

Contributors

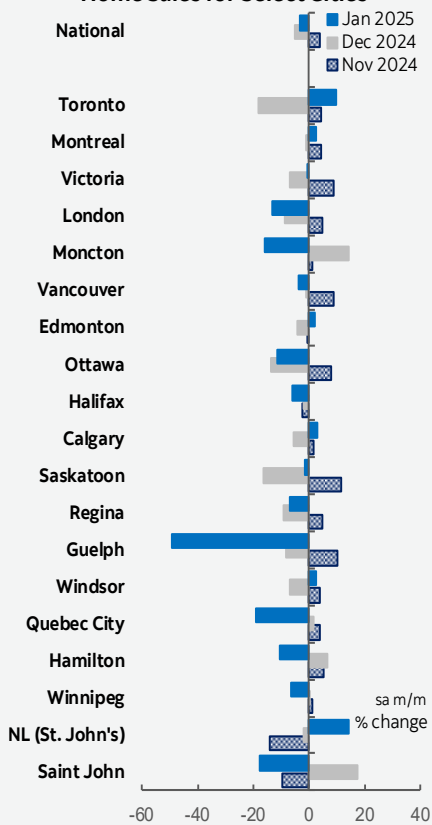
Patrick Perrier

Director of Forecasting
 Scotiabank Economics
 416.866.4733
patrick.perrier@scotiabank.com

Canada	Jan-25	Dec-24	Jan-25
	m/m ¹	m/m ¹	y/y ²
Sales (% change)	-3.3	-5.0	2.9
New listings (% change)	11.0	-1.0	22.7
Average price (% change)	-2.0	-0.7	3.7
MLS HPI (% change)	-0.1	0.0	0.1
	Jan-25	Dec-24	Jan-24
Sales-to-new listings ratio (level) ¹	49.3	56.5	59.5
Months inventory (level) ¹	4.2	3.9	3.7

¹seasonally adjusted ²not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Canadian Home Sales — January 2025

CANADA HOUSING MARKET: TRADE UNCERTAINTY WEIGHED ON HOUSING MARKETS IN JANUARY ... AND THIS IS LIKELY TO CONTINUE IN THE FORESEEABLE FUTURE

SUMMARY

National housing market conditions eased significantly in January 2025 with sales declining and new listings posting a near-record monthly rise. The national MLS House Price Index stayed essentially unchanged in January.

Both declining sales and sharply rising new listings contributed to cool housing resale conditions nationally from December 2024 to January 2025. Over this period sales declined -3.3% (m/m sa), following a -5% decline from November to December. In January 2025, sales were only 2.9% above their level in the same month of 2024 (nsa figures). But from the CREA report, the sales decline in January came mostly from a weak performance in its last week, the period where uncertainty on the new U.S. administration tariff policy started flying high.

New listings climbed 11% from December to January (sa figures) and their level was at an historical high, excluding the very volatile initial 12-month period of the pandemic. In terms of their monthly progression, new listings posted the second largest historical increase in January (again outside the above-mentioned pandemic period), after the one observed in February 2022 (+21.4% sa figures) when house prices were at their historical summit and just before the Bank of Canada and other central banks started hiking their policy rate. This monetary policy tightening led to the subsequent cooling in Canada’s economic and housing market conditions and house prices declining.

With sales declining and new listings rising, the national sales-to-new listings ratio cooled further and significantly from December to January, declining from 56.5% to 49.3% over this period (sa figures). This indicator of market pressures is now below the mid-point of our estimated balanced conditions zone (of between 44.7% to 66.1%). Another indicator of national market pressures, months of inventory, also eased from December to January, increasing from 3.9 to 4.2 months (sa figures) over this period nationally, but was still below its long-term pre-pandemic average of 5.2 months. All provinces witnessed an increase in their months of inventory from December to January, except for Saskatchewan where it was unchanged and for Newfoundland and Labrador where it declined (from 5.5 to 4.3 months).

The national MLS House Price Index (HPI) was relatively unchanged in January, declining by less than -0.1% from its December 2024 level (sa figures). In January, this index was less than 0.1% above its level in the same month in the previous year. However, the year-over-year progression masks important differences in terms of the progression of its segments with the MLS HPI for single-family units increasing 0.9% (nsa figures) from January 2024 to January 2025—with 1- and 2-storey units rising respectively by 2.1 and 0.9%—while Townhouse/Row and Apartment units respectively declined by -0.7 and -3%.

In January, market conditions—as reflected by the sales-to-new listings ratio—eased in 27 of the 31 markets we track from December 2024 to January 2025.

With sales declining and new listings rising broadly across the country, housing market conditions as measured by the sales-to-new listings ratio cooled in near 90% of the markets we track from December to January. Over this period, the number of markets in sellers favouring conditions declined from 9 to 6 while those in buyers conditions rose from 4 to 9.

Quebec City posted the strongest cooling in its market conditions as this indicator declined from 107% to 73% over this period, as sales dropped -18.9% and new listings increased by 19.4% (sa figures). Consequently, its conditions moved from sellers favouring to the upper range of balanced over this period.

February 18, 2025

Guelph and Kitchener-Waterloo, both in Ontario, also posted near or above 20 percentage point declines in their sales-to-new listings ratio from December to January, with the former moving from balanced to buyers favouring conditions as a result. For Guelph, this market conditions indicator declined by -21 percentage points (pps) over this period as sales fell by -49.4%—the largest sales decline across markets we track—and new listings declined by -15.8% (sa figures). For Kitchener-Waterloo, the sales-to-new listings ratio declined -19.5 pps as new listings increased 38% and sales declined -9.3% from December to January.

Only four markets saw their market conditions tightening from December to January with a (seasonally adjusted) rise in their sales-to-new listings ratio. These markets are: St. John's (NL; +13.7 pps), Kingston (+8.3 pps), Edmonton (+4.4 pps) and Barrie (+2.6 pps). For all of them, a monthly decline in new listings was observed, while a monthly rise in sales was posted for both St. John's (NL) and Edmonton (with a respective sa monthly increase of 14.4% and 2%). Over this period, sales declined from December to January in Barrie (-16.7%) and Kingston (-2.6%).

IMPLICATIONS

As mentioned in previous reports, the national housing market was on a recovery path since about spring of 2024, with sales rising, and eventually in October and November, enough to dominate the impact on conditions—the sales-to-new listing ratio—from the upward trend in new listings. We also mentioned that the observed dynamics for housing sales and prices based on our macro-econometric model of the Canadian (and U.S.) economy was broadly consistent with what was seen over history following the beginning of an easing cycle for monetary policy. Based on this Scotiabank Economics' model, housing transactions first react, and prices improve with a delay.

Our view based on this model was that we would witness a healthy level of housing activity in 2025 from improved affordability conditions with the decline in mortgage rates and prices that stayed relatively flat over 2024. From this—and supported by simulations with our model—we viewed a sustained upward trend for the MLS HPI as imminent, however modest initially given downward pressures from slower population growth due to the recent changes in the government's immigration policy.

Of course, the increased uncertainty generated by tariff policy announcements by the new U.S. administration has affected housing markets in January. This is supported by the statement in the CREA report that the weakness in sales came mostly from the last week of the month, at the time when governments, businesses and households in Canada were waiting for potential drastic increases in tariffs imposed on U.S. imports from Canada and other countries.

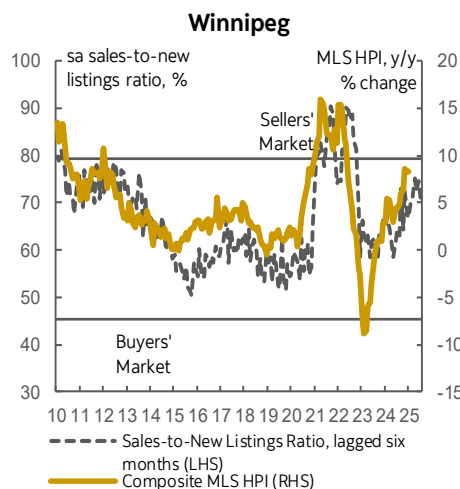
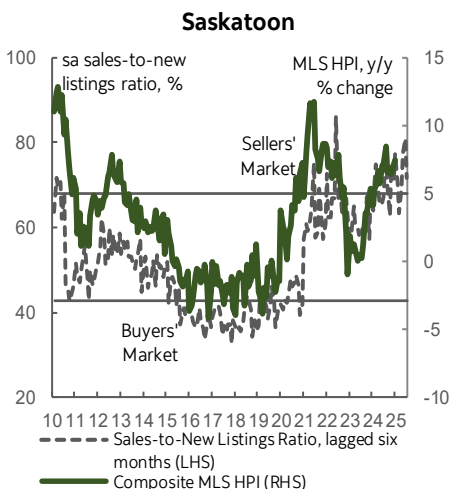
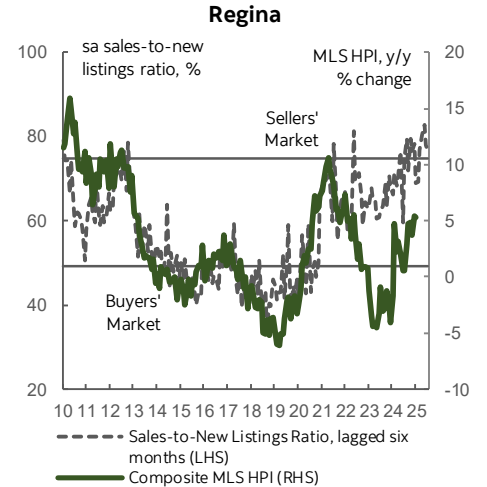
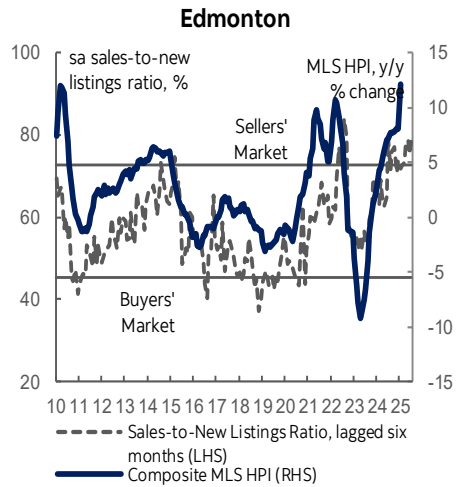
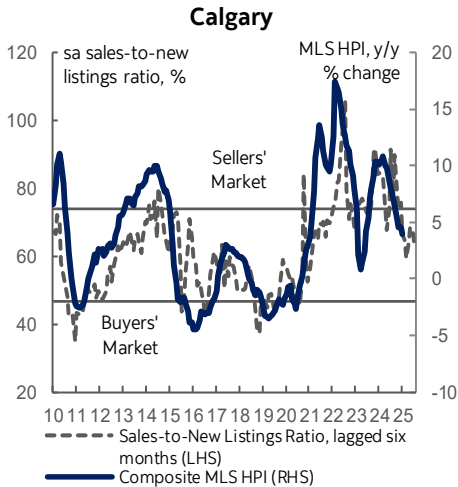
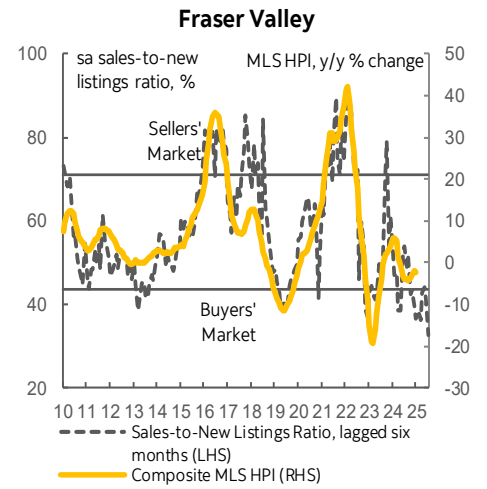
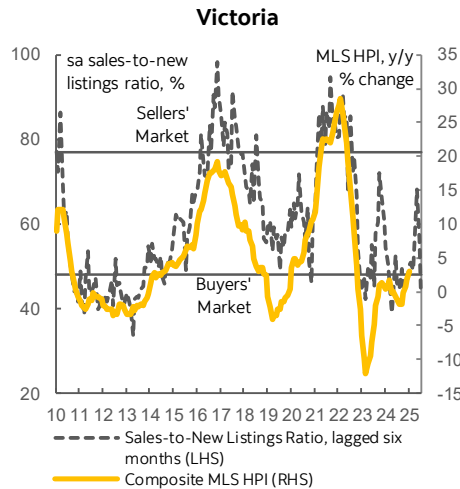
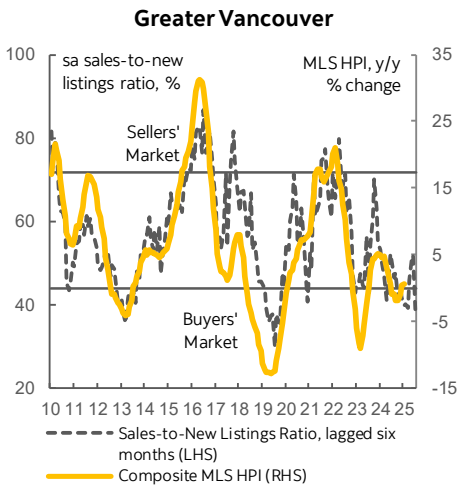
This uncertainty is still present and could stay for an extended period. Even though housing market fundamentals suggest a healthy level of activity in 2025 and the MLS HPI recovering, this increased uncertainty is weighing on the economy and housing demand. Our view is that the implemented tariff package will end up less severe than recent announcements (link [here](#)), but this uncertainty could clearly slow housing demand and price growth, at least in the near term. Of course, economic and housing conditions would deteriorate if the U.S. tariff package is more severe than we expect in our most recent outlook.

Scotiabank Housing Market Watch—January 2025

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	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	--	--	49.3	-0.6		Balanced		-3.3	16.9	6.4	-2.0	5.2	2.9	11.0	11.8	11.9	
1	NL (St. John's)	6	↑ 5	76.9	2.3	●	Sellers'		14.4	14.6	7.3	3.2	10.7	9.2	-5.9	-1.0	2.8	
2	Lethbridge	3	↑ 1	88.2	1.9	●	Sellers'		12.1	15.3	7.6	14.9	11.4	11.6	14.2	-0.3	2.8	
3	Saint John	2	↓ 1	79.7	1.7	●	Sellers'		-17.9	8.6	5.0	-7.9	15.9	12.2	-10.8	-2.1	0.7	
4	Edmonton	9	↑ 5	79.7	1.5	●	Sellers'		2.0	15.1	23.2	0.2	12.2	9.8	-3.6	1.9	6.3	
5	Sudbury	4	↓ 1	73.7	1.3	●	Sellers'		0.0	8.4	10.5	1.9	9.7	6.0	11.6	-0.4	5.9	
6	Regina	8	↑ 2	76.2	1.1	●	Sellers'		-6.8	4.7	11.6	2.7	9.5	7.6	-4.7	-8.9	-0.8	
7	Saskatoon	5	↓ 2	68.3	1.0	●	Balanced		-1.5	10.6	5.6	2.3	11.3	7.9	3.3	2.3	-1.2	
8	Montreal	13	↑ 5	67.3	0.5	●	Balanced		2.4	45.7	21.5	2.3	8.3	6.3	5.6	11.9	12.2	
9	Quebec City	1	↓ 8	72.8	0.5	●	Balanced		-18.9	33.5	17.8	5.1	18.9	12.8	19.4	7.4	4.2	
10	Winnipeg	12	↑ 2	69.7	0.4	●	Balanced		-6.6	15.9	11.9	-0.6	5.7	5.7	0.1	-2.8	0.1	
11	Halifax	10	↓ 1	67.2	0.4	●	Balanced		-6.2	5.1	7.7	-0.5	8.1	5.2	5.1	8.9	6.4	
12	Thunder Bay	15	↑ 3	68.4	0.3	●	Balanced		-10.6	11.4	4.4	-11.5	3.8	5.0	-10.0	7.5	2.3	
13	Calgary	14	↑ 1	63.9	0.2	●	Balanced		3.2	-2.8	-2.6	-0.7	10.5	12.8	9.3	15.4	10.6	
14	Moncton	7	↓ 7	57.7	0.2	●	Balanced		-15.8	5.1	3.4	4.1	9.9	9.6	8.0	14.6	19.1	
15	PEI (Charlottetown)	11	↓ 4	49.9	0.0	●	Balanced		-2.3	9.9	8.3	-1.3	9.1	2.4	20.8	12.5	11.7	
16	Kingston	27	↑ 11	46.9	-0.3	●	Balanced		-2.6	13.5	3.2	-0.1	6.3	2.0	-19.9	-0.8	3.0	
17	Ottawa	16	↓ 1	51.2	-0.4	●	Balanced		-11.2	20.0	10.7	1.0	3.8	1.9	-8.6	2.4	19.0	
18	Peterborough	23	↑ 5	46.8	-0.6	●	Balanced		-3.9	-0.6	-12.8	-13.2	-1.2	-1.3	-2.6	9.7	-2.0	
19	Barrie	26	↑ 7	48.0	-0.7	●	Balanced		-16.7	17.7	-7.9	-0.9	2.2	1.6	-21.3	-6.5	2.7	
20	Brantford	24	↑ 4	44.2	-1.0	●	Balanced		-22.4	13.2	-3.9	3.7	1.0	-2.1	-12.6	6.6	4.1	
21	London	22	↑ 1	41.8	-1.0	●	Balanced		-13.3	8.9	4.5	0.8	3.5	0.0	-0.4	9.7	10.7	
22	Hamilton-Burlington	21	↓ 1	43.8	-1.0	●	Balanced		-10.7	13.5	1.4	-0.4	3.3	2.1	7.4	22.0	13.0	
23	Victoria	20	↓ 3	44.8	-1.2	●	Buyers'		-0.5	31.2	11.2	2.4	1.1	-0.4	24.7	6.6	17.5	
24	Okanagan-Mainline (Kelowna)	17	↓ 7	31.5	-1.3	●	Buyers'		-5.0	22.5	-2.6	0.1	-0.7	-0.7	44.8	15.1	14.3	
25	St. Catharines	28	↑ 3	33.5	-1.3	●	Buyers'		-23.5	-16.1	-6.5	-4.1	3.4	-0.8	-11.2	-19.5	-3.8	
26	Windsor	30	↑ 4	38.5	-1.4	●	Buyers'		2.7	8.9	2.8	-3.6	11.0	5.1	6.3	19.2	14.2	
27	Vancouver	19	↓ 8	37.5	-1.4	●	Buyers'		-3.9	23.5	0.3	-4.4	-0.2	0.7	33.4	26.6	20.2	
28	KW*	18	↓ 10	37.4	-1.7	●	Buyers'		-9.3	10.1	2.2	-4.0	3.1	0.9	38.0	18.9	16.0	
29	Fraser Valley (Abbotsford)	29	0	32.5	-1.8	●	Buyers'		-8.3	11.3	-3.9	-3.5	4.9	2.6	16.7	30.7	21.1	
30	Toronto	31	↑ 1	33.4	-2.0	●	Buyers'		9.9	9.9	0.3	-2.1	0.7	-0.2	26.1	26.3	19.5	
31	Guelph	25	↓ 6	31.6	-2.1	●	Buyers'		-49.4	3.4	1.0	3.0	2.7	-0.8	-15.8	-7.9	10.6	

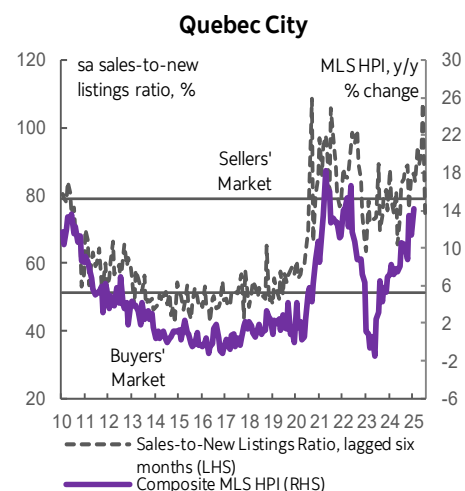
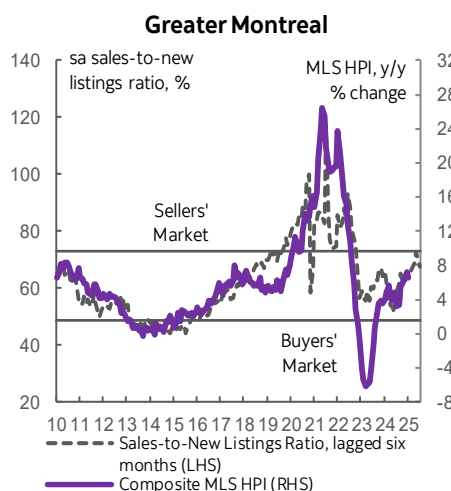
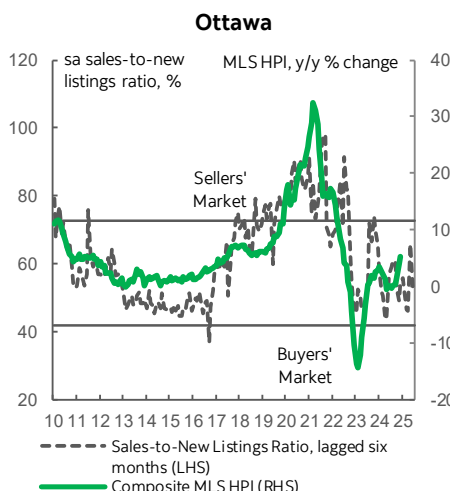
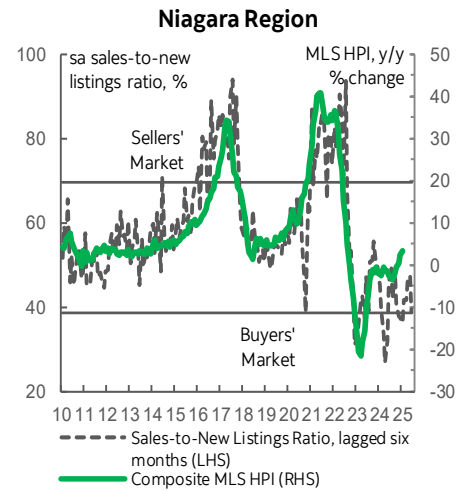
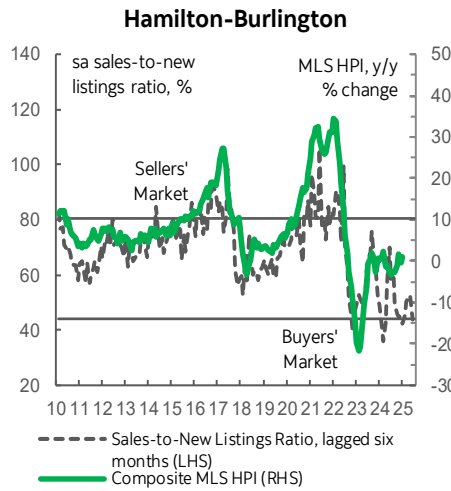
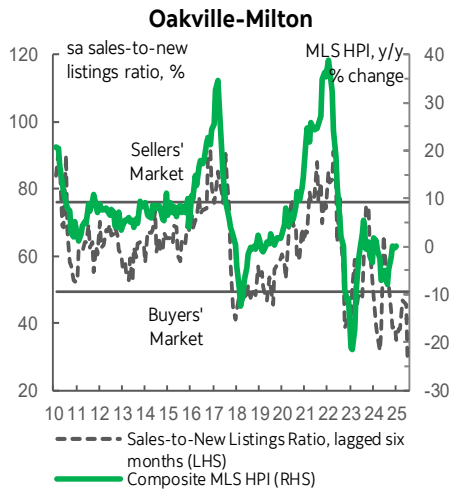
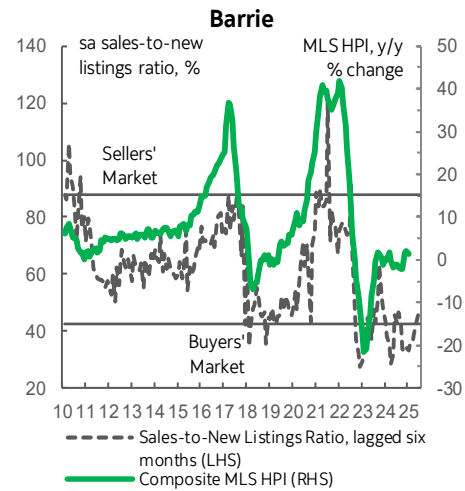
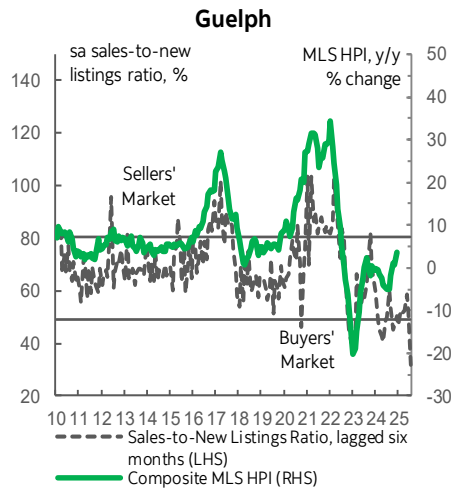
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A sales-to-new listings ratio below the long-term mean less than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



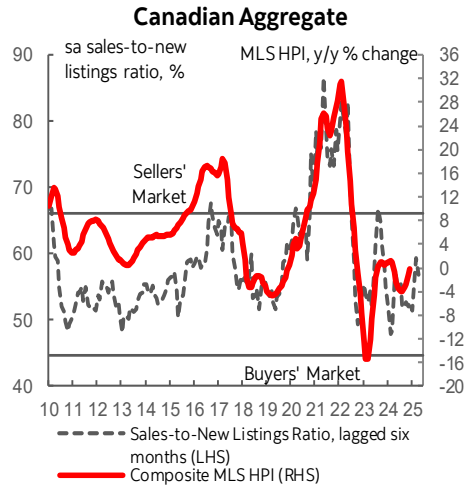
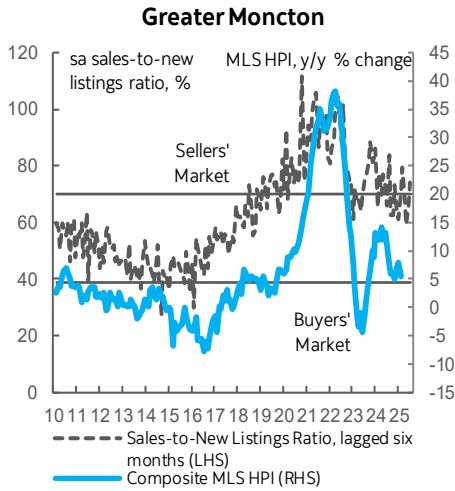
Sources: Scotiabank Economics, CREA.

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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