

Q2 2024

# Greater Toronto Area Multifamily Market Report

## Year-to-Date Statistics

Avg. Price Per Suite	Year-over-Year
<b>\$321,280</b>	<b>↓ 1.3%</b>
Avg. Cap Rate	Year-over-Year
<b>3.94%</b>	<b>↑ 27 bps</b>

Source: RealNet - 10+ Suites

## Quarterly Statistics

No. of Transactions	Annual % Change
<b>21</b>	<b>↓ 4.5%</b>
Sales Volume	Annual % Change
<b>\$374.3M</b>	<b>↓ 28.3%</b>
Suites Traded	Annual % Change
<b>1,307</b>	<b>↓ 16.2%</b>

Source: RealNet - 10+ Suites

## Market Outlook

In Q2 2024, the GTA multifamily market, while still navigating economic pressures, showed notable improvement from Q1, signaling a steadier footing amidst fluctuating market dynamics. The quarter saw 21 transactions, one fewer than in Q2 2023. Sales volume reached \$374.3 million – a 28.3% decrease from Q2-23 – continuing the trend of lower sales volume and a smaller average deal size compared to years prior. Similarly, the number of suites traded dropped by 16.2% to 1,307 units.

A significant factor influencing transaction timing was the change in the capital gains inclusion rate on June 25th. Notably, 14 of the 21 Q2 transactions occurred within one week of this change, reflecting sellers' eagerness to finalize deals before the higher inclusion rate took effect. Additionally, other groups who did not transact may have positioned themselves for a disposition in the next 12-months, which could lead to increased transactional activity.

While the average price per suite decreased slightly to \$321,280, marking a 1.32% decline from the previous year, the capitalization rate expanded modestly to 3.94%, up 27 basis points year-over-year. This increase reflects the ongoing impact of higher borrowing costs on liquidity.

Amid these market conditions, a noteworthy advancement has been made in financing. The Canada Mortgage and Housing Corporation (CMHC) has reduced its backlog and accelerated the pace of application processing, promising significantly shorter due diligence timelines. The market, previously slowed by financing delays that could extend transactions by 6 to 12 months, now anticipates more expedient deal closings, reminiscent of the efficiency seen in 2021 and early 2022.

As we move forward, the GTA multifamily market continues to demonstrate resilience in the face of transactional headwinds. Persistent rental demand underpins market stability, even as transaction volumes have moderated.

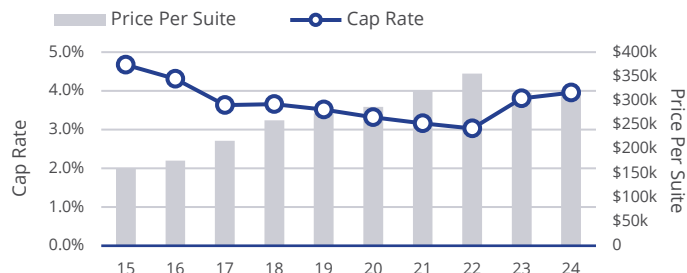
Anticipation of potential shifts in monetary policy, including the forecasted interest rate cuts, offers a positive outlook. These expected adjustments have the potential to re-energize the market, paving the way for increased activity. The sector is on the cusp of a rejuvenated transactional cycle, with the potential easing of financing conditions poised to act as a catalyst for growth in the upcoming quarters.



# Market Overview

## 01 Valuation Benchmarks

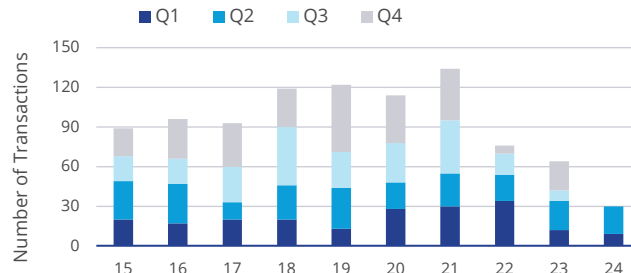
Price per Suite vs. Cap Rate



Source: Colliers International, RealNet

## 02 Transaction Volume

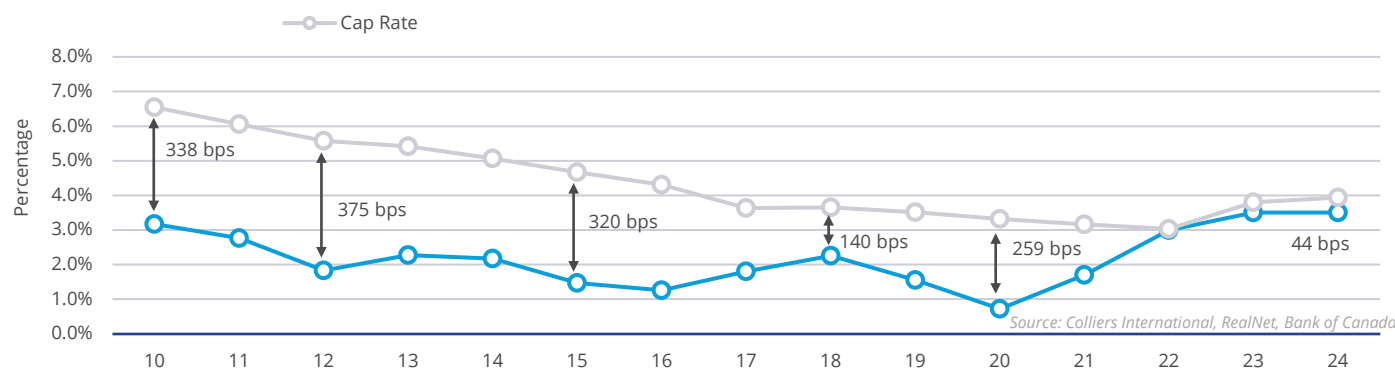
Properties Sold Per Quarter



Source: Colliers International, RealNet

## 03 Bond Yields vs. Cap Rates

GoC Benchmark Bond Yields vs. GTA Multifamily Cap Rates



Source: Colliers International, RealNet, Bank of Canada

## 04 Notable Transactions

Q2 2024

Date	Property	Purchaser	Sale Price	# of Suites	\$/Suite
9/22	1325 Bayview Avenue, Toronto	Paradise Developments	\$38,250,000	116	\$329,741
6/21	1640 Lawrence Avenue West, Toronto	Lankin Investments	\$25,880,000	94	\$275,319
6/18	3443 Bathurst Street, Toronto	Starlight Investments	\$15,000,000	23	\$652,174
4/2	2000 Sheppard Avenue West, Toronto	QMW Corp.	\$101,000,000	320	\$315,625

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