

## HOUSING NEWS FLASH

November 15, 2024

## Contributors

## Patrick Perrier

Director of Forecasting

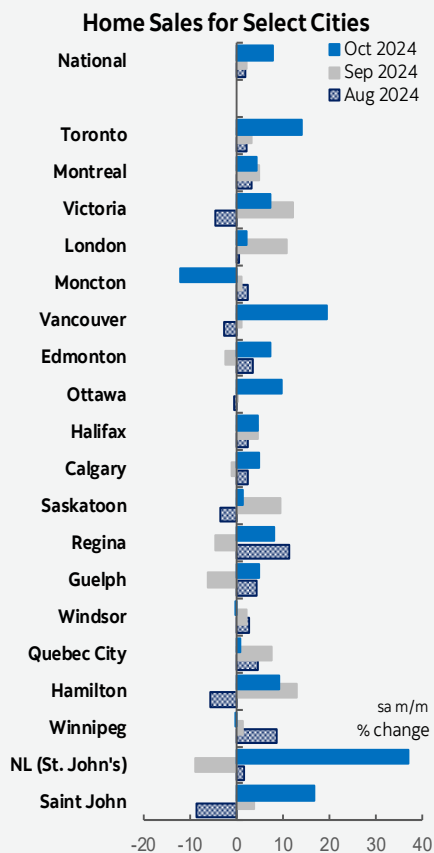
Scotiabank Economics

416.866.4733

[patrick.perrier@scotiabank.com](mailto:patrick.perrier@scotiabank.com)

Canada	Oct-24	Sep-24	Oct-24
	m/m <sup>1</sup>	m/m <sup>1</sup>	y/y <sup>2</sup>
Sales (% change)	7.7	2.1	30.0
New listings (% change)	-3.5	4.8	7.4
Average price (% change)	2.2	1.3	4.6
MLS HPI (% change)	-0.1	0.0	-2.7
	Oct-24	Sep-24	Oct-23
Sales-to-new listings ratio (level) <sup>1</sup>	58.0	52.0	48.8
Months inventory (level) <sup>1</sup>	3.7	4.1	4.1

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



Sources for chart and table: Scotiabank Economics, CREA.

## Canadian Home Sales — October 2024

CANADA HOUSING MARKET: MARKET CONDITIONS TIGHTENED SIGNIFICANTLY IN OCTOBER ... AND NOW WAITING FOR HOUSE PRICES TO JOIN THE DANCE

## SUMMARY

**National housing resale market conditions tightened significantly in October as sales rose strongly and new listings declined, but these conditions are still in balanced territory.** National sales rose 7.7% in October (m/m sa figures), continuing the upward trend they started in spring of this year. The level of national sales in October reached its highest level since spring of 2022, the period when the Bank of Canada started hiking its policy rate.

From September to October, national new listings declined 3.5%, partially offsetting the 4.8% monthly rise in September. National new listings are still on the upward trend they started at the beginning of this year. In October, new listings were 7.4% higher than their level in the same month of 2023 while sales were 30% higher (using nsa figures).

Another indicator that market conditions have tightened in October is the decline in the national months of inventory from 4.1 in September to 3.7 in October. This level in October is the lowest since September of 2023, and 1.6 months below its pre-pandemic long-term average. For all provinces, months of inventory were below their long-term average, except for Ontario for which they were equal. As in previous months, largest deviations in this indicator from its long-term average in October were observed in Quebec and Atlantic provinces.

**Market conditions—as reflected by the sales-to-new listings ratio—tightened in more than 85% of the markets we track from September to October.<sup>1</sup>**

The number of markets in sellers' favouring conditions increased from 6 to 8 over this period while those in buyers' favouring conditions declined from 10 to 6.

Sales increased in about 3/4 of the markets we track, with the strongest increases observed for St. John's, NL (37% m/m sa), Peterborough (20.8%), Vancouver (19.6%), Fraser Valley-Abbotsford (19.5%), Saint John (16.7%) and Toronto (14%). As a result, all these centres witnessed a tightening in their market conditions with their sales-to-new listings ratio increasing over this period.

From September to October, new listings declined in about 70% of the markets we track, with the largest monthly declines observed for Kingston (-10.3% m/m sa), St. Catharines (-9.2%), St. John's, NL (-8.6%), London (-8.5%) and Saskatoon (-8.4%).

**The national MLS House Price Index edged down 0.1% (m/m sa) from September to October and was 2.7% below its October 2023 level (nsa figures).**

The relative stability of this price index since December 2023 continued in October, despite the tightening in market conditions nationally and in most markets we track. However, as mentioned in the 'Implications' section below, the trend recovery in sales since spring should start lifting prices in the near term.

The mild decline in the national MLS HPI from September to October came from modest declines for 2-storey and apartment units, which dominated modest increases for 1-storey and townhouse/row units. As for previous months, all these unit-types contributed to the decline in the national MLS HPI since October of 2023.

<sup>1</sup>At the time of writing this report, several indicators for the month of October were not available for Okanagan-Mainline (Kelowna). Therefore, the information for this market is excluded from our analysis and this month's report.

## IMPLICATIONS

Canada's monetary policy rate reached its 5% cyclical peak level in July 2023, and started declining from this level in June of this year. It has been reduced several times since for a cumulative 125 basis points decline and is now at 3.75%.

This easing in the monetary policy rate was expected by financial markets as mortgage rates started declining before, essentially in December of 2023 for the conventional 5-year mortgage rate. This decline in mortgage rates likely also reflects further expected declines in the policy rate, to 3% by the second quarter of 2025 according to our latest economic outlook ([as of October 18<sup>th</sup>](#)).
































Despite the recovery in national sales since spring of 2024, the muted response of the MLS HPI might appear as a puzzle. But it is not a puzzle according to Scotiabank Economics' macro-econometric model. This model captures and reflects estimated historical relationships between various economic and financial indicators, including for the housing market and interest rates.

From this model, a decline in interest rates gradually raises the level of housing resales, reaching its maximum impact after about 3–4 quarters. Therefore, the observed decline in the mortgage rate observed to Q3-2024 should achieve its maximum impact on housing resales by mid-2025. Any further declines in mortgage rates in the coming quarters will of course continue to lift sales further and beyond mid-2025.

The estimated impact from our model on house prices is more gradual than for resales, reaching a peak at about 6 quarters, but with no noticeable impact in the first 2 quarters. This implies that market conditions take time to tighten after a decline in mortgage rates which delays the impact from declining interest rates on house prices. Consequently, the relative stability of the MLS House Price Index so far in 2024 is consistent with what our model suggests. Based on this model, we should start seeing a noticeable impact on the MLS HPI from past declines in interest rates by the end of this year, with a peak impact in the first half of 2026.

November 15, 2024

## Scotiabank Housing Market Watch—October 2024

Rank <sup>1</sup>	Real Estate Board	Sales-to-New Listings Ratio							Unit Sales <sup>3</sup>			Avg. Sales Prices <sup>3</sup>			New Listings <sup>3</sup>		
		Last Month Rank	Monthly Change	Sales-to- New Listings Ratio	Std. Dev. from Long-Term Mean <sup>2</sup>	Market Type	24-month Evolution		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	--	--	58.0	0.2	I   I	Balanced		7.7	11.0	5.0	2.2	2.5	2.9	-3.5	5.7	11.8
1	NL (St. John's)	14	↑ 13	74.8	2.2	I   I	Sellers'		37.0	6.3	2.5	2.7	9.4	7.5	-8.6	1.8	4.1
2	Quebec City	1	↓ 1	88.9	1.7	I   I	Sellers'		0.8	19.8	12.4	1.0	11.5	9.5	7.0	3.7	5.2
3	Saint John	5	↑ 2	78.8	1.7	I   I	Sellers'		16.7	2.1	4.2	-3.8	13.6	10.9	3.9	3.7	2.1
4	Saskatoon	6	↑ 2	76.8	1.7	I   I	Sellers'		1.4	3.0	6.7	-1.6	8.4	5.7	-8.4	2.3	-1.9
5	Regina	4	↓ 1	82.4	1.6	I   I	Sellers'		8.1	8.1	14.5	-2.3	10.6	6.8	1.6	-1.3	1.3
6	Sudbury	7	↑ 1	73.7	1.4	I   I	Sellers'		0.9	13.1	10.1	1.9	6.8	5.2	-7.7	-8.4	5.2
7	Edmonton	8	↑ 1	76.5	1.3	I   I	Sellers'		7.4	19.0	25.9	0.6	11.3	8.0	0.8	4.8	6.9
8	Halifax	11	↑ 3	80.2	1.2	I   I	Sellers'		4.5	14.8	8.6	1.0	6.3	5.9	-4.8	8.3	7.7
9	PEI (Charlottetown)	10	↑ 1	65.3	0.9	I   I	Balanced		2.8	17.8	6.8	1.6	2.7	-0.3	0.4	0.6	7.6
10	Winnipeg	12	↑ 2	75.3	0.8	I   I	Balanced		-0.3	11.6	9.8	2.5	4.3	5.7	-5.3	-2.0	0.8
11	Lethbridge	2	↓ 9	68.9	0.6	I   I	Balanced		-9.4	5.3	5.2	-0.1	12.3	11.6	9.0	8.0	2.9
12	Montreal	13	↑ 1	68.4	0.6	I   I	Balanced		4.3	23.3	13.5	0.1	5.9	5.6	1.7	7.1	12.1
13	Thunder Bay	3	↓ 10	70.4	0.5	I   I	Balanced		2.9	2.1	1.1	13.8	1.1	6.0	19.6	-10.2	0.9
14	Ottawa	16	↑ 2	60.0	0.2	I   I	Balanced		9.8	19.4	8.4	-0.6	1.2	1.2	-1.5	3.8	13.1
15	Calgary	15	↓ 0	63.8	0.2	I   I	Balanced		4.7	-9.6	0.4	-0.1	14.7	12.8	-3.2	16.7	11.4
16	Moncton	9	↓ 7	54.9	0.0	I   I	Balanced		-12.2	3.5	3.6	1.7	8.8	10.1	8.8	13.8	18.2
17	Kingston	17	↓ 0	47.8	-0.2	I   I	Balanced		-0.4	10.9	7.4	1.0	2.2	-0.5	-10.3	0.3	13.2
18	Peterborough	22	↑ 4	51.1	-0.4	I   I	Balanced		20.8	-3.6	-15.5	0.5	-2.8	-0.8	-1.6	-2.4	-5.4
19	London	19	↓ 0	50.9	-0.4	I   I	Balanced		2.2	13.3	4.3	-1.1	-0.9	-0.6	-8.5	-0.7	9.0
20	Victoria	20	↓ 0	57.0	-0.4	I   I	Balanced		7.2	23.6	7.3	3.0	-3.3	0.2	-6.6	5.3	19.0
21	Hamilton-Burlington	21	↓ 0	51.5	-0.6	I   I	Balanced		9.2	11.9	-1.0	-0.1	4.6	2.0	-4.4	3.2	10.6
22	Vancouver	29	↑ 7	50.1	-0.6	I   I	Balanced		19.6	2.8	-1.8	-0.8	-3.3	2.3	-3.3	8.2	16.5
23	St. Catharines	18	↓ 5	46.4	-0.6	I   I	Balanced		-4.7	22.5	4.2	0.5	0.4	-1.3	-9.2	-2.9	10.0
24	Brantford	23	↓ 1	48.5	-0.7	I   I	Balanced		7.3	-3.2	-4.8	3.5	-5.9	-0.8	-4.9	-2.0	4.0
25	Fraser Valley (Abbotsford)	30	↑ 5	45.1	-0.9	I   I	Balanced		19.5	1.8	-2.5	-1.0	2.5	3.4	-2.2	11.7	18.8
26	Guelph	28	↑ 2	50.3	-1.0	I   I	Buyers'		4.9	18.2	2.5	2.0	1.7	1.1	-2.3	5.4	18.5
27	Windsor	27	↓ 0	43.5	-1.0	I   I	Buyers'		-0.4	10.8	1.0	-0.2	6.9	3.9	-5.8	12.4	11.0
28	KW*	25	↓ 3	47.7	-1.0	I   I	Buyers'		0.2	0.5	2.1	-0.8	2.1	0.0	-3.4	-3.1	16.8
29	Toronto	31	↑ 2	44.8	-1.1	I   I	Buyers'		14.0	14.1	0.2	1.5	-0.3	-0.2	-6.8	7.0	17.0
30	Barrie	26	↓ 4	41.0	-1.1	I   I	Buyers'		-2.1	43.1	4.1	-0.6	-1.6	-1.4	-5.2	25.7	22.6

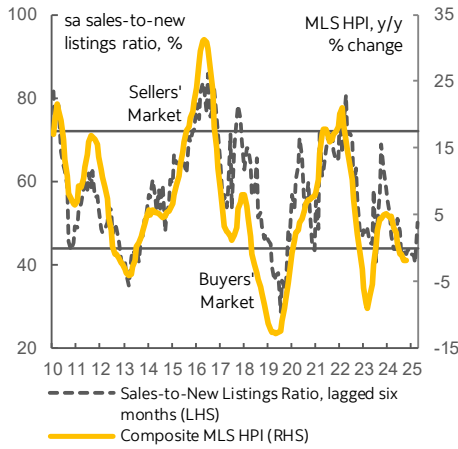
<sup>1</sup> Ordered from most- to least-tilted towards sellers. <sup>2</sup> A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A

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.

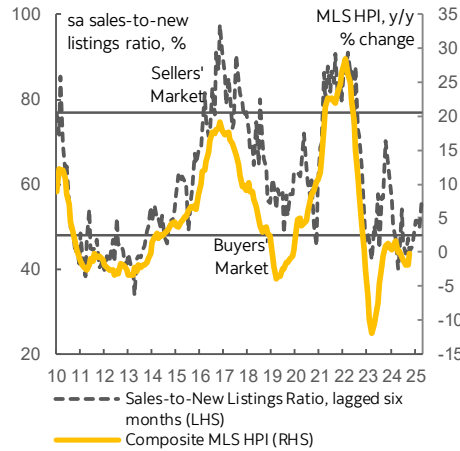
November 15, 2024

MLS Home Price Indices — Western Canada

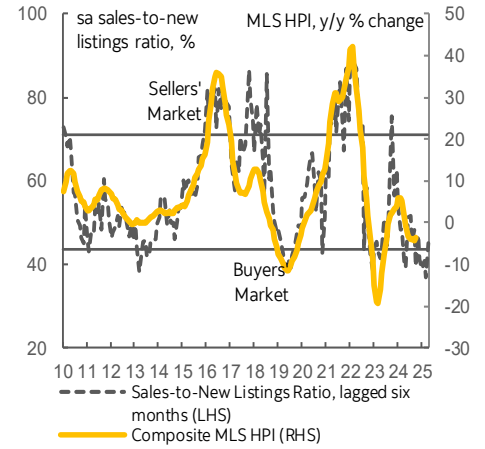
Greater Vancouver



Victoria



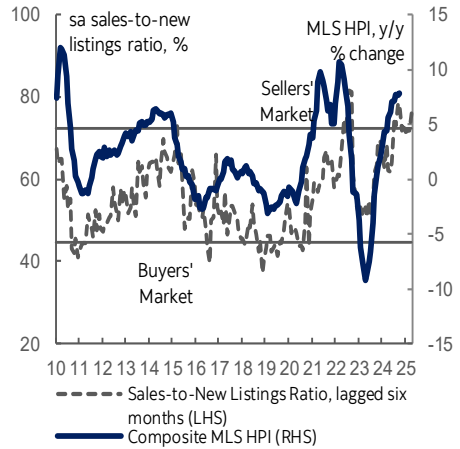
Fraser Valley



Calgary



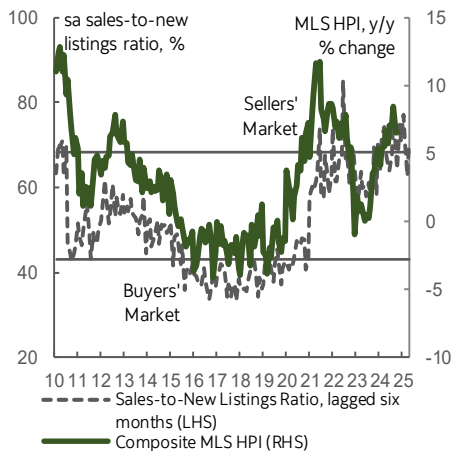
Edmonton



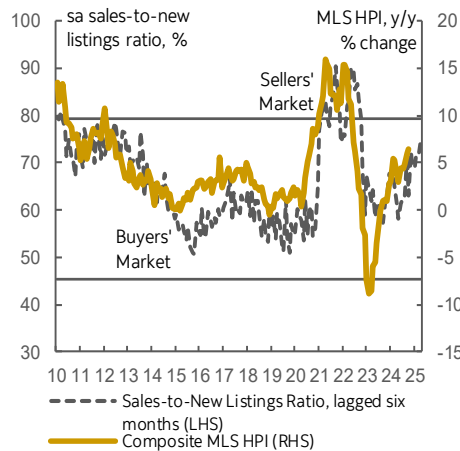
Regina



Saskatoon



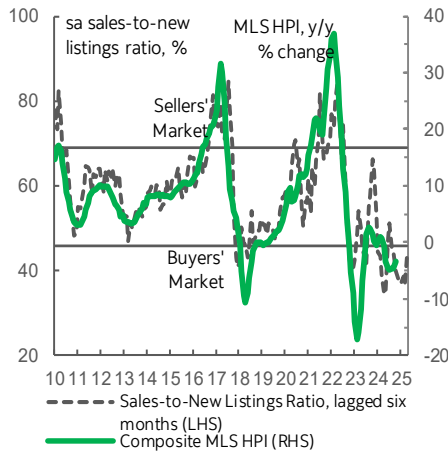
Winnipeg



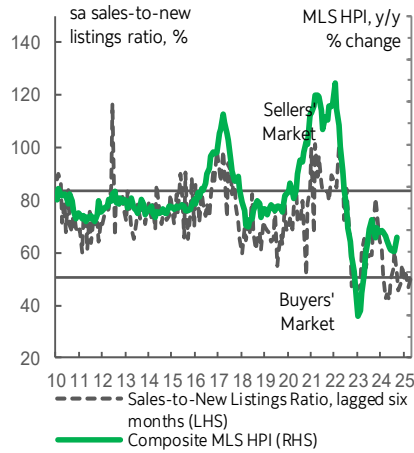
Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.) — Eastern Canada

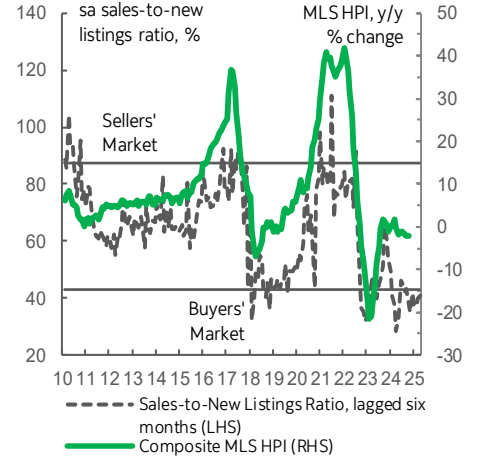
Greater Toronto



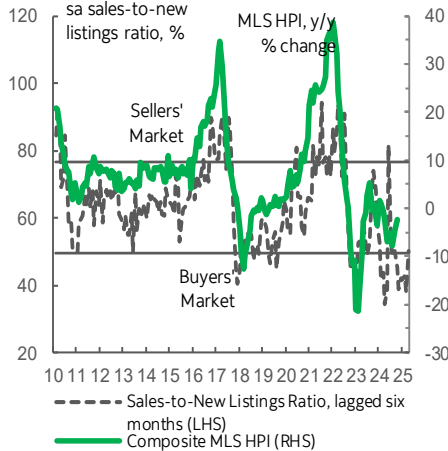
Guelph



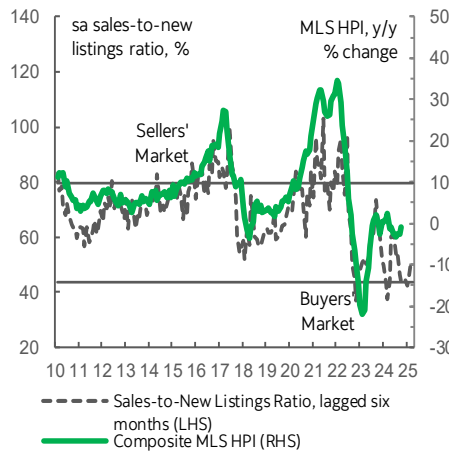
Barrie



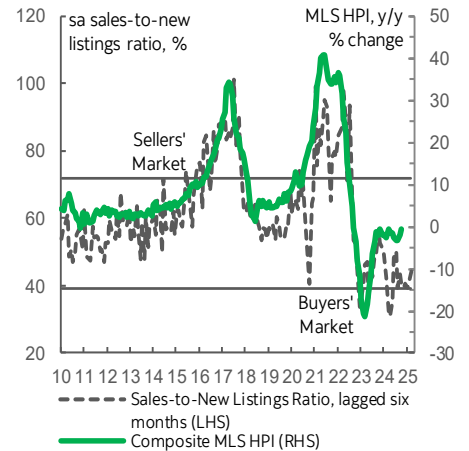
Oakville-Milton



Hamilton-Burlington



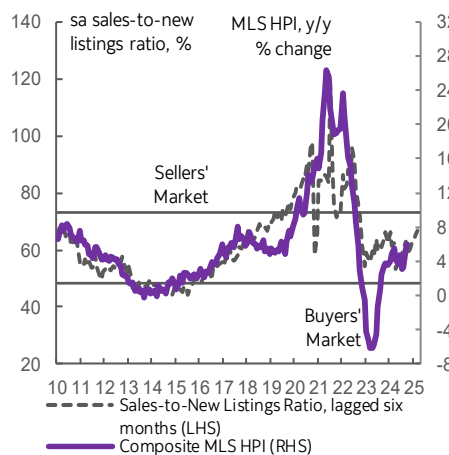
Niagara Region



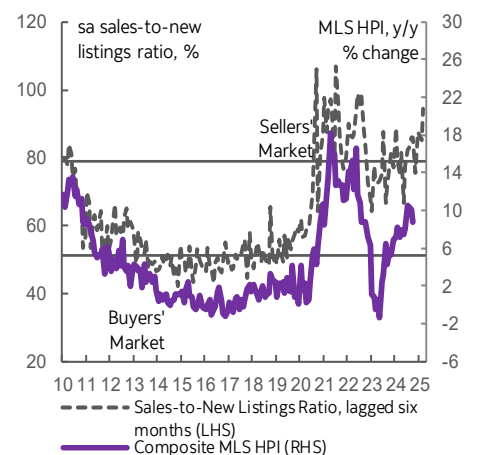
Ottawa



Greater Montreal

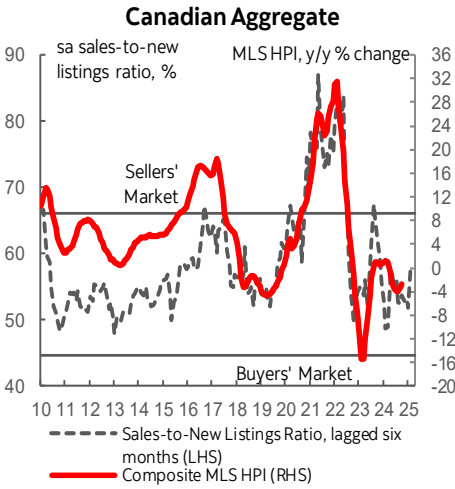
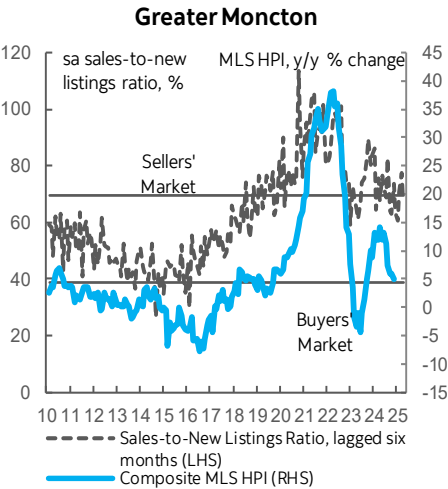


Quebec City



Sources: Scotiabank Economics, CREA.

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



Sources: Scotiabank Economics, CREA.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.