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# Toronto condo market is in 'free fall,' federal housing minister says

"We were in a housing bubble," Robertson said following a tour of Oak House, a new University of Toronto residence.

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Minister of Housing and Infrastructure Gregor Robertson told the Star on Tuesday that Toronto's condo market "is now in free fall."

By **May Warren** Housing Reporter

The Toronto condo market "is now in free fall," Federal Minister of Housing and Infrastructure Gregor Robertson told the Star in an exclusive sit-down interview Tuesday.

"There's far too much condo product in both Toronto and Vancouver. That type of housing was overbuilt in recent years, and it's not selling in today's market," Robertson said following a tour of Oak House, a new yet-to-be completed University of Toronto residence.

"So there's a market correction, that many predicted years ago, that we were in a housing bubble."



But so far the feds aren't looking to repeal the foreign buyer ban, or offer tax breaks for new builds, he added.

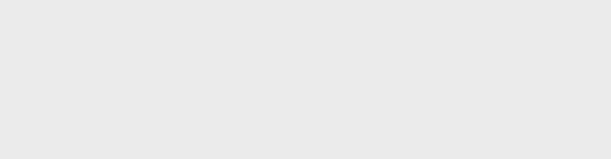
Some developers have called for tax breaks on new homes, and for reduced development charges, as relief for the industry, which is struggling with an over-supply of condo units.

But Robertson, a former mayor of Vancouver who became housing minister earlier this year, said the government instead needs to focus on non-market housing — which includes subsidized housing and co-ops.

A new federal agency called Build Canada Homes was promised during the spring's election by now Prime Minister Mark Carney to help with this goal. But it is still not in place yet.

"The federal government has programs to incentivize rental housing, and we'll look at how this glut of condo product might help our overall housing goals over time," Robertson added, noting some developers are already moving to convert new condos to rentals.

"The most important step now is to make sure the workforce that has built all of that housing continues to build housing, and we focus them on the non-market housing we need, the rental and co-op and deeply affordable housing that we're short of."



Repealing the foreign buyer ban is "not on my immediate radar," he added. Robertson drew some flack when asked by a reporter in May if housing prices needed to drop.

"No, I think that we need to deliver more supply, make sure the market is stable," the minister said at the time.

Asked Tuesday about the current downturn in the GTA market for both condos and homes, he said his goal is to increase the amount of affordable housing.

"The market is the market, and it will go up and down. Right now it's going down, which is definitely helpful for people who haven't been able to afford homes," he said.

This past July was the worst July on record for the Toronto area's new home market, according to the Building Industry and Land Development Association (BILD).

The area's average condo price dipped to \$615,000 in July, the lowest in four years, per the Toronto Regional Real Estate Board. Overall, the average price across all property types in the region has dropped by more than 21 per cent since the peak in February 2022.



Robertson also said that millions of dollars of federal funding for boosting housing supply is still uncertain, following Toronto city council's decision to scale back sixplexes.

"Toronto made 35 commitments in their housing accelerator fund proposal, and the sixplex is one of the 35, and that has not yet been delivered," he said.

"The next payment is due in January. So we will assess in January their progress towards their overall set of commitments. Generally, Toronto has made excellent progress."

The amount on the line is roughly between \$30 million and 35 million, he said.

Toronto council decided to allow multiplexes of up to four units — without special permissions — in May 2023. That year, the city made a deal with the feds for \$471 million in funding, and citywide sixplexes were one of the conditions to receive some of the money.

But this June council decided not to extend the permission to up to six units city-wide.

Instead, councillors voted only to legalize them in old Toronto, East York and one ward in Scarborough, after pushback about the noise and traffic that increased density would bring. At the time of legalization, other councillors interested in having their wards allow sixplexes were told to contact the city's chief planner.

May Warren is a Toronto-based housing reporter for the Star. Follow her on Twitter: @maywarren11.

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