

TREB MEMBER REALTORS® RELEASE MONTHLY MARKET REPORT, FORECAST UPDATE AND NEW IPSOS CONSUMER SURVEY

TORONTO, ONTARIO, July 6, 2017 – Toronto Real Estate Board President Tim Syrianos, in his first release as TREB President, announced TREB residential MLS® sales, listings and price statistics for June, a mid-year forecast update and related Ipsos consumer survey results summarizing home buying and selling intentions.

June 2017 Results

Greater Toronto Area REALTORS® reported 7,974 sales through TREB’s MLS® System in June 2017 – down by 37.3 per cent in comparison to June 2016.

The number of new residential listings entered into TREB’s MLS® System, at 19,614, was up by 15.9 per cent compared to June 2016. While this annual rate of growth was sizeable, it represented a more moderate annual rate of growth compared to May 2017, when new listings were up by 48.9 per cent year-over-year.

“We are in a period of flux that often follows major government policy announcements pointed at the housing market. On one hand, consumer survey results tell us many households are very interested in purchasing a home in the near future, but some of these would-be buyers seem to be temporarily on the sidelines waiting to see the real impact of the Ontario Fair Housing Plan. On the other hand, we have existing home owners who are listing their home because they feel price growth may have peaked. The end result has been a better supplied market and a moderating annual pace of price growth,” said Mr. Syrianos.

June’s average selling price for all home types combined for the TREB market area was \$793,915, representing a 6.3 per cent increase compared to June 2016. Year-to-date through the first six months of 2017, the average selling price was up by 20.9 per cent to \$870,016. A better supplied market has certainly been a key factor influencing the moderation in price growth. However, the average selling price has also been impacted by the fact that the greatest home sales declines were for more expensive home types, most notably detached houses. This means the change in the mix of homes sold this past June compared to a year earlier has also had a substantial impact on the overall average selling price.

Annual growth rates for MLS® HPI benchmark prices have moderated over the past two months, but remain strong. The MLS® HPI composite benchmark price was up by 25.3 per cent on a year-over-year basis in June. However, on a month-over-month basis, we have seen diverging trends. Benchmark prices were down on a month-over-month basis for detached houses (-1.3 per cent), attached houses (-1.4 per cent) and townhouses (-0.04 per cent). In contrast, benchmark prices continued to climb on a monthly basis for apartments (+1.0 per cent).

Ipsos Spring Consumer Survey Results

Following the announcement of the Ontario Fair Housing Plan, TREB commissioned Ipsos Public Affairs to undertake two consumer surveys: one focused on home buyers; the other focused on home sellers.

Highlights from these two surveys, conducted from May 23-29, are as follows:

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Home Sellers

- 30 per cent of GTA households are very likely (12 per cent) or somewhat likely (18 per cent) to list their house over the next year.
- 15 per cent of households said that the Fair Housing Plan was the primary reason why they would list their home for sale over the next year.
- Close to 80 per cent of households who said they were likely to list their home said they would be purchasing another home.

Home Buyers

- 35 per cent of households surveyed indicated that they were very likely (13 per cent) or likely (22 per cent) to purchase a home over the next year – similar to what was reported from the Ipsos survey conducted for TREB in the fall of 2016.
- 40 per cent of likely buyers indicated they would be first-time buyers – a marked decline from 53 per cent in Ipsos’ fall survey.
- 10 per cent of households who said they would NOT purchase a home over the next year said the Fair Housing Plan was the key factor in this decision (one per cent) or a contributing factor (nine per cent).

“The recent Ipsos survey results suggest that home buying activity in the GTA will remain strong moving forward. The year-over-year dip in home sales we have experienced over the last two months seem to be the result of would-be buyers putting their decision to purchase temporarily on hold while they monitor the impact of the Fair Housing Plan. On the supply side of the market, it certainly looks as though buyers will benefit from more choice in the second half of 2017 compared to the same period in 2016,” said Jason Mercer, TREB’s Director of Market Analysis and Service Channels.

Forecast Update

The Ontario Fair Housing Plan has prompted some households to put their decision to purchase a home on hold, at least in the short-term. This includes would-be first-time buyers, who have more flexibility, allowing them to take a wait and see approach. However, the recent Ipsos survey results dealing with likely home buyers suggest that many households who have moved to the sidelines will return to the market over the next year, possibly after reassessing the type and/or location of home they plan to purchase.

“The Ontario government recently released their first wave of foreign buyer statistics, which confirmed earlier TREB research that showed foreign buyers, even in the pre-Fair Housing Plan era, represented a very small proportion of overall home purchases – slightly less than five per cent. This, taken along with the strong buyer intentions reported by Ipsos, suggests that we will see many households moving back into the home ownership market over the next 12 months,” said TREB CEO John DiMichele.

“It remains to be seen whether the level of inventory will hold up to accommodate the eventual resurgence in demand. The Fair Housing Plan was less precise as it related to long term housing supply issues. Moving forward, TREB looks forward to working with the Ontario government in the development of effective, evidence-based policies pointed at the housing market,” continued DiMichele.

While the impact of the Fair Housing Plan may be temporary as it relates to home sales, it is important to note that the probability of higher borrowing costs over the next 12 months has increased. The consensus view is that the Bank of Canada will raise its Target for the Overnight Rate at least once in the second half



of 2017 and perhaps more than once. Prospective Bank of Canada increases have already been priced reflected in Government of Canada bond yields and posted mortgage rates, at least to some degree. Advertised discounted mortgage rates, however, remain at or near historic lows.

Taking into account both the temporary impact of the Fair Housing Plan and the further impact of higher borrowing costs, TREB's forecast range for home sales through its MLS® System in 2017 has been revised downward to between 89,000 to 100,000 transactions.

While home sales for calendar year 2017 will be down, listing activity will be up. As home owners react to strong equity gains over the past year, plus feelings that price growth will moderate in the future, new listings entered into TREB's MLS® System are expected to increase year-over-year. Look for the total number of new residential listings to range between 175,000 and 190,000 this year.

More balanced market conditions, with sales accounting for a smaller percentage of listings in the second half of 2017 compared to the first half, and particularly the first quarter. The overall growth rate for the average selling price in 2017 will be between 13 per cent and 18 per cent. While an annual rate of growth in this range will still be very strong from a historic perspective, it is important to note that it will also represent a moderation in year-over-year average price growth in the second half of the year. This moderation will be due to both more balanced market conditions and a change in the mix of homes purchased, with a greater share of purchases accounted for by townhouses and condominium apartments.

Release Highlights

- TREB MLS® sales were down by 37.3 per cent year-over-year in June. Over the same period, the number of new listings was up by 15.9 per cent – a deceleration in the annual growth rate compared to May.
- The MLS® Home Price Index (HPI) composite benchmark price was up by 25.3 per cent on a year-over-year basis in June, but on a month-over-month basis the composite benchmark price was down.
- The average selling price for all home types combined was 793,915 up 6.3 per cent compared to June 2016.
- Looking forward, calendar-year TREB MLS® sales are expected to range between 89,000 and 100,000 – down from the record level recorded in 2016.
- A recent consumer survey conducted by Ipsos following the announcement of the Ontario Fair Housing Plan suggests that home buying intentions for the next 12 months remain strong and in line with past survey results from the fall of 2015 and 2016.
- The results from a recent Ipsos survey of intending home sellers supports recent trends in TREB MLS® data pointing to elevated levels of listings compared to 2016.
- An increased supply of listings coupled with a dip in home sales will result in a more moderate year-over-year pace of price growth in the second half of 2017, but the calendar year growth rate for 2017 will remain in the double-digits.

Summary of TorontoMLS Sales and Average Price June 1 - 30, 2017

	2017			2016		
	Sales	Average Price	New Listings	Sales	Average Price	New Listings
City of Toronto ("416")	3,139	\$829,479	6,295	4,560	\$775,885	6,259
Rest of GTA ("905")	4,835	\$770,825	13,319	8,165	\$730,897	10,659
GTA	7,974	\$793,915	19,614	12,725	\$747,018	16,918



TorontoMLS Sales & Average Price By Home Type June 1 - 30, 2017

	Sales			Average Price		
	416	905	Total	416	905	Total
Detached	848	2,602	3,450	\$1,386,524	\$948,099	\$1,055,863
Yr./Yr. % Change	-42.9%	-45.7%	-45.0%	10.1%	6.2%	7.8%
Semi-Detached	273	486	759	\$987,404	\$653,936	\$773,879
Yr./Yr. % Change	-37.2%	-40.9%	-39.6%	8.1%	12.4%	11.1%
Townhouse	296	985	1,281	\$704,449	\$596,028	\$621,081
Yr./Yr. % Change	-33.2%	-31.4%	-31.8%	10.9%	12.8%	12.2%
Condo Apartment	1,702	669	2,371	\$552,679	\$436,097	\$519,784
Yr./Yr. % Change	-21.7%	-27.6%	-23.4%	23.2%	21.4%	23.2%

June 2017 Year-Over-Year Per Cent Change in the MLS® HPI

	Composite (All Types)	Single-Family Detached	Single-Family Attached	Townhouse	Apartment
TREB Total	25.33%	24.18%	22.18%	29.09%	30.60%
Halton Region	25.06%	24.11%	23.88%	31.05%	23.46%
Peel Region	24.58%	22.82%	22.43%	27.71%	30.37%
City of Toronto	24.22%	19.80%	18.57%	27.04%	32.16%
York Region	25.58%	26.50%	22.71%	30.29%	27.06%
Durham Region	29.53%	29.16%	27.40%	36.28%	31.03%
Orangeville	31.79%	31.04%	32.53%	-	-
South Simcoe County ¹	26.70%	25.84%	29.88%	-	-

¹South Simcoe includes Adjala-Tosorontio, Bradford West Gwillimbury, Essa, Innisfil and New Tecumseth Source: Toronto Real Estate Board

TREB MLS® Mid-Year Forecast Update

	MLS® Sales	MLS® New Listings	MLS® Average Price
2015	101,213	160,452	\$622,121
2016	113,044	154,230	\$729,823

2017 Forecast Ranges

2017 Low	89,000	175,000	\$825,000.00
Yr./Yr. % Chg.	-21.3%	13.5%	13.0%
2017 High	100,000	190,000	\$860,000.00
Yr./Yr. % Chg.	-11.5%	23.2%	17.8%

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