



GTA: Worst year in 20 years for the real estate market

By Daren King

The Toronto Regional Real Estate Board (TRREB) data for the resale market in December showed that 2022 was the worst year in 20 years for the Toronto real estate market, worse than during the financial crisis of 2008 (chart 1). Indeed, cumulative sales in 2022 reached 75.1K units, a 38.3% decline compared to the record level registered in 2021. The housing market continued to be heavily impacted by high interest rates, with sales in December down 48.2% over 12 months (chart 2).

On a monthly basis, the downward trend seen in the recent months paused in December as seasonally adjusted home sales increased 1.1% compared to November, only the third increase in ten months (chart 3). Sales have cumulatively decreased by 48.0% since February and continued to hover near the low level reached during the 2008 global financial crisis. There is no doubt that the monetary tightening of the Bank of Canada's, which have driven affordability conditions to their worst level on record in Toronto, has cooled residential activity in recent months. In such a context, many buyers are probably hesitant or simply unable to transact given the current environment. As it is expected that the central bank will keep the monetary policy

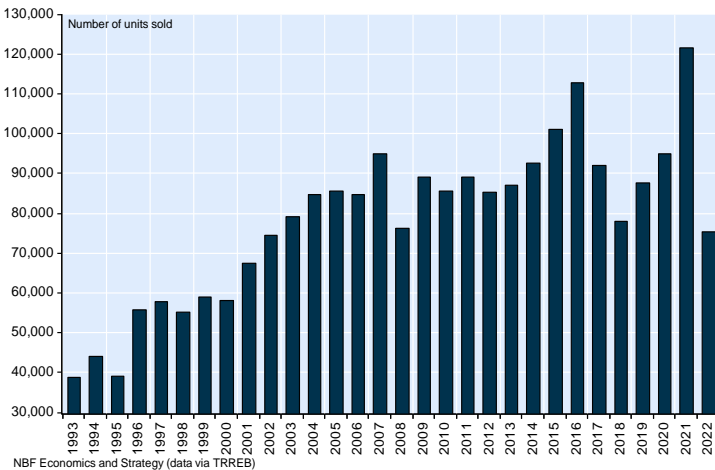
into restrictive territory for most of 2023, sales should continue to be weak over the next few months.

After being exacerbated by a severe lack of supply over the past two years, this seems to be coming to an end. Indeed, even though new listings decreased by 3.1% during the month, the low level of sales allowed the inventory to build up. As a result, active listings surged by 17.1% from November to December, a third consecutive monthly increase. This reversal has affected market conditions so that they are now well established into "favourable to buyers" territory (chart 4).

For non-condo dwellings, we estimate that seasonally adjusted sales in December were up 1.5% from November, while end-of-month listings jumped 17.5% (chart 5). As a result, market conditions are now deep into "favourable to buyers" territory (chart 7).

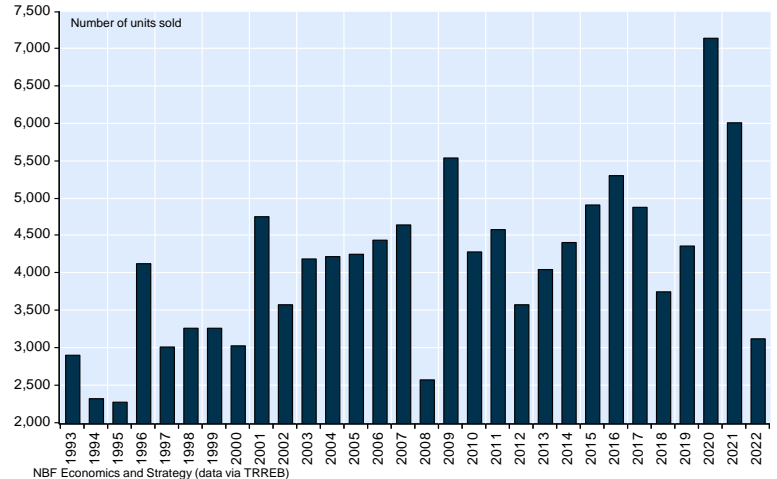
Condominium sales remained stable from November to December, while inventory surged by 16.2% (chart 6). Overall, market conditions in the condo segment remained in "favourable to sellers" zone (chart 8).

1. Toronto: Year-to-date home sales



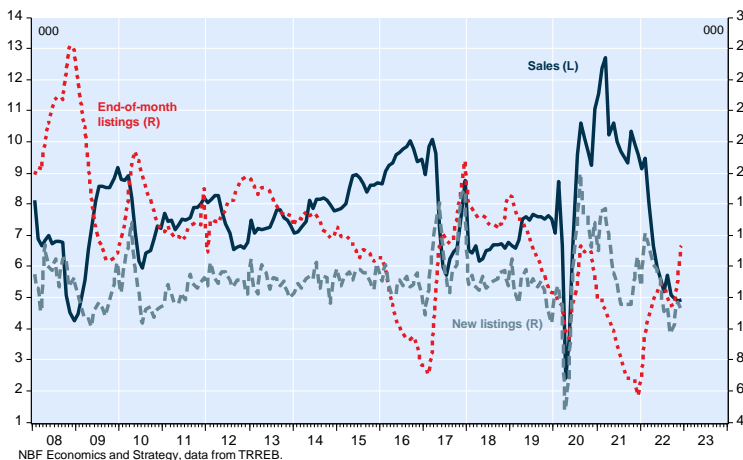
2. Toronto: Home sales in December

Raw data, non seasonally adjusted



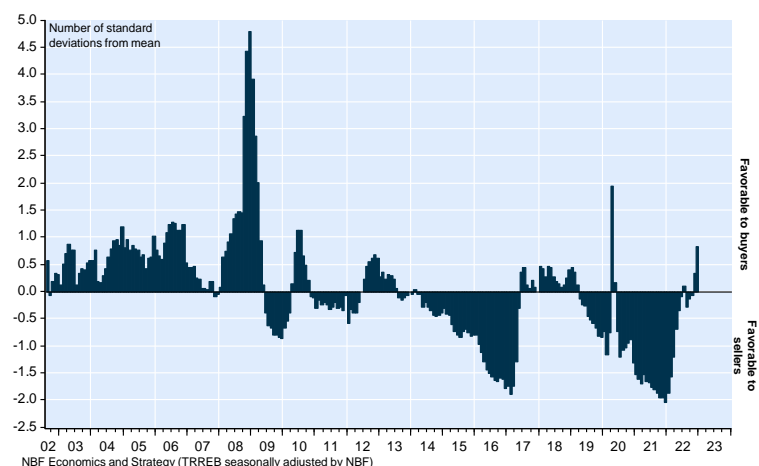
3. Toronto: Home sales and listings

Seasonally adjusted by NBF. Last observation: December 2022



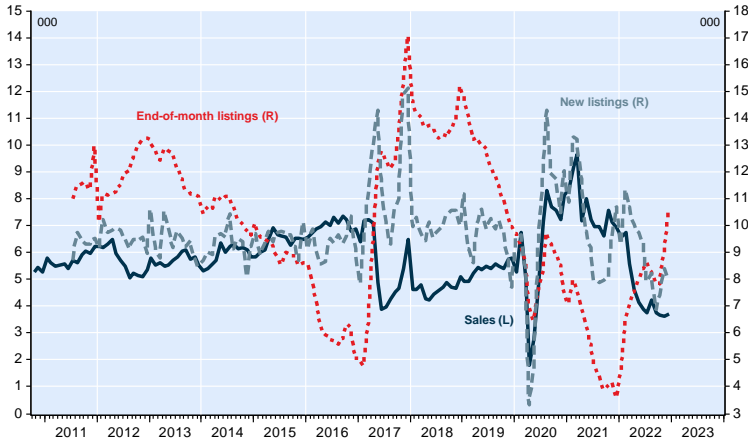
4. Toronto: Home resale market conditions

End-of-month-listing-to-sale ratio. Last observation: December 2022



5. Toronto: Home sales and listings, dwellings other than apartments

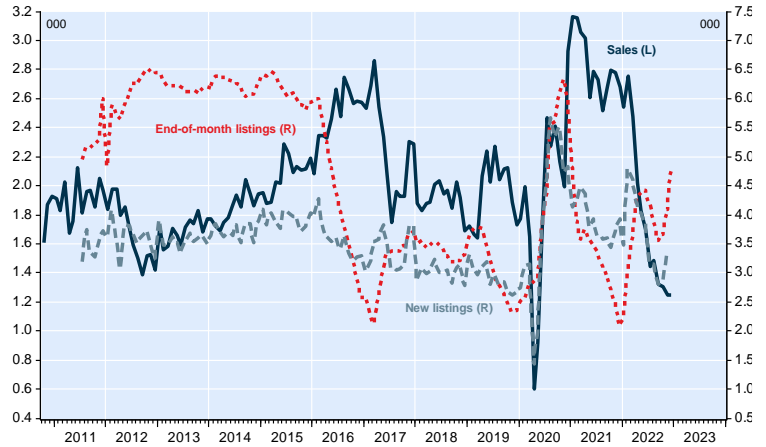
Seasonally adjusted by NBF. Last observation: December 2022



NBF Economics and Strategy, data from TRREB.

6. Toronto: Home sales and listings, condos apartments

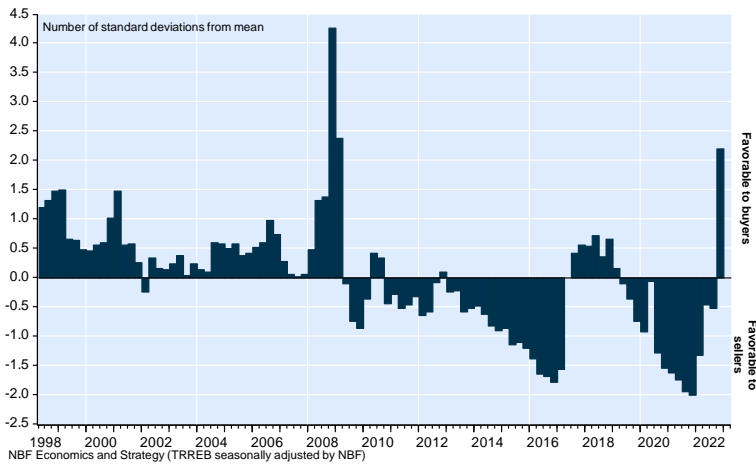
Seasonally adjusted by NBF. Last observation: December 2022



NBF Economics and Strategy (data via TRREB seasonally adjusted by NBF)

7. Toronto: Home resale market conditions, other dwellings

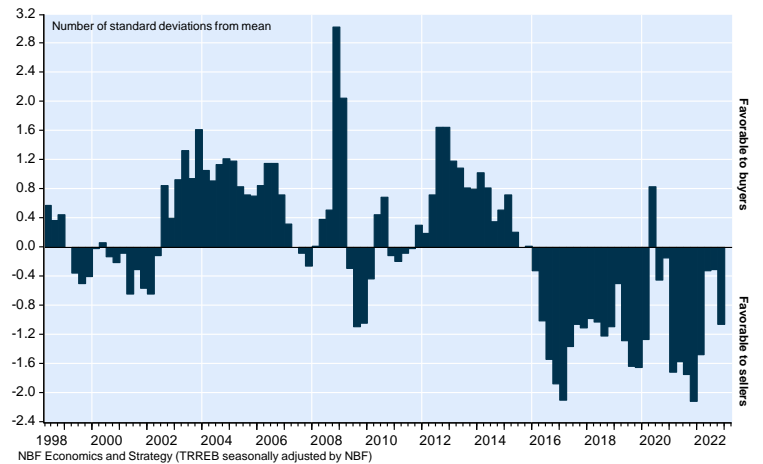
End-of-month-listing-to-sale ratio. Last observation: Q4 2022 as of December



NBF Economics and Strategy (TRREB seasonally adjusted by NBF)

8. Toronto: Home resale market conditions, condos

End-of-month-listing-to-sale ratio. Last observation: Q4 2022 as of December



NBF Economics and Strategy (TRREB seasonally adjusted by NBF)

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