



# From the desk of BRAD J. LAMB

BRAD J. LAMB REALTY NEWSLETTER NOVEMBER 2009

## STATE OF THE MARKET

Who could have possibly believed a year ago that we would be witnessing the kind of market we are today. September 2009 MLS GTA resale numbers are spectacular.

Ultimately, this surge of exports and prosperity will put pressure on the U.S. currency and ideally allow U.S. interest rates to stay low. Of course a strong U.S. dollar means weaker U.S.

### MLS GTA Monthly Sales - Resale | September 2009

SALES	8,196	+28% year over year
AVERAGE PRICE	\$406,877	+10% year over year
NEW LISTINGS	12,185	-25% year over year
ACTIVE LISTINGS	15,894	-42% year over year
DAYS ON MARKET	27	-25% year over year

These figures indicate that a strong seller's market will continue as inventories are dwindling. We are on target for this year to reach 85,000 sales, which will be the second best year on record. If you take into account how terrible the first three months were, 2009 could have been the best year ever. Not only has the resale market been on fire, since June 2009 Toronto has seen new condominium sales boom to monthly sales numbers as high as 2006 and 2007. I expect the GTA will absorb 2000 sales per month for August, September, and October. The new condominium market is back with a vengeance.

Aside from the "I told you so" that I would like to once and for all emphasize, next on the agenda would be to ask the question, "What now?"

It is absolutely certain that interest rates will start to rise in Canada. It will be limited due to the anemic U.S. dollar, which will be weak for years to come due to their balloon-sized debt. Simply put, the U.S. needs to keep rates low so they can continue operating. This is driving people into other currencies. However, U.S. exports are rising due to the low U.S. dollar which will help grow their economy out of the abyss.

exports. The balance required to keep exports high and interest rates low will be difficult.

The rise of world interest rates over the next year will start to

cause construction prices to fall in the multi-family industry for most of 2010. Expect a surge of starts in 2011 because 2010 will be a big year for new development launches and sales. We have survived the great recession and are starting to prosper. The recovery of the economy will be slow but steady, a lot of damage has been done to everyone's net worth and balance sheet. Make no mistake, we are climbing out of this and the news will get better. Expect real estate in Toronto to stay frantic until early next year, and then with possible higher interest rates, we will see a strong market but without the chronic shortages that are causing prices to shoot higher today. By late 2010 you

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effect affordability of housing and ultimately limit price increases. Expect our real estate market to stay strong for the next year, but we will not experience the same price increases and shortages of product that caused the big price spike recently.

Multi-family construction starts in Toronto and across Canada will plummet in 2010. this is not a reflection of the current economy, rather it reflects the state of things in 2008 and early 2009. Simply put, construction starts lag new construction sales by 1-2 years. It takes 1-2 years to sell a multi-unit project to the required 70%, which allows financing and construction to start. Sales across Canada for January 2008 – June 2009 were extremely bad. The lack of new starts in 2009 and 2010 will

may get a chance to actually make an offer rather than submit a bid at an auction.

#### FOR YOUR THOUGHTS...

Our banks are receiving a tremendous amount of credit today for being so conservative and well-managed. C'mon – it has little to do with our banks. We need to thank the Chretien Liberal government for refusing to allow bank mergers and large scale bank deregulation. Most of the asinine bank behaviour that was seen in the U.S. was not allowed in Canada. Don't think for a moment that all our banks weren't salivating at the prospects of deregulated wild west banking. Our banking safety is due to our strict banking regulations. It looks like our federal government got one thing right.

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