

Contributors

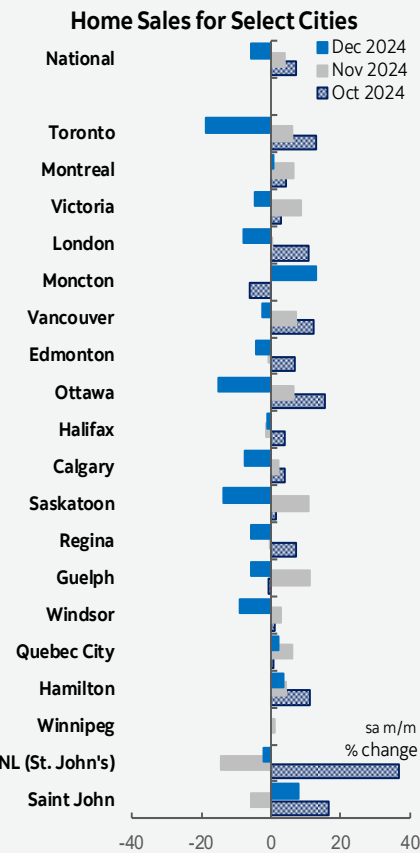
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Canada	Dec-24	Nov-24	Dec-24
	m/m ¹	m/m ¹	y/y ²
Sales (% change)	-5.8	4.0	19.2
New listings (% change)	-1.7	-0.3	10.4
Average price (% change)	-2.2	0.7	3.3
MLS HPI (% change)	0.3	0.4	-0.2

	Dec-24	Nov-24	Dec-23
Sales-to-new listings ratio (level) ¹	56.9	59.3	55.8
Months inventory (level) ¹	3.9	3.6	4.0

¹ seasonally adjusted ² not seasonally adjusted



Sources for chart and table: Scotiabank Economics, CREA.

Canadian Home Sales — December 2024

CANADA HOUSING MARKET: YEAR IN REVIEW

SUMMARY

Canada's national housing market slowed down to close 2024. National sales fell 5.8% (sa m/m) in December. New listings continued to pull back, dropping for the third month in a row by 1.7%.

National sales in December of 2024 were 19% higher than the same month in 2023; new listings were 10% higher. Despite December's decline, sales in the last quarter of the year were 10% above the previous quarter.

The larger decline in sales relative to listings meant the sales-to-new listing ratio, a measure of the market's tightness relative to historical averages and deviations, eased again after relatively steep increases the prior two months. The ratio stood at 56.9% in December, down from November's 59.3% and only slightly above the mid-point of the balanced conditions' zone (estimated between 44.7% and 66.1%). Months of inventory also signalled easing following the national market moves in December, climbing up to 3.9 from November's recent low of 3.6, but still below its long-term average of 5 months of inventory. However, according to CREA, December's 3.9 is within the lower range for a balanced market based on one standard deviation, making anything below 3.6 months within buyers' territory.

The year as a whole recorded 7.3% more sales than in 2023, 11.2% more listings, and 0.9% higher average selling price—the opposite of the 2023 tally that saw all measures below their prior year average. The only exception is the sales-to-new listings ratio, which continued to ease from its 2021 peak of 77.9%. Sales in 2024 were just -0.1% below their 2010–19 annual average, while listings were 2.6% above.

Regional deviations behind December's national numbers.

Market conditions—measured by the sales-to-new listing ratio—tightened in 11 of the 31 markets we track in December, while continuing to ease in others. Based on December's sales-to-new listings ratio, only one-third of the markets we track were in sellers' territory, down from around 40% in November. Thunder Bay, Halifax, and Montreal entered balanced territory in December, having been in sellers' territory in November. While only Toronto was in buyers' territory in November, it was joined by Guelph, Fraser Valley, and Windsor in December.

The national MLS House Price Index (MLS HPI), our preferred housing price measure, posted another robust monthly increase (+0.3% sa), following November's 0.5% gain which was the largest since July 2023.

Despite these back-to-back increases, this price index has been largely flat throughout the entirety of 2024, as the upward trend in new listings since the beginning of 2024 helped alleviate market pressures from the rise in sales since summer. In December, the composite HPI was 13.3% below its peak level in February 2022, just before the Bank of Canada started to hike its policy rate to reduce inflation. It remains 34% above its pre-pandemic levels.

In a first since June 2023, the monthly HPI increase was driven by the apartment segment, which gained 0.5% in December. This segment is now 8.9% below its peak level in March 2022, 21% above pre-pandemic levels. Single-family homes followed, increasing by 0.4%, while townhouses increased by 0.2%.

On average, the composite HPI was 1.9% lower in 2024 than in 2023. However, it remained 4.6% above 2021, and 37.6% above 2019. The 2024 HPI of single-family homes was 1.5% lower than in 2023, while townhouses were 2.0% lower and apartments 1.6% lower—much smaller differentials relative to the year prior.

IMPLICATIONS

2024 has been largely a year of balance and stability for the national housing market, although more due to heightened uncertainty than improvement in fundamentals driven by government policy. Of course, different stories emerge if we zone in on specific segments, but for the most part, the year saw the national housing market in balanced territory throughout, with sales increases absorbed by a healthier level of listings and, in turn, a stable level of prices (as measured by the MLS HPI index).

After a surprising jump in sales in January of 2024, the following six months saw sales registering upward and downward moves cancelling each other out over the months. The market as a result was hovering sideways just below historical averages, weighed down by high borrowing rates, high prices, high uncertainty and high stakes.

The Bank of Canada began cutting its policy rate in June of 2024, with fixed rates starting to soften leading up to this cut. Uncertainty on the way forward loomed however, which is why the June cut and reduction in fixed rates were not immediately met by a pickup in activity. By the end of the year, the BoC had cut its policy rate by a cumulative 175 basis points. Sales activity started perking up during this period, registering back-to-back increases that slowly edged the level of monthly sales back to long-term averages. While December registered a monthly decline to close the year after two large increases in October and November, the level of sales in December still stood 13% above their level in May. The level of sales for December 2024 was still 4.4% above the observed average for this month between 2010–19, and 5.7% above the observed annual average during the same pre-pandemic decade. Overall, sales activity in 2024 was on par with the 2000–19 average, marking a normal year of activity relative to historical norms. However, if your point of comparison is the post-pandemic rally, then you might be disappointed with the year's tally.

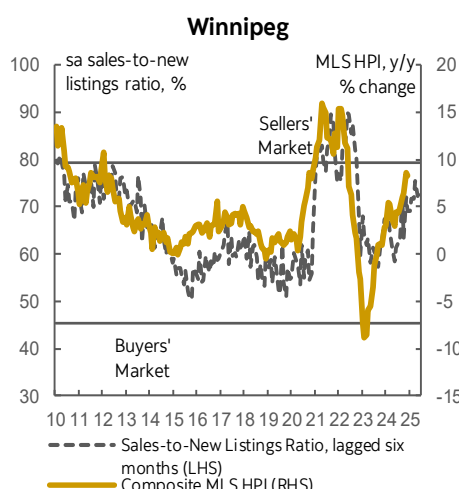
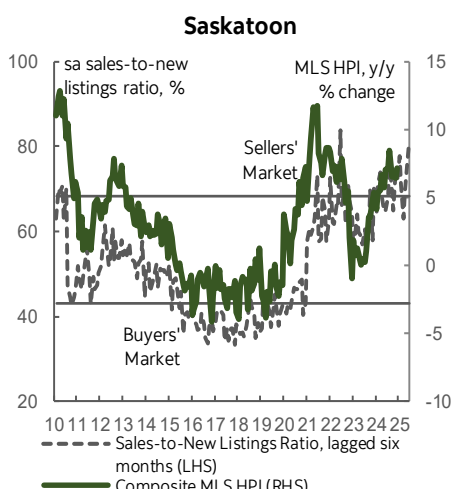
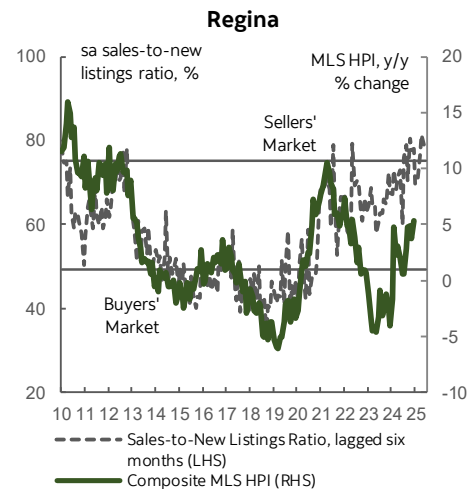
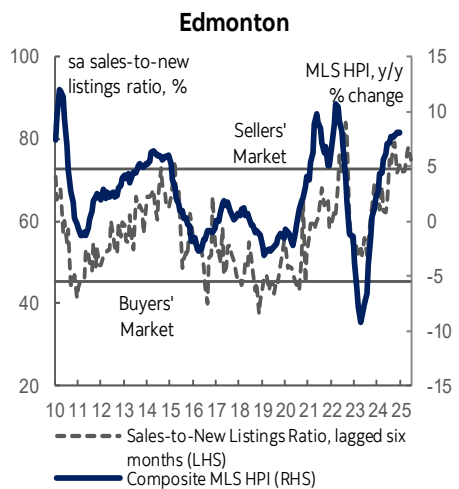
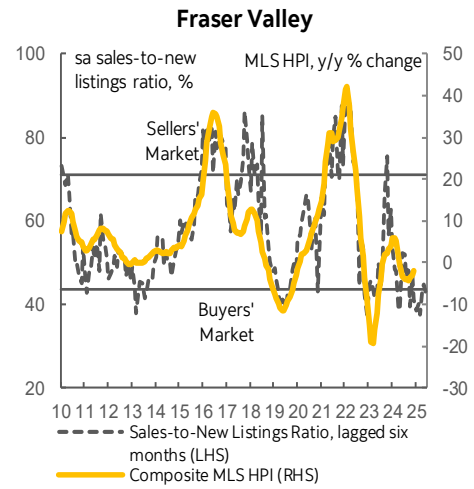
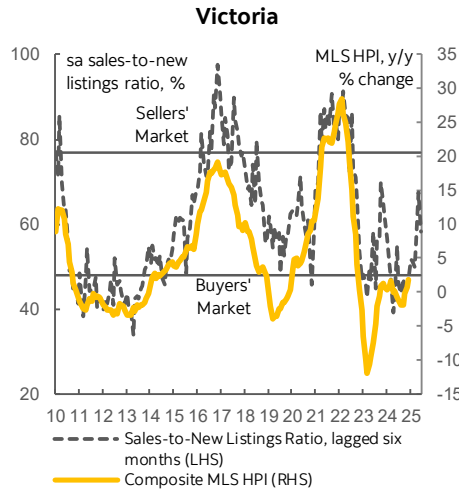
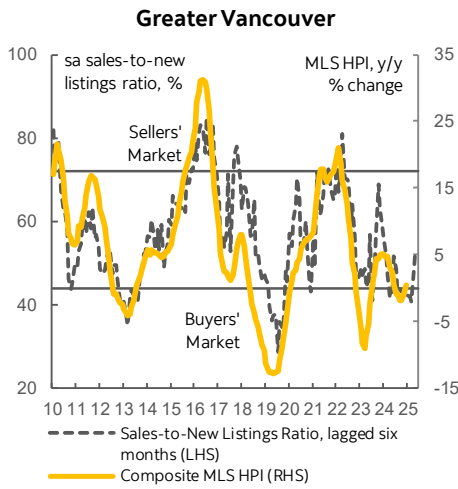
Almost all forecasts, including ours, don't see that period's activity repeated anytime soon. In terms of business planning, a shift back to expectations more in line with historical average would be prudent. Having said this, we are indeed expecting a healthy level of activity in 2025, driven by improved affordability as borrowing rates have come down while prices held relatively steady. A slowdown in population growth given shifts in government policy will offset this pickup in activity somewhat. As a result, prices are expected to register a modest recovery from 2024.

Of course, the one thing that has been most constant is the persistent uncertainty facing these and other economic forecasts. The outlook is muddied by an uncertainty facing the global economy on future trade policies and potential tariffs to which Canada is particularly vulnerable. A lot hangs on the actual scope, timing, and permanency of said tariffs, as well as Canada's chosen retaliation strategy. This proliferation of potential scenarios means that 2025 forecasts are largely a moving target, affected by the path for economic growth, inflation, and policy rate in response to different outcomes.

Scotiabank Housing Market Watch—December 2024																	
Rank ¹	Real Estate Board	Sales-to-New Listings Ratio						Unit Sales ³			Avg. Sales Prices ³			New Listings ³			
		Last Month Rank	Monthly Change	Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean ²	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	--	--	56.9	0.1	I I	Balanced	-5.8	26.4	7.3	-2.2	4.6	2.9	-1.7	6.3	11.2	
1	Quebec City	2	↑ 1	110.1	3.1	I I •	Sellers'	2.2	38.5	18.6	4.0	14.8	11.2	-13.5	6.0	4.4	
2	Lethbridge	1	↓ 1	90.3	2.0	I I •	Sellers'	-20.3	12.3	7.6	-2.6	10.0	12.2	-16.3	5.8	0.7	
3	Sudbury	8	↑ 5	85.0	2.0	I I •	Sellers'	-4.8	16.2	11.5	-2.8	10.5	5.6	-20.9	-5.3	4.8	
4	Saint John	4	▬ 0	81.8	1.8	I I •	Sellers'	7.8	20.1	4.2	7.5	17.1	13.2	3.5	10.7	4.0	
5	Saskatoon	3	↓ 2	72.4	1.3	I I •	Sellers'	-13.9	18.2	7.0	0.1	8.9	7.3	-4.9	-1.5	-2.4	
6	Regina	6	▬ 0	78.0	1.2	I I •	Sellers'	-5.9	12.7	13.2	3.0	8.9	6.4	-4.9	-5.3	-0.2	
7	NL (St. John's)	10	↑ 3	62.7	1.2	I I •	Sellers'	-2.2	20.4	6.1	-1.8	11.1	8.7	-4.9	1.4	3.8	
8	Moncton	13	↑ 5	73.1	1.2	I I •	Sellers'	13.0	8.4	5.1	-0.4	7.9	9.8	1.2	20.1	18.2	
9	Edmonton	5	↓ 4	74.9	1.1	I I •	Sellers'	-4.2	24.3	24.8	1.3	13.3	9.8	-0.1	0.8	5.1	
10	Montreal	9	↓ 1	72.8	1.0	I I •	Balanced	0.6	47.8	20.6	-1.2	8.4	6.3	2.3	8.9	12.7	
11	Halifax	11	▬ 0	77.2	0.9	I I •	Balanced	-1.0	10.9	8.5	0.7	9.3	5.4	1.8	5.5	7.1	
12	PEI (Charlottetown)	15	↑ 3	64.3	0.7	I I •	Balanced	-4.5	23.9	8.7	0.3	8.7	2.5	-7.0	3.7	9.3	
13	Winnipeg	16	↑ 3	73.9	0.7	I I •	Balanced	0.0	20.1	12.3	-0.4	8.2	6.5	-2.1	-4.4	1.1	
14	Thunder Bay	7	↓ 7	71.1	0.5	I I •	Balanced	-6.2	10.2	2.6	3.9	6.3	4.1	5.3	8.5	2.0	
15	Calgary	14	↓ 1	67.8	0.5	I I •	Balanced	-7.5	1.5	-0.6	-1.7	12.7	13.2	-4.4	10.9	8.9	
16	Ottawa	12	↓ 4	55.6	-0.1	I I •	Balanced	-15.3	38.0	11.6	-0.2	2.8	1.8	6.2	20.7	19.1	
17	Victoria	17	▬ 0	58.4	-0.3	I I •	Balanced	-4.6	44.2	10.9	1.3	0.1	-0.6	10.6	1.0	17.1	
18	KW*	27	↑ 9	57.6	-0.3	I I •	Balanced	-3.0	12.4	5.1	3.1	5.2	1.0	-11.7	7.7	16.3	
19	Hamilton-Burlington	22	↑ 3	56.1	-0.3	I I •	Balanced	3.7	30.3	2.8	-0.5	4.4	2.1	2.3	3.4	11.3	
20	Vancouver	24	↑ 4	52.3	-0.4	I I •	Balanced	-2.6	31.1	1.3	1.8	-0.5	1.5	-3.6	10.4	17.3	
21	Peterborough	23	↑ 2	50.6	-0.4	I I •	Balanced	-3.6	26.6	-12.0	10.5	0.8	-0.2	-2.7	3.2	-4.1	
22	London	20	↓ 2	48.8	-0.5	I I •	Balanced	-8.1	32.4	9.2	-0.6	3.5	0.3	-0.5	6.1	11.2	
23	Okanagan-Mainline (Kelowna)	26	↑ 3	43.4	-0.6	I I •	Balanced	-4.0	23.3	-2.6	3.6	-0.1	-1.0	-2.3	0.0	11.9	
24	Brantford	18	↓ 6	50.0	-0.6	I I •	Balanced	-5.2	21.0	-2.1	-0.5	-1.1	-2.5	13.9	2.5	4.6	
25	Barrie	30	↑ 5	45.3	-0.9	I I •	Balanced	-2.4	50.0	-8.9	0.7	0.0	0.8	-6.1	10.1	6.7	
26	Kingston	19	↓ 7	37.7	-0.9	I I •	Balanced	-3.8	25.2	8.7	1.3	5.3	0.9	23.4	-6.8	7.5	
27	St. Catharines	25	↓ 2	38.4	-1.0	I I •	Balanced	-12.9	12.9	-4.2	3.2	2.1	-1.9	6.8	-17.2	-0.9	
28	Guelph	21	↓ 7	48.5	-1.1	I I •	Buyers'	-5.8	26.2	4.9	0.1	3.3	0.8	17.6	0.6	14.5	
29	Fraser Valley (Abbotsford)	29	▬ 0	42.0	-1.1	I I •	Buyers'	-1.1	29.9	-0.8	1.8	5.2	3.7	5.3	19.2	19.5	
30	Windsor	28	↓ 2	40.9	-1.2	I I •	Buyers'	-9.1	14.3	3.2	1.7	11.2	5.0	-0.3	12.4	12.4	
31	Toronto	31	▬ 0	38.6	-1.6	I I •	Buyers'	-18.7	28.9	2.5	-0.2	0.5	-0.4	-5.8	9.7	17.2	

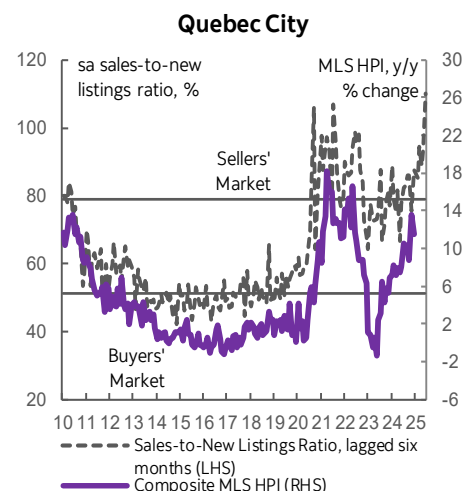
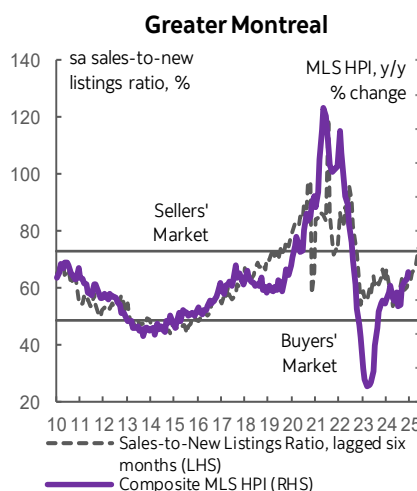
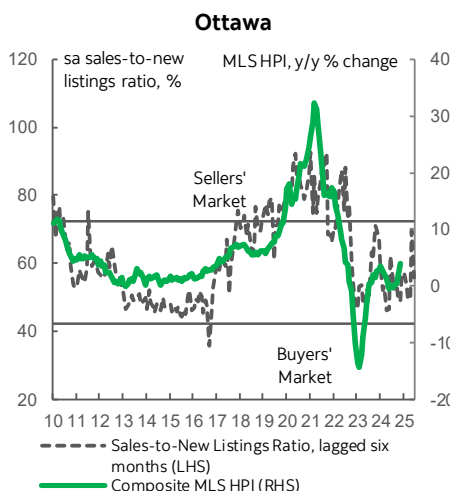
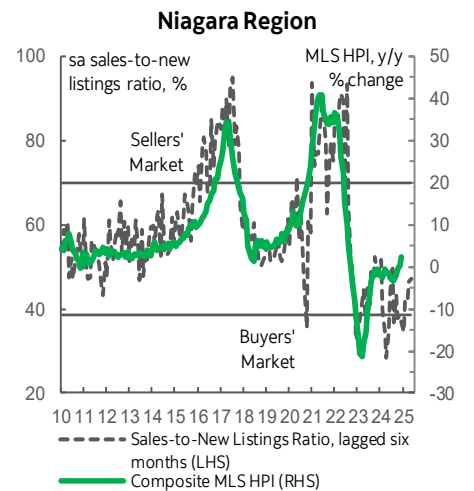
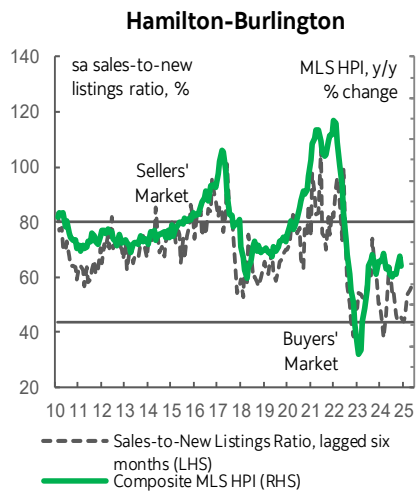
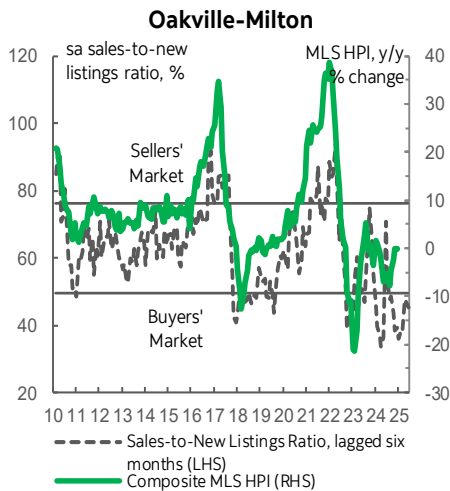
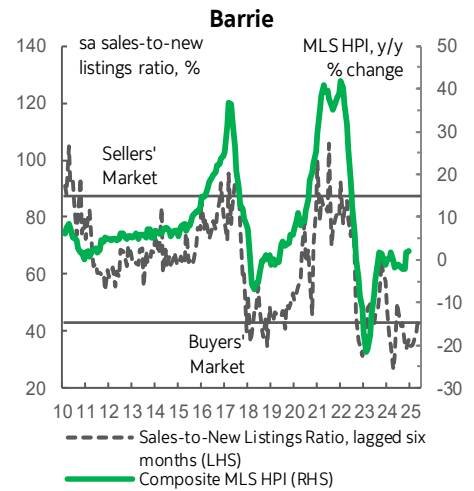
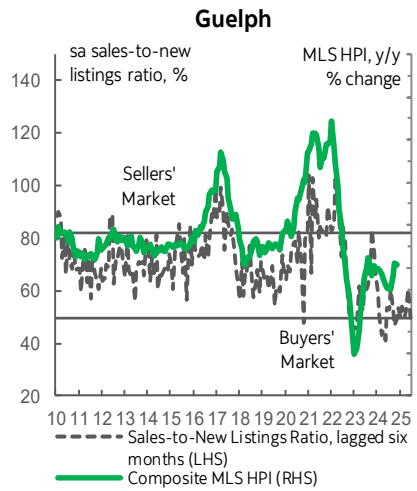
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A sales-to-new listings ratio below the long-term mean less than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



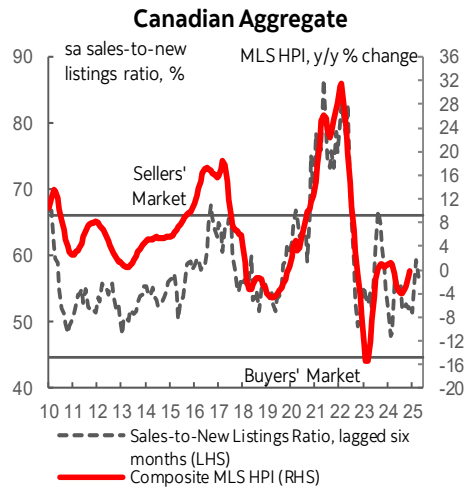
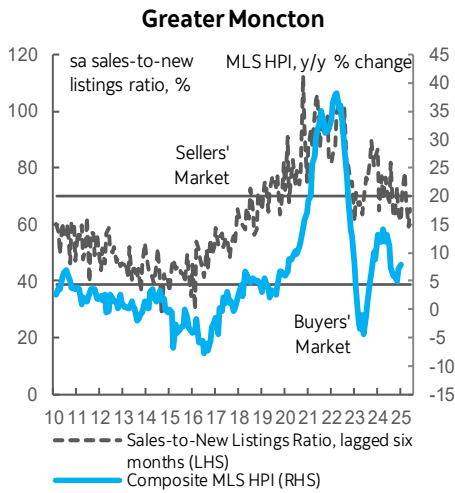
Sources: Scotiabank Economics, CREA.

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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