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Toronto home sales drop 18.7% in December

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A for sale sign is displayed outside a home in Toronto, Ontario in Toronto, Ontario, Canada December 13, 2021.
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TORONTO, Jan 7 (Reuters) - Greater Toronto Area home sales tumbled to a five-month low in December, rounding out a subdued 2024 for the market as historically elevated borrowing costs kept sales in check for much of the year, data released on Tuesday showed.

Seasonally adjusted sales fell 18.7% in December from November to 5,359 units, marking the lowest sales level since July, Toronto Regional Real Estate Board data showed. Compared to December 2023, sales were down 6.8%.

December ended a streak of four consecutive monthly gains, which came after the Bank of Canada began in June to reduce its benchmark interest rate from a two-decade high of 5%.

The GTA includes Toronto, Canada's most populous city, and four surrounding regional municipalities.

TRREB's home price index increased 0.4% month-over-month on a seasonally adjusted basis to C\$1,094,000 (\$762,529) and was up 0.3% from December 2023.

"Borrowing costs were top of mind for home buyers in 2024. High interest rates presented significant affordability hurdles and kept home sales well below the norm," TRREB President Elechia Barry-Sproule said in a statement.

For 2024, home sales were up 2.6% from 2023 at 67,610 units. The increase in new listings was much stronger, at 16.4%, which added to the choice for buyers and helped keep a ceiling on prices, according to TRREB.

The average selling price fell 0.8% last year to C\$1,117,600, with declines more significant for condo apartments than for houses. Prices peaked at an average of C\$1,190,742 in 2022.

"The housing market did benefit from substantial Bank of Canada rate cuts in the second half of the year," Barry-Sproule said.

"All else being equal, further rate cuts in 2025 and home prices remaining below their historic peaks should result in improved market conditions over the next 12 months."