

A stylized, high-contrast illustration of a city street at night. A person in a red coat is walking on the sidewalk, and a car is visible in the background. The scene is rendered in a graphic, almost posterized style with a dark color palette.

LandLord

REALTY INC., BROKERAGE

TORONTO REAL ESTATE

Insights & Emergent Trends - Spring 2024

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LandLord

About Us – LandLord: Full-Service Property Management, Real Estate Brokerage & In-House Renovations for Investors

LandLord is a full-service property management company, real estate brokerage, and in-house renovation firm specializing in investment-focused real estate. For over 28 years, we've helped property investors in Toronto and the GTA maximize returns, scale portfolios, and optimize asset performance.

Our Expertise:

- ✓ Investment-Focused Real Estate Brokerage – Buy and sell high-performing rental properties strategically.
- ✓ Full-Service Property Management – We handle tenant screening, leasing, rent collection, and maintenance so you don't have to.
- ✓ In-House Renovations – Convert single-family homes into multiplexes, reposition underperforming assets, and renovate for maximum ROI.

- 📍 2,000+ Rental Units Under Management
- 📍 \$2 Billion+ in Assets Managed for Local & International Investors
- 📍 End-to-End Support for Real Estate Investors



About This Report

This Market Review provides data-driven insights to help investors adapt to market shifts and seize new opportunities.

Need expert advice on your next investment? [Contact us](#) to discuss your strategy.

The Toronto real estate market is constantly evolving, influenced by economic trends, policy changes, and shifting investor strategies. Understanding these dynamics is essential for making informed decisions and maximizing returns.

Each year, we provide a comprehensive analysis of the current market landscape and future projections, equipping investors, landlords, and property owners with valuable insights.

2024 SPRING REAL ESTATE MARKET

– by Trevor Valade, VP – Real Estate Services & Business Development

The 2024 spring real estate market has so far been unremarkable. Economic uncertainty has weakened sales activity and, as is seasonally expected, new listings have come online en masse. Buyers are scrutinizing available inventory with suspicion and some lassitude. This accumulation of unsold housing supply, held back by the restraining effect of higher interest rates, has effectively flattened value appreciation across most markets, resulting in a subdued period of recalibration.

To understand how and why the market is shifting, we thought it would be helpful to consider current social and psychological trends and how they are interacting with the broader economic backdrop.

THE PANDEMIC'S IMPACT ON REAL ESTATE MARKET IN TORONTO

During the pandemic, the desire – that turned to frenzy – to own a secure and private piece of property in and around the city, impelled buyers and turned many homeowners into equity millionaires seemingly overnight. It was clear then, as it is now, that the paranoia of the time had influenced the perceptions and decision-making of market participants, creating a market bubble.

As expected, the emotional premium that had been tacked on to resale values has since come off. What followed, and what we are still experiencing now, is a period of sustained value-discovery in which sellers and their agents test the strength of the market, often struggling to convince dubious buyers of both current and future value.

ANTICIPATED INTEREST RATE ADJUSTMENTS BY THE BOC

With the BOC (Bank of Canada) shifting toward more dovish interest rate policies, the general pessimism should dissipate, and consumer confidence will gradually return.

The broad consensus across markets points to a 70% chance that the benchmark rate will be adjusted down, ever so slightly, when the BOC meets again on June 5th. We expect, in total, between June and December, a 75-basis point (.75%) adjustment, from 5% to 4.25%. There are two takeaways that we feel the market must accept as we move forward:

1. We are in a new era of higher interest rates until at least 2026.
2. We have reverted to the pre-COVID mean of 2.5%-5% growth in terms of y/y real estate value appreciation.

STABILIZING MARKET VALUES

While the bulk of the correction is behind us (barring any new calamities), the shift toward sustainable growth will rely heavily on sentiment, confidence, and the behaviour of market participants and industry professionals.

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As Realtors we are already working to stabilize values across the city. We have recognized high failure rates when agents attempt to generate bidding wars in the current market. This is likely because their success relies on over-exuberance and market optimism – both of which are in short supply these days.

BUYER EXHAUSTION AND TRANSPARENCY

Buyers also seem to be exhausted and frustrated. Many have felt, for some time, that they have been fooled into over-paying by competing in a blind offer process. In many ways, they are right.

Success in this new market will require transparency, thorough research, and a deep understanding of what drives real value, the kind that sustains itself during periods of volatility.

It will be important that both sides of the transaction feel as though they have ultimately been successful in their negotiations and that they believe in the overall sustainability of the market.



SHIFT TOWARD QUALITY



We have also noticed a shift toward quality in all its forms. Buyers have grown weary of the quick flips and are demanding well-executed spaces.

The past decade has brought forward some trends that were so widely adopted, they have now become ubiquitous and overdone and are starting to detract from a property's appeal.

When renovating or building, engage an experienced and creative architect and designer. Ensure the spaces are functional – not just aesthetic. Pay attention to lighting schemes, and layout.

Properties that are hastily finished for the purpose of quick resale are almost always identifiable and, in a market where buyers seek to mitigate risk, they will gravitate toward something they can trust and find comfort in.

CHALLENGES IN THE CONDO MARKET

It seems the condo market has been hit hardest during this period of lower risk-tolerance.

We have recognized for some time the vulnerabilities that exist in this segment and the last few months have brought many of them to the fore through a combination of buyer fatigue, over-extended investors, and cookie-cutter floorplans.

Most buildings in the downtown core, particularly the newer buildings constructed in the last 20 years, are incredibly similar.

As inflationary pressures extend investors to their breaking point, lease rates are pushed higher to increase profit margins.

There is, however, an affordability ceiling and it seems we have begun to push up against it.

We are now noticing higher days on market and significant downward pressure on lease rates across the city, as buildings often have anywhere between 15-25 listings available at any given time.

As we consider sustainability and long-term growth, it may be time to re-examine the viability of condo units as investment vehicles and shift focus to higher-density options.

By shifting away from condos toward higher-density options, investors are not only insulating themselves against vacancy loss and shrinking margins, but they're also returning some of the most affordable housing stock back to the market for end-users to enter.

From our perspective, condo suites as investments are currently the weakest and most volatile option. It seems, as we have mentioned over the years, the only hedge against the uncertainty is thoughtful, quality design.

EXPERIENCE AND MARKET INSIGHT

One of the many benefits of having managed such a large and diverse mix of properties, for almost thirty years, is our ability to recognize shifting markets from within.

Having helped our clients to buy and sell all types of investment properties in all corners of the city, we have been immersed in the history and the data of the many idiosyncratic sub-markets that form Toronto and the GTA.

This accumulated knowledge and experience — shared across our team — allows us to provide a deeper understanding of how, when and why properties gain, maintain, and lose value.

The next few years will ideally be marked by a return to stability and balance. This will ultimately rely on the confidence of both buyers and sellers that the future of our city and of its value are bright.

With the constant change, comes a need for a methodical and experienced approach. We will continue to provide this as we move forward, together.

Minute Fall Market Update with Trevor Valade

Watch the video for Trevor's insights and predictions on the real estate market.



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