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# Market Update

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JUNE 2022



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# A Balanced Market Returns, However Long Term Supply Issues Persist

**JUNE 2022** – In June, the GTA real estate market changed pace from the torrid year-over-year price increases seen earlier in 2022.

However, average home prices are still 5.3% higher than they were in June 2021, and benchmark home prices are a significant 17.9% higher than they were only one year ago.

Consumers saw interest rates and inflation continue to rise, creating more balanced market conditions. However, as purchasers adjust to the increase in borrowing costs later this year, demand for housing will continue, supported by strong employment numbers, immigration to major urban centres and record-high savings.

In Toronto, rents have skyrocketed by nearly 17% annually, creating the potential for increased demand from renters looking for the stability and economic advantages of home ownership in the coming months.



[CLICK HERE](#) To view the TorontoGTA June Rent Report 2022

[CLICK HERE](#) To view the Economic Advantages of Home Ownership

## REVIEW OF JUNE MARKET ACTIVITY

In June, there were 6,474 sales in the GTA. That is a 41.4% decrease compared to the 11,053 homes sold in June 2021. The number of transactions was also down compared to May 2022, but this is often the case due to the seasonal nature of the market.

**JUNE  
SALES  
ACTIVITY**

**YEAR OVER YEAR  
CHANGE**

 **41.4%**

**MONTH OVER MONTH  
CHANGE**

 **11.1%**

The average selling price of \$1,146,254 as compared to \$1,212,806 the previous month. The average price is above last year's average of \$1,088,991.

**JUNE  
AVERAGE  
PRICE**

**YEAR OVER YEAR  
CHANGE**

 **5.3%**

**MONTH OVER MONTH  
CHANGE**

 **5.5%**

The average number of listing days on the market was 15, up from 12 in May 2022. Total active listings were up 42.5% year-over-year. New listings were slightly up by 1% year-over-year, from 16,193 in June 2021 to 16,347 in June 2022.

**Benchmark price by home type (all TRREB reporting areas):**

- The benchmark price for detached homes increased by 16.44% year-over-year to \$1,523,600.
- The benchmark price for attached homes increased by 17.76% year-over-year to \$1,116,700.
- The benchmark price for townhouse homes increased by 20.49% year-over-year to \$896,100.
- The benchmark price for condo apartments increased by 23.36% year-over-year to \$774,500.

**Average price by home type (416 and 905):**

- The average price for detached homes increased by 3.5% year-over-year to \$1,454,902.
- The average price for semi-detached homes increased by 6.4% year-over-year to \$1,124,723.
- The average price for townhouse homes increased by 8.6% year-over-year to \$933,056.
- The average price for condo apartments increased by 9.3% year-over-year to \$747,216.

AVERAGE  
PRICE  
BY MAJOR  
HOME TYPE

**\$1,454,902**

DETACHED

**\$1,124,723**

SEMI -DETACHED

**\$933,056**

TOWNHOUSE

**\$747,216**

CONDO

# Supply Issues Will Persist Long Term

In the short term, some potential buyers respond to rising interest rates and inflation by moving to the sidelines as they try to time the market. A short-term bump in inventory must not cause decision makers to shift their attention to other issues thinking Canada's housing supply crisis can wait — it cannot.

The Canada Mortgage Housing Corporation recently issued a **report** stating that Canada needs 3.5 million more homes to be built by 2030 in order to restore affordability, with the biggest supply gaps found in Ontario and British Columbia. Current market conditions will create pent-up demand. A growing domestic buyer pipeline coupled with the need to house hundreds of thousands of new Canadians threatens to far outstrip the tepid pace of the new home construction, leaving our cities unable to attract and retain workers.

Given the strain of supply issues, current labour shortages and the cost of financing, it will be a challenge for new construction to keep up with demand.

[CLICK HERE](#)

To view the Canada Mortgage Housing Corporation Report  
Supply Shortages: Estimating what is needed to solve Canada's  
housing affordability crisis by 2030

# Average Price

BY  
MAJOR  
HOME  
TYPE

DETACHED	JUNE SALES	MAY AVG PRICE	JUNE AVG PRICE
416	747	\$1,914,890	\$1,737,012
905	2,265	\$1,432,951	\$1,361,862

SEMI-DETACHED	JUNE SALES	MAY AVG PRICE	JUNE AVG PRICE
416	245	\$1,426,273	\$1,343,378
905	389	\$1,044,443	\$987,009

TOWNHOUSE	JUNE SALES	MAY AVG PRICE	JUNE AVG PRICE
416	243	\$1,045,874	\$1,027,050
905	854	\$958,558	\$906,311

CONDO	JUNE SALES	MAY AVG PRICE	JUNE AVG PRICE
416	1,165	\$793,124	\$771,267
905	513	\$722,778	\$692,598

# Market Stats

JUNE  
2022

GREATER  
TORONTO  
AREA

## 16,347

NEW  
LISTINGS

June 2021 16,193  $\wedge$  10%  $\uparrow$  1%  
May 2022 18,679  $\vee$  12.5%

## \$1,146,254

AVERAGE  
SALE PRICE

June 2021 \$1,088,991  $\wedge$  5.3%  $\uparrow$  5.3%  
May 2022 \$1,212,806  $\vee$  5.5%

## 15

DAYS ON  
MARKET

June 2021 13  $\wedge$  15.4%  $\uparrow$  15.4%  
May 2022 12  $\wedge$  25%

## 6,474

# OF  
SALES

June 2021 11,053  $\vee$  41.4%  $\downarrow$  41.4%  
May 2022 7,283  $\vee$  11.1%

## 16,093

ACTIVE  
LISTINGS

June 2021 11,293  $\wedge$  42.5%  $\uparrow$  42.5%  
May 2022 15,433  $\wedge$  4.3%



# Buying vs Renting Study: Homeowners come out in the front financially than 90% of scenarios analyzed

**HOMEOWNERS PAID \$769 LESS PER MONTH THAN  
RENTERS IN Q2 2021, ON AVERAGE**

TORONTO, September 28, 2021 – Home ownership remains a top priority for many Canadians. While buying a home is seen as a milestone and can improve your quality of life, most are hoping that their purchase will also be a sound financial decision. A recent study[1] has found that, for those who are able to secure a sufficient down payment, it is more financially beneficial to buy a home in Canada than to rent over the long term, in 91 per cent of cases analyzed. The scenarios assume the owner is able to provide a 20 per cent down payment.

“Canadians strongly value home ownership for many reasons. Not only is it a great source of pride, it is likely the largest and most significant financial investment most people will ever make,” said Karen Yolevski, chief operating officer, Royal LePage Real Estate Services Ltd. “Historically, home ownership has been very profitable for Canadians, many of whom have factored their real estate investments into their retirement planning. Owning a home is widely viewed as a means to save money and build equity.”

The study, by economist and housing market analyst Will Dunning, and sponsored by Royal LePage, uses price data for 278 scenarios (broken out by city and housing type) across the country and approaches the commonly-asked question ‘Is it better to buy or rent?’ from various angles – using historical data, future projections, and viewing home ownership as an investment.

“For many people, buying a home – especially the first – is a landmark event and one of the most challenging decisions we’ll make in our lives,” said Will Dunning, president, Will Dunning Inc. “It is a decision that is usually based on a lot of hard work. This research tests a belief that is held by a lot of Canadians, that owning is better financially than renting. And, it finds that this belief is very often correct.”

While the total monthly costs of owning a home may be higher than renting, there is an important factor to consider. Mortgage payments comprise principal and interest, and the principal component can be seen as a form of saving, albeit forced saving. While the homeowner has to pay the full amount each month, the principal is not a true cost. What's more, the interest component is largest in the first month and gradually decreases over the life of the loan, effectively increasing the amount of forced saving each month.

In 253 out of 278 cases studied (91%), the net cost of ownership (the total ownership cost minus the saving that occurs through principal repayment) is lower than the cost of renting. In the report, this factor is referred to as the 'ownership advantage'. As of the second quarter of this year, on average the net home ownership cost was \$769 per month less than the cost of renting an equivalent dwelling. In the nine per cent of scenarios where renting was more beneficial than buying, cases were concentrated in luxury homes in expensive neighbourhood pockets. Moreover, the monthly savings were minimal for this demographic at \$245.[2]

"While Canadians do want their homes to appreciate, potential homebuyers will find it reassuring that significant price appreciation is not necessary for ownership to be financially worthwhile," said Yolevski. "There are other benefits to owning a home, in addition to the financial advantages. Owning a property allows more freedom and stability than renting. As a homeowner, you do not have to worry about the landlord hiking up the rent or forcing you to move. And, homeowners have the ability to make a place their own, with renovations or decor. I believe most Canadians would agree that owning a home is as much about laying down roots in a community and making memories with family, as it is about financial security."

The study tested various scenarios. This includes a mortgage renewal in five years, at an increased interest rate (3.62%, which is based on the highest interest rate seen during the study period from the fourth quarter of 2014 to the present). Even in that scenario, home ownership is expected to remain more affordable than renting in most situations.

"Although supply has reached historic lows and home price appreciation continues to trend upward, the findings of the report show that owning a home remains financially advantageous for most people. However, all Canadians would benefit from swift and material government action to solve the country's housing supply crisis," added Yolevski.

To varying degrees, Canadians think of their homes as an investment, and not just a place to live. The study calculated how home ownership might perform as an investment, making varying assumptions about how much values might change during the coming 10 years. The calculations found that even with a 10 per cent decline in home prices, approximately half of the homeowners studied would still see a positive rate of return on investment, while the other half would break even or see a modest loss as an investment.[3] If there is no growth in values, ownership would result in a positive rate of return on investment in a majority of cases. Other scenarios in which values rise show increasingly attractive rates of return.

The analysis includes assumptions about the costs of buying and selling homes (closing costs, lawyers' and real estate agents' fees, and land transfer taxes), and the major ongoing costs incurred by homeowners (utilities, repairs, homeowners' insurance and condominium fees, where applicable).

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source: Royal LePage Canada



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