

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



**Q3  
2024**

**POWERED BY  
NHSLIVE**

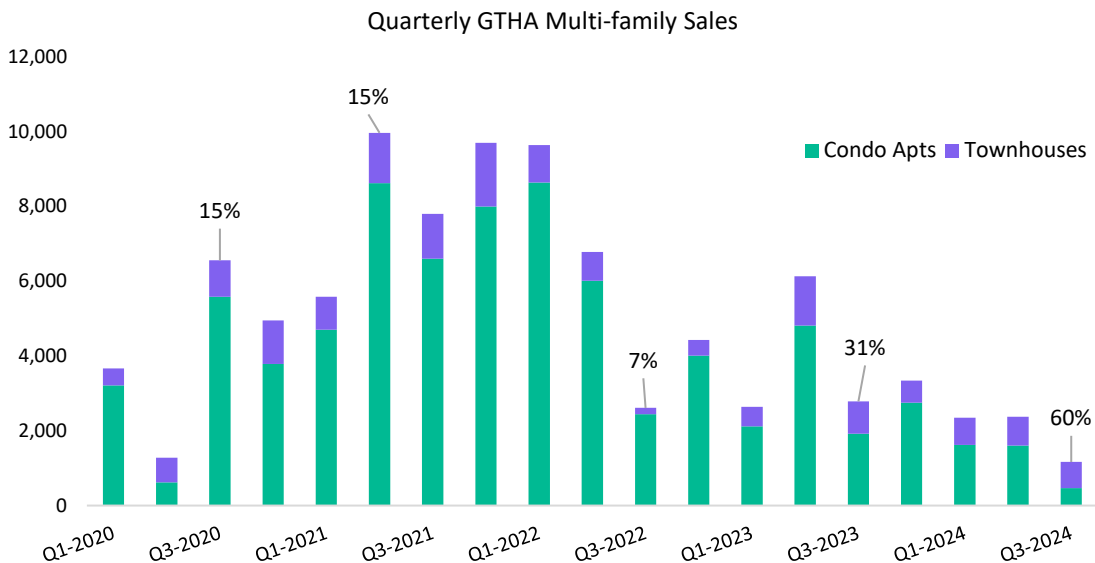
**Historic Shift to Townhouses**



# Historic Shift to Townhouses

Q3-2024 was a watershed moment for the GTHA new multi-family market as sales of townhouses overtook new condominium apartment sales for the first time in over 15 years. The 1,164 multi-family sales that occurred in the third quarter represented a 58 percent decline over what was before now recent market lows over the last two Q3 periods and below that of the pandemic impacted 1,276 sales recorded in Q2-2020.

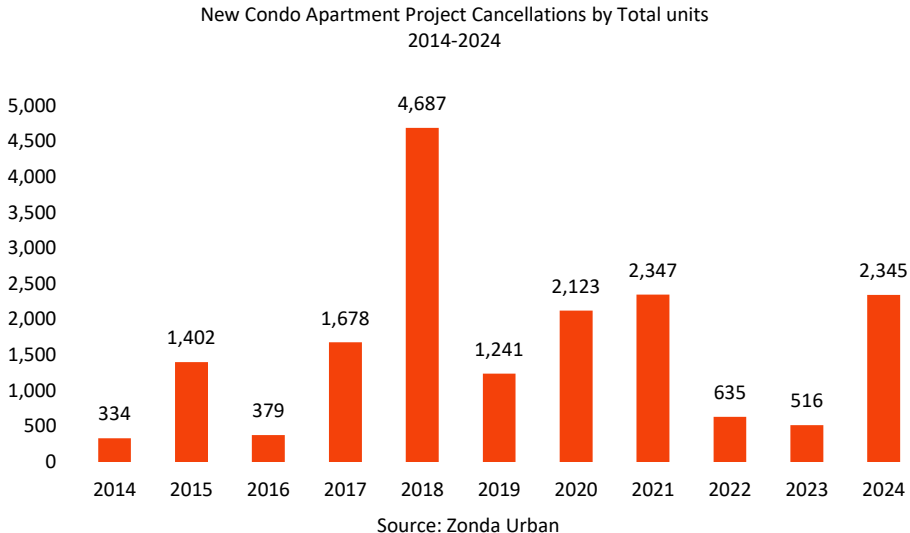
The driver of this trend has been a near collapse in new condominium apartment sales with just 465 units sold during Q3-2024, a fall of 76 percent from a year ago. The pressure of high closings and little demand while recent interest rate cuts continue to wind their way through the overall economy has resulted in the 12-month pace of new condominium apartment sales falling to 6,444, down 50 percent and 75 percent in the one year and two-year intervals, respectively. In contrast, townhouse sales have become a constant quarter to quarter, comprising the largest share of sales during Q3-2024 at 60 percent. On average, the share of multi-family sales as townhouses has averaged 30 percent each quarter since Q1-2023, a timeline that aligns with price adjustments taking hold for this product type within the industry commencing late 2022.



Source: Zonda Urban

Given the scale of sales activity during the third quarter, new condominium apartment project openings were near absent. Two projects launched sales with a total of 748 units with a new post-2000 low absorption rate of 15 percent. While lower in number than a year ago, new townhouse launches were accelerating through September into the fourth quarter. Ten projects launched during Q3-2024, with 1,014 total units, of which 509 units were released. Half of these townhouse units sold during the third quarter, higher than the 41 percent absorption rate for Q3-2023 new openings. The average blended index price for the two new condominium apartment openings was \$1,104 psf, 10 percent below the average in Q3-2023 (\$1,228 psf). A heavier concentration of townhouse launches in the Markham and Richmond Hill submarkets pushed the average launch price to \$1,222,535, up 4.8 percent from Q3-2023 openings (\$1,166,502).

The vulnerability of the new condominium apartment market at present is acute with the number of total units in cancelled projects at a four year high of 2,345, 354 percent higher than 2023 (516). Nearly half of these cancelled units were confirmed late in Q3-2024, representing 714 unsold units, more than twice the overall absorption of unsold inventory for the third quarter. However, the supply decline is anticipated to be temporary with 81 percent of the 1,145 cancelled units during Q3-2024 expected to shift to purpose-built rental, including the *Centricity* (594 units) and *Cliffside* (209 units) projects at 241 Church Street and 2328 Kingston Road in the Garden District and Kingston Road West neighbourhoods.



Out of the 266 new condominium apartment projects (78,963 units) tracked during the third quarter of 2024, an additional 6,849 units are estimated by Zonda Urban to be vulnerable to cancellation as the market continues to recalibrate. Based on construction status, lack of recent sales velocity and overall percentage sold, this figure is weighted towards projects in the North York (968 units), Toronto West/York (906 units), Vaughan (743 units), Scarborough (576 units), and Mississauga (547 units) submarkets.

