

MARKET INSIGHTS

THE CANADIAN SOURCE FOR HOUSING INFORMATION | Q2 2021

We are pleased to share with you the ninth edition of the Teranet Market Insight Report. This report delivers a comprehensive analysis and new insights on the real estate market in Ontario derived through our Data Scientists' analysis of mortgage activity in the Ontario Land Registry.

In this edition of the Quarterly Market Insight Report, we will explore trends related to movement of existing homeowners purchasing a new property across the province of Ontario in 2020 compared to previous years of data, followed by a focus on activity in the GTA and then a deeper dive into Toronto's activity. The report ends with a spotlight on migration activity in Q1 2021.

Methodology

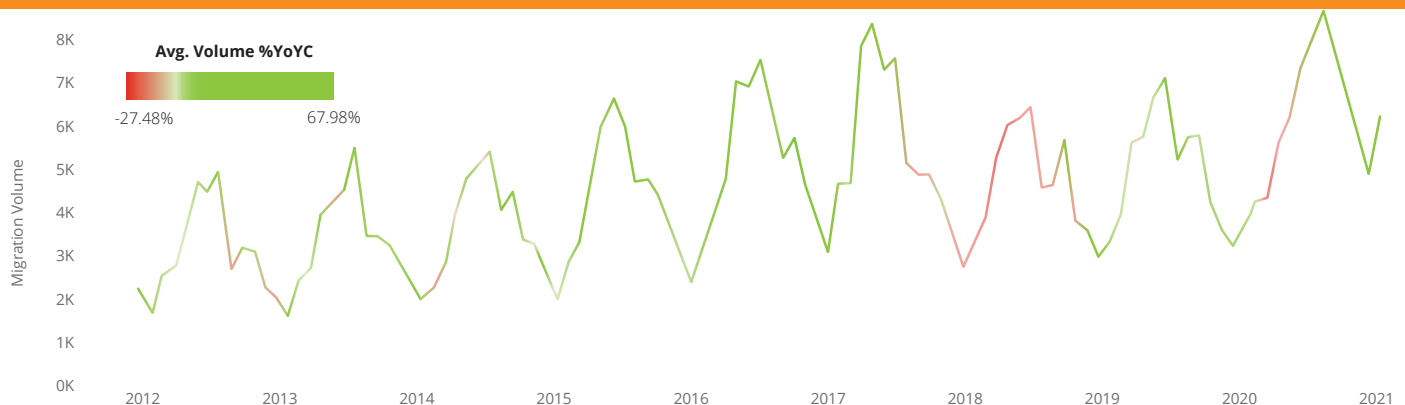
In this report, our Data Scientists used unique identifiers to find homeowners who were already registered on title of one property and purchased another one during a set period. Migration in this report refers to the existing homeowners who purchased a new property that was registered by a different Land Registry Office (LRO) than their original property. Throughout the report, the geographical names that will be mentioned reference the LRO and not the municipality. To learn more about the breakdown of Land Registry Offices in Ontario, [click here](#). This report includes buyers who sold their existing property as well as buyers who purchased a secondary/recreational property. We have excluded non-arm's-length sales transactions (ex. family transfers) and sales values below \$50,000 or exceeding \$10 million.

In the next edition of the Quarterly Market Insight Report our Data Scientists will be digging deeper into migration patterns with a focus on true migrations versus buyers that invested in a secondary/recreational property.

Migration Patterns in Ontario

Throughout the COVID-19 pandemic, there has been a lot of media focus on residents of larger, more expensive urban areas with the ability to work remotely moving to the suburbs. Our Data Scientists analyzed the activity of existing homeowners who purchased a new property in the last 10 years and saw a clear upward trend in migration volumes (Figure 1) that confirms this overall housing market behaviour. This trend is, unsurprisingly, even stronger later in 2020 with a 51.88% YoY change rate in October when the market saw much more activity. In fact, October 2020's migration volume of 8,499 homeowner surpassed the previous peak month of June 2017, which had 8,180 homeowner migrations. However, the total migration volume in 2020 of 68,794 was slightly behind the total volume of 2017.

FIGURE 1: Ontario Migration Volumes: 2012 to 2021

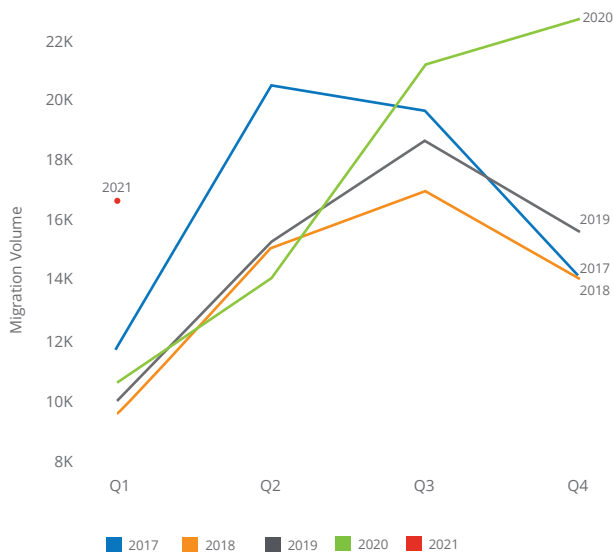


Source: Teranet

Our Data Scientists also analyzed the migration activity of existing homeowners in Ontario who purchased a new property by quarter from 2017 to 2020 (Figure 2). Prior to 2020, 2017 had been the peak year of migrations, but the robust performance in Q3 and Q4 2020 represented a year-over-year increase of 12.99% and 45.2% respectively. We can also see the migration trend has continued into 2021 with 57.2% year-over-year growth in Q1.

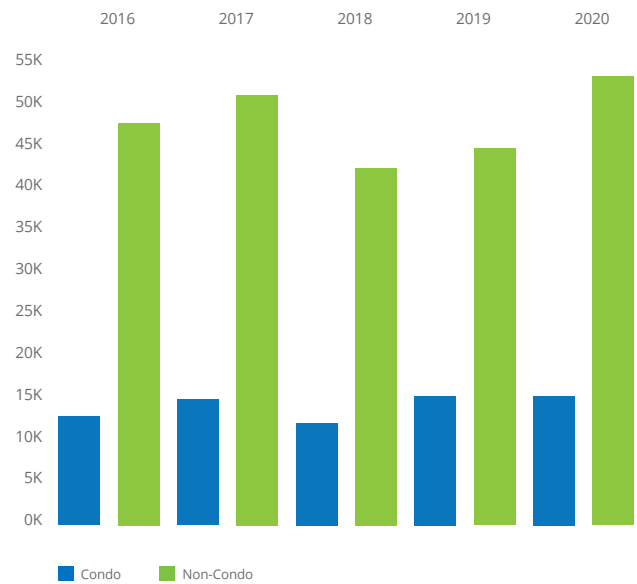
When we look at the properties preferred by existing homeowners purchasing a new home, we observe that the majority are choosing non-condo properties over condo properties (Figure 3). In 2020 there was a less than 1% year-over-year change rate in the condo property segment, while non-condo properties experienced growth of 19.55% from 2019 to 2020, which means that more homeowners (who currently own either condo or non-condo properties) purchased a non-condo property in 2020 compared to 2019.

FIGURE 2: Migration Volumes By Quarter: 2017 to 2020



Source: Teranet

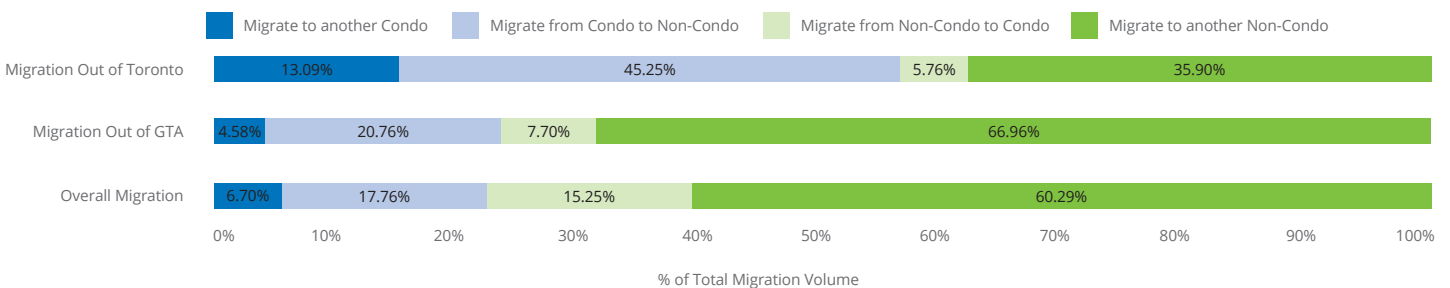
FIGURE 3: Property Type Preference: 2016 to 2020



Source: Teranet

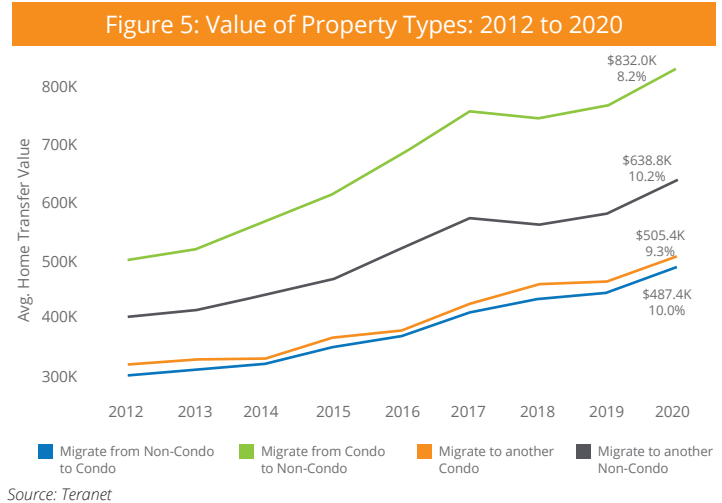
While the overall trend in the province of Ontario shows homeowners that are purchasing a new home choose non-condo properties next, there is a preference difference depending on the direction of the migration activity (Figure 4). The “Overall Migration” and “Migration out of the GTA” patterns are very similar with over 60% of the volume attributed to non-condo homeowners purchasing another non-condo property. However, homeowners migrating out of Toronto have a differing preference, with 35.9% of the volume attributed to non-condo homeowners purchasing another non-condo property and 13.09% of the volume attributed to condo homeowners purchasing another condo property.

FIGURE 4: Migration Volume & Property Type Preference: 2020



Source: Teranet

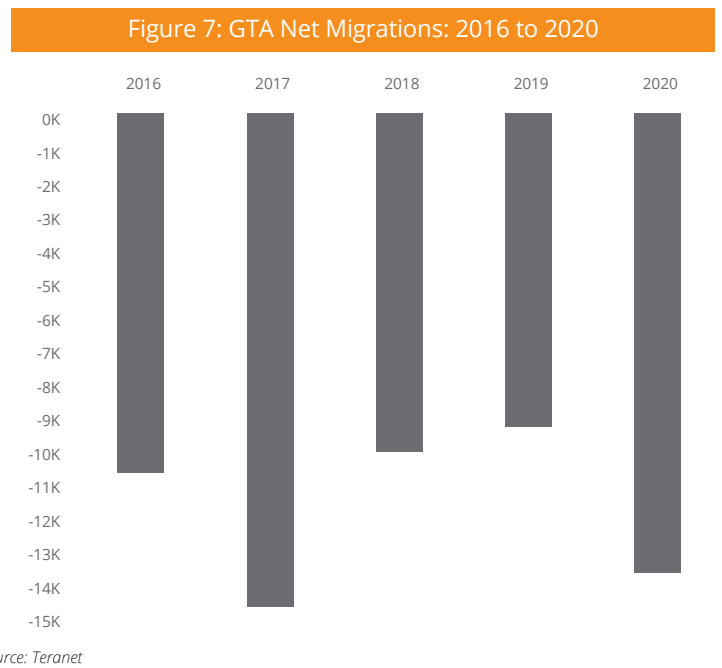
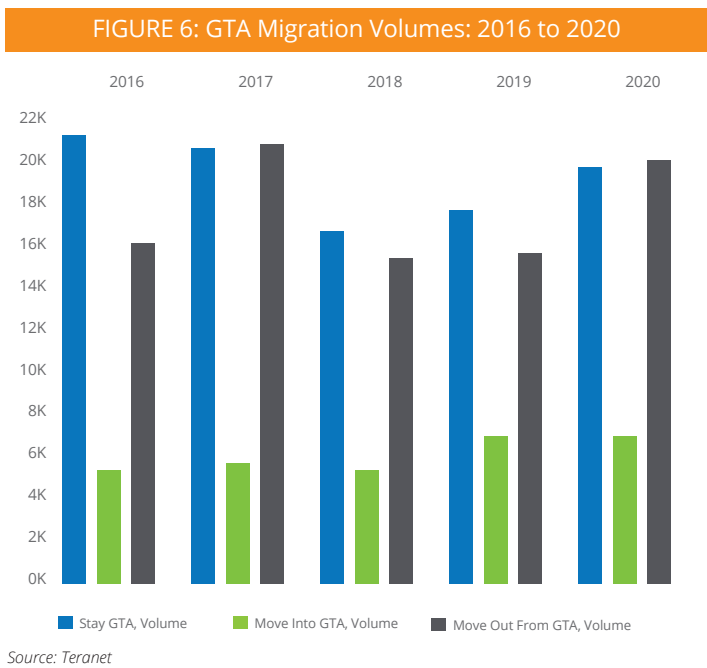
When we analyze property types and their value in relation to migration activity (Figure 5), we observe that the categories of Migrate from Non-Condo to Condo Property, Migrate from Condo to Non-Condo Property, Migrate to another Condo Property and Migrate to another Non-Condo Property have all experienced growth in the average transfer value. In particular, in 2020 homeowners pay 8-10% more (year-over-year) on their next property due to the hot real estate market. Homeowners that already own condos and are purchasing a non-condo property tend to pay on average 30.22% more when they make the switch to non-condo properties compared to non-condo homeowners purchasing another non-condo property.



Migration Patterns Amongst GTA Homeowners

In this section of the report, we will drill down further into data focusing on existing homeowners in the GTA and their activity when they purchased a new property that was registered by a different LRO than their original property. The volumes of homeowners moving into the GTA or buying a new home and remaining in the GTA have increased since 2018 (Figure 6). In fact, the number of owners who migrated into the GTA in 2020 was the highest volume seen in the last five years with 6,238 compared to 5,284 in 2016.

When we compare the overall volume of migration into the GTA versus migration out of the GTA (Figure 7), it is not surprising that the net migration is negative. This means that more homeowners who have a property in the GTA purchased another property outside of the GTA compared to those living outside of the GTA and purchasing a property in the GTA. The total net migration volume for the GTA in 2020 was negative 13,792, which shows a net migration out of the GTA. The net outflow from GTA in 2020 is slightly less than the outflow of 14,808 in 2017, yet it still surpasses the net outflow in 2018 and 2019.



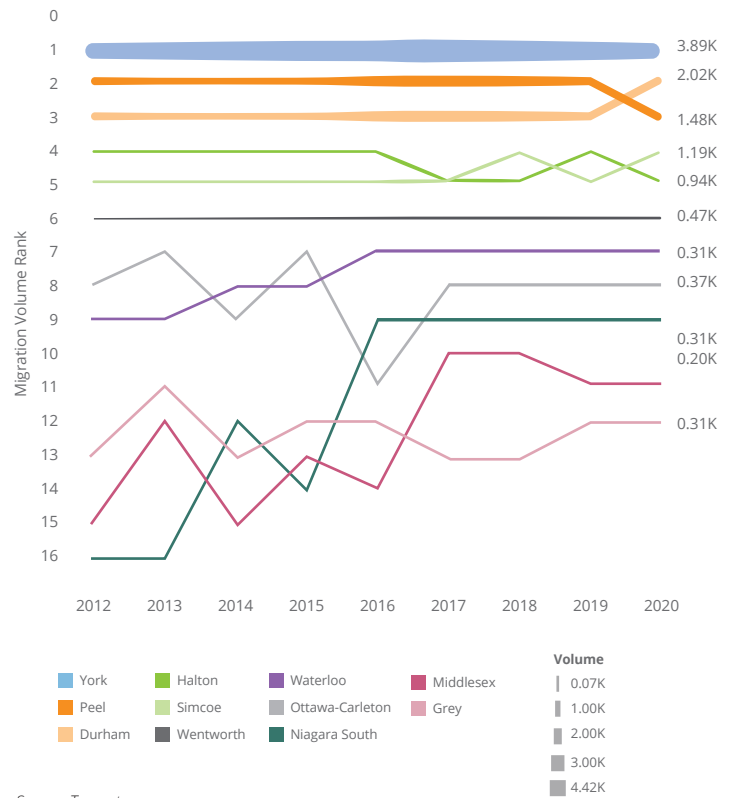
Throughout this report we reference the GTA which includes the Land Registry Offices of Toronto, Halton, Peel, York and Durham.

Migration Patterns Amongst Toronto Homeowners

In this final section of the report, we'll look at the migration patterns of existing Toronto homeowners purchasing a new property. In our nine years of data (Figure 8) it is apparent that Toronto homeowners prefer to stay in the city as more than 50% of homeowners who purchase a new property stay within Toronto (Figure 9). When we look at homeowners who leave Toronto, since 2012 the top five LROs they've migrated to have remained consistent: York, Durham, Peel, Simcoe and Halton. The other LROs included have experienced inconsistent migration volumes, but we can observe that Waterloo, Niagara South and Middlesex have recently experienced an increased volume.

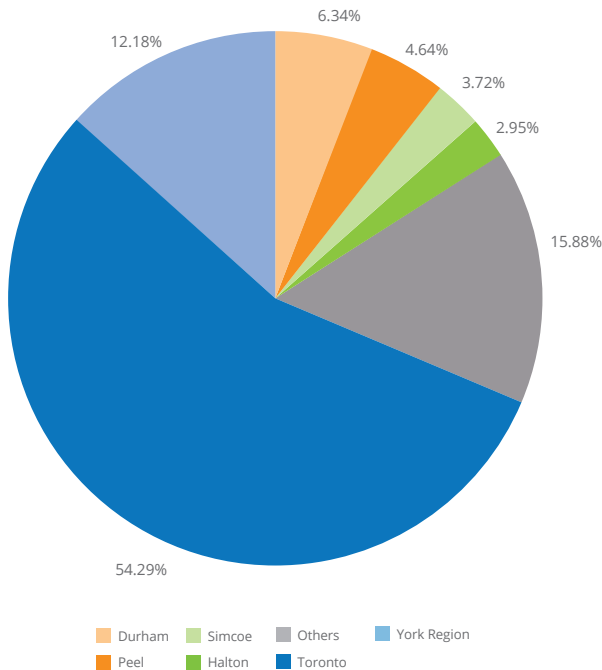
When we look at the LROs that have less migration volume, we can identify a few that experienced more interest amongst existing homeowners in 2020 compared to previous years (Figure 10). For the most part Middlesex, Muskoka, Northumberland, Essex and Hastings experienced steady year-over-year growth from 2012 to 2018 with a dip in 2019 followed by recovery in 2020. We are also observing increasing migration volumes from Toronto homeowners to Brant and Oxford since 2016. Although this volume only represents less than 250 migrations, the consistent growth is interesting to note.

Figure 8: Toronto Homeowner Migration Rank by LRO



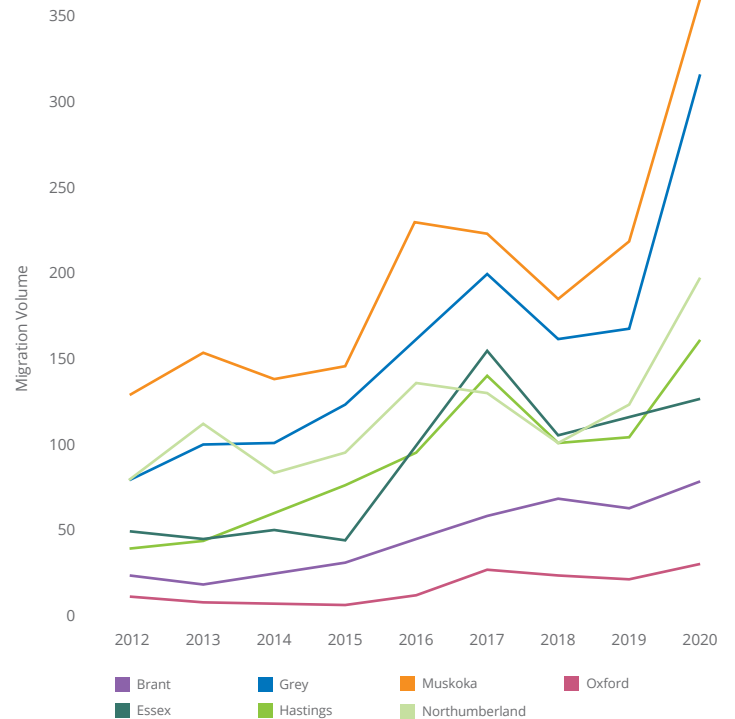
Source: Teranet

Figure 9: Toronto Homeowner Migration by LRO Percent: 2020



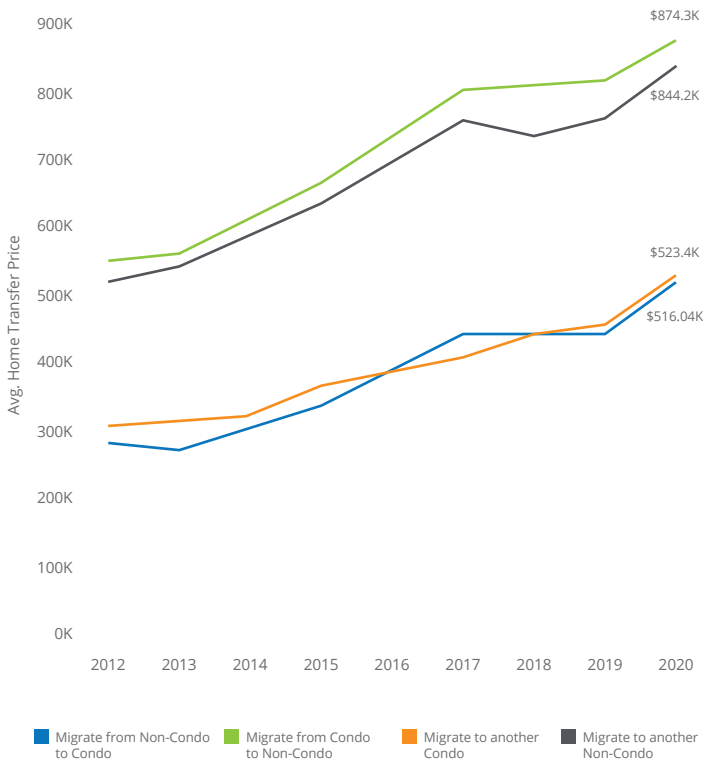
Source: Teranet

Figure 10: Toronto Homeowner Migration Volumes



Source: Teranet

Figure 11: Transfer Values of Property Types: 2012 to 2020



Source: Teranet

According to the data in Figure 11, existing Toronto homeowners who purchase another property outside the city tend to pay higher prices for their next property compared to the average transfer values overall in Ontario (Figure 5). However, the value gap between the same property type is much smaller for Toronto homeowners; for example, there is less than an 8% difference in transfer value for a non-condo property compared to the 30% difference in Ontario.

A Spotlight on Migration Patterns in 2021

Migration volumes have continued to trend upward in the first quarter of 2021 compared to previous years (Figure 12) as we observe the most drastic volume of homeowners migrating into the GTA and migrating out of the GTA since 2016. 4,720 homeowners migrated out of the GTA in Q1 2021 compared to 2020, which represents an increase of 60.71% year-over-year.

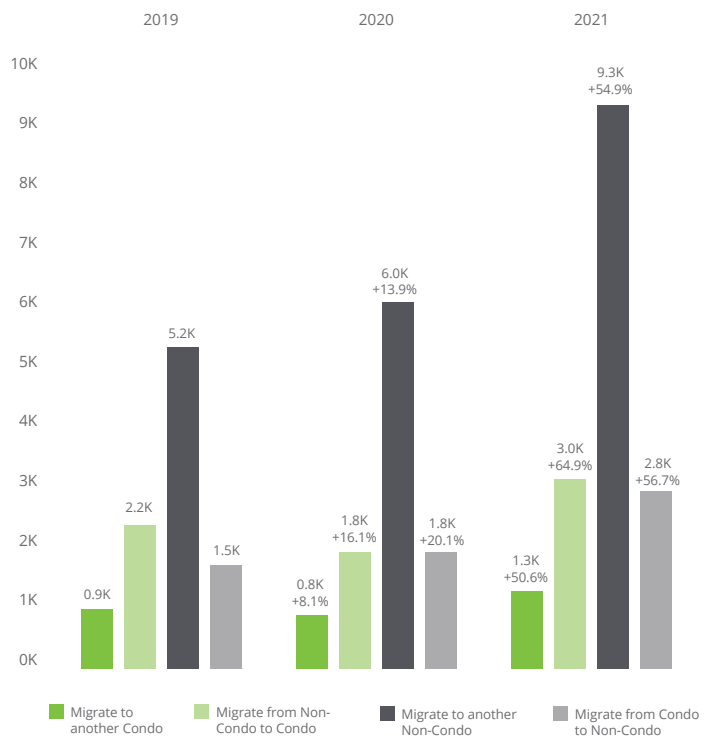
There is similar growth when we look at property type changes (Figure 13) with a 64.9% year-over-year growth rate amongst non-condo homeowners that purchased a condo property in Q1 2021, which indicates a resurgence in interest in the condo market.

Figure 12: GTA Migration Volumes: 2016 to 2021, Q1 only



Source: Teranet

Figure 13: Property Type Preferences: 2019 – 2021, Q1 only



Source: Teranet

In the next edition of the Quarterly Market Insight Report we will share more migration trends from 2021 and dig deeper into the migration in 2020 as we focus on data in relation to true migrations versus buyers that invested in a secondary/recreational property.

Teranet is dedicated to providing a full and authoritative view of the mortgage and real estate markets during a period of uncertainty by leveraging our unique mortgage registration data to generate powerful insights. Canadian lenders can access detailed monthly mortgage performance analytics broken down by lender segment and geographic area through our LendView platform. If you would like to learn more about how to grow your market share with LendView please contact your Teranet Account Manager.



For media inquiries, please contact:

Emily Boyce
Director, Marketing and Communications
Emily.Boyce@teranet.ca

If you need more information about the data presented in this report, the Teranet Data Science Lab can help you dig deeper.

Our Data Scientists will work closely with you to answer your questions with insights from our proprietary databases. For more information, please contact:

Kan Zhu
Director, Financial Services & Data Analytics
Kan.Zhu@teranet.ca

Paul McGowan
Director, Property Solutions
Paul.McGowan@teranet.ca

For more information about Teranet Solutions, please contact:

Kevin Pavey
Vice President, Financial Solutions Sales
Kevin.Pavey@teranet.ca

Ontario
Chris.Butler@teranet.ca
Erin.McTavish@teranet.ca
Heather.Reid@teranet.ca
Laura.Weise@teranet.ca

Ottawa/Québec
Grant.Anderson@teranet.ca

Western Canada
Derek.Tinney@teranet.ca