

Canadian Home Sales — January

SUMMARY

Canadian Real Estate Association [data](#) report a 3.6%¹ climb in residential unit resales, a 1.0% rise in new listings at the national level in January. The sales-to-new listings ratio rose to 56.7% in the month (table), a level consistent with balanced demand-supply conditions. The composite MLS Home Price Index rose 0.8%, with gains concentrated in lower-cost apartments and townhomes (chart 1).

Price and sales results were mixed in Southern BC. The Greater Vancouver HPI fell 4.5% in January—led by weakness in the single-family home segment—but home purchases climbed 1.2%. The sales-to-listings ratio fell to 36%—its lowest level since 2009—which resulted in a fifth successive month in seller’s market territory. A 4.2% climb in the Victoria HPI was met with a 12.2% sales plunge.

Ontario’s Greater Golden Horseshoe (GGH) generally saw upward price movement and modest sales declines. The MLS HPI rose in the Greater Toronto Area (GTA) (+2.7%), Hamilton-Burlington (+5.0%), Oakville-Milton (+3.9%) and Guelph (+7.2%). Only in the GTA did sales increase (chart 2). January price gains were more modest than the climbs across these centres that exceeded 20% at their height in early 2017, and mirror more balanced conditions as reflected in sales-to-listings ratios within one standard deviation of their long-run mean.

Other Ontario markets remained tilted towards sellers. Windsor, London, and Ottawa all indicated sales-to-new listings ratios more than one standard deviation above their long-term mean. The latter city reported a torrid 21.7% increase in home purchases in the month, and its MLS HPI advanced 7.1%, in line with the pace of the last 18 months. On the back of strong sales and similarly tight conditions, Greater Montreal witnessed healthy HPI gains of 6.3%.

Weakness prevailed in Calgary and Edmonton. Respective home sales declines of 1.6% and 1.3% left both cities in sellers’ market territory. Composite HPI falls were the worst since 2016 in both centres, and were spread across unit types.

IMPLICATIONS

The Greater Vancouver sales bump is encouraging after two successive dips. Yet, we anticipate that buyers and sellers in Southern BC will continue to adjust to new provincial housing measures that target the high end of the market this year.

We maintain that momentum in Ottawa and Montreal reflects cyclical factors rather than fundamental demand-supply imbalances. We expect sales activity in both cities to ease with economic growth in Central Canada this year and next.

The data continue to point to stretched affordability beyond the GGH. Markets such as London and Windsor remain tight and have proved resilient to the stricter mortgage stress tests implemented on January 1st, 2018.

We continue to monitor conditions in Alberta. January softness was likely driven by poor labour market results. Yet an overhang of units accrued since the oil price correction remains intact and will likely limit home sales activity going forward.

¹ Sales and listings figures reported in sa m/m terms, while MLS HPI growth rates reported as nsa y/y.

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Canada	Jan-19	Dec-18	Jan-19
	m/m ¹	m/m ¹	y/y
Sales (% change)	3.6	-2.0	-4.0
New listings (% change)	1.0	-0.5	8.0
Average price (% change)	-2.9	-1.4	-5.5
MLS HPI (% change) ²	-0.5	-0.3	0.8
	Jan-19	Dec-18	Jan-18
Sales-to-new listings ratio (level) ¹	56.7	55.3	64.2
Months inventory (level) ¹	5.3	5.5	4.9

¹ seasonally adjusted ² not seasonally adjusted

Chart 1

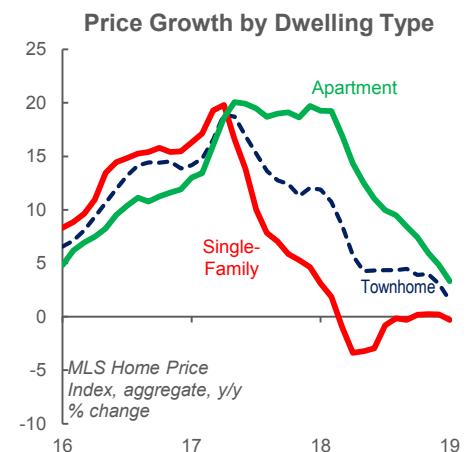


Chart 2



Sources for charts and table: Scotiabank Economics, CREA.

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