



Luxury home sales and prices continue to escalate, says RE/MAX

Mississauga, Ont. (September 24, 2003) – Despite the advent of SARS, Mad Cow, West Nile, and an Eastern Seaboard “blackout”, luxury home sales and prices continued to rise in the Greater Toronto Area in 2003, says RE/MAX Ontario-Atlantic Canada.

The number of homes sold in excess of \$1 million year-to-date (January – August) appreciated 22 per cent over the same period one year ago (523 vs. 428) according to statistics from the Toronto Real Estate Board (TREB). In key blue chip neighbourhoods surveyed by RE/MAX, total dollar volume in the upper-end was up an estimated 34 per cent from just over \$550,000,000 in 2002 to close to three-quarters of a billion dollars this year. Overall average price is up about six per cent, rising from \$1,488,897 last year to just over \$1,573,713 in 2003.

“There are a growing number of equity-rich homeowners who are trading up to more expensive housing,” says Pamela Alexander, CEO, RE/MAX Ontario-Atlantic Canada. “Although interest rates are less of a factor in this price category, mortgage rates hovering at just over 4 per cent for a five-year closed term are a strong incentive for many existing homeowners.”

The surge in sales of upscale homes is also driven by across the board appreciation that is pushing more homes into the high-end market. There were several occasions where homes listed between \$900,000 to \$999,000 were sold for over \$1 million in multiple offer situations. Fewer luxury homes, however, were sold in multiple offers in the GTA this year, in large part due to a greater influx of listings in the market.

“Yet, supply and demand continue to play a major role in the centre of the city,” says Alexander. “Close to 30 per cent of homes in the core bordered by Dufferin, the Don Valley Parkway, the 401, and the Lakeshore sell at or more than list price. We’ve seen a fair number of bidding wars in established neighbourhoods such as John Ross Robertson, Rosedale, Forest Hill, and the Annex. The Kingsway and Swansea have experienced strong demand and limited supply levels in the city’s west end.”

Selection vastly improves in areas like C12, a TREB district comprised of Hogg’s Hollow, the Bridle Path, St. Andrews, and York Mills Gardens, and the suburbs, including Mississauga, Oakville, Thornhill, and Markham.

Stock market recovery, immigration, and old money have bolstered sales of upper-end homes in 2003. The building boom continues as builders vie against end users for choice lots located in key blue-chip neighbourhoods. A growing number of purchasers are buying older homes with the intent to renovate. Teardowns command premium dollars in the GTA’s most exclusive areas.

“Builders are willing to spend close to \$15,000 a frontage foot in areas like York Mills,” says Alexander. “That figure is even higher in Lawrence Park, Rosedale, and Forest Hill. In fact, 50 by 150 ft. lots are selling for \$1.5 million in these areas and that’s before they even put a shovel in the ground.”

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For the most part, builders are once again constructing homes on spec. However, this is supported by current demand. New product is coveted by purchasers, and as such, there is no shortage of those willing to pay for the privilege of owning a new home in an established area.

“Overpriced homes continue to stagnate,” says Alexander. “Just because bidding wars are occurring in certain neighbourhoods, it doesn’t mean that consumers have lost their grip on reality. While certain marketing strategies can increase the likelihood of a multiple-offer situation, certain conditions must exist. The neighbourhood is generally a hot pocket area experiencing limited inventory levels and the listing itself is usually a quality home priced at or slightly below fair market value.”

In 2003, the greatest number of luxury home sales occurred in C12, with close to 90 sales occurring year-to-date. Average price in the area has appreciated 25 per cent, rising from \$1,502,292 to \$1,885,419 this year. The area also had the most expensive sale in 2003 at \$5.5 million.

Forest Hill and Chaplin Estates (or C03) ranked a strong second, with sales of 62 luxury homes, up from 39 one year ago. Average price in the area also increased by 11 per cent, rising from \$1,462,333 to \$1,625,162 year-to-date. John Ross Robertson, Lytton Park (C04), and Rosedale (C09) both reported an increase of sales, rising from 39 and 49 to 57 and 56 units respectively. Average price, however, has softened somewhat, most likely a reflection of a higher number of sales in the lower-end of the luxury market. In Oakville, sales virtually doubled over one year ago, rising from 22 to 45 units. Average price in the area has also declined, falling from \$1,760,386 to \$1,700,691.

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Upper-End Neighbourhoods within Toronto Real Estate Board (TREB) Districts

C02 – Annex, Casa Loma, South Hill ,Yorkville
C03 – Forest Hill, Chaplin Estates
C04 – Ledbury Park, John Ross Robertson, Lytton Park
C09 – Summerhill, Rosedale
C10 – Lawrence Park
C12 – Hogg’s Hollow, York Mills Gardens, St. Andrews
Bridle Path

W01 – Swansea
W02 – Baby Point, Old Mill, High Park
W08 – The Kingsway, Princess Anne Manor/Gardens,
Thorncrest Village, Islington Village
W12 – Lorne Park, Mineola
W16 – Erin Mills
W21 - Oakville

E02 – The Beaches
E03 – Playter Estates
E06 – Birch Cliff

N01 - Markham
N02 - Thornhill
N08 - Vaughan
N10 - Markham
N11 – Markham/Unionville

**Statistics -- Sales over \$1 million in Key Areas (GTA)--
2002/2003**

District	Sales 2002	Dollar Volume 2002	Average Price 2002	Sales 2003	Dollar Volume 2003	Dollar Volume 2003
C02	28	\$41,114,000	\$1,468,357	15	\$25,290,500	\$1,686,033
C03	39	\$57,031,000	\$1,462,333	62	\$100,760,100	\$1,625,162
C04	39	\$47,499,712	\$1,217,941	57	\$67,302,041	\$1,180,737
C09	49	\$82,998,226	\$1,693,841	56	\$91,356,500	\$1,631,366
C10	36	\$54,332,026	\$1,509,222	40	\$67,098,000	\$1,677,450
C12	90	\$135,206,360	\$1,502,292	87	\$164,031,500	\$1,885,419
C Total	281	\$418,181,324	\$1,488,189	317	\$515,838,641	\$1,627,251
W02	4	\$6,075,000	\$1,518,750	5	\$6,825,000	\$1,365,000
W08	33	\$46,312,788	\$1,403,417	30	\$46,521,700	\$1,550,723
W12	2	\$2,980,000	\$1,490,000	7	\$8,980,000	\$1,282,857
W13	10	\$15,185,000	\$1,518,500	23	\$31,116,262	\$1,352,880
W16	2	\$2,285,000	\$1,152,500	2	\$2,260,000	\$1,130,000
W21	22	\$38,728,513	\$1,760,386	45	\$76,531,100	\$1,700,691
W Total	73	\$111,566,301	\$1,528,305	112	\$172,234,062	\$1,537,804
E02	3	\$4,405,000	\$1,468,333	3	\$3,290,000	\$1,096,666
E03	1	\$1,050,000	\$1,050,000	2	\$2,260,000	\$1,130,000
E6	1	\$1,015,000	\$1,015,000	5	\$6,155,000	\$1,231,000
E Total	5	\$6,470,000	\$1,294,000	10	\$11,665,000	\$1,166,500
N01	4	\$4,399,887	\$1,099,971	10	\$11,937,230	\$1,193,723
N02	4	\$6,955,625	\$1,738,906	4	\$5,430,000	\$1,357,500
N08	2	\$2,505,000	\$1,252,500	7	\$10,119,000	\$1,445,571
N10	0	\$0	\$0	1	\$1,175,000	\$1,175,000
N11	2	\$2,263,000	\$1,131,500	10	\$12,820,000	\$1,282,000
N Total	12	\$16,163,512	\$1,346,959	32	\$41,481,230	\$1,296,288
Key Area TOTAL	371	\$552,381,137	\$1,488,897	471	\$741,218,933	\$1,573,713
GTA Total	428	N/A	N/A	523	N/A	N/A

Source: Toronto Real Estate Board (TREB), RE/MAX Ontario-Atlantic Canada

**Percentage of Luxury Homes Sold At or Above List Price
By District (January - August)**

	Percentage of Homes 2002	Percentage of Homes 2003
<u>CENTRAL</u>		
C02	39.0	20.0
C03	20.5	22.5
C04	46.1	45.6
C09	36.7	44.6
C10	38.8	30.0
C12	13.0	11.4
Total	28.8	28.4
<u>WEST</u>		
W02	25.0	40.0
W08	18.0	20.0
W12	0.0	14.0
W13	20.0	4.3
W16	0.0	0.0
W21	18.0	17.7
Total	9.5	16.1
<u>EAST</u>		
E02	33.3	33.3
E03	0.0	100.0
E06	0.0	20.0
Total	20.0	40.0
<u>NORTH</u>		
N01	25.0	10.0
N02	0.0	0.0
N08	0.0	14.2
N10	0.0	0.0
N11	50.0	0.0
Total	16.7	6.3
GTA Total	26.2	24.2

Source: Toronto Real Estate Board (TREB), RE/MAX Ontario-Atlantic Canada