



THE NEXT MOVE

Toronto greets an erratic spring market



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View looking north west from King St. East and Berkley St.. Condominiums and those under construction in Toronto, are photographed on Jan 30.

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Patrick Rocca of Bosley Real Estate Ltd. considers the building north of Yonge Street and St. Clair Avenue a bellwether because sales there are so steady.

“People love that building,” he says.

But four units have been listed for sale recently and all four were still on the market after more than one week.

“They’re all sitting there, which is weird,” he says.

Normally, units in that building sell for \$1,000 a square foot within a couple of days.

Now, in the second half of April, “not everything is a slam dunk,” he says.

Agents often track a particular street, neighbourhood pocket or condo building as a way of taking the market’s temperature. A shift in buyer sentiment can signal a change in the broader market.

For now, Mr. Rocca is keeping an eye on the building’s sales, which could suddenly resume their usual quick pace, but such unpredictability has infiltrated many parts of the market.

Meanwhile, houses are flying below the \$1-million mark in popular family neighbourhoods such as East York, Leslieville and Roncesvalles, he says, but caution and intransigence abounds in other areas and price ranges.

Just why buyers are so jittery in other parts of the market is confounding to many market watchers.

For a time, the threat of further interest rate increases was causing anxiety but – after recent dovish comments from central bank Governor Stephen Poloz – economists predict the Bank of Canada will remain on hold.

Douglas Porter, chief economist at Bank of Montreal, adds that fears of a serious economic downturn have faded – at least for now.

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year low in March and prices have declined for 10 consecutive months.

Another factor holding back sales in Toronto may be the dearth of new listings. Buyers who see little choice in the market may wait until more properties become available.

In March, new listings in the Greater Toronto Area dropped 5.1 per cent from the same month last year.

Mr. Rocca says his own business was busy in March, but he hasn't seen the spring rush he expects at this time of year. He hopes that more homeowners will list good quality properties to entice buyers. In some areas, the listings that currently remain on the market are properties that failed to sell last fall.

Mr. Rocca recently met with one homeowner who is considering selling. When Mr. Rocca told the owner his estimate of the home's value, the owner said he will wait until the fall to list it.

"That's a stupid move. We've got an election in the fall," Mr. Rocca says.

The spring market has historically been stronger than the fall market, he says, and buyers could be rattled by the uncertainty surrounding a federal election, he says.

Even now, Mr. Rocca is finding buyers fearful of overpaying.

"We're back to a traditional market. The deals are tougher to do."

At the higher end – especially above \$2.5-million – agents must use their negotiating skills, Mr. Rocca says, pointing to one \$3-million deal that was still not settled after six days of haggling.

"I'm still finding the buyers skittish."

Some sellers, meanwhile, are expecting unrealistic amounts for their properties.

The average price of a detached house in the 416 area code of Toronto has fallen 20 per cent from the high water mark of \$1,578,542 set in April, 2017. In March, the average price of a detached stood at \$1,267,598 in the 416.

Mr. Rocca often deals with infill builders who are trying to sell a project completed since the

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One builder approached Mr. Rocca in late November because the completed house hadn't sold during the fall market. Mr. Rocca recommended waiting until January or February and launching into the spring market with a revised price.

The builder didn't take that advice, he says, and relisted at the end of November. The house is still sitting in mid-April.

A home for sale in Toronto's Cabbagetown neighbourhood.

FRED LUM/THE GLOBE AND MAIL

In many cases, he says, the sellers are coming to grips with the change in the market but potential buyers are still hoping for a further decline. Fearing that prices will be lower in the future, they are submitting low-ball offers today.

Mr. Rocca is seeing low-ball offers that he deems "ridiculous" because they are so far below the

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to negotiate, Mr. Rocca says, and two interested buyers were circling, but they were making

offers of \$1.3-million and \$1.35-million.

A third buyer came along and offered \$1.4-million, which the seller accepted.

Mr. Rocca says the house was “a steal” at that price. The other two buyers missed out because they were not willing to budge he says, adding that the sale marked the lowest price for a detached house on that street for five years.

Mortgage rates have dropped during 2019, but the dip hasn’t given buyers any added confidence, Mr. Rocca says.

When rates are on the rise, some buyers will rush into the market to stay ahead of the increases. When they’re falling, buyers wonder why and become nervous, he says.

Looking ahead, Mr. Rocca has four listings coming out after the Easter holiday and another four planned for May.

“We’re chugging along,” he says. “I’m still waiting for that little bump.”

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