



Your Greater Toronto Real Estate Newsletter

## Housing market continues to soften But reprieve could be temporary

The Toronto Regional Real Estate Board (TRREB) reported 4,236 home sales in the GTA in November, a 6 per cent drop compared to the same month last year and a sluggish growth in average home price of 0.3 per cent to \$1,082,179. New listings dipped 26.8 per cent from the previous month but were up 16.5 per cent from a year ago. High borrowing costs and uncertain economic conditions continued to push down GTA home sales in November, says TRREB. As well, with more listings and slower sales, there was more choice in the market which led to a basically flat price growth year-over-year.

In the City of Toronto, a detached home went for \$1,617,918, an increase of 3.5 per cent in comparison to November 2022. The average price for a semi-detached house climbed to \$1,217,811, up by 2.4 per cent year-over-year, while a townhouse drew \$962,335, declining 3.6 per cent. The condo apartment price dipped 1.7 per cent to \$720,280. In the 905 areas, most housing categories saw a slight year-over-year bump in average price with the exception of the townhouse sector which saw a dip of 0.7 per cent. The average price for a detached home came in at \$1,333,889; a semi-detached drew \$949,079; a townhouse registered at \$866,551. The price for a condo climbed to \$689,654, a 6.4 per cent improvement since November 2022.

"Home prices have adjusted from their peak in response to higher borrowing costs. This has provided some relief for buyers, from an affordability perspective," says TRREB chief market analyst Jason Mercer. "... though the

reprieve could be temporary... As mortgage rates trend lower next year and the population continues to grow at a record pace, expect demand to increase relative to supply. This will eventually lead to renewed growth in home prices," adds Mercer.

Bank of Canada kept its benchmark interest rate steady at five per cent in its latest interest rate announcement in December. Most economists think a more robust market depends on whether the Bank of Canada decides to cut rates in mid-2024, which many have forecast. For those concerned with the current sluggish home price growth, the widespread view is that Canada's chronic housing crisis (sustained by record immigration levels and a slowdown in the construction industry) will prevent prices from falling too far in the short term. *REU*



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GTA BY THE NUMBERS

**DETACHED**

↑ 0.8%

Avg. Price Yr/Yr

**SEMIS**

↑ 2.0%

Avg. Price Yr/Yr

**CONDO APTS**

↑ 0.4%

Avg. Price Yr/Yr

**Average Home Prices - November**  
in the Greater Toronto Area



## Monthly stats

November average price by area

416

DETACHED

↑3.5%  
YEAR  
YEAR

\$1,617,918  
Average Price

CONDO APT

↓1.7%  
YEAR  
YEAR

\$720,280  
Average Price

905

DETACHED

↑0.3%  
YEAR  
YEAR

\$1,333,889  
Average Price

CONDO APT

↑6.4%  
YEAR  
YEAR

\$689,654  
Average Price

source: TRREB



## Housing supply shortage

### Seniors Staying in their homes longer

A recent report by Canada Mortgage and Housing Corporation (CMHC) suggests that a large proportion of senior households (especially younger ones) are deciding to age in their home rather than put it on the market.

A shortage of available and affordable homes in the GTA has been a challenge in recent years. Experts point to several reasons for this dilemma: high levels of immigration,

lack of new housing construction, and zoning to name a few. And now CMHC is highlighting a demographic trend that is substantially adding to this problem. The report found the percentage of Canadians aged 75 and older who sold their homes fell steadily to 36 per cent between 2016 and 2021, down from 41.6 per cent between 1991 and 1996. Currently, the sell rate among the 75-79 age group, which is just outside the first boomer wave, is 21.5 per cent.

Some of the reasons cited for the growing rate of seniors staying put in their homes include the fact that Canadians are living longer and healthier lives, and seniors have more money than previous age groups and therefore less likely to need to sell to finance their old age. The housing market will have to wait for when this 75+ demographic group hits their 80s to see that supply enter the market.

"In Canada, the proportion of elderly households who sell their property is elevated only in relatively advanced age groups," the report found. "It will therefore take another few years to see a truly significant proportion of elderly households list their properties for sale." [REU](#)



## Financial matters

### Pay down your mortgage Or invest

Have you been fortunate enough to receive an inheritance or a large bonus and can't decide whether to put that extra money toward paying down your mortgage or to invest it? Here are a few points to consider.

When interest rates were very low, the answer to this question was more obvious: low borrowing rates usually means it makes more sense to invest because the rate of return on investments should be higher over the long term. However, as interest rates have risen several percentage points in the past year, the answer is less obvious. If higher interest rates mean higher mortgage payments for you, is it still better to invest than pay down your mortgage?

Given the current economic and interest rate climate, many financial experts advocate paying down your mortgage as a priority. Why? Because reducing your mortgage principal by

making extra payments can save you thousands of dollars in interest. The less you owe on your mortgage the greater your home equity will be. You can leverage it to accomplish other financial goals including investing in stocks or real estate when interest rates drop to much lower levels.

Jason Heath, certified financial planner at Objective Financial Partners Inc. in Toronto, advocates using any extra cash to pay down the mortgage instead of investing in the stock market. "Here's the thing: mortgage debt repayment is investing. Your return comes from interest savings that accrue by paying down the principal portion of your debt. So, paying down principal today will save you a bit in interest today and a lot tomorrow, especially if your debt is likely to still be outstanding five or more years from now (like many mortgages)," he explains. [REU](#)

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*These sites are believed to be reliable but their accuracy cannot be guaranteed.*

Condo update

Balanced condo market Benefits buyers

The GTA condo market saw a slide in sales in November in comparison to the same month last year which is in line with the reported activity for the rest of the housing sectors for this month. Overall, condo sales in the GTA dipped 5.9 per cent year-over-year with most of the decline seen in City of Toronto (down by 8.2 per cent). Sales in the 905 areas were basically flat, down by 0.5 per cent.

The average GTA condo price notched up by 0.4 per cent in comparison to last November, with most of the growth seen in the 905 areas where condos saw a 6.4 per cent increase in price to \$689,654. City condo prices dipped 1.7 per cent to \$720,280.

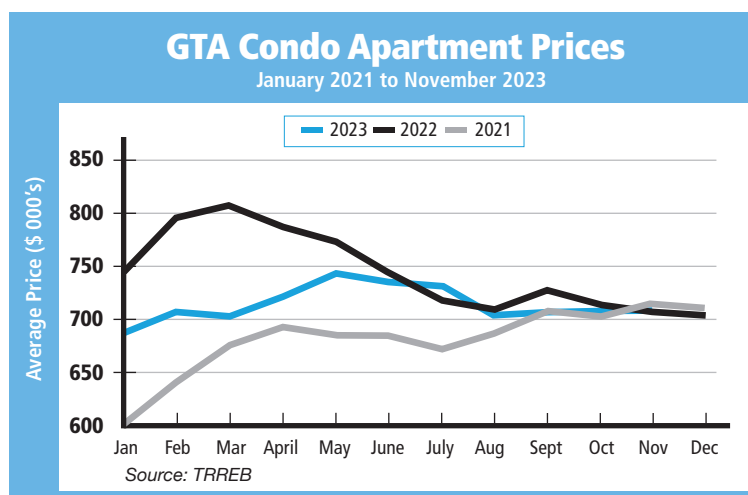
The condo apartment market has been in the balanced market territory for much of this year. The 2023 third quarter condominium report published by the Toronto Regional Real Estate Board (TRREB) notes, "While Q3 2023 condo apartment sales were up year-over-year, growth in listings far outstripped growth in sales. The result was the average price edging lower providing some relief in the face of higher borrowing costs."

The GTA rental market sizzled for the first three quarters of this year. TRREB found that the "demand for and supply of rental condominium apartments continued to grow during the third quarter of 2023, with leases increasing almost 8

per cent compared to the same period in 2022. The average lease rate for a one-bedroom condo apartment in Q3 2023 was \$2,633, up 6.1 per cent compared to Q2 2022." However, the first two months of the fourth quarter saw some cooling in the heated rental activity in Toronto.

TRREB president Paul Baron sees an upside for condo buyers in the current balanced market. "The condominium apartment market is an important entry point into home ownership for first-time buyers. A better supplied market

has led to more choice for these buyers, resulting in more negotiation power and lower selling prices on average. A pause in price growth has helped mitigate the impact of higher monthly mortgage payments," he says. [REU](#)



Mortgages

December 8, 2023

*Mortgage rates are negotiable with individual lenders. Rates are subject to change without notice. OAC E&OE*

Prime .....	7.20%
Variable .....	6.50%
1-year .....	6.74%
2-year .....	6.39%
3-year .....	6.19%
4-year .....	6.24%
5-year .....	5.94%





HAPPY  
*New Year*  
2024

## GTA '23 totals

Sales activity  
of all home  
types

Most recent month,  
year to date

### Active listings

November .....16,759  
YTD .....N/A

### New listings

November .....10,545  
YTD .....138,047

### Sales

November .....4,236  
YTD .....62,575

### Average price

November .....\$1,082,179  
YTD .....\$1,129,018

### Median price

November .....\$927,950  
YTD .....\$975,000

### Average property days on market

November .....39  
YTD .....27

### Average percentage of list price

November .....98  
YTD .....102

Source: TRREB

## Housing market indicators

### Single-family dwellings

Source: TRREB

	Sales	New Listings
Nov '22	4,507	9,053
Nov '23	4,236	10,545
% Change	- 6.0%	16.5%

## Radiant Floor Heating Pros and Cons

In-floor or radiant heating systems have gained popularity in recent years. There are two different systems: hot water and electric radiant. We will briefly look at their functions, benefits and disadvantages.

### Function

In both systems, the floor is heated which in turn radiates heat into the room. The temperature in both systems is typically lower than conventional radiator or convector systems so that the flooring is not too hot. Many radiant floor systems make the floor more comfortable but are not designed to be the only heat source in the room.

In hot water systems, plastic piping is common and is typically buried about 3 inches below the surface of concrete flooring and is typically 4 to 12 inches apart. Piping may also be set between the sub-floor and flooring, often held in place with a special grid. In some cases, a foil reflector helps direct heat up into the room. Radiant piping can also be placed below the sub-floor, running between the floor joists. Many hot water systems have several discrete loops that heat different parts of the home, fed from a single manifold at the boiler. This approach is sometimes called a

home run.

In electric radiant systems wires are embedded in the floor where some systems employ pre-wired panels or mats.

### Benefits

When using radiant floor heating, the floor will be warm but not hot to the touch. Many homeowners find this type of heat more comfortable than forced air or radiator systems, and it allows them to walk barefoot on colder floor surfaces, such as ceramic tile or natural stone. It is also common to isolate in-floor heating into zones that can be individually controlled, which saves on heating expenses.

### Disadvantages

In hot water systems, leakage can be a significant problem. When a leak occurs, it is usually easy to locate due to the obvious water damage, unless the leak is below the basement or slab-on-grade floor. These systems are susceptible to building settlement, and especially with steel or copper, the pipes can be broken as the house moves.

In electric heating systems if the distribution wire malfunctions it is often difficult to locate the problem.

In both systems, the heating source may be buried too deep, resulting in slow response to the thermostat and some heat loss. There may be unwanted fluctuations in temperature. Hot spots and cold spots occur if pipes or elements are too far apart.

These systems are also relatively expensive to install, so homeowners should consider all of the benefits and disadvantages before installing an in-floor heating system.

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