

# What slowdown? Vancouver and Toronto real estate markets still hot and unaffordable for many



With recent price declines in Canada's hot real estate markets, there's been [talk of a slowdown](#). But, so far, it's hardly something for prospective buyers to get excited about.

While prices did drop after the introduction of a foreign homebuyers tax in Vancouver last year, they're once again surging to new highs.

In Toronto, both prices and sales have taken a dive since the same type of tax came into effect in April.

Some had hoped a combination of recent government rule changes making it harder to get a mortgage, higher mortgage rates and the foreign buyers tax might have a lasting effect in cooling the market.

However, Toronto home prices are still up compared to last year and some industry experts predict that, as in Vancouver, the city's recent dip will simply be a blip.

And as long as Toronto and Vancouver's real estate markets continue to sizzle, many people will continue to find home ownership out of reach in these cities.

"I just don't get to live here," says Emelia Symington Fedy, who's moving her family from Vancouver to Halifax because she can't afford the high cost of housing in her beloved city. "It feels like my lover has jilted me. I'm heartbroken."

## Vancouver downturn dashed

In August 2016, the B.C. government implemented a [15 per cent tax on foreign nationals](#) buying property in Metro Vancouver to help cool skyrocketing house prices. For a time, the tax appeared to be working.

The benchmark or typical price for all Metro Vancouver home types declined from \$933,100 in August 2016 to \$896,000 in January 2017— a drop of four per cent.

But then prices started to climb again, [surging to a record](#) \$1,019,400 in July — an 8.7 per cent jump compared with the previous year.

More specifically, detached home prices rose 1.9 per cent and condo prices jumped a whopping 18.5 per cent over the year.

Real estate expert John Andrew says the price decline was short-lived because the new policy only managed to affect buyer psychology: some prospective buyers sat on the sidelines to see how the tax would play out.

"Any time you've got an uncertain market, that's always a temporary effect," says the Queen's University professor. And it did prove temporary as skittish buyers soon returned and Vancouver's real estate market rebounded.

"Your demand is still greatly outstripping supply and you've got very strong appetite still from foreign investors who would appear to be just happily paying that 15 per cent tax," says Andrew.

## Still can't afford it

So following the implementation of the foreign buyers tax, Vancouver real estate has become even more out of

reach for many people.

Symington Fedy, her husband and two children never could afford to buy a home in the city. But they were content, renting the top floor of a house.

That's until the family learned that their landlord was considering selling the property. Symington Fedy feared she may never find another affordable rental in Vancouver.

"I just crashed, I just cried, I couldn't believe it," she says. The family scrambled to find a solution and ended up buying a four-bedroom house in Halifax for just \$350,000.



Symington Fedy will have to travel back to Vancouver frequently for work after she and her family move to Halifax. (Emelia Symington Fedy)

But that doesn't mean the family's problems are solved. Symington Fedy can still run her [pop culture blog](#) and work as a documentary radio freelancer in Halifax. But she's also artistic director of the Chop Theatre in Vancouver, a role she refuses to give up.

So she'll have to travel frequently back to Vancouver, a city she loves and never wanted to leave.

"I've given literally my heart to Vancouver. And so for it to not be reciprocated and to feel kicked out, broke my heart," she says.

## Will Toronto's price drop last?

Despite some price declines, there may not be much hope for people priced out of Toronto's real estate market either.

"Both the Toronto and Vancouver markets are still absolutely unaffordable to a very high percentage of people that live in those cities," says Andrew.

In April, the Ontario government also slapped a [15 per cent tax](#) on homes in Toronto and surrounding regions purchased by non-resident foreigners to help cool the red hot market. Just as in Vancouver, prices quickly started to decline, prompting talk of a slowdown.

The sales price for all homes [in the Toronto area](#) [dropped](#) from an average of \$919,449 in April to \$746,218 in July — a decrease of 18.8 per cent. However, prices are still up five per cent from a year ago.

More specifically, detached home prices rose 4.9 per cent and condo prices climbed a startling 23.2 per cent over the year.

The total number of sales has dropped dramatically — by 40 per cent. But a big sales drop doesn't necessarily correlate into a big price drop unless sales continue to decline for months.



Some industry experts predict the housing slowdown in Toronto may be short lived. (Darren Calabrese/Canadian Press)

And some industry experts predict the Toronto downturn will be temporary. That's because, like Vancouver, they believe it's based on psychology with apprehensive buyers waiting to see how the foreign buyers tax announcement shakes down.

"You had people standing up there saying, 'Our goal is to cool the market,' and that made a lot of buyers say, 'OK, I'm going to hold on, I'm going to wait,'" says David Fleming, a Toronto-based agent with Bosley Real Estate.

He predicts the waiting game won't last and when buyers return, prices will tick back up. "I think it's going to be insane," he says about the fall market.

Andrew predicts as long as we don't see another rise in interest rates, the Toronto market downturn will subside and prices will remain steady.

But if that happens, just as in Vancouver, Toronto real estate will remain out of reach for many people, despite policies put in place to help them — policies that might temporarily temper prices but may not have much lasting effect.



*Sandra Jackson*

cell 416-579-7862  
SJ@SandraJackson.biz