Tempo

MAY 2024

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MAY 2024 TEMPO...

May usually ushers in the right weather conditions and aesthetic appeal – green grass, trees in bloom and pools open --for many Canadian home sellers and buyers to deem it the peak of the spring real estate market. Most assuredly, it must be right? Well, contrary to this false but popular belief is the actual spring market activity, which this year, began the first week of January, and reached its zenith sometime before the end of February, and has been trending lower ever since, unfortunately. It hasn't necessarily shown up in the average sale price yet, which for March still showed an improvement over February (albeit not anywhere near our optimistic projections). It is, however, showing up in the volume of sales – or lack thereof -- and that's where it really counts. In fact, March's sales numbers for the GTA were so abysmal that they now hold the unenviable title of being the lowest on record since 2009. That's a pretty sensational headline for the media to grab hold of. Despite increased inventory, booming immigration and a Canada-wide housing shortage crisis, we can't ignore the underwhelming performance of the GTA real estate market, despite our local market maintaining its own on a year-over-year basis. That's the good news story, and one we are hoping to maintain! Go Durham Region!

With the first quarter of the year now completed though, it's time to assess what the 2024 real estate market may have in store for us.

With the Bank of Canada once again holding its position to not change the overnight rate – their 6th consecutive decision to do so – the concern is that buyers are starting to lose hope that any significant change will happen in 2024. And we have to agree with them, as we don't predict a substantial reduction in rates this year. The BOC's ultra cautious strategy has many speculating on whether we will even see a rate cut in June, when the next policy meeting is held. Our bet is that if we do, it will be incredibly modest. In the meantime, disheartened buyers are opting out of the melee, which bodes ill for the multiple offer scenario that so many sellers have now come to expect when selling their homes.

Listing inventory levels will continue to swell, as almost 2.2 million mortgage borrowers will be renewing in 2024 and 2025, representing 45% of all outstanding mortgages in Canada. Many homeowners will be selling because they can't afford the higher interest rates at renewal. That means a lot more selection for those buyers still in the market. Price, condition and timing are going to take centre stage in the next 3 quarters of 2024 and an equally creative and strategic roll out for any property entering the marketplace will be key if top dollar is the goal. And let's face it, top dollar is always the goal for every seller! Overall, we see a noteworthy shift in the market towards a balanced market on the horizon, lasting as long as it takes for the Bank of Canada to reach its target CPI of 2%, which they are expecting to achieve in 2025.

As conditions continue to evolve, we are committed to providing you with the most current information available and proving our value to you as your real estate advisors for life. As always, we are here to educate and inform you, to ensure you know what forces are at play that can affect the precious asset you call home. If you would like a personal update, or if you know of someone who could benefit from our knowledge and experience, please reach out to us. We are here to serve and welcome the chance to be worthy of your personal recommendation.

MAY DATES TO REMEMBER

- 01 *May Day*
- 01 *First Responders Day*
- 04 *International Firefighters Day*
- 04 *Star Wars Day*
- 12 *Mother's Day*
- 15 *International Day Of Families*
- 16 *International Day of Light*
- 20 *Victoria Day*

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THE MONTH OF MARCH IN REVIEW

In March, the Durham Region Association of REALTORS reported 859 residential sales in the Durham Region, up 15% from the 745 sales in February 2024, and down just slightly from March 2023, when 864 sales were reported. Year-to-date we are up 16% in sales from the same period in 2023, with 2,138 homes selling thus far in 2024.

The average selling price in the Durham Region for the month of March was $936,166. This represents a solid increase of $17,149, or almost 2%, over February's average of $919,017. Year-over-year the gain was a marginal $10,024 or 1%, as the average price for March 2023 was $926,142. Year-to-date, the average sale price of all residential real estate sold in the Durham Region is $919,598, up 2% from the previous year-to-date numbers.

The amount of new listing inventory coming onto the market in March 2024 was 1,472 units, up 21% from February 2024 and up 13.5% from the same period the year before, which saw 1,299 new listings enter the market. Year-to-date we are up 13% in the number of listings coming onto the market compared to 2023, with a total of 3,519 listings thus far.

The average days on market for March 2024 was 14 days, consistent with March of 2023. The average Sale Price to List Price Ratio (SP/LP) for all properties sold in March was 104%. Last year this number was 103%.

The current Months of Inventory for March was 1.1 -- a very low number that speaks to a lack of available inventory on the market.The Sales to New Listing Ratio (SNLR) for the month of March was 58.4%. Typically, ratios between 40% and 60% reflect market balance, with anything below that range suggesting a market that favours buyers and anything above it, a market that benefits sellers.

The Durham Region saw a dollar volume in sales of $804,166,247 in March -- making the year-to-date number 17% higher than that of the previous time period for 2023. Oshawa once again led the way, with a volume in excess of $216 million, Whitby placed an honourable second at almost $171 million and Clarington rounded out the top 3 by posting just under $135 million. Source: CLAR

As always, a snapshot of performance of the overall market in the Durham Region for the month has been included. For a more specific look at your community, your neighbourhood and your housing style, just call us! We are always available to update you personally on current statistics and inventory, and how they are affecting your home's value.

INDUSTRY STATS MARCH

Durham Region: $936,166

Oshawa: $802,843

Clarington: $880,831

Whitby: $1,040,893

Scugog: $967,812

Ajax: $998,336

Pickering: $1,047,860

Uxbridge: $1,317,687

Source: CLAR

AVERAGE PRICE BREAKDOWNS FOR MARCH

The average detached dwelling sold for $1,056,424 at 104% of list price in 13 days. 533 units sold.

The average semi-detached dwelling sold for $787,737 at 109% of list price in 8 days. 49 units sold.

The average link dwelling sold for $775,111 at 110% of list price in 9 days. 9 units sold.

The average freehold townhouse sold for $834,979 at 106% of list price in 13 days. 129 units sold.

The average condominium apartment sold for $579,148 at 100% of list price in 24 days. 79 units sold.

The average condominium townhouse sold for $701,900 at 100% of list price in 18 days. 59 units were sold.

Source: CLAR

MARKET UNCERTAINTY IN THE GTA

REAL ESTATE SEE LOWEST MARCH SALES SINCE 2009

The number of homes sold in the Greater Toronto Area (GTA) during March of this year was the fewest in March since 2009, which was in the middle of the blowback of the global financial crisis. Given that 2023 was one of the slowest years on record in GTA real estate, it's also remarkable that we saw fewer sales than last spring, though it stands to reason as 2023's spring market was relatively hot, and the market lost momentum towards the end of the year.

Similarly, while the market showed signs of accelerating at the beginning of this year, much of the momentum has been muted as hopes of interest rate cuts continue to get pushed further and further into the future.

Some optimism has been injected into the market by the federal government's recent decision to increase Canadian Mortgage Bond issuance by 50% ($20 billion). This increase adds liquidity to the lower end of the market, which has been evident in the bidding wars we're seeing in entry-level product, especially under the CMHC insurance cutoff of $1 million.

It can be tempting to rely on first-time buyers to prop up the housing market by supporting the price floor — they're certainly capable of it, given that the Bank of Canada identified that first-time buyers make up nearly 50% of the purchaser market. With that being said, it's worth noting that if demand continues to be concentrated in the lower end of the market, it could gradually pull down the average and median prices and further impact sentiment.

Despite a better-supplied market, buyer competition led to a slight increase in the average home price, but nothing near what we saw in 2023's record-setting spring market price growth. The GTA reported a 4.5% decrease in sales and a 15% increase in new listings. On a seasonally adjusted basis, sales dropped by 1.1% compared to February, while new listings fell by 3%. The first quarter ended with an 11.2% increase in sales year-over-year, and an 18.3% increase in new listings.

Market conditions have gradually improved over the past quarter with more buyers adjusting to higher interest rates. Homeowners are anticipating a market improvement in the spring, leading to an increase in new listings.

If lower borrowing costs are realized, sales will further increase, new listings will be absorbed, and tighter market conditions will push selling prices higher, according to Toronto Regional Real Estate Board President Jennifer Pearce. Those who may not share that optimism might feel that the headwinds of recession, reduced population growth and higher-for-longer interest rates present a significant challenge for Canadian real estate that we haven't seen since the 1990s, and we know how that ended for housing — a recovery period which took 12 years to reach previous nominal house price peak (and 22 years when adjusted for inflation). We hate to be cynical, but we think we're in the latter camp. **Source: realestatemagazine.ca**