

Contributors

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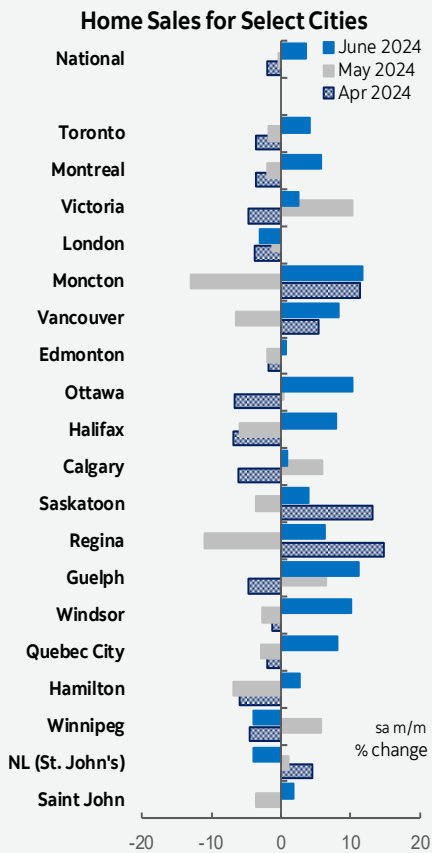
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Canada	Jun-24	May-24	Jun-24
	m/m ¹	m/m ¹	y/y ²
Sales (% change)	3.7	-0.4	-9.4
New listings (% change)	1.5	0.6	2.9
Average price (% change)	1.5	1.0	1.3
MLS HPI (% change)	0.1	-0.2	-3.4
	Jun-24	May-24	Jun-23
Sales-to-new listings ratio (level) ¹	53.9	52.8	61.8
Months inventory (level) ¹	4.2	4.3	3.2

¹seasonally adjusted ²not seasonally adjusted



Sources for chart and table: Scotiabank Economics, CREA.

Canadian Home Sales — June 2024

CANADA HOUSING MARKET: RECOVERY TRULY UNDERWAY OR FALSE START?

SUMMARY

Both national home sales and new listings increased in June, and housing resale conditions tightened as sales increased at a faster pace (3.7% sa m/m) than listings (1.5%). Consequently, the sales-to-new listings ratio—a market tightness indicator—rose from 52.8 to 53.9% from May to June, still within the balanced national market range (of 45% to 65%), and slightly below the 55% long-term average. This tightening in resale market conditions is also reflected in the modest decline in months of inventory, which edged down from 4.3 in May to 4.2 in June. This indicator is still below its long-term average of 5.3 (pre-pandemic). And as usual and expected, this inventory situation varies greatly across provinces, from a few days above its long-term average in British Columbia and Ontario, to 5 and 5.8 months below average in Nova Scotia and New Brunswick respectively.

It was an even split between markets that saw tightening and easing conditions from May to June based on their sales-to-new listings ratio.

About 3/4 of the markets we track witnessed an increase in their sales from May to June. Five markets, all in Ontario—Thunder Bay, Kingston, Brantford, Barrie and Peterborough—witnessed above 15% growth in sales from May to June. This helped push their sales-to-new listings ratio up from May to June but not sufficiently to change their market conditions’ status, being still inside balanced territories for the first three of these centres, and within buyers’ territory for the last two. Sales were stable from May to June in Lethbridge and declined in 7 markets we track, with the largest observed for Charlottetown (-15.7% sa).

Despite the rise nationally, newly listed properties declined in more than half of the markets we track. Sharpest declines in this indicator from May to June were observed for London (-34% sa m/m) and Saint John (NB; -16.4%), while above 10% monthly increases in this indicator were observed in Moncton (15.5%) and Fraser Valley (Abbotsford; 12.1%). Consistent with the stronger national increase in sales than for new listings—hence in its sales-to-new listings ratio—the number of markets in sellers’ favouring conditions rose from 6 to 10 from May to June. The sales-to-new listings ratios moved from balanced to sellers’ favouring conditions in Quebec City, Calgary, Edmonton, Halifax, London and Sudbury. The number of buyers-favouring markets fell from 8 to 5 over this period.

House prices, as measured by the MLS Home Price Index (HPI), edged up 0.1% from May to June (sa m/m). The price increase for the single-family segment, at 0.2% (sa m/m), was partially offset by an equivalent decline in the price of apartments, while this price index was unchanged for townhouses over this period. In June, the composite HPI was down 3.4% from the same month in the previous year, with all unit types contributing to this year-to-year decline, with the largest decline observed for two-storey single-family homes at 3.6%.

IMPLICATIONS

Are resale markets now on the recovery path we were expecting? Or was June’s performance simply a hiccup as the one witnessed in December and January of this year, which we hesitated to qualify as the start of the recovery given the uncertainty about the future inflation path and the fact that we were still far from the expected start for the easing of the monetary policy rate. Nevertheless, we now feel comfortable to say that we have reached the doorstep of this awaited recovery and likely even opened its door, but still too soon to say we made a full entry in this room.

July 12, 2024

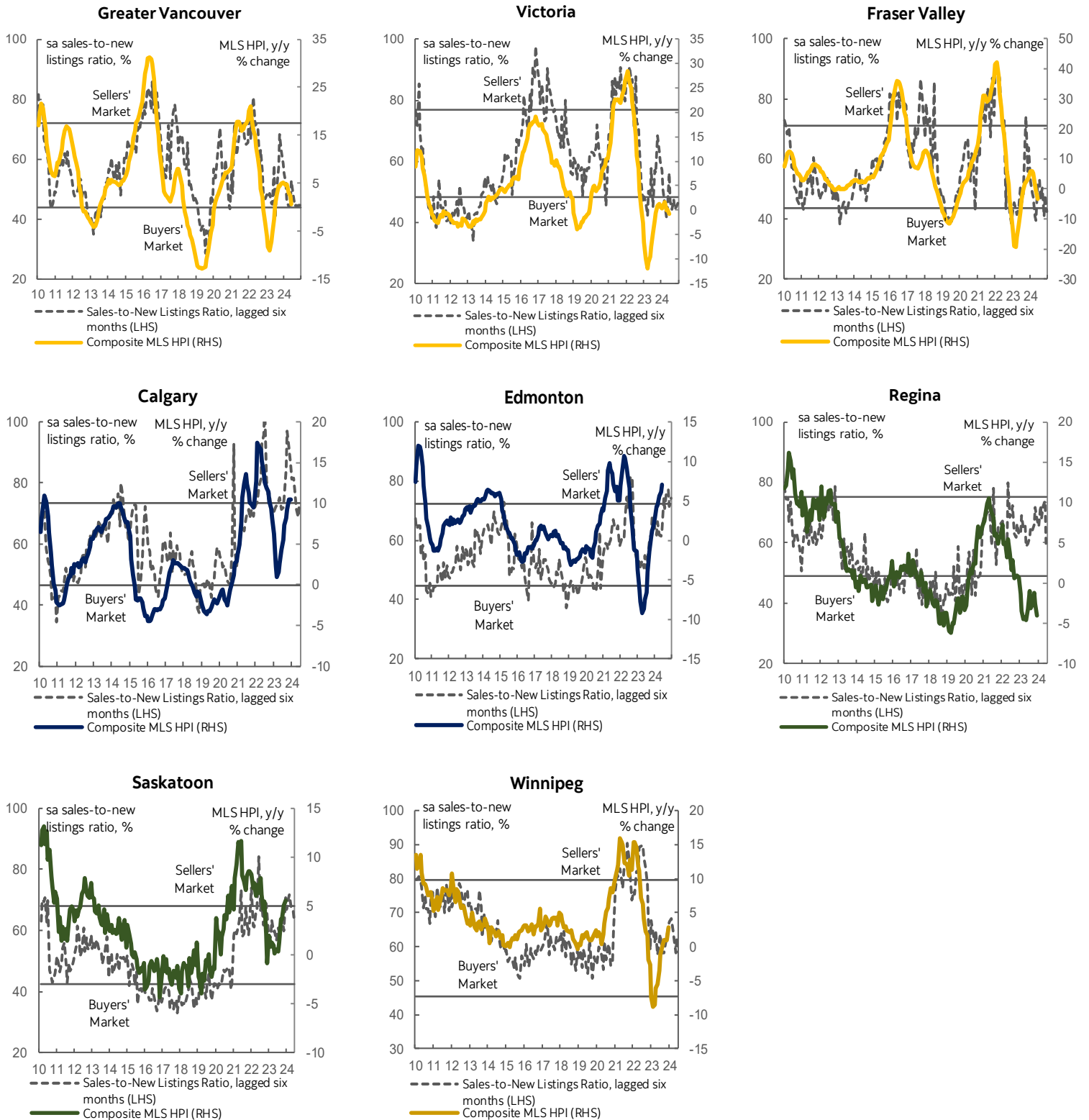
Supporting this view is the improvement in conditions as reflected by the rise in the sales-to-new listings ratio in most markets, which coincides with the start of the easing cycle by the Bank of Canada for its policy rate. This single decline is likely to have a modest impact on mortgage rates—as it was mostly expected to occur over the June-July period—and affordability for newly purchased properties. But this decision likely contributed to June's performance through the expectations channel from the central bank's communications, which signalled that inflation concerns have lessened, raising confidence about the outlook for economic and households' income conditions, hence pushing housing demand up. The still elevated households' savings rate (from its pre-pandemic historical average) combined with reduced concerns about the future, is also supporting housing demand. Finally, the average resale market conditions' status moved up towards sellers' favouring conditions.

Scotiabank Housing Market Watch—June 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	--	--	53.9	-0.1	I I	Balanced		3.7	-2.3	3.2	1.5	1.0	3.4	1.5	15.7	12.2	
1	Saint John	4	↑ 3	86.7	2.2	I I	Sellers'		1.9	1.4	-3.3	-2.4	7.4	10.3	-16.4	2.4	-2.3	
2	Saskatoon	2	→ 0	78.6	1.8	I I	Sellers'		4.0	7.3	10.5	0.1	5.0	3.4	-4.1	-5.5	-3.1	
3	Lethbridge	1	↓ 2	82.9	1.6	I I	Sellers'		0.0	4.6	5.9	3.5	9.7	7.7	-0.9	1.7	-2.5	
4	Quebec City	10	↑ 6	86.7	1.6	I I	Sellers'		8.2	7.7	11.2	-0.8	-27.6	-2.5	-7.4	7.4	3.8	
5	Regina	3	↓ 2	79.1	1.3	I I	Sellers'		6.3	17.2	13.1	-3.5	5.0	1.9	5.6	1.1	1.0	
6	Calgary	6	→ 0	78.9	1.3	I I	Sellers'		1.0	-2.5	10.3	1.5	12.6	10.6	-4.5	7.5	10.1	
7	Edmonton	8	↑ 1	74.1	1.1	I I	Sellers'		0.6	24.2	25.8	0.2	6.5	4.6	-2.9	7.3	3.3	
8	Halifax	9	↑ 1	77.4	1.0	I I	Sellers'		7.9	-1.1	2.6	1.2	3.4	6.9	2.8	6.9	5.1	
9	London	17	↑ 8	71.8	1.0	I I	Sellers'		-3.1	-12.5	-1.5	4.2	-1.4	0.0	-34.0	-0.4	9.5	
10	Sudbury	5	↓ 5	68.0	1.0	I I	Sellers'		2.8	16.9	4.1	7.0	4.8	5.2	4.5	22.4	14.3	
11	Thunder Bay	14	↑ 3	74.1	0.8	I I	Balanced		17.7	3.6	-2.3	0.1	8.6	9.3	1.2	9.2	0.7	
12	NL (St. John's)	7	↓ 5	57.4	0.8	I I	Balanced		-4.0	6.8	-3.8	1.1	8.2	4.9	-0.8	2.2	4.1	
13	Winnipeg	11	↓ 2	69.3	0.4	I I	Balanced		-3.9	10.9	4.7	2.2	5.7	5.1	0.1	2.9	0.3	
14	Moncton	12	↓ 2	60.4	0.4	I I	Balanced		11.8	1.2	0.2	1.5	8.7	10.1	15.5	24.6	10.2	
15	Ottawa	16	↑ 1	57.6	0.1	I I	Balanced		10.3	-0.7	4.5	1.5	1.3	2.3	-5.7	21.2	13.2	
16	PEI (Charlottetown)	13	↓ 3	49.5	0.0	I I	Balanced		-15.7	-2.7	5.8	-2.9	0.4	-0.1	-5.4	18.8	12.3	
17	Montreal	15	↓ 2	60.3	0.0	I I	Balanced		5.7	11.5	8.5	1.2	-30.5	-4.3	-0.3	18.9	9.2	
18	Kingston	19	↑ 1	49.8	-0.1	I I	Balanced		21.6	7.0	-0.3	2.4	2.0	-2.0	0.2	19.5	16.9	
19	Brantford	21	↑ 2	50.6	-0.6	I I	Balanced		18.0	-11.1	0.1	3.8	-0.9	3.1	6.2	5.6	8.5	
20	Guelph	25	↑ 5	56.0	-0.7	I I	Balanced		11.2	-7.3	-3.2	-0.8	-4.5	1.6	-1.8	30.5	21.2	
21	Windsor	26	↑ 5	45.3	-0.9	I I	Balanced		10.1	-6.1	-0.5	1.2	-2.8	2.2	3.5	15.0	4.7	
22	Hamilton-Burlington	20	↓ 2	45.3	-0.9	I I	Balanced		2.8	-14.0	-5.6	1.3	1.7	1.8	3.6	18.1	12.8	
23	KW*	27	↑ 4	49.2	-0.9	I I	Balanced		8.4	-5.8	1.7	-0.4	-2.4	0.5	0.9	34.2	27.9	
24	St. Catharines	23	↓ 1	40.6	-0.9	I I	Balanced		-1.4	-9.8	1.6	3.7	-4.5	-0.7	-3.5	15.6	17.4	
25	Vancouver	22	↓ 3	44.7	-0.9	I I	Balanced		8.3	-12.5	3.0	2.3	3.3	5.1	8.4	21.7	19.2	
26	Okanagan-Mainline (Kelowna)	24	↓ 2	37.2	-1.0	I I	Balanced		-3.9	-17.3	-9.9	0.5	-2.2	-1.2	-4.4	18.5	13.0	
27	Barrie	29	↑ 2	42.7	-1.0	I I	Buyers'		15.3	-7.7	-11.0	4.4	-2.2	-1.6	-4.1	36.1	10.3	
28	Peterborough	30	↑ 2	40.2	-1.1	I I	Buyers'		16.7	-30.4	-19.8	-7.3	-1.8	-1.2	-1.4	-10.0	-7.7	
29	Fraser Valley (Abbotsford)	18	↓ 11	42.4	-1.1	I I	Buyers'		-1.1	-18.0	4.6	-0.2	-2.2	4.2	12.1	15.1	20.8	
30	Victoria	28	↓ 2	46.6	-1.1	I I	Buyers'		2.5	-1.1	3.3	-0.7	0.4	3.3	-0.9	33.9	19.8	
31	Toronto	31	→ 0	37.1	-1.8	I I	Buyers'		4.1	-15.3	-4.1	1.8	-1.3	0.9	9.8	26.1	24.1	

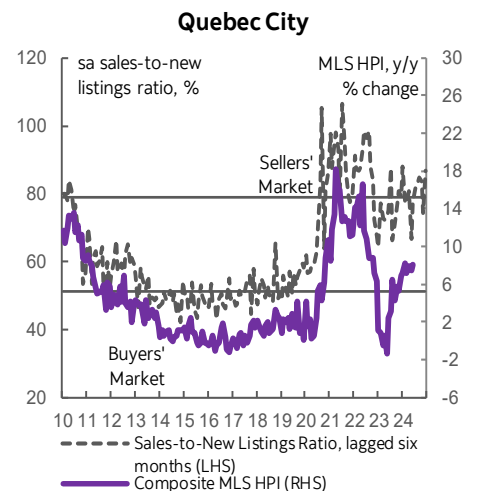
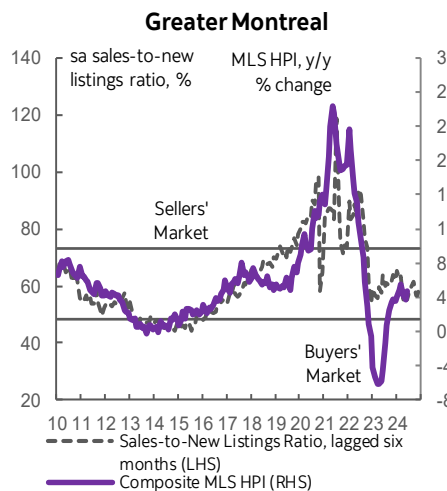
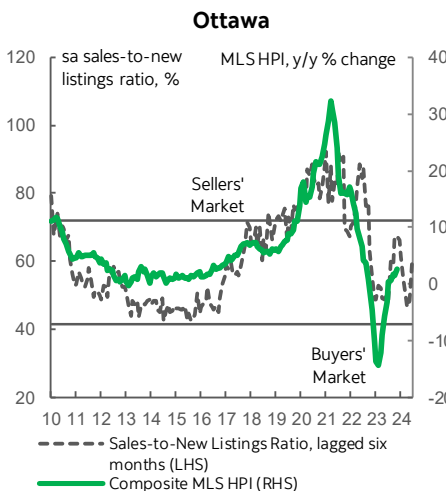
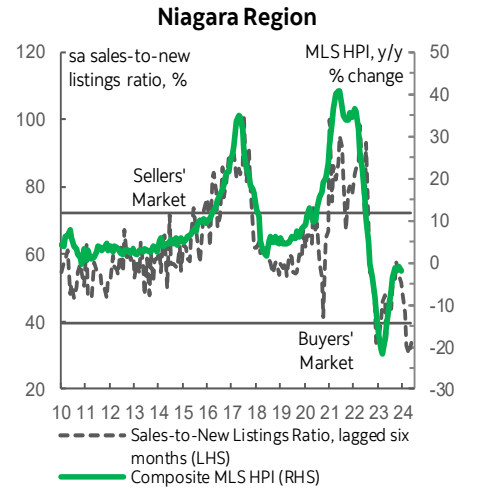
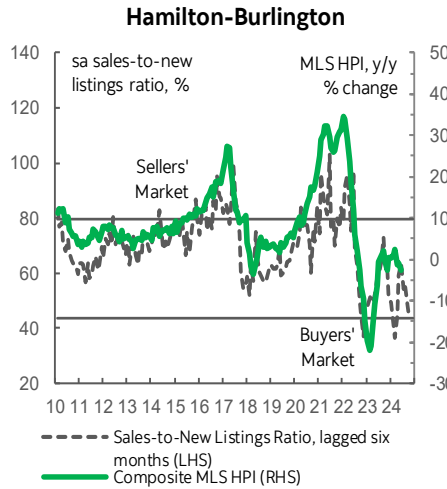
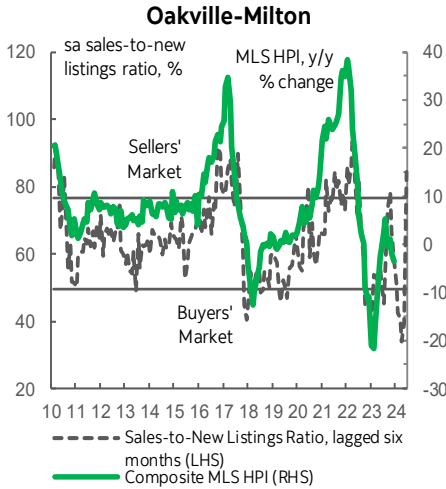
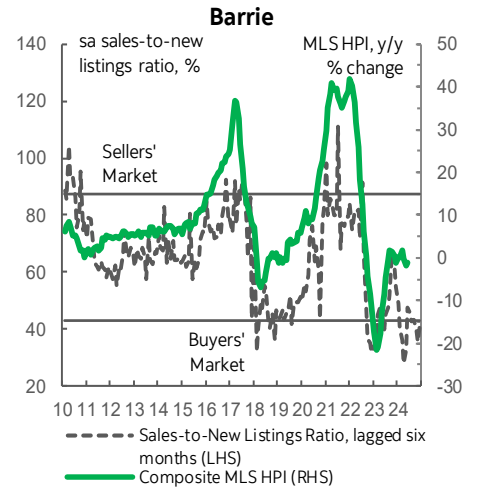
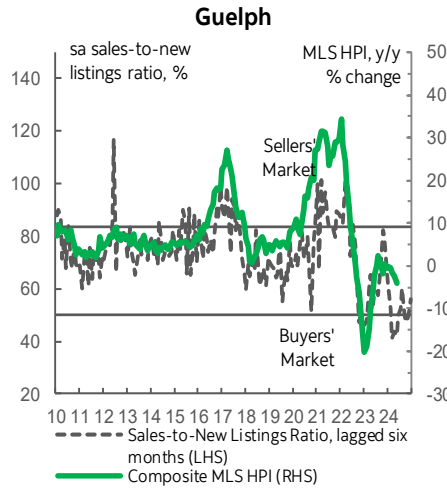
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A sales-to-new listings ratio below the long-term mean less than 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



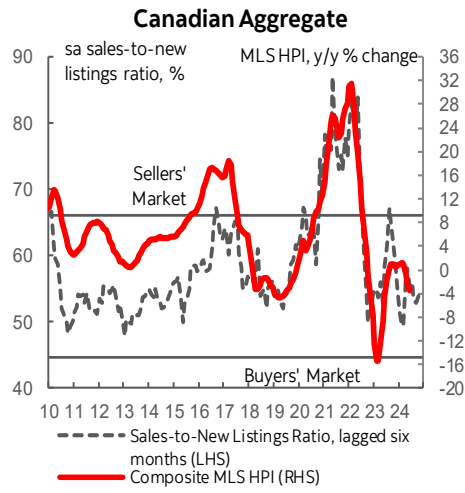
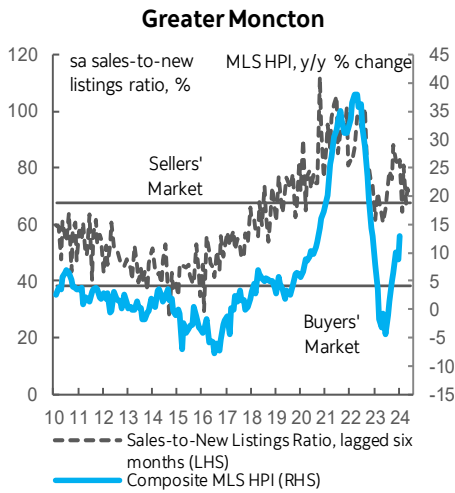
Sources: Scotiabank Economics, CREA.

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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