



# real estate UPDATE

Your Greater Toronto Real Estate Newsletter



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## Prices soar to new records Shortage of listings persist

**G**TA home sales reached new records in November and the average selling price also hit a new all-time high. A combination of low interest rates, a bump in demand (as buyers rush to the market before an anticipated hike in rates), another price surge and continued low listings is driving the prices higher. New listings continue to drop substantially compared to last year for all market segments. Fewer available homes on the market fuelled competition among buyers, triggering bidding wars.

In the City of Toronto, average price for detached homes in November surged 22.3 per cent to \$1,807,983, while semi-detached homes reached \$1,431,988, a 23.4 per cent jump year-over-year. Average prices for townhouses and condos did not have the same eye-popping surges seen in the detached and semi-detached segments, but still registered double-digit increases. The average price for a townhouse in the City was \$981,759, up by 19.7 per cent in comparison to November 2020; the average price for a condo reached \$745,951, up by 16.5 per cent.

In the 905 areas, all housing types exceeded the City of Toronto percentage increases, showing growth of just over the 30 per cent mark, with the exception of the condo market, where the jump in price was 21.1 per cent. On average, detached homes in the 905 areas went for \$1,492,821; semi-detached homes had a price tag of over a million at \$1,070,530; townhouses sold for \$955,010; and condos cost \$646,211.

Scarce housing availability continues to be a major factor in the GTA home prices escalation. TRREB is once again

calling for a government intervention on this issue. "Governments at all levels must take coordinated action to increase supply in the immediate term to begin addressing the supply challenges of today, and to work towards satisfying growing demand in the future," says TRREB president Kevin Crigger.

"The GTA remains the primary destination for new immigrants and is at the centre of the Canadian economy. For far too long, governments have focused on short-term band-aid policies to artificially suppress demand. Current market activity highlights decisively that these policies do not work, and unless governments work together to cut red tape, streamline the approval processes, and incentivize mid-density housing, ongoing housing affordability challenges will escalate," adds Crigger. *REU*

GTA BY THE NUMBERS

**DETACHED**

**↑30.3%**  
Ave. Price Yr/Yr

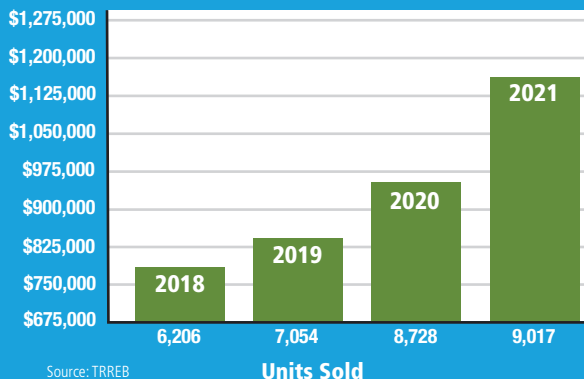
**SEMIS**

**↑27.3%**  
Ave. Price Yr/Yr

**CONDO APTS**

**↑18.0%**  
Ave. Price Yr/Yr

**Average Home Prices - November**  
in the Greater Toronto Area



## Monthly stats

November average price by area

**416**

**DETACHED**

**↑22.3%**  
YEAR  
YEAR

**\$1,807,983**  
Average Price

**CONDO APT**

**↑16.5%**  
YEAR  
YEAR

**\$745,951**  
Average Price

**905**

**DETACHED**

**↑32.7%**  
YEAR  
YEAR

**\$1,492,821**  
Average Price

**CONDO APT**

**↑21.1%**  
YEAR  
YEAR

**\$646,211**  
Average Price



## Mortgages

### Higher rates on the horizon Can impact housing market

Ultra-low interest rates have sustained the real estate market throughout the COVID-19 pandemic and catapulted home prices to new heights. But with fears of inflation climbing (whether it is short-term and transitory, or more persistent), Bank of Canada has recently announced that they will raise interest rates much earlier than originally planned. Bond yields have also ticked up this fall and they largely determine fixed rate mortgages because

lenders benchmark their rates to bond yields. In view of this, homebuyers are now concerned how an increase in rates might affect the housing market.

Benjamin Tal, deputy chief economist of CIBC World Markets, says higher interest rates will likely have bigger implications for new buyers than for those with an existing mortgage. But a steep correction is not in the cards. In Canada, most homeowners have five-year fixed rate mortgages, so are unlikely to feel the impact of higher interest rates next year. Additionally, those who bought a home in the last five years had to pass the mortgage stress test, which means they are financially able to handle higher interest rates when they renew.

But, most experts do expect higher interest rates to have an impact on investor activity and slow down demand. "If we see a lot of demand come out of the market and more homes listed for sale, our market will start to slow down, but will continue to remain in seller's market territory, with prices growing at a more modest rate than we are seeing now," says John Pasalis, an industry data analyst. [REU](#)



## Condo update

### Condos still an affordable option But will this last?

With prices for freehold homes setting new records, condos still present an affordable option. But how long will this last?

Prices of detached homes are up 30.3 per cent year-over-year reaching an average of \$1,567,832 and townhouse prices are up 28.1 per cent at an average of \$962,044. Condo prices increased by 18.0 per cent reaching \$715,104 on average, although that jump sounds substantial the comparison price point is much lower than those of freehold homes, so the price tag has stayed within the means of those entering the market. But that just may change in the next few months, as the condo market continues to sizzle amid scarce supply.

"A key difference this year compared to last is how the condo segment continues to tighten and experience an

acceleration in price growth, particularly in suburban areas. This speaks to the broadening of economic recovery, with first-time buyers moving back into the market in a big way this year," explains Jason Mercer, TRREB chief market analyst.

Investors are also jumping into the market in droves as condo rental costs rise and available rental units decline. For 2021's third quarter, the average rents for one-bedroom and two-bedroom units were up 2.4 per cent and 4 per cent respectively, compared to the same period in 2020. "Tightening market conditions suggest the condo apartment vacancy rate has trended lower and average rent growth will continue to accelerate as population growth picks up next year and beyond," says Mercer. [REU](#)

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 Researches Canadian charities for donors to be informed and give intelligently.

**ted.COM**  
 TED Talks are influential videos from expert speakers on education, business, science, tech and creativity.

**getNOTIFY.com**  
 This nifty little website tracks whether the emails sent by you were opened and read by the receiver. Moreover, it also provides the recipient's IP address, location, browser details, and more.

**childhoodCANCER.ca**  
 Provides families with information, organization and inspiration to cope with what comes next.

*These sites are believed to be reliable but their accuracy cannot be guaranteed.*

## Financial matters

### Investors Now largest segment of home buyers

It is not only the ultra-low mortgage rates that are driving the frenzied activity and acceleration of prices in the GTA real estate market. Recent data shows that it is also the growth of a certain group of buyers that is adding fuel to the fire, the multi-property investor.

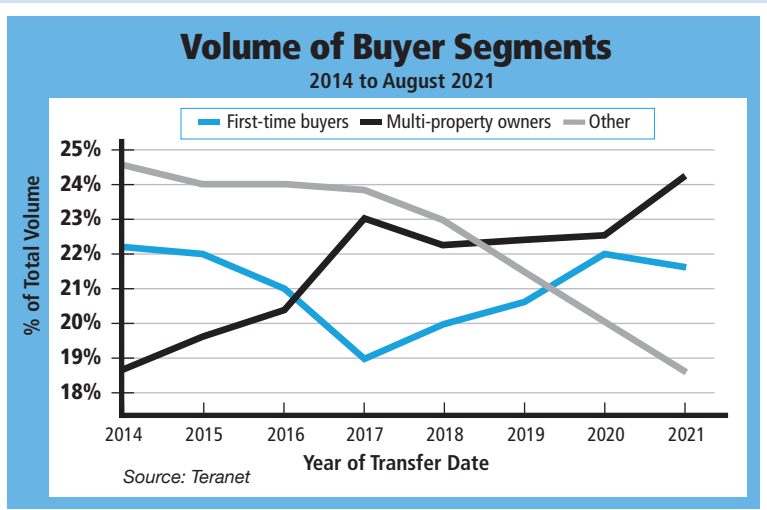
In its quarterly Market Insight Report, Teranet, which provides real estate market data, shows that multi-property owners made up more than 25 per cent of real estate transactions in Ontario between January and August 2021. Only 10 years ago, investors were the smallest segment of buyers and now they've become the largest.

Many first-time buyers haven't been able to enter the market, part of the frustration is competing with investors bidding with deeper pockets, as they can tap into equity from properties they already own.

Furthermore, it is likely that even more investors will be jumping into the market, considering the advantageous position they are now in. After a pause last year due to the pandemic, Toronto's rental market has officially bounced back as demand has increased while available inventory is down compared to this time a year ago. The result is that landlords are upping rental fees and demanding various lease sign-up terms from renters. With the scarcity of rentals on the market, bidding for rental units has

become commonplace, just like in the freehold buying market.

Landlords are now selective because they can be as the rental market is pretty tight. "We've actually seen market conditions tighten up again," says Toronto Regional Real Estate Board (TRREB) chief market analyst, Jason Mercer. "Whereas rental transactions on a year-to-year basis were up ... in comparison to last year, the number of properties actually available was down by a third." Mercer adds, "this demand will be augmented in 2022 and 2023 by record levels of immigration."



While some argue more supply is needed to cool the market, John Pasalis, a housing analyst, says, "when investors are the biggest segment of your buyer base, no amount of supply is enough." [REU](#)



## Mortgages

At December 8, 2021

*Mortgage rates are negotiable with individual lenders. Rates are subject to change without notice. OAC E&OE*

|          |       |
|----------|-------|
| Prime    | 2.45% |
| Variable | 1.39% |
| 1-year   | 2.19% |
| 2-year   | 2.29% |
| 3-year   | 2.59% |
| 4-year   | 2.79% |
| 5-year   | 2.69% |



## Future of real estate

### Trends in workplace and housing

**E**merging Trends in Real Estate 2022, an annual report undertaken jointly by PwC and the Urban Land Institute (ULI), identifies some of the major trends reshaping Canada’s real estate in the workplace and housing. Here are some highlights:

**Workplace:** There’s little doubt the workplace will emerge from the pandemic almost unrecognizable. “Most employees continue to be hesitant to return to the office, indicating a preferred hybrid-arrangement even in a post-pandemic world,” says Frank Magliocco, PwC Canada’s national real estate leader. “When PwC Canada asked Canadian workers about their ideal work arrangement, the most popular option, selected by 36% of respondents, was to have an even split between face-to-face and remote working, while just 10% chose a traditional in-person environment.”

This trend is creating a new preference in the labour market where working for companies that offer flexibility and hybrid-work arrangements has a priority. Some employers are upgrading their spaces while others are reconfiguring their offices to create spaces like ‘huddle areas’ to allow for

collaboration and team meetings. To attract tenants, property owners are already incorporating residential components into office developments to create mixed-use sites, according to the report.

**Housing:** The changing world of work is also having a major impact on the housing market. As has been widely documented, remote working created opportunities for many Canadians to move out of major city downtown centres where offices have typically been located in favour of the suburbs or even another province.

The crisis in home affordability is also a major concern and continues to grow. The report highlights the rise of single-family rental housing, as an affordable alternative to purchasing a detached home. The PwC survey interviewees point to a lack of supply as a significant contributor, with many highlighting the need to encourage more affordable medium-density housing options, such as mid-rise buildings and townhouses on major urban boulevards.

Condominiums are the most affordable option in home ownership and while developers are optimistic about this segment, given recent cost concerns, they remain cautious about new projects. Generally, the survey respondents identified multifamily housing as a strong category, based on an expected steadfast demand in many cities.

In Toronto, TransformTO, recently presented a plan that called for an immediate start to building cleaner and greener buildings now, not after 2030 as was planned previously.

All industries change and evolve but the pandemic of the last couple of years, in particular, has effected some crucial changes in people’s lifestyles that are significantly impacting the future of real estate industry. **REU**

## GTA '21 totals

Sales activity of single-family homes  
Most recent month, year to date

**Active listings**  
November .....6,086  
YTD .....N/A

**New listings**  
November .....10,036  
YTD .....161,409

**Sales**  
November .....9,017  
YTD .....115,716

**Average price**  
November .....\$1,163,323  
YTD .....\$1,092,212

**Median price**  
November .....\$999,999  
YTD .....\$940,000

**Average days on market**  
November .....18  
YTD .....18

**Average percentage of list price**  
November .....108  
YTD .....106

Source: TRREB

## Housing market indicators

### Single-family dwellings

| Source: TRREB | Sales | New Listings |
|---------------|-------|--------------|
| Nov '20       | 8,728 | 11,556       |
| Nov '21       | 9,017 | 10,036       |
| % Change      | 3.3%  | - 13.2%      |

**Wishing you and your family a healthy and happy new year!**

Buyers are rushing into the market in droves to beat the rising mortgage rates and home prices. If you have any questions, please do not hesitate to get in touch.

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