

# Zolo analysis: Impact of COVID-19 on housing markets

*Zolo scrutinized almost 20 years of sales data looking for trends based on prior health and economic catastrophes. Markets do grind to a halt, but recover.*

TORONTO, ON, CANADA, March 30, 2020 /EINPresswire.com/ -- As we try to grapple with the immediate and prolonged impact of COVID-19 on the housing markets, most of us look to the data — a way of quantifying the near- and long-term effects of this devastating pandemic.

But real estate sales activity is a lagging indicator — and price adjustments can take even longer to show up.

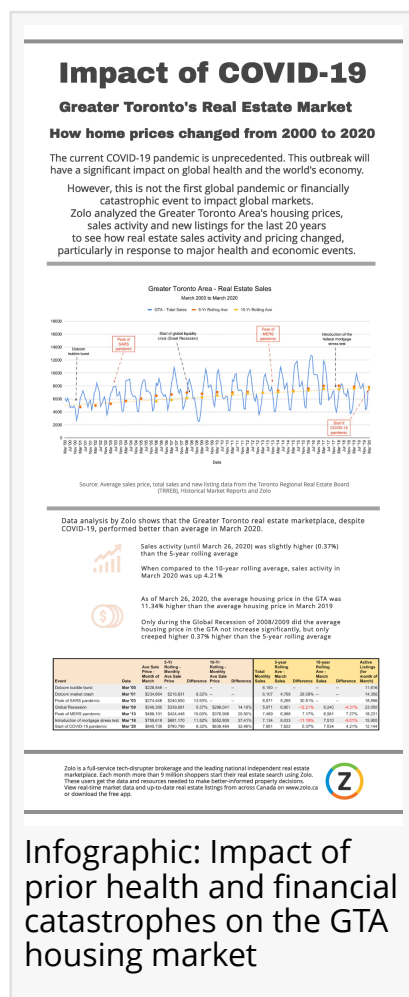
For example, the Canadian Real Estate Association (CREA) reported exceptional sales for the month of February — with a nationwide year-over-year rise in sales of 27% led by the real estate markets that make up the Greater Toronto Area (Vancouver was a close second, with sales increasing, year-over-year, by 45.6% and 44.9%, respectively). But by late February, COVID-19 was already making an impact and by the time the World Health Organization (WHO) declared this coronavirus a pandemic, on March 11, 2020, housing markets across Canada and the continent were already starting to feel the impact.

While the COVID-19 outbreak is an unprecedented event, efforts continue to predict and mitigate the most significant effects of this pandemic. To gain a better appreciation Zolo analyzed how prior health outbreaks and financial catastrophes affected housing market numbers. Using data from the two largest markets in Canada — Greater Toronto Area and Greater Vancouver — this analysis shows how two previous pandemics and as many as four economic shocks jolted the housing market. Despite the short-term impact, the data shows that each market eventually recovered with some real estate markets achieving historical price increases.

For instance, three of the six major regions in Greater Toronto consistently experienced housing price declines when faced with a health or financial crisis. This analysis also shows that, excluding the current COVID-19 crisis, the most significant price decreases experienced by these three regions (Toronto, York, and Peel), was after the introduction of the mortgage stress test in 2018; this was closely followed by price reductions experienced during the 2008/2009 Global Recession.

The other three regions — Simcoe, Halton and Durham — also experienced price declines throughout the last 20 years, but quite often these declines were not as frequent or severe as in the other GTA regions.

Data for the Greater Vancouver Area shows how negative global health crisis, along with global



and regional financial changes, can dramatically impact housing sales activity. For instance, one of the worst events to impact the GVA housing market was the August 2016 implementation of the foreign buyer's tax, followed by the introduction of the mortgage stress test. For more the effect of health and financial catastrophes on the GTA and GVA market, please see: [How will COVID-19 impact real estate](#) (+ infographic)

The sudden slowdown of housing markets will impact each market stakeholder slightly differently. For instance, home sellers may need to adjust pricing expectations if they are in a situation where they must list their property for sale. Buyers, on the other hand, may want to sit on the sidelines for a bit until job security is confirmed (although, for those buyers with a down payment already saved and secure employment, now may be the perfect time to buy). Homeowners, on the other hand, will need to prioritize their spending. In particular, concentrate on (1) dropping monthly expenses; (2) prioritize mortgage payments; (3) continue paying your bills on time; and (4) maintain or increase your monthly earnings (if possible).

While it's impossible to predict just how long COVID-19 will impact the economy, homeowners, buyers and sellers would be wise to remember how the fundamentals of the housing market, especially in larger regions, generally don't change. Prior to this crisis, most housing markets were poised for growth or already showing strong sales activity. Based on historical patterns, Zolo is confident that Canada's housing markets will eventually stabilize. Zolo will continue to monitor the impact of this pandemic. For real-time sales activity data, go online to Zolo's market trends.

## About Zolo

Zolo is one of Canada's most popular online national real estate marketplaces. Each month, more than 9 million buyers and sellers start their real estate search using Zolo. As a tech-disruptor national brokerage, Zolo provides users with the data and resources needed to make better-informed property decisions.

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*Romana King, director of content, Zolo*

[www.zolo.ca](http://www.zolo.ca)

## About Romana King

Romana King is an award-winning personal finance writer and real estate expert. She writes for big banks, insurance providers, newspapers along with businesses. She is an expert that is sought after by the media to comment and give insight on personal finance and real estate issues.

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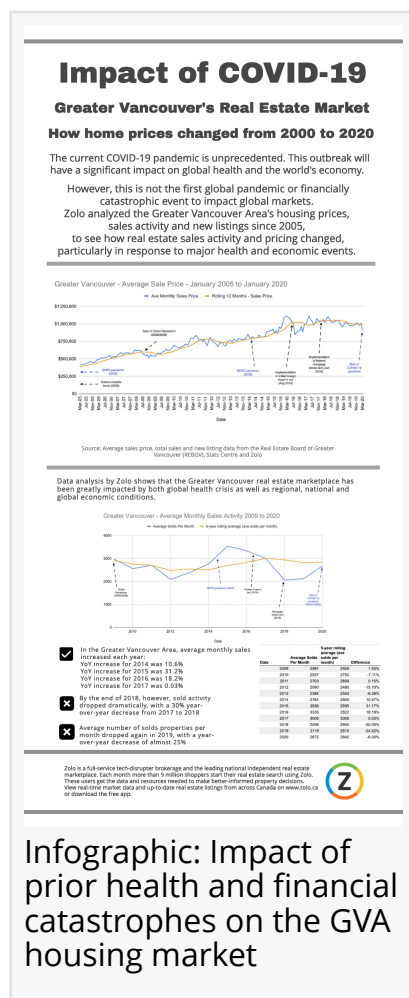
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Infographic: Impact of prior health and financial catastrophes on the GVA housing market

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