



# From the desk of **BRAD J. LAMB**

BRAD J. LAMB REALTY NEWSLETTER JULY 2010

## **SPRING TIME IN TORONTO**

April 2010 MLS sales smashed the previous April record and then some, by recording 10,898 sales on MLS throughout the GTA. A frenzy of activity took place and the average days on market fell further, to 21 days. It appears to me that this level of activity is unsustainable and unwanted.

May 2010 sales have now been released and stand at 9470 for

huge monthly sales volume is cooling. This is a good thing. The average days on market should be 60 days in a rational marketplace. Buyers should be able to kick the tires before buying and they should have a sane moment to think about it. The supply of real estate for sale has increased significantly over the last six months. This increased inventory is just what

Toronto needs to instil rational real estate behaviour.

Toronto's real estate economy is, and will remain, healthy. For now, bidding wars are over. Buyers will get a discount from the asking price; properties will take 30-90 days to

sell. Buyers will have a wide choice of options and will be able to calmly bid for homes. This is as it should be. However, buyers and sellers need to understand two things:

1. The prices of homes in Toronto will likely rise over the next few years. There is always a chance that external factors

will reduce pricing, but it is unlikely. If pricing falls over the next few years, it will be moderate.

2. Toronto, Canada, and the world at large are expanding economically. Part of this expansion will allow the government to tighten spending and reduce deficits that have piled up over the last year. The economy will expand, just not at a breakneck speed. Interest rates around the world will stay very low. The recession is over, but as I have stated before, if all of this was crystal clear, we'd all be wealthy. You will have to look carefully to see the recovery and you will have to be bold to take risks in its infancy.

According to the CMHC (who I believe to be the ultimate authority on residential real estate in Toronto), Canadians are gaining confidence in reinvesting in their homes, and current activity has become more in line with long term demographics, with the balance between supply and demand improving. This is not the recipe for falling prices.

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the month. These numbers confirm that May 2010 was the third best May ever. However, it is typical that May is the #1 real estate sale month of the year. The average days on market increased to 22 days. Clearly, the pace is slowing.

What is clear is that the torrid rate of increasing prices and

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