

Top-Tier Real Estate

2024 FALL STATE OF LUXURY REPORT

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COVER: Calgary, AB (SOLD); built by Trickle Creek
LEFT: Zhao Yangyang (Unsplash)

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Executive Summary

Canada's housing market continues to balance the effects of population growth and declining mortgage rates against a slowing economy, rising geopolitical tensions, and wavering consumer confidence, resulting in a luxury market that remains steady, but reflected limited growth in the third quarter of 2024. According to Sotheby's International Realty Canada's *Top-Tier Real Estate: Fall 2024 State of Luxury Report*, the luxury condominium market in two of Canada's major urban centres, Toronto and Vancouver, have shifted into buyers' territory with prices stabilizing as supply outstrips demand. While demand for luxury single family homes has remained resilient, overall market dynamics have evolved to better favour homebuyers in these two key markets, creating advantageous conditions for purchasing luxury homes in cities typically renowned for hyper-competition.

In the country's largest luxury real estate market, the Greater Toronto Area (GTA), overall residential real estate sales over \$4 million (condominiums, attached and single family homes) remained consistent year-over-year between July 1–August 31, with a nominal uptick of 3%. Although single family home sales over \$4 million saw a modest 4% annual improvement, \$4 million-plus condominium sales fell 25% from last summer's levels. GTA residential sales over \$1 million were down 11% year-over-year over the summer months. Preliminary fall activity indicates similar trends ahead, as \$4 million-plus residential sales in the GTA saw an annual increase of 9% between September 1–30. During this period, single family home sales over \$4 million were up 9% year-over-year, while one condominium sold over \$4 million, on par with September 2023. GTA residential sales over \$1 million remained in balance with a 2% year-over-year uptick this September.

Sales activity softened across Vancouver's luxury real estate market in the third quarter, as high housing prices and uncertainty surrounding the upcoming provincial election dampened consumer confidence. From July 1–August 31, luxury residential sales over \$4 million fell 13% short of summer 2023 levels, with \$4 million-plus

single family home sales down 16% year-over-year, while seven \$4 million-plus condominiums sold compared to six sold last summer. Overall, residential sales over \$1 million were down 15% year-over-year during this time. Uneasy consumer sentiment was reflected in September activity, as residential sales over \$4 million fell 52% from September 2023 levels. Single family home sales over \$4 million were down 48% year-over-year, and there were no sales of condominiums over \$4 million compared to two sales in the previous September. \$1 million-plus residential sales saw an annual decline of 31% overall.

In contrast, top-tier property sales in Montréal improved through the summer months across all residential housing types, condominiums, attached and single family homes, and sales collectively surged to close the third quarter of 2024 with strong gains across the \$1 million-plus market. Although there were five sales over \$4 million between July 1–August 31, down from nine properties sold over the previous summer, sales over \$1 million were up 15% year-over-year. September sales data reflects a market poised for improved activity, as \$1 million-plus residential sales soared 83% year-over-year, while two properties sold over \$4 million, compared to three transactions in September 2023.

Calgary's luxury market performance continued to surpass major cities across Canada in the third quarter of 2024, as gains in population from immigration and in-migration boosted demand across all residential housing types. Between July 1–August 31, \$1 million-plus sales climbed 31% year-over-year, with one property sold over \$4 million, on par with seasonal levels recorded each year between 2021–2023. September luxury sales activity foreshadows an active and healthy market ahead. With \$1 million-plus sales up by 15% year-over-year, and with two properties sold over \$4 million between September 1–30 compared to a quiet \$4 million-plus market in September 2023, Calgary is poised for healthy activity in the months ahead.

“In recent years, the demand for upward housing mobility across the conventional and luxury housing markets of Canada’s largest cities has risen to all-time highs. However, these aspirations have been out of reach for many Canadians due to skyrocketing housing prices and intense competition for available property inventory. This fall, homebuyers and investors are set to encounter some of the most favourable conditions in years for purchasing or upgrading their homes as top-tier property listings supply increases, interest rates decline, and housing prices stabilize or even decrease in certain communities. This trend is especially evident in the once fiercely competitive markets of Vancouver and Toronto, as well as across the luxury condominium sector,” says Don Kottick, President and CEO of Sotheby’s International Realty Canada. “Although we expect the luxury market to remain largely stable in the coming months, over the longer term, there is no doubt that population growth will intensify competition for housing. Further, rising building costs and ongoing bureaucratic and policy barriers will only discourage construction. This means that there is an opportunity to take advantage of the favourable homebuying conditions we are seeing today.”

According to Don Kottick, it has taken the better part of a year for Canada’s luxury real estate to absorb the effects of multiple interest rate cuts by the Bank of Canada, as homebuyers in this segment are typically insulated from rate changes as they utilize cash reserves and strong financial positions. However, the cumulative effect of interest rate cuts has permeated market sentiment, instilling confidence and spurring transactions among those who wish to capitalize on elevated inventory levels and variable interest rates, or preparation for strategic real estate transactions in the months ahead. Should additional rate reductions take place before year-end, pre-transactional activity is likely to translate into a substantial boost in sales.

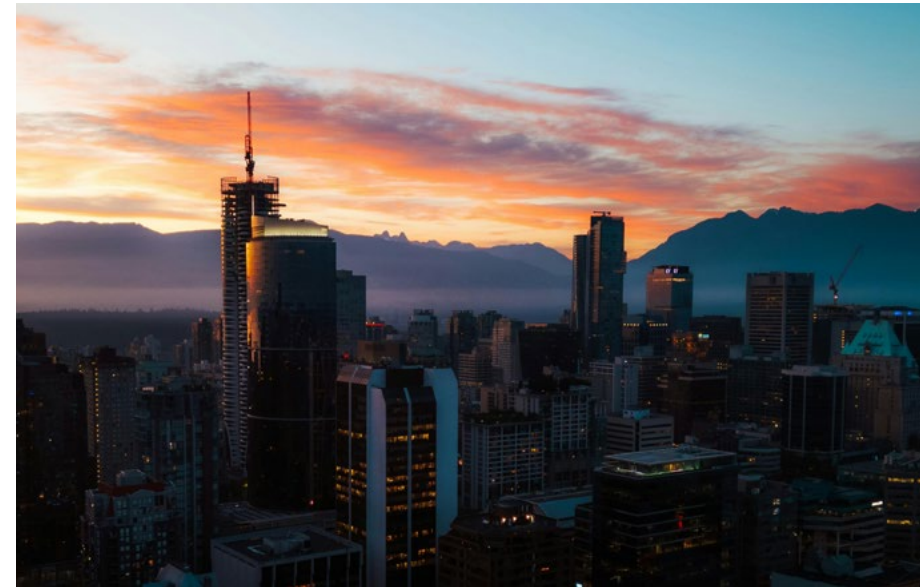
Vancouver

The City of Vancouver's conventional and luxury real estate markets experienced a slowdown in the third quarter of 2024. Several factors such as economic and political uncertainty, persistently high housing prices, increasing living costs, and concerns about public safety and urban disorder in key neighbourhoods, dampened market sentiment and activity. The City of Vancouver's housing market, including the top-tier segment, slowed significantly as homebuyers adopted a "wait-and-see" approach in anticipation of the outcome of British Columbia's October provincial election and further interest rate cuts by the Bank of Canada.

Over the summer months, luxury residential real estate sales over \$4 million in the City of Vancouver (condominiums, attached and single family homes) fell 13% to 49 sales between July 1–August 31, compared to the same period in 2023. Of these, 86% of total sales were single family homes, down from 89% last year. Sales of ultra-luxury homes over \$10 million between July 1–August 31 remained stable, with four sold—three single family homes and one condominium. Overall, top-tier home sales over \$1 million fell 15% year-over-year, to 572 homes sold in July and August.

Luxury sales activity in September foreshadows reserved activity this fall, according to Sotheby's International Realty Canada experts. The City of Vancouver reported 12 luxury sales over \$4 million between September 1–30, down 52% from 25 properties sold during the same period last year. There were no ultra-luxury properties sold over \$10 million between September 1–30, down from one sold during the same period last year. Total top-tier sales over \$1 million declined a significant 31%, with 213 properties sold between September 1–30, compared to 309 in the previous year.

Although single family home demand and sales continued to dominate Vancouver's luxury market in the third quarter of 2024, between July 1–August 31, luxury single family home sales



over \$4 million declined 16% year-over-year to 42 sales. Ultra-luxury single family property sales over \$10 million also fell to three homes sold over the summer months, compared to four in the summer of 2023. During this time, total top-tier single family sales over \$1 million decreased 28% year-over-year to 207 properties sold. Muted sales activity in September foreshadows a market that will continue to lean in favour of luxury homebuyers. There were 12 sales of luxury single family homes over \$4 million between September 1–30, down 48% from 23 properties sold during the same period in 2023. Moreover, no ultra-luxury properties over \$10 million were sold between September 1–30, a decrease from one sale the previous year. Overall, top-tier single family sales over \$1 million decreased 41%, with 84 properties sold between September 1–30, 2024, compared to September 1–30, 2023.

With sales activity limited by the city's long-standing deficit of attached home supply, Vancouver's luxury attached home market over \$4 million was quiet in Vancouver between July 1–August 31, consistent with the same period last year. However, overall top-tier sales over \$1 million increased by 15% year-over-year, with 181 properties sold between July 1–August 31. Moreover, this summer, 87% of attached home sales over \$1 million were within the \$1 million–\$2 million range, the entry level for top-tier housing, up from 82% during the same period last year. This reflected substantial demand from homebuyers prioritizing larger dwellings in prime urban locations but are priced out of the single family home market. Despite this demand, luxury attached home sales above \$4 million remained at zero between September 1–30, consistent with the same period last year. Overall top-tier attached home sales over \$1 million were down 21% year-over-year, with 61 properties sold in September.

Buyers' market conditions permeated Vancouver's luxury condominium market in the third quarter of 2024, with rising inventory in both the resale and pre-construction segments. Over the summer months, sales over \$4 million increased marginally: seven homes sold between July 1–August 31, up from six sold during the same time last year.

One ultra-luxury condominium priced over \$10 million was reported sold between July 1–August 31, up from none sold over the previous summer. Overall top-tier condominium sales over \$1 million dropped 19% year-over-year, to 184 homes sold between July 1–August 31. No sales of luxury condominium apartments priced above \$4 million were reported between September 1–30 to start the fall market. Overall, top-tier sales of condominiums over \$1 million posted a 24% decline, to 68 condominiums sold between September 1–30, of which 61 or 90%, fell within the \$1 million–\$2 million range, the entry point to top-tier housing.

Vancouver's luxury market activity is expected to remain subdued this fall due to an oversupply of listings and an uneasy economic

and political climate. Sotheby's International Realty Canada experts predict that prices, especially for luxury condominiums, will soften as sellers competitively price their homes. The abundance of options and reduced competition present a unique opportunity for buyers and investors to upgrade or acquire properties before potential rate cuts by the Bank of Canada stimulate additional activity.



Calgary

In the third quarter of 2024, the City of Calgary solidified its position as a leader in Canada's luxury real estate market, as locals and newcomers continued to invest in top-tier real estate, buoyed by confidence in the city's healthy economy and relative affordability. In the first half of 2024, there were 89,198¹ net migrants to Alberta, a 9.2%¹ increase from levels seen over the same period last year. This influx of residents, including a significant cohort from other Canadian provinces, and in particular, Ontario and British Columbia, resulted in a dynamic real estate market characterized by strong demand and increased median housing prices. In September 2024, the unadjusted benchmark price of a property in the City of Calgary, according to the Calgary Real Estate Board (CREB), rose by over 5% year-over-year to \$596,900, with annual gains ranging from 9% for single family homes to nearly 14% in the condominium market². Leading Sotheby's International Realty Canada experts forecast demand for property in Calgary will remain high into early fall, with prices rising further in response.

Following record-setting gains in the first half of 2024, when residential sales over \$1 million surged 46% year-over-year, the City of Calgary's luxury real estate market maintained sellers' market conditions and healthy sales activity throughout the summer months. Between July 1–August 31, \$1 million-plus home sales (single family, attached, and condominiums) experienced a 31% year-over-year increase, culminating in 337 properties sold. One property sold for over \$4 million, consistent with the year prior. Calgary's strong summer performance relaxed slightly in the early fall. Between September 1–30, Calgary saw 156 properties sold, representing an increase of 15% from the year prior. Of these homes sold, two did so in the luxury \$4 million-plus price range, an increase from zero units sold over the same period last year. No transactions were reported in the ultra-luxury \$10 million-plus price range, as was the case in 2023.



Consistent with the year prior, single family homes remained the most sought-after housing type in the City of Calgary, accounting for 83% of transactions above \$1 million between July 1–August 31, partially driven by interprovincial buyers looking for larger homes at a more affordable price point. Overall, luxury single family home sales over \$1 million increased by 23% year-over-year to 279 homes sold between July 1–August 31. Of these homes sold, two did so in the luxury \$4 million-plus price range in comparison to one home sold during the same period last year. Demand remained high for this housing type into September, with 132 \$1 million-plus homes sold between September 1–30, an increase of 11% year-over-year.

¹ Alberta Economic Dashboard, June 2024
² Calgary Real Estate Board, October 2024
Image Credit: Alex C (Unsplash)

Two sales were reported above \$4 million compared to a quiet September in 2023.

“Move-up” buyers continued to pursue Calgary’s attached home market, resulting in strong sales activity and upward price pressure over the summer. Overall, between July 1–August 31, 47 attached home sales over \$1 million were reported, an increase of 124% year-over-year. This positive momentum carried into September, which saw 22 attached home sales over \$1 million between September 1–30, an increase of 83% year-over-year. Notably, all \$1 million-plus attached homes sold in the first quarter did so between \$1 million–\$2 million.

Calgary’s luxury condominium market saw modest growth between July 1–August 31, followed by a slight contraction as summer transitioned to fall. Overall, between July 1–August 31, luxury condominium sales over \$1 million increased by 10% year-over-year to 11 properties sold. Consistent with the year prior, no sales were reported in the luxury \$4 million-plus price range. Two condominium sales over \$1 million were reported between September 1–30, down from five units sold in September 2023. According to Sotheby’s International Realty Canada experts, despite steady gains in the city’s condominium segment, the demand for attached and single family homes continues to outpace condominium demand in Calgary’s luxury segment as the desire for more space and greater square footage aligns with the lifestyle aspirations of the local population and those moving to the city.

Calgary’s luxury real estate market is poised for a productive finish to 2024, driven by the city’s strong population gains and economic fundamentals. Leading Sotheby’s International Realty Canada experts anticipate a gradual shift towards an active but more balanced market as top-tier listings supply introduced in the fall brings greater equilibrium between supply and demand. This will offer better opportunities for both buyers and sellers to engage strategically in the city’s luxury housing market. As demand

continues to be reinforced by population growth from buyers drawn to Calgary’s unique blend of affordability and lifestyle appeal, the city’s status as a key player in Canada’s luxury real estate market will continue to rise through the end of 2024.



Greater Toronto Area (GTA)

Bolstered by population gains, the Greater Toronto Area (Durham, Halton, Peel, Toronto and York) luxury real estate market maintained balanced conditions over the third quarter of 2024 as the dynamic between home sellers and prospective buyers matured to align with current market dynamics. As luxury inventory increased, particularly within the condominium market and in regions outside the City of Toronto, prospective buyers were empowered to negotiate favourable terms and prices. In fact, Sotheby's International Realty Canada market experts report that current conditions for luxury real estate purchasers are now at their most favourable since 2017 when the federal government introduced the minimum mortgage "stress test" threshold to temper the overheated housing market. At the same time, over the course of 2024, top-tier home sellers also gradually adapted to this changing power dynamic. By the third quarter of the year, sellers demonstrated a greater willingness to price properties realistically and to make necessary concessions. This shift improved negotiations and resulted in a more active luxury market with a greater volume of successful transactions in the third quarter.

Over the summer, residential real estate sales over \$4 million (condominiums, attached and single family homes) in the City of Toronto saw an annual gain of 18% to 45 properties sold from July 1–August 31. Sales over \$10 million on Multiple Listings Service (MLS) increased to four ultra-luxury homes sold, compared to just one sold in the summer of 2023. Overall, real estate sales over \$1 million were down 7% year-over-year over the summer months to 1,356 properties sold. Across the broader GTA, luxury sales over \$4 million were stable year-over-year with a 3% annual uptick to 76 properties sold in July and August, with five properties selling over \$10 million on MLS, compared to three in 2023. However, the broader GTA top-tier market softened over the summer overall, with \$1 million-plus pulling back by 11% year-over-year, with 4,290 properties sold between July 1–August 31.

As new listings supply and buyer activity renewed in the fall, 23 properties (condominium, attached and single family homes) sold over \$4 million in the City of Toronto between September 1–30, on par with last September's levels. There was one transaction above \$10 million on MLS, an improvement from a quiet September in 2023. \$1 million-plus residential sales in the city declined 2% year-over-year to 761 properties sold. GTA-wide residential sales over \$4 million improved from September 2023 levels with a 9% increase to 36 properties sold. On par with last September's activity, there were no sales on MLS above \$10 million. Overall, the month of September saw \$1 million-plus sales increase 2% across the GTA to 2,235 properties sold.

Demand for luxury single family homes remained strong across the Greater Toronto Area, as every generation of high-end homebuyer continued to pursue single family homes for lifestyle and investment purposes. As a result, annual percentage gains in the sale of single family homes over \$4 million within the City of Toronto and across the GTA exceeded that of the region's condominium and attached home markets over the summer, and in the month of September. Despite this robust consumer demand, an abundance of luxury home inventory across key neighbourhoods and regions gave homebuyers the advantage in negotiations over the third quarter of 2024. In the City of Toronto, sales of single family homes over \$4 million between July 1–August 31 increased 20% from the previous summer's levels to 42 units sold, with four of these selling over \$10 million, up from one transaction at this ultra-luxury price point last summer. Single family home sales over \$1 million were stable overall, with a modest 2% uptick to 876 homes sold in the city over the summer months. Across the GTA, gains in \$4 million-plus single family home sales were muted over the summer, with a 4% year-over-year increase to 73 properties sold. Five homes sold over \$10 million on MLS, up from three sold in the summer of 2022. Overall, single family home sales over \$1 million pulled back by 7% from summer 2023 levels to 3,232 homes sold between July 1–August 31.

Luxury single family sales activity in September suggests market



Image: 95 Hammond Dr, Aurora, ON (SOLD)

stability and buyer opportunity in the months ahead, particularly outside the city center. Between September 1–30, 22 single family homes sold over \$4 million in the City of Toronto, representing no change from September 2023. There was one single family home recorded over \$10 million on MLS, up from zero transactions last September. Overall, sales of single family home over \$1 million were up 6% year-over-year to 295 properties sold in the city. Across the broader GTA, \$4 million-plus sales saw an annual 9% improvement to 35 homes sold in September, with no transactions above \$10 million over the course of the month. Overall, between September 1–30, GTA single family home sales over \$1 million increased 9% year-over-year to 1,692 units sold.

Due to the region's ongoing shortage of medium-density housing, top-tier attached home sales remained limited in the third quarter of 2024, despite demand for upward housing mobility. Attached home sales over \$1 million in the City of Toronto were down 12% year-over-year to 271 properties sold between July 1–August 31, all between the \$1 million–\$4 million range. There were no sales over \$4 million over the summer, on par with the previous July and August. Across the GTA, \$1 million-plus attached home sales saw a more substantial annual decline of 19% to 755 homes sold over the summer. In September, 395 attached homes sold over \$1 million across the GTA, on par with September 2023 levels. There were no attached homes sold above \$4 million across the entire GTA between July 1–September 30, as was the case in the third quarter of 2023.

Toronto's luxury condominium market shifted further in favour of buyers in the third quarter of 2024, with an abundance of supply, reserved consumer demand and downward pressure on prices. Between July 1–August 31, three condominiums sold over \$4 million in the entire GTA region, down from four sales above this price threshold last summer, with all transactions taking place in the City of Toronto, on par with the number of \$4 million-plus units sold in the city last summer. There were no condominiums sold over \$10 million on MLS in the city or across the entire GTA region in July and August, as was the case last summer. Overall, \$1 million-plus condominium

sales between July 1–August 31 fell 30% year-over-year to 209 units sold within the City of Toronto and 303 units sold across the GTA in its entirety.

With sales velocity waning across the region's luxury condominium market, Toronto began the fall season with an excess of property listings, strengthening conditions that favour buyers and investors. As was the case in September 2023, a single sale took place over \$4 million across the GTA between September 1–30 this year, and there were no transactions over \$10 million on MLS. Overall, condominium sales over \$1 million saw an annual decline of 18% to 148 units sold across the GTA and a more significant shortfall of 35% to 96 units sold in the City of Toronto.

Sotheby's International Realty Canada experts predict that local demand for upward housing mobility, as well as the need for housing from new arrivals to the region, will foster an active luxury single family and attached home market in Toronto this fall. While balanced conditions and price stability will prevail for these housing types within the City of Toronto, an abundance of supply outside the city will tilt key regions in favour of buyers. The GTA's conventional and luxury condominium market, which remains over-saturated with supply, will see price declines and favourable opportunities for investment-minded buyers across the board. Market experts emphasize that Toronto remains Canada's primary destination for immigration and net migration, ensuring long-term demand for condominiums and residential housing amidst ongoing population growth. With current condominium pricing presenting attractive value, this moment offers a prime opportunity for individuals to upgrade and invest before intensified competition emerges as interest rates eventually decline.



Montréal

The City of Montréal's luxury real estate market continued to gain traction in the third quarter, building on its momentum from the first half of 2024, when the city saw high-end residential sales over \$1 million climb 25% year-over-year. Over the summer, Montréal's top-tier housing market continued to experience sales gains and sellers' market conditions as urban population growth supported demand for homes and eclipsed scarce listings supply. The city finished the summer with the total number of residential real estate sales over \$1 million (condominiums, attached and single family homes) up 15% year-over-year to 266 properties sold between July 1–August 31. 98% of homes sold during this period were in the \$1 million–\$4 million range, a segment where sales were up 17% from the same period last year. However, sales of luxury properties sold for \$4 million or more fell 44% compared to last summer, with five properties sold between July 1–August 31.

September luxury sales activity foreshadows continued strength in the market. As the fall season commenced, residential sales over \$1 million increased 83% year-over-year to 154 properties sold between September 1–30. The increased sales activity was attributed to an 88% jump in sales of luxury homes priced between \$1 million–\$4 million. Luxury sales over \$4 million decreased 33% year-over-year to two properties sold in September. There were no sales in the ultra-luxury \$10 million-plus category in the third quarter of 2024, compared to a single sale in the same period last year.

Single family homes remain the dominant housing type of choice for luxury buyers and comprised 44% of all residential sales over \$1 million between July 1–August 31. Moreover, the number of luxury single family home sales over \$1 million increased by 17% year-over-year to 117 units sold between July 1–August 31. The market for homes between \$1 million–\$4 million saw strong growth as sales increased 20% year-over-year to 113 properties sold in July and August. In contrast, sales over \$4 million fell to four homes sold



during this time, compared to six sold over the previous summer. The MLS system reported no sales of ultra-luxury single family homes priced at \$10 million or above between July 1–August 31, on par with summer 2023. As the fall season commenced, single family home sales over \$1 million increased 61% year-over-year to 66 properties sold between September 1–30. There were no sales of luxury single family homes priced over \$4 million during this time, compared to two homes in this segment during the same period last year.

Similarly, there were no sales of ultra-luxury \$10 million-plus single family homes from September 1–30, down from one transaction reported during the same period last year.

Luxury attached home sales remained stable from previous year's levels in the third quarter of 2024, with sales over \$1 million up a nominal 1% year-over-year to 77 properties sold between July 1–Aug 31. One attached home sold over \$4 million, compared to a quiet \$4 million-plus market the previous summer. In September, \$1 million-plus attached home sales increased 95% year-over-year to 41 properties sold between September 1–30, all between \$1 million–\$4 million, as was the case in September 2023. There were no attached home sales over \$4 million during this time, on par with the same period last year.

Luxury condominium sales over \$1 million increased 29% year-over-year to 72 properties sold between July 1–August 31, with 88% of these transacting between \$1 million–\$2 million, a substantial increase from the 82% of sales between \$1 million–\$2 million last summer. In contrast, the \$4 million-plus condominium market was comparatively quiet, with no sales in July and August, compared to three transactions last summer. At the start of the fall season, condominium sales continued to climb as sales over \$1 million increased 114% year-over-year to 47 properties sold between Sept 1–30. Sales of luxury condominiums over \$4 million doubled year-over-year to two properties sold. There were no sales of ultra-luxury condominiums over \$10 million in September, consistent with September 2023. According to Sotheby's International Realty Canada experts, the single family home remains the preferred choice for potential luxury buyers, however, with an increased supply of new and resale luxury condominium developments on the market, there are opportunities on the horizon for local buyers and investors, as well as those interested in relocating to the City of Montréal and entering the top-tier housing market through a luxury condominium purchase.

While Montréal's luxury real estate market is expected to skew in

favour of sellers this fall, Sotheby's International Realty Canada experts anticipate steady activity and stable pricing to be maintained overall. Widely anticipated interest rate cuts by the Bank of Canada are not projected to significantly impact luxury housing as many luxury homebuyers do not require financing, however, further cuts are expected to contribute to increased confidence in the market which will improve activity.





Image: Calgary, AB (SOLD); built by Trickle Creek