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## Posthaste: Condo sales are falling across Canada – except in these two markets

*Prices are down in Toronto, Ottawa, the Fraser Valley and Edmonton*

Pamela Heaven || October 3, 2023



In Toronto, Canada's condo hub, sales are down almost 13 per cent from last year and the average price has slipped 6 per cent to just under \$750,000. PHOTO BY BRENT LEWIN/BLOOMBERG

**Looks like there's trouble in condo land.**

Pressures from the same forces of higher interest rates and economic uncertainty that have buffeted Canada's housing market overall in past months are showing up in this sector.

According to Re/Max Canada's 2023 national condominium report that came out today, condo sales in the first eight months of this year fell in all but two of the seven major Canadian cities studied, with average prices slipping lower in four — Greater Toronto Area, Ottawa, the Fraser Valley and Edmonton.

“While there was some momentum in the market early in September that dovetailed with the Bank of Canada's announcement to pause interest rate hikes, the most recent inflation numbers extinguished the flame,” Re/Max Canada president Christopher Alexander said.

“Lifecycle sales will continue to contribute to steady activity, but a comeback similar to that of the second quarter is likely out of the question.”

In Toronto, Canada's condo hub, sales are down almost 13 per cent from last year and the average price has slipped 6 per cent to just under \$750,000 as higher interest rates and a higher mortgage stress test put this market out of reach for more buyers, Re/Max said.

There has also been a surge in new listings in the Greater Toronto Area, with apartment inventory rising almost 24 per cent. As well a growing number of assignments are coming to market.

Many presale buyers who bought in Toronto, Vancouver and the Fraser Valley three or four years ago have found they no longer qualify for mortgages at today's higher interest rates, the report said. As their condos near completion they want to sell (or assign) to new buyers to make back their down payment.

With demand down and supply rising, there is the potential for condo prices to fall further in Toronto, the report said.

But condo construction has also slowed “considerably” in most markets with many new projects delayed or cancelled. “In some cases, city approvals have slowed the process, but in most cases, the financial viability of the project just doesn't make sense in the current economic environment,” Re/Max said.



## CONDOMINIUM SALES, AVERAGE PRICE AND MARKET SHARE

Major Canadian Housing Markets, January 1 - August 31, 2023

MARKET	NUMBER OF SALES TRANSACTIONS		Y-O-Y CHANGE	AVERAGE SALE PRICE		Y-O-Y	CONDO MARKET SHARE	
	2023	2022	(+/- %)	2023	2022	(+/- %)	2023	2022
Greater Vancouver Area, BC**	10,075	12,159	-17.1%	\$815,494		+1.6%	52.7%	54.2%
Fraser Valley, BC**	3,422	3,813	-10.3%	\$545,344		-6.6%	34.9%	35.0%
Calgary, AB*	5,582	4,576	+22.0%	\$301,887		+8.1%	28.4%	19.8%
Edmonton, AB*	2,456	2,382	+3.1%	\$193,065		-3.9%	29.4%	26.1%
Greater Toronto Area, ON	18,263	20,948	-12.8%	\$747,040		-6.2%	37.2%	36.3%
Ottawa, ON	2,454	2,964	-17.2%	\$432,557		-5.5%	24.1%	25.1%
Halifax, NS	540	560	-3.6%	\$467,873		+0.8%	16.1%	13.5%

Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board, Calgary Real Estate Board, Realtors Association of Edmonton, Toronto Regional Real Estate Board, Ottawa Real Estate Board, Nova Scotia Association of Realtors. \*Apartments Only. \*\*Estimated average price for Greater Vancouver.

Re/Max Canada

Predictably, the only two markets where condo sales rose were in Alberta. In Calgary, sales shot up 22 per cent and Edmonton sales rose 3 per cent.

“Alberta markets are the outliers, with their affordability attracting interprovincial migration at a staggering rate,” said the report.

Calgary’s housing market overall has been leading the country as a robust economy, more affordable prices and a lower cost of living attract people to the province, many of them from Ontario and British Columbia.

While Ontario lost almost 15,000 people to interprovincial migration in the first quarter of 2023 — the largest number since 2000 — Alberta gained almost 16,000, the report said, citing Statistics Canada.

Demand and “exceptionally low” inventory levels have pushed up average prices for condos in Calgary’s most popular neighbourhoods by double digits, some as much as 35 per cent.

“Inventory remains the only barrier to greater sales activity, but if they build it, they will come,” Re/Max said.

Edmonton is also benefiting from Alberta’s economic revival, and housing here is “exceptionally affordable.” Investors have been snapping up condo apartments for under \$150,000 and town homes for between 180,000 and \$250,000.

So what’s the outlook for Canada’s condo market?

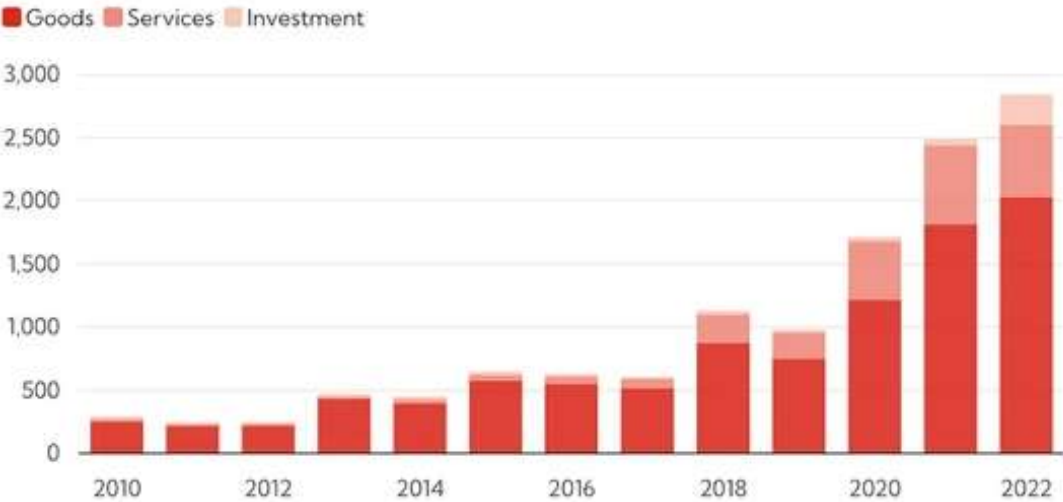
“We do anticipate a softer end to the year, as economic conditions erode buying power and impact consumer confidence,” Elton Ash, Re/Max Canada’s executive vice-president, said.

Those looking for a rebound will have to wait until the second or third quarter of 2024, when the Bank of Canada starts to cut interest rates.

### Walled off

Restrictions on trade have greatly increased in recent years.

Number of trade restrictions imposed annually worldwide



Source: Global Trade Alert and IMF staff calculations.



Is globalization dead?

Maybe not, but judging by today's chart from the International Monetary Fund, fragmentation is certainly on the rise. The IMF said since the pandemic, new trade barriers introduced annually have almost tripled to nearly 3,000 last year.

And these restrictions are costly. It estimates the new rules will reduce global economic output by as much as 7 per cent over the long term, or about \$7.4 trillion.

That's equal to the size of the French and German economies combined, and three times sub-Saharan Africa's annual output.