

Toronto house prices likely already near bottom, RBC economist says



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The Toronto Real Estate Board said Wednesday the average price for all home types in the Greater Toronto Area last month was \$732,292, down 1.8 per cent from July and 20.3 per cent below April's GTA average of \$919,086. (Andrew Francis Wallace / Toronto Star File Photo)

By David PaddonThe Canadian Press

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Toronto's roller-coaster real estate market took a swoop lower in August, the fourth-straight month that the average sales price in Canada's largest city declined from a dizzying record high set in April.

The Toronto Real Estate Board said Wednesday the average price for all home types in the Greater Toronto Area last month was \$732,292, down 1.8 per cent from July and 20.3 per cent below April's GTA average of \$919,086.

The Ontario government introduced more than a dozen measures in April — including a 15 per cent tax on foreign buyers — following a price spike in the first months of the year, which started with an \$768,301 average GTA price in January.

Sales in the Toronto area have cooled since the Ontario government's move and August sales continued that trend with a 34.8 per cent plunge from the same month last year.

Premier [Kathleen Wynne](#) says April's 16-point plan was responding to a "really overheated" market.

"It's had a cooling effect. We don't know exactly what all of the factors are there, but we'll be working with the real estate board both in Toronto and beyond to make sure we got it right," Wynne said Wednesday.

According to RBC economist Robert Hogue, Toronto is likely to mimic Vancouver's experience in the wake of market-cooling policy. Sales in that West Coast city increased 22.3 per cent in August from the same month last year, when the provincial government first introduced a 15 per cent foreign buyers tax.

"Our view is that the market has largely adjusted to Ontario's Fair Housing Plan and should maintain balance between supply and demand," Hogue wrote in a note Wednesday.

"Developments in Vancouver — which went through a similar policy-induced market correction last year — suggest that the bottom for prices may be near in the Toronto area."

Despite August's decline to the lowest average price reported by the Toronto Real Estate Board so far this year, it's still up three per cent from the same month in 2016.

TREB said that the average price had been affected by fewer high-end home sales last month compared with a year earlier.

After adjusting to recognize different pricing levels for condos, fully detached houses and other types of property, its Multiple Listing Service housing price index for August was up 14.3 per cent from a year earlier.

The number of detached homes sold in the GTA was down 41.6 per cent from last year, while sales of semi-detached houses were down 37.1 per cent. Condo and townhouse sales were down 28 per cent and 25.7 per cent, respectively.

Nevertheless, fully detached houses accounted for 40.6 per cent of GTA sales in August and their price averaged \$968,494 — about the same as last year overall despite a 1.2 per cent year-over-year decline in the core 416 area code.

Condo apartments, which accounted for 31.4 per cent of the volume, had an average price of \$507,841 — up 21.4 per cent from August 2016.

The real estate board said the number of new listings last month was 11,523, the lowest for an August since 2010. But the number of active listings was 16,419, up 65 per cent from August 2016, and the average days on market rose to 25 from 18.

"The relationship between sales and listings in the marketplace today suggests a balanced market," said Jason Mercer, TREB's director of market analysis.

"If current conditions are sustained over the coming months, we would expect to see year-over-year price growth normalize slightly above the rate of inflation."