



real estate UPDATE

Your Greater Toronto Real Estate Newsletter

Sales surge 52.4% in the GTA Trend expected to continue

If the start of a new year is an indication of how that year will unfold, the GTA real estate market is bound for a boom in 2021. January's statistics show that sales jumped 52.4 per cent in comparison to the same month last year, and the average price catapulted to \$967,885, a hike of 15.5 per cent. This strong start to 2021 included sales growth across all major housing types, including condominium apartments, both in the City of Toronto and the surrounding GTA regions.

Leading the growth in average price in the GTA was the detached housing market, with a 31.2 per cent surge year-over-year, to \$1,359,91. In the City, a detached house cost \$1,581,400 on average (up 16 per cent), while in the 905 areas, the price tag was \$1,308,393 (up 36.6 per cent).

Semis in the GTA sold in hefty numbers (especially in the 416 area where sales soared 84.1 per cent) and the average price rose by 26.6 per cent to \$996,794, year-over-year. Townhomes sales jumped by 44.8 per cent compared to last year, with the average price climbing to \$803,578, an increase of 15.9 per cent. Condos also continued to sell extremely well. Sales in both the 416 and 905 areas registered at 85.5 per cent higher than in January 2020, with the average price of \$600,830, a downward shift of 4.7 per cent. Even though the average price was down 8.0 per cent in the City, the average price in the suburbs was up 4.8 per cent.

The Toronto Regional Real Estate Board (TRREB) predicts a 10 per cent increase in home sales in 2021 versus

2020. The average selling price is expected to reach \$1,025,000 across the GTA. "Just looking at the momentum we had, and the fact that we expect to see borrowing costs remain low, it makes sense that demand for housing generally remains strong as we move through this year," noted Jason Mercer, TRREB's chief market analyst. The Bank of Canada announced in January it will keep interest rates low until the economy has recovered and inflation has reached roughly 2 per cent. A majority of forecasters anticipate the economic recovery will not gain full traction until 2022 or even 2023.

Robert Hogue, senior economist at RBC predicts that "historically low interest rates, changing housing needs, high household savings and improving consumer confidence will keep demand [for homes] supercharged." *REU*



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GTA BY THE NUMBERS

DETACHED

↑31.2%
Avg. Price Yr/Yr

SEMIS

↑26.6%
Avg. Price Yr/Yr

CONDO APTS

↓4.7%
Avg. Price Yr/Yr

Average Home Prices - January
in the Greater Toronto Area



Monthly stats

January average price by area

416

DETACHED

↑16.0%
YEAR
YEAR

\$1,581,400
Average Price

CONDO APT

↓8.0%
YEAR
YEAR

\$624,886
Average Price

905

DETACHED

↑36.6%
YEAR
YEAR

\$1,308,393
Average Price

CONDO APT

↑4.8%
YEAR
YEAR

\$547,488
Average Price

source: TRREB

Condo update

GTA Condo sales surge 85.5% Will prices follow?

There is no doubt that pre-COVID GTA condo prices had soared because of a chronically undersupplied market and a trending urban lifestyle. But when COVID hit the boom paused mid-year. With COVID-weary homebuyers rushing to greener urban and rural pastures in search of more indoor and outdoor space, less dense communities and more affordable prices, sales of condos started to lag, inventory rose and condo prices softened.



However, recently many industry experts have pointed out the sudden surge in interest from condo investors eager to capitalize on declining condo prices especially in downtown condos. January condo sales in the GTA soared by 85.5 per cent, and months of inventory (MOI) tightened from 2.9 in November to 1.7 in December, to 1.33 in January, suggesting a possible turnaround in the condo market. The MOI measures the number of months it would take to sell a property currently on the market if the current number of buyers were to remain the same. It's one of the best metrics to gauge the housing market.

The condo market in the city has traditionally been driven by investors and the rental market, more so than by end users. Since the bump in sales coincides with the announcement about the COVID vaccines, it looks like condo investors believe that once the COVID vaccine is distributed widely, the rental market will rebound. This has created a motivation to buy now before the prices start to climb up. "If we continue to see condo sales growth outstrip condo listings growth, we could start to see renewed growth in condo prices later this year," says TRREB. [REU](#)

Mortgages

Ultra-low rates Unparalleled chance to buy a home

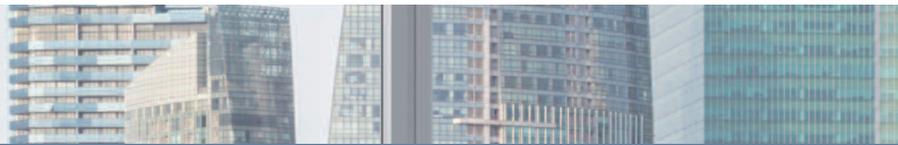
Home values in the GTA are rising, and the eye-popping selling prices can give a prospective homebuyer pause.

Despite rising home prices, today's interest rates offer an unparalleled chance to jump into the market. Recently, RateSpy.com showed a 1.33 per cent five-year fixed rate, the lowest rate most Canadians have ever seen.

Rates will rise eventually, but not for a while, at least not until the economy recovers from the pandemic. But if the price growth of homes has you concerned about affordability down the road and you're thinking about waiting for the housing market to cool off, you should consider how affordability is a function of rates and price together. For instance, if you bought a home today at let's say \$600,000,

with a 20 per cent down payment at the current 1.64 per cent five-year fixed-rate mortgage, your monthly mortgage payment would still be slightly lower than if you bought the house down the road when say the house prices drop by 5 per cent but the mortgage rate goes up to last year's level of 2.64 per cent.

As always, homebuyers should make a decision to buy based on their own individual affordability analysis that takes into account their unique financial situation. If your concern about a future rate hike is keeping you awake at night, some experts recommend taking a look at the 10-year mortgage rates. Rates for this term are currently as low as 1.98 to 2.34 per cent. A year ago, these kinds of rates were considered excellent for a five-year mortgage. [REU](#)



Financial matters

Bad credit Can be a reason for mortgage denial

If you're thinking of purchasing a home but are concerned about getting mortgage approval, the first thing you should do is check your credit history. Your credit history is one of the pivotal factors that lenders use to determine whether to approve your mortgage application.

You can obtain your credit report, a summary of your credit history, which is created when you first start to borrow money or apply for credit. It shows a number between 300 and 900. A credit score above 700 shows you manage your credit well; a lower credit score shows that you have mismanaged your credit, making you more of a risk to the lender.

Lenders look at your past debt and how it was repaid to gauge what kind of borrower you will be. The fact that you have taken on loans in the past is not a problem. They are concerned with how you repaid them, and especially, whether or not you did repay them. This is a key consideration for lenders. These debts include any past loans, student loans, household bills and credit cards. Late payments, missed payments, accumulated credit card debt with only minimum payments made will all show on your credit history, and have a negative impact on your credit score.

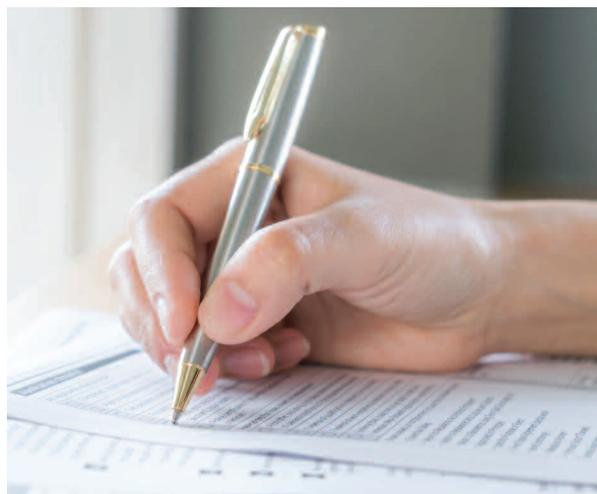
Here are some tips on how to improve your credit score: Get credit because little or no credit history can be just as

detrimental as bad credit. Monitor your credit by obtaining your credit report and fixing any mistakes before you apply for a mortgage. Have a mix of debt, not just credit cards but also installment loans (auto loans, personal loans, etc.). Avoid having many credit history inquiries since too many inquiries tells a lender that you have tried to obtain credit from various lenders and been rejected. Limit the use of credit cards and don't use more than 30 per cent of your credit card limit, and



make all debt payments in full. Pay down the balance of your credit cards if cards are currently at or near their limit, to show that you can manage credit.

Your credit score is of great importance to lenders. If your credit score is low, you can use these measures to increase it, and with it, your chances of getting approved for a mortgage loan at favourable rates. *REU*



On the internet

Interesting websites

propellerARTgallery.ca

The Sanitized Activity: Emerging artists exhibition. Work by recent grads from OCADU. For viewing and buying. Jan 6 - Apr 6.

smartRENO.com

Get 3 free quotes from qualified and available contractors for your next renovation project.

ctvNEWS.ca/health/coronavirus

Click on *COVID-19 VACCINE TRACKER* to see percentage of population vaccinated in Canada by province and more...

taxTIPS.ca

Canadian income tax, financial investment and real estate information for individuals and businesses.

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

Mortgages

At February 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	1.99%
2-year	1.64%
3-year	1.79%
4-year	1.84%
5-year	1.69%



Post COVID Where will we live, work and shop?

Nobody has a crystal ball to foretell the future, but through studying and analyzing signposts we can make some predictions about future trends. PwC Canada and the Urban Land Institute (ULI) teamed up to offer their take on what Canadian real estate and lifestyle trends will be like. Their report, *Emerging Trends in Real Estate*, which is based on nearly 3,000 interviews with a wide range of industry experts and individuals, summarizes how Canadian real estate was affected by the pandemic and where the current consumer headwinds are going. Here are some of the highlights:

Where will Canadians live?

The pandemic and remote working drove many Canadians to look to suburban and rural areas, which have both more indoor and outdoor space and affordable prices than dense cities. This is backed up by a July 2020 report released by the Ontario Real Estate Association, in which 61 percent of respondents agreed that living in the suburbs is now more appealing than before the pandemic. The survey found that 60 percent felt the same about rural areas, versus just 34 percent for downtown settings. Even on the question of city versus suburb, the trends are blurry. While some downtown residents will likely take advantage of remote working arrangements to move outside the core, many

will choose areas with urban characteristics. This includes suburban areas along transit lines, where the trend of transit-oriented community development is leading to denser, more diverse, and walkable mixed-use communities in places that have traditionally looked very different.

What type of housing will be popular?

Single-family homes will continue to be popular, but home buyers will move away from open concept design and will favour more closed-door areas, such as private office spaces. In the condo market, the report notes "that condo living may need to be reimagined for the future of work; homeowners may not be as excited to be in a 500 square foot condo if the pandemic continues to keep them socially distanced - particularly if they are working from home. A number of features are being incorporated to make condos more attractive to buyers, such as videoconferencing rooms, dedicated areas for parcel and grocery deliveries, improved amenities, and tools to create more connected communities."

Will people go back to offices?

Employees were split on the desirability of remote working. Overall, the report found developers and institutional investors expect a return of the commercial/office market as people experience video-call fatigue and start missing face-to-face collaboration.

"The trend line for how much office [space] per employee is bound to grow, which might mean the demand for office space doesn't shrink quite as much as you might expect," says ULI executive director Richard Joy.

How will we shop post-COVID?

The retail industry was already shifting to e-commerce and COVID-19 accelerated it. The report noted that online shopping has now penetrated the sale of clothing; books, movies and music; and consumer electronics by 46, 41 and 34 per cent respectively. *REU*

Hope you, your family and friends are safe and in good health. The housing market has seen a resurgence as buyers see

light at the end of the COVID tunnel. If you have any questions, please do not hesitate to get in touch.

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GTA '21 totals

Sales activity of all home types

Most recent month, year to date

Active listings

January7,396
YTDN/A

New listings

January9,430
YTD9,430

Sales

January6,928
YTD6,928

Average price

January\$967,885
YTD\$967,885

Median price

January\$830,000
YTD\$830,000

Average property days on market

January33
YTD33

Average percentage of list price

January103
YTD103

Source: TRREB

Housing market indicators

Single-family dwellings

Source: TRREB	Sales	New Listings
Jan '20	4,546	7,848
Jan '21	6,928	9,430
% Change	52.4%	20.2%