

# The media reports doom & gloom, but the average price still rose 8.6%.

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TORONTO – January 6, 2023

## 2022

The 2022 market had resulted in the lowest number of sales since 2008 for Toronto's real estate resale market, as the Toronto Real Estate Board had reported 75,140 sales of single-family dwellings in 2022.

Total sales had decreased by 38.2% from the 121,639 sales that had been recorded in 2021, and total sales had decreased by 21% from the 95,066 sales that had been recorded in 2020.

An aggressive, foolish policy by the Bank of Canada (BoC) to increase interest rates had created a historic level of uncertainty leading to the worst sales levels in over a decade.



**Despite sales decline, the year-end average price rose by 8.6% in a symbolic Churchill-like gesture to the BoC.**

The year-end, January 1 to December 31, single-family dwelling cumulative average price for the Toronto area in 2022 had totalled \$1,189,850, which had increased by 8.6% from \$1,095,333 in 2021.

**December 2022**

The month of December had proven to be the worst ever for Toronto's real estate resale market, which had resulted in decreased sales, as the Toronto Real Estate Board had reported 3,117 sales of single-family dwellings in December 2022.

Total sales were down by 48.2% from the 6,013 sales that had been recorded in December 2021, and total sales had decreased by 31% from the 4,544 sales that had been recorded in November 2022.

▪ **The December average price had decreased by 9.2%.**

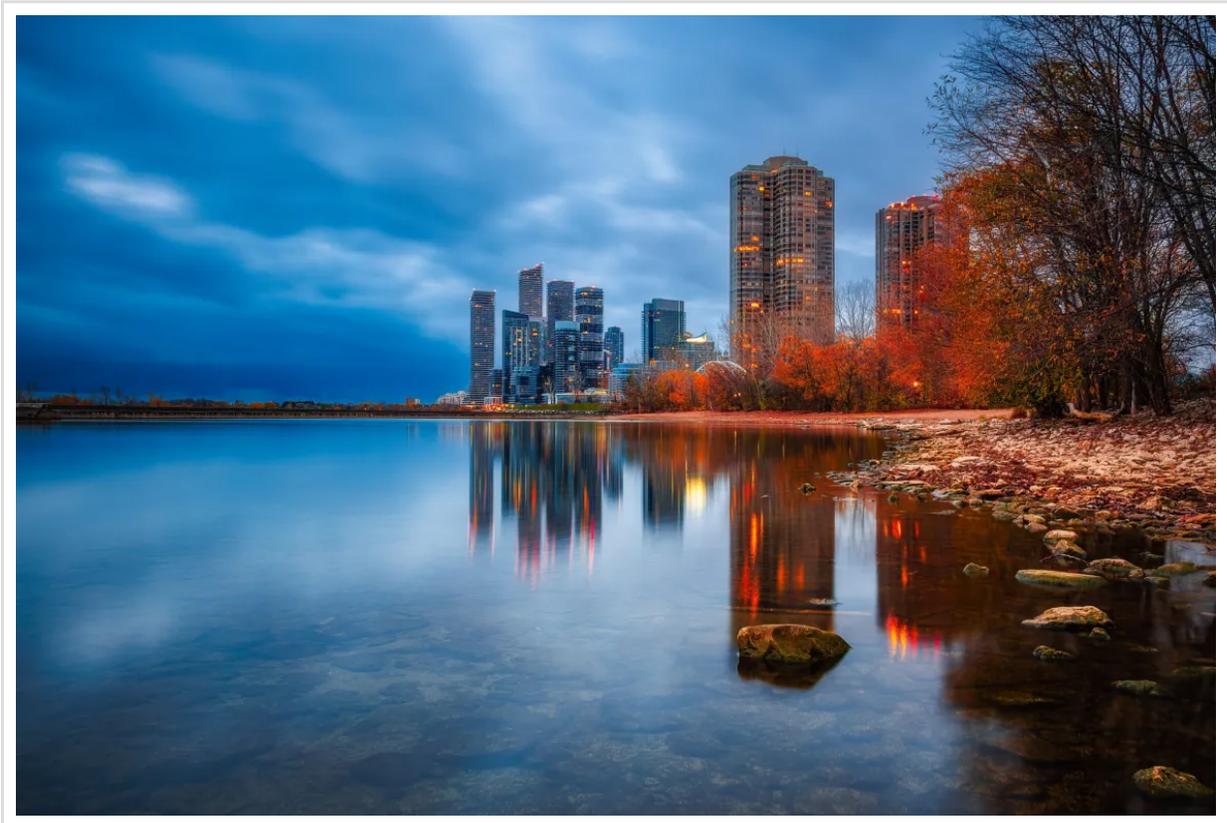
The average price in December 2022 had decreased by 9.2% to \$1,051,216 from \$1,157,837 in December 2021. The December 2022 average price had decreased by 2.6% from the November 2022 average price of \$1,079,395.

Looking just at the City of Toronto for December 2022, the average price for a detached home had been \$1,627,635 (\$1,698,178 in December 2021), while the average price for a condominium

apartment had totalled \$741,584, which had increased from \$725,083 in December 2021.

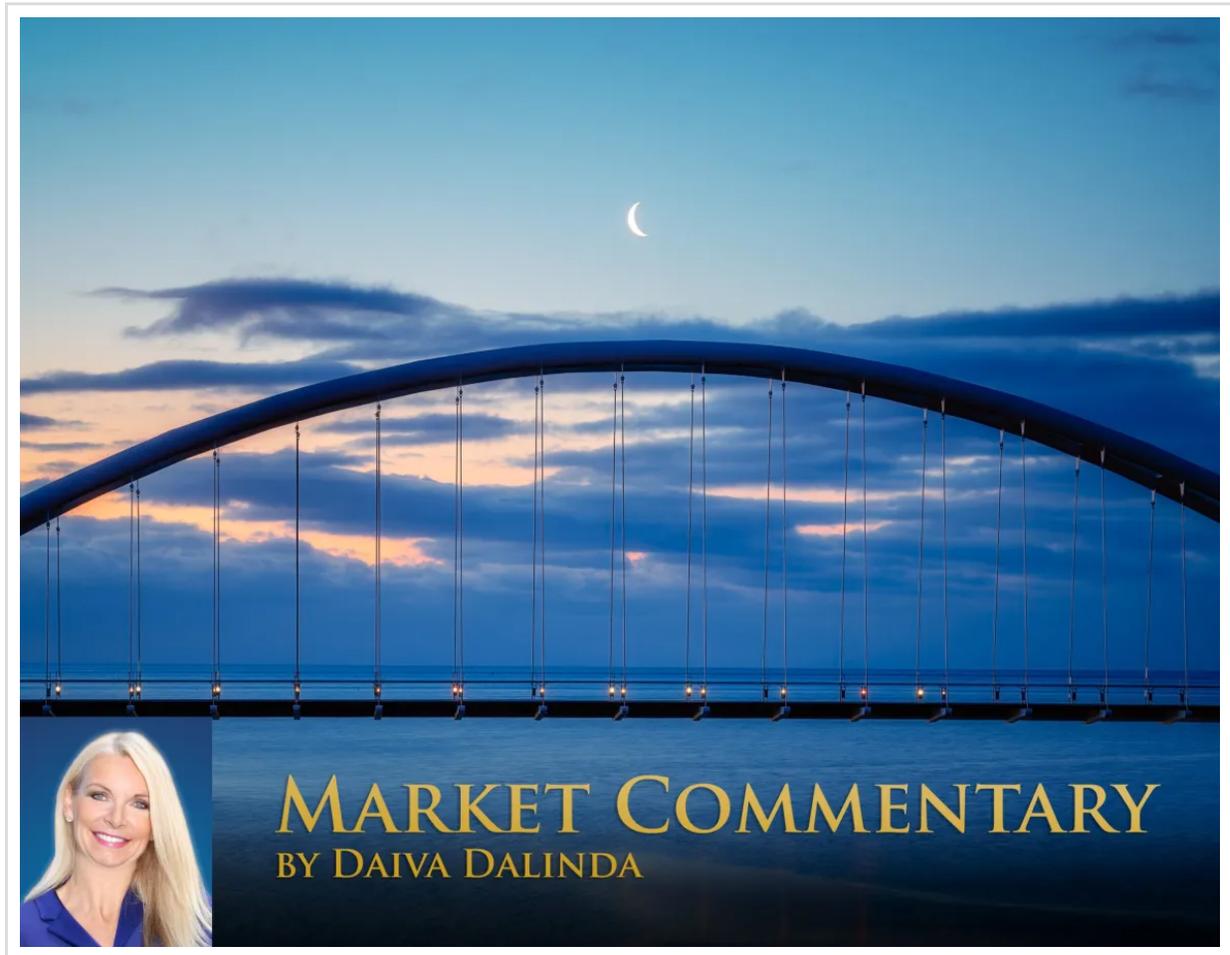
- **Active listings had increased year over year but decreased from November.**

The number of active listings in December 2022 had decreased by 24.7% to 8,692 from the 11,910 active listings in November 2021 and had increased by 169% from the 3,231 active listings in December 2021.



- **The Humber Bay Shores average price had totalled \$814,439.**

Condominium apartment sales in the W06 west district that represents Humber Bay Shores had decreased to 28 sales in December 2022 from 39 sales in November 2022. The average condominium price in this district had totalled \$814,439 in December 2022, which had increased by 7.5% from \$757,338 in November 2022. **This had marked the first time ever that the average price in Humber Bay Shores had crossed the \$800K mark.**



***Market Commentary by Daiva Dalinda***

Many economists have theories, but I would like to also incorporate my boots on the ground observations too.

The media loves attention grabbing headlines. Screaming that sales were down 48.2% is not the whole story, without adding that listings were down 21.3%.

Also, a very relevant but overlooked fact was the historic price data comparisons.

They were:

2020 the average price was \$929,636

2021 the average price was \$1,095,333

2022 the average price was \$1,189,850

**The media is oblivious to these facts because they do not aid in their fear/disaster narrative.**

What was of interest to me and my business was that in 2022 average prices still ended up higher than 2021. In the newly released December numbers, the 416 area code had an average price for a detached home of \$1,627,635. Condos in the 416 area code averaged at \$741,584.

**These numbers are showing a much stronger market than the media is suggesting.**

Another interesting factor that we are witnessing in the market today is an inverted yield curve. This means that the short-term interest rate of 6.59% is actually higher than the long term 5-year rate of 6.34%. And, in fact, the rate that is being offered by mortgage brokers today for a 5-year mortgage has dropped to 4.79%.

**This clearly suggests that the banking industry is preparing for lower rates.**

However, we do need to consider that there are a few storm clouds brewing.

First of all, pre-construction condos are experiencing strong vulnerability. Now that many of these projects are ready for occupancy, their purchasers are no longer able to qualify for financing. Therefore, a continuing large number of assignments are hitting the market at reduced prices. **This will impact existing condo inventory negatively.**

Secondly, the recent interest rate increases have lagging factors. As mortgage terms come due in the next year or two, many new home owners may no longer qualify at the new rates and be forced to sell as well.

We all know that an increased supply will be detrimental to prices.

Worth mentioning is also Canada's massive immigration policy, which will continue to fuel demand for housing in Toronto, but strain our already fragile infrastructure.

The return to office mandates will also increase demand for housing in central Toronto, as buyers return from suburban locations.

It is hard to say what impact the 2-year, foreign homebuyer ban will have. There are numerous exemptions that may make it a non-starter.

Finally, I am personally observing an important phenomenon. If a property is in a prime location, and is either a new build or an extensive renovation, it is realizing a quick sale at surprisingly high prices.

The only declines I am actually witnessing is of properties in need of maintenance and renovation.



It makes sense that the new man to claim the richest man in the world title, Bernard Arnault, is the owner of companies that are purveyors of super luxury goods. Hence, there is a lot of wealth in Toronto, and they will gladly pay a premium for the best.

To view the Palace Place Price Chart, click here:

<https://www.dalinda.net/price-charts/palace-place-2022/>

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**Palace Place**, 1 Palace Pier Court, and **Palace Pier**, 2045 Lake Shore Boulevard West, in **Humber Bay Shores**.

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\*\*The #1 Top Selling Realtor in Humber Bay Shores (W06, Condos), such achievement has been based on the total combined units and the total selling dollar volume that had been sold from January 2017 to December 2022 from TREB MLS data that had been analyzed by independent third party, RE Stats.

\*\*\*The #1 Top Selling Realtor at Palace Place, such achievement has been based on the number of sales that had been sold from 2010 to 2022 from TREB MLS data.

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