

# Ontario urged to act on housing as Toronto-area home prices hit record

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Pressure is growing on the Ontario government to announce measures to cool the Toronto region’s overheated housing sector as detached home prices climbed 33 per cent in March to a record high, and as Toronto Mayor John Tory called on policy makers to ensure speculators are not driving up the market.

The average detached house in the Greater Toronto Area sold for \$1,214,422 last month, up 33.4 per cent from \$910,375 in March last year, according to sales data released Wednesday by the Toronto Real Estate Board (TREB).

	Sales			Average price		
	416	905	Total	416	905	Total
<b>Detached</b>	<b>1,215</b>	<b>4,672</b>	<b>5,887</b>	<b>1,561,780</b>	<b>1,124,088</b>	<b>1,214,422</b>
Yr./Yr. % change	14.3%	21.3%	19.8%	32.8%	34.3%	33.4%
<b>Semi-detached</b>	<b>334</b>	<b>668</b>	<b>1,002</b>	<b>1,089,605</b>	<b>742,501</b>	<b>858,202</b>
Yr./Yr. % change	4.4%	0.8%	1.9%	33.3%	34.4%	34.4%
<b>Townhouse</b>	<b>362</b>	<b>1,364</b>	<b>1,726</b>	<b>761,128</b>	<b>690,202</b>	<b>705,078</b>
Yr./Yr. % change	-8.1%	19.1%	12.2%	22.0%	38.5%	32.9%
<b>Condo apartment</b>	<b>2,324</b>	<b>937</b>	<b>3,261</b>	<b>550,299</b>	<b>440,950</b>	<b>518,879</b>
Yr./Yr. % change	29.0%	13.0%	23.9%	32.0%	33.2%	33.1%

THE GLOBE AND MAIL | SOURCE: TORONTO REAL ESTATE BOARD

The average edged slightly above the prior record value of \$1,205,815 set in February this year as the sale price of homes in communities surrounding Toronto climbed even more quickly than prices in the City of Toronto.

Coming weeks before Ontario is expected to unveil its spring budget, the March sales numbers are adding fuel to calls for reforms to cool the overheated Toronto market.

Mr. Tory said Wednesday that skyrocketing housing prices were putting people in a “desperate situation” and that governments need to act.

“It’s deeply concerning because people are not only losing hope of having a home, a rental or an ownership home, but they’re losing even just

the mathematical ability to contemplate it, let alone what they hoped for,” he told reporters.

The Mayor said city officials are studying the idea of a tax on vacant units, similar to one imposed in Vancouver, to try to curb speculation. He also urged the province to review the rules that govern real estate agents to try to calm “frenzied bidding” wars for houses, and to help increase the supply of affordable housing.

Ontario Finance Minister Charles Sousa said Wednesday his government wants to find a way to help buyers in Toronto’s market, but warned there is no “silver bullet” that can solve Toronto’s real estate issues. He said there is no consensus from stakeholders about how to proceed, and it is difficult for the government to predict the market’s reaction to any reform initiative.

“To what extent any one measure will have a positive impact or negative impact is questionable and we’re still trying to ensure we put nobody in harm’s way,” he said.

The sale price of all homes in the GTA – including houses and condominiums – climbed to an average of \$916,567 in March, a 33.2-per cent increase from \$688,011 in March, 2016. TREB said the GTA hasn’t seen a higher rate of growth in overall home prices since 1989, just before the city’s last major real estate crash.

Canadian Imperial Bank of Commerce economist Benjamin Tal said something has happened to drive up prices in the Toronto market recently beyond normal tight supply constraints that have pushed prices higher for years. He credits a combination of “bubble fatigue” – which he defines as potential buyers jumping into the market after tiring of waiting

for a crash in house prices – and a move by investors and speculators to enter the market.

Although there is little data to show what proportion of houses are being purchased by investors, Mr. Tal says an increase in flipping activity must lie behind the recent frenzy.

“That’s why an appropriate policy response is so important at this point,” he said.

Bank of Montreal economist Robert Kavcic said the market “remains drum tight” and price growth rates are pushing close to the heights that Vancouver saw last year before a tax on foreign buyers helped cool the market.

However, TREB president Larry Cerqua urged the province not to “implement any knee-jerk policies.” TREB has previously rejected proposals for a tax on foreign buyers, and has urged governments to focus on measures that will help encourage construction of new homes.

Shawn Zigelstein, a Royal LePage realtor based in Richmond Hill, north of Toronto, said the market is hottest in areas such as his outside the city of Toronto, but he is not confident that new tax measures could slow price growth.

He said he sees little speculation among his clients, and few vacant homes. Houses he visits

with his clients are occupied, he says, and the only vacant house his group has coming up for listing is an estate sale where the owner has died.

“Whether it’s a tax on vacant homes or a speculators tax ... I don’t think it’s going to slow the market down at all,” Mr. Zigelstein said. “I think all it’s going to do is give some extra money to the government because people purchasing those types of properties are really not seeing an extra few thousand dollars [in tax] as a big hiccup for them.”

But John Pasalis, president of Toronto firm Realosophy, believes there is investor speculation in the market, and that the rate of price appreciation in recent months is “alarmingly high.”

Detached home prices climbed more quickly outside Toronto than in the city last month, TREB said. In communities surrounding Toronto, detached homes sold for an average of \$1,124,088 in March, up 34 per cent from a year earlier, but also up 1.6 per cent over February this year.

In the City of Toronto, however, the average detached home price fell 0.75 per cent in March compared with February, averaging \$1,561,780 compared with \$1,573,622 a month earlier.