



year
2023
in review



courtesy of

sutton group - old mill realty inc. brokerage
[independently owned + operated]
suttonoldmill.com | 416.234.2424

looking back 2023

From a bird's-eye view, surprisingly, the Toronto real estate market in 2023 closely resembled that of 2022. It was a year marked by discussions on interest rates, affordability, supply, volatility, and expectations. Furthermore, similar to 2022, we witnessed a robust spring, but the market decelerated in the second half, reaching a 20-year record low in sales activity. Our annual retrospective analysis of 2023 has revealed the following three insights.

[Insight #1] Expect the Unexpected

The 2023 real estate market took us on a roller coaster ride. When last year's report was written, the Bank of Canada had signalled that the eighth consecutive interest rate hike in January 2023 would likely be the last. Many buyers and sellers who were on the sidelines re-entered the marketplace, leading to a heated spring market. However, early summer brought two more interest rate hikes and a surge in resale inventory, thwarting the relatively strong start to the year. In last year's report, we anticipated a return to stability in 2023, but as we have come to learn, we should have instead expected the unexpected.

[Insight #2] Front-Loaded... Again.

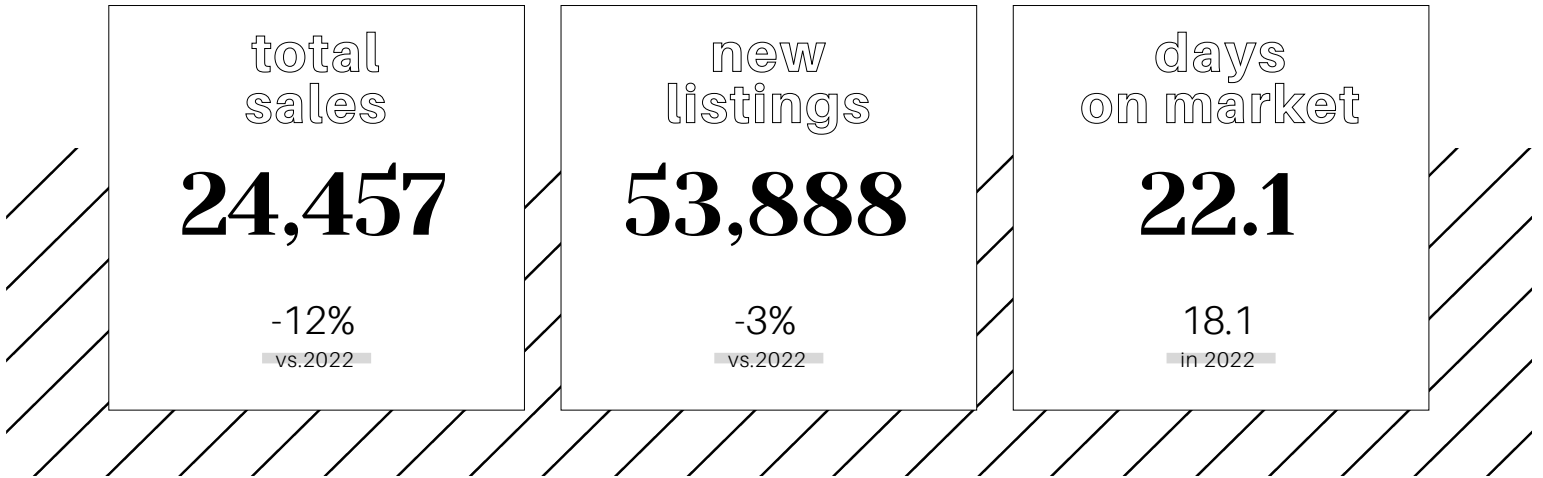
Toronto real estate in 2023 was once again front-loaded due to the market response to the mid-year Bank of Canada rate increase. The second half of 2023 witnessed a high percentage of properties being re-listed after the original listings did not progress as planned. It was also a time when foregone offer conditions and terms were reintroduced into listings and contracts, such as "sold conditional on the sale of the buyer's property" and "vendor take-back mortgages." These terms were indicative of the times. The bigger question is whether this cycle can be broken in 2024.

[Insight #3] Price Resiliency

As the saying goes, change is the only constant - the Toronto real estate market has evolved. It changed in 2020, 2021, and 2022. Just when we thought that 2023 would bring a return to stability, it changed again. If nothing else, 2023 once again demonstrated the resilience of the Toronto real estate market. Despite record low sales, record high interest rates, and a general "buyer's market" environment, the average price of Toronto real estate in 2023 decreased moderately by -3% [\$1,084,713] compared to the record high prices of 2022 [\$1,117,197], remaining up +2% vs. 2021 and +7% vs. 2020.

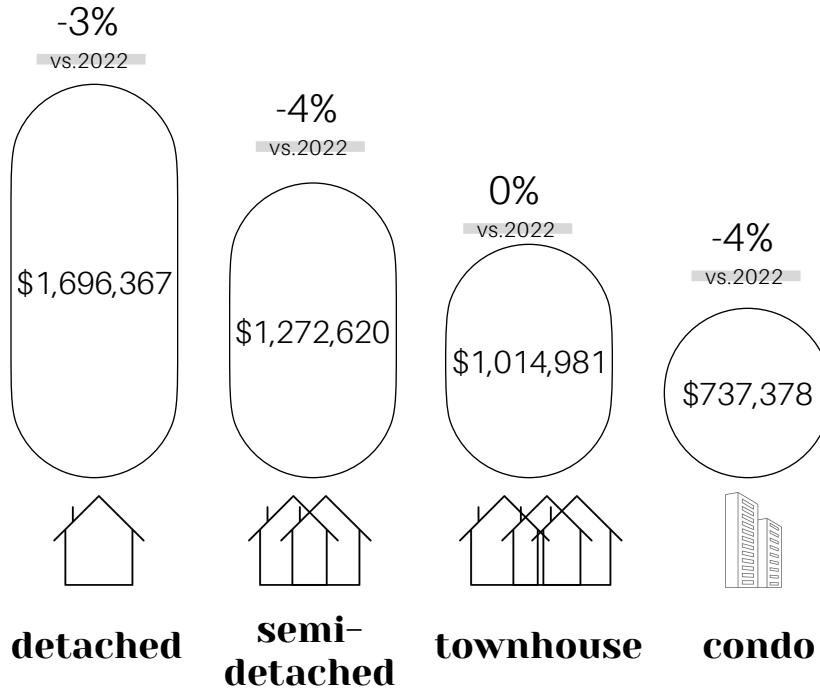
For those interested in details, the following report delves into the highs, lows, and nuances of the past year, concluding with our expectations for the upcoming year.

2023 year in review numbers



the average price of **all sales** in Toronto was **\$1,084,713**

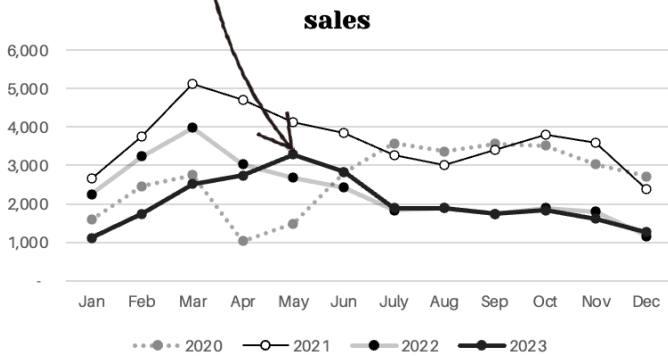
-3% vs. 2022



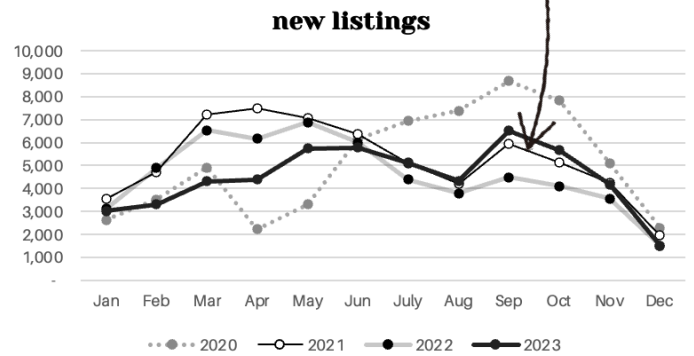
average price

digging deeper monthly trends

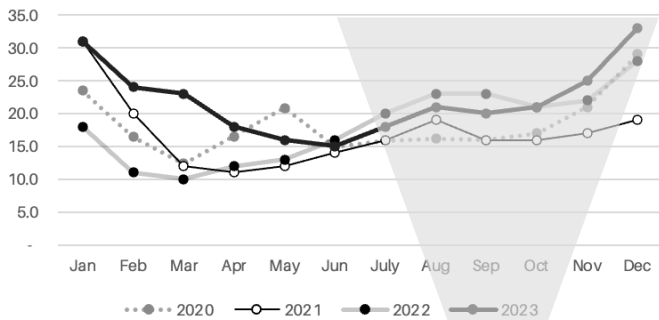
2023 market peak = may



fall market attempts to return

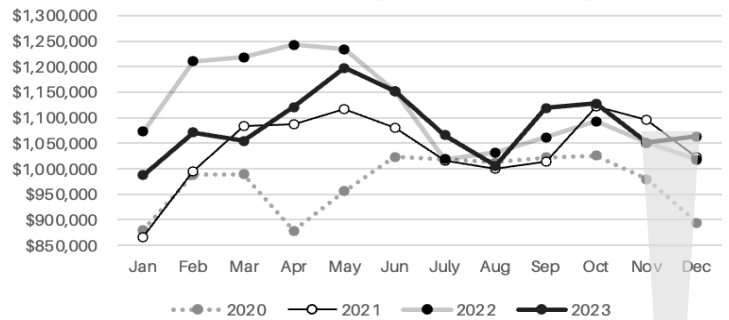


average days on market



impact of slowing market conditions similar to 2022

average price [all home types]



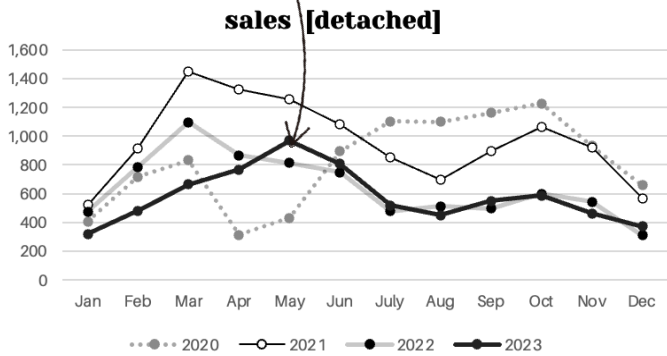
an atypical MOM increase from Nov to Dec - is it a possible indication that demand returning?



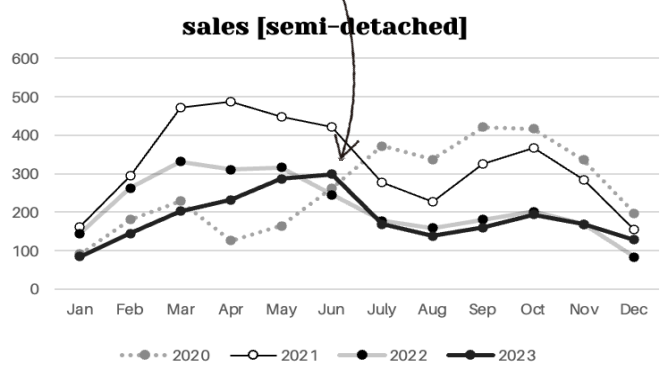
digging deeper sales

by property type

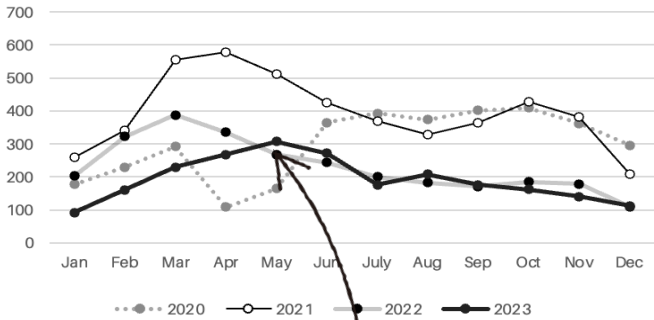
2023 market peak = may
970 sales



2023 market peak = june
298 sales

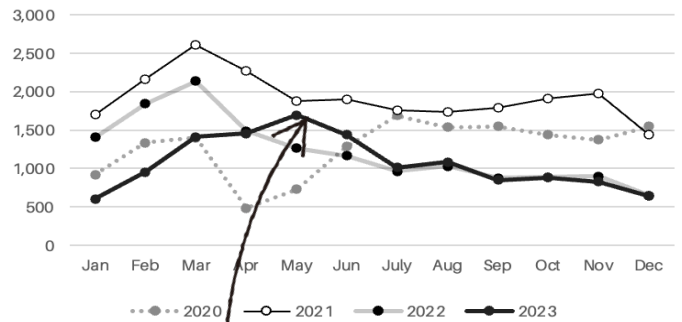


sales [townhouse]



2023 market peak = may
307 sales

sales [condo]



2023 market peak = may
1694 sales

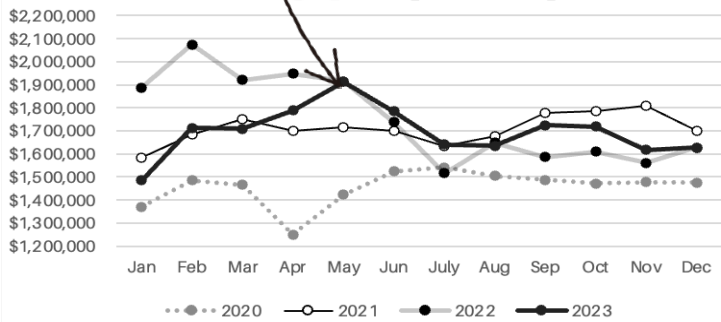


digging average price deeper

by property type

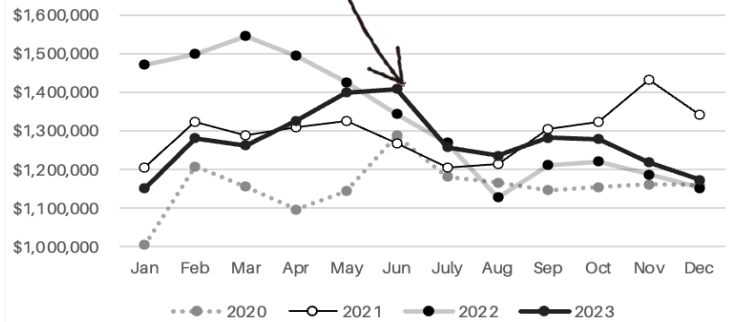
2023 market peak = may
@ \$1,913,132

average price [detached]

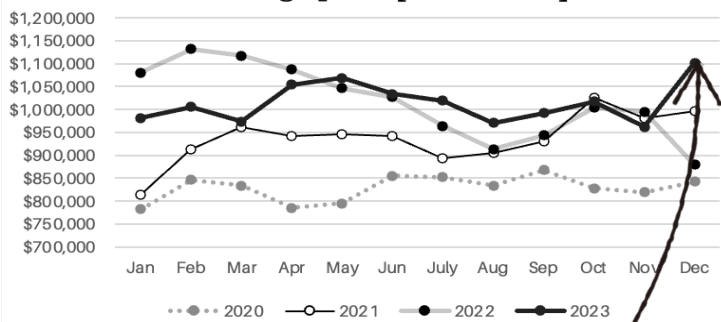


2023 market peak = june
@ \$1,408,550

average price [semi-detached]

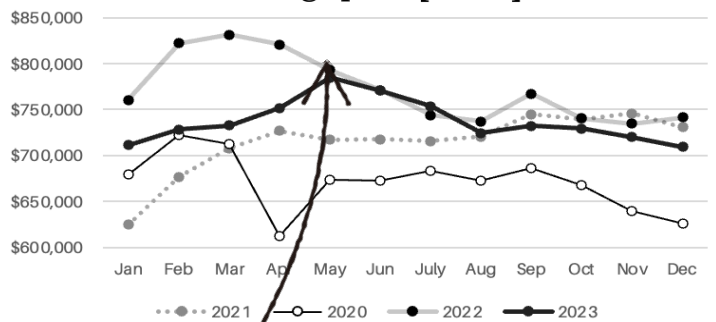


average price [townhouse]



2023 market peak =
december @ \$1,101,416

average price [condo]

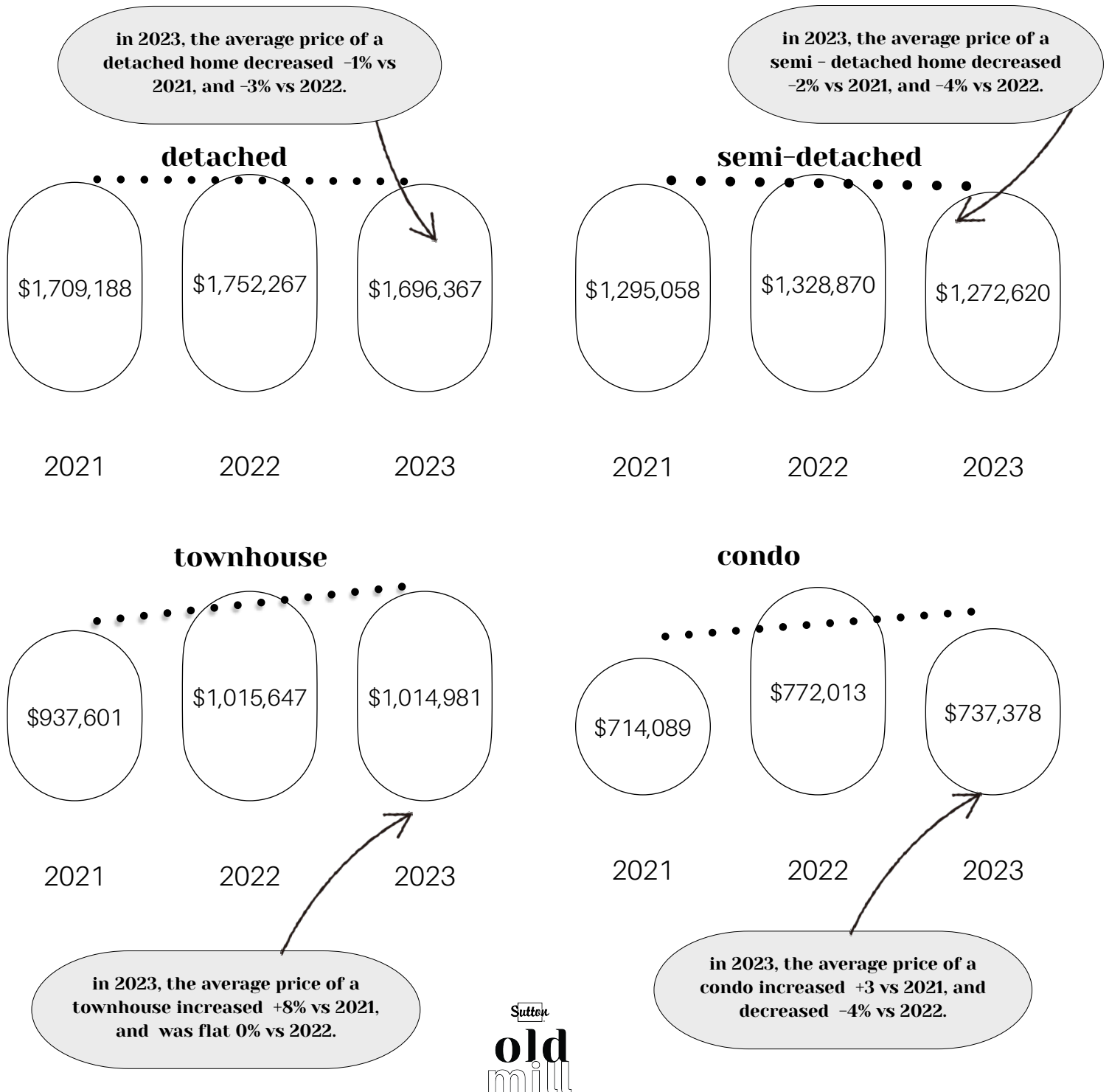


2023 market peak = may
@ \$784,914



digging deeper three year trends

average prices



looking forward 2024

So, what can we expect in 2024? Affordability and supply will be at the forefront of the minds of many Torontonians contemplating a real estate transaction. We anticipate Toronto real estate in 2024 to be another transitional year. The following are three key predictions for Toronto real estate in 2024.

A Delicate Balance

There is clear evidence of how rate-sensitive Toronto real estate is. When, and hopefully not if, the Bank of Canada reduces interest rates in 2024, we anticipate a resurgence in sales. However, the Bank of Canada has been clear in stating its concern about the risk to inflation that a surging housing market may create. We anticipate a very slow and conservative approach to rate reductions to help temper an overly hot real estate market resurgence. Some forecasts suggest that the cloud of unaffordability hanging over the housing market could start to lift later this year, providing prospective buyers a path to ownership, but only if we realize a "gradual lift-off." Slow and steady is the goal - can pent-up demand be moderated?

Supply + Prices

A chicken-and-egg situation will exist until buyers and sellers can reconcile their expectations. We are confident that a substantial number of buyers will be ready to purchase but will only be able to do so once sellers re-enter the market. On the flip side, we are equally confident that sellers will be ready to list their homes for sale once they are confident that buyers will pay their desired price. We predict that the tipping point will occur when the collective expectation is that the Bank of Canada will cut rates. Home prices may not surge rapidly after rate cuts if supply continues to improve in the housing market. An influx of sellers would keep supply-demand conditions in balance and temper any upward pressure on demand.

It will be more important than ever for realtors and their clients to have a solid understanding of the micro and macro real estate market conditions, up-to-date intelligence of the mortgage market, and an eye on the political landscape. As the saying goes, "I can't change the direction of the wind, but I can adjust my sails to always reach my destination." All said, we anticipate a significantly more active year in 2024 compared to 2023 and look forward to helping our clients achieve their homeownership goals as the market evolves.

where find you'll us



sutton group - old mill realty inc. brokerage
[independently owned + operated]

call us 416.234.2424

email us oldmill@sutton.com

visit us suttonoldmill.com

follow us @suttonoldmill

