

Contributors

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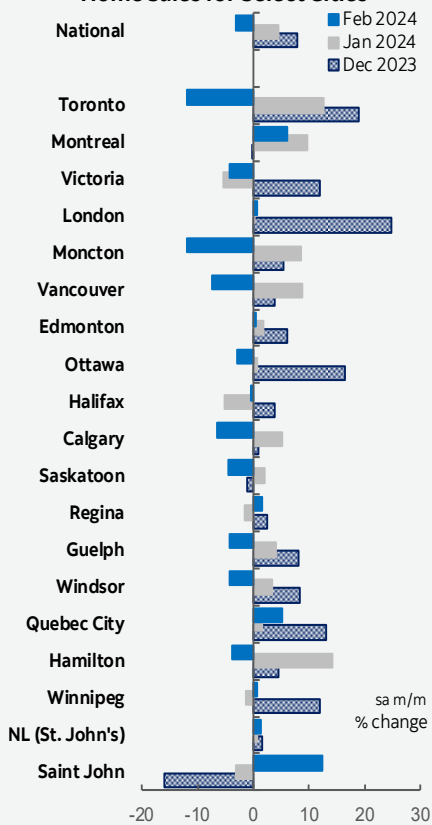
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Canada	Feb-24	Jan-24	Feb-24
	m/m <sup>1</sup>	m/m <sup>1</sup>	y/y <sup>2</sup>
Sales (% change)	-3.1	4.5	19.7
New listings (% change)	1.6	2.3	24.2
Average price (% change)	-1.5	0.8	4.6
MLS HPI (% change)	0.0	-1.3	0.8
	Feb-24	Jan-24	Feb-23
Sales-to-new listings ratio (level) <sup>1</sup>	55.6	58.3	58.4
Months inventory (level) <sup>1</sup>	3.8	3.7	4.0

<sup>1</sup>seasonally adjusted <sup>2</sup>not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Canadian Home Sales — February 2024

CANADA HOUSING MARKET: WHAT IS NORMAL EVEN?

SUMMARY

**Canadian home sales declined by 3.1% (sa m/m) in February, while new listings increased by 1.6%.** The decline in sales and increase in listings eased the sales-to-new listings ratio, an indicator of how tight the market is, for the first time in 5 months. After increasing each month since September, the ratio eased to 55.6% in February, down from 58.3% in January. This put it on par with its long-term average of 55% and indicated the national market remained in balanced territory, at least relative to historical standards. There were 3.8 months of inventory—a slight improvement from January’s 3.7 but still over a month below its long-term average of around five months.

**Sales declined in two thirds of the 31 local markets we track.** Peterborough and Kelowna led the declines, with sales there falling by about 15% (sa m/m), followed by St. Catharines, Toronto, Moncton, Brantford, and Kitchener-Waterloo, all recording monthly declines north of 10%. Thunder Bay’s 24% increase, Saint John’s 12%, and relatively smaller increases elsewhere were more than offset resulting in a national decline. At a provincial level, it is worth noting Quebec’s 6.3% monthly sales increase, which stands in contrast to other provinces and is more than 3 times the next largest increase of 1.9% in Manitoba. February’s level of sales was 3% below the 2010–19 average level observed for this month.

**Listings increased in over half (17) of the local markets we track.** The number of newly listed properties increased by 14% (sa m/m) in Kelowna and 12% in Moncton, followed by 9% in each of St. Catharines, Lethbridge and Thunder Bay. The resulting national increase put February’s level of listings around 4% below the 2010–19 average level observed for this month. Given the movements in sales and listings, 19 markets were in balanced territory in February relative to 22 in January, while 8 were in sellers’ territory relative to 9 in January. St. Catharines, Barrie, Victoria and Kelowna, which were in balanced territory in January, moved to buyers’ territory in February.

**Prices, as measured by the MLS Home Price Index (HPI), were flat in February relative to January, after 5 months of consecutive monthly declines.** February’s flat reading reflects no change in the single family home segment, despite small declines of 0.3% and 0.7% (sa m/m) in townhouses and apartments.

IMPLICATIONS

After what seemed to be a surprisingly early rebound in housing market activity that started in December of last year, February’s home sales were lower than they were in January. Just as we were hesitant to declare December’s and January’s jumps as the start of continuous monthly increases to come, we hesitate to declare February’s decline as anything other than that, a monthly decline in sales activity.

In focusing on monthly changes in home sales, a change in sign from one month to the other can, at times, be over-interpreted. While February’s sales were less than January’s, registering a monthly decline, in levels, the number of sales in February was still above December’s. In fact, it was above each of the three preceding months. In other words, more homes were sold per month in February compared to September, October, November, and December. This is to say, it is important to remember that switching between positive and negative monthly changes is a regular feature of an oscillating market like the housing market. A feature that perhaps was forgotten during the period that saw back to back increases that shot up the level of monthly sales to unsustainable and unprecedented levels, which was naturally followed by a period of back to back declines towards a sales per month level that is more in line with historical standards.

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March 18, 2024

In fact, out of the 21 markets where monthly sales declined in February, 17 experienced a monthly sales increase in January, and the remaining four had experienced a sales increase December. In 16 of them, the prior two months increases was larger than February's decline.

A return to ups and downs might be a sign of more normal times, or not; only time and data can tell. Monitoring incoming data and maintaining a large picture perspective can help navigate a coverage-saturated market when making a sale or purchase decision.

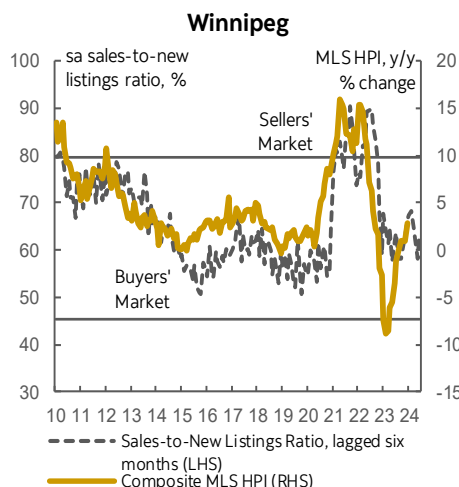
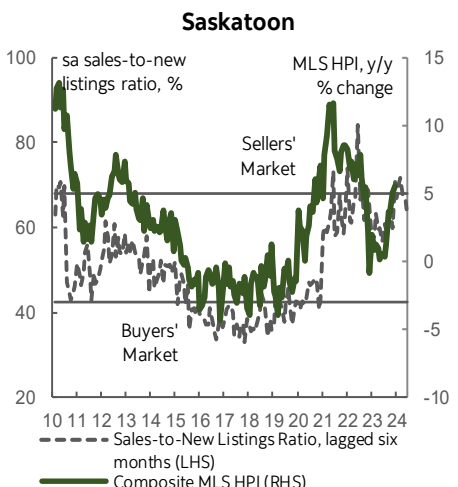
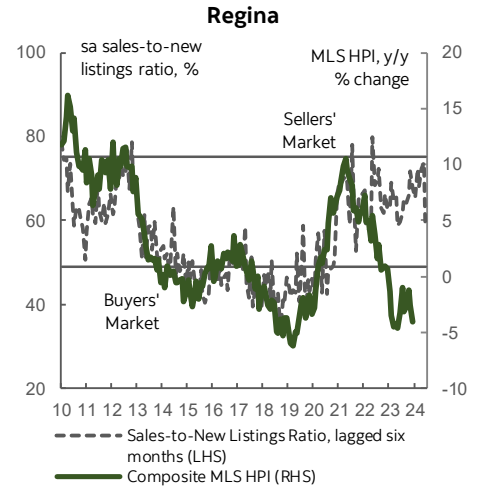
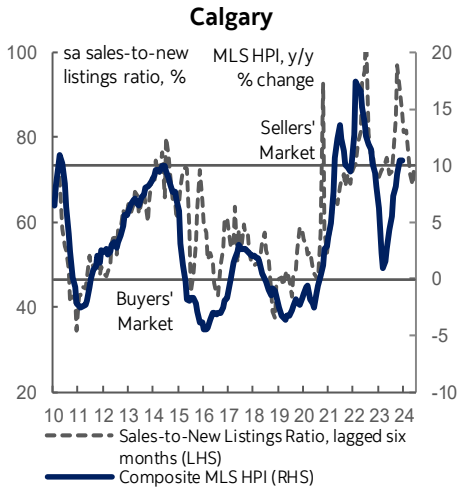
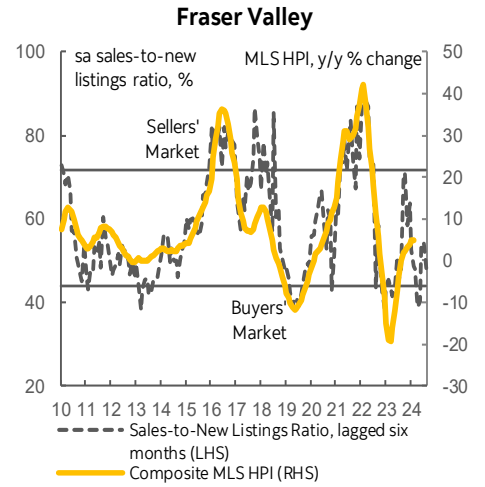
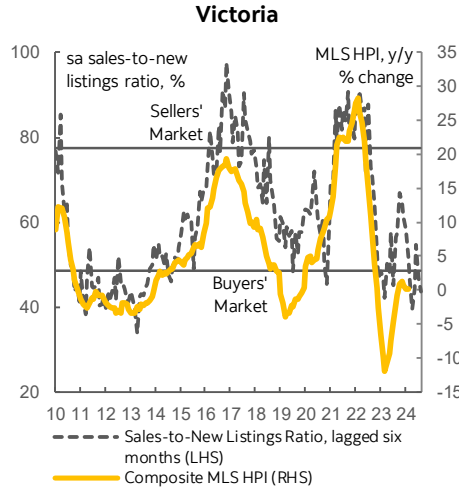
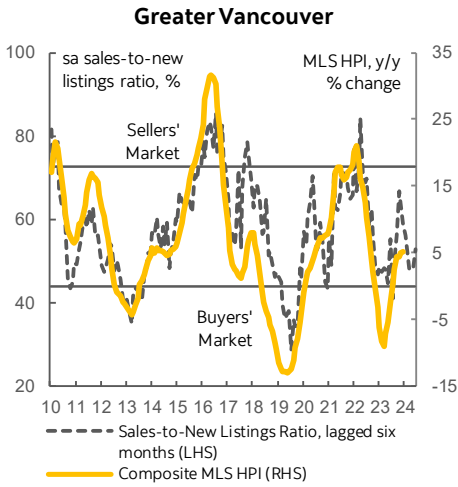
Having said this, it is important to remember that 'normal times' does not mean balanced, affordable, or healthy, by any stretch of the imagination. Normal here refers to a naturally volatile variable that measures sales per month, rather than a cumulative variable over time that trends with persistence. In reality, the housing market continues to feature significant imbalances between demand and supply, prices that have long disconnected from incomes and Canadians' ability to afford them, and, so far, a not so promising set of actionable solutions by governments.

Scotiabank Housing Market Watch—February 2024

Rank <sup>1</sup>	Real Estate Board	Last Month Rank	Sales-to-New Listings Ratio				Market Type	24-month Evolution	Unit Sales <sup>3</sup>			Avg. Sales Prices <sup>3</sup>			New Listings <sup>3</sup>		
			Monthly Change	Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean <sup>2</sup>	Market Type			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	--	--	55.6	0.0	I   I	Balanced		-3.1	15.6	-2.8	-1.5	5.6	1.1	1.6	15.3	-3.4
1	Lethbridge	1	0	90.7	2.2	I   I	Sellers'		-5.2	8.2	-5.3	1.4	11.7	5.6	9.0	-3.2	-12.6
2	Saint John	11	9	78.5	1.7	I   I	Sellers'		12.4	1.6	-16.0	-1.5	14.9	8.2	-12.4	10.7	-14.3
3	NL (St. John's)	8	5	67.6	1.6	I   I	Sellers'		1.3	-6.9	-13.3	2.6	5.5	1.4	-8.4	12.8	-1.1
4	Calgary	2	2	79.3	1.3	I   I	Sellers'		-6.6	22.3	0.7	0.2	11.4	7.4	0.8	13.4	-5.3
5	Quebec City	6	1	82.7	1.3	I   I	Sellers'		5.3	23.1	2.3	3.8	7.4	5.1	4.3	16.7	-1.2
6	Regina	9	3	78.4	1.3	I   I	Sellers'		1.6	28.0	0.3	6.0	5.5	-1.0	-2.9	6.8	-7.7
7	Halifax	10	3	78.9	1.1	I   I	Sellers'		-0.5	10.6	-10.0	-1.9	7.6	5.0	-11.0	14.0	-9.2
8	Saskatoon	3	5	69.4	1.1	I   I	Sellers'		-4.4	20.1	3.6	0.2	3.4	2.1	6.9	-2.4	-5.9
9	Sudbury	5	4	67.4	1.0	I   I	Balanced		-5.3	11.1	-12.6	0.5	7.3	1.9	6.5	5.1	-6.2
10	Edmonton	7	3	70.4	0.9	I   I	Balanced		0.5	40.4	1.2	0.1	8.4	0.4	5.3	5.9	-9.5
11	Moncton	4	7	62.5	0.5	I   I	Balanced		-11.9	8.8	-6.0	1.5	17.3	5.9	12.3	22.2	-10.9
12	PEI (Charlottetown)	14	2	53.2	0.2	I   I	Balanced		0.0	18.8	2.3	4.8	-1.5	-1.8	-6.9	7.7	0.7
13	Thunder Bay	24	11	66.4	0.2	I   I	Balanced		24.0	-1.0	-8.6	12.4	8.9	4.0	9.0	0.0	-4.4
14	Peterborough	12	2	58.8	0.1	I   I	Balanced		-15.2	-8.5	-17.6	-0.5	3.2	-5.2	-11.1	-13.8	-12.8
15	Montreal	16	1	61.7	0.1	I   I	Balanced		6.1	15.6	-6.1	-0.9	7.4	1.3	3.2	23.9	-2.1
16	Winnipeg	15	1	61.9	0.0	I   I	Balanced		0.8	12.4	-8.0	-4.8	8.2	-0.1	1.2	9.0	-2.5
17	Kingston	22	5	47.9	-0.2	I   I	Balanced		-5.4	10.1	-8.8	1.5	-6.0	-6.3	-9.2	9.7	4.3
18	Hamilton-Burlington	13	5	57.3	-0.2	I   I	Balanced		-3.9	8.3	-4.1	0.5	2.1	-3.3	6.6	6.5	-8.4
19	Ottawa	17	2	52.8	-0.3	I   I	Balanced		-3.0	15.9	-3.1	-1.0	2.0	-1.6	-0.4	14.8	-3.6
20	London	18	2	52.7	-0.3	I   I	Balanced		0.7	23.2	-2.7	0.2	2.1	-3.9	2.1	15.8	-5.5
21	Guelph	28	7	58.8	-0.5	I   I	Balanced		-4.3	6.0	-2.5	-2.1	4.6	-1.7	-13.3	12.9	-5.0
22	KW*	20	2	54.2	-0.6	I   I	Balanced		-10.8	11.9	-5.2	-3.4	0.9	-2.1	-5.1	17.1	-7.5
23	Fraser Valley (Abbotsford)	19	4	48.1	-0.7	I   I	Balanced		-10.3	36.1	12.0	0.4	8.3	1.9	1.1	29.4	-0.6
24	Brantford	26	2	45.5	-0.9	I   I	Balanced		-11.8	1.7	-2.3	-5.8	6.3	-2.4	-5.5	3.8	-5.0
25	Toronto	23	2	46.8	-0.9	I   I	Balanced		-12.0	20.7	-0.8	1.3	1.1	-0.9	0.0	17.2	-1.6
26	Windsor	27	1	44.4	-0.9	I   I	Balanced		-4.3	6.4	-7.6	4.0	8.3	-2.3	-0.7	1.6	-9.9
27	Vancouver	25	2	44.0	-1.0	I   I	Balanced		-7.3	16.5	2.4	-0.8	5.8	3.7	4.1	18.5	-0.4
28	St. Catharines	21	7	39.1	-1.0	I   I	Buyers'		-14.3	16.2	1.2	-1.2	2.6	-3.3	9.0	22.2	3.7
29	Barrie	30	1	42.1	-1.0	I   I	Buyers'		-9.1	-5.0	-9.4	4.4	-3.5	-6.0	-1.2	-3.4	-16.8
30	Victoria	31	1	43.7	-1.3	I   I	Buyers'		-4.2	8.6	-1.2	-1.8	1.8	-0.2	2.6	22.4	1.3
31	Okanagan-Mainline (Kelowna)	29	2	29.1	-1.5	I   I	Buyers'		-14.9	-2.3	-6.9	-4.5	1.6	-2.9	13.6	17.4	-3.1

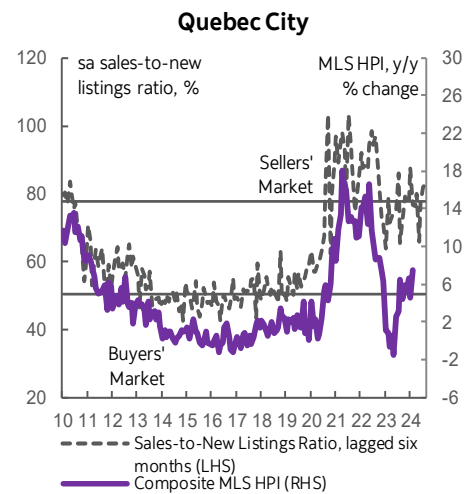
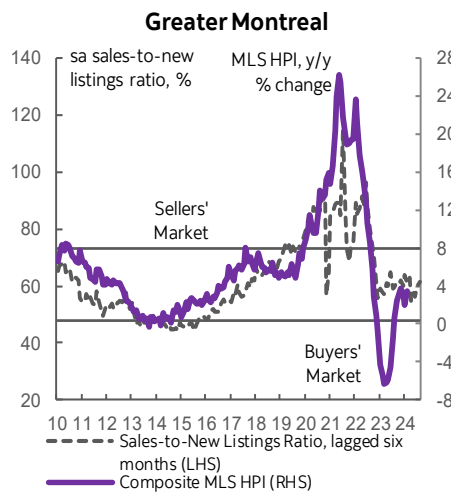
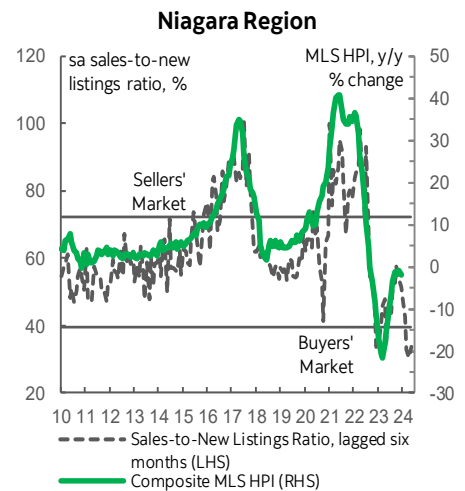
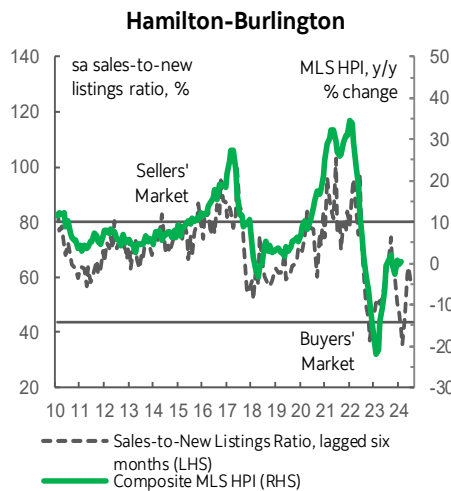
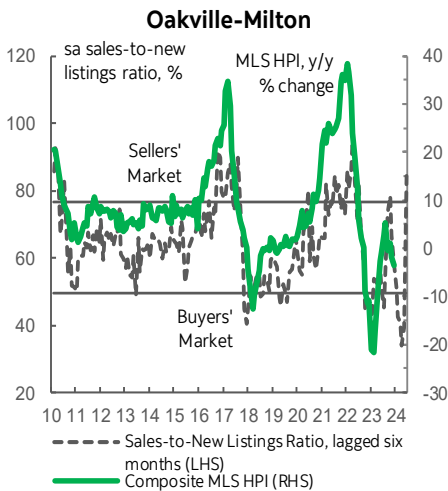
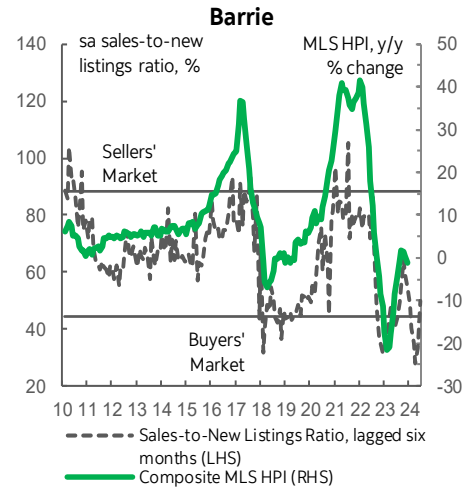
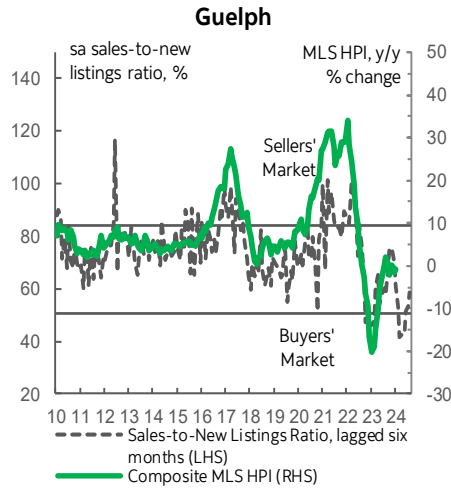
<sup>1</sup> Ordered from most- to least-tilted towards sellers. <sup>2</sup> A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A sales-to-new listings ratio below the long-term 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. <sup>3</sup> Year-over-year percentage change. \* Kitchener-Waterloo. Sources: Scotiabank Economics, CREA.

MLS Home Price Indices — Western Canada



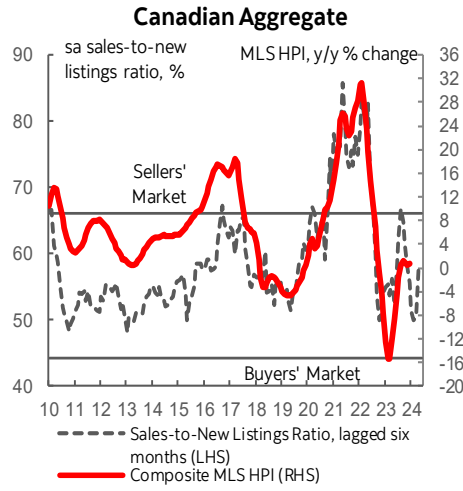
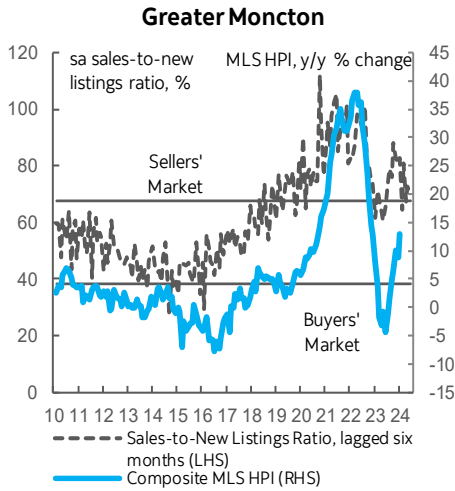
Sources: Scotiabank Economics, CREA.

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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