

REAL ESTATE

Toronto remains the leading Canadian city for luxury

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Property listed by Sotheby's Realty in Toronto. Image credit: Sotheby's Realty

By BRIELLE JAEKEL

Despite many drawbacks that could cause issues for real estate markets, major Canadian cities are seeing significant property value increases, according to Sotheby's Realty.

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In terms of million-dollar properties, the Greater Toronto Area has remained the top market for residential. However, outside influences have affected all other markets in Canada, says the [new report from Sotheby's](#).

"The key takeaway from this report is that luxury real estate markets in major Canadian cities the Greater Toronto Area, Vancouver, Calgary and Montreal are very resilient to temporary shocks' because of the enduring value that local and global consumers see in the market," said Brad Henderson, president and CEO of Sotheby's International Realty Canada, Toronto. "In spite of major housing policy changes, fluctuations in local economies and global headwinds, we have seen each of these real estate markets maintain and gain value in the long term.

"For example, in the first half of 2017, Vancouver sales regained traction as the months progressed in spite of significant policy changes made last year," he said. "Activity in Calgary's high-end market revived despite several years of turbulence in its local oil and gas industries, and luxury sales in Montreal are reaching new heights.

"In the Greater Toronto Area, the country's economic hub, sales activity may have pulled back from historic highs, but luxury market fundamentals are strong and the long term trajectory is expected to be positive."

Canada real estate

Residential properties in Toronto listed for more than \$1 million saw 41 percent year-over-year growth in sales. However, sales of more than \$4 million saw much more significant growth with a 93 percent increase.



The penthouse at the Four Seasons Hotel and Private Residences, listed for about \$27 million. Image credit: Four Seasons

Vancouver did not fair so well, thanks to a new 15 percent tax for foreign buyers starting in August 2016, which impacted the latter half of the year. The market for homes priced at \$1 million saw a 23 percent YOY decrease and \$4 million homes saw a 52 percent decline.

Since then, the overall market for Vancouver has started to improve, which began in early 2017.

The standard market is driving this growth. The \$1 million market is not doing as well, but is also slowly growing upward.



Vancouver Sotheby's Canada

Montreal saw a 17 percent YOY increase early this year, with luxury condos seeing the most growth. Million-dollar condominiums in Montreal had an increase of 51 percent YOY in sales.

Additional insight

While China's major cities are continuing to grow in terms of price rate, Knight Frank's Global Cities Index predicts this will slow due to restrictions on loan-to-value ratios and tighter lending on an individual's second or third properties.

The growth of China's cities has supported strong investment into the luxury property sector worldwide. While the rest of the world's properties have seen instability in price rates, investment into the luxury market has been strong this year ([see more](#)).

International home buying in the United States has also had an effect on the top end of the country's residential market, but it is expected to stay the same or decrease in the next year, according to a study from Zillow.

Zillow's 2017 Q2 Home Price Expectations Survey, which was conducted by Pulsenomics, spoke to many experts on the U.S. housing market about the effect of buyers from outside the country on homes in the US. While international buyers are often held up as the cause of rising home prices, Zillow found that this is only really true for the most expensive homes and that more modestly priced homes have their prices affected by other factors ([see more](#)).