

ORES Real Estate Index for February 2008



By Brian Madigan LL.B.

You might recall that I set up this Index last year. Like the CPI (consumer price index) it is designed to track values over a period of time.

The Index commenced 1 January 2004. There was no particular reason for that, other than it was the beginning of a calendar year and I wanted to track at least a four year period of time. Commonly, that is a measurement used by the mutual fund industry. They frequently use the four year moving average as a benchmark of performance for the purposes of comparison.

So, the time period is neither too long nor too short.

All related prices were converted to 100, so everything to be compared would have a common starting point.

Single Family Housing in the GTA

When you are looking at house prices for single family homes in the GTA, you will find the following:

127.86.....	29 February 2008
125.63.....	31 January 2008
126.31.....	31 December 2007
130.76.....	30 November 2007
130.98.....	31 October 2007
100.00.....	1 January 2004

This means that the average price for single family homes in the Greater Toronto area has increased 27.86% in 50 months, that is, 0.56% monthly or 6.69% per year.

You will also see that the height of the market was October 2007. After that, the market declined for three months, until it started to strengthen in February

2008.

Condominium Market in the GTA

Here are the comparable statistics for condominiums throughout the GTA:

117.17.....	29 February 2008
114.39.....	31 January 2008
118.04.....	31 December 2007
120.82.....	30 November 2007
123.17.....	31 October 2007
100.00.....	1 January 2004

There are a few noteworthy comparisons. This is a .34% monthly increase, or 4.12% annually. Or, another way of looking at the numbers is, that over that 50 month period, condominiums performed 61.6% as well as single family homes. Still further, you could say that single family homes outperformed the condominium market by 38.4%.

But, maybe that's not the whole story.

Central Condominiums

Let's have a look at the parts of the condo market. The numbers for centrally located condos have stood up quite well. These are the ones in downtown Toronto:

140.37.....	29 February 2008
141.90.....	31 January 2008
144.50.....	31 December 2007
151.04.....	30 November 2007
153.06.....	31 October 2007
100.00.....	1 January 2004

You will notice again, that the height of the market was the end of October 2007. You will also see that the downtown Toronto condo market has continued to decline since that time.

East Condominiums

These are the condos in the eastern areas served by the Toronto real Estate Board. Here's the performance:

124.45.....	29 February 2008
123.00.....	31 January 2008
129.11.....	31 December 2007

125.50.....	30 November 2007
121.04.....	31 October 2007
100.00.....	1 January 2004

This market continued to increase until year end, and then declined in January but had a slight resurgence in February 2008.

North Condominiums

The numbers here are a little different:

114.14.....	29 February 2008
108.10.....	31 January 2008
112.33.....	31 December 2007
118.18.....	30 November 2007
125.36.....	31 October 2007
100.00.....	1 January 2004

Overall, that's not much of an increase for 50 months. That works out to .29% monthly or 3.39% annually. Here, the height of the market was October, followed by a three month decline and resurgence in February.

West Condominiums

The west condominiums fared somewhat better than the north, and compare favourably to those in the east:

124.11.....	29 February 2008
116.24.....	31 January 2008
118.61.....	31 December 2007
116.57.....	30 November 2007
119.39.....	31 October 2007
123.42.....	30 September 2007
100.00.....	1 January 2004

There is a slight aberration here. The height of this market was September 2007 followed by two months of decline, one month of resurgence in December, a further decline in January and like the others, a resurgence in February.

Market indicators, factors and conclusions

There are a few general conclusions that may be drawn:

- You were better to have a downtown Toronto condominium over the last 4 years (actually 50 months) than other property (140.37)
- Single family homes provided a reasonable benchmark rate of return (127.86)
- East and west condominiums performed about the same (124.45 and 124.11)

- North condominiums are the poor cousin in the market (114.14)
- All markets turned up in February except downtown Toronto condos

So, basically that's it, the market is performing fairly well. There is no indication of substantially falling housing prices. If the downtown Toronto condo market continues to fall slightly over the next few months, that doesn't mean that it has anything to do with the US sub-prime market, it's just coming off its overheated performance of the last few years.

*Brian Madigan LL.B., Realtor is an author and commentator on real estate matters, Coldwell Banker Innovators Realty
905-796-8888
www.OntarioRealEstateSource.com*