

THE NEXT MOVE

Realtors wonder how much sizzle market has left



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A strong summer rally in Toronto-area real estate had some industry watchers wondering if the market would run out of steam in the fall.

Patrick Rocca, a broker with Bosley Real Estate Ltd., is one of many agents who had been encouraging sellers to list during the summer rebound so they wouldn't face turbulence in the fall.

But October proved to be record-setting for the Toronto Regional Real Estate Board: sales in the Greater Toronto Area rose 25.1 per cent higher than in the same month last year to set a new milestone for the month of October.

"I was concerned about the fall," he says. "This year has been so unpredictable."

Robert Hogue, senior economist with Royal Bank of Canada, points out that the performance of the housing market in the Greater Toronto Area during October was in many ways a carbon copy of September: sales remained piping hot with suburbs getting much of the action and downtown areas seeing a lot of condos put up for sale.

Sales of detached houses in the GTA jumped 33.9 per cent in October compared with the same month last year while active listings dropped 30 per cent in the same period: "Low supply is the main issue in this category, pitting buyers against each other in widespread bidding wars," says Mr. Hogue.

Mr. Rocca recently sold a house in the uptown neighbourhood of Leaside for \$3.65-million after listing it with an asking price of \$3.49-million. Three bidders vied for the house, which was built about six years ago on a deep lot.

The buyers are moving up from a smaller house in the same neighbourhood, Mr. Rocca says.

Mr. Rocca has been keeping an uneasy eye on the outlook because economists and other market watchers have been warning the autumn months would bring a second wave of coronavirus, more lockdowns, and an end to the economic cushion provided by government and banks.

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sure that trend will be as noticeable this year but he does expect the market will cool from its

recent frantic pace.

“People won’t be partying as much this year,” he says. “Will it continue to roar as it has been? I don’t think so.”

He is listing a condo unit near Yonge Street and Eglinton Avenue, another on the Danforth, and a newly-built house in the coming weeks.

“Normally I wouldn’t be pushing people to list in November,” he says. “But we don’t know what the spring market is going to be like again. The spring market in 2020 saw sales collapse in the Toronto-area as the industry shut down except for essential transactions.

Elise Stern, a real estate agent with Harvey Kalles Real Estate Ltd., sees signs that the flow of new listings is slowing.

“The inventory seems to be drying up,” she says. “In the past week for sure, there’s been very little coming out in the under-\$2-million range in Toronto.”

Ms. Stern has clients who are first-time buyers and move-up buyers searching in midtown and north Toronto in such popular areas as Bedford Park, Cedarvale and upper Forest Hill.

“Oakwood-Vaughan is a very hard neighbourhood now,” she says. “I have a lot of buyers who are just waiting for product.”

The condo market in downtown Toronto, meanwhile, continues to struggle, Mr. Hogue points out.

In the 416 area code, sales in the condo segment fell 8.5 per cent last month compared with October, 2019. Active listings have soared 173 per cent in the same period.

Prices of condo units have plateaued since spring in the GTA, with signs of decline emerging in downtown locations in October. Prices in the 416 slipped from the September level, Mr. Hogue says.

Many owners are selling in order to move to a single-family house investors are taking money

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Mr. Rocca says some landlords are still unrealistic about the falling rent prices in the core. He has turned down rental listings if the owners are not willing to set a fair rental price.

“Why would I take it and waste my time? They’re not with the program,” he says. “I don’t want to compete with 6,500 other rentals downtown.”

Mr. Rocca is just as blunt with sellers: He warns that the price they are refusing to accept today could be lower in February.

“You’ve got to be really aggressive in your pricing,” he says. “More so than ever before.”

For buyers who intend to live in a condo unit and hold onto it for the long-term, this could prove a good time to purchase, he says.

As for the outlook, Mr. Rocca has given up making any strong predictions.

“We haven’t known what’s next since March 13th.”

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