



2024

Market Outlook & Year in Review

TAKING ACTION

Housing, Unaffordability & the Social Impact



**Toronto Regional
Real Estate Board**

Professionals connecting people,
property and communities.



“Building more affordable housing begins with **identifying** the **obstacles** that are holding us back. However, **band-aid solutions** often result in **larger issues** than the problems they were attempting to solve.”

– John DiMichele, TRREB CEO



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Executive Summary

2024 Market Outlook: What's Trending Next

The direction of mortgage rates is key to where the housing market is headed in the Greater Toronto Area (GTA). TRREB is forecasting that:

- ▶ Home sales will reach the 77,000 mark in 2024, marking a substantial improvement compared to the less than 66,000 transactions in 2023.
- ▶ The projected average selling price will move closer to \$1.17 million this year. This would be the second highest mark on record but still below the 2022 peak.

2023 Year in Review: A Look Back

Sales, prices, and new listings results in 2023 showed decreases when compared to 2022:

- ▶ Home sales dropped 12.1% from 75,047.
- ▶ New listings in 2023 were down 8.6% to 142,233.
- ▶ The average price of \$1,126,604 for all home types decreased 5.4% from \$1,190,749.

Preparing for Rising Immigration, the Demand for Affordable Rentals and Ownership Housing

TRREB partnered with Loyalist Public Affairs to unpack the need for comprehensive planning as the population increases and the housing supply dwindles. The key takeaways are:

- ▶ Although immigration contributes to housing demand, Canada's aging population depends on immigrants to fill job vacancies and promote economic growth.
- ▶ Canada now has a larger share of people aged 55 to 64 than those aged 15 to 24, indicating the urgency of addressing the skills shortage.
- ▶ More immigration can bring significant benefits, but government policies must include a plan to ensure that newcomers have places to live that are affordable.

Locked Out: The Social Value Cost of the GTA's Housing Crisis

Housing affordability profoundly affects the satisfaction of residents. New research by the Canadian Centre for Economic Analysis (CANCEA) found:

- ▶ A household is living unaffordably if it spends more than 30% of its income on housing.
- ▶ Households spending over 50% of income on housing had a low well-being score of 6.79/10.
- ▶ The social value cost attributed to housing unaffordability is approximately 1.75 times greater than that of cancer in the GTA.

New Homes & Condos Review and Outlook

According to Altus Group, 2023 new home sales got off to a slow start, following the trend of the last half of 2022. The highlights are:

- ▶ New condominium apartment sales bore the brunt of the slowdown in 2023.
- ▶ Benchmark prices slipped by over 15% since their peak in early 2022.
- ▶ If the Bank of Canada holds and possibly lowers interest rates, stronger demand in the new homes market will likely occur.

Commercial Market Review and Outlook

Altus Group reported varying trends in the commercial market for 2023. Highlights include:

- ▶ GTA office transactions declined.
- ▶ Industrial market conditions remained tight as demand for modern facilities outpaced supply.
- ▶ Increasing demand for purpose-built rentals is creating a resilient market.



Working Together in the Face of Uncertainty and Instability

A Message from the President and the CEO

The never-ending evolution of our region requires us to continuously search for solutions that adequately support a growing population, existing infrastructure, and future planning.

“Building more affordable housing begins with identifying the obstacles that are holding us back. However, band-aid solutions often result in larger issues than the problems they are attempting to solve. Simply put, the current taxes and fees on housing don’t help the affordability crisis our region is facing. Land transfer taxes can act as a barrier for homeowners who want to relocate, and increased taxation may sideline would-be first-time homebuyers from entering the market at all,” cautioned TRREB CEO John DiMichele.

Reevaluating the approach to addressing housing affordability challenges is essential to developing a more stable and sustainable housing action plan. Our annual *Market Outlook & Year in Review* report provides industry insights and forecasts what’s in store for the Greater Toronto Area real estate market. Inside, you can find new research on the social implications of unaffordability and what’s needed to prepare for a rising population.

“The population of the GTA is steadily on the rise. To build a balanced market with more attainable homes, prioritizing “missing middle” housing will provide more diverse and affordable housing options. This will enable builders to create multi-family housing units and purpose-built rentals that can be scaled up much faster than one-off development proposals,” said TRREB President Jennifer Pearce.

The choices that all levels of government make today will undoubtedly impact the state our region finds itself in tomorrow – for better or worse. At TRREB, we are passionate about our mission to share guidance and lend support on pressing housing issues. We remain confident that through our work with city staff and policymakers, we can achieve a healthier market and more affordable housing solutions.



Jennifer Pearce
2024 President
TRREB



John DiMichele
Chief Executive Officer
TRREB



2024 Market Outlook: What's Trending Next

With Survey Results from Ipsos

2024 Outlook Highlights

The results from TRREB's latest survey of homebuyers completed by Ipsos suggest that the share of *likely* homebuyers for 2024 remained the same as the 2023 results, at 28 per cent. However, the share of people who said they were *very likely* to purchase dipped two percentage points to nine per cent. This reflects heightened market uncertainty as it relates to borrowing costs and the economy in general.

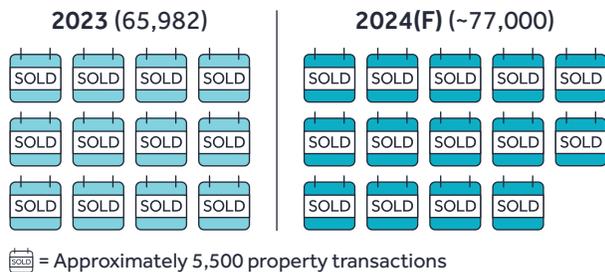
Buyer Intentions Dipped to Historic Low in 2023



Source: Ipsos Homebuyers Survey

While buying intentions were flat or slightly down at the end of 2023, lower borrowing costs in 2024 are expected to increase the demand for ownership housing. GTA home sales are expected to reach 77,000 in 2024, marking a substantial improvement compared to less than 66,000 transactions in 2023.

Fast Fact: Sales Forecasted to Climb ~17% in 2024



Source: Toronto Regional Real Estate Board

New listings will hover at the 150,000 mark in 2024 – low historically but an improvement over 2023 as homeowners start to react to improving market conditions. However, this level of listings will not

be conducive to balanced market conditions as demand picks up over the next two years. With sales accounting for a greater share of listings in 2024, expect the average selling price to grow by almost four per cent to \$1.17 million – the second highest mark on record but still below the 2022 peak.

Lower Borrowing Costs in 2024

The direction of mortgage rates will be the key determinant of housing market conditions in 2024. Almost half of the respondents to the Ipsos homebuyers survey completed for TRREB at the end of 2023 said that rising/high borrowing costs were making it *unlikely* that they would purchase a home. This is obviously in line with the fact that 2023 GTA home sales were approximately half of the level experienced at the 2021 peak.

Many respondents to the Ipsos survey who said they were *unlikely* to purchase a home in 2024 suggested that mortgage rates need to decline noticeably before they would consider entering the market. Fortunately, for these individuals, borrowing costs are expected to recede this year and beyond.

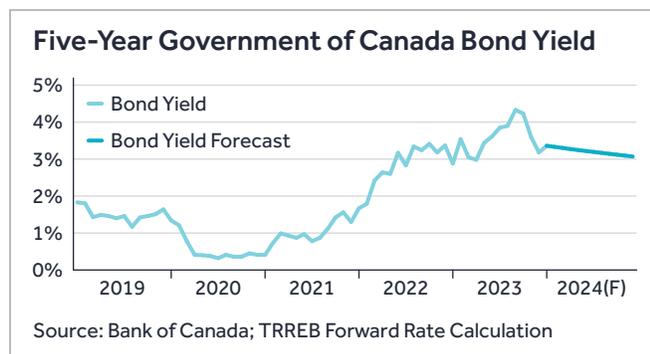
Aggressive Bank of Canada (BoC) interest rate hikes since March 2022 have tamed inflation. In fact, with the inflationary impact of high mortgage interest costs removed from the equation, growth in consumer prices was hovering at two per cent at the end of 2023. The expectation is that the BoC will



2024 Market Outlook: What's Trending Next

With Survey Results from Ipsos

start to unwind some of its earlier interest rate hikes to ensure a soft landing in the economy in 2024. Lower rates will prompt would-be homebuyers who have been sidelined over the last two years to start moving back into the market. Lower rates will also reduce the possibility of payment shock and default for those households renewing ultra-low-rate mortgages in 2025 and 2026.



The bond market is already pricing in substantial BoC rate cuts over the next two years. Since reaching a peak at the beginning of October 2023, the five-year Government of Canada bond yield receded by approximately one percentage point by the end of 2023. Negotiated fixed mortgage rates have started to follow this downward trend.

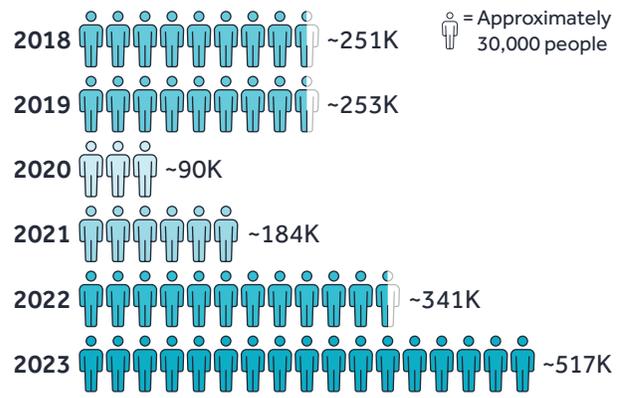
Lower rates will have a substantial positive impact on affordability. For example, the Ipsos survey found that the average intended down payment for a home purchase in 2024 is 32 per cent. Assuming

this down payment, a one percentage point dip in the average negotiated five-year fixed rate for the average priced home at the end of 2023 would result in a \$500 per month payment reduction.

Immigration Will Drive Sales and Price

Approximately 500,000 newcomers are targeted to settle in Canada annually by the federal government over the next three years. Many of these people will settle in the GTA – historically, Canada’s single greatest metropolitan beneficiary of immigration. This influx of population will result in growing demand for housing broadly – both rental and ownership.

Fast Fact: Ontario Annual Population Growth* (Q4)



Source: Statistics Canada; TRREB Calculation

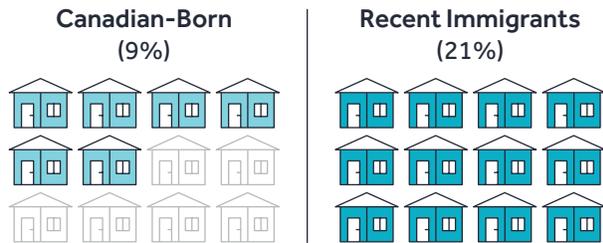
The Ipsos survey suggests that immigrant households have a higher propensity to purchase homes compared to the population that was born in Canada. Looking at the population as a whole, nine per cent of respondents indicated that they were *very likely* to purchase a home in 2024. However, 21 per cent of respondents who immigrated to Canada in the past ten years (recent immigrants) indicated that they were *very likely* to purchase a home in 2024. Most of these recent immigrants (68 per cent) would also be first-time buyers, so net-new entrants to the GTA ownership market versus 42 per cent for respondents as a whole.



2024 Market Outlook: What's Trending Next

With Survey Results from Ipsos

Fast Fact: Recent Immigrants* More Than Twice as Likely† to Purchase a Home in 2024



* Respondents who immigrated to Canada in the past ten years

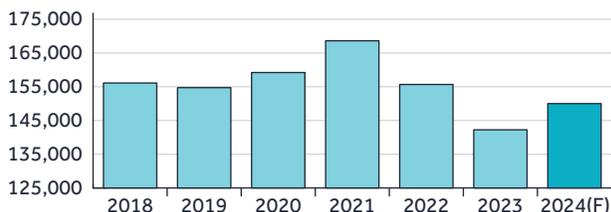
Source: Ipsos Homebuyers Survey † Responded "Very Likely"

Recent immigrants also indicated that their home purchase prices would be higher on average compared to all respondents combined. The average intended purchase price for recent immigrants was almost \$1.05 million, whereas the average intended purchase price for all respondents was \$942,000.

Supply Will Remain a Substantial Problem

Given the record population growth in the years to come coupled with lower borrowing costs, demand for ownership housing will increase relative to supply. The lack of housing supply in the GTA and southern Ontario more broadly is well-documented. All three levels of government, to their credit, have continued to acknowledge the housing supply crisis and have introduced various policy initiatives to try and bring more housing online.

TRREB GTA New Listings Forecast



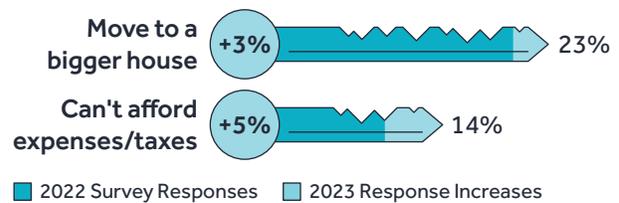
Source: Toronto Regional Real Estate Board

However, housing supply does not just come from new construction. New listings of existing homes

have flatlined, at best, over the past decade. In 2023, new listings were down substantially compared to already low levels in 2022. Relative to the stock of housing, listings have actually declined further. The Ipsos survey conducted for TRREB in November and early December 2023 suggests that we will not see a meaningful increase in listings in 2024.

The lack of listings in the marketplace is not expected to improve in 2024. Based on the results from the Ipsos survey, the number of homeowners likely (very likely or somewhat likely) to list their home for sale in 2024 declined two percentage points to 37 per cent. More alarming is the fact that those who indicated they were very likely to list dropped by four percentage points to 14 per cent.

Fast Fact: Two of the Reasons Current Homeowners Are Listing Properties



Source: Ipsos Homebuyers Survey

Homeowners who indicated that they would be listing their home for sale in 2024 had various reasons for planning to do so. The most common reason for planning to list was to move into a larger home. Similarly, other lifestyle changes were also drivers of listing intentions, including changing family size, requiring a smaller home, retirement, and living closer to work. When compared to the survey conducted at the end of 2022, there was also an uptick in homeowners listing for affordability reasons, largely due to higher borrowing costs.

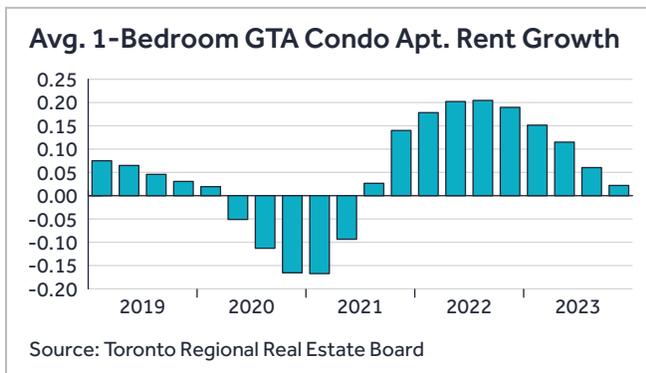


2024 Market Outlook: What's Trending Next

With Survey Results from Ipsos

Welcome Relief in Condo Rental Market During the Second Half of 2023

There were more than 48,000 condominium apartment rental transactions reported through TRREB's MLS® System for the GTA in 2023 – up by approximately seven per cent compared to 2022 and second only to approximately 55,000 rentals reported in 2021.



The average one-bedroom condominium apartment rent was approximately \$2,550 – up almost nine per cent from 2022. The average two-bedroom condo apartment rent was approximately \$3,250 – up by more than seven per cent year-over-year. The average annual rate of rent growth was higher in the first half of 2023.

Record population growth taxed the rental market in 2022 and the first half of 2023. Strong rental demand relative to available units resulted in often intense competition between renters for available units and double-digit annual growth in average rents. This was certainly the case in the GTA condo apartment rental market. The condo vacancy rate reported by CMHC was low

from a historic perspective and average rents reported through TRREB's MLS® System increased by double-digit or high single-digit annual rates.

Despite these tight market conditions, a welcome shift in the condo apartment rental market conditions did start to manifest itself in the second half of 2023. With growth in listings outstripping growth in rental transactions, renters started to benefit from more choice in the rental marketplace. In stark contrast to the first half of 2023, the second half of the year was characterized by single-digit annual rates of rent growth, more in line with the rate of inflation.

While the annual rate of rent growth slowed in the latter half of 2023, the average rent level remains at historic highs. 33 per cent of respondents to the Ipsos survey who are currently renting indicated that any further rent increases would force them to seriously consider purchasing a home. Arguably, this share could increase further as mortgage rates decline in 2024 and 2025.

Fast Fact: 1/3 of Renters Considering Purchasing



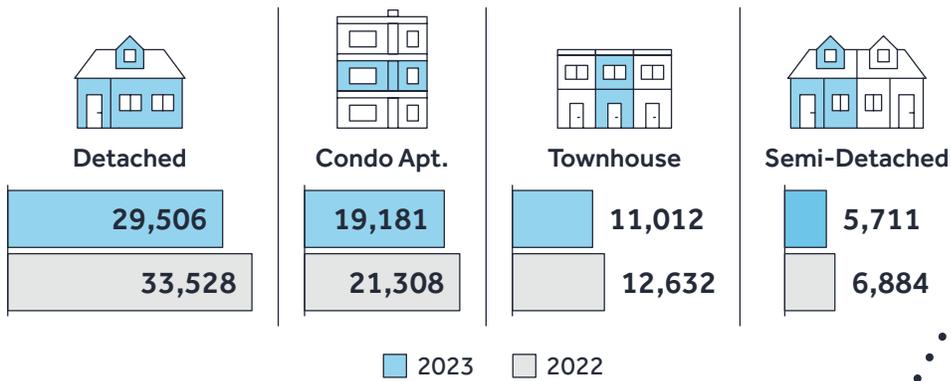
Source: Ipsos Homebuyers Survey

The movement of some renter households into homeownership over the next year could free up some much-needed rental space. But in the absence of more supply, both in the purpose-built and secondary rental markets, conditions are expected to remain relatively tight and average rents to remain high historically in 2024.

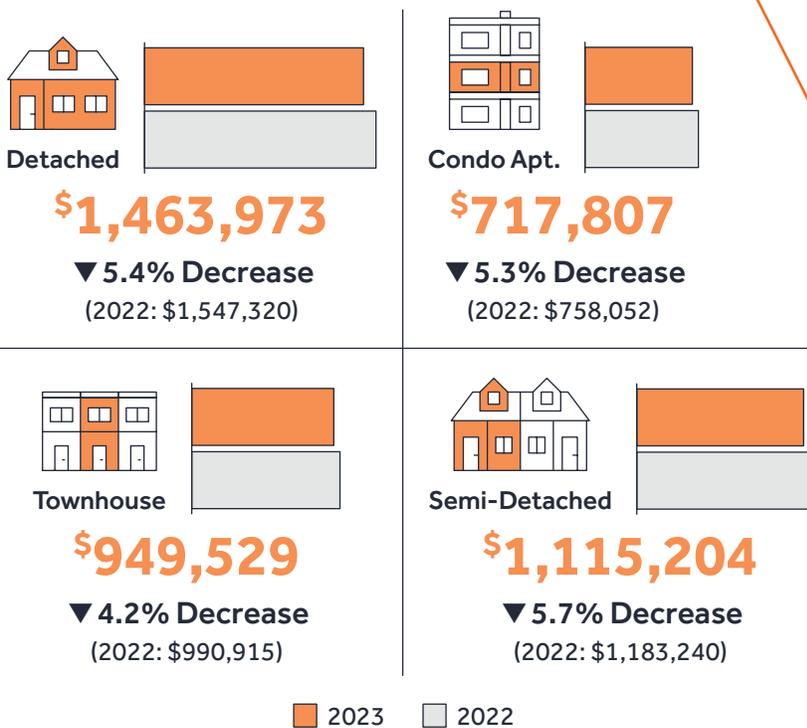


2023 Year in Review: A Look Back

Sales by Home Type



Average Price by Home Type

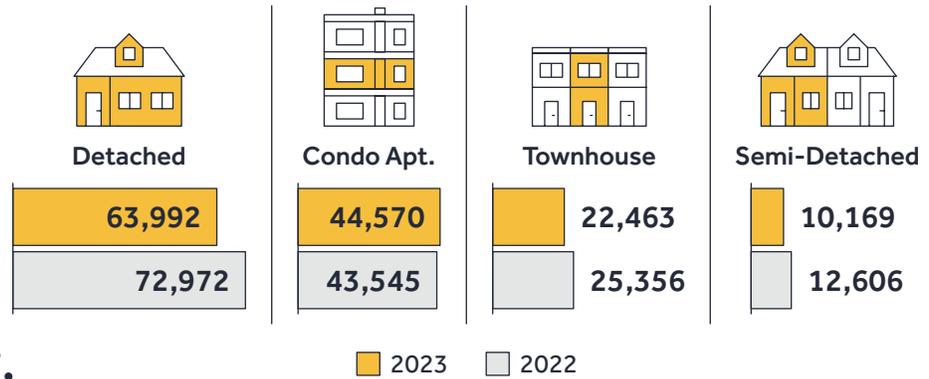


Average Price for All Home Types

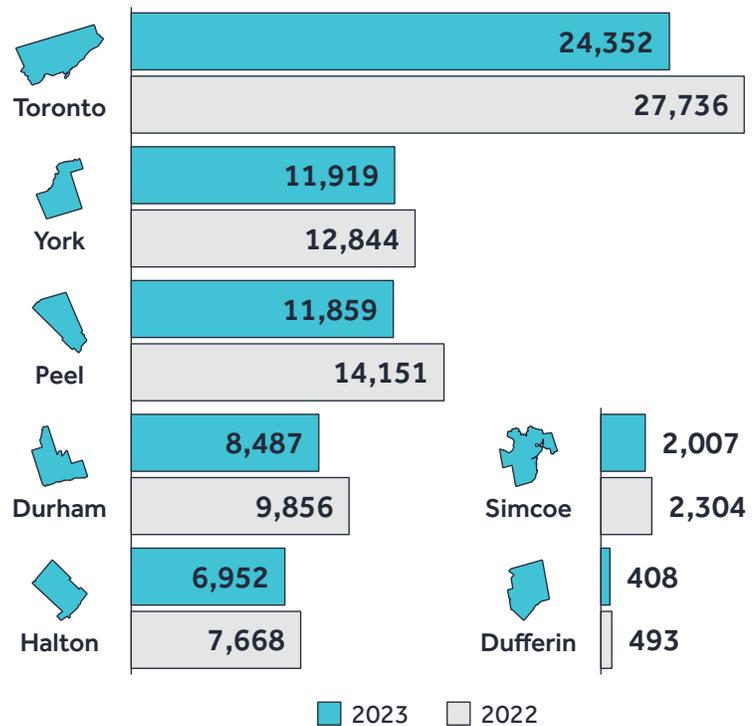


2023 Year in Review: A Look Back

New Listings by Home Type



Sales by GTA Regions



Total Sales for All Home Types



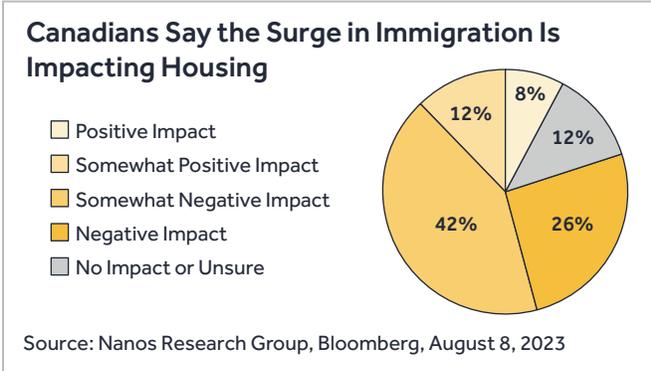
Preparing for Rising Immigration, the Demand for Affordable Rentals and Ownership Housing

Research from Loyalist Public Affairs

Canada is grappling with significant housing supply and affordability challenges. While immigration plays a role in this complex issue, it is crucial to understand that the root causes of Canada's unaffordable housing go far beyond population growth. Recent public sentiment, as indicated by the latest Nanos research, suggests there is a growing concern amongst Canadians about the impact increased immigration has on housing affordability.

The Bigger Picture

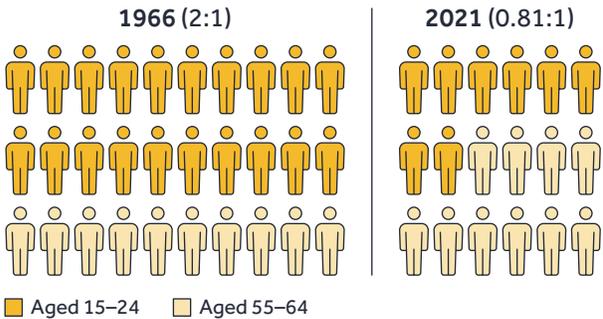
Canada's housing crisis is primarily the result of our failure to build new housing at a rate that keeps pace with demand. Immigration contributes to housing demand, but it's worth noting that Canada's aging population depends on immigrants to fill job vacancies and promote economic growth. This is essential for expanding the tax base needed to support the aging population.



Our aging population and the need for economic growth have driven the federal government to significantly increase immigration targets. According to Statistics Canada, Canada's birth rate fell to a record low of 1.4 children per woman in 2020, well below the 2.1 rate necessary to maintain our population without immigration.

Additionally, Canada's population now has a larger share of people aged 55 to 64 than those aged 15 to 24, indicating the urgency of addressing the skills shortage.

Fast Fact: Population Share Aged 15-24 vs. 55-64



Source: Statistics Canada, 2021 Census

According to the EllisDon Corporation, by 2029, we will be short about 100,000 tradespeople. Addressing this shortage is crucial to help solve the housing crisis.

The Need for Comprehensive Planning

Canada is not building homes quickly enough to keep up with population growth. A recent Canada Mortgage and Housing Corporation (CMHC) report estimates that an additional 3.5 million homes are needed by 2030 to restore affordability. Notably, this figure does not account for approximately one million non-permanent residents living in Canada, adding to the demand.

More immigration can bring significant benefits, but government immigration policies must include a plan to ensure that newcomers have places to live that are affordable, close to jobs, and the community helps them settle and integrate. This must include further investment in emergency resources to help house refugees in Toronto



Preparing for Rising Immigration, the Demand for Affordable Rentals and Ownership Housing

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and other major centres. This approach is essential to manage Canada's skills shortage and bolster its aging population.

Canadians – both new and old – are struggling to find housing as demand vastly exceeds our existing supply of all types of housing from emergency shelters to market-based ownership homes. To accommodate this influx, a comprehensive plan supported by all levels of government is critical.

A multi-faceted approach involving all levels of government can support newcomers, address the housing supply shortage, and help grow the revenues necessary to support Canada's aging population.



Attract Skilled Immigrants and Encourage Youth Participation:

With an aging population comes aging skilled workers, and to build more housing, we need more skilled labourers. Provincial and federal governments must ramp up their efforts to attract skilled labourers who can work in the construction sector and provide youth with access to careers in the skilled trades, such as apprenticeships, grants, and investments in skilled trades college programs.



Support Home Renovations and Greater Density:

Encouraging initiatives such as building laneway homes and permitting the construction of secondary and modular units on existing lots can bolster supply. Implementing incentives, such as the federal multi-generational home renovation tax credit

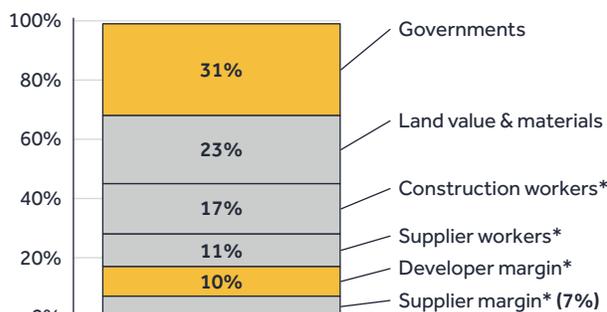
(MHRTC), can also assist homeowners in renovating their properties to accommodate qualifying seniors.



Accelerate and Lower the Cost of Construction:

Government charges can represent over 31% of the total cost of building a home in major cities, according to CANCEA. While efforts have been made to reduce costs, there is a compelling need for additional measures to expedite and reduce the cost of construction for affordable housing units.

Developer Profit Margins on Newly Built Dwellings 1/3 of What Governments Collect



Source: CANCEA, June 27, 2023

*After tax



Create More Housing for Individuals

Across the Continuum: Accessibility and affordability are key factors for everyone, including newcomers. Governments should ensure that development is diversified, including mixed rentals, subsidized housing, cooperative housing, and modular units, while supporting homeownership. A diversified approach is necessary to cater to the diverse needs of all Canadians.



Provide Wrap-Around Supports for Newcomers:

To meet the federal government's ambitious immigration targets, governments should increase supports, like integration and employment services, language assessment and training, childcare, citizenship preparation, and more, to help newcomers successfully integrate into their new communities.

Preparing for Rising Immigration, the Demand for Affordable Rentals and Ownership Housing

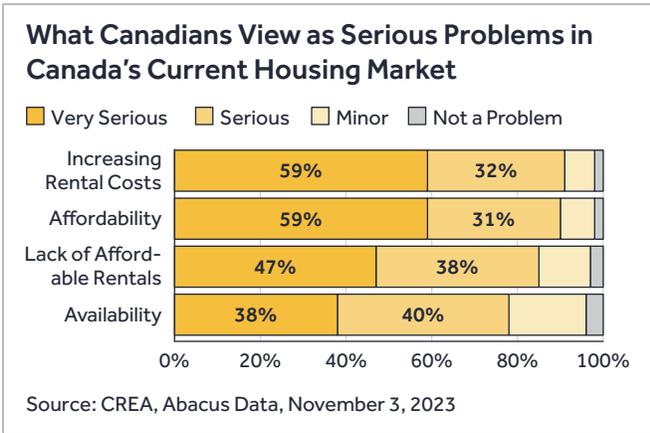
Research from Loyalist Public Affairs

Fostering a Resilient Housing Market

As the Canadian housing market faces pivotal challenges, it's clear that striking the right balance between immigration and housing supply is essential for long-term economic resilience. While immigration is a part of the equation, the broader housing ecosystem needs transformation.

Canadians but also about maintaining the health and sustainability of our housing market. With rising inflation, it's vital to tackle the root causes and provide a foundation for long-term affordability.

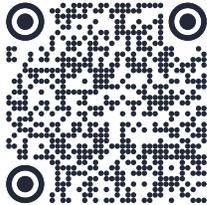
The solution doesn't rest solely on immigration; it requires a multi-faceted approach, spanning government support for skilled immigrants, the removal of barriers to housing development, and incentives to boost construction and renovation. These measures are vital to ensuring that the Canadian housing market remains a resilient and attractive investment prospect for businesses and individuals.



Canada's aging population and the imperative for economic growth have led to an increased reliance on immigration as a crucial tool for sustaining our skilled labour force and shoring up our tax base amid declining population trends.



In this complex equation, it's not just about welcoming new



Explore More



Locked Out: The Social Value Cost of the GTA's Housing Crisis

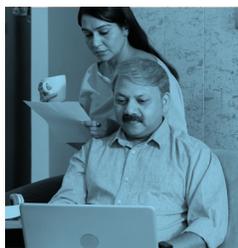
Research from CANCEA

Introduction

In the Greater Toronto Area, the housing affordability crisis extends beyond economic concerns, profoundly affecting the lives and satisfaction of its residents. This situation has evolved into a major challenge, influencing various aspects of life and leading to a decline in overall contentment. Rising housing costs and the resulting unaffordability are not only subjects of economic debate but are also critical social issues with far-reaching consequences for community cohesion and sustainability.



This research quantifies the impact of housing unaffordability through a social value perspective. Initiated by the

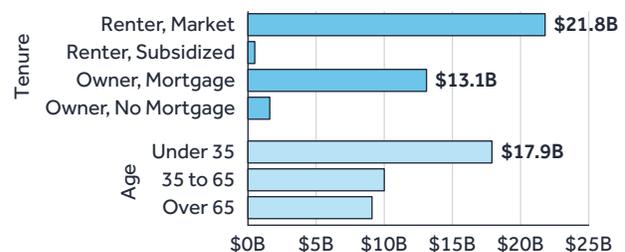


United Nations and the Organisation for Economic Co-operation and Development (OECD), social value is a fundamental concept in the "Social pillar" of the globally

recognized Environmental, Social, Governance (ESG) framework. Social value assessment fills the gap left by traditional financial and economic metrics, providing a more complete view of population well-being, social cohesion, and sustainability.

Assessing social value involves combining demographic, economic, and financial data with personal well-being evaluations across the population. In the GTA, this had involved the modelling of over seven million residents to determine how housing unaffordability impacts their well-being compared to those living in affordable conditions. We explore how well-being levels in the GTA might improve if unaffordability were addressed. The differences in individual well-being highlight the human impact of housing unaffordability in the GTA. Additionally, from the well-being reduction statistics, we calculate the monetary equivalent of the negative change in well-being associated housing unaffordability, and compare this to the social value costs of major chronic diseases in the GTA.

Social Value Cost by Tenure and Age Group



Source: CANCEA

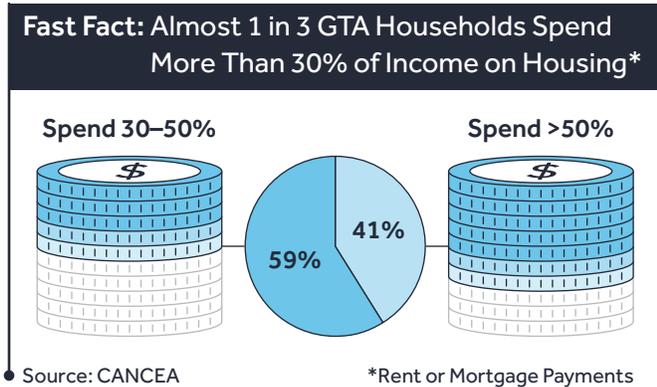
Overall, this analysis goes beyond conventional economic and financial factors, delving into well-being and its social value implications. Combined with economic impact analysis, the loss of well-being and its financial equivalent offer a comprehensive view of the true costs of this crisis, encompassing not just monetary factors but also the effects on the daily lives and satisfaction of individuals and communities.

Locked Out: The Social Value Cost of the GTA's Housing Crisis

Research from CANCEA

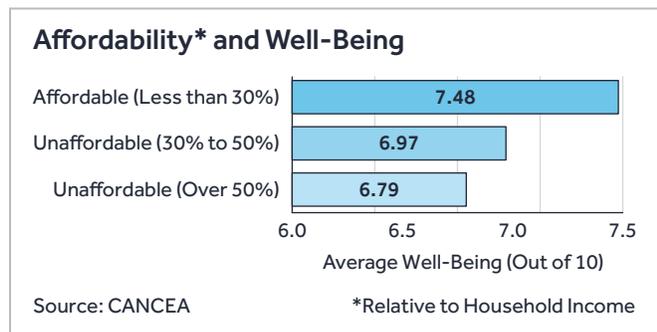
Housing Affordability Crisis in the GTA¹

In the Greater Toronto Area, housing unaffordability is a significant concern, with one of the highest rates in Canada. A household is deemed to be living unaffordably if it spends more than 30% of its income on housing. This applies to 29% of all households in the GTA and 23% of residents. Among these households, 59% allocate between 30% and 50% of their income to housing, while 41% spend 50% or more.



Unaffordability and Its Impact on Well-Being

Our analysis, involving over seven million GTA residents and official statistics,² reveals a clear decrease in well-being due to housing unaffordability. When compared to those in affordable housing who average a well-being score of 7.48 out of 10, residents spending 30% to 50% of their income on housing reported an average well-being score of 6.97. This represents a 7% decline. Those spending

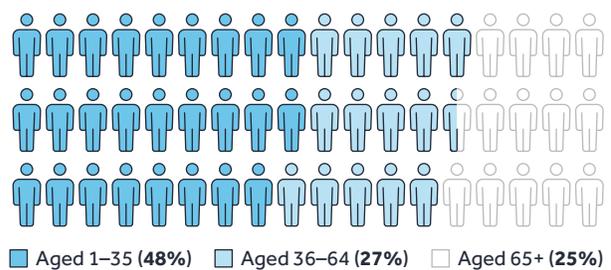


50% or more of their income on housing experienced a more significant drop, with an average well-being score of 6.79, equating to a 9.2% decrease.

As will be demonstrated, these effects are significant and vary based on household characteristics. Unaffordable housing is notably more common among lower-income groups, young adults, recent immigrants, lone parents, and singles. The contributing key factors include financial insecurity, stress, and the inability to afford basic needs.



Fast Fact: Residents Under 65 Assume 3/4 of Cost



Source: CANCEA

Social Value Cost of Unaffordability

By quantifying the social value cost of unaffordability in the GTA, we gain a sense of the benefit of restoring the well-being of those living unaffordably to levels comparable to those enjoying affordable housing. It takes into account the economic, social,

Locked Out: The Social Value Cost of the GTA's Housing Crisis

Research from CANCEA

and environmental advantages of affordable housing, including improved health outcomes, financial stability, social cohesion, and economic steadiness. Alternatively, the benefit can be seen as a cost of not restoring the well-being of those living unaffordably. The social value cost is

crucial for guiding policy, demonstrating the potential societal benefits of eliminating unaffordable housing.

Our findings indicate that the total negative social value cost for residents living unaffordably in the GTA is estimated at \$37 billion in 2023. This amount is significant, representing about 20% of

Ontario government revenues and over 4.5% of Ontario's annual GDP. Of this cost, renters share over 60%, while homeowners with mortgages account for 35%. Age-wise, 75% of the social value cost is shouldered by residents under 65 years of age, with 48% borne by those 35 years and younger.

Housing Unaffordability: Comparable to the Impact of Major Chronic Diseases

To highlight the significant impact of housing unaffordability in the GTA, we conducted a comparative analysis with the social value costs of major chronic diseases. This comparison is essential to understand the broader implications of unaffordable housing on the population.

The social value cost attributed to housing unaffordability in the GTA is approximately 1.75 times greater than that of cancer in the GTA. This is a stark indication of the severity of the housing affordability crisis. Moreover, the social value cost related to housing unaffordability aligns closely with the costs associated with diabetes, and represents 76% of the social value cost of heart disease, further emphasizing its extensive impact.

Relative Annual Social Value Impact

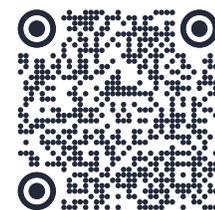


Source: CANCEA

These comparisons serve to place the issue of housing affordability in the same realm as some of the most significant health challenges faced by a society. It underscores the profound effect that unaffordable housing has on the mental health and life satisfaction of individuals, equating it with the impact of chronic diseases that are widely recognized for their serious implications on personal well-being.

¹ It is important to note that the results for the GTA cannot be extrapolated to the rest of the province or country. Social value calculations are very sensitive to the individual circumstances of a resident, and all calculations are necessarily performed on an individual-by-individual basis.

² Successive cycles of Statistics Canada General Social Surveys and Canadian Community Health Surveys.



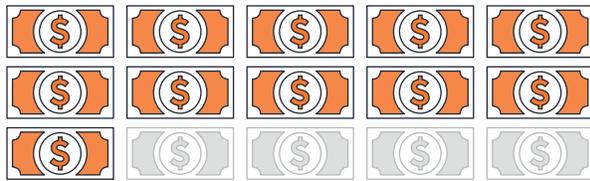
Explore More

New Homes & Condos Review and Outlook

Research from Altus Group

New home sales in 2023 got off to a slow start, following the trend of the last half of 2022 as the impact of interest rate increases through 2022 and early 2023 set in. Housing became increasingly unaffordable as household finances, already squeezed by higher carrying costs, were also impacted by higher costs of living.

Fast Fact: 27% Decrease in New Sales in 2023*



Source: Altus Group

*January 2023–October 2023

As a result, many buyers moved to the sidelines, with sales recording an all-time record low for any first quarter. Sales activity picked up somewhat in the second quarter as optimism returned and some pent-up demand was released. However, successive interest rate hikes in June and July all but extinguished any momentum, and sales dropped off as a consequence.

New Condominium Apartment Sales Dragged Levels Down

New condominium apartment sales bore the brunt of the slowdown in 2023. As the cycle of rising interest rates and inflationary pressures took hold

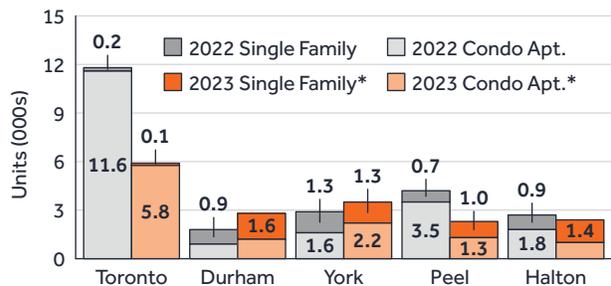
and worsened affordability in 2022, many buyers shifted to the more affordable new condominium product as a substitute, which helped to propel sales. But with affordability worsening in 2023, sales slumped in the sector and delayed projects, most notably, The One and Mirvish Village.

On the other hand, new single-family sales saw an improvement in 2023. After sinking to its second lowest level ever in 2022, the sector was ahead of the previous year's pace by about one-third. However, this would still rank in the bottom three of all-time sales and only half of the 10-year average.

Some Bright Spots Among the 905 Regions

Not all regions in the GTA shared the decline in total new home sales in 2023. Much of the falloff occurred within Toronto's condominium apartment market, where sales were down by approximately half.

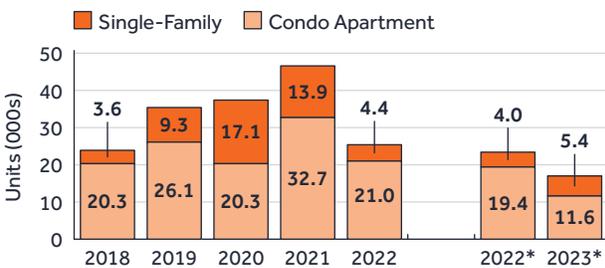
GTA New Home Sales by Region



Source: Altus Group

*January 2023–October 2023

Greater Toronto Area New Home Sales



Source: Altus Group

*January–October



New Homes & Condos Review and Outlook

Research from Altus Group

In Durham Region, both new home sectors saw impressive year-over-year increases as the region capitalized on its price advantage over the other areas. York Region saw a jump in new condominium apartment sales and maintained its single-family sales levels from a year ago.

Benchmark Prices Peaked in Early 2022 and Have Been Trending Downward Since

Benchmark prices peaked in early 2022 for both condominium apartments (March) and single-family homes (July) but have slipped by over 15% since then. Builders have been bringing more affordable projects to the market more recently, hoping to spur sales activity.

Fast Fact: Benchmark Prices Decreased in 2023*

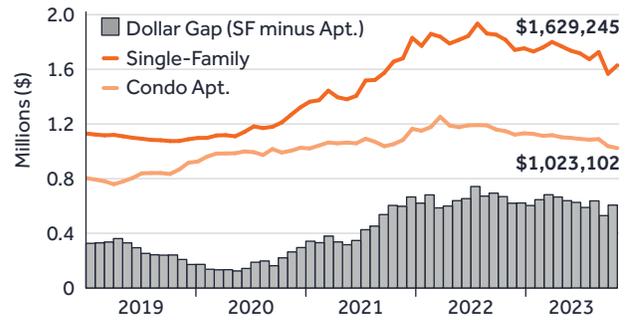


Source: Altus Group

*October 2023

The supply issues that contributed to the run-up of prices in 2022 largely abated, especially in the new condo apartment sector where inventory is now above the 10-year average. The sector also benefited from the soaring spread in benchmark prices, which is now about four times the level of early 2020.

GTA New Home Benchmark Prices*



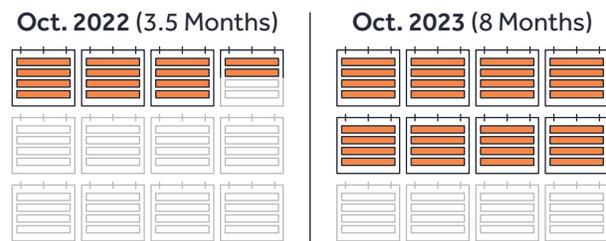
*Average asking price of available inventory with outliers removed.

Source: Altus Group

Looking Ahead in 2024

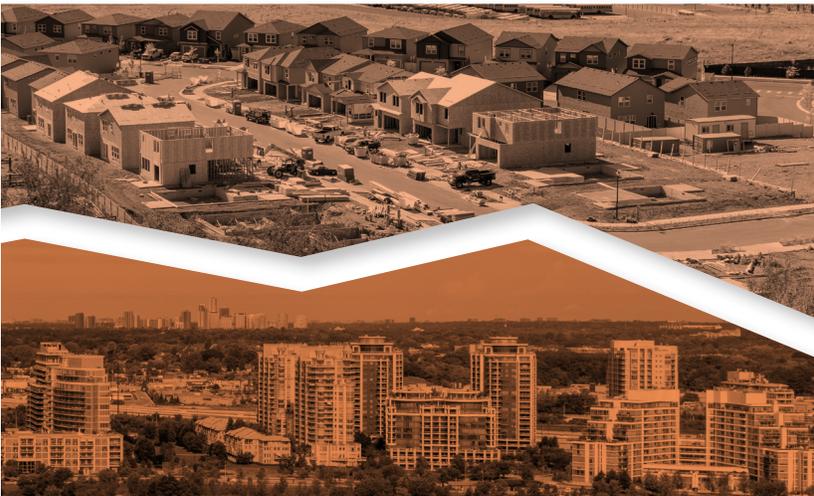
Builders were getting shovel-ready towards the end of 2023 to gauge whether new home buyers were ready to re-enter the market. Record immigration levels are adding to the backlog of buyers, and inflation has begun to fall back, lessening pressure on the Bank of Canada to raise interest rates. At the same time, provincial legislation continues to support increased housing levels.

Fast Fact: Available Inventory at a 4.5-Year High



Source: Altus Group

All that remains is for buyers to jump back into the market. Expect sales activity to remain sluggish through the first half of 2024. If the Bank of Canada holds and possibly lowers interest rates, some pickup will likely occur afterward. However, due to elevated prices and higher carrying costs, affordability concerns will continue to weigh on purchasing decisions.



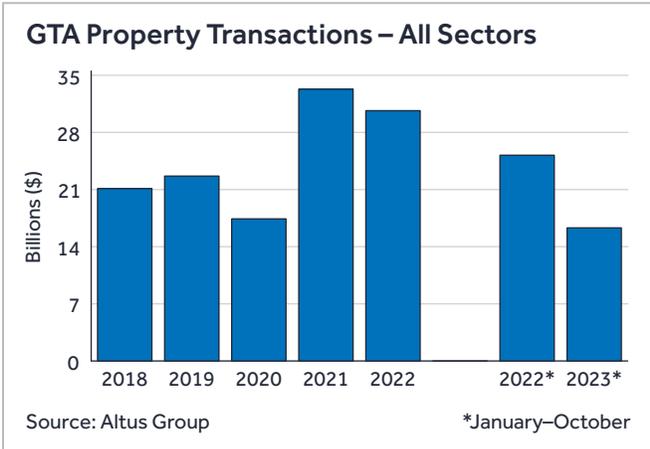
Commercial Market Review and Outlook

Research from Altus Group

Investment Activity Down by 35% in the GTA from the First Three Quarters of 2022

The GTA market continued to be Canada’s strongest market, with \$16.3 billion in dollar volume transacted from January to October 2023, despite a 35% decrease year-over-year.

As higher interest rates and inflationary pressures contributed to economic uncertainties, investors exercised heightened caution through the price discovery phase. Amidst the macroeconomic headwinds, investors remained committed to the industrial and office sectors, indicating a sense of cautious optimism in the market.



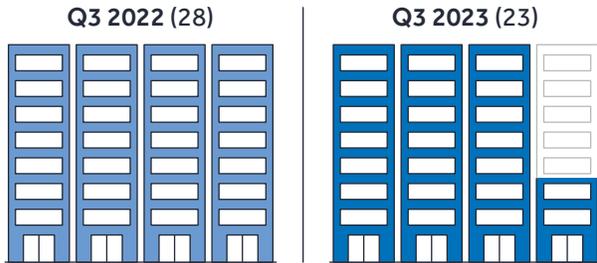
The GTA Office Market Experienced Flattening Availability Rates

Office transaction activity declined in the GTA, with \$2.7 billion in dollar volume transacted through Q3 2023, a 22% decrease year-over-year. As the hybrid work model became an increasingly entrenched work arrangement amongst Canadians, tenants and landlords worked collaboratively to incentivize workers to return to the office through amenitized space and rightsizing efforts.

According to Altus Group’s *Canadian Office Market Update – Q3 2023*, this flattened office availability rates across the country, with the GTA holding at

18.1%. Furthermore, the GTA did not introduce any new supply in Q3 2023. However, nearly 6.2 million square feet of space is in the construction pipeline.

Fast Fact: Toronto Office Construction Projects



Source: Altus Group

Industrial Market Conditions Remained Tight Into 2023

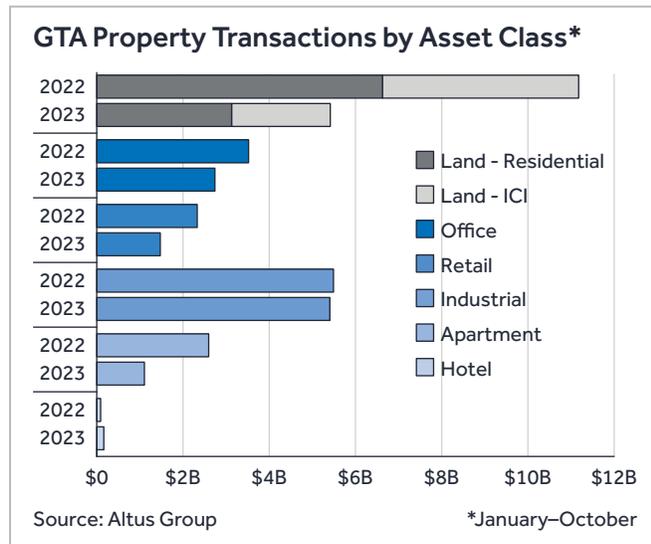
The market conditions for industrial sites remained tight as demand for modern facilities, specifically distribution and warehousing, continued to outpace available supply. According to Altus Group’s *Q3 2023 Canadian Industrial Market Update*, Toronto’s industrial availability rate increased to 2.6% but remained the lowest in Canada. Furthermore, as investors adjusted to higher borrowing costs, the GTA reported \$5.4 billion in dollar volume transacted, remaining flat as rental rates continued to increase.



Commercial Market Review and Outlook

Research from Altus Group

The GTA also saw approximately four million square feet of new supply enter the market, with over 60% pre-leased. In addition, over 16 million square feet of supply are under construction as the demand for industrial space grows.



The GTA reported \$1.1 billion in multi-family transaction volume, a 57% decrease year-over-year, as tightened lending practices from financial institutions, unmet demands for labour, increased construction and material costs, the lack of invested product, and price expectations between buyers and sellers contributed to a decline in activity. However, the long-term outlook for the sector remains favourable as the demand for rental housing has mostly been undeterred despite the market's volatility.

Looking Ahead

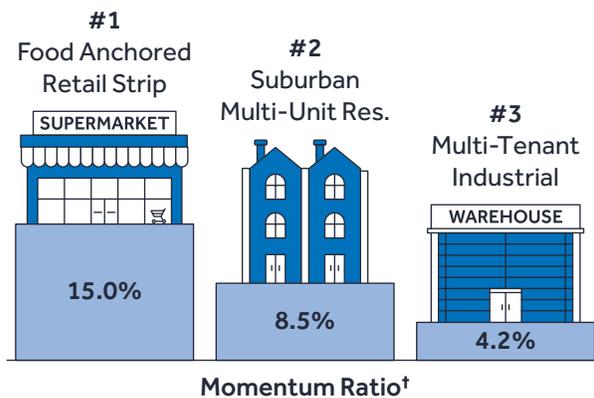
As 2023 wrapped up, investor confidence in the GTA market persisted. Altus Group's *Q4 2023 Canadian CRE Investment Trends* insight noted that Toronto remained one of the top three preferred Canadian markets amongst investors, with Vancouver taking the top spot and Ottawa coming in third.

Demand for Purpose-Built Rentals Skyrocketed Amidst a Population Boom

Canada's record-breaking population growth and land scarcity in urban areas exacerbated the difficulty surrounding homeownership costs and increased demand for purpose-built rentals.



Fast Fact: Preferred Investment Property Types*



Source: Altus Group †Buy % divided by Sold % | *Q4 2023 Toronto

While the lingering effects of inflationary pressures have resulted in a slowdown for all sectors, the increasing demand for purpose-built rentals and modern industrial facilities, supported by strong underlying demographic and economic fundamentals, is creating a robust and resilient real estate market in the GTA. Overall, investment remains strong with the anticipated end of higher and possibly lower interest rates in 2024.

What Policymakers Are Telling TRREB



Our government believes that everyone deserves a safe and affordable place to call home. Part of this is increasing the housing supply to help lower the cost of housing and protect the dream of homeownership.

Our government has delivered bold actions to simultaneously increase the housing supply and support Canadians struggling with the cost of housing, including federal programs to support purpose-built rental housing and deeply affordable housing for those most in need. Our plan also includes a \$4 billion Housing Accelerator Fund to speed up the construction of new housing, a \$500 federal top-up to the Canada Housing Benefit for hundreds of thousands of renters, and a \$400,000 Tax-Free First Home Savings Account.

Rapidly increasing the housing supply requires cooperation from all levels of government. That is why, through the Housing Accelerator Fund, we are requiring the development of local housing action plans and bold reforms to how communities build housing. We will continue to work with local leaders across the country to ensure they fully leverage the potential of the Fund.

The combination of our actions and coordination with other levels of government will culminate in increasing the housing supply so that more Canadians can achieve the dream of homeownership.

Right Hon. Justin Trudeau
Prime Minister of Canada



PRIME MINISTER • PREMIER MINISTRE



One of Canada's primary economic advantages is our ability to grow our skilled workforce – both through domestic training and education as well as through the attraction of workers from around

the world. In order to maximize our economic potential, we have to make sure that we have the capacity to support people who grow up in our communities and people who choose to live in them.

To ensure we have housing for them, we are focused on making the math work for builders by waiving the GST and providing low-cost financing so that they can build homes that people can actually afford.

Another thing we are doing is working with municipalities through the Housing Accelerator Fund to change the way homes are built in this country, including by increasing density in places where services, infrastructure, and opportunities already exist.

The building methods themselves need to evolve as well, so we are working on scaling up our ability to build homes in factories.

We will continue to advance these actions and more to build housing and ensure that everyone has a safe and affordable place to call home while growing Canada's economy at the same time.

Hon. Sean Fraser
Minister of Housing, Infrastructure and Communities



What Policymakers Are Telling TRREB



With economic opportunity and job creation spurring ever greater population growth across the Greater Golden Horseshoe, confronting our housing supply crisis has never been more critical. That's why

Ontario continues to take action, together with our partners, to meet our goal of building at least 1.5 million homes by 2031.

Our government has put forward four Housing Supply Action Plans since 2019, and will release a new action plan each year. The plans contain measures that make life easier for renters, help homebuyers, and streamline policies to build more homes.

We continued that momentum when we launched the \$1.2 billion Building Faster Fund that will reward municipalities that deliver on their housing targets. This funding will help pay for housing-enabling infrastructure and related costs to support community growth.

Our housing innovation guides are helping to harness the potential of new solutions to increase supply, including laneway houses and modular construction. We're also promoting building up near transit and permitting more "gentle density" as of right.

Our policies have delivered historic results, boosting the construction of new homes, including purpose-built rental units. But as our province grows at an incredible rate, we know there is much more to do.

Thank you to TRREB's members for your work in connecting people with homes and communities. Our government looks forward to continue working with you to help more Ontarians find a home that meets their needs and budget.

Hon. Paul Calandra
Minister of Municipal Affairs and Housing



Now, more than ever, there is an urgent need to build infrastructure for the future due to unprecedented growth across our province. As part of our plan to build at least 1.5 million new homes by

2031, we are seizing a once-in-a-generation opportunity to build vibrant, mixed-use communities around transit stations across the Greater Golden Horseshoe. These transit-oriented communities (TOCs) will bring housing, jobs, public spaces, and access to retail and community amenities closer to transit stations.

Work is underway to deliver TOCs at 12 future stations along the province's new Ontario Line, Yonge North Subway Extension, and Scarborough Subway Extension. Once completed, these TOCs will create approximately 79,000 new jobs and approximately 54,000 new residential units, including affordable housing, at or within a short distance of transit stations.

The province also continues to explore the use of surplus government properties across Ontario to help support the development of more housing. Our government will continue to work with municipalities, the private sector, and community partners as we build an unprecedented number of homes over the next decade. We appreciate these partnerships as we work together to build the infrastructure that will support Ontarians for generations to come.

Hon. Kinga Surma
Minister of Infrastructure



What Policymakers Are Telling TRREB



It's more difficult than ever for Torontonians to find affordable housing. Growing families, seniors on fixed incomes, young people trying to start their careers – people are losing hope of finding an affordable home in our city.

Torontonians are relying on the City to urgently address the housing crisis. That's why I've brought forward a transformative plan to build more rent-controlled market, below-market, and rent-geared-to-income rental housing. My plan focuses on coordinating all city departments to pull in the same direction towards our goal of building more, faster. We're also going to make the approval process faster and more transparent so we can get shovels in the ground more quickly. Building more housing quickly is the best way out of this crisis.

While we do this work, we're also recognizing that Toronto is facing major fiscal challenges that threaten the City's ability to provide the services and infrastructure people rely on. To keep our city affordable, I'm continuing to make progress in my negotiations with other orders of government to secure a new financial deal for Toronto. With strong partnerships with the provincial and federal governments we can continue to invest in the services people need, and that includes more affordable housing.

Olivia Chow
Mayor, City of Toronto



The City of Barrie is undoubtedly a vibrant and rapidly growing community, and we recognize the need to adapt and respond to the demands of a growing population while maintaining the high quality of life that makes

our city so attractive. As laid out by the provincial government, Barrie's target is 23,000 new homes in ten years, which is quite conservative considering the City of Barrie has already approved more than 17,000 housing units and estimate that we will hit approval targets within the next two to three years.

The City of Barrie is dedicated to meeting the challenges posed by anticipated population growth and supporting future development, especially in the realm of housing and housing-enabling infrastructure. We firmly believe that by pursuing these strategies, we can contribute to improving affordability across the Greater Golden Horseshoe region and enhance the quality of life for all our residents.

Thank you to TRREB for your continued partnership and support as we work together to shape the future of our beloved city. We look forward to a prosperous and collaborative future.

Alex Nuttall
Mayor, City of Barrie



What Policymakers Are Telling TRREB



Durham Region is growing, and our vision is to create healthy and complete, sustainable communities that are great places to live, work, play, grow and invest. As per At Home in

Durham, the Durham Housing Plan

2014 to 2024 and the Master Housing Strategy, The Regional Municipality of Durham is committed to helping initiate the development of 1,000 new affordable rental units by 2024.

To help ensure more residents have a safe and affordable place to call home, the Region is working with private and public sector partners. This is done through initiatives such as the At Home Incentive Program (AHIP), which was endorsed by Regional Council in March 2022. The AHIP provides funding support and Regional planning services to encourage development of new affordable rental housing. The first call for applications led to a \$7.45 million commitment to support two affordable housing projects. Applications for the second year of the AHIP were accepted until December 20, 2023, with \$5.5 million in funding available.

Everyone deserves a place to call home, and the Region of Durham remains committed to an affordable, suitable, and sustainable supply of housing for all people in Durham.

John Henry

Regional Chair and CEO, Region of Durham



The City has over 30,000 residential units in the development approvals pipeline, which exceeds the provincial target of delivering 23,000 units by 2032.

In addition, the City has established a suite of community improvement plans to provide financial incentives for development in strategic areas, and is looking to expand these to include missing middle housing incentives. We're continuing to advance land use studies for Columbus community and the Central Oshawa Major Transit Station Area ("MTSA"). The Columbus Plan will create permission for almost 11,000 new units. The MTSA study will include up-zoning the area based on transit-oriented development principles.

In August 2023, the City applied to the CMHC Housing Accelerator Fund. Items identified in the application included preparing an intensification study to up-zone strategic growth areas, such as along key arterial roads, and further up-zone areas of the downtown. Earlier this year, Council amended the zoning by-law to allow up to three units in most single detached, semi-detached, and street townhouse dwellings. A new zoning framework to encourage the development of small apartment buildings on smaller lots for areas around central Oshawa where apartments are already permitted was also put in place to facilitate those types of infill projects.

Dan Carter

Mayor, City of Oshawa



What Policymakers Are Telling TRREB



The City of Pickering is at the forefront of growth and transformation, driven by its commitment to enhancing the quality of life for all its residents.

With an array of housing developments, the emergence of thousands of new high-tech jobs within the Pickering Innovation Corridor, thrilling experiences at the Pickering Casino Resort, and the upcoming Porsche Experience Centre opening its doors in 2024, Pickering has firmly established itself as the premier destination to call home.

Pickering's allure extends beyond its economic opportunities. The City boasts a shimmering waterfront, providing breathtaking views and recreational opportunities. Its scenic trails, parks, and expansive greenspaces invite residents to explore and enjoy the great outdoors. Additionally, Pickering is adorned with enchanting hamlets that add a touch of charm to the City's diverse landscape.

With a projected population increase exceeding 150,000 by 2036, Pickering is prepared to take assertive measures to accommodate this growth while addressing the issues of housing affordability and attainability.

These measures include the intensification of the City Centre and Kingston Road Corridor, where we envision higher-density housing that will cater to first-time homebuyers looking to enter the market and seniors looking to downsize. With its extensive network of transit options, variety of businesses, and abundant local amenities, the City Centre and Kingston Road Corridor offer an exceptional environment to live, work, shop, and play.

Furthermore, we have developed a multitude of diverse communities within Pickering, each offering a range of housing options and lifestyle opportunities. Communities such as Seaton and North East Pickering have cultivated unique and diverse neighbourhoods, each flourishing with its own distinct character, all while maintaining the integrity of the surrounding agriculture, natural landscapes, and green spaces.

Pickering is not just a city; it's a place where dreams can flourish, and life is lived to the fullest. We create an environment where children can thrive, families can grow, seniors can comfortably stay in their neighborhoods, entrepreneurs can watch their businesses flourish, and everyone can achieve their goal of homeownership.

Kevin Ashe
Mayor, City of Pickering

— City of —
PICKERING



What Policymakers Are Telling TRREB



As the Service Manager of our affordable housing system, Peel Region works on the front lines of the housing crisis every day. We provide wraparound supports so

our residents can get and keep housing.

We build affordable housing and shelters on lands we own and oversee third-party projects that receive federal, provincial, and regional funding. Since 2019, 392 new units have been completed and 1,153 units or shelter beds are in development, including a youth shelter in Brampton and a family shelter in Mississauga.

Through the Peel Affordable Rental Incentives Program, we provide capital grants to private and non-profit housing developers to create affordable rental housing. We have funded nearly 100 affordable rental units since its start.

We refocused our approach to portable subsidies – which move with you within Peel so you can choose where you want to live and not lose your subsidy – to be able to target where the need is greatest.

91,000 Peel households – one in five – live in Core Housing Need. With needs far exceeding resources, we are advocating for significant funding to provide roofs over our heads.

Nando Iannicca

Regional Chair and CEO, Region of Peel



Brampton is the fastest growing of Canada's 25 largest cities, one of the youngest, and the embodiment of 'living the mosaic' with 250 cultures speaking 171 different languages.

We are a vibrant municipality with a population that's grown four times the country and five times the province. We are working hard by investing in innovation, infrastructure, and wraparound services. To maximize Brampton's full potential, strong partnerships with all levels of government are integral.

When Brampton wins, we all win. We are securing the jobs of tomorrow by taking advantage of Brampton's unique position within Canada's Innovation Corridor and leveraging our unmatched talent pool to attract firms to our Innovation District. The City of Brampton is committed to more affordable housing for residents. We are thankful for Canada's continued partnership and investment in our community.

Brampton has set a target of building 113,000 new homes by 2031. This demonstrates the commitment to more housing, streamlining development approvals, removal of barriers, and accelerated planning. Brampton's Housing Pledge provides information on the ongoing and planned initiatives supporting growth and accelerating new housing supply.

This growth will be supported sustainably and strategically, focusing on higher-density development near transit corridors to ensure that while we're meeting the needs of residents, we're also reducing barriers to housing and further spurring new incentive programs for affordable housing.

By partnering with Brampton, all levels of government can help us take further steps toward realizing our full potential as a city.

Patrick Brown

Mayor, City of Brampton



What Policymakers Are Telling TRREB



Like many communities across the province and country, The Regional Municipality of York continues to face a housing crisis with challenges related to affordability and availability of appropriate housing

options. Our population and economy are growing and diversifying, but the housing supply has not kept pace with resident needs.

In 2021, York Regional Council declared an affordable housing crisis and established a Housing Affordability Task Force to address affordability and supply issues and initiate actionable and innovative change. Through this work, York Region has reaffirmed our commitment to build complete communities that offer a full range of housing options and services to meet the needs of residents of all ages, abilities, income levels, and stages of life.

At the Regional level, work continues on housing policy and program initiatives to help inform and address housing needs. This includes development

of an Affordable Housing Implementation Plan to address affordability challenges in the private housing market and a Community Housing Development Master Plan to increase housing options. Tools such as financial incentives, development charge deferrals, and subsidized housing programs have been initiated to support a comprehensive and sustainable approach to meet housing needs.

The housing affordability crisis is complex and cannot be solved by any single level of government alone. Continued collaboration with federal and provincial governments, local cities and towns, community partners, developers, and landlords is essential. Sustained federal and provincial investment in community and affordable rental housing is also vital to truly address shortfalls in our housing supply.

York Region is committed to building communities that offer a fulsome mix of housing options and Regional Council will continue our work with all partners to achieve this important goal.

Wayne Emmerson
Chairman and CEO, Regional Municipality of York



What Policymakers Are Telling TRREB



The City of Markham has always focused on improving housing supply, including affordable and purpose-built rentals. As part of *Housing Choices: Markham's Affordable and Rental Housing Strategy*,

the City continues with initiatives to increase the supply of affordable and rental housing.

In May 2023, we pledged to facilitate the construction of 44,000 homes in support of the provincial target of 1.5 million homes in 10 years. We believe it is critical to increase the mix and supply of housing, including affordable and rental housing, to meet the needs of current and future residents.

The City continues to be proactive in streamlining and modernizing our approval processes. Markham was one of the first municipalities in Ontario to adopt e-permitting. The City is ensuring land is available to support a range of housing options by updating its plans.

While the City has an active role in addressing the housing crisis, in order to be successful, meaningful partnerships between all levels of government, homebuilders, and trades are key to increasing the range of housing. If we are going to more than double our current housing starts, then there must be significant investments in complete communities, including infrastructure, rapid transit, schools, hospitals, and social services.

New neighbourhoods are more than just homes. They need local parks, community centres, fire halls, libraries, recreation, and cultural opportunities to make them complete and attractive for residents. To deliver complete communities, we need a sustainable financial framework where growth needs to pay for growth and is not a burden on existing property taxpayers.

Frank Scarpitti
Mayor, City of Markham



There is no doubt that Ontario is in a housing crisis. Here in Richmond Hill, this continues to be at the forefront of our minds as we tackle the

housing supply situation. We continue to work openly and collaboratively on this complex issue with both the provincial and federal governments.

Richmond Hill Council and City Staff have worked to meet the requirements of Bill 23, including committing in the spring of 2023 to our new municipal housing target pledge of 27,000 housing starts by 2031. We all agree that our current and future community members deserve a range of affordable housing choices. They also deserve the infrastructure and services needed to make a city feel like home, including parks, community centres, waste collection, snow clearing, libraries, recreation, and more.

The motion we passed in October 2023 to propose an amendment to our Official Plan and Zoning Bylaws to allow up to four storeys "as-of-right" within the major transit station area and corridors is a tangible step towards supporting new and varied housing options.

We are open to further engagement with the federal and provincial governments to explore all opportunities, including incentivizing residents with programs that would allow the city to expedite and deliver affordable housing units. It is our goal to ensure Richmond Hill is a complete community with a range of housing options that can meet the needs of our residents.

David West
Mayor, City of Richmond Hill



What Policymakers Are Telling TRREB



Vaughan has always been a destination of choice that people dream of calling home, where future generations want to raise their families, start businesses and enjoy an unrivalled quality of life. From

the moment I became Mayor in November 2022, I have worked alongside my Council colleagues to advance city-building initiatives that will strengthen Vaughan's promising future, like creating more diverse housing options, improving the road network, combating traffic gridlock and supporting our growing population.

Over the last decade, Vaughan's population increased by almost 30 per cent and is expected to jump to 570,000 by 2051. With this expansive growth for Vaughan, we have to act now, and the City of Vaughan is focused on doing just that.

In April, Vaughan Council endorsed my Nine Point Plan to Fight Traffic Gridlock. Reducing congestion is essential to advancing Council-approved secondary plans to develop new residential units

throughout the city like the Vaughan Metropolitan Centre, Weston Road and Highway 7, Yonge Street and Steeles Avenue, Vaughan Mills, and the Promenade Centre. Improving the city's east-west connections will relieve the pressure on roads and residential neighbourhoods and provide a link between Vaughan and Richmond Hill.

The City is committed to achieving our housing targets under the Ontario Government's Housing Pledge with the construction of 42,000 new homes in Vaughan by 2031. We recently welcomed a historic investment from the federal government's housing accelerator fund: \$59 million to expedite the creation of 1,700 new housing units and incentivize thousands of homes over the next three years. It is the most significant housing investment in the City's history and marked the second agreement by an Ontario municipality under this new fund.

We are proud of all we've achieved over the past year, but we're just getting started. By working together with city-building partners, like TRREB, we will continue to position Vaughan as a world-class city of the future.

Steven Del Duca
Mayor, City of Vaughan





“The population of the GTA is steadily on the rise. To build a **balanced market** with more attainable homes, prioritizing “missing middle” housing will provide more **diverse** and **affordable** housing options.”

– Jennifer Pearce, 2024 TRREB President





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 [TRREB.ca](https://www.trreb.ca)

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 **Toronto Regional
Real Estate Board**

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property and communities.