

Canada Luxury Residential Real Estate Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The Canada luxury residential real-estate Market is expected to grow at a CAGR of more than 10% during the forecast period (2023 - 2028).

Due to COVID-19, Builders and buyers have mostly shifted to virtual tours and digital contract signings. Demand for larger houses has grown as working from home becomes more prevalent. According to the Bank of Canada (BoC), the housing affordability index declined by 15.3% in the second quarter of 2020, reflecting less restrictive conditions for homeownership. Since then, it has gradually risen to exceed its pre-pandemic level in 2021 Q2.

In 2021, many Canadian housing markets are reporting an average sales price of more than USD 1 million. The Greater Toronto Area reported a 112.8% jump in sales of homes worth more than USD 3 million. Metro Vancouver saw a 75.8% increase. In the GTA and Vancouver, transactions of homes with a price point of USD 10 million saw a spike of 156% and 167%, respectively.

As reported by the industry experts, the national average home price broke an all-time record in February 2022 as Canadian home prices continue to rise across the country. For February 2022, the average home price in Canada's housing market was USD 816,720, up 20.6% from 2021. In February 2022, average Canadian home prices were up 9% from January 2022's average home price of USD 748,439.

Canada Luxury Residential Real Estate Market Trends

Pandemic Accelerated Luxury Home Sales in Major Canadian Markets

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Demand for Canadian luxury properties shifted into high gear from coast-to-coast in 2021 as both domestic and non-resident consumption of tangible assets such as residential real estate reached new levels. As a result of the pandemic, there has been a run on real estate that has affected every segment of the market, and the value of the property has skyrocketed, not only as a source of shelter but also as a coveted asset class with a high return on investment.

In 2021, the highest growth occurred in smaller urban markets such as Barrie, London, Kitchener-Waterloo, and Hamilton, where sales of homes priced over USD 1 million have climbed 517.8%, 255.1%, 208%, and 199.5% respectively.

In 2021, the market saw the continuation of a pandemic-fueled buying spree that began in 2020 and shattered previous records for luxury property sales and, in some cases, price points across the country. Real estate markets continued to rise despite a third and fourth wave of Covid-19 in 2021.

Home sales are pushing into higher price points across the country. The luxury segment over USD 3 million represents approximately 4% of total sales in Metro Vancouver and 1.8% of sales in the GTA. Sales over USD 1 million in Halifax-Dartmouth represent 2.2% of total sales. Records were broken for luxury sales over USD 3 million in the Greater Toronto Area in 2021, while Metro Vancouver fell short of 2016 record levels by just over 200 sales.

Technology and Social Media Driving the Market

Matterport and other 3-D tours are fairly standard these days, and now virtual reality tours are starting to take off in Canada. Offering an interactive, 3-D house tour caters to today's busy homebuyer. Every company has also started incorporating drone photography and videography into their listings to offer potential buyers a broader perspective on the property and its neighborhood.

With commercial drone use now legal in Canada, it's worth considering whether drone photography and videography are also helpful for real estate appraisal inspections. Drones used for real estate photography can provide detailed data for everyone involved in the purchase or sale of a home or business.

More people are using social media to shop for homes, which is increasing sales in the market. As more informed and smart consumers took use of internet platforms that made pricing and home tours more accessible, social media leads and referrals increased.

There were 36.89 million internet users in Canada in January 2022. Canada's internet penetration rate stood at 96.5 percent of the total population at the start of 2022. The internet users in Canada increased by 312 thousand between 2021 and 2022.

There were 33.30 million social media users in Canada in January 2022. The number of social media users in Canada at the start of 2022 was equivalent to 87.1 percent of the total population. The social media users in Canada increased by 1.1 million between 2021 and 2022.

Canada Luxury Residential Real Estate Market Competitor Analysis

The Canada luxury residential real estate market is fragmented and highly competitive. Some of the key players operating in the market include Westbank Corp, Valencia Residential, Onni Group, Brookfield Residential, etc. Large companies have advantages in terms of financial resources, while small companies can compete effectively by developing expertise in local markets. The market presents opportunities for growth during the forecast period, which is expected to further drive the market competition.

Additional Benefits:

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The market estimate (ME) sheet in Excel format
3 months of analyst support

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