

# THE DELUCE REPORT

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## MARKET HIGHLIGHTS

Low supply of properties for sale accompanied by high demand continued across the GTA throughout the month of October. MLS data released by the Toronto Real Estate Board indicates that the number of active listings available to buy last month fell 34.7% compared to the same period in 2015. Historically low interest rates continued to fuel demand. The total number of sales recorded through the MLS system during the month of October was up 11.5% year-over-year. This lack of supply combined with high demand drove prices up with the average sale price across the GTA rising 21.1% year-over-year to \$762,975. The pace at which sales occurred remained brisk with the short time between a property coming to market and it selling keeping buyers on their toes. The average number of days on market across the GTA during the month of October was only 16. At the offer table, negotiability continued to work in favor of the seller with the average sale to list ratio reported for the month of October being 103%.

## MARKET SNAPSHOT - WHAT DOES HIGH DEMAND, LOW SUPPLY REALLY LOOK LIKE?

So what exactly does “high demand, low supply” look like in the Toronto market-place? Two weeks ago, I listed a great house for sale on Briar Hill Avenue in Lytton Park. The two-storey, three-bedroom house was renovated in 2009, sits on a 45 ft. x 131 ft. lot and is located in one of the most coveted family neighborhoods in Toronto. Based on recent sales in the area of similar homes, we listed the property for sale at \$1,995,000 and set a date for offers. The combination of a very livable house and a very wide lot, in an excellent location attracted a lot of attention from buyers who intended to live there as well as interest from builders who saw an opportunity to build. During the 7 days that the property was listed for sale, we had about 50 showings and almost 100 people through the weekend open houses. On offer night, the Sellers received a total of 10 offers and the house sold for significantly over the asking price.

The market dynamics that produced the sale results for the property on Briar Hill Avenue are an excellent example of the lack of supply in our marketplace combined with a lot of pent up demand from Buyers.

## FORCES AT PLAY - CHANGES TO GOVERNMENT POLICY AND THE ELECTION OF DONALD TRUMP AS THE 45TH PRESIDENT OF THE UNITED STATES

On October 17, the Government of Canada implemented measures aimed at curtailing demand in the market place in an effort to make home ownership, particularly in urban centers such as Toronto, more affordable. Just one month later, these changes to the types of mortgages that will qualify for bulk mortgage insurance, backed by the federal Government, combined with rising bond yields following the election of President-Elect Trump in the United States have resulted in changes to lending rates. On November 16, RBC announced it will charge higher rates on fixed term mortgages in addition to charging borrowers seeking amortization periods of longer than twenty-five years more. No doubt, other lenders will follow suit. While reports have indicated that the proposed increases to a borrowers’ monthly payment will be low, the psychological impact on buyers as a result of these changes may result in softening demand in the real estate market. This can only be good news for many buyers who have found the rising cost to of home acquisition increasingly prohibitive across the GTA during the past couple of years.

If you have any questions about recent sale activity in your neighborhood, whether now is a good time to buy or sell or if I can assist with any of your real estate needs, I would be delighted to hear from you.

Sincerely,  
Justine

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