

Toronto house sales continue to slide

By Janet McFarland

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Toronto's housing market is continuing to show weakness in July with early signs pointing to another month of sharply falling house sales.

Sales data for the first two weeks of July show a 39-per-cent drop in home sales in the Greater Toronto Area compared to the same two-week period last year, according to the Toronto Real Estate Board. TREB said 2,670 homes changed hands in the first half of the month compared to 4,401 last year.

The biggest drop in sales was in the detached-house market, where total sales fell 45 per cent, while sales of semi-detached house sales fell 43 per cent, townhouse sales fell 37 per cent and condominium sales dropped 35 per cent.

Although average prices have fallen since hitting a peak in April, the strong gains from earlier in the year have not been fully erased. Despite the recent downturn, prices were still up almost 7 per cent in the first two weeks of July compared to last year. The average selling price for all types of homes in the GTA hit \$760,356 in the first half of July compared to \$707,847 last year.

The average sale price in the first two weeks of July was down 4.2 per cent from June's average price of \$793,915, but the month-over-month comparison may not be clear proof that prices are still falling in Toronto because house prices are typically lower in July than in the hotter June market. Prices fell 8.1 per cent in the GTA in June compared to May after sinking 6.2 per cent in May compared to April.

Sales began to drop in May after the Ontario government announced a package of housing reforms in April to cool the market, including a new 15-per-cent foreign-buyers tax.

TREB said the rate of growth in homes being listed for sale "has declined markedly" in July, suggesting many home owners are rethinking putting their homes on the market as sales cool.

The GTA saw 7 per cent more homes listed for sale in the first two weeks of July, compared to the same period last year, but that rate of growth is far lower than in mid-June, when new listings were up 20 per cent over the prior year, and in mid-May, when new listings soared 40 per cent.

TREB said an "interesting dichotomy" is developing in the region, with prices for detached homes holding up better in the City of Toronto than in surrounding communities known as the 905 region.

TREB said prices for detached homes in the Toronto were up 12 per cent in the first two weeks of July compared to the same period last year, while prices in the 905 region were up a more modest 2.7 per cent on an annual basis.

The average detached home in Toronto sold for \$1,309,875 in the first two weeks of July, while detached house prices in the 905 region averaged \$923,008.

Condominiums have shown a similar trend, with average prices up 31 per cent in Toronto compared to a year earlier while prices were up 12 per cent in the 905 region. Condominium prices averaged \$548,919 in Toronto and \$413,755 in the rest of the GTA.