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Real estate prices have dropped in many Ontario markets since June. These are the communities with the biggest declines



Alex Arsenych || January 8, 2024

The Kitchener-Waterloo area saw the biggest drop in home prices across the country last year and the Toronto area wasn't far behind, a new study suggests.

Zoocasa a real estate firm, released a price analysis on Monday comparing benchmark price data from the Canadian Real Estate Association (CREA) for 21 major markets across Canada to see where home prices have dropped the most since June – when they hit their peak nationwide at \$760,600.

A number of cities across southern Ontario made the list, including the Greater Toronto Area, Niagara Region, Hamilton, Burlington, London, Kitchener and Waterloo.

The most dramatic drop nationwide – 8.9 per cent – since June was seen in Kitchener-Waterloo, with prices down to \$708,600 in November and by 0.6 per cent since last year.

In the GTA, prices dropped 7.7 per cent since June, with the benchmark price down to \$1,081,300, a 0.1 per cent decrease from a year earlier.

London, St. Thomas, Hamilton and Burlington benchmark prices also fell more than seven per cent since June, with Guelph trailing behind at 6.6 per cent. Meanwhile, prices in the Niagara Region dropped by nearly five per cent since June, dipping down to \$635,400.

With a downturn in demand in these Ontario markets, prices have been able to stabilize closer to pre-pandemic levels.

Seven cities across Ontario saw the most significant percentage drops in benchmark prices for single-family homes, with the Kitchener-Waterloo area seeing the largest price decline at a 9.7 per cent drop since June 2023 to \$802,900.

The same type of homes in Hamilton and Burlington also saw benchmark prices dip by 8.5 per cent since June, with November's market seeing \$864,200.

Single-family homes in the Greater Toronto Area also dropped by 7.8 per cent since June, with benchmark prices hovering at \$1.29 million two months ago.

The real estate firm notes condo prices did not see as significant drops due to the demand for more affordable housing as buyers wrestled with higher interest rates.

However, condo buyers in Ontario – particularly the GTA, Kitchener-Waterloo and London and St. Thomas – saw a more than four per cent drop in benchmark prices since June. Kitchener-Waterloo's condo price saw the steepest decline since 2022 across Canada, with benchmark prices down by 5.2 per cent.

The average price of a home across all property types in the GTA peaked at \$1,334,062 in February 2022, prior to the Bank of Canada's first interest hike.

Average prices eventually dropped to a low of \$1,037,542 but rebounded in the spring amid temporary declines in fixed-mortgage rates.

In a report released last month, RBC said that it expects "sluggish" conditions in Ontario's real estate market to persist into 2024, keeping buyers in the "driver's seat" in most markets.