



# ROI

## Toronto Real Estate Returns Q4 2019



Scott Ingram  
CPA, CA, MBA  
REALTOR®

Victorian Row Houses  
by Jay Woodworth  
*Creative Commons license*



SCOTT INGRAM  
CPA, CA, MBA  
Sales Representative



# Toronto Real Estate Returns Report Q4 2019

## About this report

It's 20 years of Toronto **real estate** growth vs. select **stock market indexes**. I don't claim it's a perfect comparison, or that a house is the ultimate investment vehicle (they sure aren't liquid) – it's just to give a nice **rough idea**, out of **curiosity**.

### To note:

- Real estate “returns” exclude land transfer taxes, sales commissions, etc. (which are significant)
- Stock market “returns” do not account for commissions, fees, taxes or re-investing of dividends
  - 2018 S&P 500 had -6.24% return but -4.42% with dividends re-invested (30-year avg 2.38%)<sup>1</sup>
- When I say “Toronto” I mean strictly the 416 – not the whole GTA or CMA or TRREB region
- Multi-year returns show the compound annual growth rate (CAGR) – the rate that if applied each year would get you from the starting to ending numbers. Crudely, an “average” annual gain.
- The classic line applies: “past performance does not guarantee future results”

### Sources:

- Real estate numbers from *Toronto Regional Real Estate Board* (TRREB) “Historic Housing Stats,” using average prices from all Q4 transactions (Oct-Dec). The “All Real Estate” figure is essentially a portfolio of all houses and condos from Etobicoke to Scarborough that were bought and sold through the TREB MLS® System during the quarter. The stock indexes are a portfolio of major stocks.
- TSX/S&P (\$CAD) and S&P 500 (converted to \$CAD) from *Yahoo Finance* using Dec 31 closing
- MSCI World Index from *MSCI website* in \$CAD dollars using Dec 31 closing figures



**SCOTT INGRAM**  
CPA, CA, MBA  
Sales Representative



# Toronto RE vs. Markets

## Recent Returns Q4 2019

After a tough 2018 for the stock markets, all the indexes strongly rebounded in 2019. Toronto real estate came on in latter half of the year, but still ranks near the bottom in these near-year views.

	1 YR.	2 YR.	3 YR.	4 YR.
	<b>8.9%</b> 4th	<b>7.2%</b> 3rd	<b>6.1%</b> 3rd	<b>8.6%</b> 3rd
	<b>19.1%</b>	<b>2.6%</b>	<b>3.7%</b>	<b>7.0%</b>
<b>S&amp;P 500</b>	<b>28.9%</b> *	<b>9.9%</b> *	<b>13.0%</b> *	<b>12.1%</b> *
<b>MSCI</b>  World Index	<b>21.2%</b>	<b>9.8%</b>	<b>11.3%</b>	<b>9.4%</b>



SCOTT INGRAM  
CPA, CA, MBA  
Sales Representative

21

# Toronto RE vs. Markets

## Long Term Returns Q4 2019

Toronto RE outperformed all indexes in all views from 18 to 23 years. It topped the TSX in all but the 1 year view. The S&P 500 and the MSCI are above 9% in all views from 1 to 11 years.

	5 YR.	10 YR.	15 YR.	20 YR.
	8.2% <sup>3rd</sup>	7.2% <sup>3rd</sup>	6.6% <sup>3rd</sup>	6.6% <sup>1st</sup>
	3.1%	3.8%	4.2%	3.6%
S&P 500	9.4%	11.2%	6.8%	4.0%
	11.2% <sup>*</sup>	11.8% <sup>*</sup>	7.5% <sup>*</sup>	3.9%



**SCOTT INGRAM**  
CPA, CA, MBA  
Sales Representative



# Toronto Real Estate Recent Returns Q4 2019

The recent flatness of **detached house** prices (up until the last half of 2019) and the continued rise of **condo apts** has allowed the condos to overtake detached in all views less than 10 years.

	1 YR.	2 YR.	3 YR.	4 YR.	
	<b>8.9%</b>	<b>7.2%</b>	<b>6.1%</b>	<b>8.6%</b>	ALL TYPES *
 29%	5.4%	2.6%	0.7%	6.5%	DETACHED HOUSES
 51%	10.3%	9.6%	12.4%	12.8%	CONDO APTS.

The above two segments accounted for 80% of Toronto transactions in 2019.

\* "All types" adds in attached freeholds (semis and rowhouses), condo townhouses, and "other"






**SCOTT INGRAM**  
CPA, CA, MBA  
Sales Representative



# Toronto Real Estate Long Term Returns Q4 2019

Detached housing has outperformed condos for all views 15 years-plus (was 7 years in last year's report). The "All types" growth is brought down by a changing mix as > 200K condos units have been added to the GTA housing supply in the past 20 years. Condo apts (least expensive type) were 31% of transactions in 1998 but were 51% in 2019. Detached houses (most expensive) have fallen from 43% to 29% in that time.

	5 YR.	10 YR.	15 YR.	20 YR.	
	<b>8.2%</b>	<b>7.2%</b>	<b>6.6%</b>	<b>6.6%</b>	ALL TYPES *
	7.4%	7.6%	7.1%	7.0%	DETACHED HOUSES
	11.1%	7.5%	7.1%	7.1%	CONDO APTS.




\* "All types" adds in attached freeholds (semis and rowhouses), condo townhouses, and "other"



**SCOTT INGRAM**  
CPA, CA, MBA  
Sales Representative



# Toronto Real Estate Dollar Increases Q4 2019

	Current avg. price	1 YR. increase	3 YR. increase	5 YR. increase	10 YR. increase
	<b>\$911K</b>	<b>\$74K</b>	<b>\$147K</b>	<b>\$297K</b>	<b>\$458K</b>
	<b>\$1344K</b>	69K	28K	401K	699K
	<b>\$660K</b>	62K	195K	269K	339K

Condo apt Q4 prices haven't decreased YoY since 2012

Detached prices at Q4 2016 was after a huge couple of years of gains



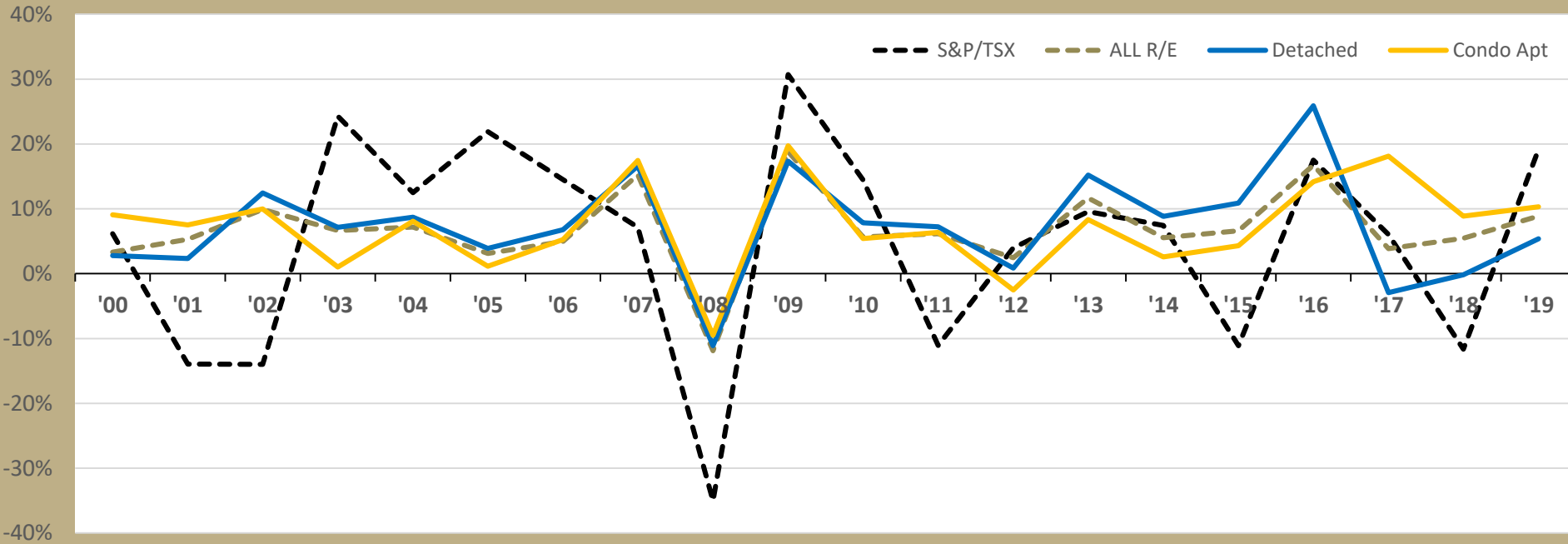
**SCOTT INGRAM**  
CPA, CA, MBA  
Sales Representative

21

# 1-Year Returns: 20 Year History

Q4 2019

1-Year Returns (Q4 vs. prior Q4)



Most volatile



Profitable years in last 23

16

22

20

21

Years with highest return

10

0

7

6

Years with lowest return

8

2

5

8





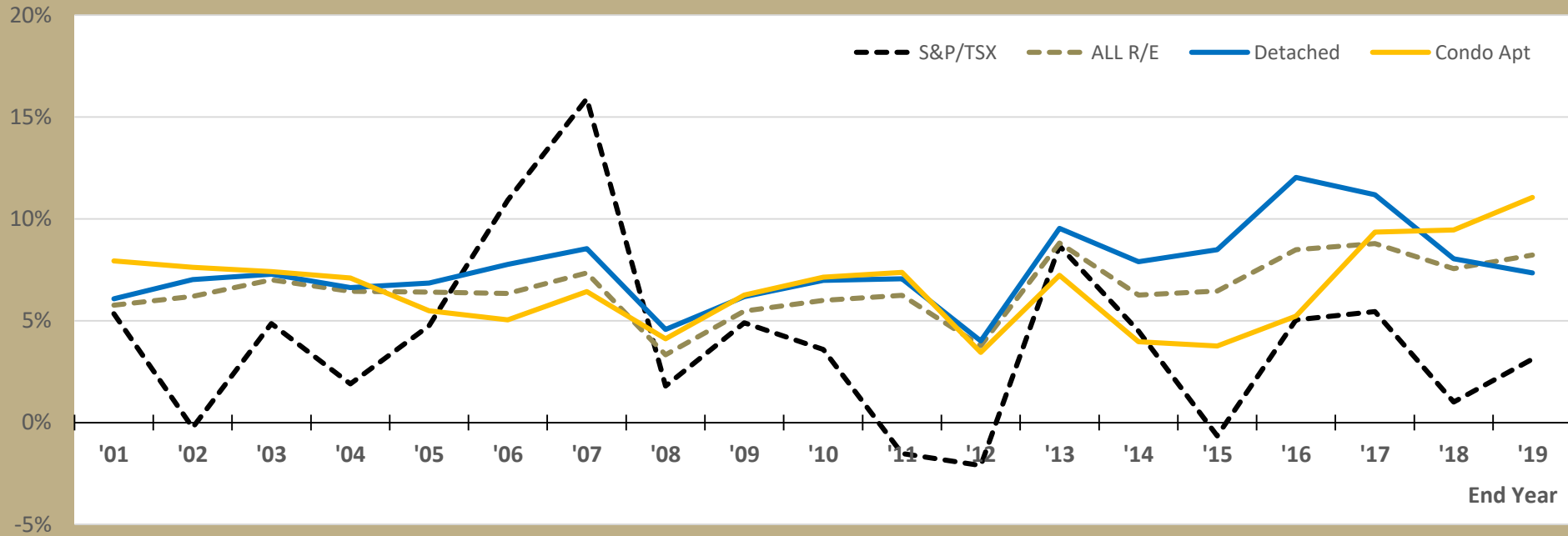
**SCOTT INGRAM**  
CPA, CA, MBA  
Sales Representative

**21**

# 5-Year Average Returns

Q4 2019

Rolling 5-Year Average Returns ending at Q4



Profitable 5-yr pds in last 19 15

Years with highest 5-year return 4

Years with lowest 5-year return 13

Not since 2007

19	19	19
0	9	6
1	0	5

'02-03, '10-11, '18-19

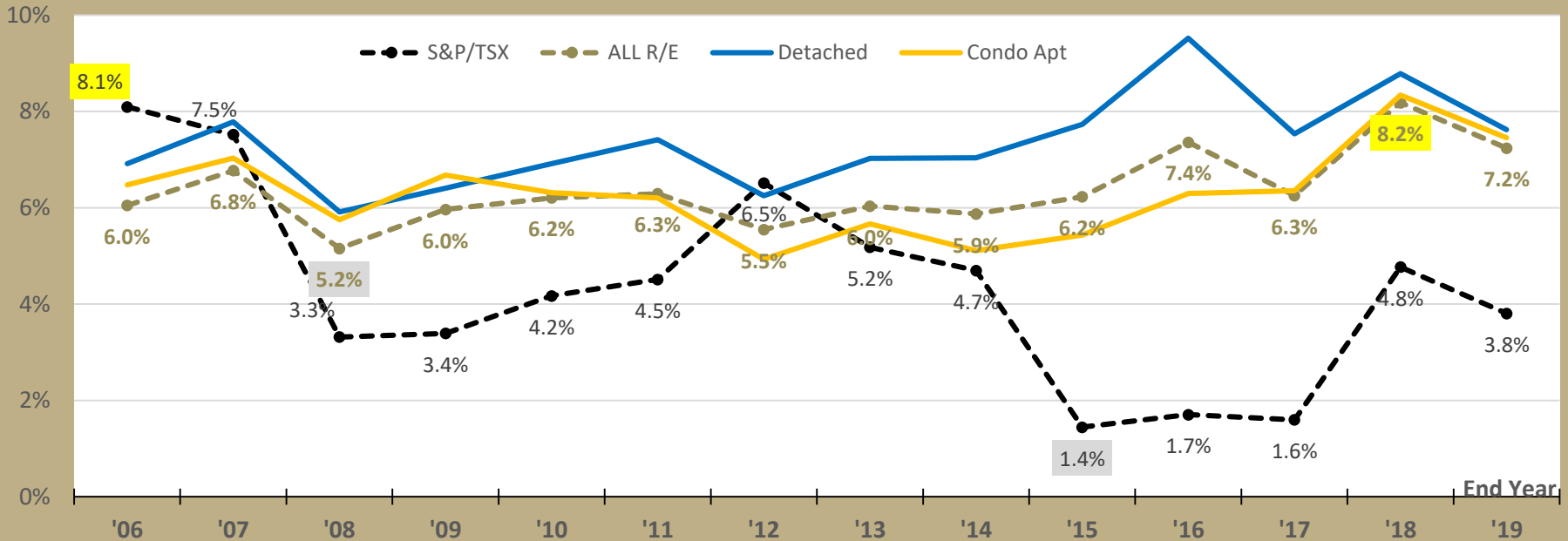
RE never negative in a 5-year view



# 10-Year Average Returns

Q4 2019

Rolling 10-Year Returns ending at Q4



Most volatile, and 6.7% spread from best to worst



Profitable 10-yr pds in last 14

14

14

14

14

Years with highest 10-yr return

2

0

11

1

Years with lowest 10-yr return

11

2

0

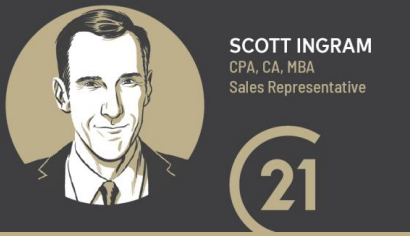
1

Range:

5.2%-8.2%

Not since 2012

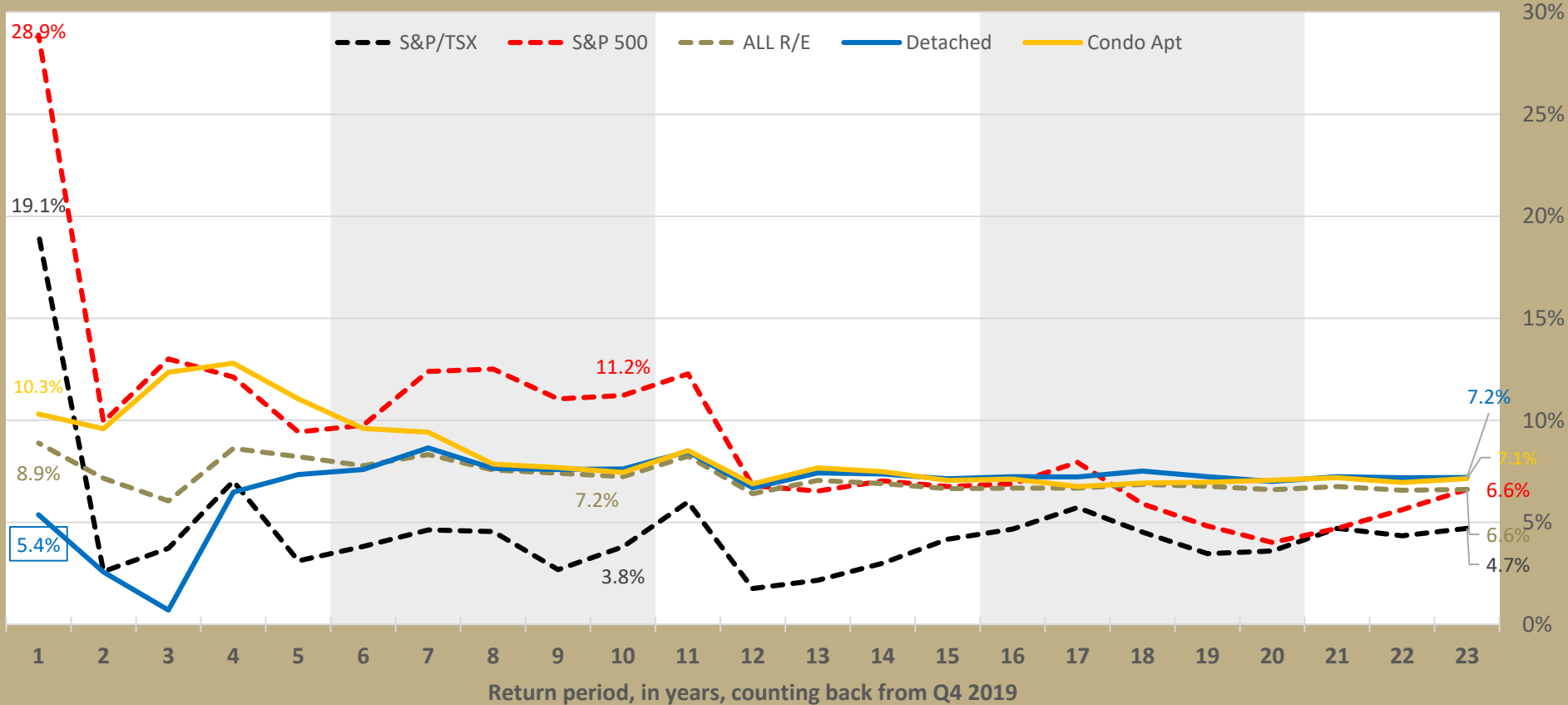
Last 7 in a row



# Average Annual Return Timeline

Viewed from Q4 2019

Compound Annual Growth Rate, 1-23 years



The composite Toronto real estate number ("All R/E") has better returns than the TSX in all time horizons except the 1-year view



**Your home is the single largest investment you'll make — trust it with an accountant.**

Would you like to make better-informed real estate decisions? I believe knowledge is power. So, I invest a lot of time researching and analyzing data and trends in the Toronto real estate market. My Chartered Accountant (CPA, CA) side also compels me to dig way deeper than most agents into the numbers on individual properties my clients are interested in. If you would like to benefit from the same type of analysis and insight that is sought by media outlets and institutional investors, reach out. Better information = better decisions.

Click for more fresh statistics and insight on Toronto real estate:



@areacode416



[century21.ca/scott.ingram](http://century21.ca/scott.ingram)