

# Mid-Year Consumer Survey and Market Update



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# Mid-Year Consumer Survey and Market Update



Jason  
Mercer

*Director of Market Analysis,  
Toronto Real Estate Board*



**Toronto  
Real Estate  
Board**

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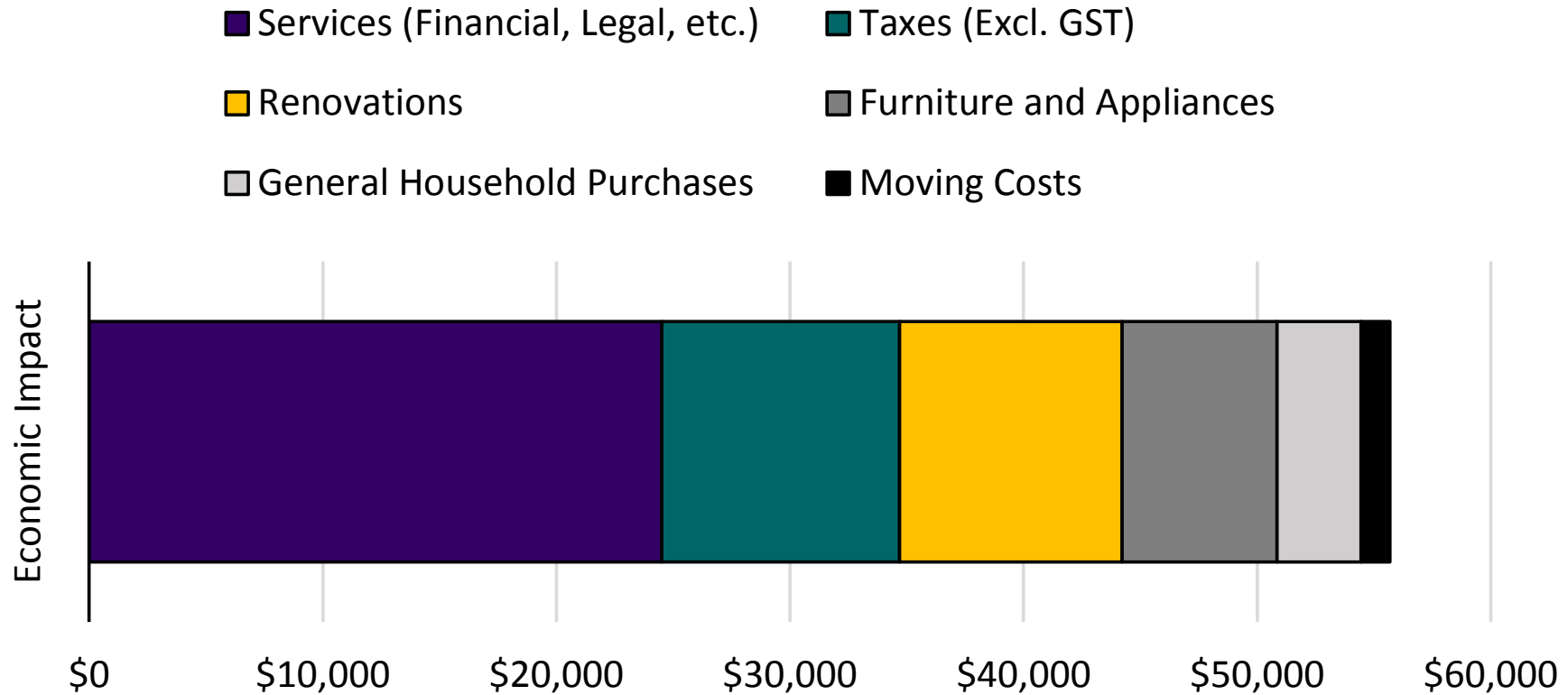
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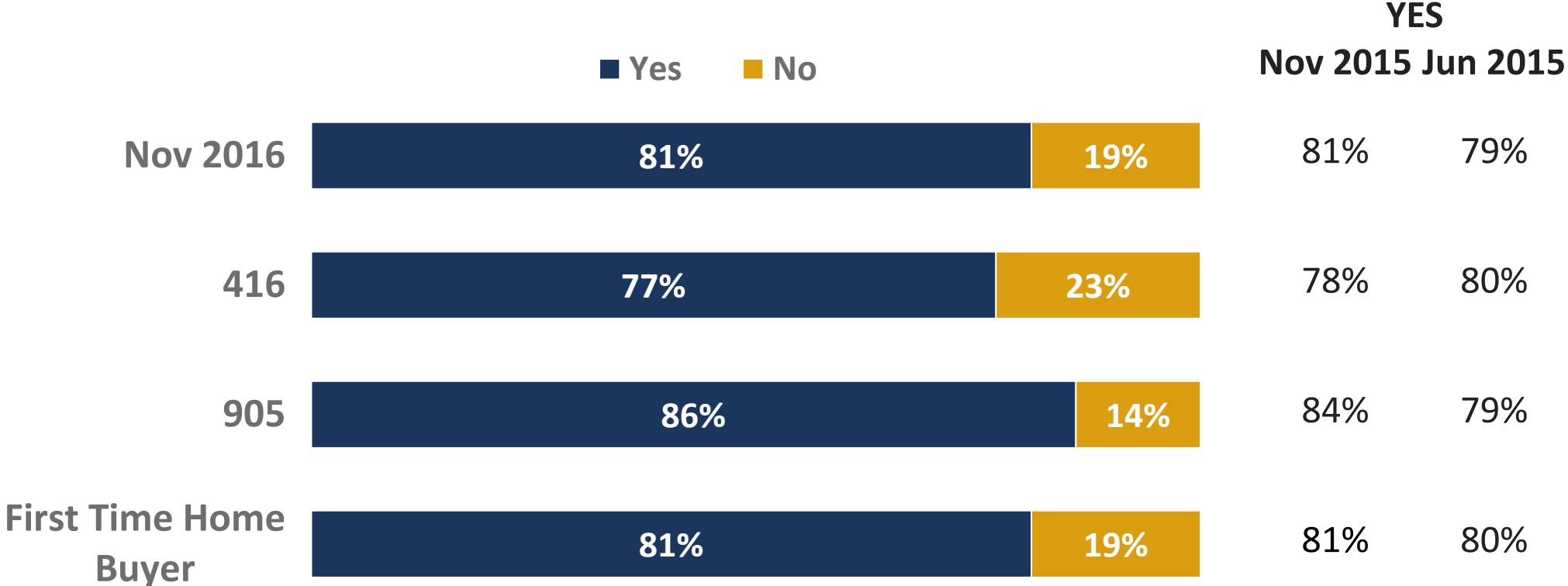
# Large Economic Spin-Offs from Housing

## Economic Impact of MLS® Home Sales in Ontario



Source: Altus; CREA

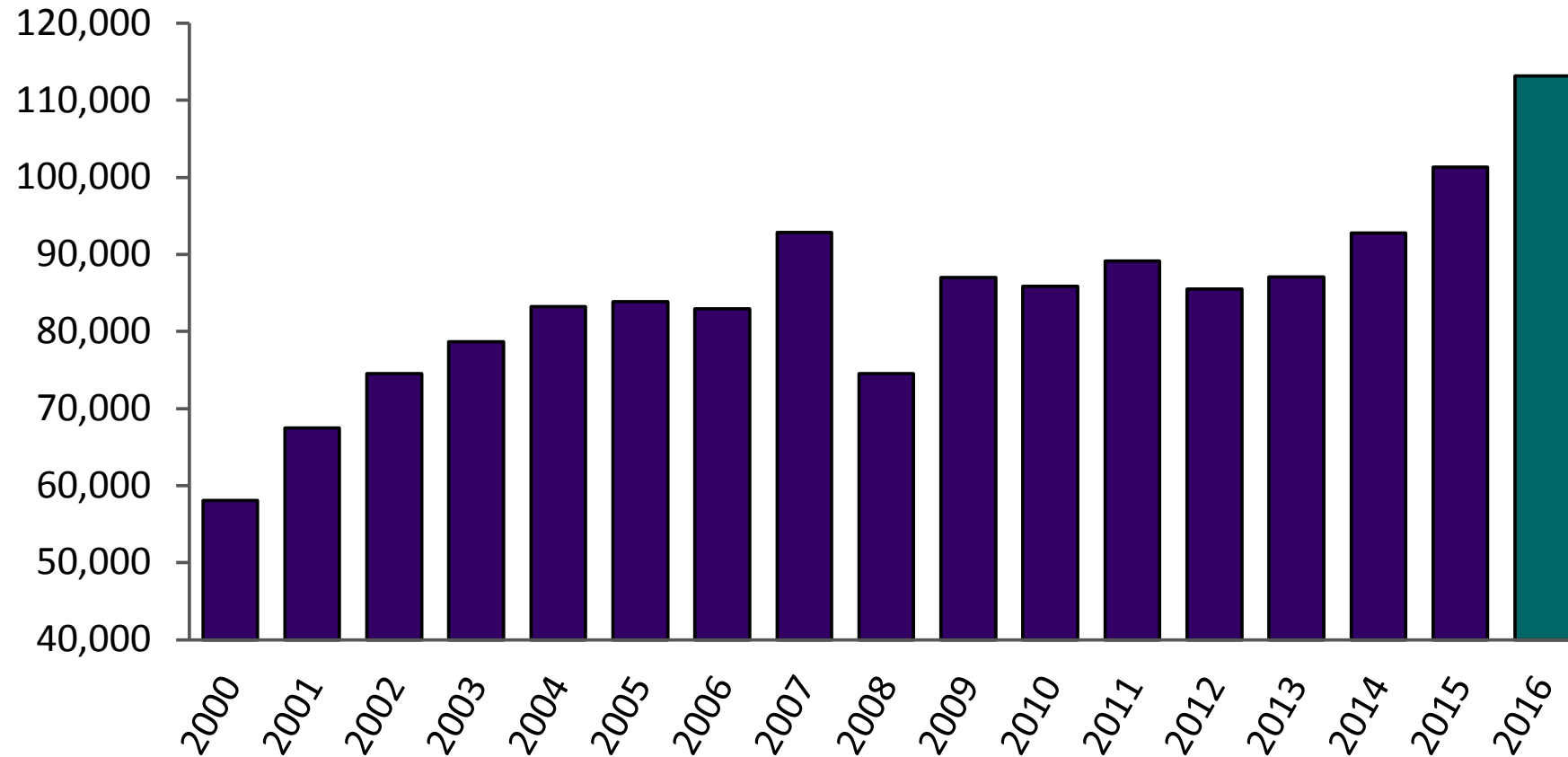
# REALTOR® Usage: Future Home



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)

# Second Consecutive Record Sales Year in 2016

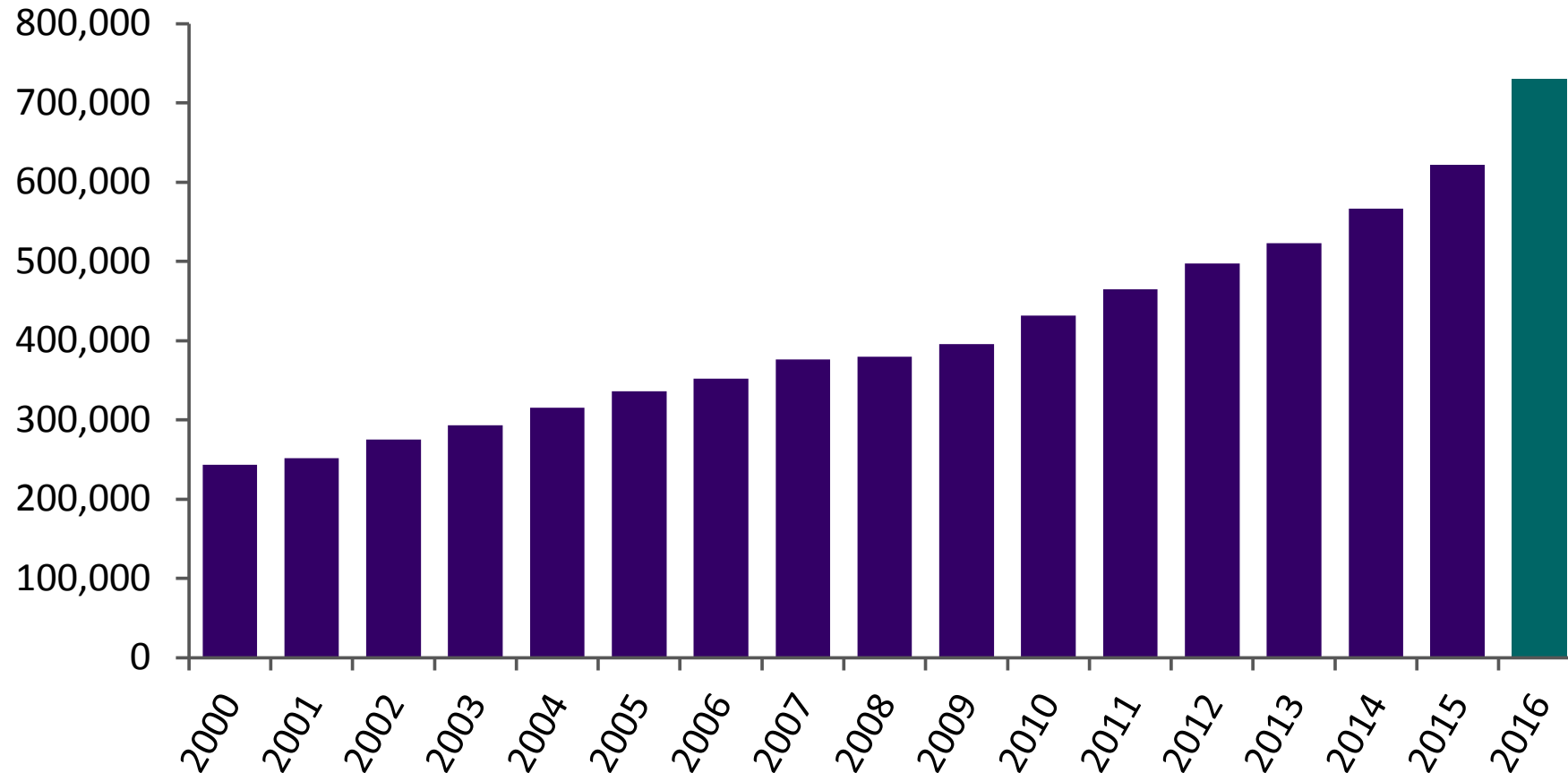
## TREB MLS® Sales - Annual



Source: Toronto Real Estate Board

# Home Prices Continued to Grow Strongly

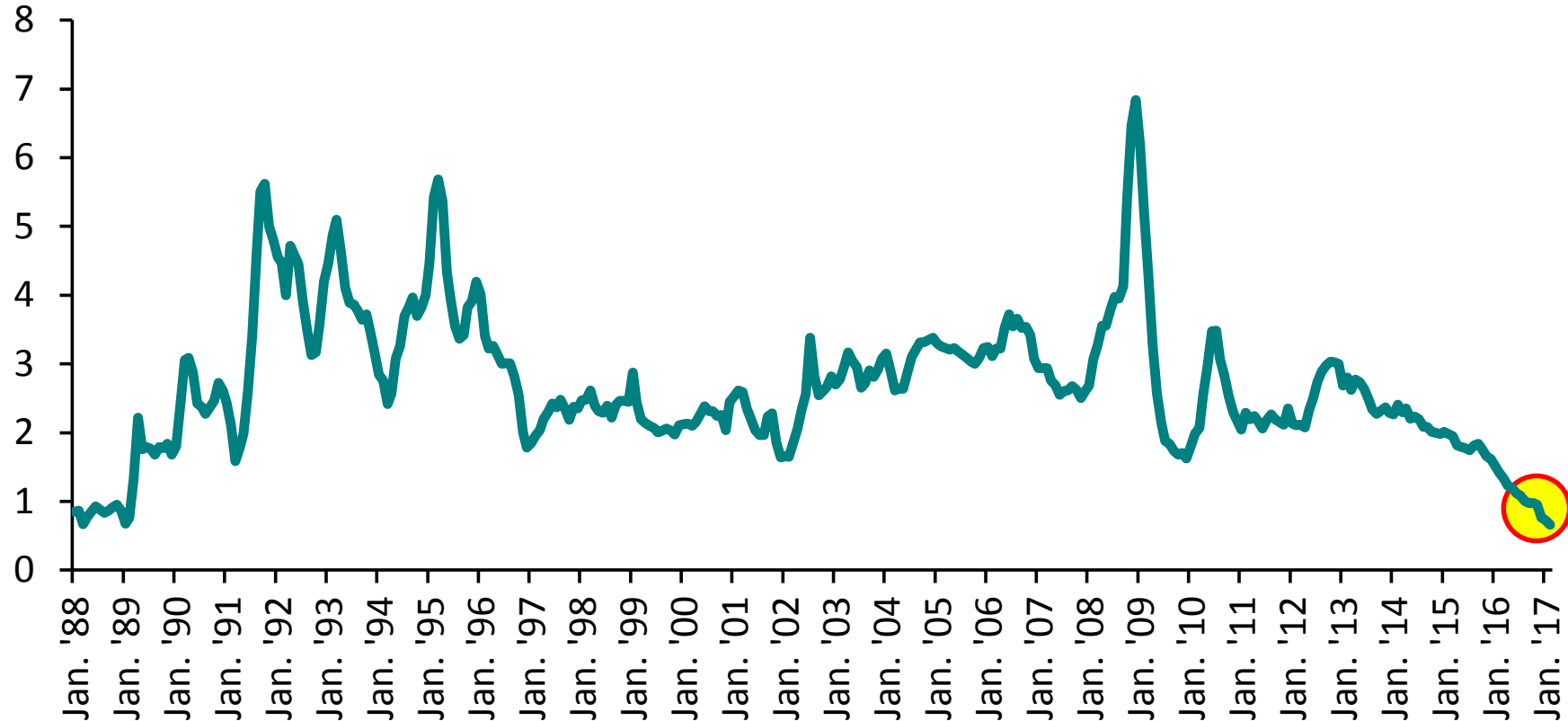
## TREB MLS® Average Price - Annual



Source: Toronto Real Estate Board

# Months of Inventory Dipped to Record Low in Q1

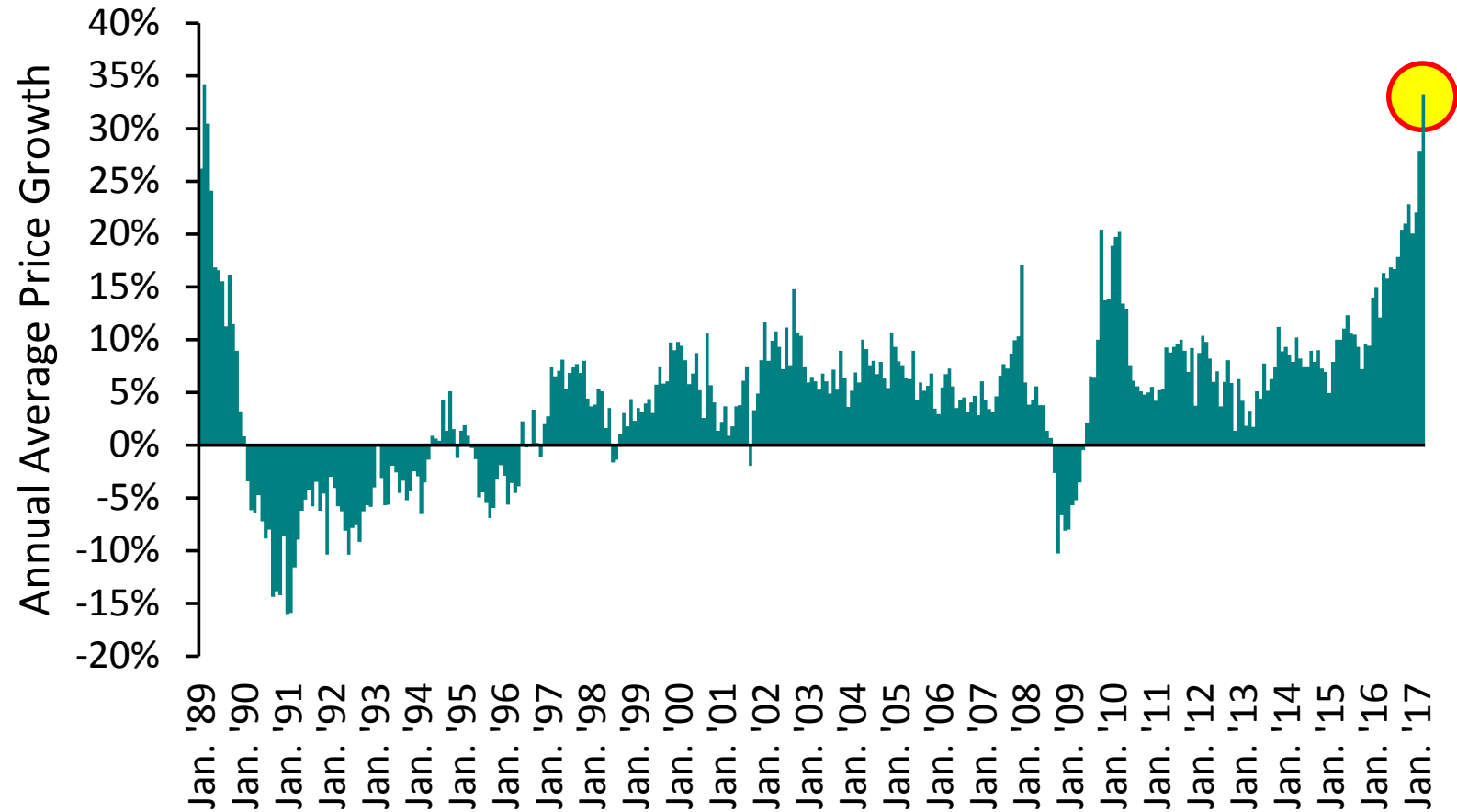
TREB MLS® Months of Inventory  
(Seasonally Adjusted)



Source: Toronto Real Estate Board


# Price Growth Accelerated Through Q1

TREB MLS® Average Annual Price Growth



Source: Toronto Real Estate Board



- 
- **15% Foreign Buyers Tax**
  - **Rent Control**
  - **Discussions about Potential Solutions to Supply Issues**

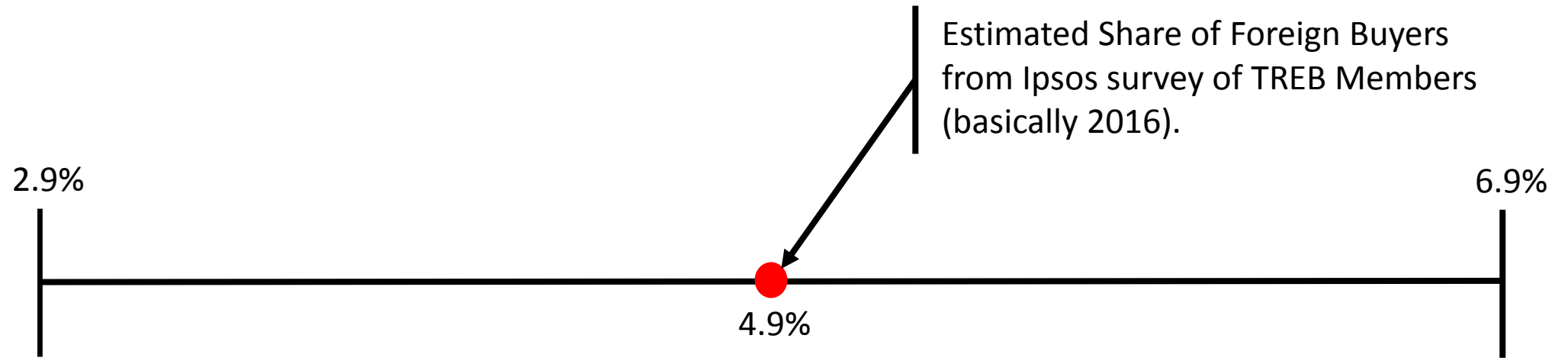
A blurred background image showing three men in business suits. The man in the center is holding a large, red, house-shaped sign. The sign has some text on it, but it is too blurry to read. The overall scene appears to be a press conference or a public announcement related to housing or real estate.

- **15% Foreign Buyers Tax**

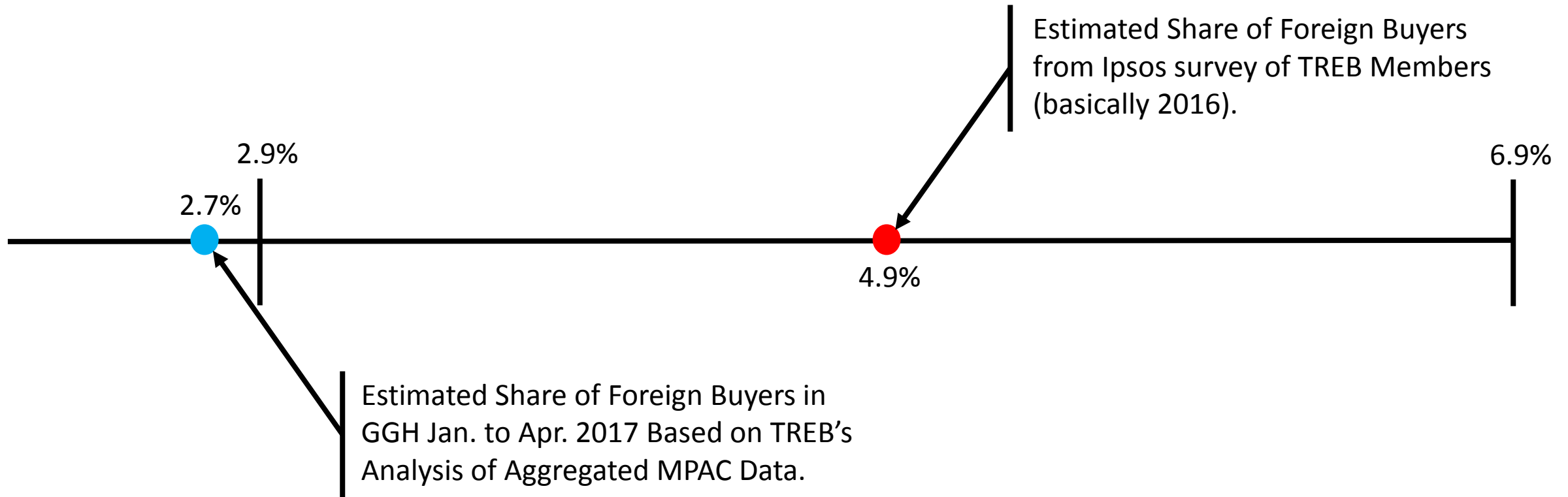
- **Rent Control**

- **Discussions about Potential Solutions to Supply Issues**

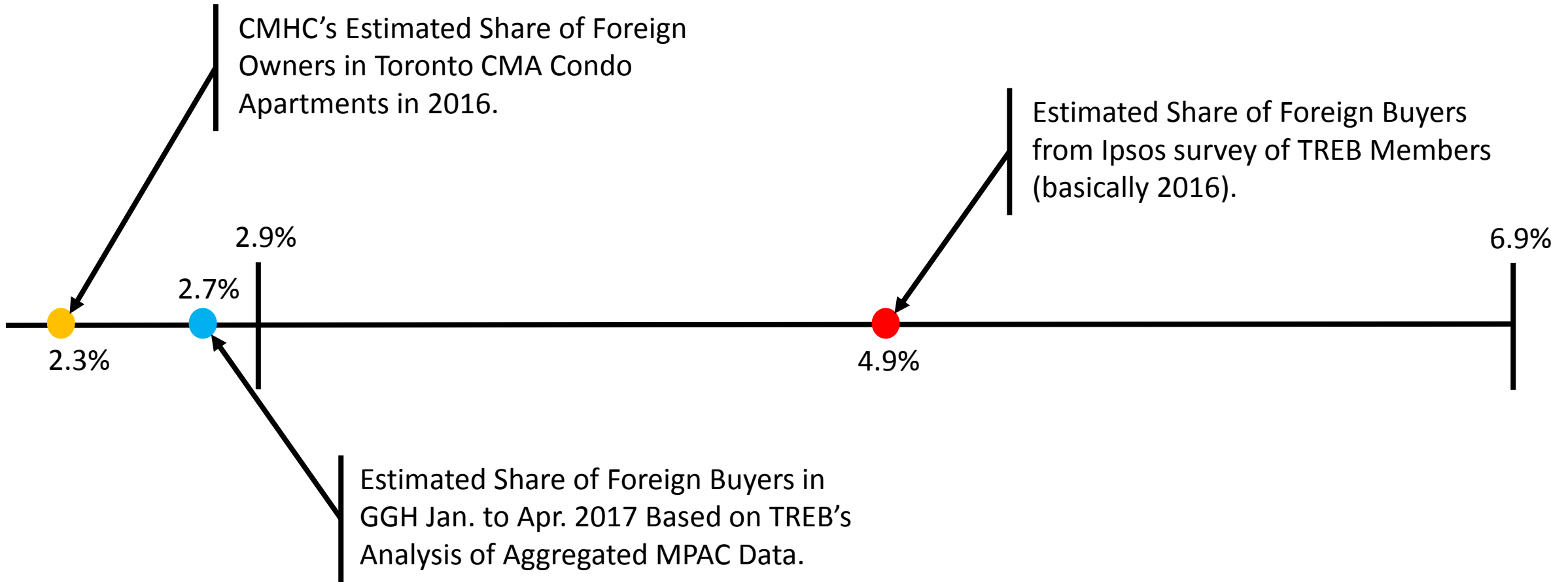
# Estimated Range of Foreign Buying Activity



# Estimated Range of Foreign Buying Activity

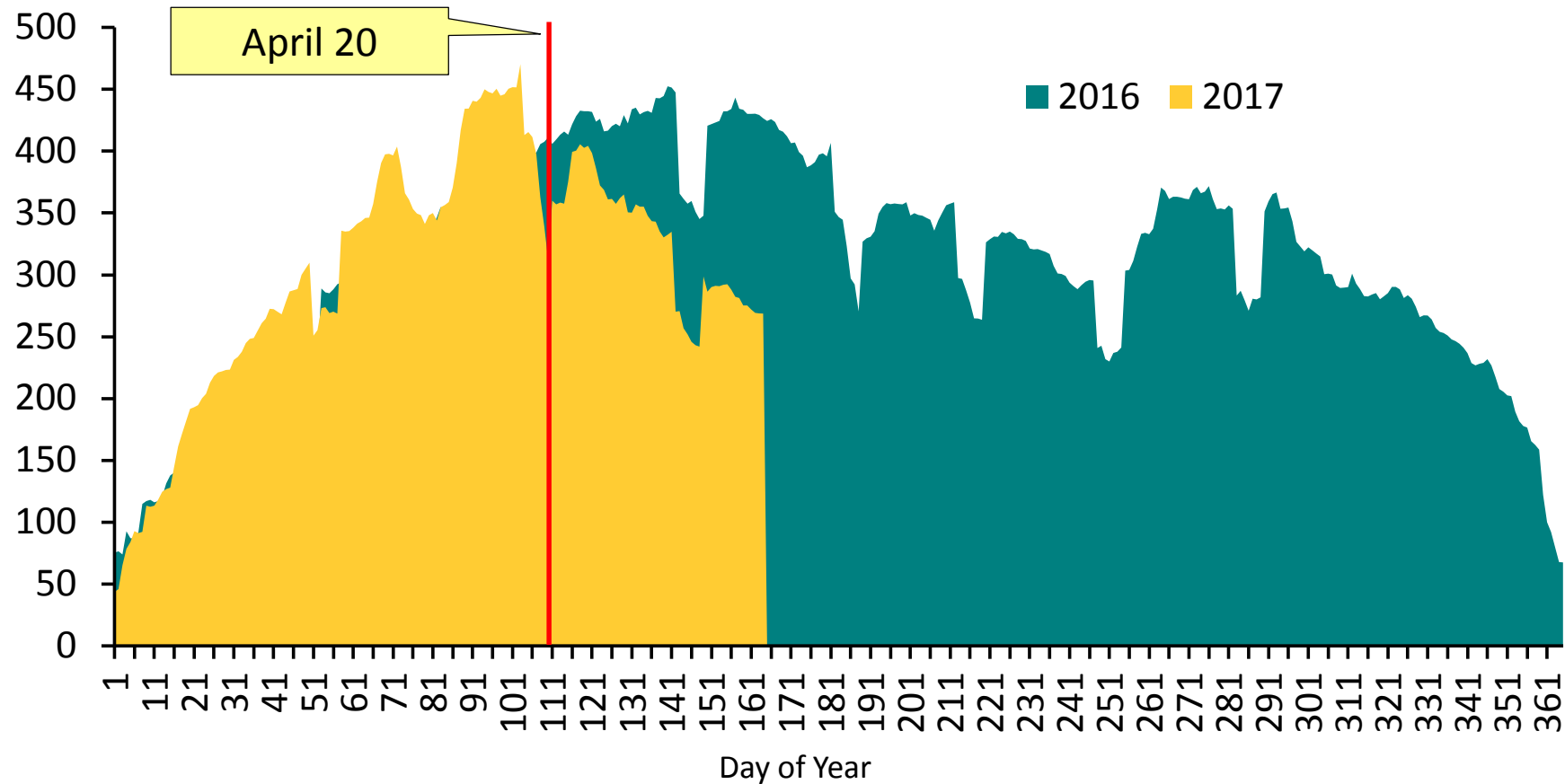


# Estimated Range of Foreign Buying Activity



# Sales Look to have Peaked in March 2017

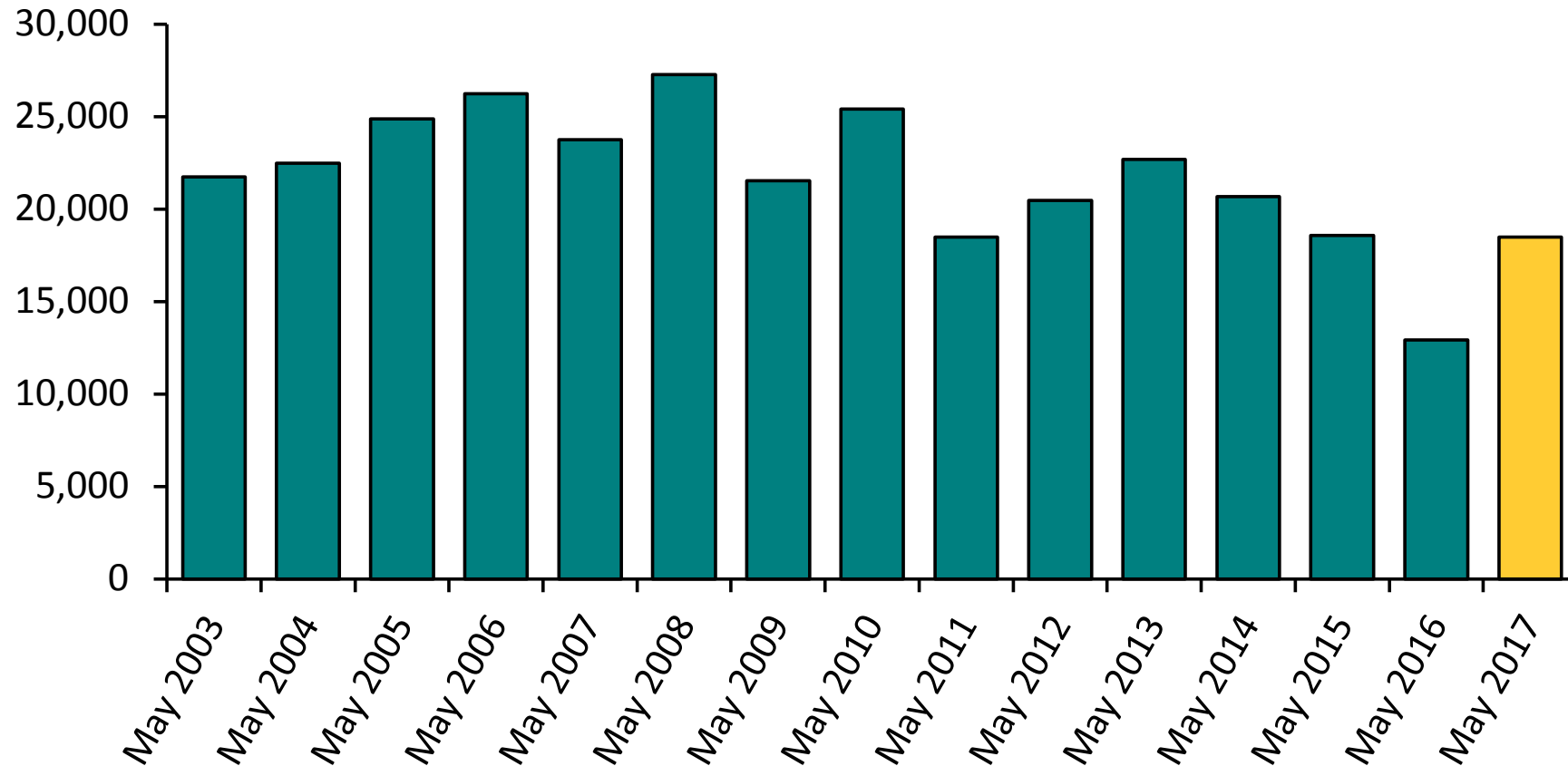
TREB MLS® Daily Sales (7-Day Moving Average)



Source: Toronto Real Estate Board

# Active Listings Up in May, But Still Below Norm

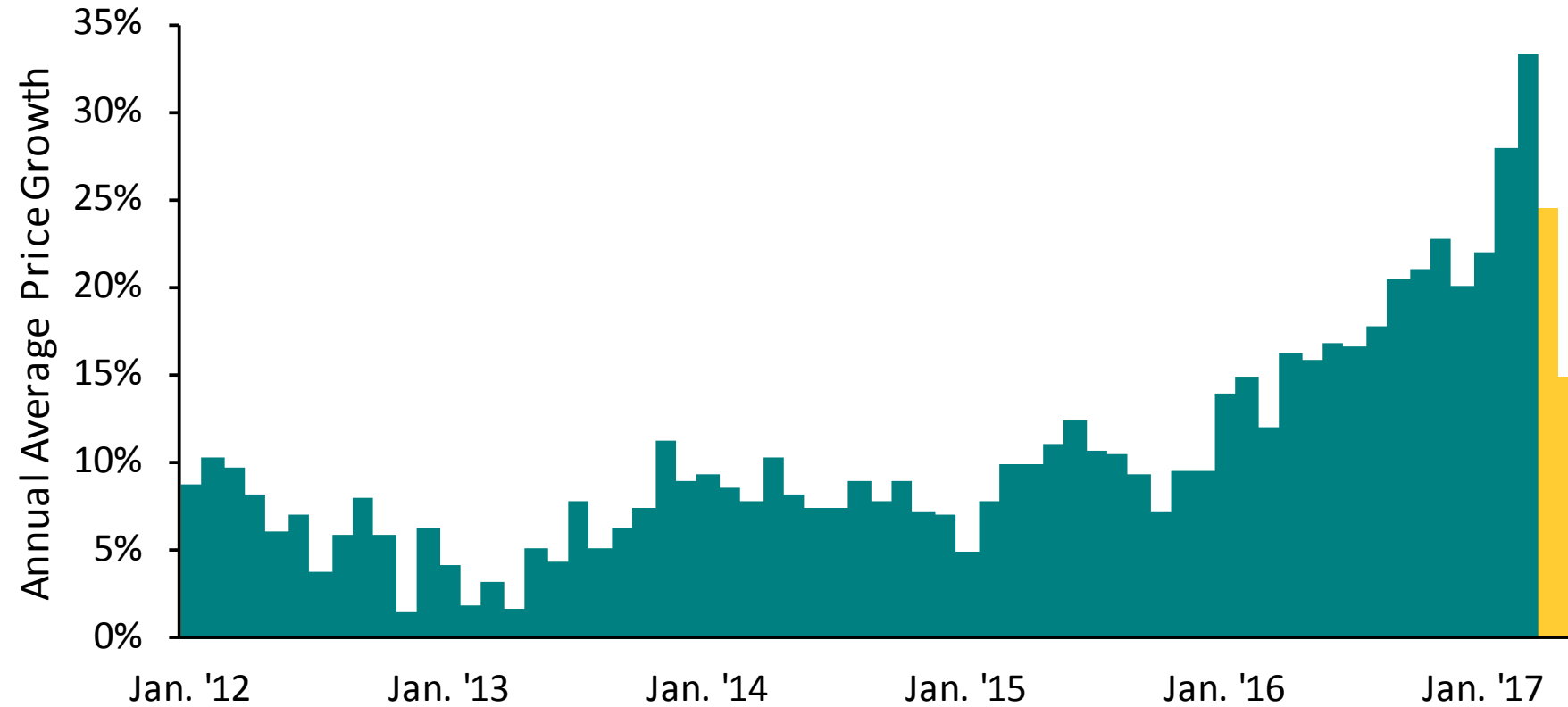
TREB MLS® Active Listings (Month of May)



Source: Toronto Real Estate Board

# Annual Rate of Price Growth Has Moderated

TREB MLS® Average Annual Price Growth



Source: Toronto Real Estate Board



# Mid-Year Consumer Survey and Market Update



Sean  
Simpson

*Vice President, Canada,  
Ipsos Public Affairs*



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# Toronto Real Estate Board Home Sellers

MAY 2017

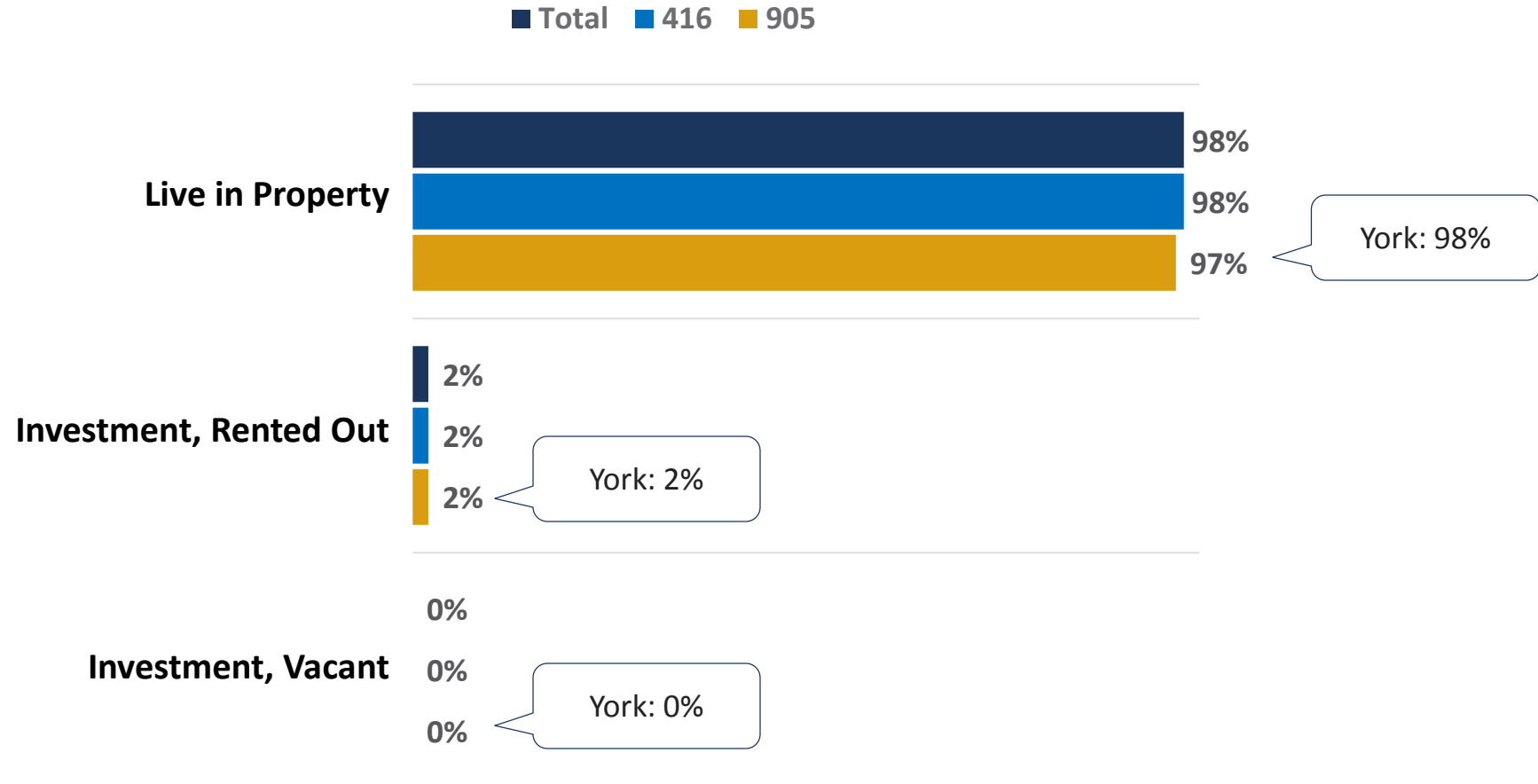
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# Methodology

- The survey was conducted through the Ipsos online I-Say panel among Ontario residents in the 416 and 905 regions aged 18+.
- Final sample size is n=500 likely home sellers (very likely or somewhat likely). In order to gather a sample of n=500 likely home buyers, a total GTA sample size of n=3407 had to be interviewed.
- Interviews were completed between May 23 to May 29, 2017.
- Data is weighted according to 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 +/- 5.0 percentage points of what the results would have been had every GTA home seller had been polled.
- The credibility interval is wider among subsets of the population, including either the 416 (n=225 +/- 7.4) or 905 (n=275 +/- 6.7)
- Statistically significant differences within groups is indicated throughout the report with a green box (  ).

# Living in Property or Investment

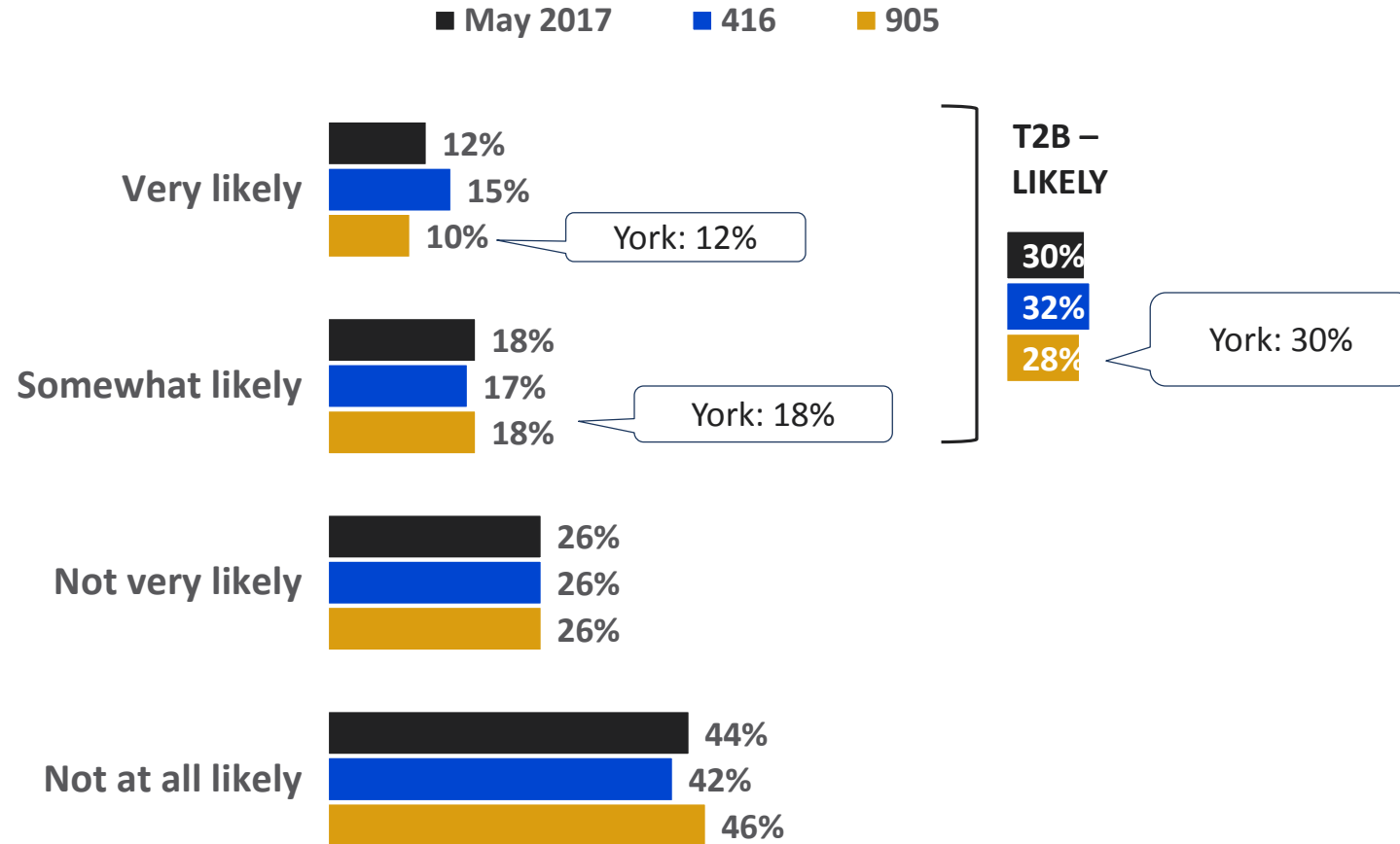
- Virtually all GTA homeowners claim to live in the residential property they own, leaving just 2% who rent it out as an investment property.
- This pattern is consistent across the 416 and 905.



Q9. Do you live in the property or is it an investment?  
Base: HomeOwner (n=2019); 416 (n=959); 905 (n=1060)

# Likelihood of Listing Home For Sale

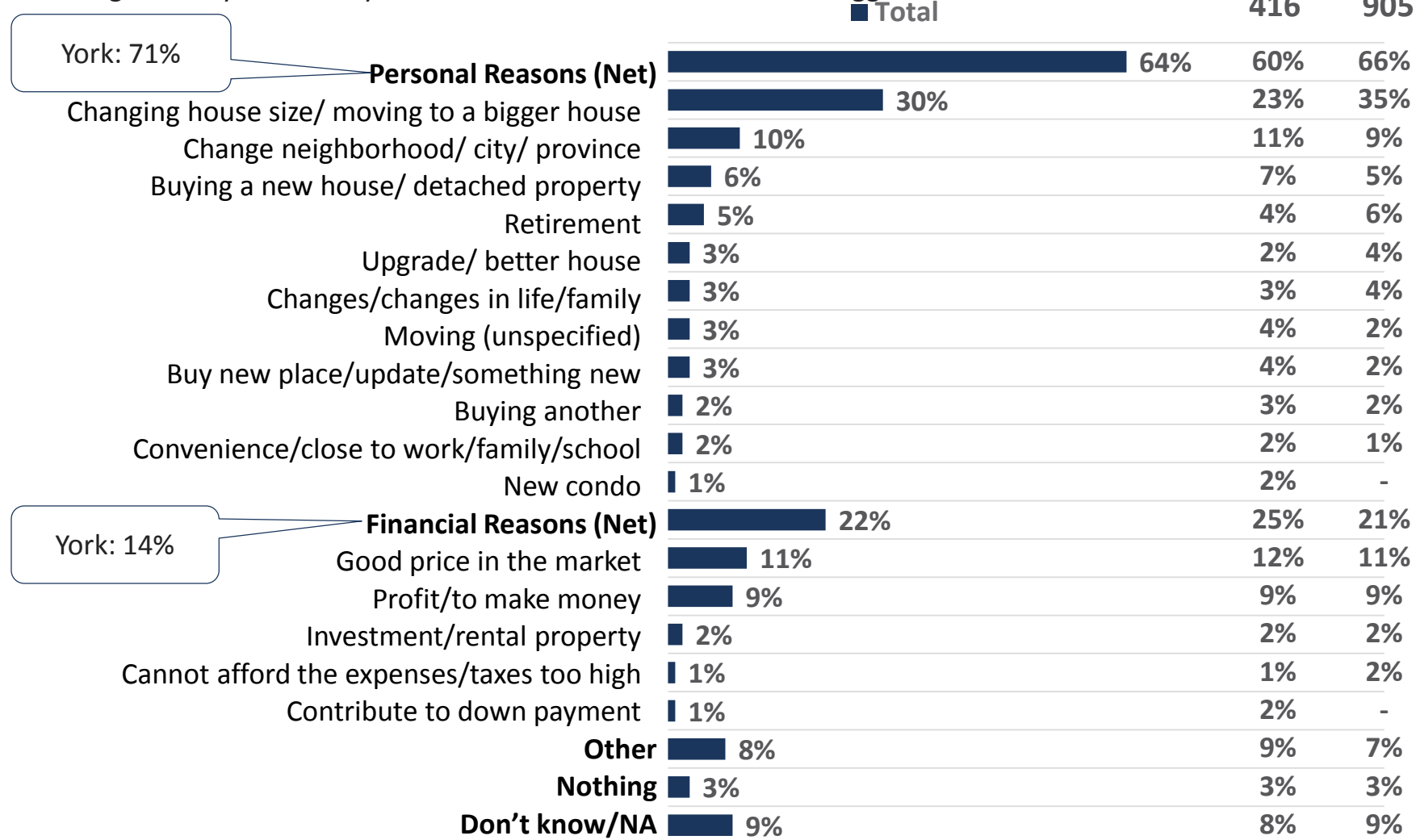
- Three in ten GTA homeowners (30%) say they're at least somewhat likely to list their home for sale over the next year, with one in ten (12%) being 'very likely' to do so.
- Those in the 905 region are less likely to consider selling their home, though York residents are as likely as the GTA average to consider a listing.



Q10. How likely are you to list your home for sale over the next year?  
 Base: HomeOwner (n=2019); 416 (n=959); 905 (n=1060)

# Reasons for Listing Home For Sale in the Next Year

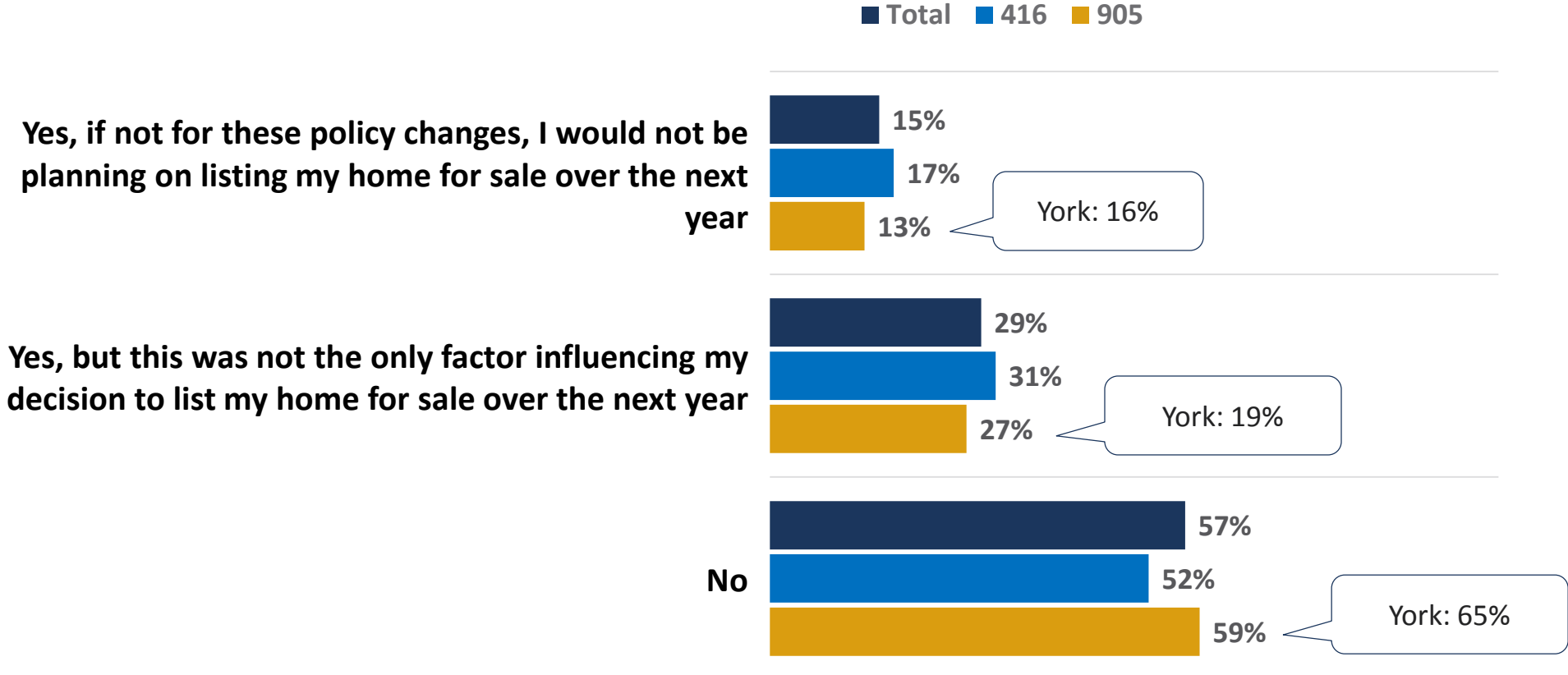
- For two in three owners who plan to sell, personal reasons such as upsizing or moving to a new neighbourhood are the main motivating factors. For two in ten, it's financial reasons, with many opting to sell while the market is hot and possibly turn a profit.
- Residents of the 905 are significantly more likely to want to sell in order to move to a bigger house.



Q11. Why are you planning on listing your home for sale over the next year?  
 Base: Home Seller (n=500); 416 (n=225); 905 (n=275)

# Did Recent Policy Change Impact Your Decision to List

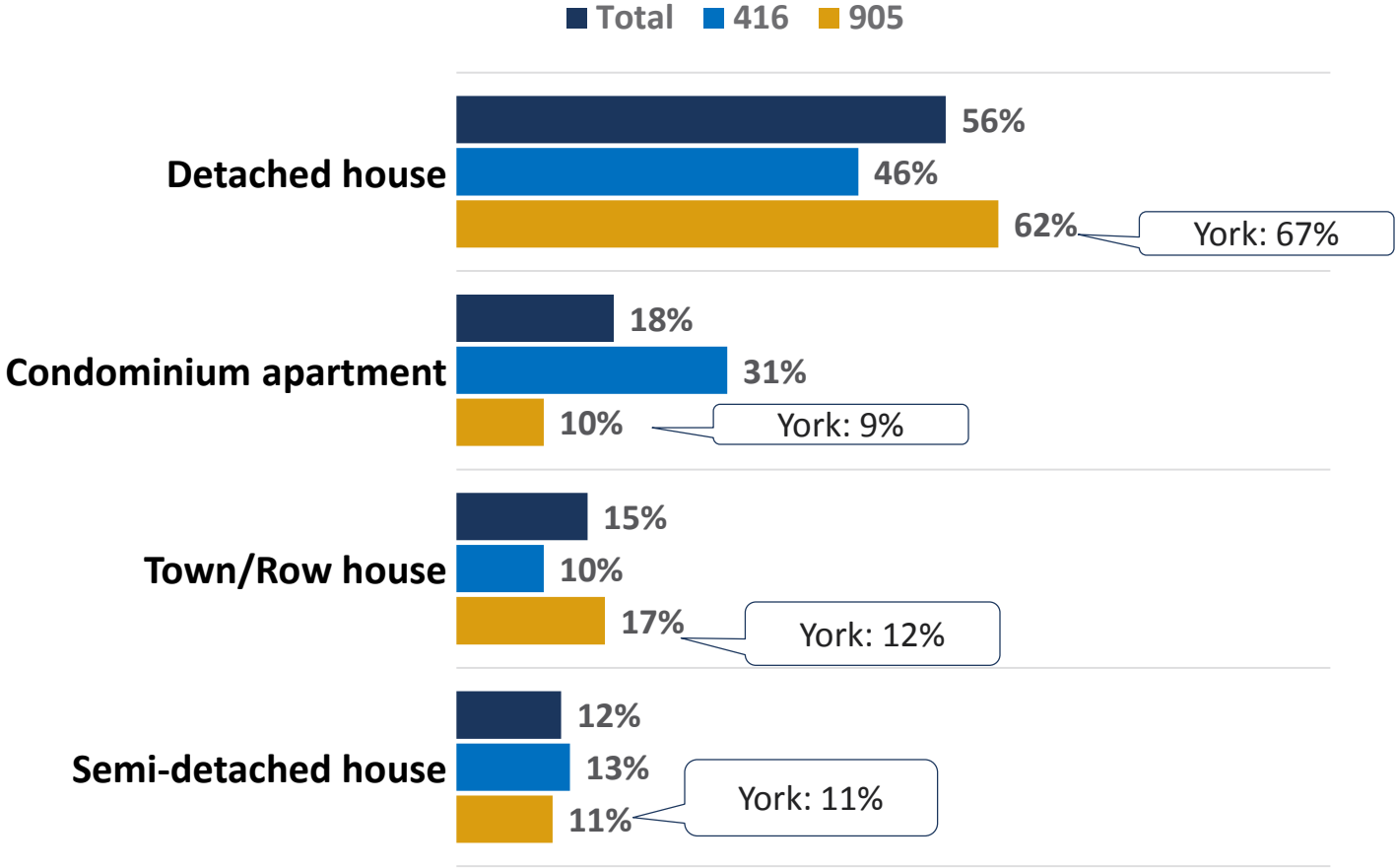
- More than one in ten home sellers (15%) say they wouldn't be considering listing their home for sale were it not for the recent changes to the Ontario Fair Housing Plan, while a further three in ten (29%) say it impacted their decision in some way.
- For most (57%) there has been no impact – this applies across both regions of the GTA, including 65% of York region sellers.



Q12. Did the recent policy changes made by the Ontario Provincial Government in the Ontario Fair Housing Plan specifically influence your decision to list your property for sale over the next year? The Fair Housing Plan includes a tax on foreign buyers, rent controls, measures to increase housing supply and measures to address tax avoidance.  
 Base: Home Seller (n=510); 416 (n=231); 905 (n=279)

# Type of Property For Sale

- More than half of home sellers will be listing a detached house. Nearly two in ten will be looking to sell a condo (18%), while smaller numbers will be listing town/row houses (15%) or semi-detached houses (12%).
- In the outer regions of the GTA (905), detached houses are more likely to be up for sale, while condos are more likely to be listed in the 416. The activity in York skews more heavily towards detached homes.

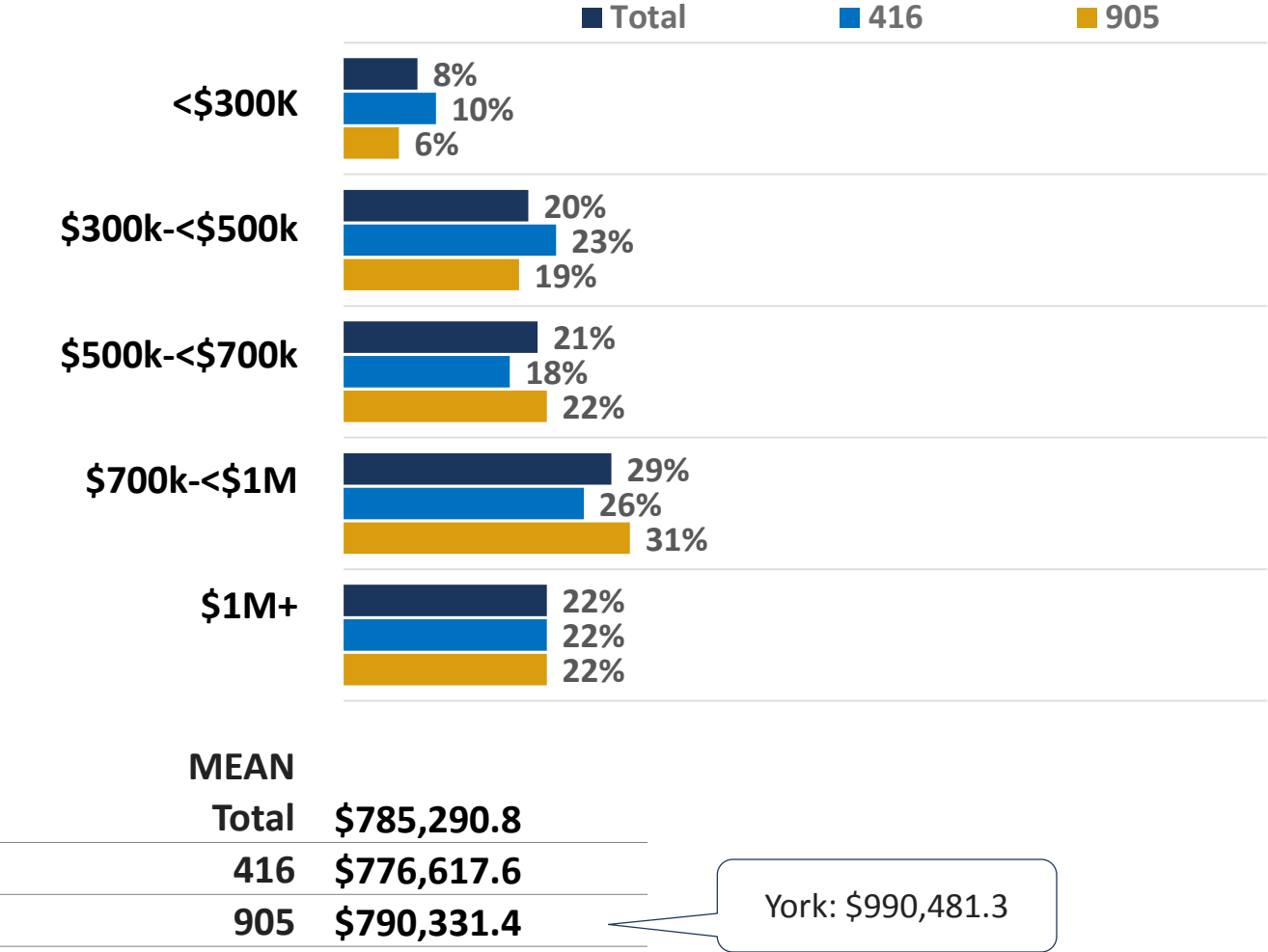


Q13. What type of property will you be listing for sale?  
 Base: Home Seller (n=510); 416 (n=231); 905 (n=279)



# Estimated Listing Price

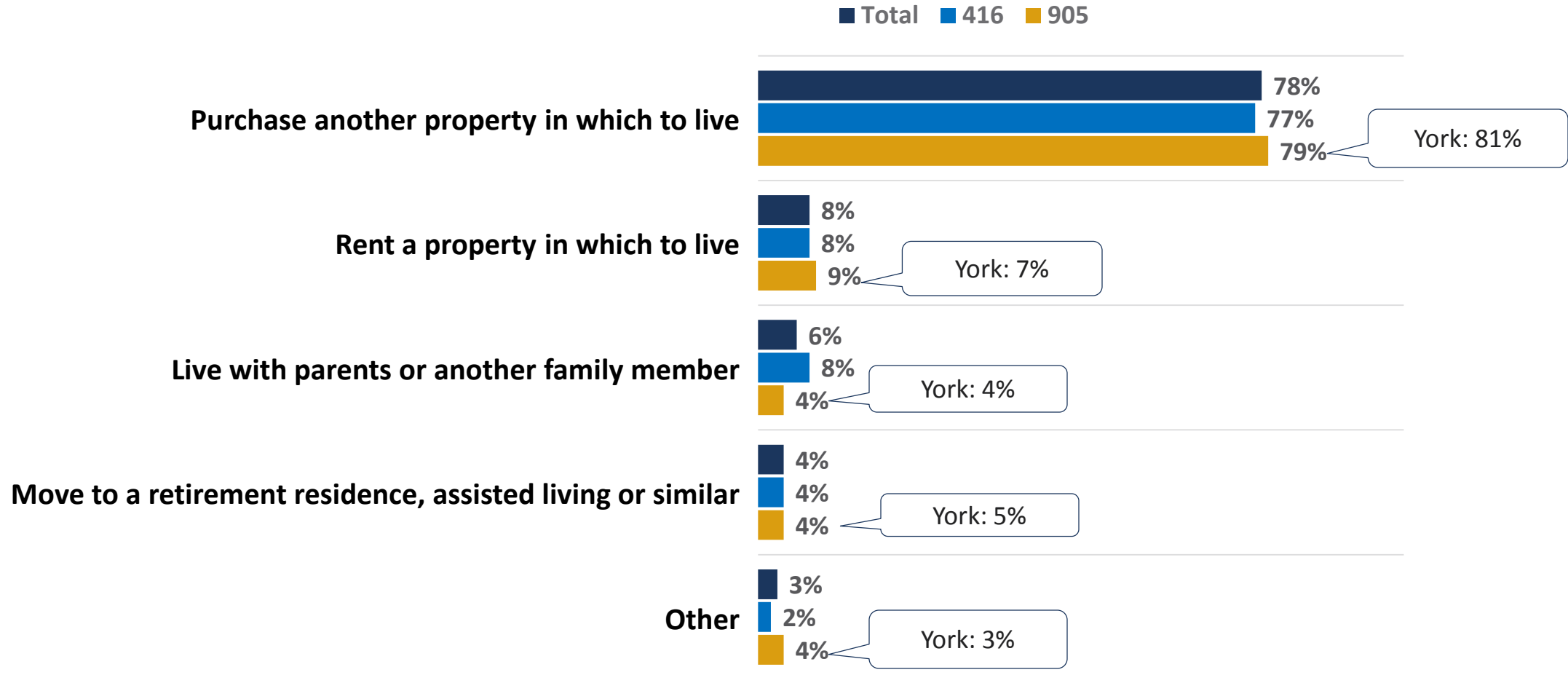
- On average, home sellers expect to list their home for \$785K. Two in ten (22%) think their list price will be \$1 million or more.
- Average selling prices are somewhat lower in the 416 than in the 905. The average listing price in the York region is much higher at \$990K, exceeding the average estimate in both the 905 as a whole, and in the city of Toronto.



Q14. What do you think the listing price of your home will be?  
 Base: Home Seller (n=507); 416 (n=229); 905 (n=278).

# Plan Once Property is Sold

- Most sellers (78%) plan to buy another property to live in. Smaller numbers will rent, live with family, or move to an assisted living facility or retirement residence.
- This means that most people selling will remain in the market, while few (22%) will at least temporarily exit it. This trend is comparable across the 416 and 905.



Q14B. What do you plan to do once you sell your property?  
 Base: Home Seller (n=505); 416 (n=228), 905 (n=277)




# Toronto Real Estate Board Home Buyers

MAY 2017

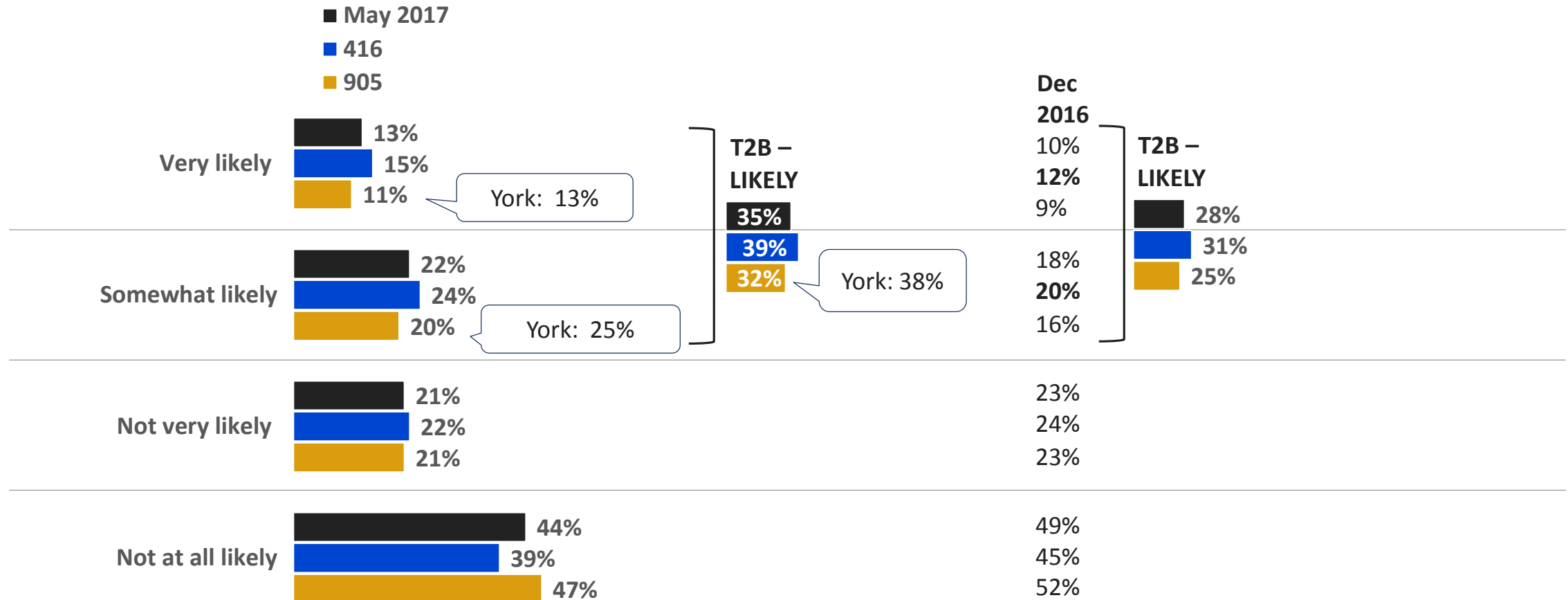
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# Methodology

- 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=1376 likely homebuyers (very likely or somewhat likely). In order to gather a sample of n=1376 likely home buyers, a total Ontario sample size of n=3407 had to be interviewed.
- Interviews were completed between May 23 to May 29, 2017.
- Data is weighted according to 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 +/- 3.0 percentage points of what the results would have been had every likely homebuyer in the 416 and 905 regions aged 18+ been polled.
- The credibility interval is wider among subsets of the population, including homebuyers in the 416 (n=781 +/- 4.0) or 905 (n=595 +/- 4.6).
- Statistically significant differences within groups are indicated throughout the report with a green box (  ).

# Likelihood To Purchase A Home

- About one in three GTA residents (35%) claim to be at least somewhat likely to purchase a home to live in over the next year up 7 points since December 2016. While seasonality may be at play in these results, it's important to note that just over one in ten (13%) describe themselves as 'very likely' to buy – a closer approximation of serious intent.
- Intent to buy is stronger among those living in the 416 than in the 905, with York residents being the most likely in the 905 to consider buying.



1. How likely are you to purchase a home in which to live over the next year?

Base: All respondents. May 2017 (n=3407); 416 (n=1768); 905 (n=1639). Dec 2016 (n=3,774); 416 (n=1,475); 905 (n=2,299). Nov 2015 (n=3451); 416 (n=1518); 905 (n=1933);

# Reasons for Not Buying a Home

- As seen in December, top reasons for not planning to buy a home include liking their current home or location (21%, -3 pts), already owning a home (22%, -1 pt) or having financial issues/no savings/can't afford it (19%, -4 pts).
- Residents of the 416 are more likely than those in the 905 to cite financial issues as being behind their decision not to buy.

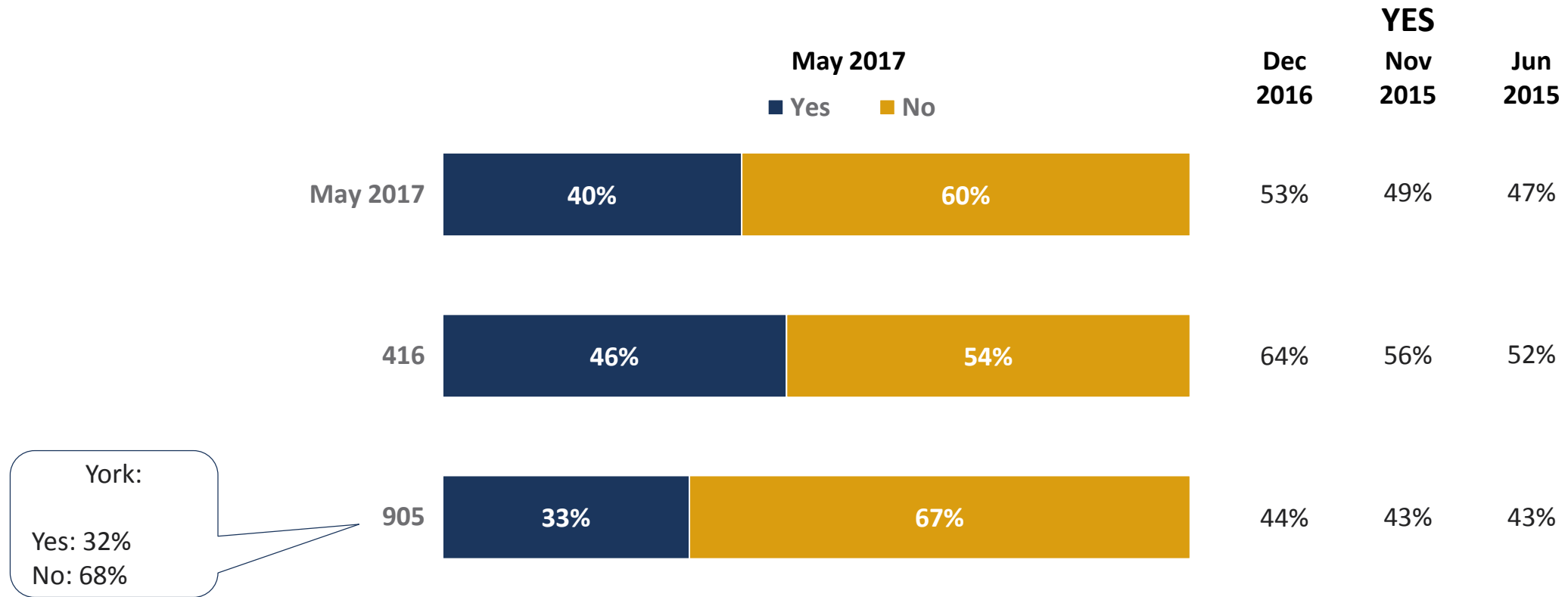
	2017 May Total	2016 Dec Total	2017 May 416	Dec 2016 416	2017 May 905	Dec 2016 905
Like my current home/ location	21%	24%	18%	17%	23%	29%
Already own a home (any mentions)	22%	23%	21%	19%	23%	26%
Financial issues/ no savings/ cannot afford	19%	23%	25%	32%	15%	17%
Cost/ too expensive to buy new home	11%	8%	13%	12%	9%	6%
No need/ not interested (unspecified)	12%	7%	11%	7%	12%	8%
Don't plan on moving/ selling property	7%	6%	6%	4%	8%	8%
Age factor (too old/ too young)	3%	4%	3%	5%	2%	3%
Retired/ will retire soon	2%	3%	2%	2%	2%	3%
I rent/ prefer to rent	2%	2%	2%	3%	1%	1%
Not ready yet	1%	2%	0%	1%	1%	2%
Other	5%	5%	5%	5%	5%	5%

2. Why are you not planning on purchasing a home over the next year?

Base: Not likely to purchase a home in which to live over the next year. May 2017 (n=2019); 416 (n=981); 905 (n=1038). Dec 2016 (n=2,725); 416 (n=1,005); 905 (n=1,720). Nov 2015 (n=2428); 416 (n=1014); 905 (n=1414)

# Incidence of First-Time Home Buyers

- Of those who are planning to buy, only four in ten (40%) will be first-time home buyers – down 13 points from last December.
- Home buyers in the 416 are more likely to be buying for the first time. In line with the 905 average, nearly one in three York home buyers are first-time buyers.

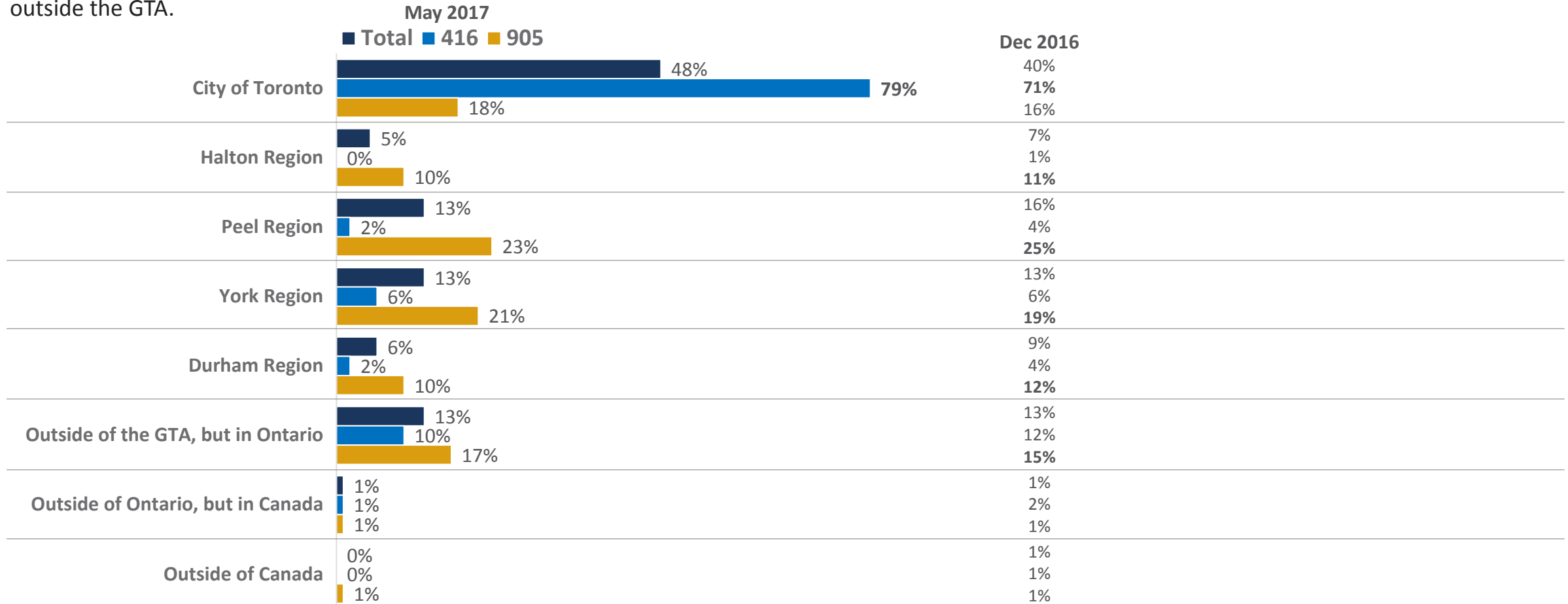


3. Will you be a first-time home buyer?

Base: Likely To Purchase. May 2017 (n=1376); 416 (n=781); 905 (n=595). Dec 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).

# Area Most Likely to Purchase Home

- Nearly half (48%) of all likely home buyers say they're most likely to set their sights on the city of Toronto as the area to buy their new home, up 8 points since December. This leaves 37% who plan on buying elsewhere in the GTA, 13% elsewhere in Ontario, and just 1% somewhere in Canada outside of Ontario.
- The overwhelming majority of 416 home buyers plan to purchase within the city of Toronto, while 905 buyers are more likely to stick to the suburbs or move outside the GTA.



4. In which area of the GTA will you most likely purchase a home?

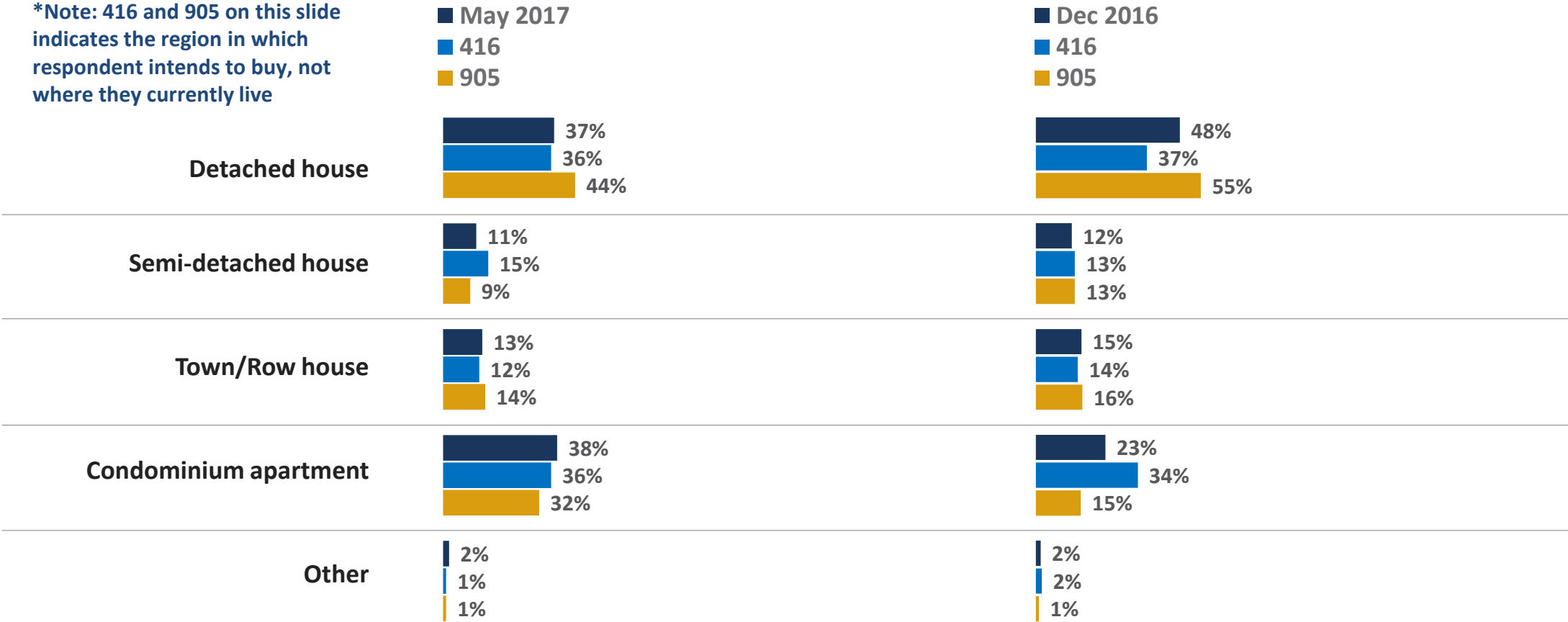
Base: Likely To Purchase. May 2017 (n=1376); 416 (n=781); 905 (n=595). Dec 2016 (n=1,001); 416 (n=455); 905 (n=546). Nov 2015 (n=1000); 416 (n=490); 905 (n=510)



# Type of Home Most Likely to Purchase

- Across the GTA, prospective homebuyers are significantly more likely to consider buying condos, and less likely to purchase detached houses, compared to last December.

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

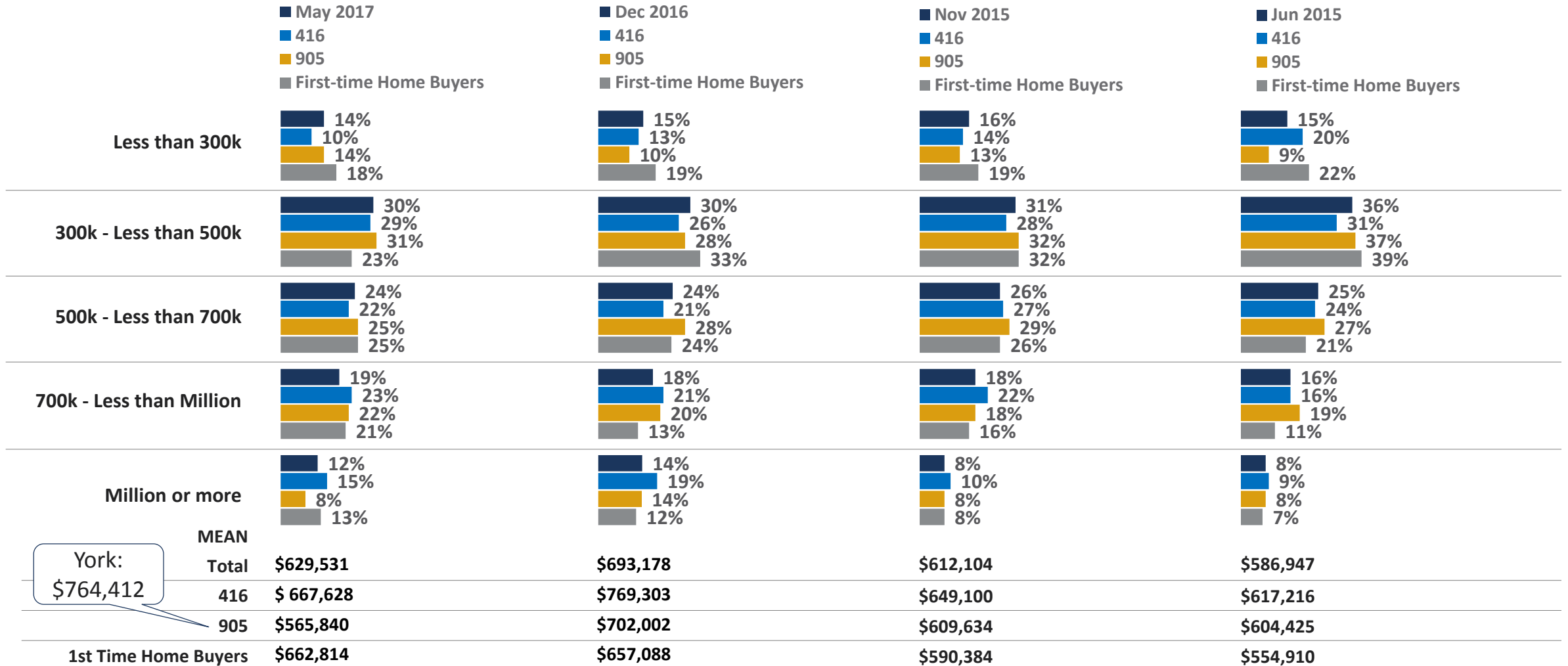


5. What type of home are you most likely to purchase?  
 Base: Likely To Purchase. May 2017 (n=1376); 416 (n=338); 905 (n=327). Dec 2016 (n=1,001); 416 (n=324); 905 (n=369). Nov 2015 (n=1000); 416 (n=450); 905 (n=400); June 2015 (n=768), 416 (n=347); 905 (n=312);

# Estimated Purchase Price of Home

- On average, GTA home buyers expect to pay about \$630,000 for their new home. Nearly half (44%) think they'll pay under \$500K. The average estimated purchase price is highest in York, where buyers expect to pay over \$764K for their new home.

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

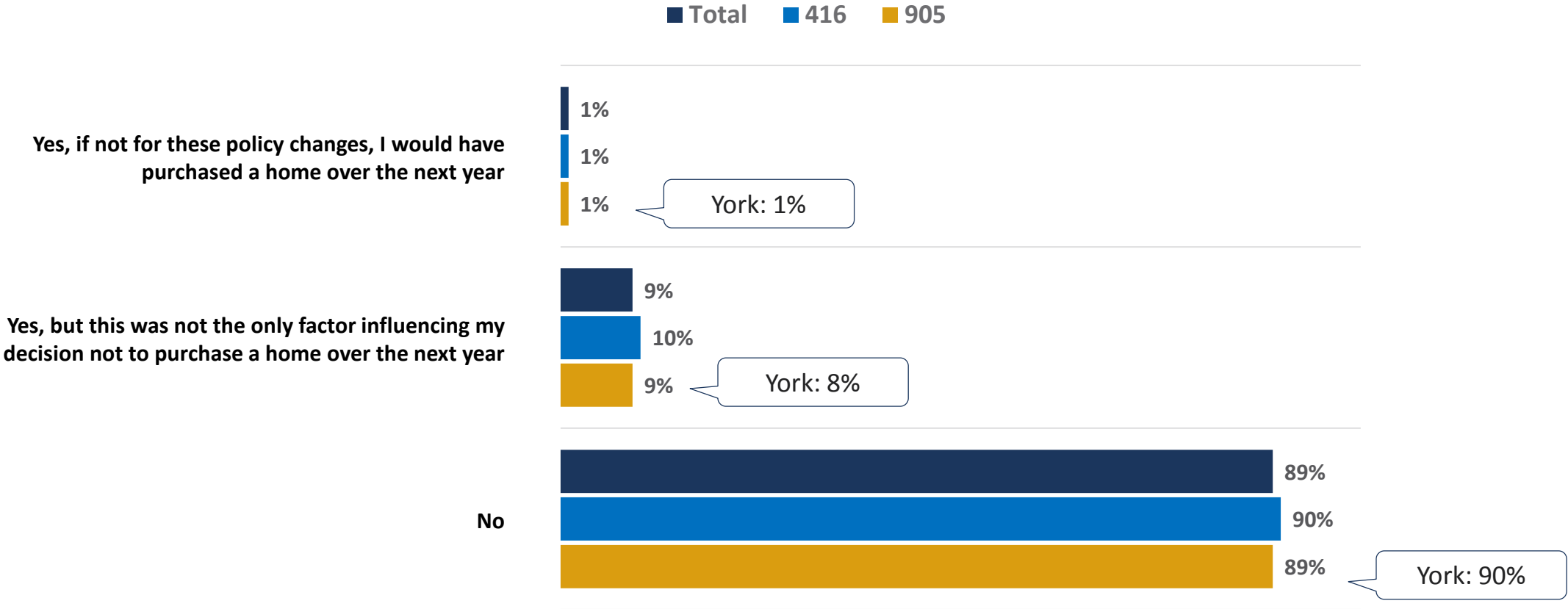


7. What do you think the purchase price of this home will be?

Base: Likely to Purchase. May 2017 (n=1368); 416 (n=338); 905 (n=327); First Time Home Buyers (n=244). Dec 2016 (n=679); 416 (n=329); 905 (n=253); 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)

# Did Recent Policy Changes Impact Your Decision NOT to Purchase?

- While a majority of those who aren't likely to buy a home in the next year say that changes to the Fair Housing Plan didn't contribute to their decision, one in ten (9%) say it was a factor in their deciding not to sell.
- This pattern is consistent across regions. Nine in ten York residents say the changes didn't influence their decision to stay put.



Q2B. Did the recent policy changes made by the Ontario Provincial Government in the Ontario Fair Housing Plan specifically influence your decision NOT to purchase a home over the next year? The Fair Housing Plan includes a tax on foreign buyers, rent controls, measures to increase housing supply and measures to address tax avoidance. Base: All Respondents. May 2017 (n=2016); 416 (n=979); 905 (n=1037).

# Mid-Year Consumer Survey and Market Update



Jason  
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Toronto Real Estate Board*



**Toronto  
Real Estate  
Board**

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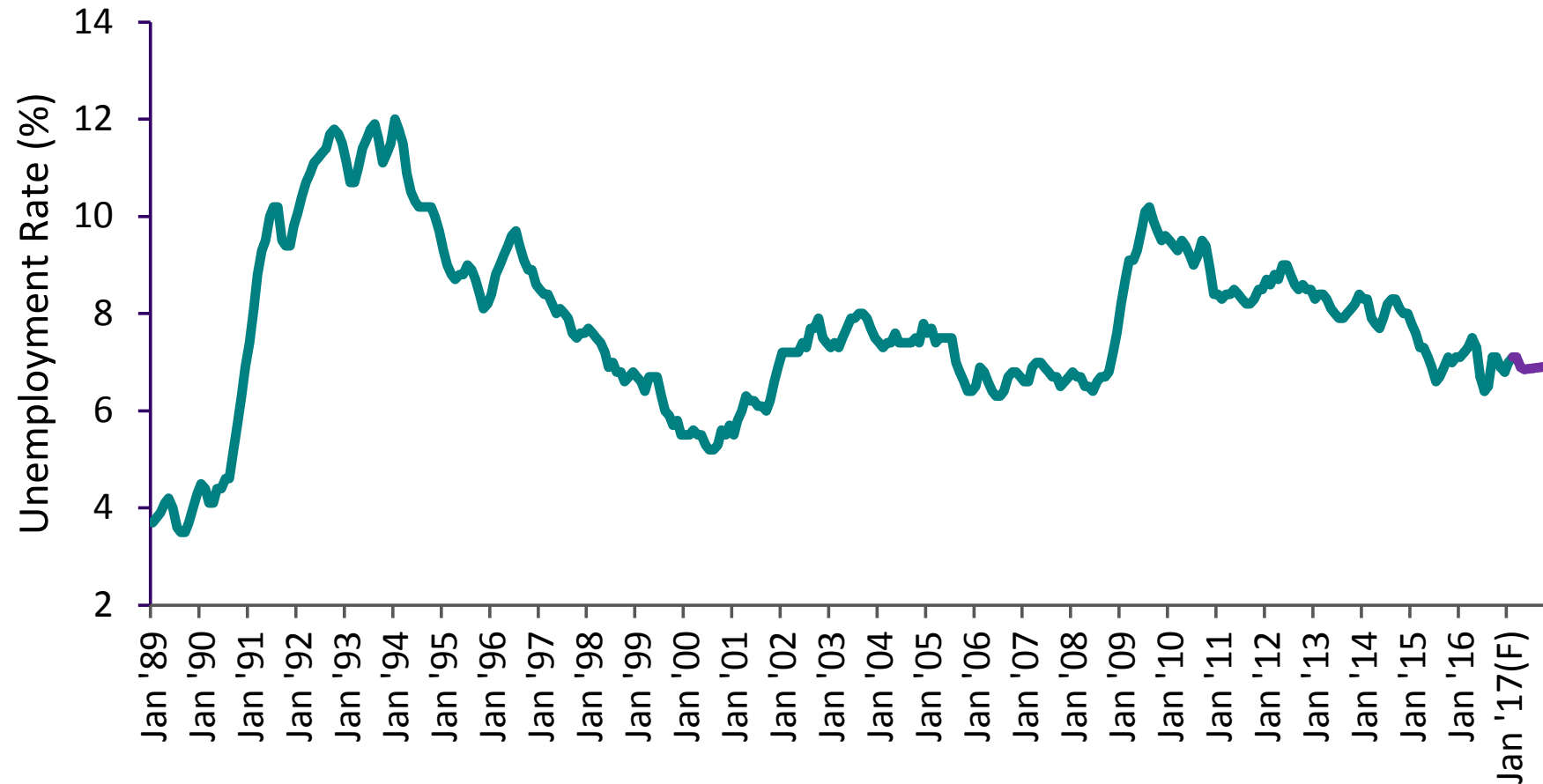
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# Unemployment Rate Remains Quite Low

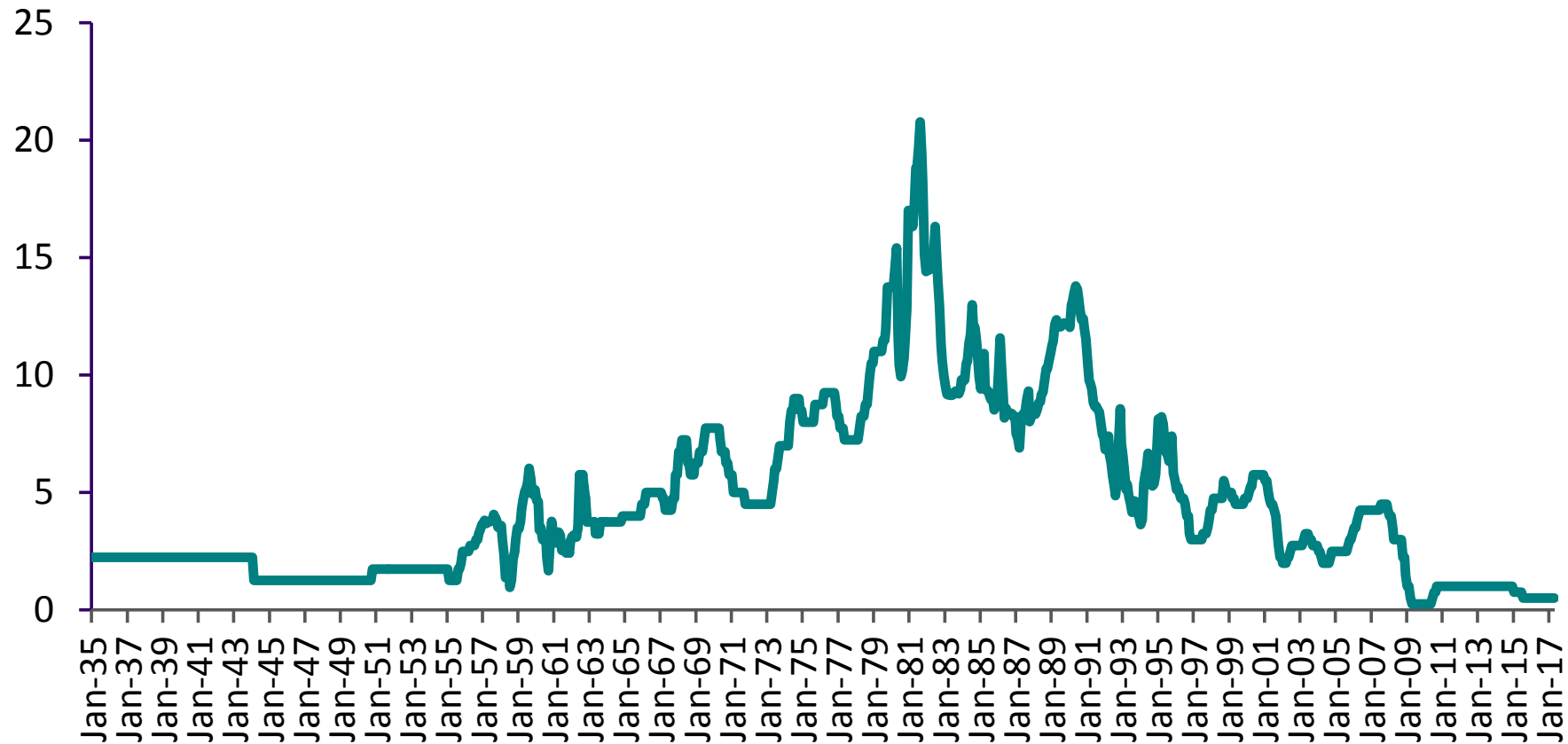
## GTA Unemployment Rate (Seasonally Adjusted)



Source: Statistics Canada

# Bank of Canada: Target for Overnight Rate

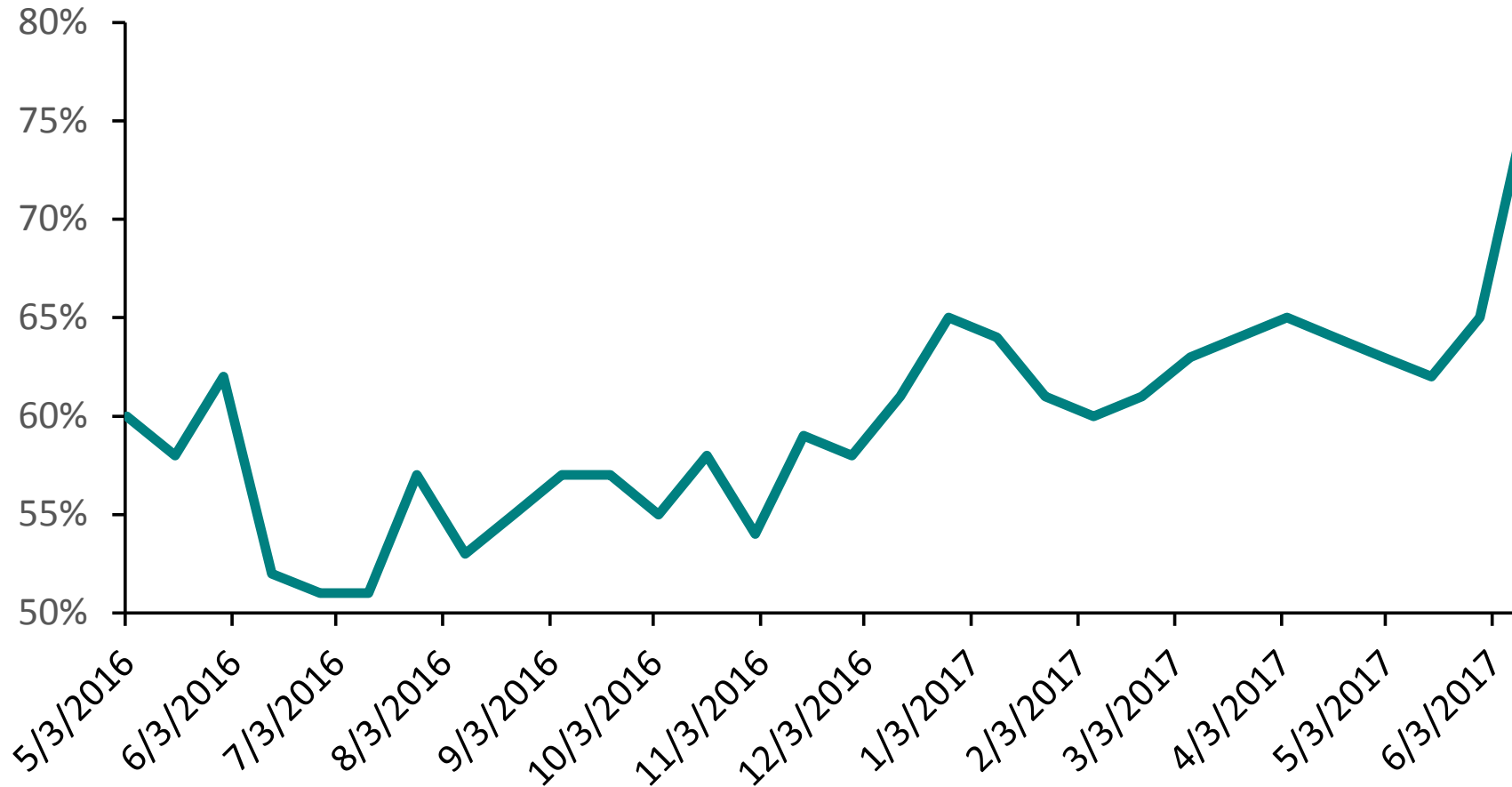
## Bank of Canada Target for the Overnight Lending Rate



Source: Statistics Canada

# Probability of Rate Hike Increasing

## 1-Year Treasury Bill Yield



Source: Bank of Canada

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