Toronto Regional Real Estate Board
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NEWS RELEASE

TRREB UNVEILS KEY MARKET DRIVERS FOR 2022 AND JANUARY NUMBERS

TORONTO, ON, February 3, 2022 – The market outlook for 2022 is calling for strong home sales in the Greater Toronto Area (GTA) with the average selling price expected to hit a new record. The latest polling conducted for the Toronto Regional Real Estate Board (TRREB) by Ipsos shows detached homes are on the top of the list for buyers while the percentage of first-time home buyers will likely drop this year. Meanwhile, January began the same way December ended with home sales down.

Today, TRREB is releasing its much-anticipated *2022 Market Outlook and 2021 Year in Review* report which includes an eagerly awaited forecast for sales and average selling price, the latest consumer polling results on home buying and selling intentions and joint research with the Toronto Region Board of Trade and Maru Public Opinion on post-pandemic back-to-work and employment scenarios.

Delve into the full report, *The Post-Pandemic Future: Communities, Housing & Employment* and discover highlights and key trends in our digital digest.

Market Outlook Summary

The following points summarize TRREB's outlook for 2022:

- Total home sales reported through TRREB's MLS® System in the GTA will reach 110,000, representing a dip from 2021, but still a strong result in comparison to previous years.

- The average selling price for all home types combined is set to climb to $1,225,000, an approximate increase of 12 per cent when compared to last year.

- In addition to labour market conditions and population growth, the prospect of multiple interest rate hikes by the Bank of Canada this year will be an important factor impacting housing markets in 2022. While BoC tightening cycles have historically led to fewer transactions, it is important to remember that home buyers have recently been held to a much higher qualification standard under the OSFI stress test. This could mitigate the impact of higher contract mortgage rates moving forward.

"Immigration into Canada and the GTA is expected to be at or near record levels in 2022. All of these people will require a place to live. On top of this, job creation in average to above-average income sectors is expected to remain strong, further buoying consumer confidence to make a large-ticket purchase of a home. Unfortunately, the supply of listings will remain constrained, sustaining strong competition between buyers and double-digit growth in selling prices," said TRREB President Kevin Crigger.

"While home sales will remain strong historically, there are a few key factors that will see transactions slightly off last year's record pace. First, higher borrowing costs in 2022 will see some households on the margin of affordability temporarily put their purchase on hold. Second, after above-average per capita home sales in 2021, there will be some give-back in 2022, simply because the pool of ready buyers will be smaller. Finally, the perpetual lack of inventory in the GTA will preclude some willing buyers from getting a deal done – simply put: you can't buy what's not available for sale," added TRREB Chief Market Analyst Jason Mercer.

Latest Ipsos Consumer Polling Results

The latest consumer polling by Ipsos supports TRREB's forecast for 2022, including the following points:

- Overall buying intentions for 2022 have dipped relative to previous years. However, the share of those who indicated that they are very likely to buy in 2022 remained in line with the last number of years. The bottom line is that those who are fully committed to a home purchase will do so in 2022, whereas some of those on the fence may put their decision on hold.

- Detached houses remain most popular with intending buyers, especially in suburban areas. In the City of Toronto, a higher share of intending buyers will be focussed on condominium apartments and higher density low-rise home types.

- Overall, the percentage of first-time buyers is likely to drop. The dip will be driven by lower intentions in the suburban 905 area code regions surrounding Toronto. In the '416' area code, first-time buyer activity could actually increase compared to last year. This likely follows the resurgence in condominium apartment demand we experienced in 2021.

- The share of existing homeowners very likely to list their home for sale in 2022 will be down for the GTA, including both Toronto and surrounding suburban regions. Listing intentions are down more so in the '905' area codes. Given sales above the demographic norm over the past year, it makes sense that listing intentions are down. In addition, there still exists a vicious circle where homeowners will decide not to list because they fear they will not be able to find another home that meets their needs.

- Ipsos also looked at home buying intentions for those respondents who had immigrated to Canada. Home buying intentions for 2022 are higher amongst immigrant households and so too is the intended purchase price. This is important given that net population growth in the GTA is driven by immigration.

January 2022 Home Sales Dip from Last Year's Record Result

- There were 5,636 sales reported through the TRREB MLS® System in January 2022 – down by 18.2 per cent compared to 6,888 sales in January 2021. While sales were down substantially compared last year's record result, the January 2022 result was the second best in history for the month. This result is in line with TRREB's forecast for a strong sales result in 2022, but off the 2021 record.

- New listings were down by a similar annual rate (-15.5 per cent) as sales. Because sales and new listings moved in relative lockstep, active listings at the end of January amounted to 4,140 – down by 44 per cent to the lowest level in more than two decades.

- The continuation of tight market conditions resulted in a 33.3 per cent annual increase in the MLS® Home Price Index Composite benchmark. Similarly, the average selling price was up by 28.6 per cent year-over-year to $1,242,793.

"It is clear that 2022 is starting off the way 2021 ended in terms of the relationship between demand and supply in the GTA housing market. We have provincial and municipal elections this year in Ontario. These are the levels of government whose policies impact real estate development the most. With this in mind, it will be very important for voters to understand exactly what parties and individuals vying for public office propose to do to alleviate the lack of inventory and housing choice in the GTA in the years to come," said TRREB CEO John DiMichele.

Navigating the New Normal

TRREB's joint research with the Toronto Region Board of Trade and Maru Public Opinion brings together insights from both business executives and workers on what the "new normal" may look like and how real estate needs, employment and work patterns may shift in response.

A summary of results are as follows:

- There is a need for a hybrid of flexible post-COVID working arrangements.
- Downtown core offices may not need to accommodate as many people as before COVID as a result of continued working from home.
- Policies may need to balance the desire to keep working from home while also making use of the office.
- There are many implications for real estate and related infrastructure like transit and economic activity including ancillary spending on retail that will need to be considered in more detail.

"Employers and workers are navigating what the emerging world of work will look like, including evolving corporate cultures and developing hybrid work patterns," said Craig Ruttan, Policy Director, Energy, Environment and Land Use at the Toronto Region Board of Trade. "While offices will remain vital meeting places for many companies, their purposes and function will evolve to respond to workers' priorities."

Summary of TRREB MLS® Sales and Average Price January 1–31, 2022						
	2022			2021		
	Sales	Average Price	New Listings	Sales	Average Price	New Listings
City of Toronto ("416")	2,247	1,073,111	3,110	2,653	865,261	3,552
Rest of GTA ("905")	3,389	1,355,298	4,869	4,235	1,029,219	5,886
GTA	5,636	1,242,793	7,979	6,888	966,068	9,438

Source: Toronto Regional Real Estate Board

TRREB MLS® Sales & Average Price By Home Type January 1–31, 2022						
	Sales			Average Price		
	416	905	Total	416	905	Total
Detached	476	1,763	2,239	1,886,413	1,702,143	1,741,318
Yr./Yr. % Change	-7.6%	-20.8%	-18.3%	19.2%	30.4%	28.3%
Semi-Detached	144	301	445	1,471,535	1,236,081	1,312,273
Yr./Yr. % Change	-11.1%	-11.7%	-11.5%	22.1%	37.3%	31.5%
Townhouse	203	688	891	1,080,284	1,083,801	1,083,000
Yr./Yr. % Change	-21.6%	-20.0%	-20.4%	32.6%	35.5%	34.8%
Condo Apartment	1,409	607	2,016	760,643	720,532	748,566
Yr./Yr. % Change	-17.0%	-20.9%	-18.2%	21.7%	31.6%	24.5%

January 2022 Year-Over-Year Per Cent Change in the MLS® HPI

	Composite (All Types)	Single-Family Detached	Single-Family Attached	Townhouse	Apartment
TRREB Total	33.29%	36.21%	36.53%	30.98%	26.11%
Halton Region	32.44%	32.54%	35.02%	31.20%	23.76%
Peel Region	38.15%	41.25%	41.15%	32.06%	29.01%
City of Toronto	24.64%	26.48%	22.60%	23.22%	24.36%
York Region	38.18%	37.78%	41.89%	36.41%	33.78%
Durham Region	44.58%	44.78%	45.55%	43.79%	34.69%
Orangeville	40.74%	40.34%	41.25%	49.70%	25.14%
South Simcoe County[1]	36.84%	37.01%	46.10%	45.12%	33.11%

Source: Toronto Regional Real Estate Board

[1]South Simcoe includes Adjala-Tosorontio, Bradford West Gwillimbury, Essa, Innisfil and New Tecumseth

Seasonally Adjusted TRREB MLS® Sales and Average Price[1]

	Sales	Month-over-Month % Chg.	Average Price	Month-over-Month % Chg.
January '21	11,525	3.4%	$1,005,209	3.6%
February '21	12,526	8.7%	$1,029,312	2.4%
March '21	12,739	1.7%	$1,086,513	5.6%
April '21	10,317	-19.0%	$1,050,046	-3.4%
May '21	9,731	-5.7%	$1,063,641	1.3%
June '21	9,045	-7.0%	$1,065,498	0.2%
July '21	9,067	0.2%	$1,078,908	1.3%
August '21	8,852	-2.4%	$1,106,477	2.6%
September '21	9,016	1.9%	$1,129,554	2.1%
October '21	9,948	10.3%	$1,147,344	1.6%
November '21	9,691	-2.6%	$1,176,811	2.6%
December '21	9,668	-0.2%	$1,206,571	2.5%
January '22	9,602	-0.7%	$1,290,297	6.9%

Source: Toronto Regional Real Estate Board; CREA Seasonal Adjustment. 1 Preliminary seasonal adjustment undertaken by the Canadian Real Estate Association (CREA). Removing normal seasonal variations allows for more meaningful analysis of monthly changes and underlying trends

TRREB Annual MLS® System Statistics

2022 Sales and Average Price Outlook

Year	Sales	Average Price
2016	113,040	$729,821
2017	92,340	$822,496
2018	78,018	$787,845
2019	87,750	$819,853
2020	95,115	$929,692
2021	121,693	$1,095,419
2022(F)	110,000	$1,225,000

Source: TRREB

FOR THE FULL REPORT, CLICK HERE.

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