

2016 Year in Review and 2017 Market Outlook



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2016 Year in Review and 2017 Market Outlook



Jason
Mercer

*Director of Market
Analysis,
Toronto Real Estate Board*



**Toronto
Real Estate
Board**

SERVING GREATER TORONTO REALTORS®

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2016 Year in Review and 2017 Market Outlook



Sean
Simpson

*Vice President, Canada,
Ipsos Reid*



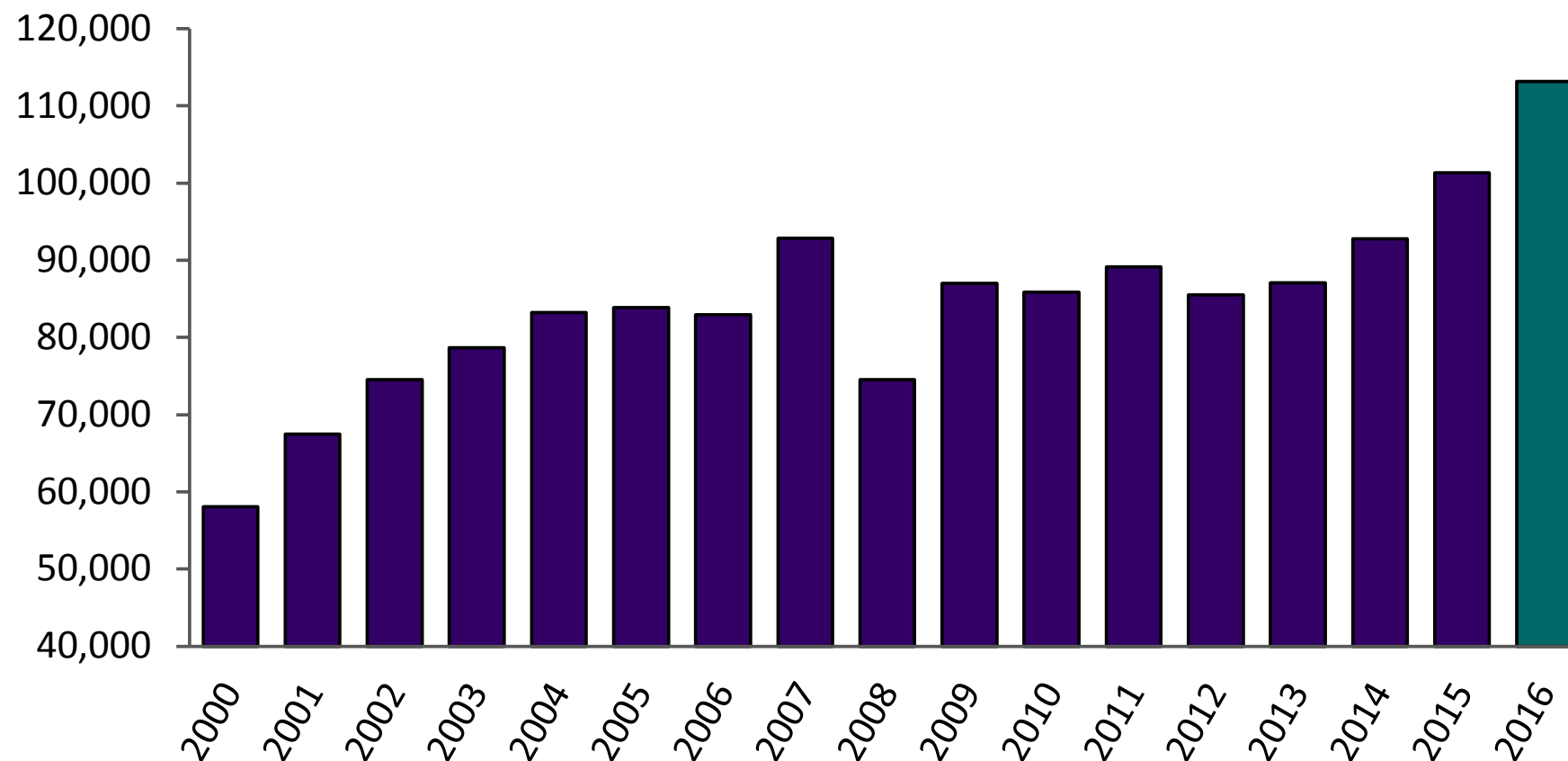
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Second Consecutive Record Sales Year

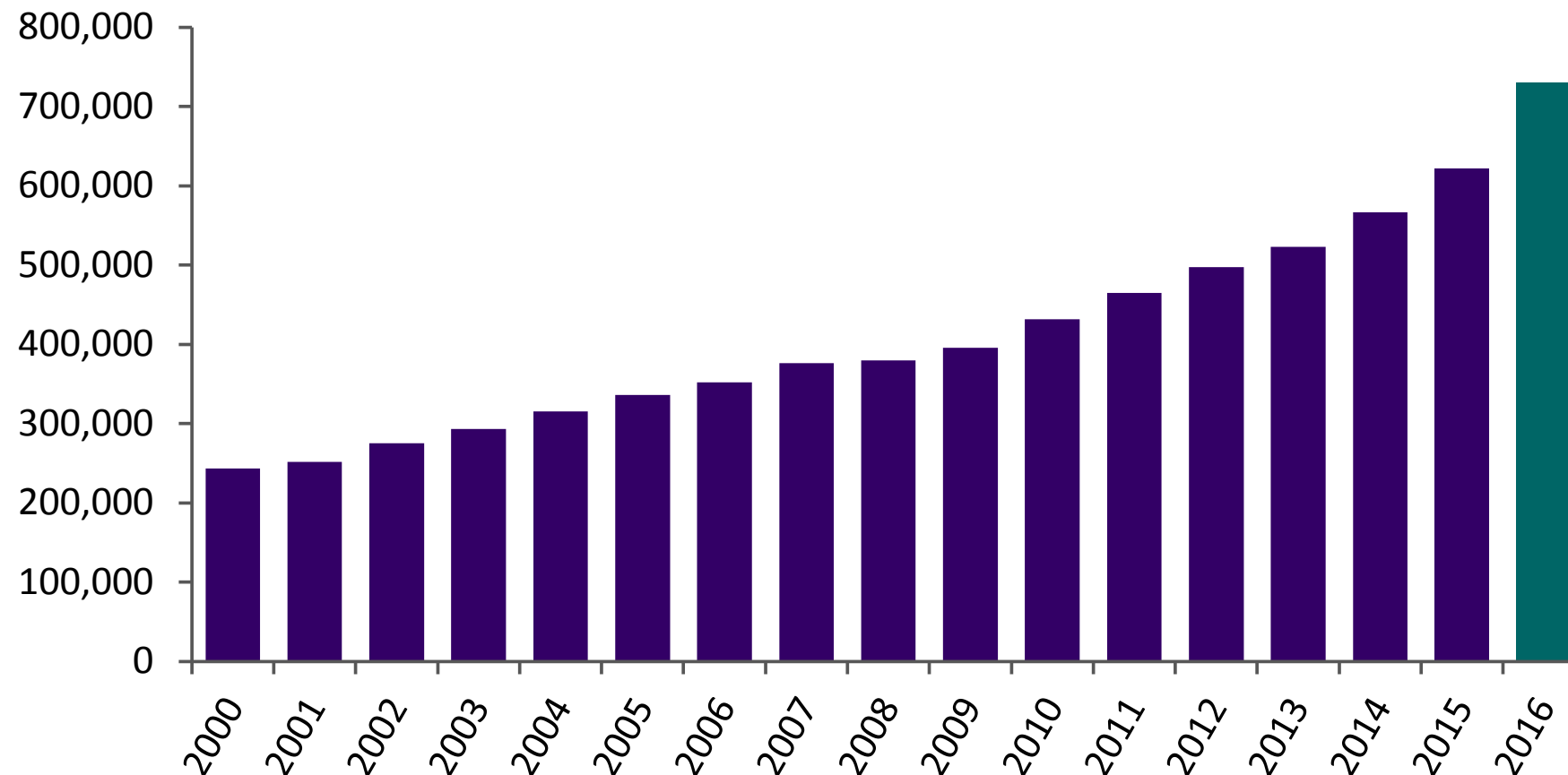
TREB MLS® Sales - Annual



Source: Toronto Real Estate Board

Home Prices Continued to Grow Strongly

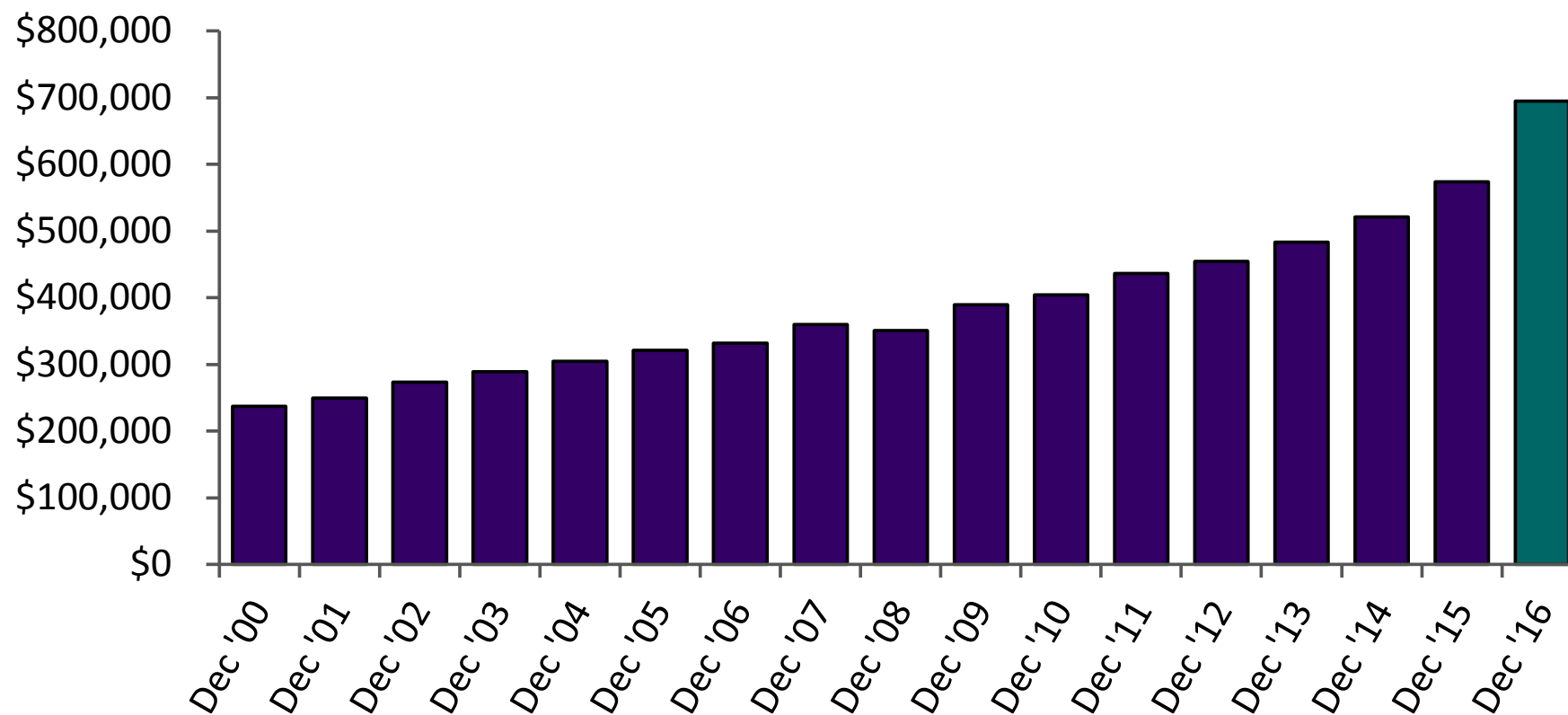
TREB MLS® Average Price - Annual



Source: Toronto Real Estate Board

Home Prices Continued to Grow Strongly

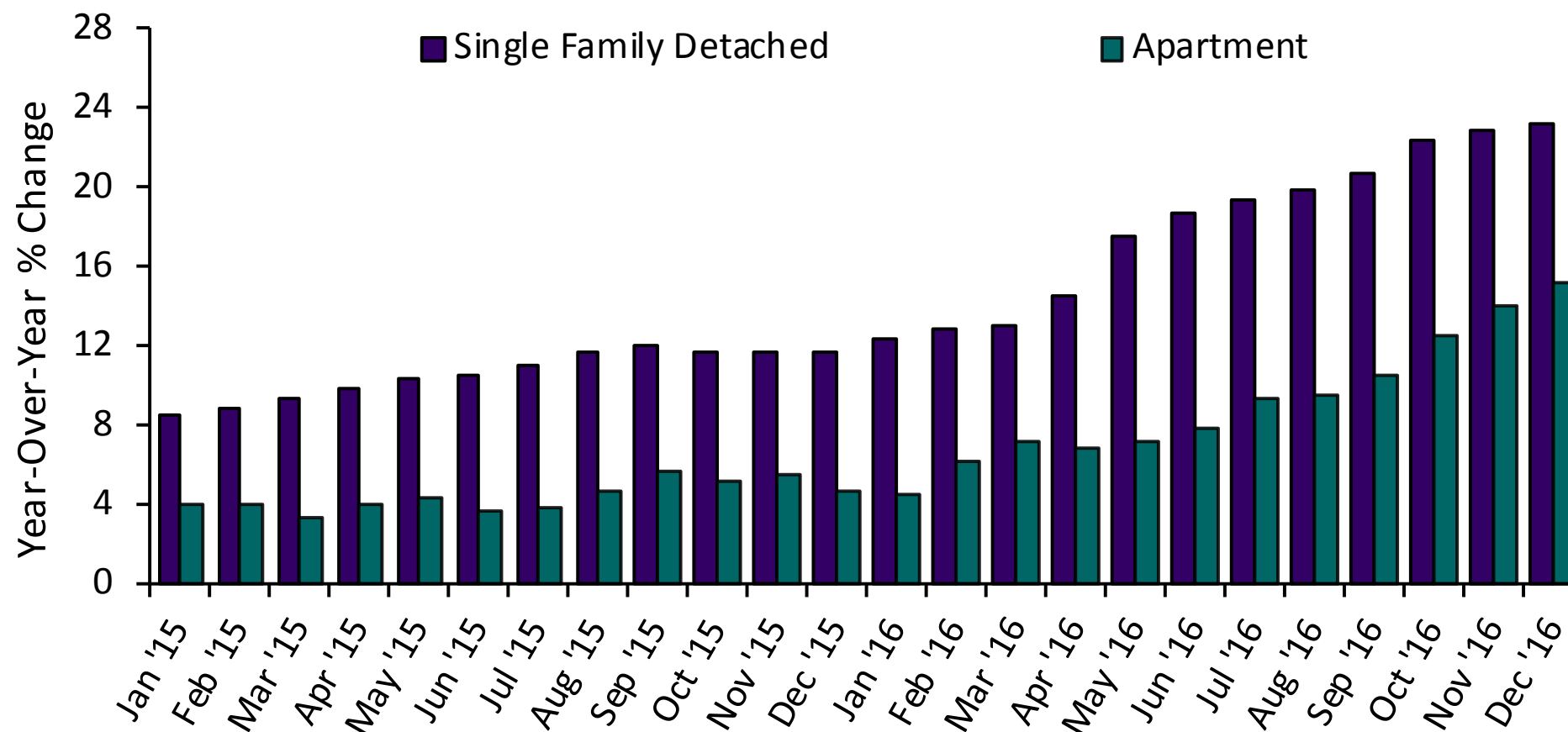
MLS® HPI Composite Benchmark for December
(TREB Market Area)



Source: Toronto Real Estate Board

Home Price Growth Accelerated in 2016

MLS® Home Price Index Year-Over-Year Growth



Source: Toronto Real Estate Board



REAL ESTATE

B.C. to target foreign real estate buyers with new tax

MIKE HAGER

VANCOUVER — The Globe and Mail

Published Monday, Jul. 25, 2016 1:47PM EDT

Last updated Wednesday, Jul. 27, 2016 10:32AM EDT



Sections



Business

The 'foreign investor' voted Canadian Press business newsmaker of the year

It's the first time since the survey began in 2003 that the business newsmaker of the year wasn't a specific person.

PROPERTY POST

TRENDING

[Trump: Week One](#) | [Canadian dollar](#) | [Family Finance](#) | [Taxes](#) | [Oil Prices](#)

Canada's biggest bank warns of possible cooling measures coming to Toronto housing market



REUTERS | January 26, 2017 1:59 PM ET

[More from Reuters](#)

PROPERTY POST

TRENDING

[Trump: Week One](#) | [Canadian dollar](#) | [Family Finance](#) | [Taxes](#) | [Oil Prices](#)

“The Vancouver housing market has slowed since the foreign tax was introduced although economists are divided about how much was due to the tax.”

housing market



Rex/REBN | January 26, 2017 1:59 PM ET

[More from Reuters](#)

Toronto Real Estate Board

Foreign Buyers Survey

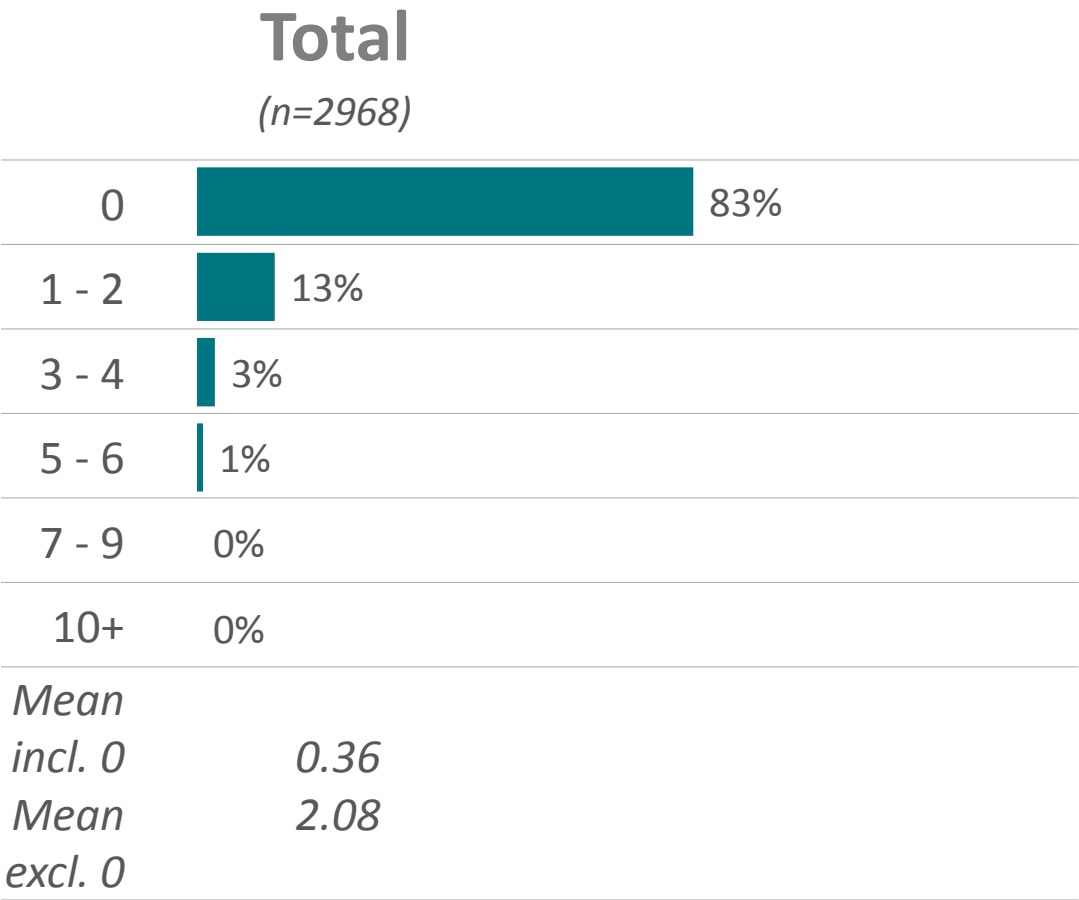
SURVEY CONDUCTED NOVEMBER 2016

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Methodology

- The methodology for this research involved an online survey hosted on the Ipsos platform among REALTOR members of the Toronto Real Estate Board (TREB).
- A total of n=3,518 surveys were completed from October 6th to October 21st, 2016.
- The sample for this study was drawn from a complete membership list supplied by TREB. Every member was given advance notice by TREB and then invited by Ipsos to participate in the survey through a unique link emailed to every member.
- Weighting was employed in order to ensure that the sample's composition reflects that of the actual TREB membership by region.
- A poll with a sample of this size, with a 100% response rate, would have an estimated margin of error of ± 2 percentage points, 19 times out of 20, of what the results would have been had the entire membership of TREB been polled.

TRANSACTIONS INVOLVING A FOREIGN BUYER



The vast majority (83%) of TREB members who acted as a buyers' representative have not acted on behalf of foreign buyers in the past 12 months.

Among the 17% of members who did act as a foreign buyers' representative, they carried out just 2 transactions on average.

Q.2 Of the [...] transaction(s) where you acted as the buyer's representative, what number of these transactions involved a foreign buyer (i.e. not a Canadian citizen or permanent resident)? Base: Respondents with at least one transaction in past year (n=2968)

TRANSACTIONS INVOLVING A FOREIGN BUYER

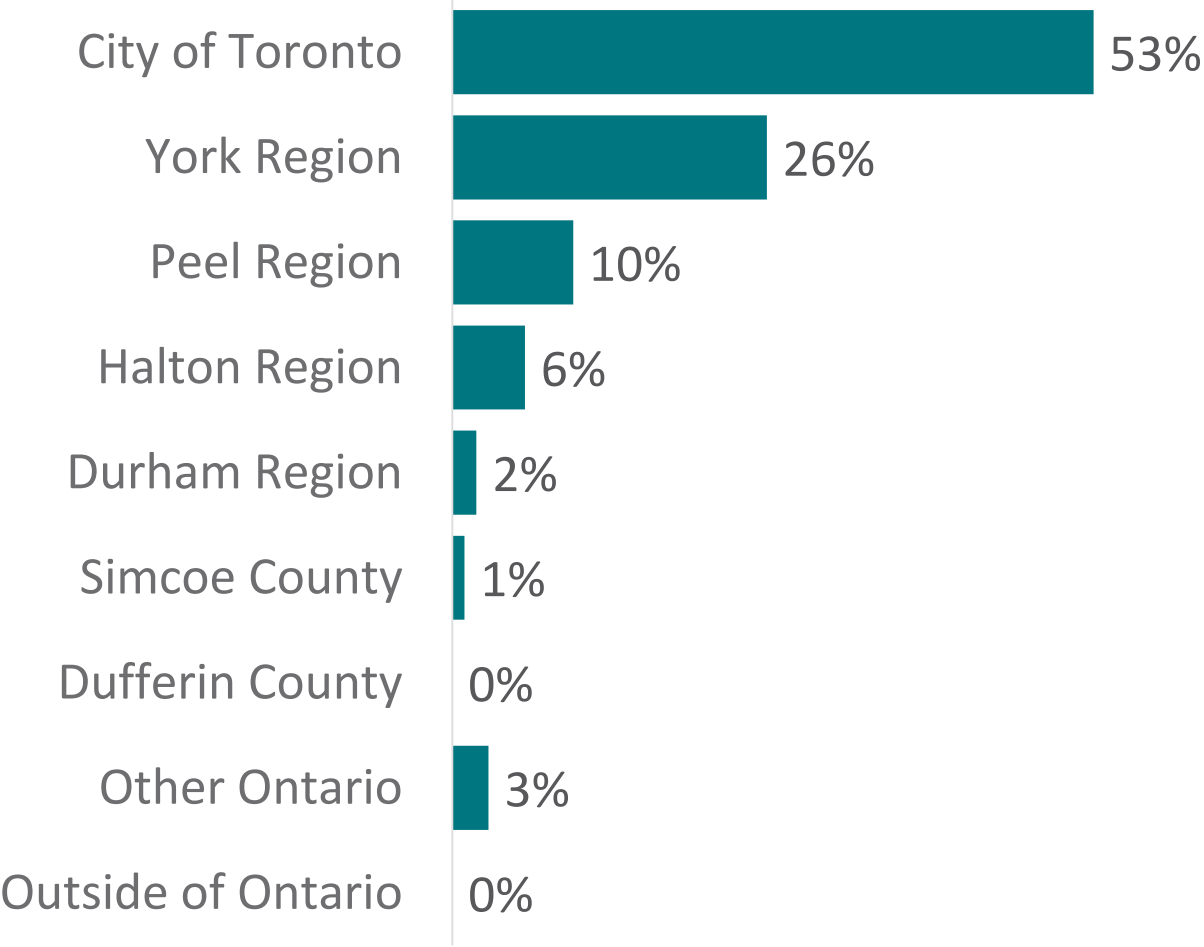
Total buyers' rep transactions acting on behalf of foreign buyers'	1,061	}	4.9% of all TREB members transactions involve foreign buyers
Total buyers' rep transactions over the past 12 months	21,669		

Region of Brokerage	Halton	Peel	Simcoe	Toronto	York	Durham
% involving foreign buyer	6%	4%	3%	5%	6%	1%

Q.2 Of the [...] transaction(s) where you acted as the buyer's representative, what number of these transactions involved a foreign buyer (i.e. not a Canadian citizen or permanent resident)? Base: Respondents with at least one transaction in past year (n=2968)

Q.1 In how many transactions (i.e. a property was sold) over the past 12 months did you act as the buyer's representative? Base: All respondents (n=3518)

WHERE THE TRANSACTIONS TOOK PLACE

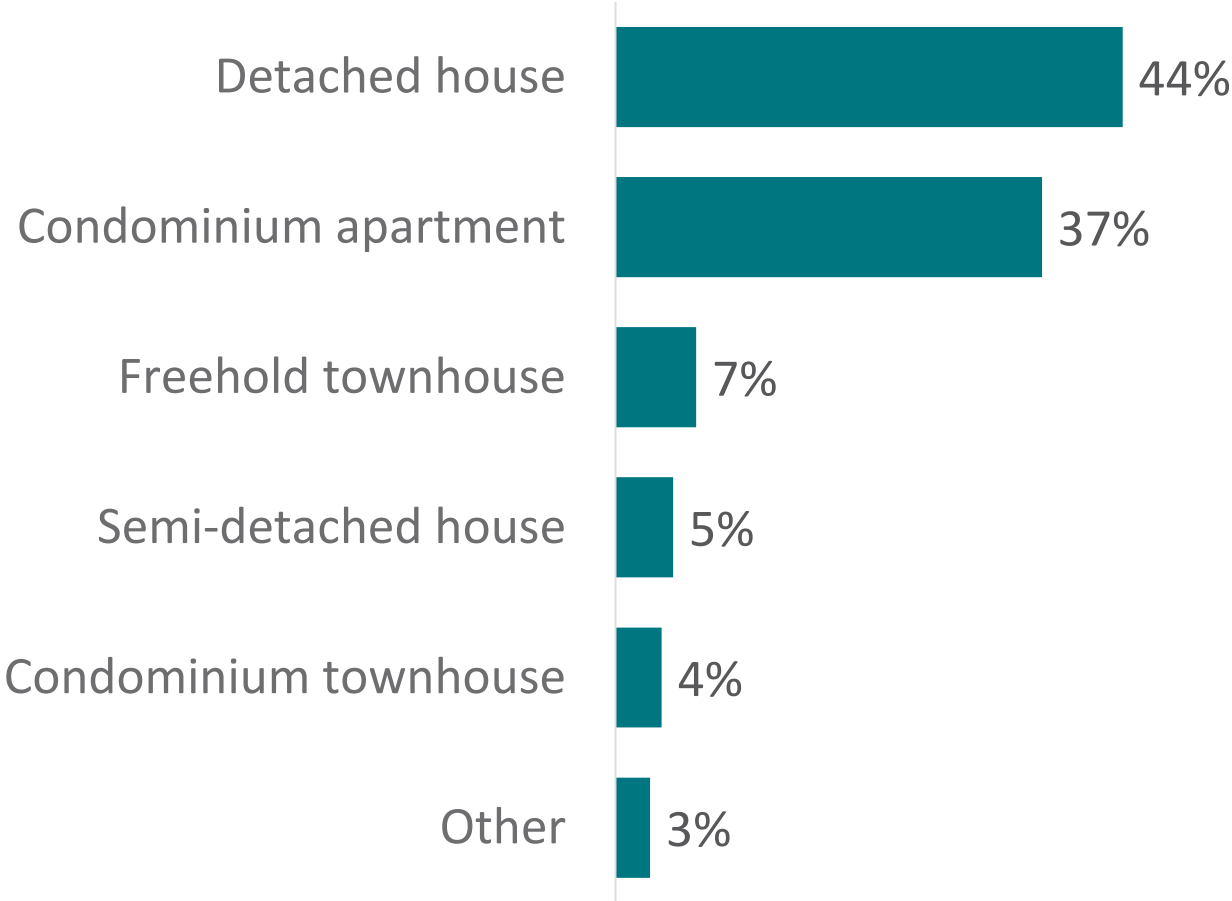


The City of Toronto dominates as a location for real estate transactions involving foreign buyers, with half (53%) of all such transactions by TREB members having taken place there.

York is the next most popular destination, playing host to 26% of foreign-buyer transactions.

Q.4 Where did the transaction take place? – Total
Base: Member transactions involving a foreign buyer (n=911)

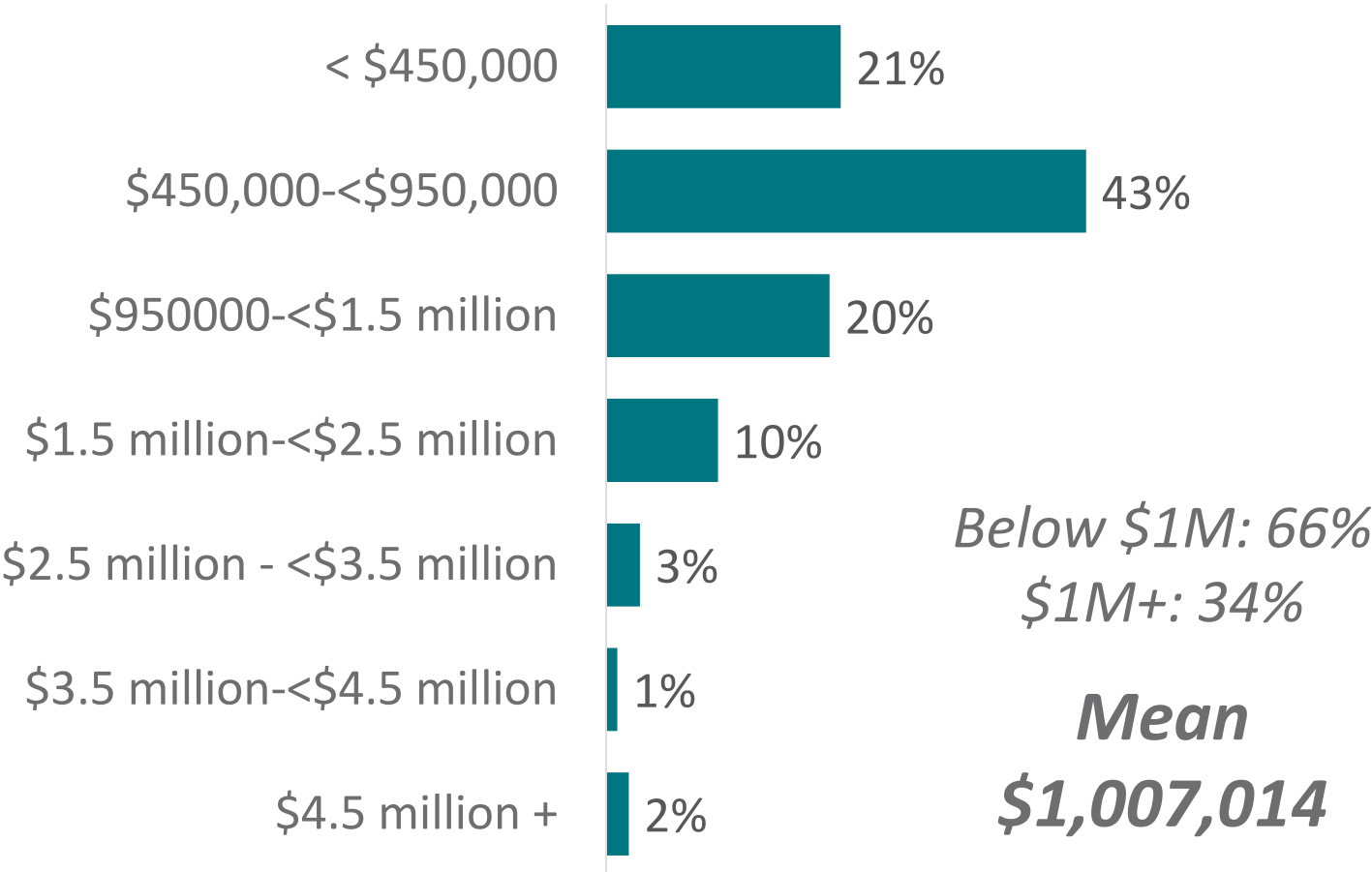
WHAT TYPE OF HOME WAS PURCHASED



Detached houses and condominium apartments are by far the most popular choice of home in transactions involving foreign buyers.

Q.5 What type of home was purchased? – Total
Base: Member transactions involving a foreign buyer (n=911)

PURCHASE PRICE

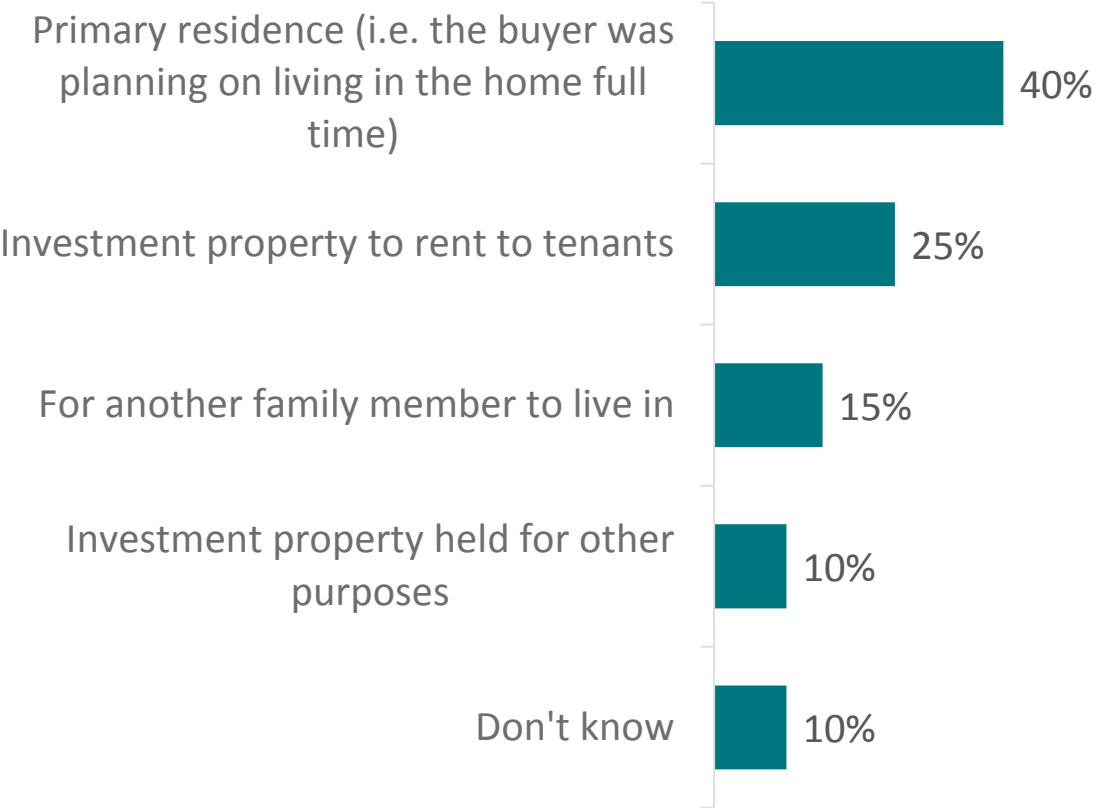


A majority of member transactions involving foreign buyers had purchase prices of less than \$1 million. The average sales price for a home purchase involving a foreign buyer is just over the \$1-million mark.

Q.6 What was the purchase price? - \$ - Total
Base: Member transactions involving a foreign buyer (n=911)

PURPOSE OF HOME PURCHASE

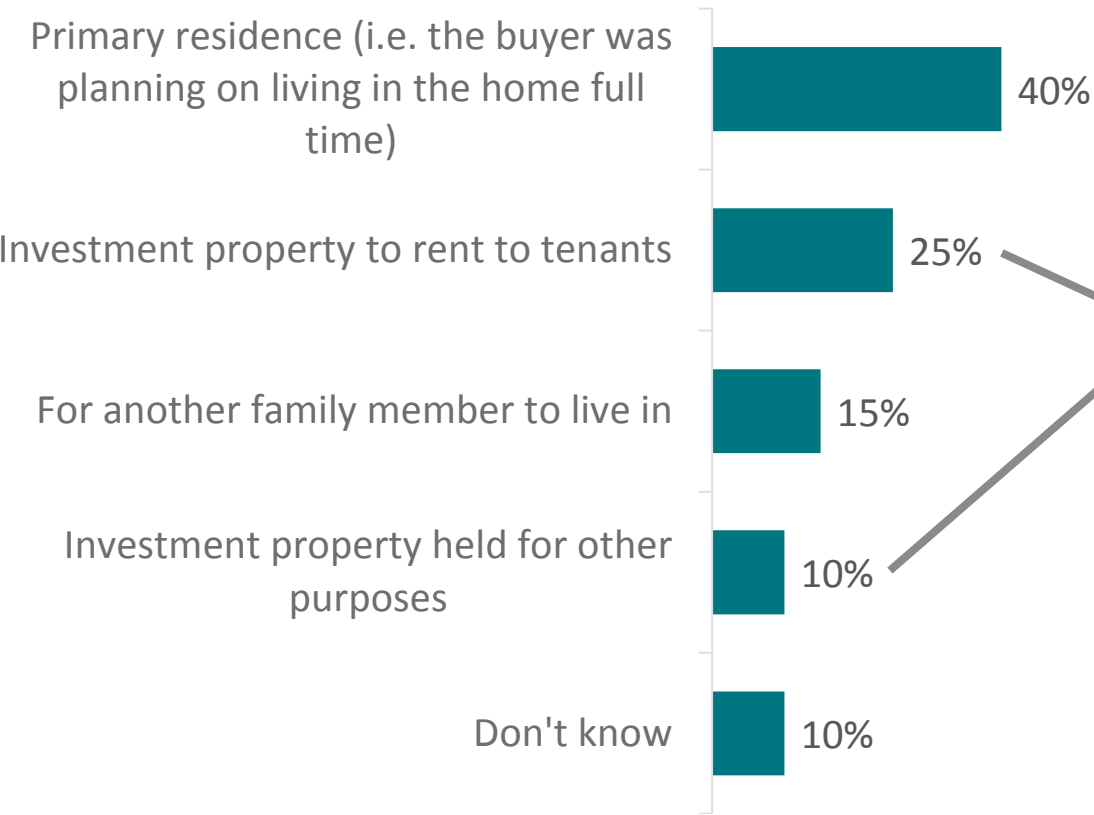
Primary use of Property



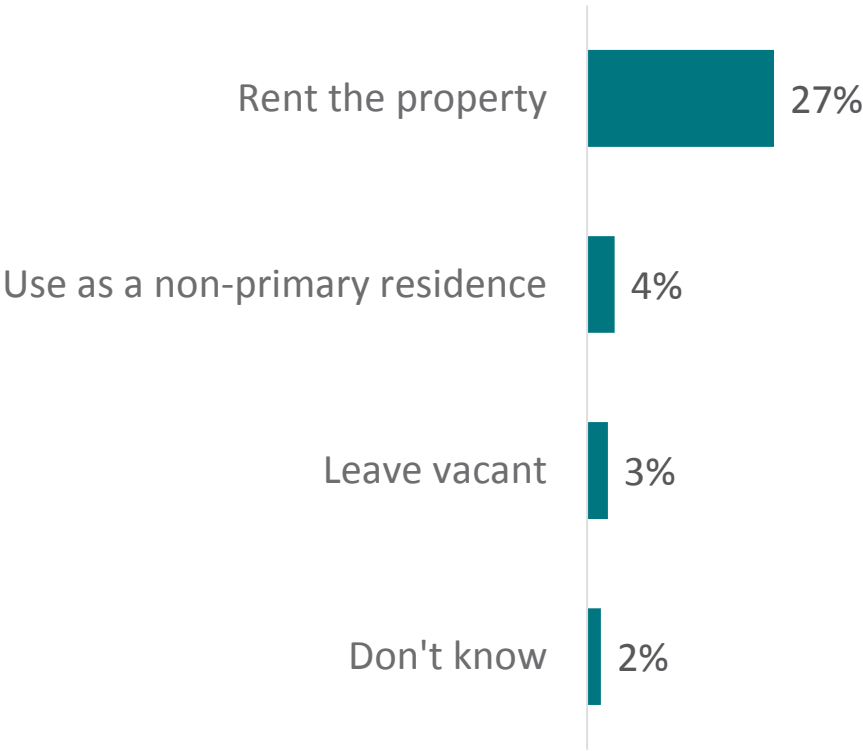
Q.7 Was this home being purchased as a – Total
Base: Member transactions involving a foreign buyer (n=911)
Q.8 As an investment property, was the foreign buyer primarily planning to – Total
Base: Member transactions involving a foreign buyer where home is purchased as investment property (n=911)

PURPOSE OF HOME PURCHASE

Primary use of Property



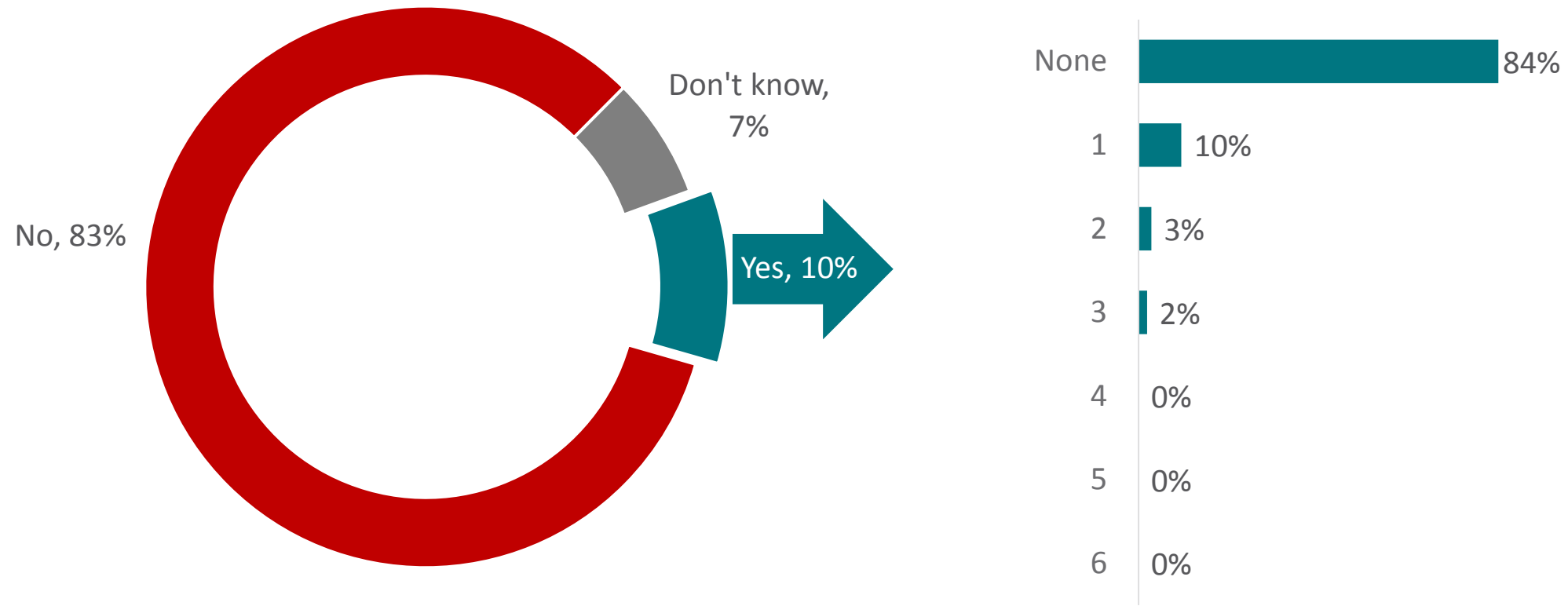
Use of Investment Property



Q.7 Was this home being purchased as a – Total
Base: Member transactions involving a foreign buyer (n=911)
Q.8 As an investment property, was the foreign buyer primarily planning to – Total
Base: Member transactions involving a foreign buyer where home is purchased as investment property (n=911)

INQUIRIES FROM FOREIGN BUYERS

In the wake of the July 2016 announcement of a new tax on foreigners purchasing homes in the Metro Vancouver area, only 10% of TREB members say they've received inquiries from foreign buyers about properties in Ontario. Among this small fraction of TREB membership, more than eight in ten (84%), said that none of these inquiries have translated into actual transactions. This means that less than 2% of REALTORS have performed a transaction for a foreign buyer which they know has been impacted by the recent policy change in British Columbia.



Q.10 On July 25th, 2016, the BC government announced a new tax on foreigners purchasing homes in Metro Vancouver. Since this time, have you received inquiries from foreign buyers, who otherwise would have purchased a home in Vancouver, about properties in Ontario? Base: All Respondents (n=3518)

Q.11 How many of these inquiries have translated into actual transactions since July 25th, 2016? Base: Respondents who have received inquiries from foreign buyers who would otherwise have purchased a home in Vancouver (n=354)

REAL ESTATE

Jul 28

Housing intervention shouldn't be 'political' or about 'show business': John Tory

Noah Zivitz, BNN.ca Staff





Toronto's mayor said on Thursday he's not going to rush into a policy decision about his city's red-hot housing market, despite heightened scrutiny after British Columbia intervened to cool the country's other housing hot spot.



REAL ESTATE

Oct 24

Ontario will not follow B.C.'s tax on foreign homebuyers, Premier Wynne says

April Fong, BNN.ca Staff





Ontario Premier Kathleen Wynne said on Monday that the province will not follow British Columbia's move to introduce a tax on foreign homebuyers.

“We’re not going to go down the road that British Columbia has gone down,” Wynne said at a press conference.

Reported by [illegible] on [illegible]



Housing Supply Panel Discussion

Panel Moderator



George Carras
President, RealStrategies Inc.



**Bryan
Tuckey**
*President and CEO,
Building Industry & Land
Development Association*



**Marcy
Burchfield**
*Executive Director,
Neptis Foundation*



**Jeremy
Kronick**
*Senior Policy Analyst,
C.D. Howe Institute*



**Sean
Speer**
*Munk Senior Fellow,
Macdonald-Laurier
Institute*



**Brian
Lewis**
*Provincial Chief Economist
& Assistant Finance Deputy
Minister*

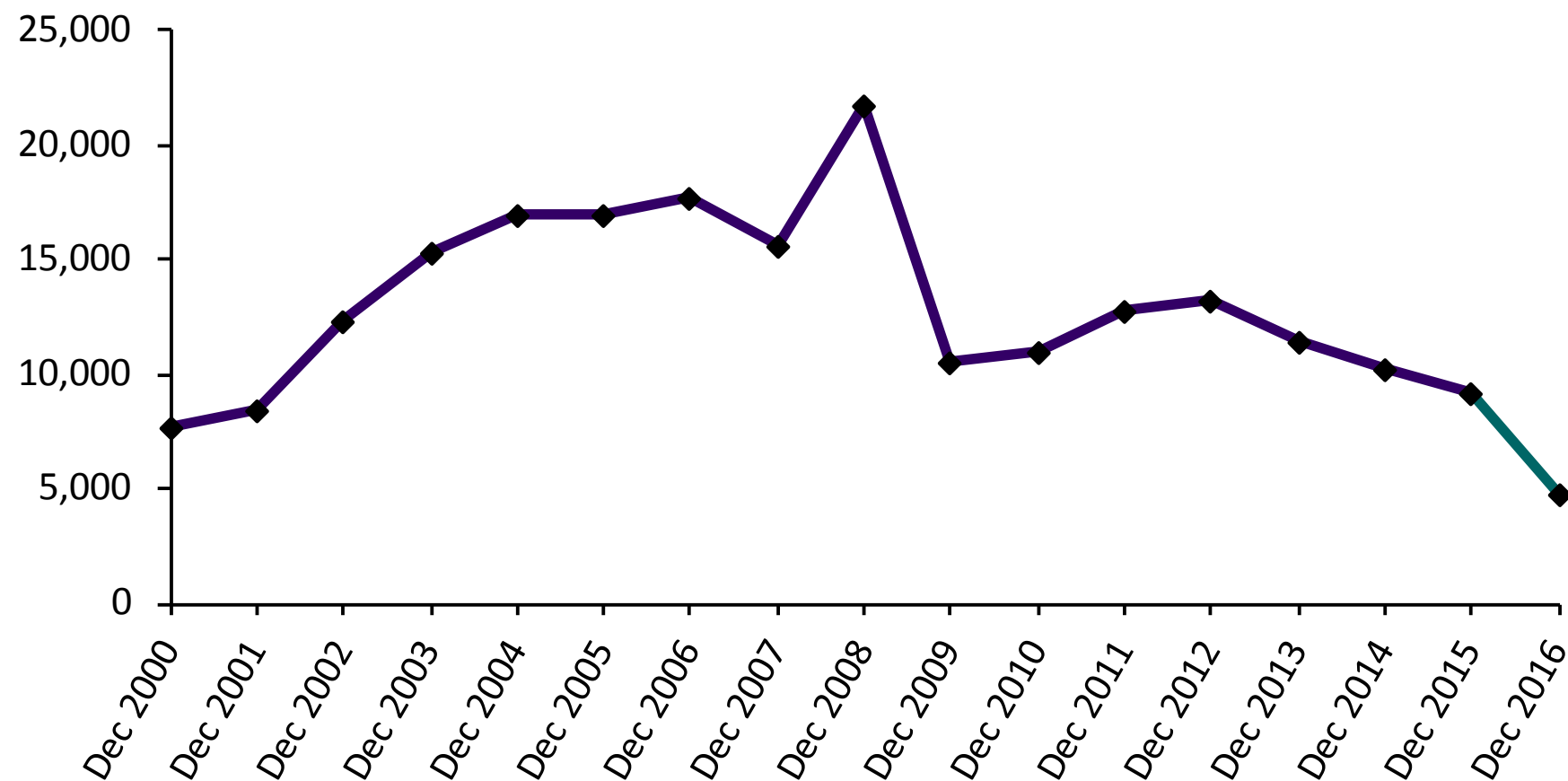
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Active Listings Lowest Since 2000

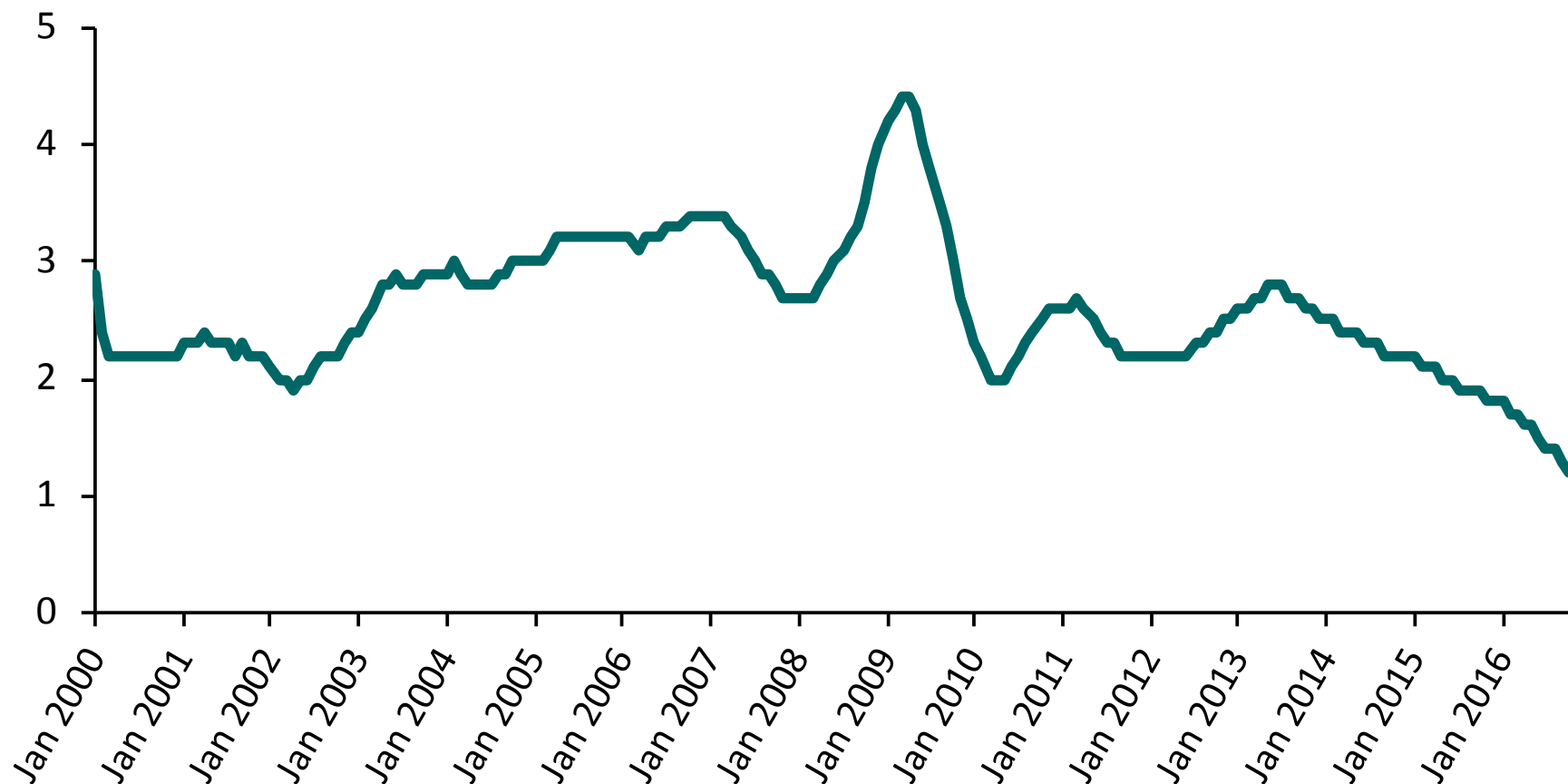
TREB MLS® Active Listings at Record Low



Source: Toronto Real Estate Board

Months of Inventory Has Trended Lower

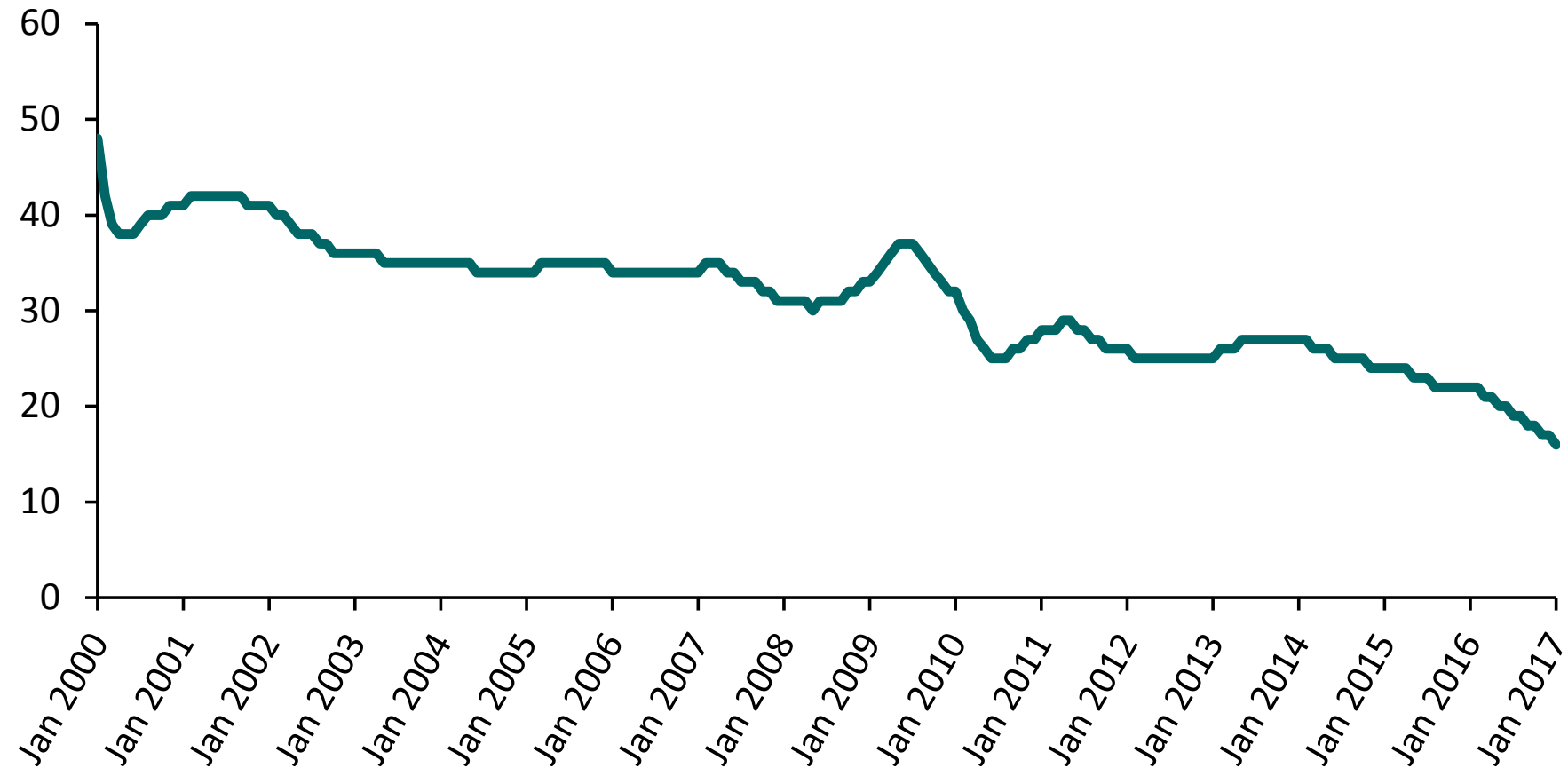
Months of Inventory Trend



Source: Toronto Real Estate Board

Average Days on Market Has Trended Lower

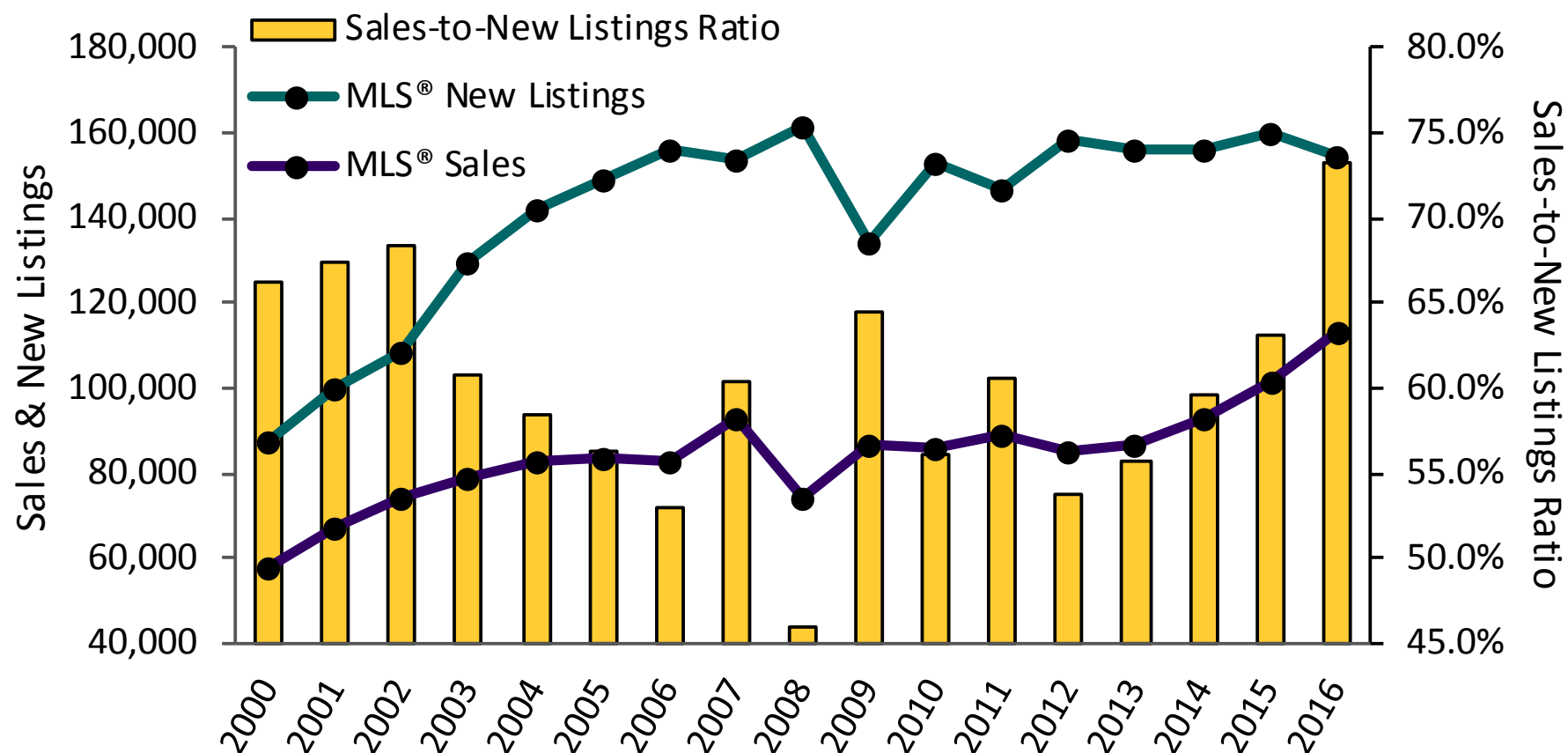
Average Days on Market Trend



Source: Toronto Real Estate Board

TREB MLS® Sales Up Listings Flat/Down

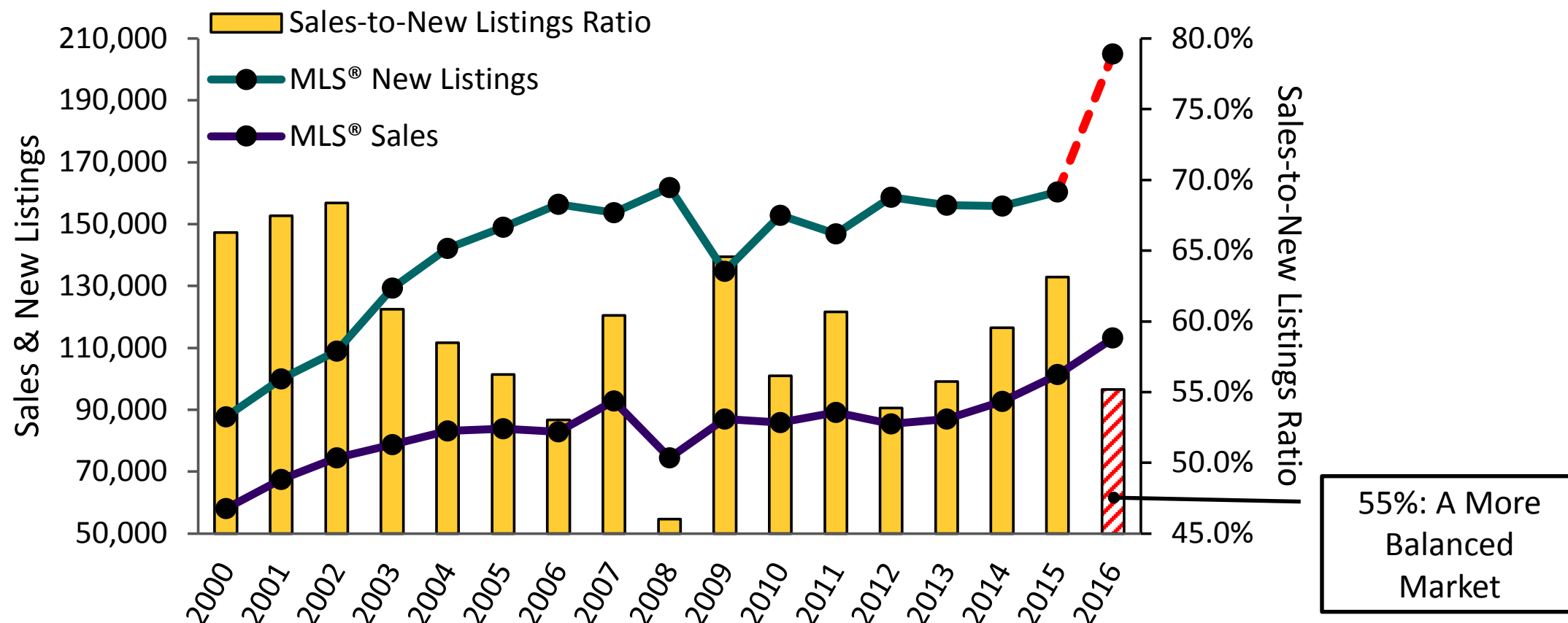
TREB MLS® Sales and New Listings - Annual



Source: Toronto Real Estate Board

TREB MLS® Sales Up Listings Flat/Down

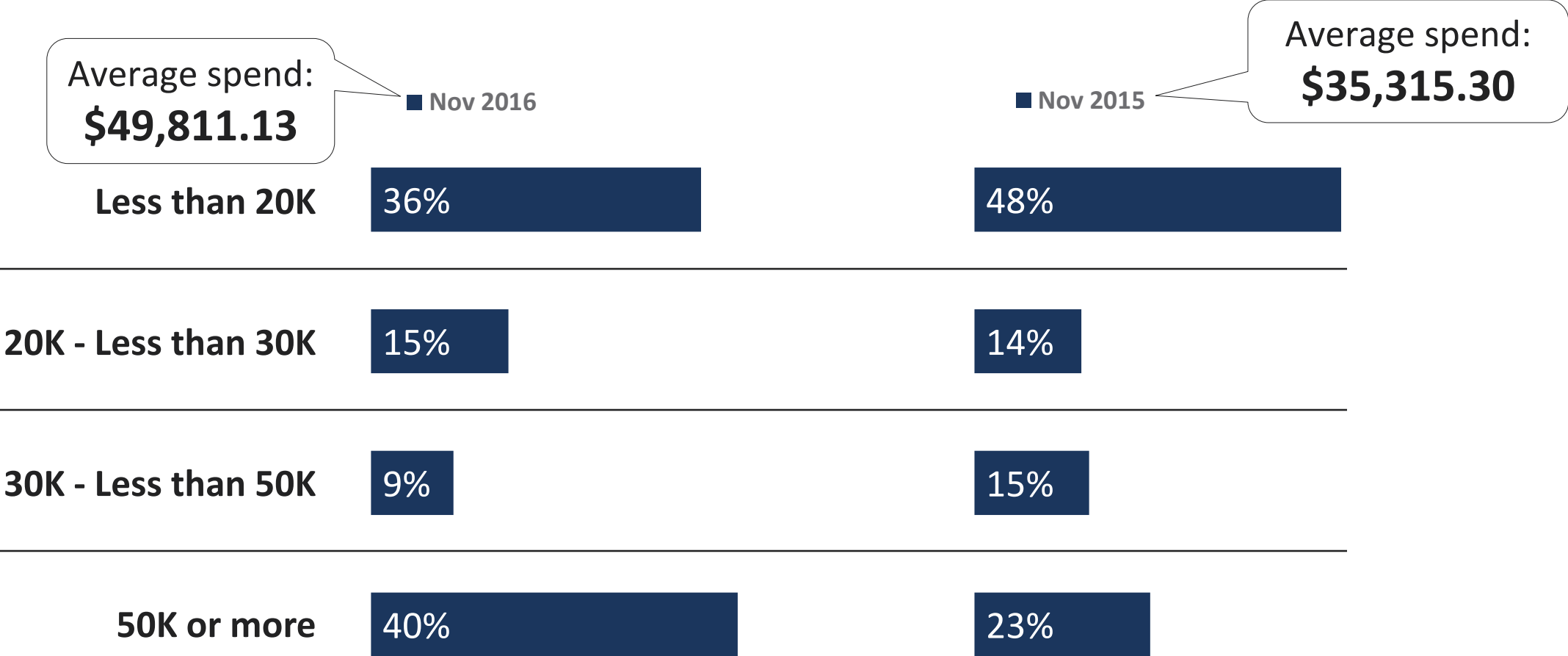
TREB MLS® Sales and New Listings - Annual



Source: Toronto Real Estate Board

Renovation Spending – Non Recent Homebuyers

- Non-recent homebuyers who chose to renovate their home rather than move within the last year are spending significantly more on their renovations: just under \$50K on average, compared to \$35K a year ago. Four in ten (40%) say they spent or will spend \$50K or more, up 17 points from last year.

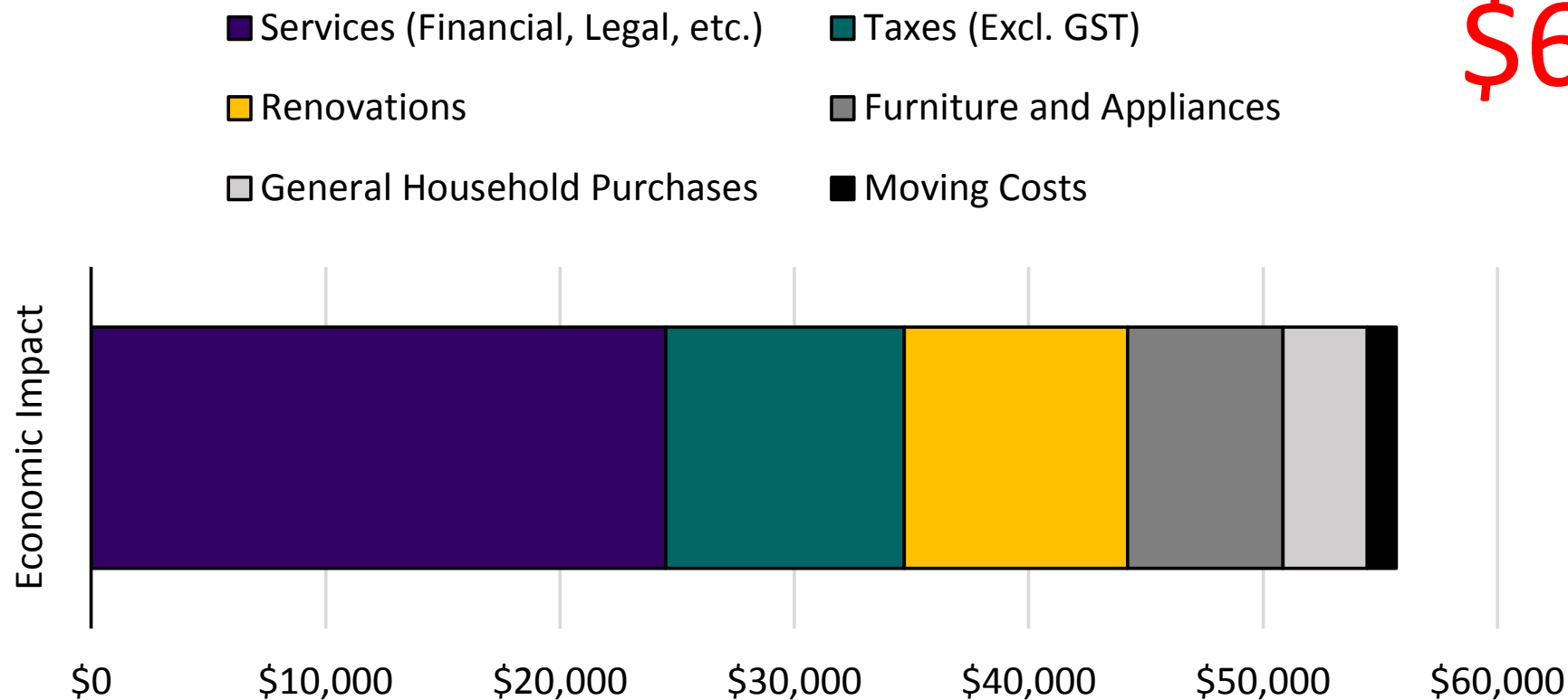


3. You’ve indicated that you decided to renovate your existing home rather than move. How much did or will you spend on the renovations?

Base: Non-Recent Homebuyers Who Decided To Renovate. Nov 2016 (n=126);. Nov 2015 (n=114); June 2015 (n=73)

Large Economic Spin-Offs

Economic Impact of MLS® Home Sales in Ontario



\$6.3 Billion in Spin-Offs

Source: Altus; CREA



Ipsos Public Affairs



Toronto Real Estate Board Home Buyers

SURVEY CONDUCTED NOVEMBER 2016

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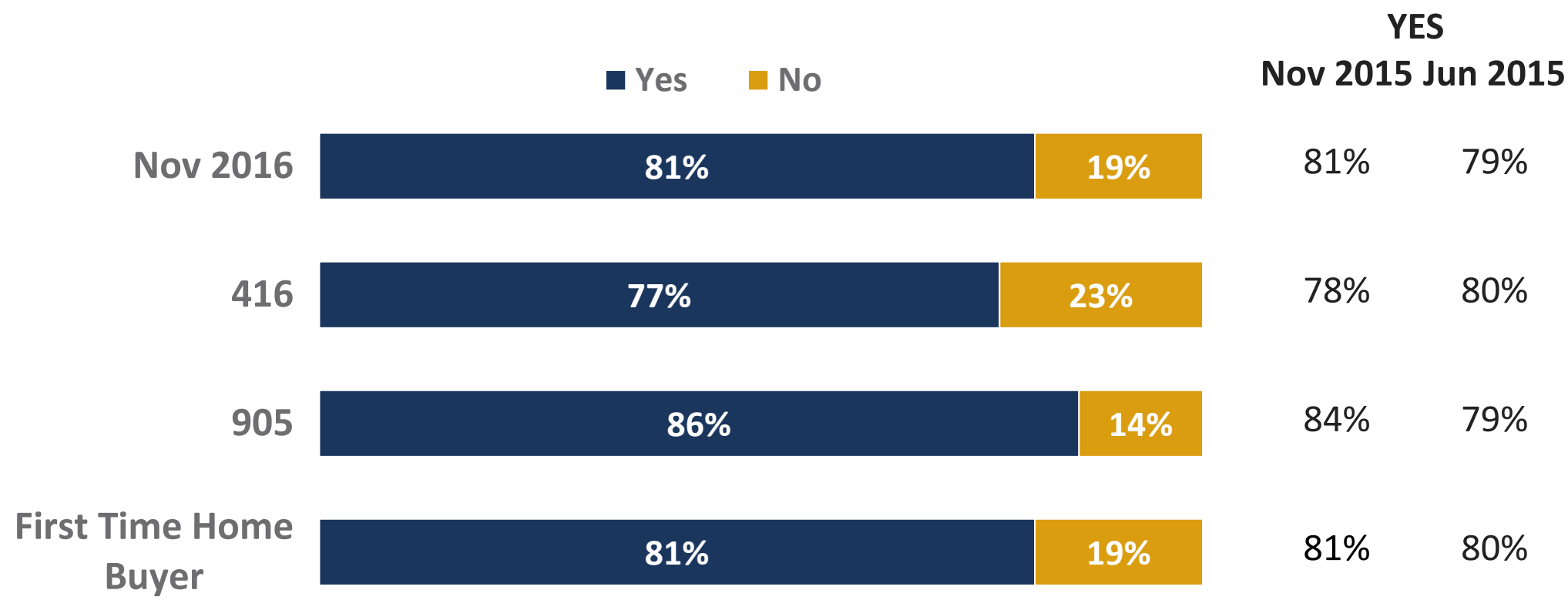
GAME CHANGERS



Methodology

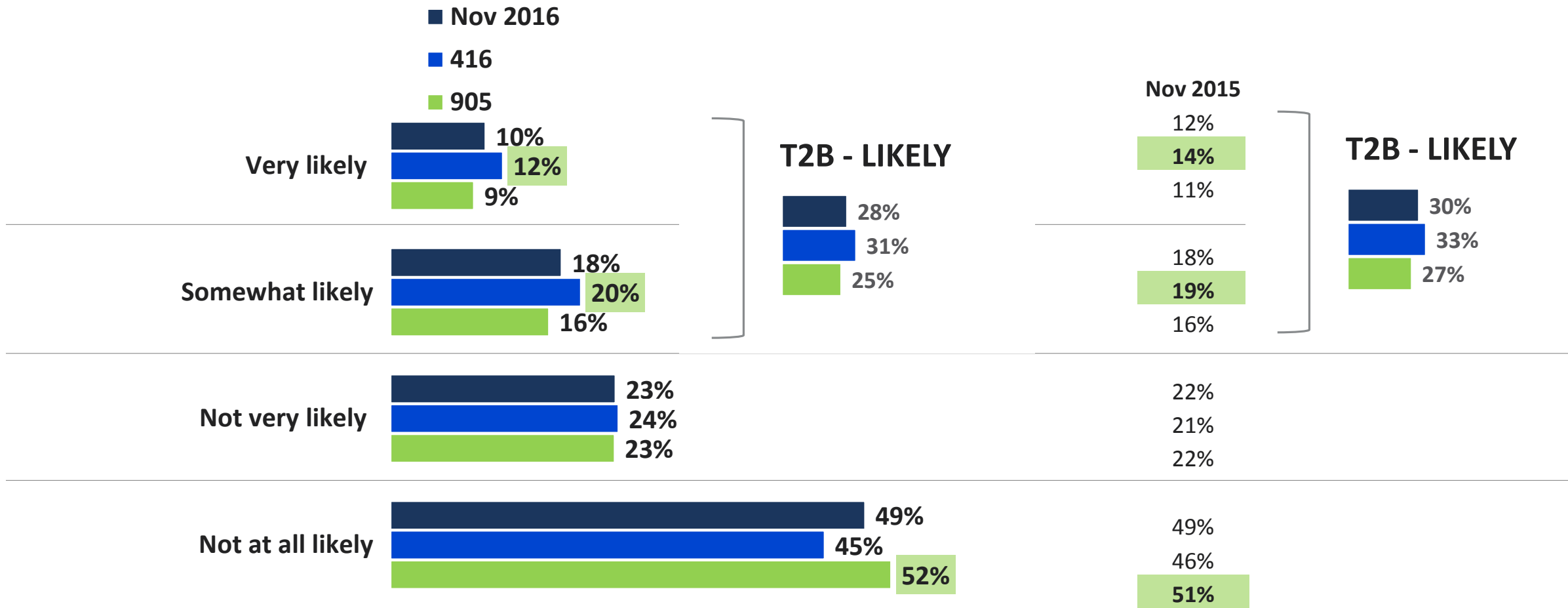
- The survey was conducted through Ipsos online I-Say panel among Ontario residents in the 416 and 905 regions aged 18+.
- Final sample size is n=1001 likely homebuyers (very likely or somewhat likely). In order to gather a sample of n=1001 likely home buyers, a total Ontario sample size of n=3774 had to be interviewed.
- Interviews were completed between November 16 to November 23, 2016.
- Data is weighted according to the 2011 Statistics Canada census data by age, gender, and region to make certain that the accuracy of the data accurately reflects the actual distribution of Ontarians within this region.
- The accuracy of Ipsos online polls is measured using a credibility interval. In this case, the results are considered accurate to within +/- 3.5 percentage points of what the results would have been had every Ontario resident in the 416 and 905 regions aged 18+ been polled.

REALTOR® Usage: Future Home



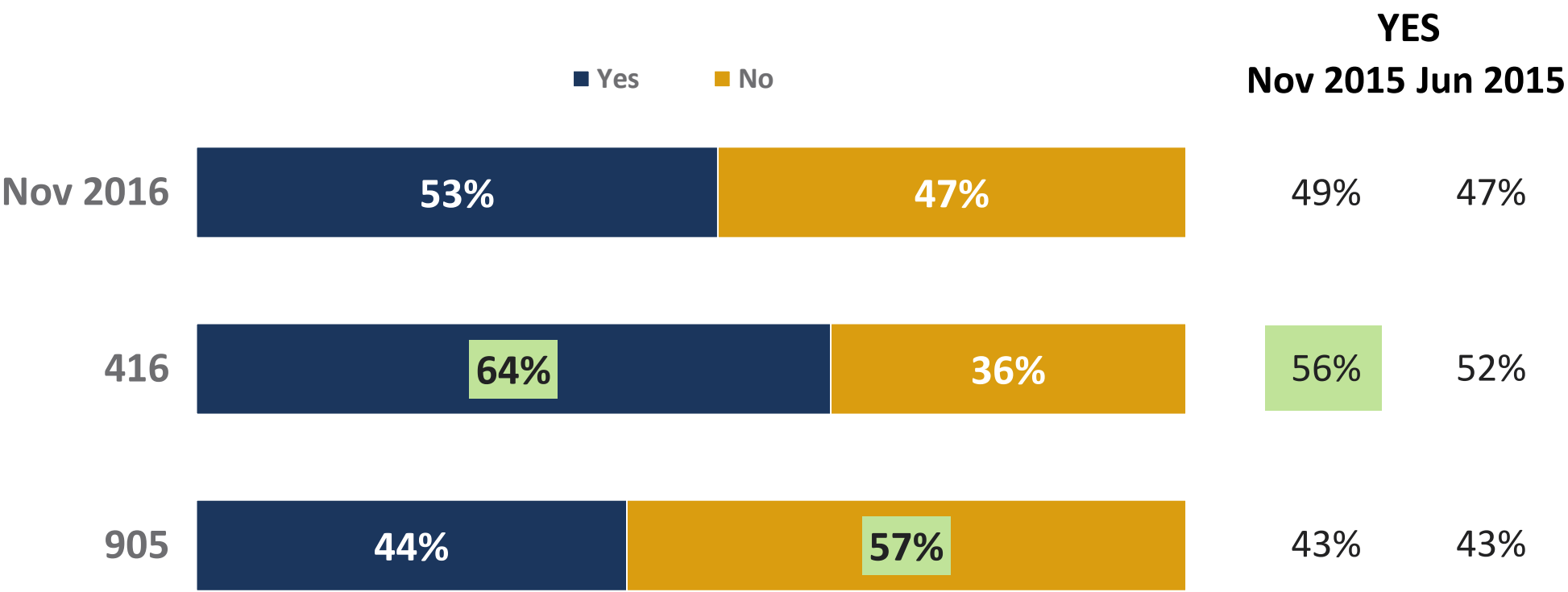
13. Will you be using a REALTOR® to help you find and purchase the home?
Base: Likely to Purchase. Nov 2016 (n=1,001); 416 (n=324); 905 (n=369). Nov 2015 (n=1000); 416 (n=450); 905 (n=400); First Time Home Buyers (n=360); June 2015 (n=768), 416 (n=347); 905 (n=312); First Time Home Buyers (n=360)

Likelihood To Purchase A Home



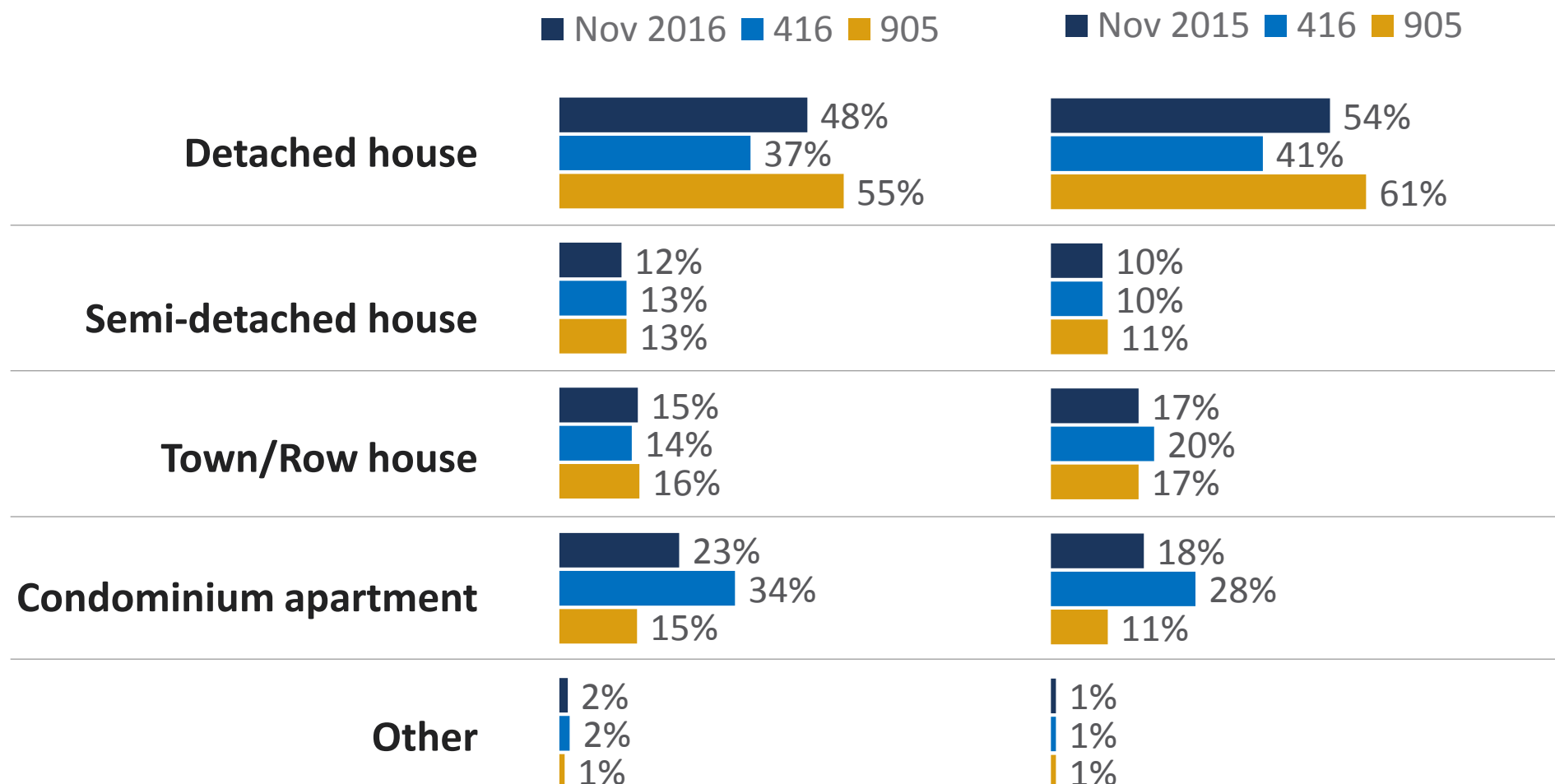
1. How likely are you to purchase a home in which to live over the next year?
Base: All respondents. Nov 2016 (n=3,774); 416 (n=1,475); 905 (n=2,299). Nov 2015 (n=3451); 416 (n=1518); 905 (n=1933);

Incidence of First-Time Home Buyers



3. Will you be a first-time home buyer?
Base: Likely To Purchase. Nov 2016 (n=1,001); 416 (n=455); 905 (n=546).
Nov 2015 (n=1000); 416 (n=490); 905 (n=510); June 2015 (n=768); 416 (n=387); 905 (n=381);

Type of Home Most Likely to Purchase



**Note: 416 and 905 on this slide indicates the region in which respondent intends to buy, not where they currently live*

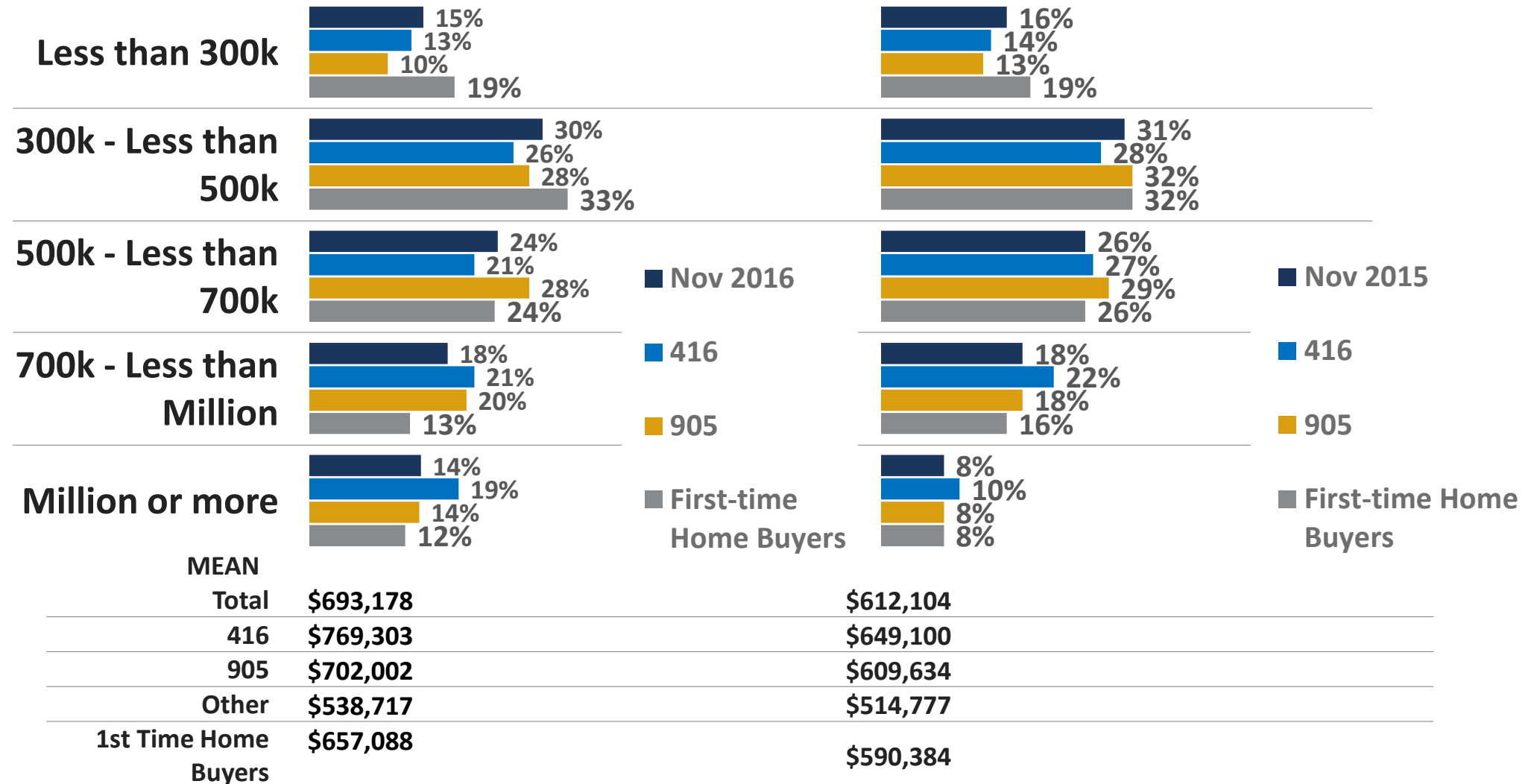
6. What type of home are you most likely to purchase?

Base: Likely To Purchase. Nov 2016 (n=1,001); 416 (n=324); 905 (n=369).

Nov 2015 (n=1000); 416 (n=450); 905 (n=400); June 2015 (n=768), 416 (n=347); 905 (n=312);

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Estimated Purchase Price of Home



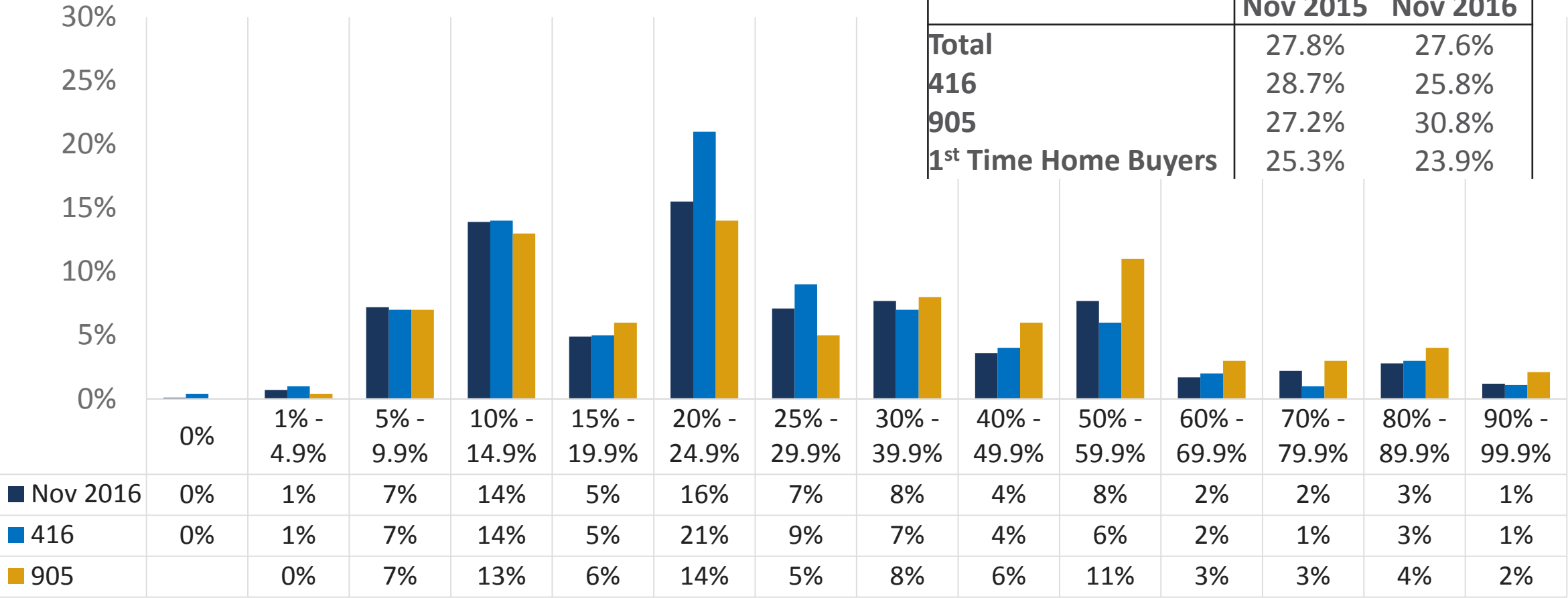
**Note: 416 and 905 on this slide indicates the region in which respondent intends to buy, not where they currently live*

7. What do you think the purchase price of this home will be?

Base: Likely to Purchase. Nov 2016 (n=1001); 416 (n=324); 905 (n=369); First Time Home Buyers (n=524). Nov 2015 (n=1000); 416 (n=450); 905 (n=400); First Time Home Buyers (n=491); June 2015 (n=768), 416 (n=347); 905 (n=312); First Time Home Buyers (n=360)

Future Down Payment Percentage

(Among Those Who Will Need a Mortgage)

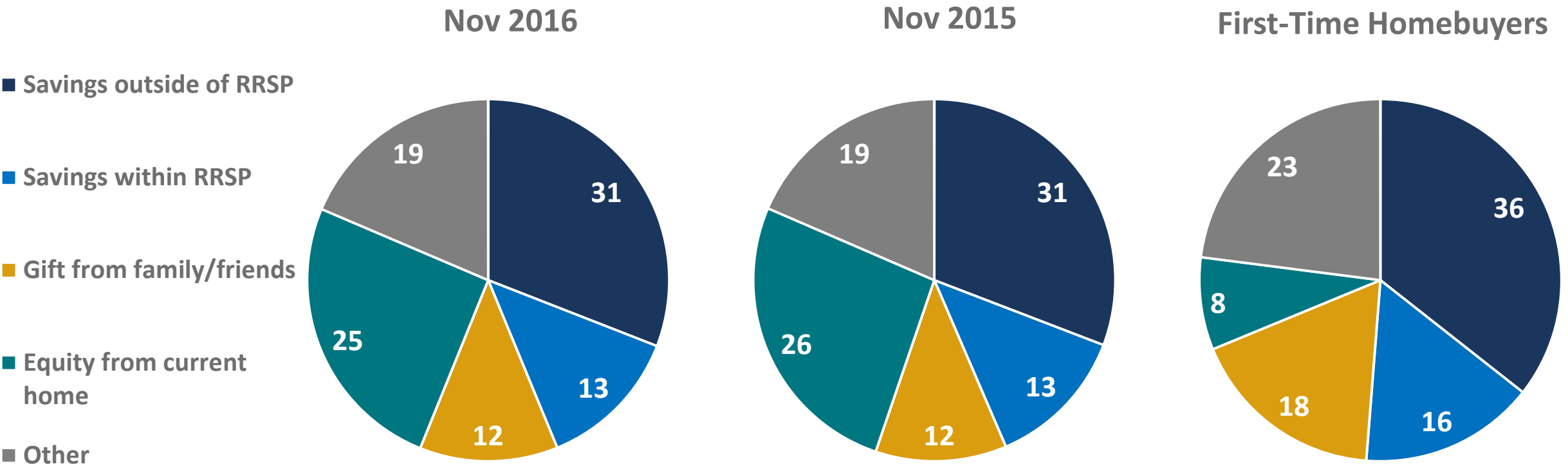


**Note: 416 and 905 on this slide indicates the region in which respondent intends to buy, not where they currently live*

8. What percentage of your purchase price will be covered by a down payment towards a mortgage?

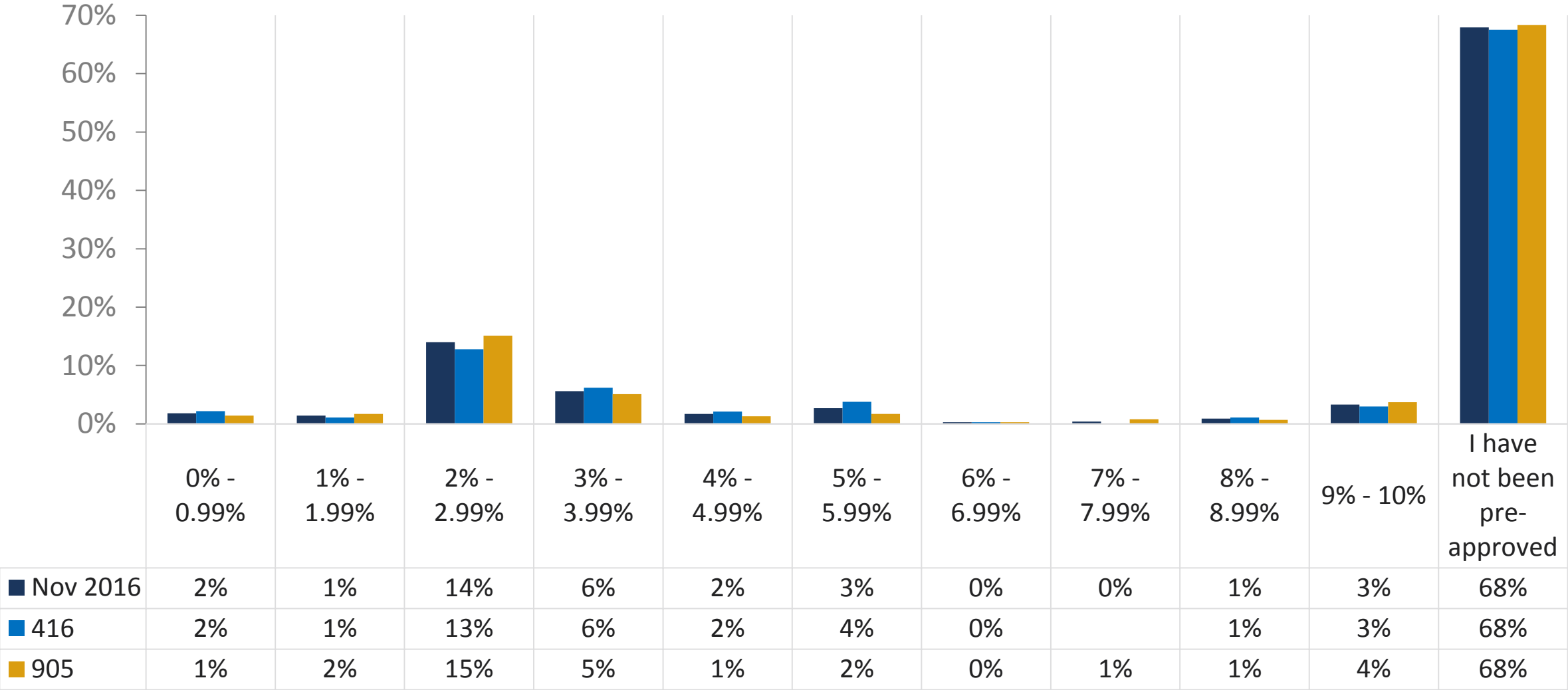
Base: Planning to use mortgage with home purchase. Nov 2016 (n=1001); 416 (n=324); 905 (n=369); First Time Home Buyers (n=524). Nov 2015 (n=825); 416 (n=379); 905 (n=344); First Time Home Buyers (n=436)

Source of Down Payment



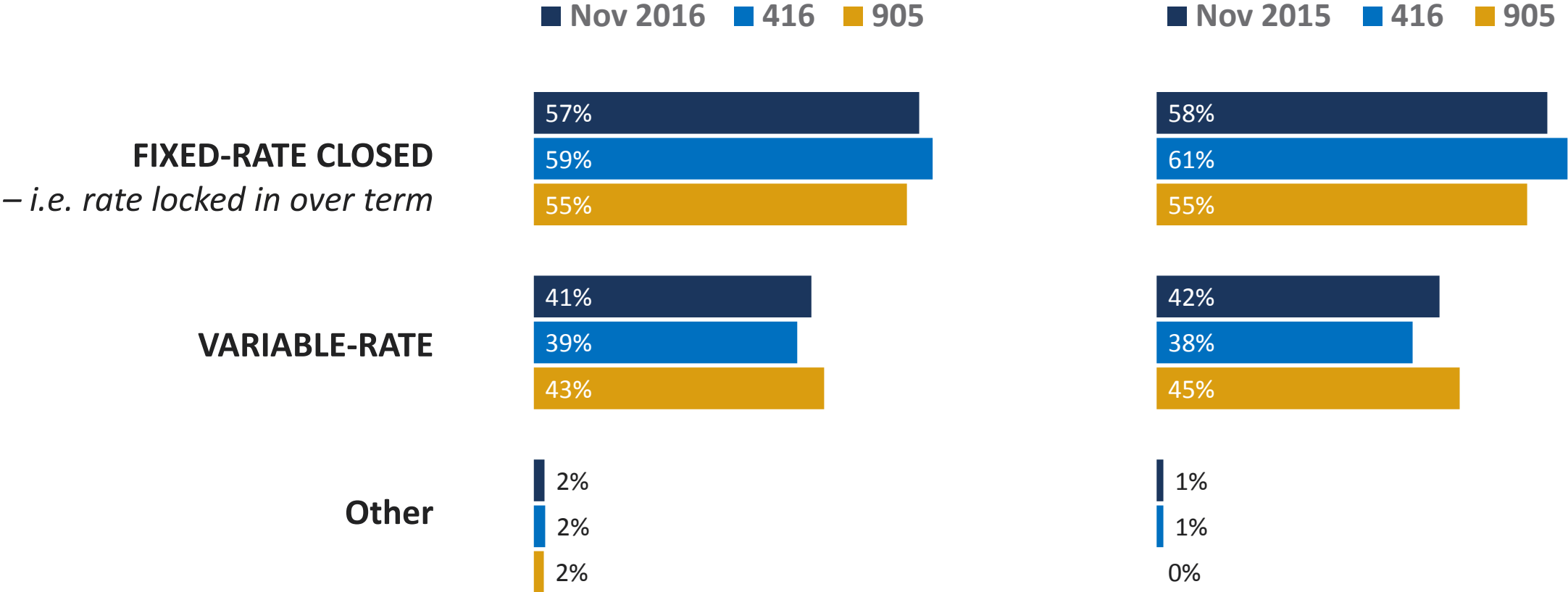
9. What will be your source(s) of down payment? Please indicate the share of your down payment that will come from each of the sources below. Base: Planning to use mortgage with home purchase. Nov 2016 (n=762); Nov 2015 (n=825); First-time Homebuyers (n=444)

Pre-Approved Mortgage Rate



10. If you have been preapproved for a mortgage, what is your pre-approved mortgage rate?
Base: Planning to use mortgage with home purchase. Nov 2016 (n=762); 416 (n=367); 905 (395). Nov 2015 (n=825); 416 (n=405); 905 (n=420)
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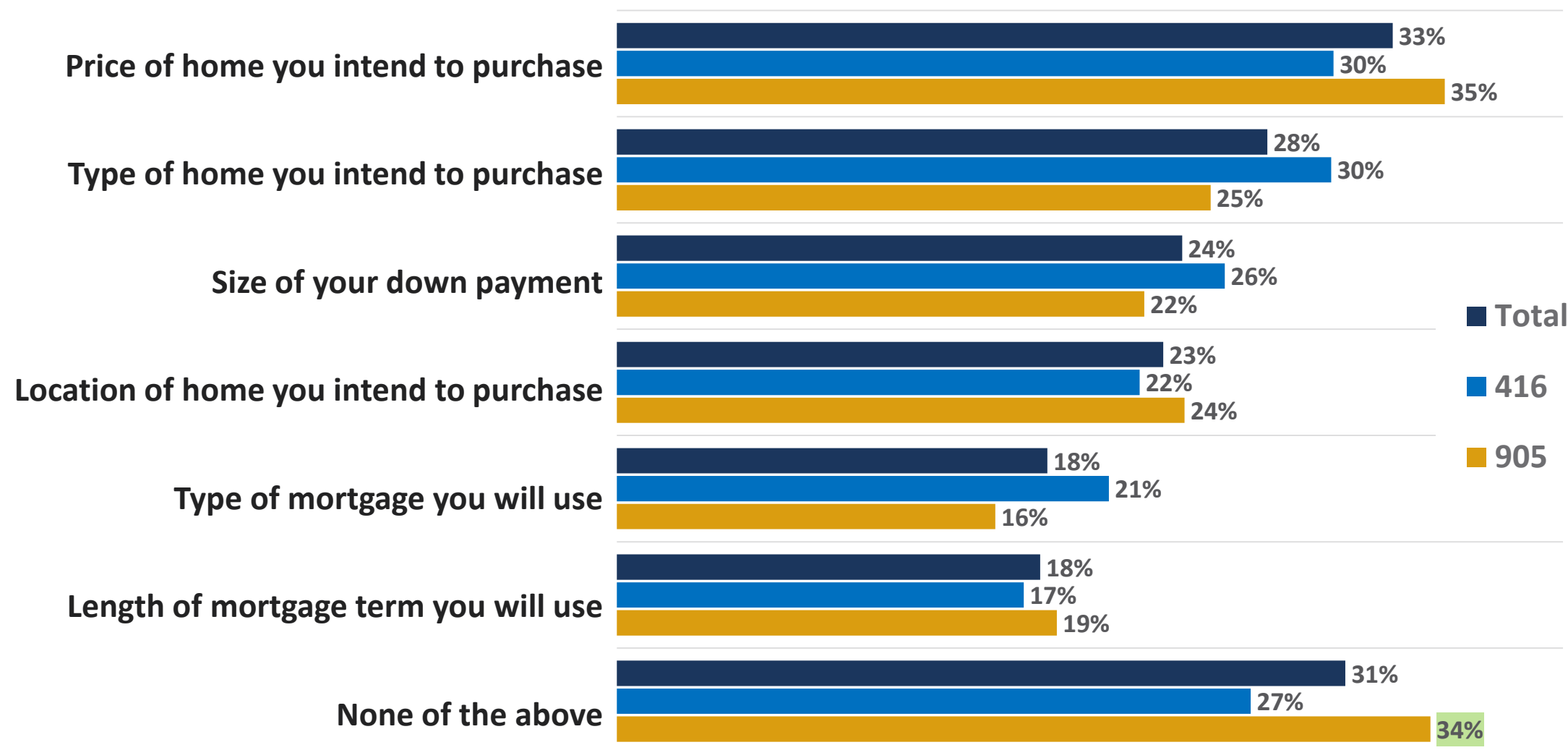
Mortgage Type (Among those Pre-Approved)



11. What type of mortgage will you use?

Base: Pre-approved for a mortgage. Nov 2016 (n=247); 416 (n=120); 905 (n=127). Nov 2015 (n=311); 416 (n=163); 905 (n=148)

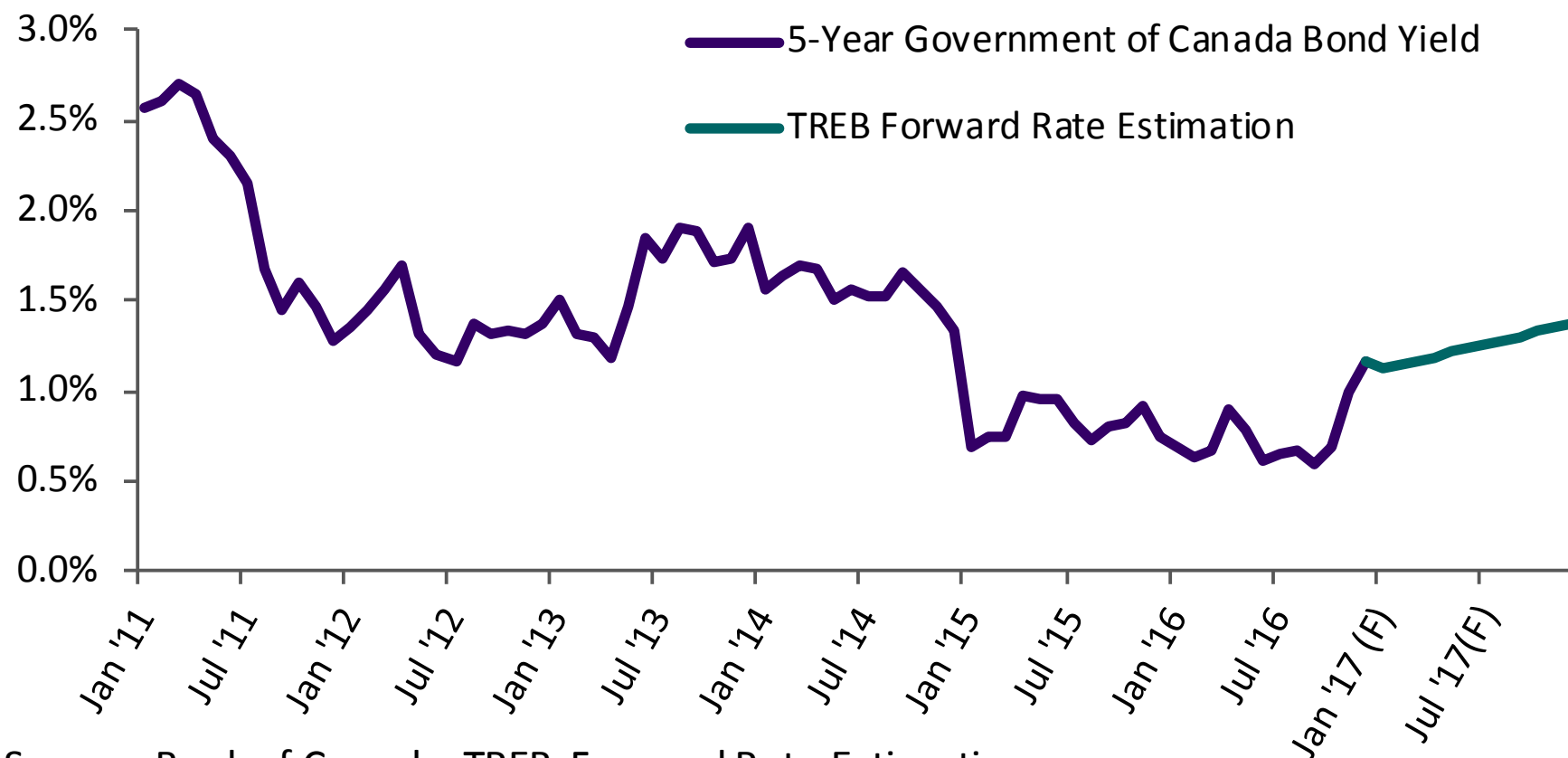
Federal Government Mortgage Policy Change



Q.12B Did the recent policy changes made by the federal government, including more stringent mortgage qualification requirements, influence any of the following? Dec 2016 (n=762); 416 (n=367); 905 (n=395)

Mortgage Rates Likely Moving Higher

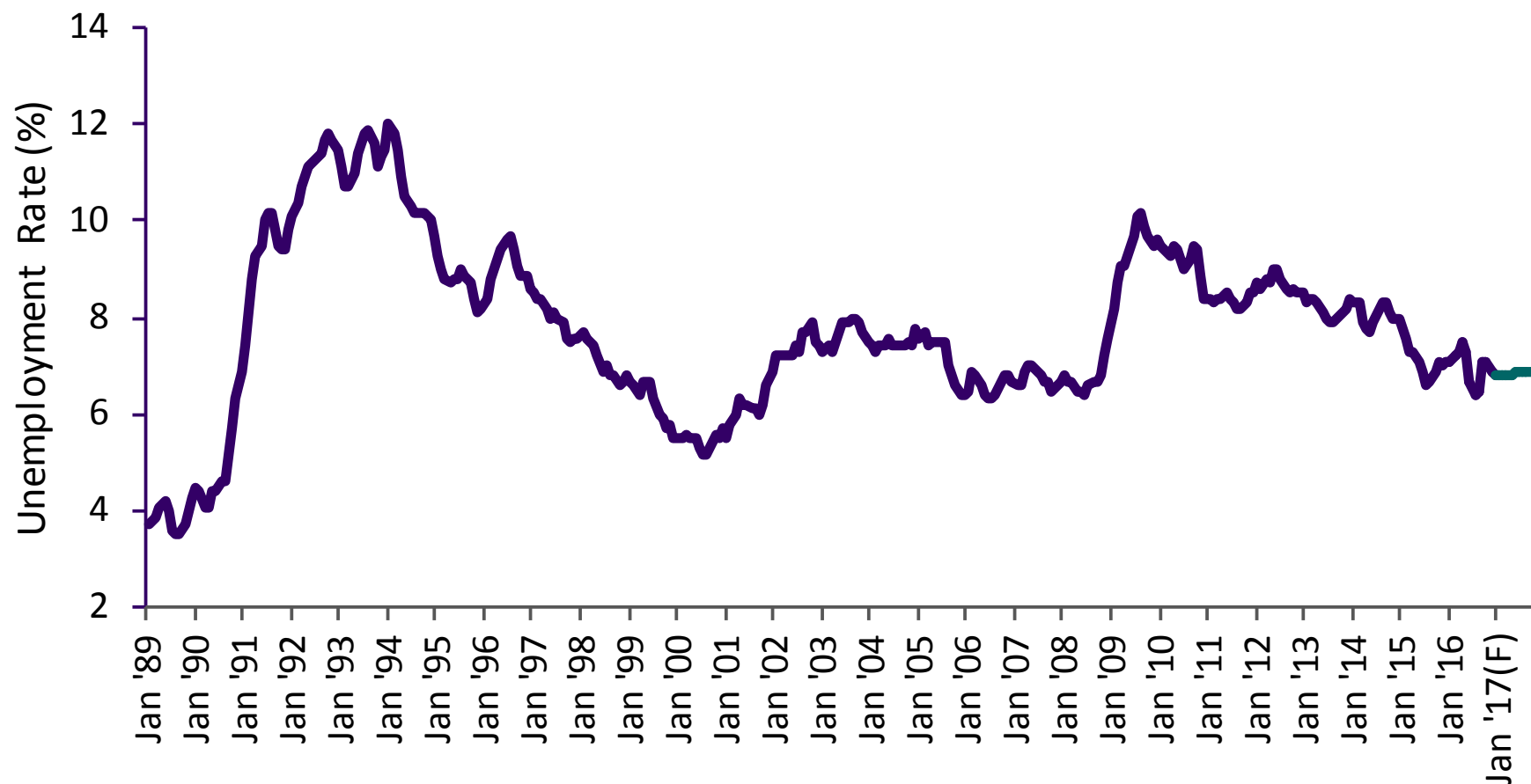
Government of Canada Five Year Bond Yield



Source: Bank of Canada; TREB Forward Rate Estimation

Unemployment Low in the GTA

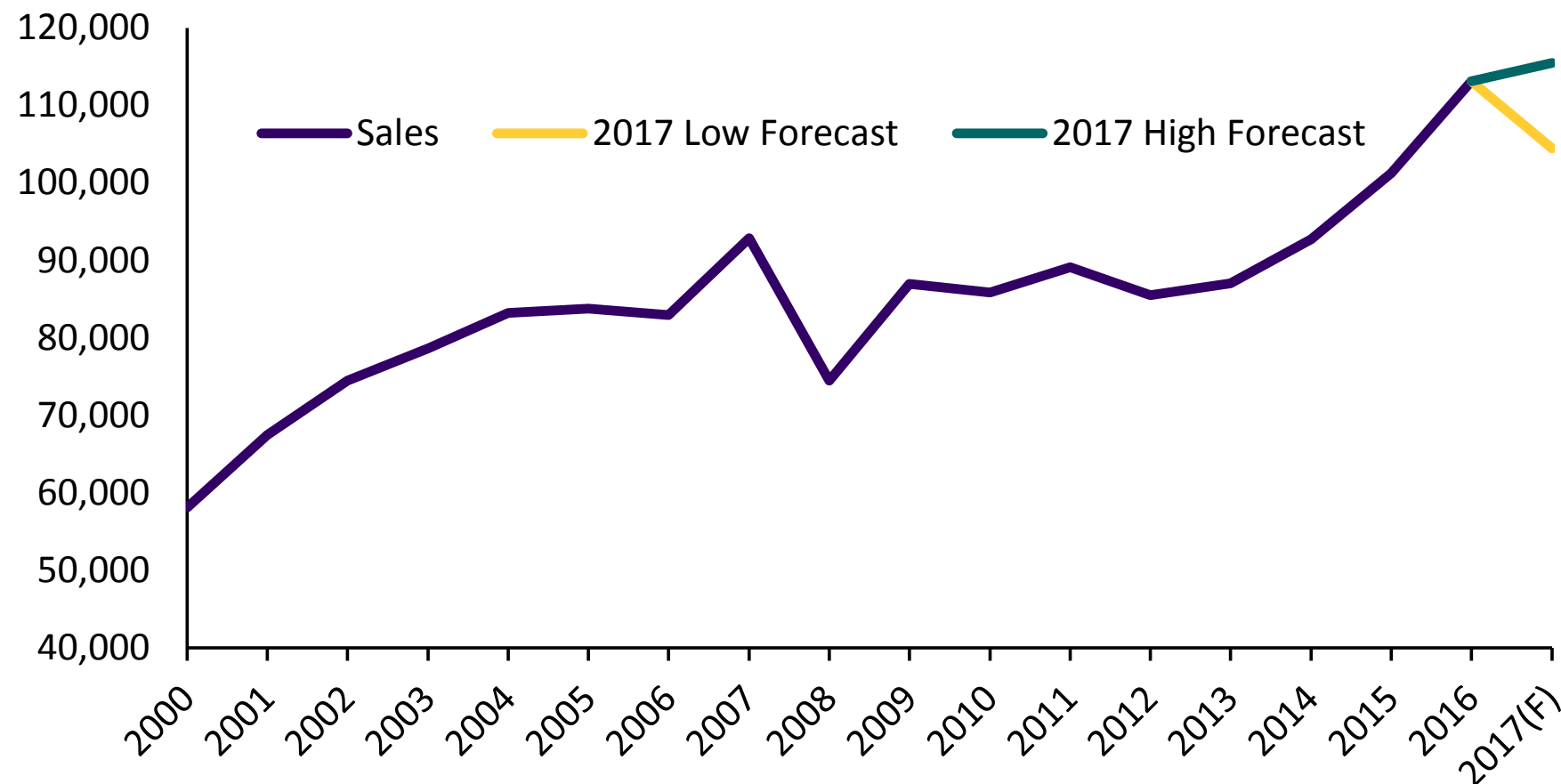
GTA Unemployment Rate (Seasonally Adjusted)



Source: Statistics Canada

2016 TREB MLS® Sales Scenarios

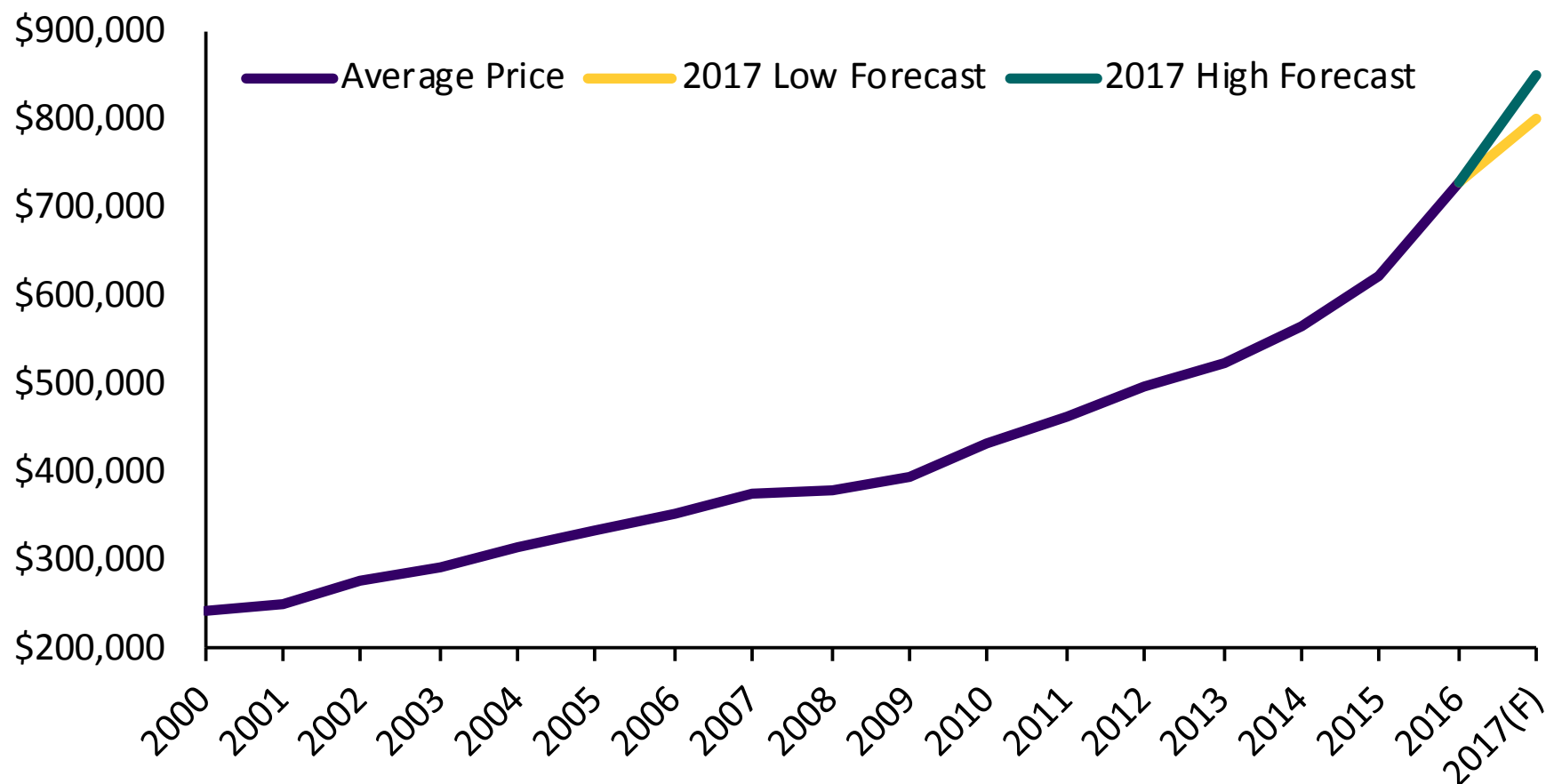
TREB MLS® Sales Scenarios for 2017



Source: Toronto Real Estate Board

2016 TREB MLS® Average Price Scenarios

TREB MLS® Average Price Scenarios for 2017



Source: Toronto Real Estate Board