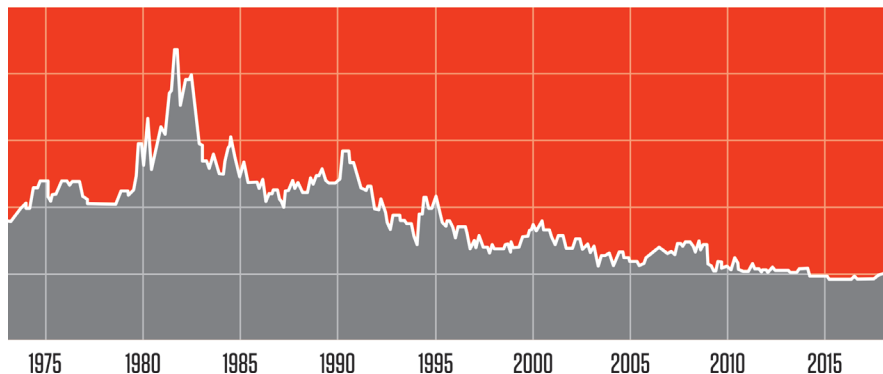


IS THE MARKET GAINING STABILITY?

Sales statistics indicate small signs of market improvement

Historical Posted 5-Year Mortgage Rates From 1973 to Today



The Toronto Real Estate Board (TREB) reports for July reflect a rise in sales when compared to spring and summer 2017 and early 2018. Is this an indication that the market is gaining stability? Yes, but it's early days yet.

The initial impact of the Liberal Ontario government's Fair Housing Plan, introduced in April 2017, quickly started to cool things down and many buyers chose to postpone purchasing a home. Then in January, new stress-test guidelines were announced by the Office of the Superintendent of Financial Institutions (OSFI) requiring all buyers

seeking a mortgage from federally regulated lenders (i.e. top tier banks), including those with more than 20 per cent down payments, to qualify at the five-year fixed rate as reported by the Bank of Canada. These two regulations negatively impacted homebuyers' confidence. At the time, numerous industry experts predicted that the results would be temporary and there are some indications that they were right.

TREB also reported that sales numbers rose from 5,869 in July 2017 to 6,961 in July 2018 (an 18.6 per cent gain). The same report showed the average price increased by 4.8 per cent. Toronto MLS statistics for July 2018 showed that the median number of days on the market was 25 – much more usual than the previously recorded days of multiple offers and sales within a day of listing.

These statistics indicate small signs of market improvement. However, the changes to both the number of sales and average prices show increases from 2017, a year where both were considerably lower over previous years.

Although slight mortgage rate increases by the big banks in the last quarter have been introduced, rates remain historically low. Forecasts indicate that minor increases are still expected in 2018, prompting some buyers to act now and take advantage of lower interest rates.

In terms of demand for housing, this continues to outpace supply, which often has an effect of putting upward pressure on home prices. Statistics Canada reports that in the Toronto Census Metropolitan Area more than 1.2 million people moved in between 2001 and 2016, yet only just over 500,000 new dwelling units were constructed, which is not enough to fulfill demand.

When considering a home purchase, new construction has many advantages, including the latest building materials, techniques and home-efficiency technology in place upon move in, compared to updating through renovation. Further, there is the opportunity to select the features and finishes which will personalize a house into a home. Those who buy early, prior to the start of construction, have time to organize and sell their existing homes, if applicable.

And then there's location, location, location. Many new homebuyers today are opting for infill developments that offer a roster of existing amenities already in place. The feeling of home and community is there from the onset, which is both comforting and convenient.

Take time to research new home communities and start thinking about the opportunities they present. Whatever your taste and lifestyle needs, a perfect new home is waiting just for you.



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in business, Geranium has created master-planned communities including more than 8,000 homes in Ontario. Geranium.com