

THE NEXT MOVE

September distractions keep sellers on the sidelines

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Real estate listings are beginning to perk up in the Greater Toronto Area now that homeowners have a few diverting events behind them.

For many sellers, real estate transactions were a low priority in early September as families turned their attention to students returning to school, the Jewish High Holy Days and the federal election.

Buyers, meanwhile, haven't missed a beat.

Jimmy Molloy, a real estate agent with Chestnut Park Real Estate Ltd., was recently inundated with bookings to see a bungalow he listed for sale near Bayview Avenue and York Mills Avenue with an asking price just below \$3.5-million.

The traditional bungalow has been maintained in immaculate condition and it sits on a lovely lot, According to Mr. Molloy

“But the one thing that makes it so interesting is it's actually for sale,” he quipped.

Potential buyers booked 33 showings in the first couple of days, he says, and a handful of offers had quickly landed, but Mr. Molloy advised the seller to hold off accepting any offers for a few days.

The property was drawing attention both from families who would live in it and builders who would replace it, he says.

Mr. Molloy says the end of August is typically a slow time in the market. This year, some homeowners looked at the calendar in early September and decided to hold off for two weeks to await the results of the election.

Each of the major political parties included policies surrounding the real estate market in their platforms.

“Never has the election been so focused on the housing industry,” Mr. Molloy says.

Even with the election out of the way, there are some other factors keeping sellers on the

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...come 10 months ago, says Mr. Molloy, but the project is still not finished.

Patrick Rocca, broker with Bosley Real Estate Ltd., expects listings will improve now that the federal parties have stopped campaigning.

“I had a couple of clients say to me, ‘I don’t want to list until after the election.’ ”

It’s not unusual for both sides of the market to calm down as people await the results of a provincial or federal election in Canada – and even the race for president in the United States, says Mr. Rocca. This fall’s vote is notable for only slowing down the sellers.

“It hasn’t paused the buyers like I thought it would.”

For those rare sellers who did decide to jump into the market sooner, the demand from buyers has been crazy, he says.

A detached house Mr. Rocca listed for sale in the Leaside area of midtown Toronto with an asking price in the \$1.7-million to \$1.8-million range sold in September for a \$450,000 premium.

“My listing ended up with a bully, which turned into five bullies,” he says of buyers who refuse to wait for a scheduled offer date.

With so little inventory to choose from, it’s very common for people who want a house to submit a bid that pre-empts the offer date, he says.

“It’s more uncommon to make it to offer night.”

An agent in his office represented a buyer who paid \$500,000 above asking for another detached house in the same price range in Leaside, he says.

Most of the buyers he’s seeing at the moment are moving up from smaller properties, he says.

Even as the economy opens up and some workers return to offices, Mr. Rocca says many people continue to want more space.

Some of the homeowners planning to sell are those who own a second property in the country

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“We had a great comeback in the condo market from late December through May but it has gone quiet again.”

Looking ahead, Mr. Rocca expects the market to ramp up for the next few weeks, then slow down toward the end of the year, as it did in years past. The pandemic disrupted the usual rhythm of spring and fall markets, but Mr. Rocca expects buyers and sellers to begin paying attention to the calendar again.

“We’re clearly back to a more traditional market.”

Farah Omran, economist at Bank of Nova Scotia, expects the market will become brisk again after some buyers spent time enjoying a double-vaccinated summer.

A recovering economy, improved labour conditions and the resumption of immigration should support buoyant sales, she adds.

Still, sales are likely to be tempered by an erosion in affordability, Ms. Omran cautions, while an imbalance between supply and demand keeps prices rich.

Ms. Omran adds that some buyers may be adjusting plans to account for higher expected borrowing costs as the Bank of Canada begins to raise interest rates in response to a rebounding economy with strong inflation.

The economist does not expect the central bank to hike rates before the second half of 2022.

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