

Guelph Housing Market Report

Year In Review
2017

	 All Guelph Homes	 Detached Homes	 Semis and Towns	 Condo Apartments
2017 Median Sale Price	\$474,000 ▲ 20.7% (2017 vs. 2016) ▲ 1.9% (Q4 vs. Q3)	\$550,000 ▲ 22.1% (2017 vs. 2016) ► 0.0% (Q4 vs. Q3)	\$422,500 ▲ 24.3% (2017 vs. 2016) ▲ 1.3% (Q4 vs. Q3)	\$310,000 ▲ 21.9% (2017 vs. 2016) ▼ 0.6% (Q4 vs. Q3)
2017 Median Days on Market	11 ▼ 1d (2017 vs. 2016) ▲ 1d (Q4 vs. Q3)	10 ► 0d (2017 vs. 2016) ▲ 1d (Q4 vs. Q3)	12 ▼ 1d (2017 vs. 2016) ▼ 4d (Q4 vs. Q3)	15 ▼ 7d (2017 vs. 2016) ▲ 2d (Q4 vs. Q3)
Number of Sales in 2017	2309 ▼ 6.3% (2017 vs. 2016) ▼ 11.4% (Q4 vs. Q3)	1305 ▼ 8.1% (2017 vs. 2016) ▼ 1.6% (Q4 vs. Q3)	689 ▼ 3.5% (2017 vs. 2016) ▼ 25.2% (Q4 vs. Q3)	315 ▼ 4.5% (2017 vs. 2016) ▼ 14.1% (Q4 vs. Q3)
Number of Listings in 2017	3078 ▲ 11.5% (2017 vs. 2016) ▼ 32.0% (Q4 vs. Q3)	1793 ▲ 10.1% (2017 vs. 2016) ▼ 36.1% (Q4 vs. Q3)	871 ▲ 18.3% (2017 vs. 2016) ▼ 36.7% (Q4 vs. Q3)	414 ▲ 4.5% (2017 vs. 2016) ▼ 4.1% (Q4 vs. Q3)



Market statistics and analysis are compiled for you by

HOME GROUP
REALTY INC
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Based on sales data from the Guelph & District Association of REALTORS® MLS® for detached and semi-detached homes, townhomes, and apartment condominiums in the City of Guelph. Data not independently verified. For information purposes only. Compiled January 2017.

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Sales Data Trend Analysis and Interpretation

2016 was a hot local real estate market, but in retrospective it paled in comparison to the blazing conditions in 2017. An astounding 60% all homes sold in Guelph moved at or above their asking prices — a median sales price of 105% of list price! — pointing to multiple offer competitions becoming a normal (and even expected) reality. Many sellers were exceedingly happy with this trend; buyers, less so. Below are some takeaways from the Guelph Housing Market Report data.

► Looking Back at the Year

As the New Year shepherds in some frigid temperatures, we've taken some time to look back at the wild ride that was the 2017 Guelph real estate market and form some predictions for the year ahead. The 2017 market evolved from the beginning of the year to the end, shifting to regain more balance for buyers and sellers throughout the summer and fall.

Although the later part of the 2017 market softened slightly, the overall year was another one for the record books. The median sales price in 2017 for all housing forms approached \$475,000, jumping an astounding 20%+ compared to the sub-\$400K median sales price for 2016. Although the prices increased, the number of sales dipped by over 6% with 150 fewer homes selling this past year compared to 2016. Conversely, the number of new homes being listed for sale increased sharply as more homeowners decided to take advantage of the strong sales prices, with 11%+ additional homes hitting the market. Even with the easing of the tight inventory experienced in 2016, strong buyer demand drove the median sales price up over \$80,000.

Looking at the different housing forms (detached; semi-detached & townhomes; condo apartments), the Guelph resale market is still dominated strongly by detached properties (over 57% of all homes sold). City residents have undoubtedly noticed the increasingly growing number of mid- and high-rise condo apartments being constructed recently, but this is only a recent trend in the past dozen or so years. Guelph is still very much a legacy detached homes community. That said, detached home sales did account for a larger-than-proportionate sales drop with more than an 8% decline. This trend could be evidence of a shifting demographic market away from less affordable detached homes towards smaller and less expensive forms such as townhouses and condo apartments.

► A Crystal Ball for 2018

Predicting real estate market trends for the next year has always been as much art as science, with even many professionals disagreeing on the future. Economist Ryan Berlin made an astute and uncontroversial observation, though, when he commented that the “housing market and economy are becoming increasingly intertwined.”

The biggest impact on Guelph real estate in 2018 will come from the (yes, even more) mortgage rule changes that took effect across Canada on January 1st. The most significant change for home buyers requires uninsured mortgage consumers (including those refinancing their home) to now qualify using a new minimum qualifying rate. This stress-test rate is the greater of the five-year benchmark rate published by the Bank of Canada or the lender's mortgage rate +2% (whichever is higher). Previously, uninsured buyers with more than a 20% down payment only needed to qualify at the lender's actual mortgage rate, which is almost always significantly lower (by 1-3%) than the benchmark rate.

This change affects a large portion of home buyers and current owners and will reduce a buyer's maximum home affordability that may require them to settle for a smaller/less expensive home that they would have otherwise wanted. Logically, this decreased buyer affordability may lead to lower offer prices on homes which could result in the first year-over-year price declines in quite a while.

Guelph has proven itself to be exceptionally resilient to downward affordability pressures, though, largely the result of being inside the Greater Toronto home-shopping district. As buyers with reduced affordability are priced out of the GTA market, they will often drive until they qualify for the home that best meets their family's needs — and often shop in Guelph. In the end, 2018 may see fewer local-to-Guelph buyers with the gap filled by more out-of-town buyers instead.

Taking all the available data into consideration, we believe that Guelph will continue to experience a strong real estate market in 2018, though with a more moderate median price increase under 6%. Inventory will begin to tighten, with more home owners staying where they are instead of selling and relocating. The first part of 2018 will be slower than normal, though, as buyers adjust their expectations to match the new mortgage rules (and likely many buyers pulled ahead their early-2018 purchase plans into late 2017 to beat the pending rule changes). By late-spring 2018, the regular buying activity will continue and prices will rise accordingly.

If you want to stay on top of the 2018 market, contact your Home Group Realty sales professional today!