

THE NEXT MOVE

## Coronavirus uncertainty casts a pall on the March housing market



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Anxiety is permeating the Toronto-area real estate market as buyers and sellers try to grapple with the coronavirus and its impact.

Patrick Rocca, a real estate agent with Bosley Real Estate in Toronto, is advising his clients not to list properties for sale during such a tumultuous time in Canada.

“Is it a good time? No, it’s a scary time. And people are staying away.”

After a series of fast-moving developments on Monday, including Prime Minister Justin Trudeau’s announcement of a travel ban that will keep most foreigners from entering Canada, Mr. Rocca decided to delay listing until after Easter – or perhaps longer.

“It’s a moving target,” Mr. Rocca says of the measures he has taken over the past few days. “It’s changing hourly.”

At first, Mr. Rocca was making sure that homeowners and potential buyers were careful about hand hygiene and cleanliness, then he decided not to show properties unless they were unoccupied. Now he is concerned that those measures may not be enough to keep people safe.

He also believes that sellers risk not getting the best price even if they do want to forge ahead.

The market was already quiet because of March break, he says, and he’s not expecting a rebound for a few weeks.

“We’re going to lose a minimum of 30 days of this market,” Mr. Rocca says.

Buyer traffic dropped within days after the World Health Organization declared the coronavirus a pandemic, he says.

“I’ve had appointments booked and subsequently cancelled.”

Mr. Rocca knows that people who have already bought another property are in a tough spot. But he believes that delaying the listing will see more buyers and likely a better price in the long run.

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Duncan Fremlin, a real estate agent with Re/Max Hallmark Realty Ltd., represented house hunters who placed a bid on a house in the East York area.

Mr. Fremlin was surprised at the amount of activity when six rival bidders submitted offers on Sunday. The house with an asking price of \$849,000, sold for \$1.074-million, or \$225,000 above asking.

Real estate agent Andre Kutyan of Harvey Kalles Real Estate Ltd. says buyers are still out there, but the market could swing either way. The Bank of Canada's rate cuts could fuel demand, he says. On the flip side, some people may see their incomes drop and delay purchasing.

If supply falls, prices may be pushed even higher.

Mr. Kutyan says some sellers are mulling over whether they should sell, while one homeowner in Forest Hill pulled the listing all together.

In that case, the family has moved out of the country for a work opportunity. They've now decided they want a base in Canada to return to if necessary.

Others are accelerating their plans to list because they fear the economy and housing market could deteriorate.

"If things get worse, we're not going to have an opportunity," is their mindset, Mr. Kutyan says.

For sellers who do want to go ahead, Mr. Kutyan is making safety paramount. He won't allow double bookings and he is asking all homeowners to provide hand sanitizer and extra cleaning.

Meanwhile, some of the suppliers who create floor plans and videos, for example, are taking measures of their own. They ask for all homes to be vacant while they do their work.

Mr. Kutyan says some sellers that have already struck conditional deals are worried that buyers will try to walk away. Some have made concessions on price or making a repair to the

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Sellers who have properties in the luxury segment above \$8-million are being exceedingly cautious about vetting potential buyers who tour the home.

“They’re quite particular about who’s seeing their listings to begin with,” Mr. Kutyan says. “And this is before things got crazy.”

At more modestly priced properties, homeowners are also being very cautious, he adds. The seller of a townhouse downtown agreed to an open house and dozens of appointments while the property was on the market. As soon as the sales agreement was signed, she had an extreme cleaning crew come in to sanitize the interior.

Mr. Kutyan believes the market will not dry up because people who buy houses to live in – as opposed to for an investment – will still buy and sell for the traditional reasons, which include divorce, death and relocation.

And some buyers from Hong Kong with ties to Canada are making quick deals to buy in the Greater Toronto Area, he says. People who were shopping around for homes during the political protests in Hong Kong have now pulled the trigger.

Mr. Kutyan sold one property to a buyer who got his children into a private school in Toronto after schools were shut down in Hong Kong as the coronavirus spread beyond mainland China.

He knows of others looking in the \$2-million to \$3-million range.

But Mr. Kutyan believes the meltdown in financial markets is also weighing on builders who buy small houses as tear downs. That segment of the market has all but dried up, he says.

Larger developers are also having to adjust their sales strategies, he says. One builder is delaying the launch of penthouse suites at a high-end project because brokers are hesitant to attend large parties and sales events.

As for sellers, many are feeling some trepidation about listing. But others may be forced to.

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Mr. Kutyan's advice to people who are considering selling is that they should not delay because of the coronavirus and fears surrounding it. It may not be prudent to hold an open house, he says, but listings can still be viewed online.

Mr. Kutyan thinks that any turmoil in the Toronto-area market will be temporary. He points to the strong rebound after the 2008 financial crisis.

"What reassures me is that it's a growing city. It's a safe haven on the world stage."

Elli Davis, a real estate agent with Royal LePage Real Estate Services Ltd., says she's heard from homeowners who are starting to question whether they should list their homes.

"People are saying, 'Do you still think it's a good time?'"

Ms. Davis says some properties have been quietly changing hands without going to the public Multiple Listing Service of the Canadian Real Estate Association.

Sellers sometimes prefer a private sale so they don't have to declutter, move out and hold open houses.

"They love the idea of not having the pressure to clean up and have showings."

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