

# GTA HOUSING PULSE

April 14, 2021

## LISTINGS: THE MISSING PIECE TO THE GTA HOUSING BUBBLE PUZZLE

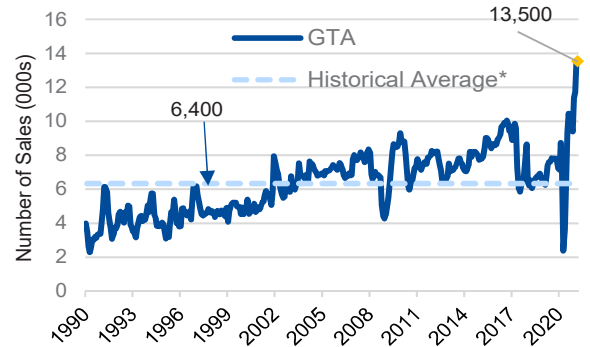
Housing markets across the GTA are showing an incredible amount of “exuberance”, causing many market watchers to bring back the B-word. The average MLS sales price is rising rapidly, while existing home sales were twice their long-run average in February and March (Figure 1). Measures of overvaluation are also flashing warning signals.

But a rise in MLS new listings is getting a little less attention. The number of MLS new listings coming onto the market per month has been near all-time highs since August 2020 (Figure 2).

And, it’s not just listings of condo apartments in the city of Toronto that are up. The number of MLS new listings for detached and semi-detached homes hit a record for the month of March this year (Figure 3).

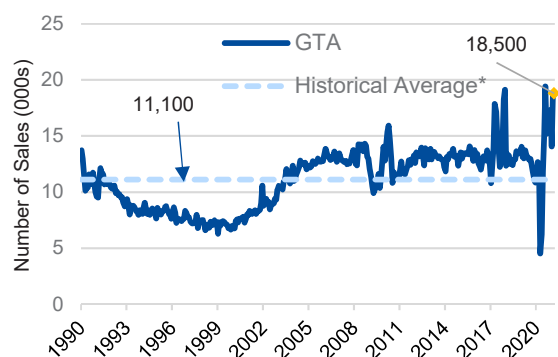
New listings hit the second highest level on record for March in the city of Toronto, while new listings in the 905 regions combined broke historical records. Some 14,500 new MLS listings were put on the market in the 905 regions combined, compared to 10,900 new listings in March 2010, the second highest level on record for March since 1996.

**Figure 1: Seasonally Adjusted MLS Residential Unit Sales, GTA, 1990-2021**



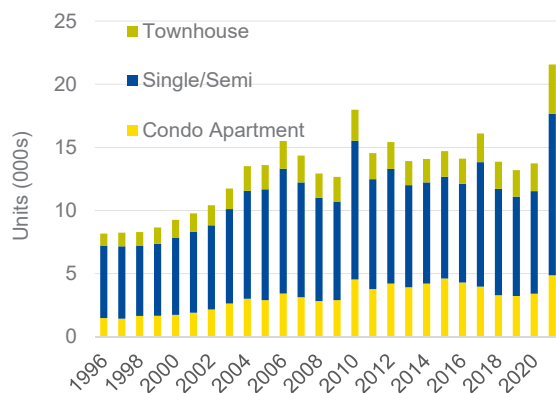
\* Monthly average from January 1990 to March 2021.  
Source: CUR, based on CREA and TRREB March data.

**Figure 2: Seasonally Adjusted MLS New Listings, GTA, 1990-2021**



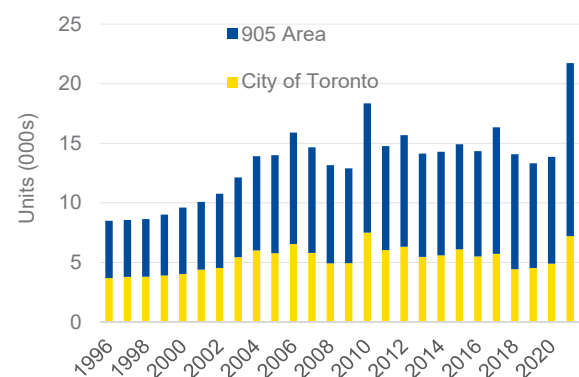
\* Monthly average from January 1990 to March 2021.  
Source: CUR, based on CREA and TRREB March data.

**Figure 3: MLS New Listings, by Housing Type, GTA, for the Month of March, 1996-2021**



Source: CUR, based on TRREB data.

**Figure 4: MLS New Listings, City of Toronto and 905 Area, for the Month of March, 1996-2021**



Source: CUR, based on TRREB data.

For now, demand remains much stronger than the rise in new listings, keeping months of inventory low. However, the increase in new listings raises some key questions as we enter into the spring market:

- Has the pandemic impacted the seasonal patterns in housing activity, possibly making the rise in listings look larger than it really is?
- Are investors cashing in on their investments?
- Is sentiment over the direction of home values starting to turn?
- Are baby boomers cashing in on their expensive homes in the GTA to find smaller or more affordable housing in cottage towns?
- Are move-up buyers driving the housing boom?

There is a lot of uncertainty about how market dynamics will play out over the next few months. New listings is a key indicator we will be keeping our eyes on. New listings could provide an early warning sign when the market is about to turn. What happens to listings will determine how deep prices turn once the current market exuberance peters off.