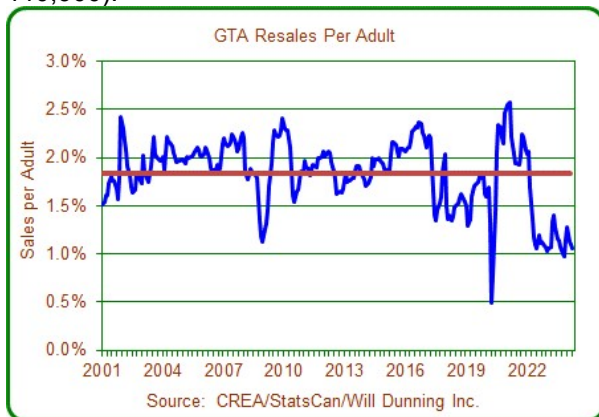


Housing Market Digest

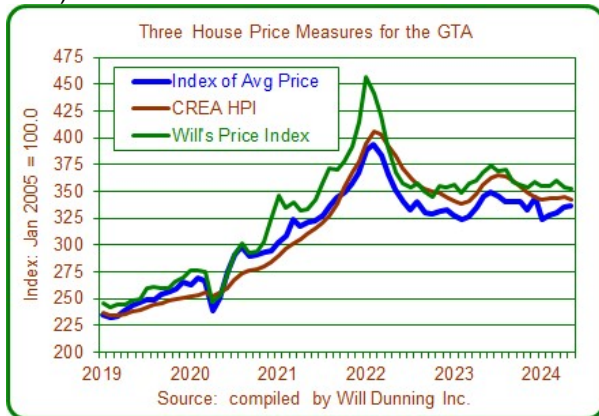
Greater Toronto Area, June 2024

Resale Market

For May, the sales fell again, to an annualized rate of 62,000, which is 44% below the long-term population-adjusted average (which is now 110,900).



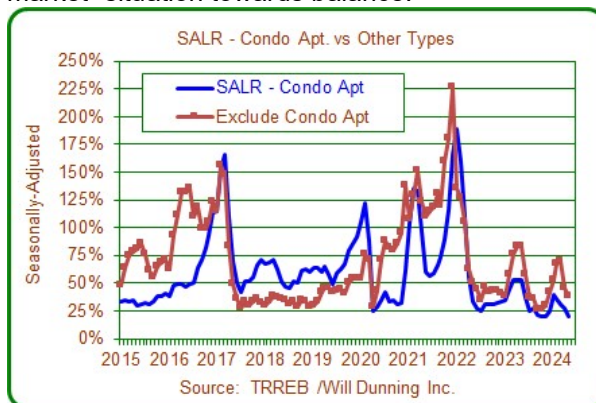
The various price measures continue to suggest that prices have been more-or-less flat for several months, although slightly lower than a year ago, and decidedly lower than the peak of February 2022 (each of them shows a drop of more than 10%).



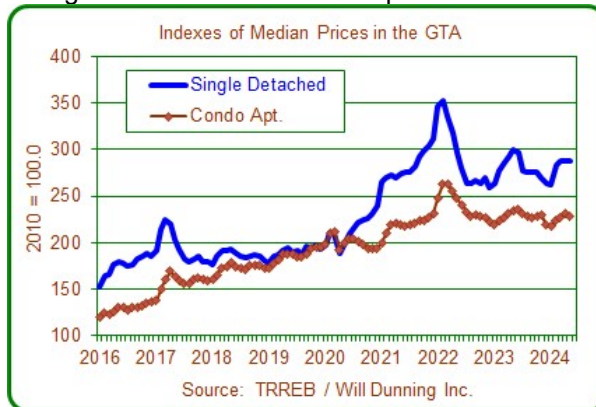
While the sales trend is creeping downwards, listings are creeping upwards. Measured by the sales-to-new listings ratio, there is now a clear “buyers’ market” condition, as the ratio was just under 40% in May, versus a 52% threshold for balance. The active listings ratio has recently started to drop rapidly, and was 28% for May, which is now below the balanced market threshold of 32% (note that these thresholds vary across locations - for all of Canada the estimated threshold is only 13%).

As I've commented previously, conditions are weakest for condominium apartments. A large volume of completions is occurring and many buyers are unable or willing to close due to mortgage costs. There are now over 8,200 active

listings for condos, which is the largest number in the 20-year history of my database. In the low-rise sector, there are few completions occurring. The number of active listings is now expanding (about 13,500 as of May). This chart shows my estimates of sales-to-active-listings ratios, and suggests that inventories have become threatening for condo apartments. Conditions might now be changing for other types of dwellings, away from a “sellers’ market” situation towards balance.



Pricing indicators aren't yet showing substantive changes for either low-rises or apartments.

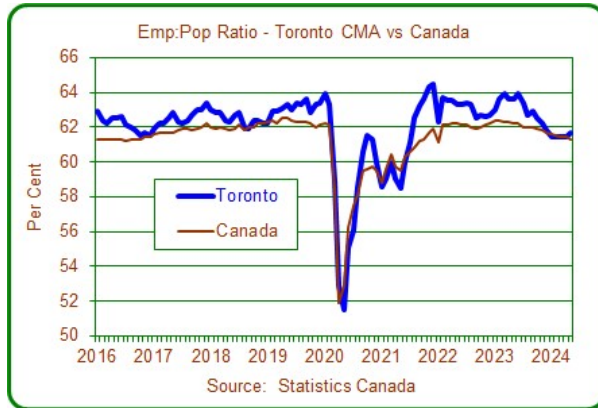


Employment

The available data on employment suggests that the Toronto economy has weakened more than for all of Canada. The employment-to-population ratio for Toronto is usually slightly higher than for all of Canada, but the ratios are now essentially equal (see the chart on the next page). Compared to a year ago, the ratio is down by 1.9 percentage points for Toronto versus 0.9 points for Canada. While, I always suggest caution in using this data, this outcome is plausible, because high house prices and larger associated mortgages make Toronto a lot more vulnerable to the impacts of higher interest rates.

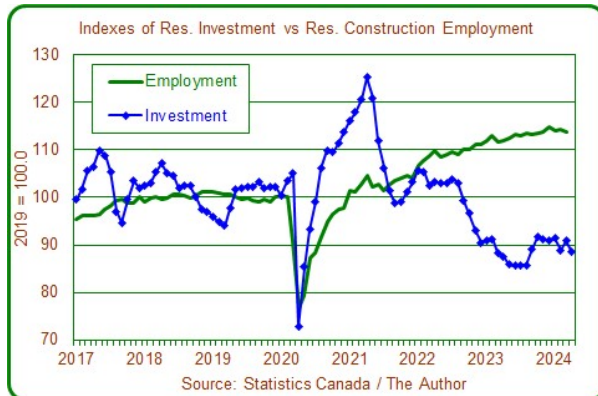
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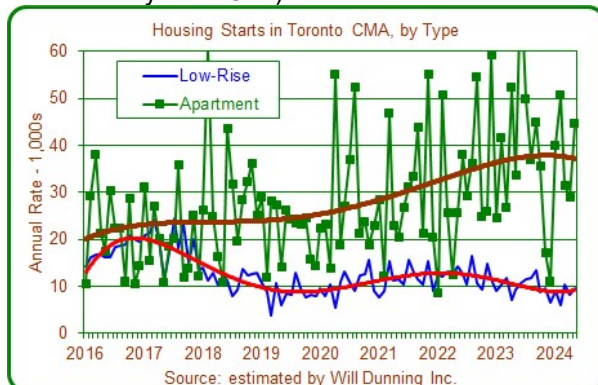


“Investment in Housing Construction”

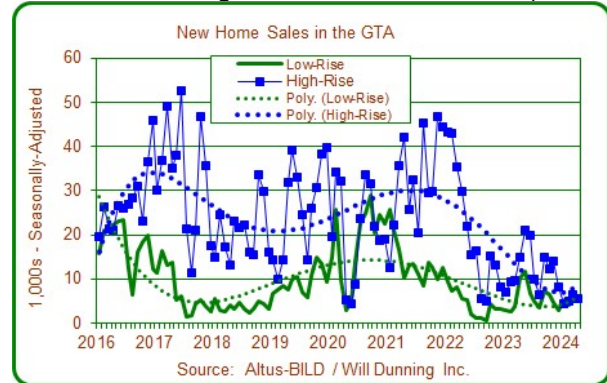
StatsCan continues to produce unbelievable data on “residential investment” (it is vastly at odds with data on employment in construction, as well as on housing under construction). I’m working on an update that I hope to get out in the next few days. This chart shows the data for all of Canada.



Meanwhile, for Toronto, total starts have slowed a bit, due to very low volumes for low-rise homes. But, apartment starts still have not started the sharp downturn that is going to happen eventually. When that begins, an actual drop in residential investment (as opposed to whatever will be estimated by StatsCan) will commence.



Over the past year (up to April) new home sales as reported by BILD and Altus have totaled just 16,300 (including 5,700 for low-rises and 10,600 for condo apartments). The sales rates are even slower in the more recent data (for the past 6 months the average rate is less than 12,000).



Other News

When I started Will Dunning Inc. 24 years ago, there was a fashion for companies to create overly-elaborate statements of “Mission, Vision, and Values”, so I created a simple one for myself:

Mission: feed my family
Vision: do it my way
Values: say what I really think.

More recently, I said this on my social media (I was talking about the provincial government’s abominable plans for Ontario Place and the Science Centre, and the “business case” that is being used to justify them): There are 2 models for consulting: 1) Tell the client what he wants you to say and get rich. 2) Tell the client what you really think and go broke.

So far, I have achieved what I have hoped for.

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