

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



Q4
2024

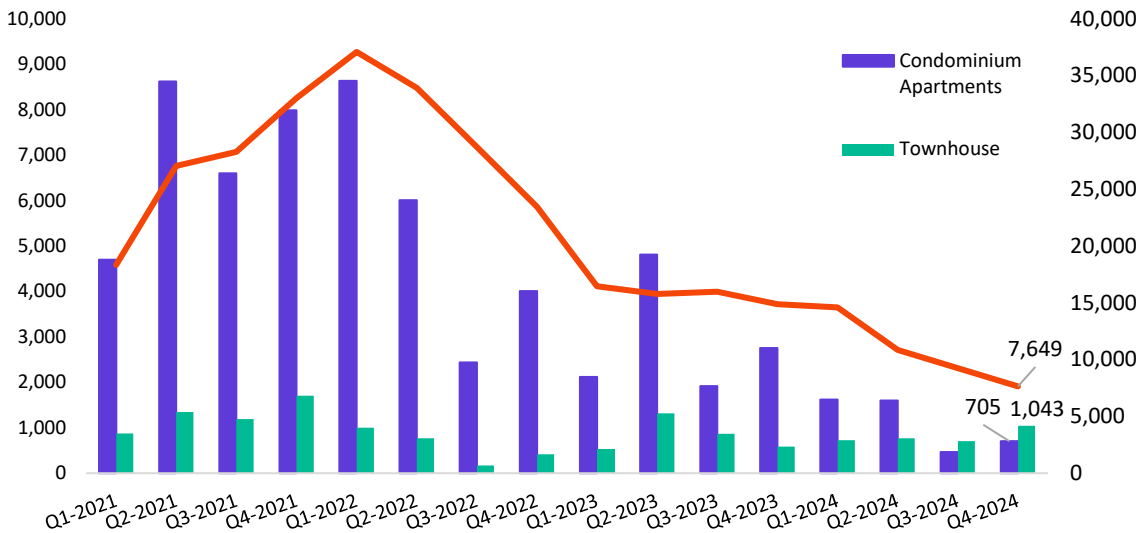
POWERED BY
NHSLIVE



**GTHA Townhouses Have Best
Quarter in Two Years**

GTHA Townhouses Have Best Quarter in Two Years

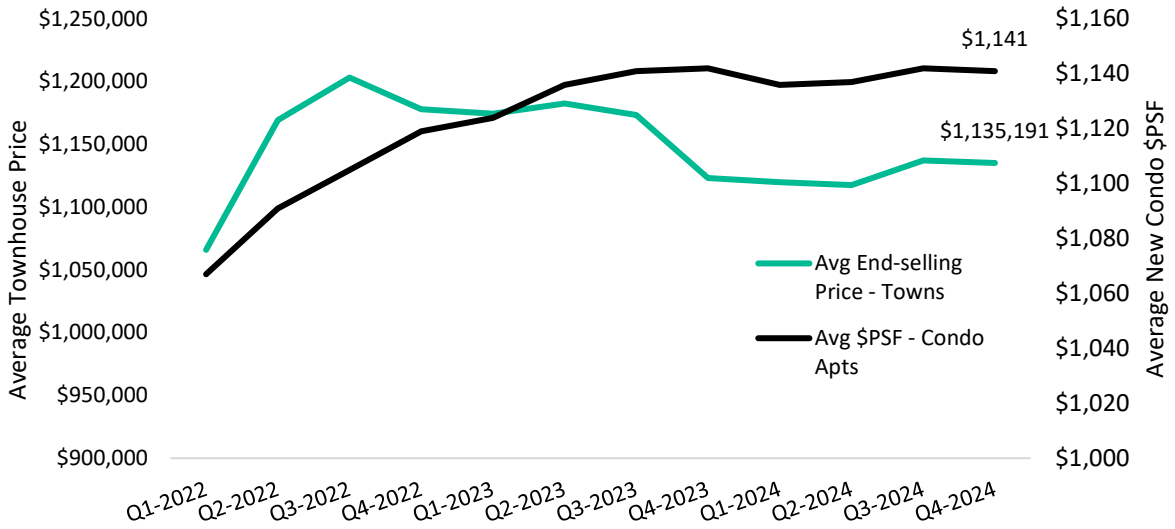
Three years into the market slowdown the Greater Toronto and Hamilton Area (GTHA) multi-family market had its toughest year in more than two decades in 2024. Annual sales totalled 7,649, a 68 percent decline from 2023. Sales volumes have fallen by double digits successively since 2022 when the annualized pace peaked at 37,104 sales during the first quarter. The fall out has been predominantly in demand for new condominium apartments, with only 1,170 units sold during the latter half of the year with a year-over-year decline of 75 percent in annual sales to 4,394 in 2024. Weakness in new condominium apartment sales did not extend to the entire multi-family market. After resurging during 2023, demand for townhouses maintained its strength during 2024, posting their highest annual share of the multi-family market at 43 percent with 3,255 sales.



Source: Zonda Urban

The watershed moment for the GTHA new multi-family market during the third quarter continued into the fourth as townhouse sales reached their highest volume in two years at 1,043, up 78 percent from a year ago. Townhouse sales comprised 60 percent of sales activity during the second half of 2024. Appetite for this product type brought new project openings to the market consistently throughout 2024, with 54 new townhouse projects selling 58 percent of their 2,436 units during the first quarter post-launch, up from a 55 percent absorption rate for 2023 new openings. New condominium apartment openings struggled during 2024 with 21 developments launching, less than a third of 2023's 66 openings. Of the 6,587 units in new condominium apartment projects launched onto the market in 2024, 19 percent sold during their first quarter post-launch, lower than 2023's already historically low 38 percent absorption rate.

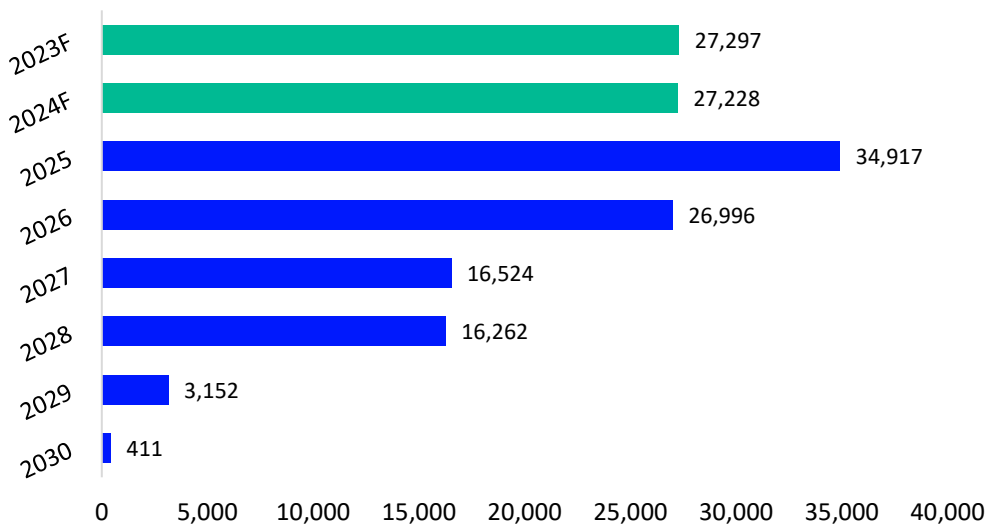
GTHA New Condominium Apartment and Townhouse - Price Trends



Source: Zonda Urban

Price trends in the shrunken market were essentially flat during 2024 with the average blended index price for new condominium apartments in the GTHA unchanged year-over-year as of Q4-2024 at \$1,141 psf (\$783,535 for 689 sf). The average townhouse end-selling price at \$1,135,191 (\$686 psf for 1,674 sf) in the fourth quarter represented a 3 percent decline on an annual basis. Developers of new condominium apartments willing to chance the market by opening a new project had to price at a discount to previous highs and competitive to new resale inventory as completions soared. The average blended sold index price for fourth quarter openings was 16 percent lower than a year ago at \$1,120 psf with the average at \$1,109 psf for 905 new openings versus \$1,142 for 416 new openings.

GTHA Condominium Apartment Actual & Estimated Completions 2023-2030



Source: Zonda Urban

Competitive pricing will continue to be a critical element in 2025 as the new condominium apartment market moves through this real estate cycle's peak delivery period with 34,917 units in buildings anticipated to begin occupancy during the year. Over half of these are expected to deliver during the first half of the year increasing pressure on the resale and rental markets, heightened assignment activity and developer's efforts to limit defaults at closing. For the latter, Zonda Urban's anecdotal discussions within the industry place this baseline at 10 percent of total building units, including 15 to 20 percent in select cases.

Zonda Urban's outlook for the first half of 2025 is that it should be make or break for stagnant older pre-construction projects, particularly for the 59 developments (54 percent) of 110 launched between the spring of 2022 and December 2023 that have not yet reached the 70 percent typical sales threshold required to qualify for construction financing. 2024 had the highest number of units cancelled since 2018 at 3,461 in 8 developments. More of these older projects will either need to recalibrate pricing or be removed from the market altogether.