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Canada's luxury real estate surges in Toronto

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Canadian and U.S. border at Niagara Falls

By NANCY BUCKLEY

Sotheby's International Realty Canada is predicting the Greater Toronto Area will lead the country's top real estate this spring with low lending rates and consumer demand outpacing real estate options.

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Single-family homes, especially those in the \$1 million marketplace, are in demand in urban areas around the country, so residences for sale see high traffic and numbers as affluent consumers outbid one another. Understanding residential real estate trends give luxury marketers the opportunity to take note of where affluent consumers reside and the economical trends of an area.

"It is a mature marketplace, what happens in the higher end is with foreigner buyers, who are a significant part of the real estate marketplace," said Ross McCredie, president & CEO of [Sotheby's International Realty Canada](#).

"Canada has been very stable, when U.S. went through 2008, we have a very stable banking system, and different laws around purchasing real estate," he said.

Looking north

The Greater Toronto Area, which includes Durham, Halton, Peel, Toronto and York, ended 2014 with 7,527 homes sold over \$1 million, a 38 percent increase from 2013. In 2015, the area has seen 997 units sold in January and February, up 26 percent compared to the two months last year.

Toronto was also ranked the best place to live in the Economist's 2015 Safe Cities Index, and the lower Canadian dollar attracts foreign investors.

Elsewhere in Canada is also expected to see high numbers this season. In Montreal, Sotheby's International Realty expects to see stabilized numbers in comparison to last year.

Calgary has had several years of sustained growth and is expected to not fair as well as other areas in Canada. With uncertain economic conditions and lowered consumer confidence, the city will likely see lower real estate sales.

Vancouver, on the other hand, is projected to experience gains in the spring. The confidence in economists' forecasts and the increase migration to the city will draw affluent buyers to the high-end real estate market.

Demand in Vancouver and Toronto is outnumbering the inventory of single-family homes and condos.

Remember Canada

In 2014, the major metropolitan markets in Canada all saw double-digit sales growth for properties priced at more than \$1 million, according to a report by Sotheby's Realty Canada.

The Greater Toronto Area saw the greatest gain, with a 38 percent rise in sales volume, compared to 2013. With a high demand for real estate in these markets, properties stayed on the market for less days, with a greater percentage of sales happening at more than the owner's asking price in both Vancouver and the GTA ([see story](#)).

For United States brands and retailers, understanding Canadian trends is very important considering that the majority of Canada's population lives within 100 miles of the U.S. border and with lower sales tax and more retailers, Canadians are increasingly crossing the border for shopping excursions.

The U.S. and Canada have similar language, social media, Internet and mobile penetration, creating an easy transition for brands familiar with the American marketplace to transfer efforts to Canadian consumers. The top 30 percent of Canada's household have more than \$100,000 in disposable annual income and with brands such as Christian Louboutin, Prada and Gucci topping the charts as consumer's favorite brands, Canada will likely see immense retail growth in upcoming years ([see story](#)).

Canada's strong economy will likely continue to draw foreign buyers.

"Today Canada is sitting well in terms of economy and with a lot of foreign real estate

investment," Mr. McCredie said.

"We are extremely well position and that is where real estate plays a lot in terms of foreign buyers," he said.

Final Take

Nancy Buckley, editorial assistant on Luxury Daily, New York

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