

THE NEXT MOVE

Home buyers and sellers look for a spring jolt of market energy



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A home on Hazelton Avenue in Toronto's Yorkville neighbourhood, on April 2.

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Stalled real estate sales in the Greater Toronto Area edged up slightly in March, but the market needs an injection of buyer confidence before sales really lift off, industry watchers say.

In April, activity remains hit-and-miss amidst constrained population growth, burdened household budgets, and war in the Middle East roiling financial markets.

Some sellers, meanwhile, are hesitant to list in an uncertain environment.

The deadline to close deals before an increase to the “luxury tax” kicked in April 1 passed with barely a ripple, real estate agents say.

Sales in the GTA rose 1.4 per cent in March from February on a seasonally adjusted basis, according to the Toronto Regional Real Estate Board. The result breaks a streak of seven consecutive months of declines.

Compared with March, 2025, sales were 1.7 per cent higher.

Toronto home sales post first monthly increase since September

New listings fell more significantly, with a 16.7-per-cent drop in March from the same month last year.

The average price in the GTA stood at \$1,017,796 last month to mark a 6.7-per-cent dip from March of last year.

Anita Springate-Renaud, broker with Engel & Völkers Toronto Central, listed one four-bedroom detached house in Deer Park with an asking price of \$6.95-million in late January, and another in the St. Andrew-Windfields area in March with an asking price of \$4.498-million.

Buyers have been booking showings for both, but she still senses a lot of anxiety swirling in the market. The conflict in the Middle East has added to the sense of unease, she says.

The opulent four-bedroom detached house at 47 Danville Dr. in St. Andrew-Windfields drew attention from buyers in its first two weeks on the market, she says, but no one mentioned the tax increase.

Ms. Springate-Renaud says even some buyers' agents weren't aware the additional tax on homes changing hands above \$3-million was about to rise.

Ontario cottage market searches for stability, squeezed by limited supply and mortgage renewals

In December, the Toronto city council voted to increase the Municipal Land Transfer Tax for "high-value residential properties."

"A lot of people don't realize until it affects them," Ms. Springate-Renaud says of buyers who learn about the size of their tax obligation upon closing.

She says buyers are more focused on getting a discount on the sale price if possible. Some continue to submit offers far below asking.

"The longer something sits, the more people feel justified in submitting a lowball," she says.

Patrick Rocca, broker with Bosley Real Estate, sold three properties just before the Easter holiday weekend. Negotiations remain challenging in many cases.

"There's still a lot of nervousness amongst buyers – even when they get into a deal."

Mr. Rocca worked with one obstinate seller to grind out an agreement with the stubborn buyer of two investment properties.

In a rattled real estate market, sellers look optimistically to spring

The properties were listed just above \$1.2-million and sold slightly under asking.

“If one of them blinked, it would have been a good deal either way,” he says.

The tax increase has not dissuaded house hunters looking for properties between \$3.5-million and \$4.5-million, says Mr. Rocca, who has recently seen an uptick in demand for that bracket. He often hears from agents asking if he has anything coming in that price range.

Mr. Rocca sold two properties in the \$4-million range recently, but the negotiations did not revolve around the tax, he says.

Buyers and sellers seem more concerned about timing that works for them, and whether they have another property to buy or sell, he says.

The graduated rate increases on a sliding scale so that buyers of higher-priced homes pay a larger percentage in tax.

In the slice between \$3-million and \$4-million, for example, the rate increased by 0.9 per cent to 4.4 per cent from 3.5 per cent.

In the GTA, homebuyers can drive a hard bargain

Now buyers will pay 6.5 per cent on the portion between \$5-million and \$10-million, for example.

The rate tops out at 8.6 per cent for the portion above \$20-million.

When the policy change was first announced in 2023, some sellers pulled listings forward, and buyers negotiated quicker closings in order to finalize the transaction before the tax kicked in.

A flurry of sales above the \$10-million mark with closings in December took place in the three months leading up to the application of the new tax, followed by a quiet first quarter in that price range.

So far in 2026, listings have been scarce, and high-end sales have been quiet in neighbourhoods such as Rosedale and Moore Park, says real estate agent James Warren of Chestnut Park Real Estate.

Mr. Warren and his colleague Alex Obradovich represented the seller of a condo in a private transaction. The buyer negotiated a closing in March, Mr. Warren says, to avoid the tax increase.

But in two other sales the team negotiated this year, the closings are in June.

Ontario to extend full HST rebate to new homes under \$1-million

One property sold with two offers, he points out, which meant that the rival bidders did not have the opportunity to haggle over a closing date.

“The land transfer tax becomes secondary.”

The team that handles final transactions at Chestnut Park did not see a noticeable uptick in closings for the end of March compared with the same time last year, he adds.

In the Leaside and Davisville neighbourhoods, Mr. Rocca has observed a common theme among potential sellers. Many are calling to ask if they should list their property now or wait for a rebound.

“You could hold on, but you’d better be prepared to wait two or three years,” he advises them. “And it could get worse before it gets better.”

Some clients who work on Bay Street believe three to five years is a more likely time horizon, he says, adding “they could be right.”

For now, the overwhelming sense of caution can be frustrating for both sides – and for agents too, he says.

“Sellers have to be realistic. Buyers have to realize there is opportunity.”

Rachel Battaglia, economist with Royal Bank of Canada, notes that the national composite MLS Home Price Index fell for the 15th consecutive month in

February. The 4.8 per cent drop from February, 2025, marked nearly two years of year-over-year price erosion.

The index has declined 20 per cent since its peak in early 2022, yet the decrease has reversed only about half the spike in the two years prior to the peak.

Ms. Battaglia expects nicer weather to spur activity in the coming months. However, confidence must be rebuilt for Canada's housing market to get on a stronger recovery track, she says.

She is predicting a gradual and uneven process, with a longer journey for Ontario and British Columbia as those provinces grapple with higher inventory, stretched affordability and stiffer demographic headwinds.

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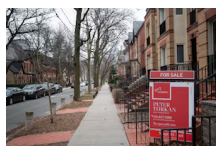
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