

GTA HOUSING PULSE

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GTA MORE SYMPTOMATIC THAN THE REST

In this issue we present five charts that show how the Greater Toronto Area (GTA) housing market weakened faster than in the rest of Canada following the COVID pandemic-related lockdowns and faster than any downturn in recent history.

Figure 1 shows that the level of MLS home sales fell to levels not seen since the early 1990s in both the GTA and the rest of Canada;

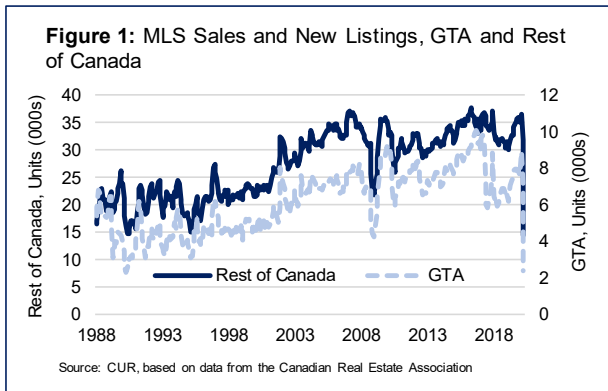


Figure 2 shows that MLS existing home sales were down 67% in the GTA, but only 39% in Vancouver;

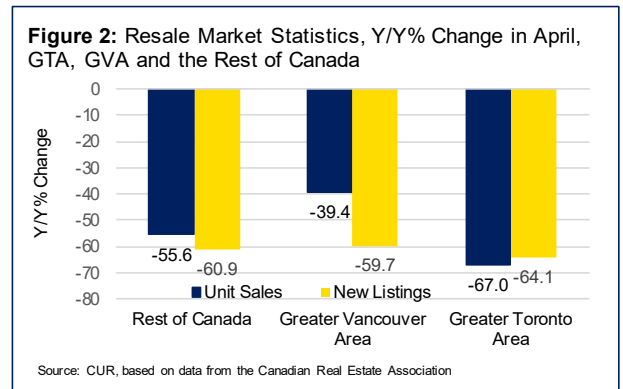


Figure 3 shows that in level terms, the MLS average sales price has fallen 13% from February's peak in the GTA. Prices were only down 7% in the rest of Canada. However, prices in the GTA are coming off an arguably unsustainable high;

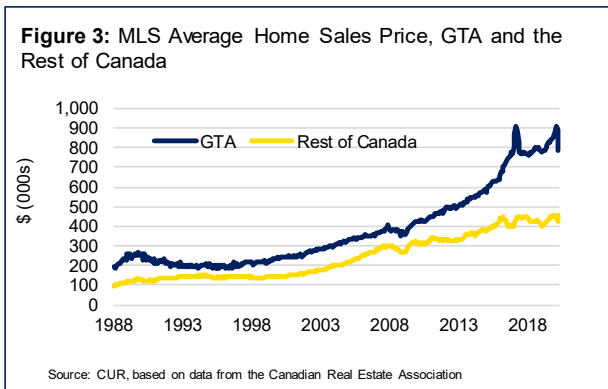


Figure 4 shows that annual home price growth slammed to a halt in the GTA, but was still up 9.4% year-over-year in Vancouver and 2.4% across the rest of Canada; and

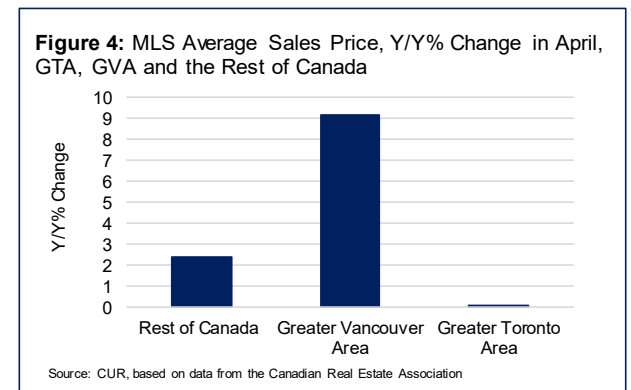
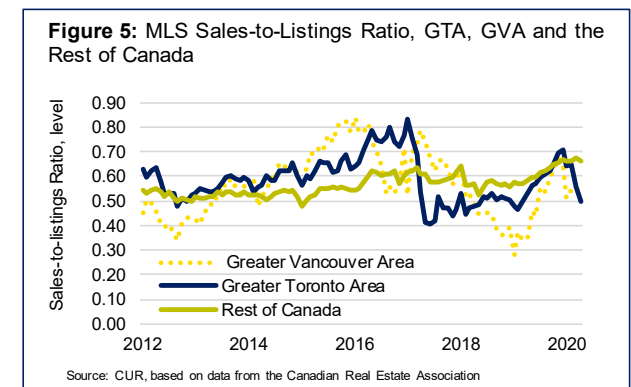


Figure 5 shows that the weaker performance in GTA home prices reflects the differences in the gap between new listings and existing home sales. The sales-to-listings ratio fell to 50 in the GTA, signaling that the market has become more balanced as the Canadian Real Estate Association estimates that markets are balanced when the sales-to-listings ratio is between 40 and 60. In contrast, the sales-to-listings ratio remains above 60 in the rest of Canada – signaling tighter market conditions.



Conclusion

The decline in both existing home sales and listings across Canada have been unprecedented but not unexpected given that lockdown measures have banned in-person viewings and open houses. The biggest, most notable difference between the GTA and other markets has been that:

- The GTA is coming off extraordinarily hot market conditions, while the conditions in the rest of Canada (especially Vancouver) had been more moderate leading up to the pandemic; and
- The GTA has become more balanced. One explanation for the stronger profile for listings in the GTA relative to the rest of the country may be the new Airbnb rules set by the City of Toronto that ban short-term rental companies from marketing on the Airbnb platform. Many of these units may be popping up on the resale market.