

THE NEXT MOVE

Buyers coming off the sidelines in Toronto housing market



CAROLYN IRELAND >
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lockdown measures surrounding the coronavirus pandemic brought sales to a standstill in

March and April.

Some homeowners who had been sitting on the sidelines are calling for evaluations, while online web traffic shows buyers are perusing listings, real estate agent Patrick Rocca of Bosley Real Estate Ltd., says

“There’s opportunity now to go on the market and sell your house because there’s still demand there,” Mr. Rocca says.

Mr. Rocca estimates prices have slipped about 10 per cent in central Toronto from the frothy days of February and early March. He expects an equilibrium between buyers and sellers will keep prices from falling farther for now because listings have fallen along with sales.

“Get out as soon as you can.”

Andre Kutyan, a real estate agent with Harvey Kalles Real Estate Ltd., says he spent many weeks just troubleshooting with buyers and sellers who were waiting to close on deals struck before the market froze.

Now, some clients who suspended their listings are planning to launch again in June. He’s had three more calls for potential new listings in the past week.

In the coming days, Mr. Kutyan will list a five-bedroom house at 182 Glengrove Ave. W. in Lytton Park with an asking price of \$4.5-million. He advised the sellers to list now because there’s no competing property for sale in the neighbourhood.

Stagers and photographers are also getting back to work after a hiatus, he says.

“I think we’re going to start seeing more listings,” he says. “I don’t think we’re going to see a tsunami.”

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The agent urged the owners of 182 Glengrove Ave. W. to list due to a lack of competing properties.

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Meanwhile, agents say, new protocols around showings ensure that sellers, buyers and agents face less risk from COVID-19. Open houses, feature sheets and printed newsletters likely won't make a return any time soon, Mr. Rocca says, as buyers become accustomed to 3-D tours and virtual showings.

"The world has changed in real estate and the ones who adapt are the ones who are going to survive," Mr. Rocca says.

Houses selling below the \$1-million mark are sometimes still drawing multiple offers in more affordable neighbourhoods such as East York, he says. In midtown Toronto, sales between \$1-million and \$2.5-million, sales are happening at a slower pace, on average. Buyers are much more cautious in the segment above \$2.5-million, Mr. Rocca says.

"The high end is very quiet," he says. "The higher the price point, the longer it sits."

Mr. Rocca says sellers need to be realistic. Some newly built houses are languishing because developers are trying to profit on their investment. Those stubbornly sticking to an asking price set back in February need to reassess, in his opinion.

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measures to combat the pandemic.

The organization estimates that the average price in the GTA has fallen 13 per cent from February's peak, compared with a drop of seven per cent in the rest of Canada.

The GTA market has a wider gap between the number of new listings and sales of existing properties.

The sales-to-listings ratio fell to 50 in the GTA, signalling that the market has become more balanced. The ratio remains above 60 in the rest of Canada.

The Centre says it's likely the Toronto area has seen a steeper slide because the run-up in the pre-pandemic market was extraordinarily strong. The conditions in Vancouver and other cities were more moderate leading up to the lockdowns.

Many of the listings arriving on the market are downtown condo units.

One factor, the centre says, is that the City of Toronto imposed new rules banning short-term rental companies from marketing on the AirBnb platform.

"Many of these units may be popping up on the resale market," the report says.

Robin Pope of Pope Real Estate Ltd. says his business has become much more active in the past couple of weeks. Owners continue to have traditional reasons to sell, such as moving up to a more luxurious property or downsizing to a smaller one, he says. Some people will face financial distress as a result of owning a struggling business or being laid off from a job.

A new term Mr. Pope has been hearing is the "COVID Casualty" as relationships break down amidst the distress of the pandemic.

"There are going to be a lot of people who need to buy or sell," he says.

Mr. Pope recently sold a 486-square-foot one-bedroom condo unit in Corktown with an asking price of \$549,900.

"Pre-COVID, that price range was on fire," he says.

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the first week. Showings were slow at first but a buyer submitted an offer after two weeks.

After some negotiation, the seller accepted an offer of \$535,000.

Mr. Pope says the price-per-square foot of \$1,100 set a record for the building.

But not all sales come together as easily. At times, Mr. Pope says, the negotiations remind him of the real estate landscape in the early 1990s when an economic recession led to a sharp drop in sales and prices in the Toronto market.

Mr. Pope started his career during that downturn and says the experience taught him to persevere.

“Property values had fallen by 50 per cent. Properties were taking a year to sell. It was tough.”

In one case, Mr. Pope went back and forth with a buyer’s agent for six months. In all, 15 offers were signed back before the two sides finally came to a deal.

Today, he tells agents, “if the buyer doesn’t like the price, please tell your client to make an offer and I’ll present it to the seller for a response.”

Some inexperienced agents will make a quick call to ask if the seller is “flexible,” he says, but they don’t take the time to put a number on paper.

“This is a new market. You can’t have that attitude of giving up. You have to work hard.”

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