

BORROWING COSTS AND HOUSING SUPPLY IMPACTING THE GTA REAL ESTATE MARKET *TRREB Calls for Longer Amortization Periods and More Flexible Stress Test*

TORONTO, ONTARIO, September 2, 2022 – There were 5,627 home sales reported through the Toronto Regional Real Estate Board's (TRREB) MLS® System in August 2022, representing a year-over-year dip of 34.2 per cent – a lesser annual rate of decline compared to the previous four months. The August sales result also represented a month-over-month increase compared to July.

Sales represented a higher share of new listings compared to the previous three months. If this trend continues, it could indicate some support for selling prices in the months ahead. On a year-over-year basis, the MLS® Home Price Index (HPI) was up by 8.9 per cent and the average selling price for all home types combined was up by 0.9 per cent to \$1,079,500. The average selling price was also up slightly month-over-month, while the HPI Composite was lower compared to July. Monthly growth in the average price versus a dip in the HPI Composite suggests a greater share of more expensive home types sold in August.

“While higher borrowing costs have impacted home purchase decisions, existing homeowners nearing mortgage renewal are also facing higher costs. There is room for the federal government to provide for greater housing affordability for existing homeowners by removing the stress test when existing mortgages are switched to a new lender, allowing for greater competition in the mortgage market. Further, allowing for longer amortization periods on mortgage renewals would assist current homeowners in an inflationary environment where everyday costs have risen dramatically,” said TRREB President Kevin Crigger.

“The Office of the Superintendent of Financial Institutions (OSFI) should weigh in on whether the current stress test remains applicable. Is it reasonable to test home buyers at two percentage points above the current elevated rates, or should a more flexible test be applied that follows the interest rate cycle? In addition, OSFI should consider removing the stress test for existing mortgage holders who want to shop for the best possible rate at renewal rather than forcing them to stay with their existing lender to avoid the stress test. This is especially the case when no additional funds are being requested,” said TRREB CEO John DiMichele.

“There are other issues beyond borrowing costs impacting housing affordability in the Greater Golden Horseshoe. The ability to bring on more supply is the longer-term challenge. However, we are moving in the right direction on this front. The strong mayor proposal from the province coupled with the recent commitment from Toronto Mayor John Tory to expand ownership and rental housing options are examples of this. TRREB looks forward to hearing additional initiatives from candidates vying for office in the upcoming municipal elections,” said TRREB Chief Market Analyst Jason Mercer.

Summary of TRREB MLS® System Sales and Average Price August 1–31, 2022						
	2022			2021		
	Sales	Average Price	New Listings	Sales	Average Price	New Listings
City of Toronto ("416")	1,892	1,031,979	3,785	2,988	999,510	4,212
Rest of GTA ("905")	3,735	1,103,573	6,752	5,561	1,108,184	6,403
GTA	5,627	1,079,500	10,537	8,549	1,070,201	10,615

TRREB MLS® System Sales & Average Price by Home Type August 1–31, 2022						
	Sales			Average Price		
	416	905	Total	416	905	Total
Detached	511	2,084	2,595	1,648,298	1,313,839	1,379,700
Yr./Yr. % Change	-26.0%	-30.3%	-29.5%	-1.7%	-3.7%	-3.1%
Semi-Detached	159	367	526	1,127,429	942,628	998,490
Yr./Yr. % Change	-29.6%	-28.7%	-29.0%	-7.3%	-1.1%	-3.4%
Townhouse	182	753	935	913,410	897,140	900,307
Yr./Yr. % Change	-44.0%	-35.9%	-37.7%	0.4%	3.7%	2.9%
Condo Apartment	1,028	479	1,507	736,940	656,339	711,321
Yr./Yr. % Change	-40.6%	-40.5%	-40.6%	2.6%	6.0%	3.6%

August 2022 Year-Over-Year Per Cent Change in the MLS® HPI					
	Composite (All Types)	Single-Family Detached	Single-Family Attached	Townhouse	Apartment
TRREB Total	8.85%	6.45%	8.38%	11.79%	17.87%
Halton Region	1.66%	0.62%	1.47%	3.46%	11.38%
Peel Region	10.65%	9.59%	8.70%	13.17%	19.44%
City of Toronto	9.76%	4.99%	7.23%	15.18%	17.61%
York Region	11.52%	9.12%	13.28%	15.45%	20.83%
Durham Region	6.99%	6.39%	7.16%	11.66%	18.31%
Orangeville	8.72%	7.20%	8.71%	17.65%	27.97%
South Simcoe County¹	9.30%	9.03%	10.90%	12.10%	20.73%

Source: Toronto Regional Real Estate Board

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

Please note the methodology used to calculate MLS® HPI has been changed. For more information, click [HERE](#).

Year-to-Date Summary of TRREB MLS® System Sales and Average Price August 2022

	2022			2021		
	Sales	Average Price	New Listings	Sales	Average Price	New Listings
City of Toronto ("416")	21,231	1,165,794	41,772	30,359	1,042,507	45,742
Rest of GTA ("905")	36,444	1,258,251	76,482	57,536	1,089,770	80,393
GTA	57,675	1,224,216	118,254	87,895	1,073,445	126,135

YTD TRREB MLS® System Sales & Average Price by Home Type August 2022

	Sales			Average Price		
	416	905	Total	416	905	Total
Detached	5,748	19,894	25,642	1,860,675	1,522,968	1,598,670
Yr./Yr. % Change	-28.6%	-38.3%	-36.4%	9.9%	15.0%	14.4%
Semi-Detached	1,939	3,404	5,343	1,421,261	1,109,189	1,222,442
Yr./Yr. % Change	-30.3%	-36.4%	-34.3%	11.1%	19.5%	16.6%
Townhouse	2,128	7,590	9,718	1,060,987	1,006,280	1,018,260
Yr./Yr. % Change	-36.6%	-36.6%	-36.6%	14.5%	19.8%	18.6%
Condo Apartment	11,262	5,199	16,461	792,778	721,792	770,358
Yr./Yr. % Change	-29.6%	-29.0%	-29.4%	13.0%	21.2%	15.3%

Source: Toronto Regional Real Estate Board

Seasonally Adjusted TRREB MLS® Sales and Average Price¹

	Sales	Month-over-Month %		Average Price	Month-over-Month %	
			Chg.			Chg.
August '21	9,413		-3.1%	\$1,117,762		2.7%
September '21	9,311		-1.1%	\$1,140,007		2.0%
October '21	9,925		6.6%	\$1,155,104		1.3%
November '21	9,335		-5.9%	\$1,181,226		2.3%
December '21	8,983		-3.8%	\$1,210,375		2.5%
January '22	8,645		-3.8%	\$1,272,097		5.1%
February '22	9,163		6.0%	\$1,285,129		1.0%
March '22	7,876		-14.0%	\$1,252,680		-2.5%
April '22	6,631		-15.8%	\$1,204,076		-3.9%
May '22	6,074		-8.4%	\$1,172,093		-2.7%
June '22	5,780		-4.8%	\$1,138,924		-2.8%
July '22	5,296		-8.4%	\$1,107,613		-2.7%
August '22	5,885		11.1%	\$1,130,463		2.1%

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.

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