



# 2022 year in review



# looking back 2022

What began as an extension of 2021's high-flying real estate buying and selling frenzy soon enough tumbled and fell to a near standstill with the Bank of Canada's hiking interest rates. As rates rose, resale home sales fell and property sat on the sidelines far longer than expected, bucking the norm that Toronto's Sellers had become accustomed to - transitioning Toronto from a strong 'Sellers Market' into a 'Buyers Market'. Paradoxically 2022, much like 2021, remained another challenging year for home and condo Buyers due to supply and affordability, however the forces at play were quite different. We've taken a retrospective look at the year 2022 and identified the following three insights.

## **[insight #1] Front-Loaded**

Real estate in 2022 was definitely front-end loaded. The majority of real estate activity happened when properties were garnering the highest prices. A pronounced deceleration in transactions began in April, with the number of transactions dropping 24% from prior month, and continuing on a downward trend until years end. Average selling prices initially showed some resilience but soon followed with a similar downward decline. While each market segment experienced a slightly different trajectory, the general downward trend in prices began in June. The cause? Instability. The cause of the instability? That brings us to insight #2.

## **[insight #2] interest rates...rinse and repeat.**

Some could say it's a confluence of factors that lead to the instability - the war in Ukraine, supply chain, policy changes, etc. - but we believe the seven consecutive interest rate hikes in 2022 taking rates from 0.25% to 4.25% was the key source of housing market instability. The changing rate environment saw many would-be homebuyers put their purchasing decisions on-hold awaiting stability - fearing that they may be overpaying if home prices declined.

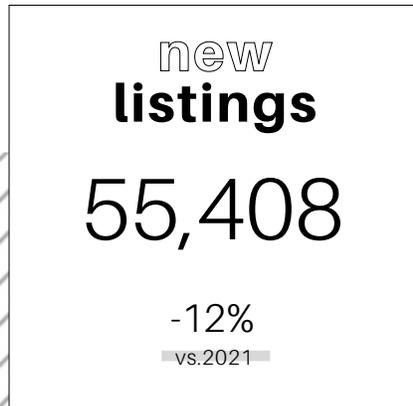
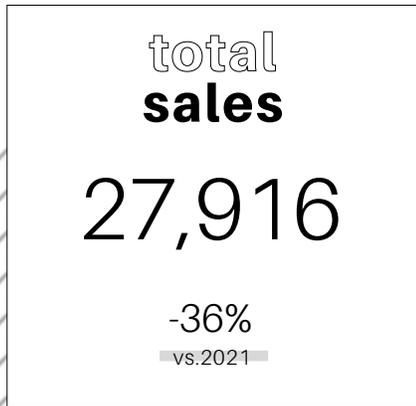
# looking back 2022

## [insight 3] unfamiliar territory

Toronto real estate could be safely described as dynamic market and even more so during in preceding 18 months. Torontonians are used to a very dynamic market and have come to expect fast turnover, multiple offers, quick decisions and healthy annual price appreciation. What Torontonians are not familiar with is a quieter market - with longer days on market, time for negotiations, and the possibility of short-term price depreciation. In this unfamiliar territory, many would-be home Buyers and Sellers pressed 'pause' on their plans.

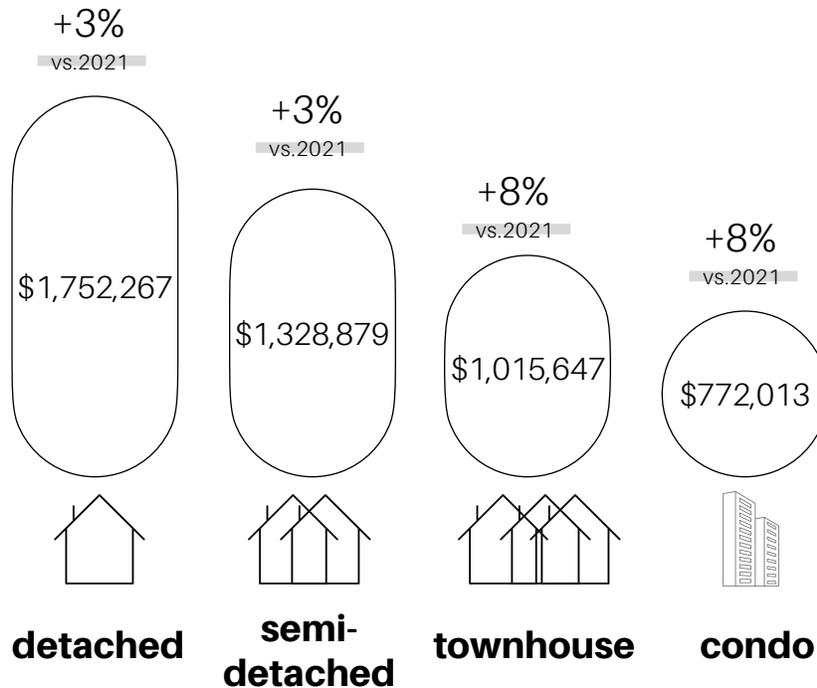
As an industry, one could say we, Realtors, were more prepared in 2022 vs. 2021 - but the harsh reality was the external environment was a considerable headwind for our client's homeownership goals.

# 2022 year in review numbers



the average price of all sales in Toronto was **\$1,117,197**

+7%  
vs.2021



## average price



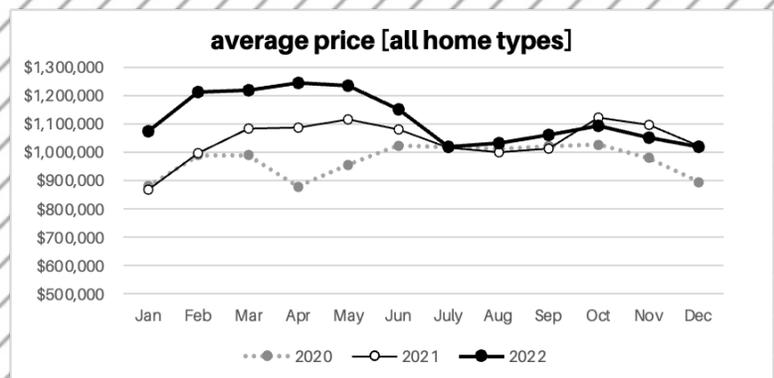
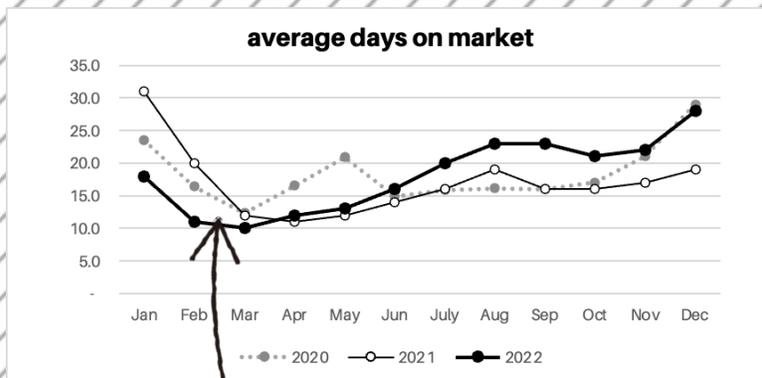
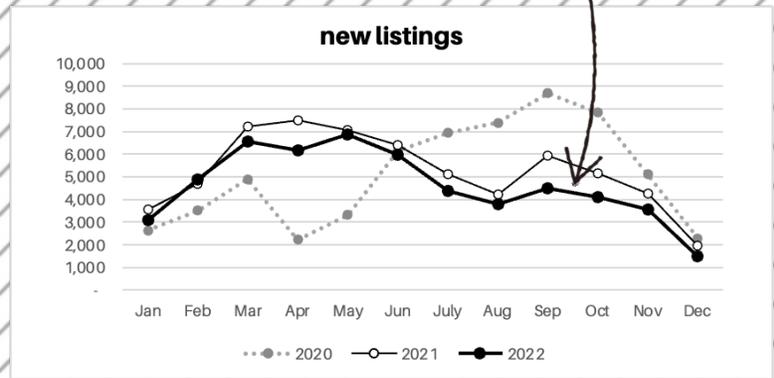
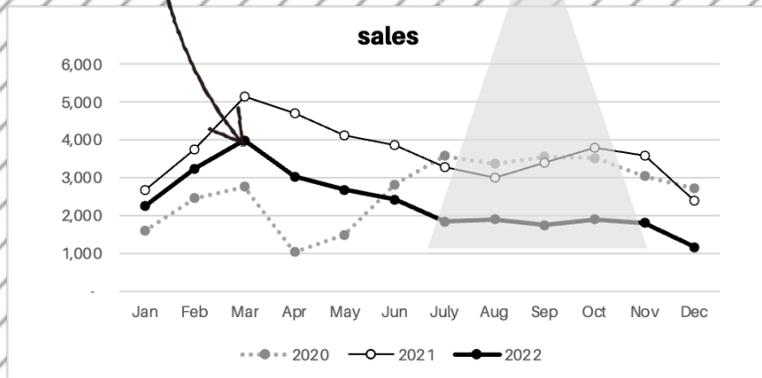
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# digging deeper monthly trends

market peak

market stabilization

low supply persists in 2022



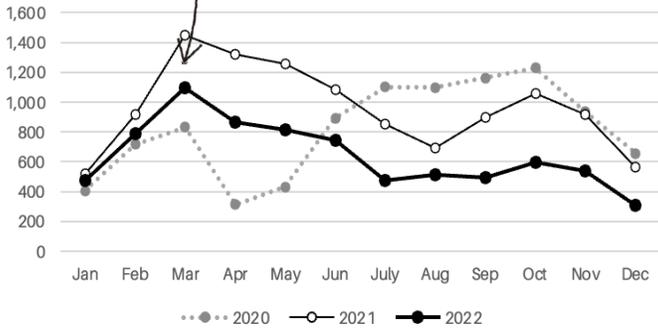
fact! properties listed in february + march 2022 were sold on average, within 10.5 days



# digging deeper sales by property type

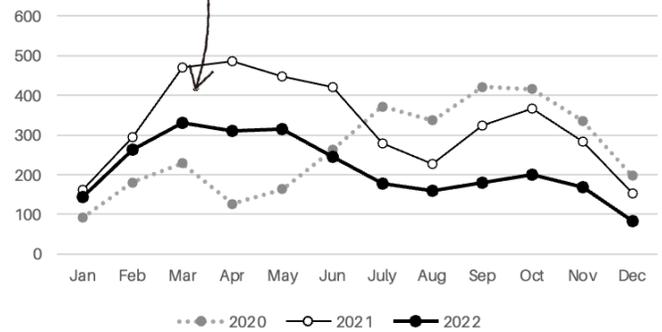
market peak

sales [detached]

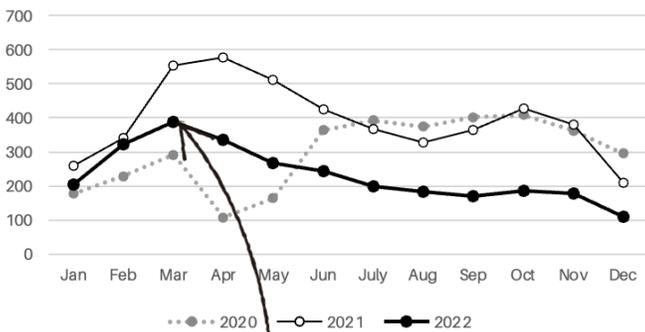


market peak

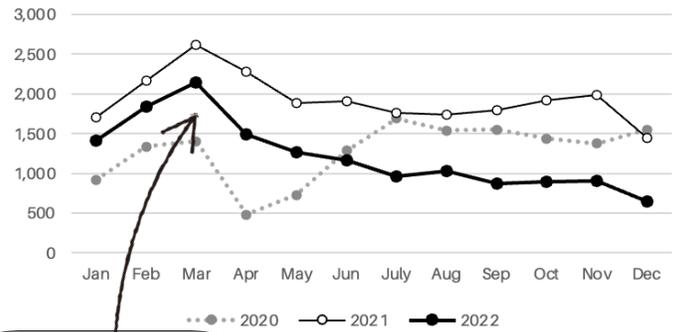
sales [semi-detached]



sales [townhouse]



sales [condo]



market peak

market peak



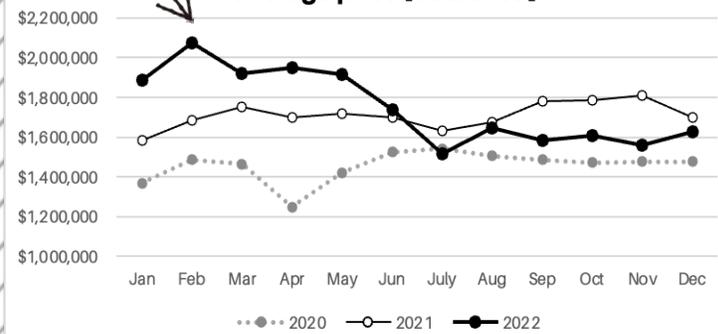
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# digging deeper average price

by property type

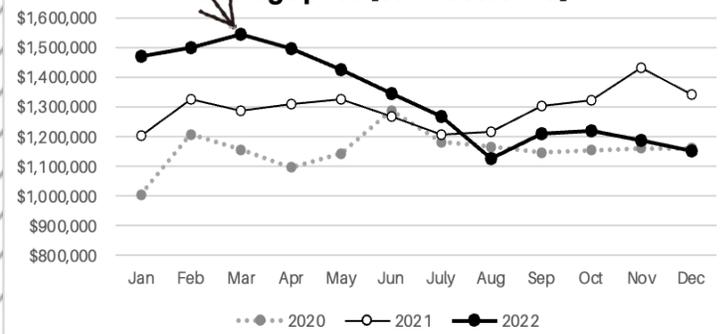
market peak

average price [detached]

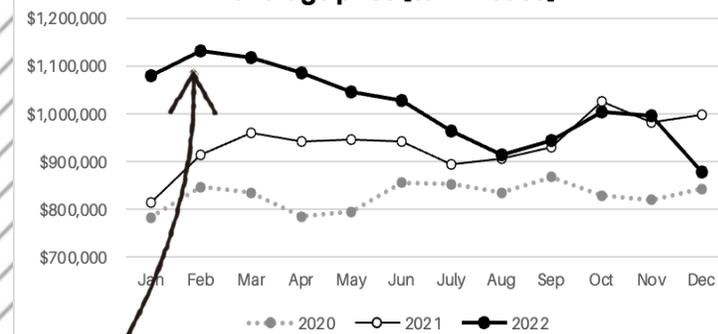


market peak

average price [semi-detached]

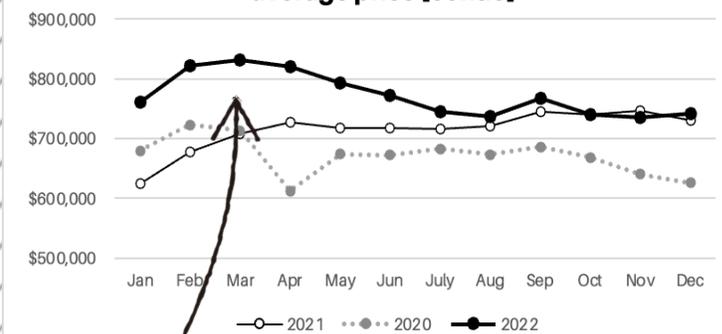


average price [townhouse]



market peak

average price [condo]



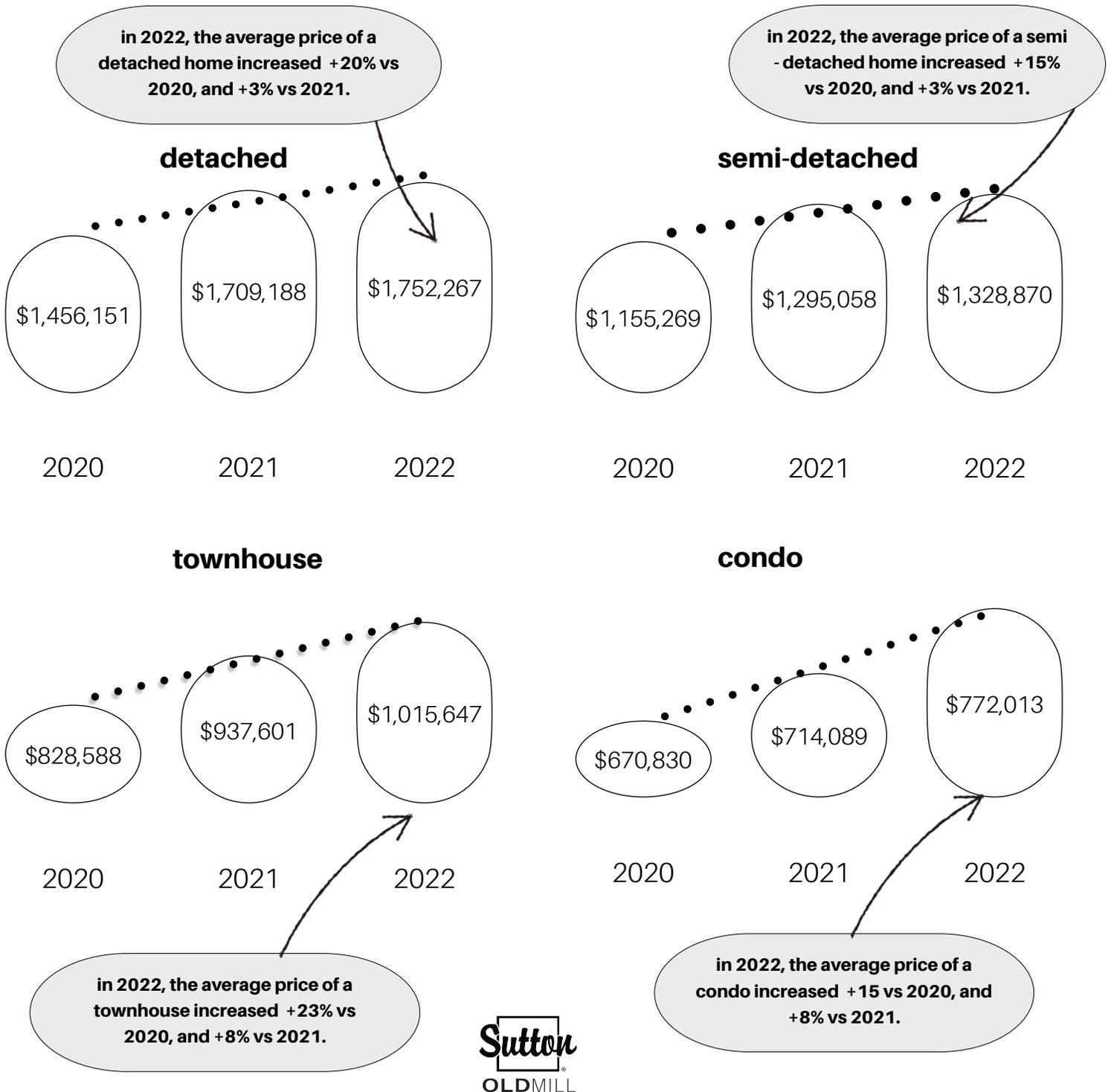
market peak



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# digging deeper three year trends

## average prices



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# looking forward 2023

**So what is to come in 2023?** What follows are three key predictions for Toronto Real Estate in 2023.

## **Smooth Waters yet Rough Sailing**

We expect the volatility of 2022 to transition into a more predictable market. At the time of writing, the BOC had signalled that the 8th consecutive interest rate hike in Jan 2023 may very well be the last. As we know, and recently experienced, interest rates are major influence on the housing market. The anticipated holding pattern, at least in the mid-term, will provide stability - or smooth waters. However, navigating these waters will remain rough for many Buyers as the current financing costs coupled with constrained supply will still lead to a lack of affordable housing options, despite flattening prices.

## **Expectations**

In last year's report, we purported that a key influence in 2022 would be the acceleration of the BOC interest rates. For 2023, we see it being just the opposite. Specifically, how long will interest rates hold? Will there be any decreases this year? If so, how much and how fast? We anticipate that at least in the near-term, interest rates will be held, supply will remain tight, and prices will stabilize. Another 'expectation' this year to consider is the public perception of an economic recession, and specifically how long, and how severe it may be? If the interest rates were to decrease in 2023, we anticipate the resurgence in sales will be moderated by the perceived intensity of a recession.

## **Move-up, Move-over and Cash Buyers**

Presuming that the current market and financing options hold, it would appear the scale is tipped in favour of the move-up, move-over and especially cash Buyers. These three segments of Buyers are less, if at all, impacted by high financing rates and would be a good position if the "right" property came to market. The move-up or move-over Buyer segment will come with more complexity vs. cash Buyers given they will also be in a position where they must sell their current home or condo. As such, we foresee timing, negotiations, conditions and the careful drafting of agreements to be a critical skillset for Realtors in 2023.

Overall, we anticipate Toronto Real Estate will return to a regular pace in 2023. Would-be homebuyers who had previously put their decisions to buy on hold are going to be weighing their options to determine when might be the time to move back into the market. The question that remains is - will the Sellers meet them in the market?



# where find you'll us



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