



**GREATER TORONTO
& HAMILTON AREA**
**MULTI-FAMILY
TAKE**



**Q2
2024**

GTHA Spring Market Flatlines

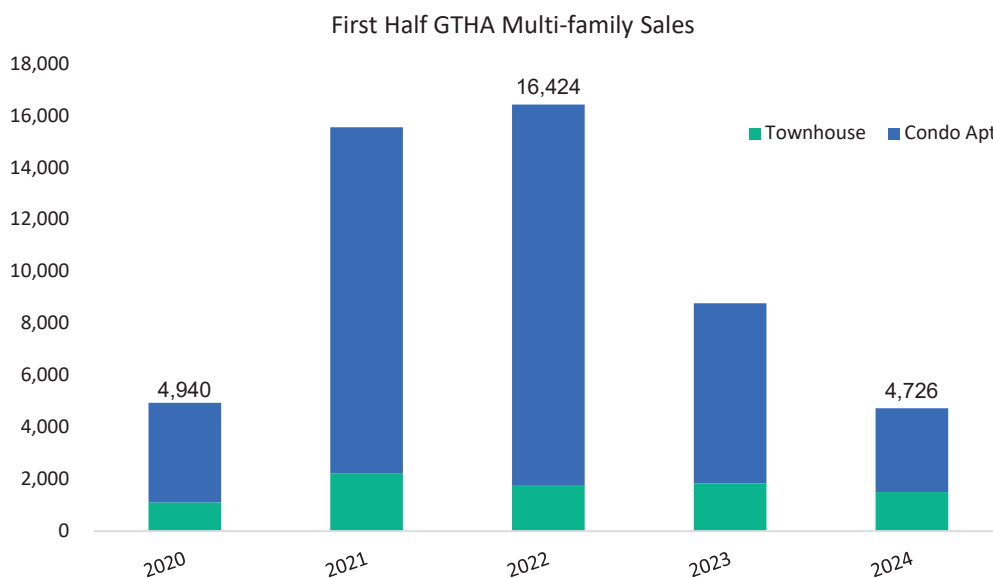
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GTHA Spring Market Flatlines

The spring market bump in the GTHA new multi-family market failed to emerge during the second quarter of 2024, traditionally the strongest time of the year for sales. The initial cut in the interest rate by the Bank of Canada in June (with the second occurring just prior to the writing of this report) was welcomed by the industry; however, buyers for new condominium apartment and townhouse units held off. Multi-family sales during the first half of 2024 reached 4,726, less than the pandemic impacted 4,940 units sold during the first half of 2020 and 71 percent off the market peak of 16,424 units sold during the first half of 2022.

First half multi-family home sales have slumped despite the recent efforts of the Bank of Canada to help spur economic activity by reducing interest rates. The market edged along at a flat line from the first quarter with similar sales volumes despite a marginal rise in new launches for condominium apartments. Second quarter multi-family sales totalled 2,373, eclipsing Q1 by 20 sales. Condominium apartment sales were down 11 percent quarter-over-quarter to 1,606, representing a 61 percent year-over-year decline from Q2-2023. Year-over-year townhouse sales were also down by 42 percent to 767, coming off a spike of activity during the second quarter of 2023. However, demand for new townhouses continued to persist at a steady rate with 12-month annualized sales up 22 percent over a year ago.



Source: Zonda Urban

The development industry remains largely on pause, pulling back on the number of newly launched condominium apartment units during Q2-2024 by 56 percent compared to Q2-2023. After a strong 76 percent absorption rate for a small volume of well-positioned first quarter new condominium apartment openings, the absorption rate for second quarter openings struck a post-2000 low with 18 percent of the 3,555 units launched sold by the end of the quarter. An important difference relative to Q1-2024 was price, with the average blended price for new openings hitting a two year high in the second quarter at \$1,422 psf, with the entrance of two downtown Toronto projects to the market, *101 Spadina* and *Freed Hotel and Residences*.

Townhouse launches during Q2-2024 matched that of a year ago with 19 projects opening, comprising a total of 1,085 units; 813 of which were released. Absorptions were similar to the previous quarter with 53 percent of released units and 39 percent of total units being reported sold at an average end selling price of \$1.26 million (\$639 psf for 1,987 sf). Just over half of new townhouse opening sales were part of the full sell-out of *Couture Collection at Legacy Hill* in the Richmond Hill submarket.

The slow market for GTHA multi-family development is happening at a time when closings of units in previously sold condominium apartment buildings is the focus of many GTHA developers. Completions, measured as units in buildings commencing occupancy, are running at record level at 27,501 on an annualized pace as of Q2-2024. These include 13,893 units that began occupying during the first half of 2024 with an additional 16,359 units projected to begin occupancy by the end of the year. In contrast, construction starts for new condominium apartments have been in a freefall since mid-2022. The 3,561 units that started construction during the second quarter represents a 55 percent year-over-year decline with the annualized pace of starts at 11,263 units, nearly 60 percent lower than in Q2-2022. Fewer than 10,000 units (9,377), or 11 percent of the market were in the early excavation stage of construction as of Q2-2024, marking a 56 percent decline over the last 18 months.

