

Q3 2024

Greater Toronto Area Multifamily Market Report

Year-to-Date Statistics

Avg. Price Per Suite	Year-over-Year
\$327,709	▲ 1.1%
Avg. Cap Rate	Year-over-Year
4.23%	▲ 56 bps

Source: RealNet – 10+ Suites

Quarterly Statistics

No. of Transactions	Annual % Change
13	▲ 62.5%
Sales Volume	Annual % Change
\$1.06B	▲ 1,069%
Suites Traded	Annual % Change
3,087	▲ 727.6%

Source: RealNet – 10+ Suites

Market Outlook

In Q3 2024, the GTA multifamily market showcased substantial momentum. The quarter experienced significant growth in transactional activity, driven by the re-emergence of institutional investors and improving lending conditions, marking a strong contrast to the previous year.

Sales volume for Q3 surpassed \$1.06 billion, a remarkable 1,068.9% increase compared to Q3 2023, which only saw \$91.1 million in total sales. This surge was largely propelled by larger transactions, with the average unit size per deal at 237 suites. Overall, 13 transactions were completed in the quarter, a 62.5% rise over Q3 2023. Institutional capital played a crucial role in this resurgence, with significant deals indicating renewed confidence in the long-term growth prospects of the GTA multifamily sector.

The number of suites traded in Q3 2024 jumped to 3,087, a 727.6% increase over the 373 suites sold during the same period last year. The average price per suite rose slightly by 1.1% year-over-year to \$327,709. Cap rates increased during the quarter, with the average cap rate reaching 4.23%, up 56 basis points from Q3 2023.

However, the market appears to have reached its peak in cap rates. As bond yields and interest rates begin to stabilize, cap rates are expected to compress. Canada's inflation rate dropped to 1.6% in September 2024, boosting the likelihood of further interest rate cuts, which will likely place downward pressure on cap rates moving forward.

Core assets—properties that have already seen significant value-add improvements—commanded a higher-than-average price per unit, underscoring institutional investors' preference for stability and long-term growth potential in these well-positioned assets.

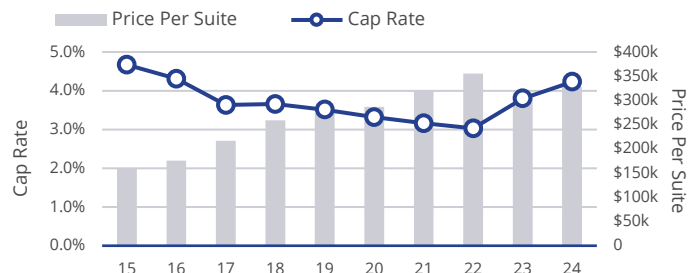
The outlook for the multifamily market remains optimistic, particularly as borrowing costs continue to decrease and institutional capital flows back into the market. Deals that closed in Q3 were largely negotiated when bond yields were elevated, but with yields now 50-75 basis points below their recent highs, the stage is set for further activity in early 2025 as financing becomes more favorable. This environment is expected to foster an ideal scenario for maximizing value on asset dispositions in the months ahead.



Market Overview

01 Valuation Benchmarks

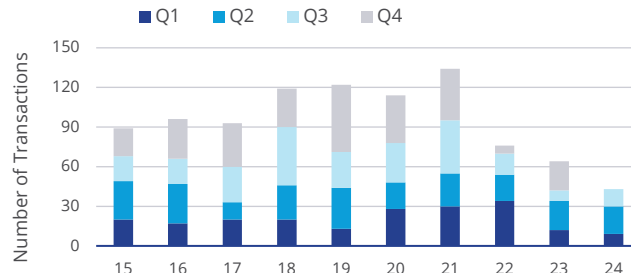
Price per Suite vs. Cap Rate



Source: Colliers International, RealNet

02 Transaction Volume

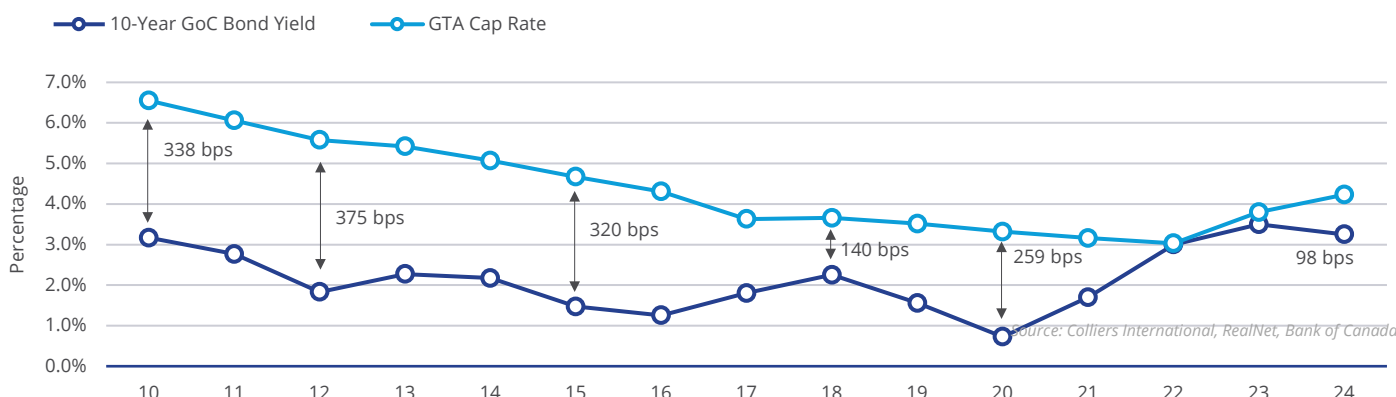
Properties Sold Per Quarter



Source: Colliers International, RealNet

03 Bond Yields vs. Cap Rates

GoC Benchmark Bond Yields vs. GTA Multifamily Cap Rates



Source: Colliers International, RealNet, Bank of Canada

04 Notable Transactions

Q3 2024

Date	Property	Purchaser	Sale Price	# of Suites	\$/Suite
9/25	120 Torresdale & 300 Antibes	Starlight Investments	\$216,300,000	618	\$350,000
9/18	Starlight & Blackstone Portfolio	Equiton Residential	\$130,000,000	346	\$376,301
9/11	2, 6, 7 Park Vista Drive, Toronto	Moreton Properties	\$133,000,000	369	\$360,434
9/5	77 Davisville & 40 Alexander	Brookfield Properties	\$437,184,000	1,188	\$368,000

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