

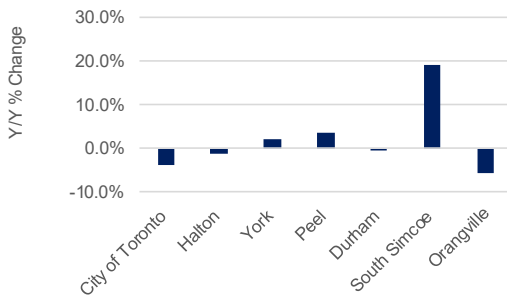
GTA HOUSING PULSE

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CONDOS IN THE 416 MOST VULNERABLE TO COVID-19 SHOCKS?

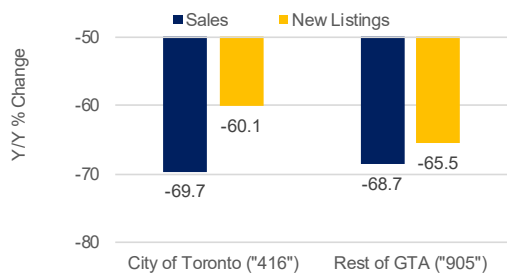
The Toronto Regional Real Estate Board recently released housing market data for the Greater Toronto Area (GTA) for the first two weeks of April (1st to the 17th). While we look forward to the next release (in roughly a week) which will bring with it a more fulsome picture of housing activity for the full month, there were some interesting trends to take note of in this week's release:

Figure 1: MLS Average Sales Home Price, Y/Y% Change, Municipalities in the GTA, April 1st to 17th, 2020



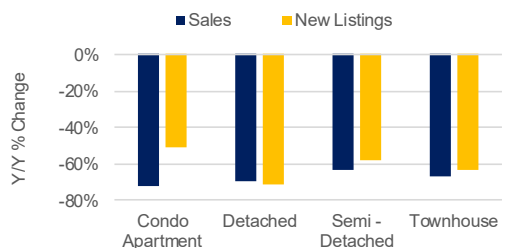
Source: CUR, based on Toronto Regional Real Estate Board data

Figure 2: MLS Home Sales and New Listings, City of Toronto and 905 Areas, Y/Y% Change, April 1-17, 2020



Source: CUR, based on Toronto Regional Real Estate Board data

Figure 3: MLS Home Sales and New Listings, City of Toronto, Y/Y% Change, April 1-17, 2020



Source: CUR, based on Toronto Regional Real Estate Board data

Figure 4: MLS Home Sales and New Listings, 905, Y/Y% Change, April 1-17, 2020



Source: CUR, based on Toronto Regional Real Estate Board data

- The MLS average sales price weakened faster in the city of Toronto than in the 905 region (Figure 1). Average home prices fell 3.7% in the first two weeks of April in the city of Toronto compared to the same two weeks a year ago and remained relatively flat in the 905 regions on average. The average sales price was still up by a double-digits year-over-year in South Simcoe;
- TRREB did note that the price drop may have reflected fewer higher end sales, with sales falling the most for properties listed at over 2 million. However, the difference was also likely driven by a lesser decline in new listings for the city of Toronto when compared to sales (Figure 2). Existing home sales were down by almost 70% across the board compared to a year ago. New listings fell by a lesser 60% in the city of Toronto, however, compared to a decline of 65% in the combined 905 regions. Therefore, the market likely moved closer to buyer's territory in the city of Toronto than in other municipalities; and
- Existing home sales and new listings were down fairly broadly across all segments of the markets and regions (Figure 4). The key difference was the condo-apartment market in the city of Toronto, where sales fell by almost 70% while new listings were only down by 50% from a year ago. Looser market conditions likely helped contribute to a 9.1% decline in the average sales price for condo-apartments in Toronto – the biggest price decline across all segments and regions.

The data so far is pointing to:

- A housing market that appears to be weakening faster than most forecasters had expected;
- The market in Toronto taking it more on the chin than the others. A [Conference Board commentary](#) this week pointed out that the Toronto CMA was one of few markets in Canada where the sales-to-listings ratio actually fell in March;
- A risk to the prevailing view that home prices will hold steady, as new listings fall by as much as sales; and
- Certain markets are more vulnerable than others to the downturn resulting from pandemic lockdowns. Demand for condo-apartments in the city of Toronto relies heavily on rental demand and immigration, so it is not surprising to see this market weaken faster than others.

Nonetheless, two weeks do not make a trend, and housing data can be volatile. In particular, the timing of Easter this year (a weekend with less sales, historically) could skew the comparison between the first two weeks of April this year compared to last, as Easter fell earlier this year (April 12th) than last (April 21st). The full month's data, due to be released on May 1st, will be more telling of actual trends. In particular, quality-adjusted home price data will allow us to separate price movements that reflect a shift in the composition of sales.