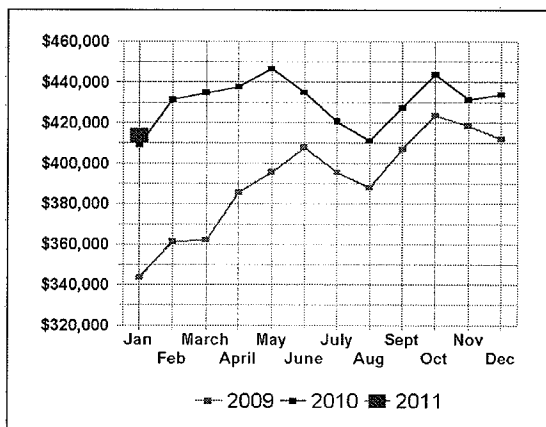


# 2011 Toronto Real Estate Market Off to a Good Start

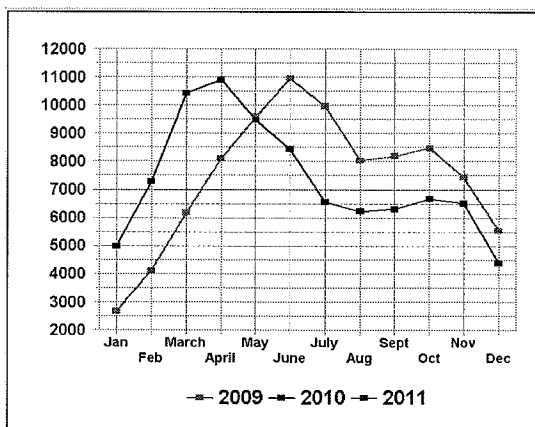
January 21, 2011 By [Dave Proulx](#) [Leave a Comment](#)

Results for the first two weeks of January show that real estate prices in Toronto are remaining strong. The average selling price for the Greater Toronto area was \$413,565, approximately 5% higher than the average price of \$395,307 for the first two weeks of January 2010. Sales volume remains low, with total sales of 1,563 properties over the first two weeks of the year, as compared with 1,749 for the same period last year. This reflects the continuing trend: a relatively low inventory of properties for sale with lots of buyers hoping to purchase before interest rates increase. The market is slowing down, but there is still an imbalance (more buyers than sellers) and so prices are likely to keep moving upward, though probably at a slower pace than last year. The “Goldilocks” market conditions continue.

Toronto Area Selling Prices



Toronto Area Monthly Sales



A few days ago, the Federal Government announced changes in mortgage financing rules that are designed to encourage Canadians to reduce their overall level of indebtedness. Only one of these changes is likely to have a direct impact on the real estate market: a reduction from 35 to 30 years in the maximum amortization allowed. This change will likely squeeze some marginal buyers out of the market, but hopefully the effect will be minimal, as there isn't much evidence that Canadians have been opting for 35 year amortization in a big way. [This recent Globe and Mail article](#) reviews the mortgage rule changes in detail. The changes go into effect on March 18, so there could be a “mini-flurry” in the market over the next few weeks as buyers who need the 35 year amortization try to beat the deadline.

It could have been worse: there was lots of speculation that the mortgage rule changes would be more significant. For example, it was expected that those qualifying for mortgages for condos would have to count 100% of condo fees instead of the current 50% when calculating total expenses; and there was even talk of increasing the minimum down payment for CMHC insured mortgages from 5% to 6, 7 or even 10%. Changes like these would have carried a significant risk of turning the soft landing for the real estate market into something more like a crash landing. Let's hope that the modest change in maximum amortization has the intended positive effect on debt levels — without any unintended negative effect on the market!