

## Detached houses still in good shape

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by Neil Sharma 27 Sep 2017

In spite of recent scares regarding their values, detached houses remain the strongest real estate investment to be had in the GTA.

Government intervention contributed to the cooling effect experienced by the recently searing detached market segment, but by no means is the market headed for a crash, say industry insiders. While the market was unquestionably overheated, all indications are that it has stabilized.

According to **Richard Lyall, President of the Residential Construction Council of Ontario (RESCON)**, conditions for buying real estate remain highly conducive.

“The economy is doing relatively well and interest rates have moved up a bit, but they’re still very, very low relative to years gone by,” said Lyall. “In 2008, there was a steep drop in the market, but things settled and the market recovered very quickly. Given the fact that the economy is okay and we’re not in a recession, and everybody needs a house, it’s a good time to buy.”

Lyall also says the recent scare impelled by the drop in home values is overblown, and that it’s obvious a market correction was long overdue. However, he warned about confusing a correction with a crash.

“I’m not terribly concerned with where we’re at right now,” he said. “When you have prices accelerate, you know there’s going to be some kind of correction because it’s not really sustainable.”

Supply is still constrained, but the fundamentals of a strong market remain firmly in place. For one, high immigration levels will keep driving the need for housing.

“This is probably one of the most favoured spots to move to in the world,” continued Lyall. “There are a lot of places in the world that don’t have our water, land and resources, and our stable government, as well as rule of law, rights and freedoms.”

Tim Hudak, CEO of the Ontario Real Estate Association (OREA), agrees detached housing value will remain indomitable because of a few factors, including the provincial growth plan, which intentionally limits its supply. He also says that not much has changed in the last year, bespeaking a still-strong market.

“All of the economic factors that were driving demand remain, and many will actually get stronger,” said the former leader of the provincial Tories. “In the Greater Golden Horseshoe, we attract 200,000 immigrants a year and the economy is stronger than in the rest of Canada to help people find jobs.”

Despite recent interest rate increases – with more to follow – they’re still historical lows. He attributes the recent downturn in sales to sellers kicking tires as a response to government intervention, but says housing prices in parts of the Greater Golden Horseshoe, including the GTA, rose as much as 30%.

For perspective, Hudak pointed to decade long trends: In March 2007, there were 11,802 detached houses available for purchase, and exactly 10 years later there were only 233.

OREA put forth a list of proposals to the Wynne government, which Hudak credits for listening intently, but he still says they must be heeded for the real estate market to remain healthy.

“The most important issue for government to address for the province of Ontario and its large cities is increasing the housing supply to keep up with the growth and demand we’re going to see.”