GTA: Home sales continued to slide in July

By Daren King

The Toronto Regional Real Estate Board (TRREB) data for the resale market in July showed seasonally adjusted home sales fell by 7.3% compared to June, a fifth significant monthly decline in a row (chart 1). As a result, sales are at their lowest level since the lockdown at the beginning of the pandemic and below the trough reached in 2017 following the introduction of macroprudential measures. Over the last five months, sales in Toronto decreased by 42.1%. This moderation comes after the rapid increase in the Bank of Canada’s policy rate. Many buyers have probably put their acquisition projects on hold while waiting to see how interest rates will evolve. With the central bank expected to announce another rate increase in September, we expect the market to remain soft.

On the supply side, end-of-month listing remained stable during the month as new listings decreased by 16.2% from June to July. Combined with the decline in sales, market conditions have continued to loosen into balanced territory (chart 2).

On a year-over-year basis, sales were down 47.4% in July compared to the same period last year, reaching its lowest level for that period of the year since 2000 (chart 3). For the first seven months of 2022, cumulative sales decreased 34.1% compared to the record level achieved in the same period in 2021.

For non-condo dwellings, we estimate that seasonally adjusted sales in July were down 3.4% from June, while end-of-month listings rose 2.7% (chart 5). As a result, market conditions continued to loosen into balanced market territory (chart 7).

Condominium sales dropped by 15.6% in July, while inventory decreased by 5.1% (chart 6). Despite this strong decline in sales, conditions still indicate a “favourable to sellers” market for now (chart 8).
5. Toronto: Home sales and listings, dwellings other than apartments
Seasonally adjusted by NBF. Last observation: July 2022

6. Toronto: Home sales and listings, condos apartments
Seasonally adjusted by NBF. Last observation: July 2022

7. Toronto: Home resale market conditions, other dwellings
End-of-month listing-to-sale ratio. Last observation: Q3 2022 as of July

8. Toronto: Home resale market conditions, condos
End-of-month listing-to-sale ratio. Last observation: Q3 2022 as of July

NBF Economics and Strategy, data from TRREB.
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