What are the possible implications?

- Massive impede to economic growth - Canada's economy has grown over the last few years not by becoming more productive but by adding more people to our country. By drastically slowing population growth, we can expect our economy to substantially slow in turn. A chronic lack of business investment has meant that Canadian labour productivity has declined for 11 of the past 14 quarters and remains at 2017 levels. We have already seen real GDP per capita output decline for five consecutive quarters and is deeply negative on a y/y basis.
- The rental market will cool significantly - non-permanent residents are virtually all renters! There is a strong correlation between non-permanent resident y/y growth and CPI rent growth. Canada is set to see record growth in Condo and Purpose-Built Rental completions (220,000 units in the pipeline) simultaneously as a potential decline of NPRs (a potential decline of 440,000 people from its current level).

OFSI's Loan-to-Income Limits

Canada's banking regulator dropped new regulations last week that will limit the share of new mortgages with loans above 450% of borrower income. The new measures are expected to be implemented in Q1 next year. The new rule is a directive for the Banks, not the borrowers. Each Bank will be expected to adhere to a threshold or share of its mortgages above the LTI limits. The specifics for evaluating this threshold have not been released. However, it will be on a case-by-case basis. Currently, only 12% of new mortgages have LTI ratios above 450%, down sharply from 26% in 2022.

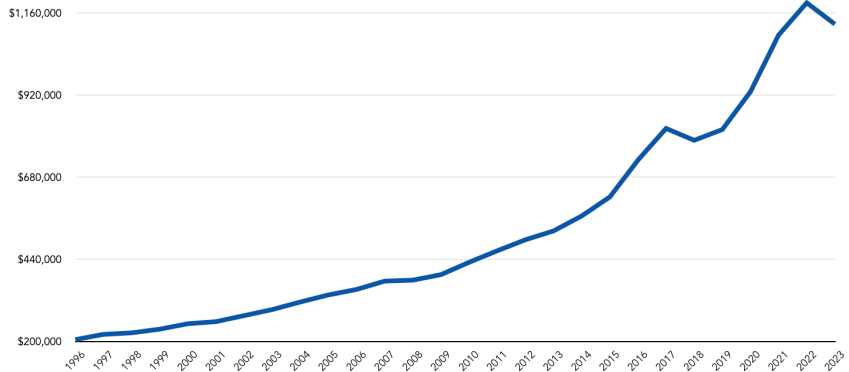
These changes may be a little too late, as new residential mortgages are declining, and residential mortgage growth is at the lowest level (3.4% annual growth) in decades.

ANNUAL OVERVIEW - PRICE & SALES

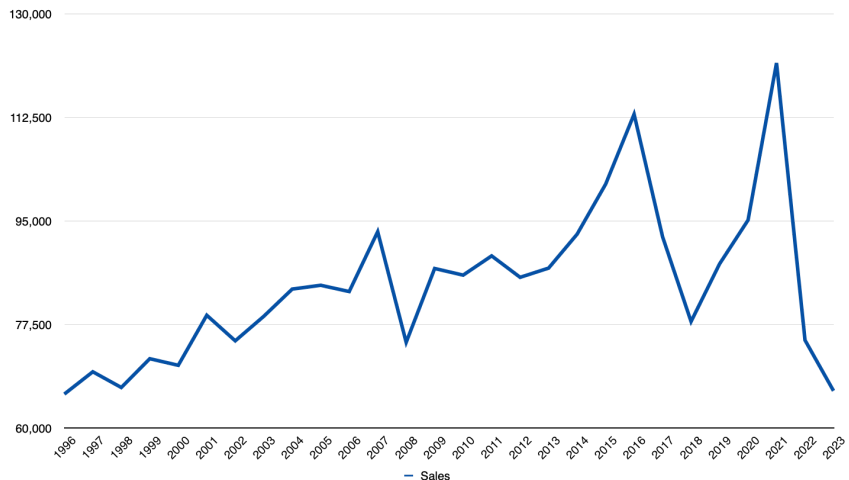
ALL HOME TYPES - GTA

ANNUAL PRICE FOR GTA HOMES - Last 27 Years

Year	Sales	Average Price
1996	65,760	\$205,249
1997	69,530	\$220,541
1998	66,876	\$225,051
1999	71,738	\$235,783
2000	70,625	\$251,667
2001	79,081	\$257,781
2002	74,759	\$275,371
2003	78,898	\$293,067
2004	83,501	\$315,231
2005	84,145	\$335,907
2006	83,084	\$351,941
2007	93,193	\$376,236
2008	74,505	\$379,080
2009	86,980	\$395,234
2010	85,860	\$431,262
2011	89,110	\$464,989
2012	85,488	\$497,073
2013	87,047	\$522,951
2014	92,776	\$566,611
2015	101,214	\$622,116
2016	113,040	\$729,821
2017	92,340	\$822,496
2018	78,018	\$787,845
2019	87,751	\$819,279
2020	95,151	\$929,699
2021	121,693	\$1,095,419
2022	74,864	\$1,189,820
2023	66,315	\$1,127,385
2024	4,223	\$1,026,703



ANNUAL SALES FOR GTA HOMES - Last 27 Years



One of the biggest takeaways from 2023 was that the number of sales for the year hit a 27-year low at 66,315 sales. Annual sales had been experiencing a steady climb through the early 2000s. By the late 2010s, sales volumes started experiencing large swings breaking 100,000 in 2015 and 2016 and then again in 2021. The average number of sales for the last twenty-five years sits around 85,000. We expect more of a return to the norm for 2024, with increased levels of activity for the year. The Annual Average Price fell for only the second time in recent history. Prices began to correct in 2022, but the Annual Average didn't show the full impact until 2023. We are likely going to see the Annual Average Price for 2024 to fall around 2021's average.

LET'S CONNECT



WE'RE HERE TO HELP!

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