

Contributors

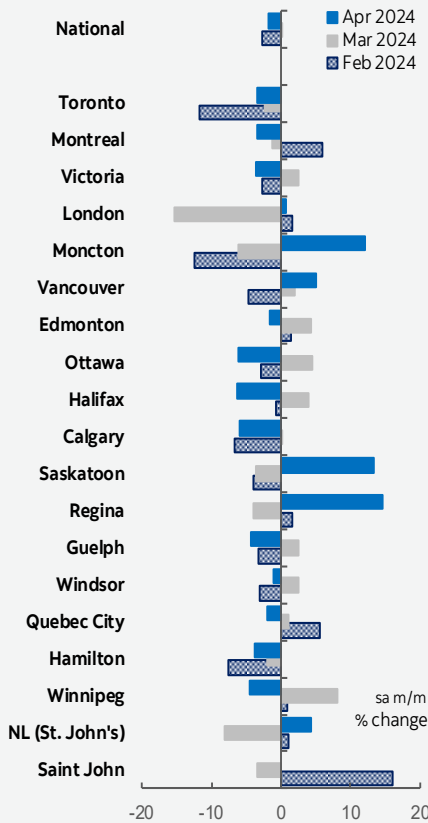
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Canada	Apr-24	Mar-24	Apr-24
	m/m ¹	m/m ¹	y/y ²
Sales (% change)	-1.7	0.1	10.1
New listings (% change)	2.8	-0.9	34.9
Average price (% change)	0.9	0.2	2.3
MLS HPI (% change)	0.0	-0.2	-0.9
	Apr-24	Mar-24	Apr-23
Sales-to-new listings ratio (level) ¹	53.4	55.9	67.5
Months inventory (level) ¹	4.2	3.9	3.3

¹seasonally adjusted ²not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Canadian Home Sales — April 2024

CANADA HOUSING MARKET: NO NEWS, GOOD NEWS?

SUMMARY

Canadian home sales declined by 1.7% (sa m/m) in April, while new listings increased by 2.8%. This eased the sales-to-new listings ratio, an indicator of how tight the market is, to 53.4% (down from 55.9% the previous month). Still within the bound that is consistent with the national market being in “balanced” territory (which is anything between 45% to 65%), but slightly below its long-term average of 55%. There were 4.2 months of inventory—an improvement from the previous month’s 3.9, and back to where it was in November 2023 (before December’s and January’s activity reheated things). While 4.2 is still around a month below this measure’s pre-pandemic long-term average of about five months, it is the highest recording since the pandemic. Months of inventory in New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador are still between 4 to 6 months below their pre-pandemic long-term averages, while in BC and Ontario months of inventory are now around 10 days below.

Of the 31 local markets we track, 19 saw sales decline. Peterborough led the decline with an 18% drop in April’s sales relative to March. This comes after a 9% drop in March and a 13% drop the month prior. With these large back-to-back declines, Peterborough’s sales-to-new listings ratio has so far only normalized down to slightly above its long-term average of around 41% (with prices increasing there in March and April). The second largest decline occurred in Lethbridge at -10% (after a 6% increase in March), followed by Fraser Valley (-8%), with declines of 6% or less in the remaining 16 markets. On the other hand, we saw sale increases north of 10% in Sudbury (17%), Regina (15%), Saskatoon (13%), and Moncton (12%), and smaller increases (of 5% or below) in 6 other markets.

New listings increased in just over a half of the markets we track. The number of newly listed properties increased by 25% (sa m/m) in Sudbury and between 12–13% in Barrie, Fraser Valley and Halifax, offsetting smaller declines of 10% and below in 14 markets. Given the movements in sales and listings, 7 markets moved into buyers’ territory (now 8 in total) and 3 moved into sellers’ (9 in total), leaving 14 markets in balanced territory in April relative to 24 in February.

Prices, as measured by the MLS Home Price Index (HPI), were unchanged from March. April’s flat reading is the result of a 0.1% (sa m/m) increase in single-family homes HPI being entirely offset by 0.1% decline in townhomes’ HPI and 0.4% decline in that of apartments.

IMPLICATIONS

Home sales declined at the national level in April. March’s previously reported small increase relative to February was revised down to an almost flat reading, while February also recorded a monthly decline from January.

Putting recent months’ market movements together—one can say the market has simply been walking back the unexpected heat it brought on in December and January, when sales recorded surprisingly large monthly increases. We had been expecting a return of demand but were admittedly surprised at its timing. We hesitated to consider that the beginning of the release of pent-up demand we’d been expecting, given the highly volatile and oscillating nature of the housing market. Since then, activity has been muted with small monthly declines. In the last three months leading up to April, January’s increase of over 4% was reversed, bringing the level of monthly sales back to where it was in December. We were also unsure whether prices, which had continued to decline in December and January, would follow these two months’ sales increases with a lag (as

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prices typically do after a turn in sales activity). Partly helped by increases in listings, prices instead have just held steady at their January level, neither increasing nor decreasing. Worth noting here that the level at which they've been hovering is around 14% below the February 2022 peak, but 33% above pre-pandemic levels.

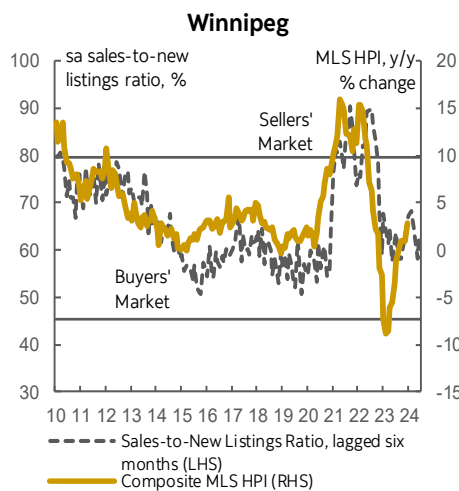
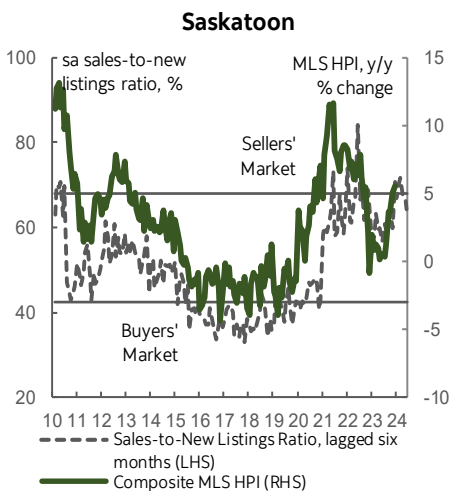
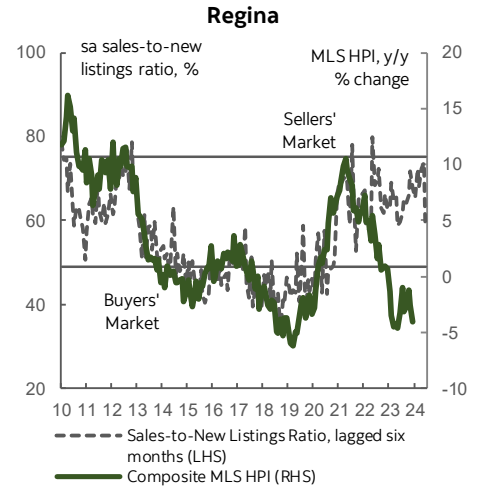
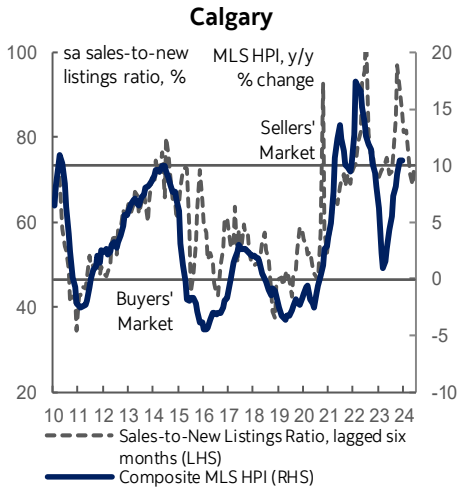
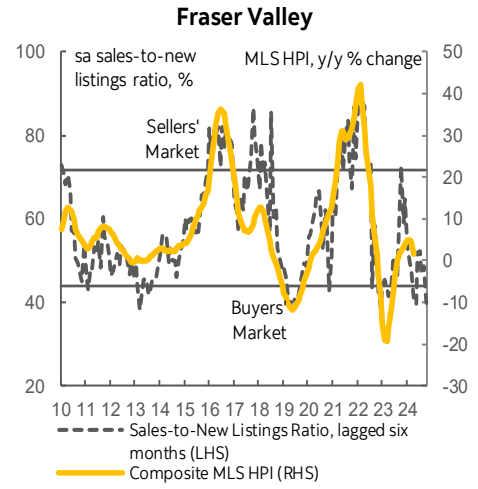
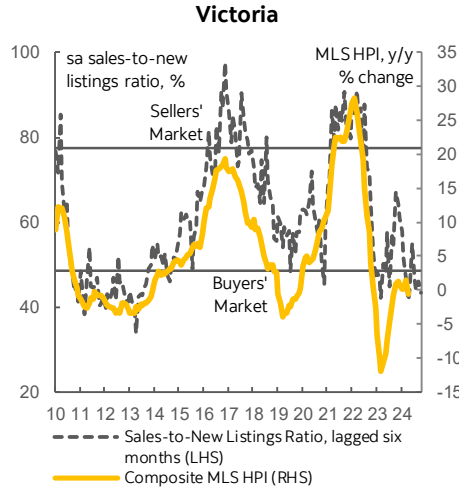
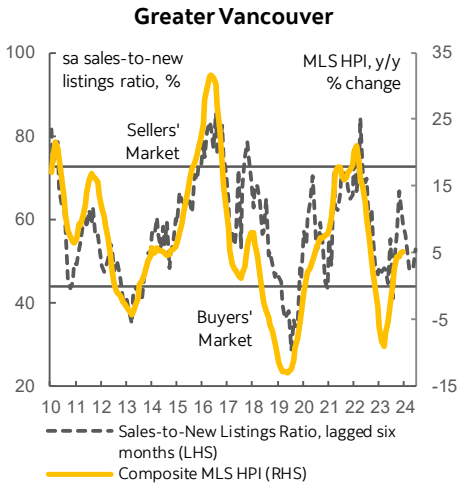
This seems to be a sign of a market weighed down by high uncertainty and high stakes, not to mention still-high borrowing rates. Lots is uncertain when it comes to the outlook and lots is hinging on the next Bank of Canada move and how the market responds to it. This is either the best time to enter the market according to some or the worst according to others. These polarized bets are creating a national market that is anxiously hovering sideways just below its long-term averages, but not that much below, one might add. The average of sales so far this year is just 4% below their 2010–19 average. To that extent, one can view this as good news, or at least no news, or maybe a no news are good news situation. In fact, many positive things to highlight in today's CREA release if we're in the mood for that kind of thing. Listings are up such that we are at a "healthier" level of optionality for buyers (the average of listings so far this year is also 4% below their 2010–19 average, having been much lower for a long time now). With the pace at which things are being bought up and listed, the overall number of properties on the market and months of inventory are now at their "highest levels since the onset of the pandemic." Measures of supply and demand such as these recording high readings that are comparable to pre-pandemic means the market is normalizing back to where it was just before the pandemic threw the market entirely off its (relatively more) sustainable course. The outcome of this is that prices have been "mostly stable" for the past three months.

So things are normalizing it seems, but whether this will last and for how long is another story. There is no question there is demand for homes that is likely being held back by uncertainty right now. But a return of demand likely won't look like a return to pandemic times given the many period-specific drivers of that rally.

Scotiabank Housing Market Watch—April 2024																		
Rank ¹	Real Estate Board	Last Month Rank	Monthly Change	Sales-to-New Listings Ratio				Market Type	24-month Evolution	Unit Sales ³			Avg. Sales Prices ³			New Listings ³		
				Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean ²	Last month	Last 3 mos.			Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.		
--	National	--	--	53.4	-0.2	I I	Balanced		-1.7	9.5	5.7	0.9	3.8	3.5	2.8	22.8	6.8	
1	Saint John	4	↑ 3	76.6	1.6	I I	Sellers'		0.0	10.2	-9.1	3.7	12.0	9.6	-1.4	13.7	-6.5	
2	Saskatoon	9	↑ 7	75.5	1.6	I I	Sellers'		13.3	13.1	10.5	1.9	6.2	3.3	-3.1	0.9	-3.3	
3	Calgary	1	↓ 2	82.3	1.5	I I	Sellers'		-6.0	11.8	12.8	0.9	13.4	9.5	7.0	5.1	5.7	
4	Regina	10	↑ 6	81.8	1.5	I I	Sellers'		14.7	28.0	9.3	4.9	4.5	1.0	-1.2	7.2	-1.3	
5	Quebec City	5	→ 0	85.9	1.5	I I	Sellers'		-1.9	20.5	10.2	0.2	9.4	6.1	-2.3	7.6	1.3	
6	Edmonton	6	→ 0	78.4	1.4	I I	Sellers'		-1.6	45.0	20.7	0.5	9.2	3.0	-1.6	9.5	-2.1	
7	Lethbridge	2	↓ 5	79.9	1.4	I I	Sellers'		-10.4	11.9	3.9	0.4	11.1	7.6	3.8	1.4	-6.5	
8	Moncton	11	↑ 3	73.9	1.3	I I	Sellers'		12.2	3.6	-1.9	2.5	12.2	9.4	-5.5	27.0	-2.4	
9	Halifax	3	↓ 6	77.0	1.0	I I	Sellers'		-6.2	18.5	0.4	3.4	4.2	7.2	13.5	7.3	-1.6	
10	NL (St. John's)	7	↓ 3	56.5	0.7	I I	Balanced		4.4	2.7	-8.3	-1.3	6.8	1.9	7.6	12.2	2.7	
11	Sudbury	8	↓ 3	60.7	0.6	I I	Balanced		17.5	16.2	-3.9	3.3	5.8	5.4	25.3	36.2	5.9	
12	Winnipeg	12	→ 0	62.3	0.0	I I	Balanced		-4.6	19.1	0.2	1.4	7.4	3.0	8.8	9.1	-1.4	
13	PEI (Charlottetown)	15	↑ 2	48.2	-0.1	I I	Balanced		-0.6	15.1	9.8	1.7	-0.9	-1.4	-4.8	31.7	6.7	
14	Thunder Bay	13	↓ 1	61.0	-0.2	I I	Balanced		-1.2	10.7	-3.6	4.6	11.9	7.8	9.2	21.6	0.5	
15	Montreal	14	↓ 1	57.5	-0.3	I I	Balanced		-3.4	22.1	5.3	-0.4	6.5	3.4	3.0	23.7	3.9	
16	Ottawa	16	→ 0	52.0	-0.3	I I	Balanced		-6.1	13.1	8.1	-0.1	2.6	1.2	-5.0	28.4	6.1	
17	Brantford	18	↑ 1	53.1	-0.4	I I	Balanced		1.2	1.7	7.6	6.1	1.1	2.7	-2.5	18.6	6.7	
18	London	22	↑ 4	49.1	-0.5	I I	Balanced		0.7	3.3	3.3	1.1	-0.3	-0.7	-9.4	29.6	6.5	
19	Hamilton-Burlington	17	↓ 2	50.5	-0.6	I I	Balanced		-3.8	2.3	2.0	0.8	2.7	0.3	7.9	23.2	4.3	
20	Kingston	27	↑ 7	38.7	-0.8	I I	Balanced		4.2	1.0	-4.3	1.0	0.9	-3.2	-1.7	23.6	11.1	
21	St. Catharines	21	→ 0	41.2	-0.9	I I	Balanced		0.5	3.6	9.7	-1.5	-3.9	-1.3	5.1	26.9	13.7	
22	KW*	23	↑ 1	48.7	-0.9	I I	Balanced		-1.2	3.4	3.2	-0.4	0.2	0.8	0.7	38.2	11.0	
23	Peterborough	19	↓ 4	41.9	-0.9	I I	Balanced		-17.7	-9.0	-9.5	3.2	0.7	-2.7	-6.1	0.4	-6.1	
24	Windsor	28	↑ 4	43.3	-1.0	I I	Buyers'		-1.1	2.9	0.3	-0.5	4.0	2.0	-0.6	13.2	-4.1	
25	Vancouver	24	↓ 1	43.3	-1.0	I I	Buyers'		5.1	3.3	12.4	-0.9	3.1	5.0	8.0	34.5	15.6	
26	Guelph	25	↓ 1	48.5	-1.1	I I	Buyers'		-4.3	-1.5	1.9	-1.4	1.8	2.4	0.0	26.8	10.5	
27	Barrie	26	↓ 1	40.2	-1.1	I I	Buyers'		3.0	-8.4	-7.4	-0.5	0.8	-3.0	11.9	18.7	-4.7	
28	Okanagan-Mainline (Kelowna)	31	↑ 3	33.4	-1.2	I I	Buyers'		-0.5	-17.1	-3.5	-1.0	-1.6	-0.8	-7.6	31.6	7.8	
29	Fraser Valley (Abbotsford)	20	↓ 9	39.8	-1.3	I I	Buyers'		-8.1	1.9	19.7	-0.7	6.7	6.0	12.2	37.7	19.3	
30	Victoria	30	→ 0	43.3	-1.3	I I	Buyers'		-3.7	1.9	5.9	-2.2	1.8	2.3	2.5	33.5	11.4	
31	Toronto	29	↓ 2	41.9	-1.3	I I	Buyers'		-3.4	0.4	5.0	1.5	0.9	1.4	5.9	34.1	16.1	

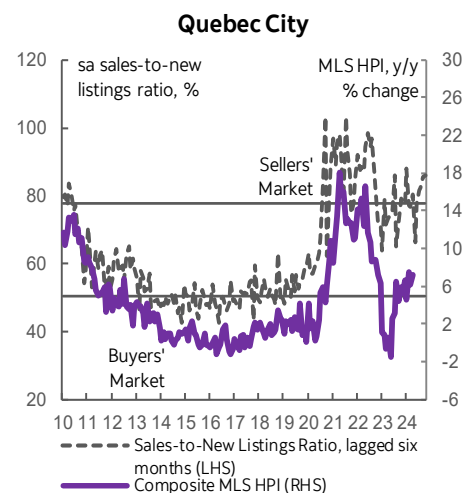
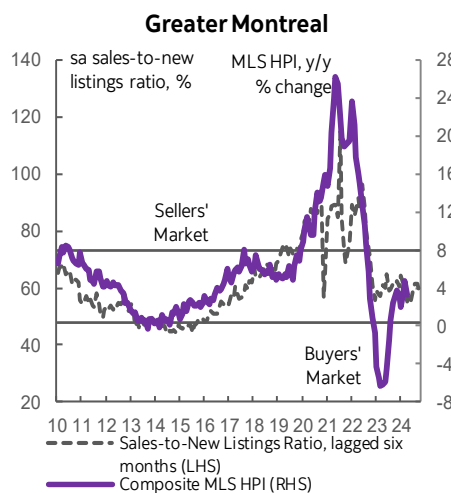
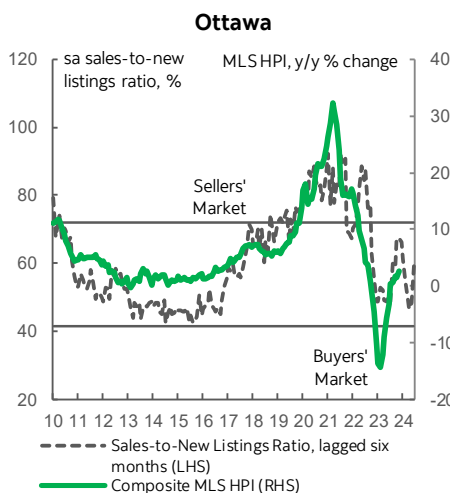
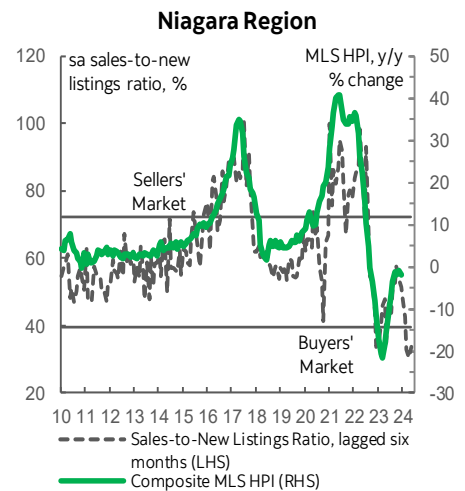
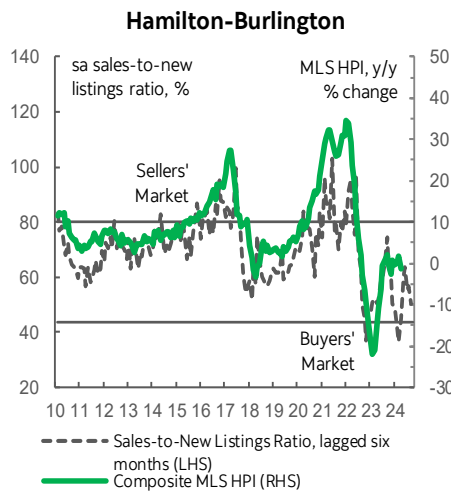
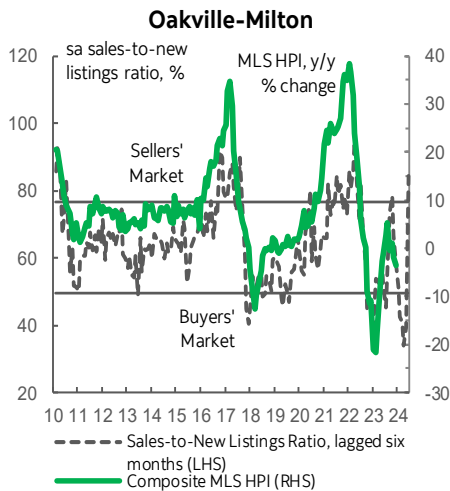
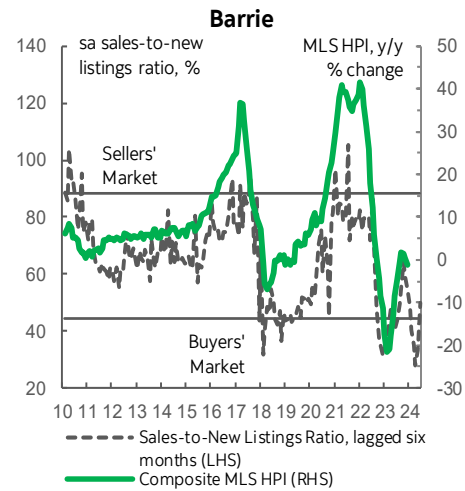
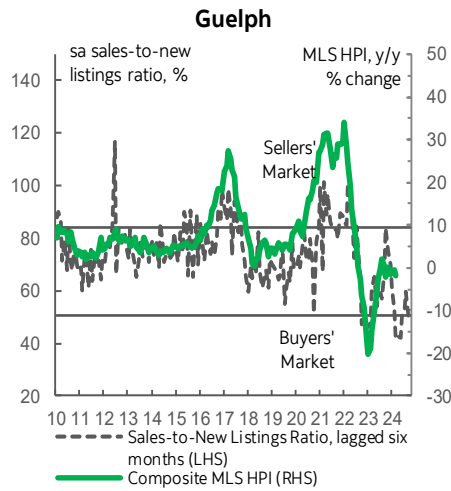
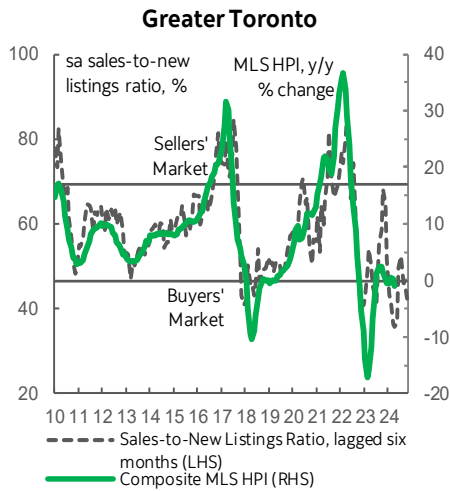
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A sales-to-new listings ratio below the long-term mean less than one deviation is considered a buyer's market and likely to see a flat or downward trend in prices over the next six months. We define the long-term average as the 1990-2020 mean. ³ Year-over-year percentage change. * Kitchener-Waterloo. Sources: Scotiabank Economics, CREA.

MLS Home Price Indices — Western Canada



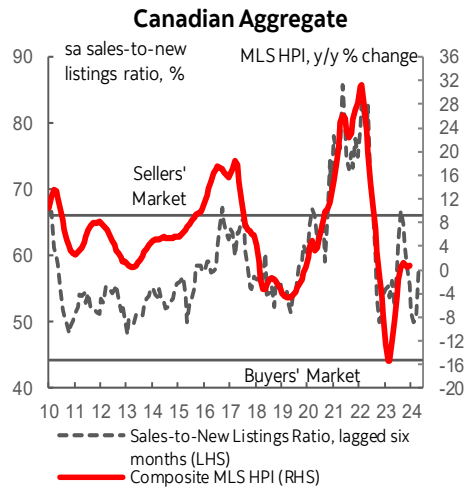
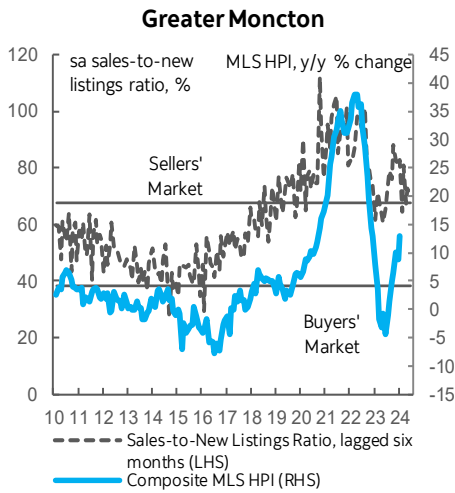
Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.) — Eastern Canada



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.) — Eastern Canada and Canadian Aggregate



Sources: Scotiabank Economics, CREA.

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