

Toronto Star – May 17, 2023

## Real estate prices on the rise again: RBC report forecasts the housing market correction is over

'Sellers back in the driver's seat.' The spring market was a turning point, as April home resales jumped 11.3% month over month nationwide, an RBC report said.



Clarrie Feinstein || Business Reporter  
May 17, 2023

The real estate price correction appears to be over in Canada after a yearlong slump that saw prices drop by almost 18 per cent in Toronto, according to a new report from RBC.

The spring market was a turning point for the country's housing market as April home resales spurred 11.3 per cent month over month nationwide, marking the strongest monthly advance in almost three years, the report said.

Prices rose in back-to-back months for the first time since early 2022 — before the Bank of Canada's aggressive rate hikes — and demand-supply conditions “suddenly appear tight.”

“Resurging demand and low inventories have put sellers back in the driver's seat in most major markets, including Toronto, Vancouver, Calgary and Halifax,” said Robert Hogue, senior economist and report author.

While activity is still running at 11 per cent less than just before the pandemic, that may not last for long if more sellers enter the market. New listings have significantly lagged behind resales, but if prices continue upward sellers might be more inclined to jump back into the market, Hogue said.

“Rising prices could spur more sellers into action. We suspect many have been waiting out the correction until conditions turned in their favour. A rise in supply would help unlock more of the pent-up demand that built over the past year,” he said.

In Toronto, home resales jumped by 27 per cent month over month in April, rolling back roughly one-quarter of the correction in “one go.”

According to the Toronto Regional Real Estate Board, the average home price in Toronto rose to \$1.15 million in April from \$1.03 million in January (when prices likely bottomed out in Toronto) or almost a 10 per cent increase.

On the ground, there is a frenzy of activity in downtown Toronto as homes receive multiple offers, spending less time on the market, said realtor Cailey Heaps, CEO of the Heaps Estrin Team.

“We are leaning toward a seller’s market but it’s not as extreme as the early part of 2022,” she said. “They now have more control in the process than they did for the latter part of last year.”

The spring market comeback is a surprise for Hogue, who originally forecast a clawback for real estate prices and sales once prices bottomed out in the summer.

“April had more vigorous price increases than we anticipated but we’re still keeping our base case forecast that does not see prices reaching pandemic peaks for some time,” he said.

Heaps also sees the market entering a period of stabilization as the “significant price appreciation” of the last three months isn’t sustainable, she said.

But there are still various factors at play that could cool the market again.

The Bank of Canada has paused rate hikes, but more could be announced if inflation doesn’t continue to go down. Inflation rose to 4.4 per cent in April from 4.3 per cent in March, the bank announced on Tuesday.

## RELATED STORIES

Bank warns mortgage delinquencies could rise by more than one third as homeowners struggle to make payments

May. 09, 2023

Toronto’s home prices have likely hit bottom, experts say, and will increase for the rest of the year

May. 02, 2023

And more inventory could enter the market with the provincial government’s push to create more housing, along with the record-number of condo new builds coming to the market.

“Expectations of further interest rate hikes with an expected increase of supply in Toronto may cool off prices and activity again,” said Nathaniel Baum-Snow, professor of economic analysis and policy at Rotman School of Management. “Prices may have hit bottom but we can’t say that for sure.”

Yet, affordability remains a top concern in Toronto as building new housing takes time, he said. Because of this, a shift of what “affordability” means in a rapidly developing city needs to occur.

“At least for Toronto and Vancouver it doesn’t make sense to be living in single family homes. There’s this idea that people should be able to live in a single family home, but when you look at

other cities like New York, or Shanghai, affordability means living in a smaller unit,” Baum-Snow said. “In many cities, apartments and condos reign, that’s very typical. But the transition to that mindset is hard.”



**Clarrie Feinstein** is a Toronto-based business reporter for the Star. Reach Clarrie via email: [clarriefeinstein@torstar.ca](mailto:clarriefeinstein@torstar.ca)

**Read more about:**

[Vancouver](#), [Rbc](#)

SHARE:

- 
- 
- 
- 
- 

SKIP ADVERTISEMENT

ADVERTISEMENT

• **REPORT AN ERROR**

- 

**JOURNALISTIC STANDARDS**

- 

**ABOUT THE STAR**

**JOIN THE CONVERSATION**

Anyone can read Conversations, but to contribute, you should be a registered Torstar account holder. If you do not yet have a Torstar account, you can create one now (it is free)

[Sign In](#)  
[Register](#)

Conversations are opinions of our readers and are subject to the [Code of Conduct](#). The Star does not endorse these opinions.