

Home sales across Canada register biggest monthly decline in nearly 5 years

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The Canadian Real Estate Association says home sales across the country dropped sharply last month, driven by a plunge in transactions in the Greater Toronto Area.

A 25.3 per cent plummet in Toronto region sales from April to May contributed to a 6.2 per cent national decline.

CREA blamed the largest month-to-month drop in five years to Ontario housing policy changes, including a 15 per cent tax on foreign buyers.

The national average price for all homes sold last month was \$530,304, pulled up by Toronto and Vancouver, where it was \$863,910 and \$1,110,376, respectively.

Toronto region prices were down about 7 per cent in May compared to April. But they were 15 per cent higher year over year.

Without Vancouver and Toronto, the national average house price would be about \$130,000 lower: \$398,546.

The foreign buyers' tax was one of more than a dozen measures announced by the Ontario government aimed at cooling Toronto's blistering housing market, where prices have spiralled out of reach for many potential homebuyers.

There is no cause for alarm at the Toronto region's April to May price dip accompanied by a 43 per cent boost in listings, said one senior realtor.

"We believe the pause is a psychological impact as opposed to a real impact of the Ontario Fair Housing plan," said Dianne Usher, senior vice-president of Johnston and Daniel, a division of Royal LePage.

A look at the last 20 years — particularly from the late 1990s onward, shows that the Toronto

region has seen a slow and steady upward trajectory of home prices, she said.

"Every once in a while, like in the spring of 2008, we had a sharp incline in prices, followed by a short correction and right back on again," said Usher.

"There's been nothing happening to our economy to change any of the influences affecting our market . . . What we're seeing in Toronto and the Greater Golden Horseshoe is some good strength in the market," she said.

In Vancouver, another highly scrutinized real estate landscape, home sales were up by 23 per cent month-over-month in May, suggesting that it is bouncing back from the slump that followed the introduction of a foreign buyers' tax there last summer.

But it is not back in bubble territory, said Usher.

"It's going through its natural cycle and its prices are back up and increasing from where they were a year ago. Is that bubble territory? No," she said.

The latest sales and price statistics have, however, prompted CREA to revise its national forecast to a 1.5 per cent decline in Canadian housing sales this year compared to last year. In March, it had been predicting a 3 per cent drop in 2017.

That again is due to the forecasts for Ontario and B.C. Those have changed from a 0.7 per cent increase in Ontario to a 2.1 per cent year over year decline. In B.C., the 17.5 per cent anticipated year over year decrease has been updated to 9 per cent.

The Toronto-area housing supply remains tight despite three consecutive months of increased inventory, including the substantial jump in May. Toronto Real Estate Board officials have

said the region has a two-month supply, up from record low inventory levels earlier in the year.

Still, since 2003, the region's re-sale listings were only lower once in the peak month of May. That was last year when there were only 12,931 listings, compared to 18,477 this year.

Canada-wide there were 4.7 months of inventory in the re-sale home market last month — up slightly from April and May, according to CREA. The supply is similar to last year's levels, it said.