

## Canadian Home Sales — May

### SUMMARY

Canadian Real Estate Association (CREA) data for May 2019 released today revealed another strong month for home sales activity. Home sales rose 1.9%<sup>1</sup> to build on April's revised 4.5% climb (table, chart). New listings retreated after two consecutive solid increases; the national sales-to-listings ratio rose to 57.3%—the highest since January 2018—but still well within balanced market territory. Home purchases rose in 17 of the 31 centres for which we have data, 19 witnessed increases in home purchases, and 23 were in balanced market territory, as indicated by the sales-to-new listings ratio—the same number as in April. The aggregate MLS Home Price Index (HPI) fell 0.6% versus year-earlier levels.

The best news of the month was the 23.9% surge in sales in Vancouver, which we projected in a [note](#) yesterday. Home purchases also spiked in Victoria, and continued to trend higher across much of Ontario's Greater Golden Horseshoe (GGH) region. In major cities in Canada's net oil-producing regions, sales generally weakened after a strong April, but only Regina fell into buyers' market territory and home purchases are still up more than 6% (nsa y/y ytd). January to May home sales in Newfoundland and Labrador are 6.3% higher than a year earlier—likely influenced by strong job creation vis-à-vis major project activity. That rate, if it persists through 2019, would represent strongest gain since 2007.

Moncton reclaimed the top spot in our rankings of market tightness in Canada's major centres, propelled by a 27.2% sales jump in May (table, p.2). Montreal and Ottawa, with the #2 and #3 spots, respectively, continued to witness historically seller-friendly conditions, as growth in sales outpaced that of new listings and continued to drive above-trend HPI gains. Demand-supply tightness also persisted in major markets in Atlantic Canada and in London and Windsor.

Weakness in the aggregate HPI continued to be influenced by prices for higher-priced single-family homes in Southern BC (and to a lesser extent in the GGH). In Vancouver, double-digit declines in the segment (nsa y/y) drove an 8.9% fall in the composite HPI, though indices for townhomes and apartments also continued to slide. The pace of HPI gains were consistent with recent month's gains and remained relatively even across unit types in Ottawa and Montreal. Indices continued to contract in Alberta and Saskatchewan cities, albeit at a more modest pace than in the prior three months in Calgary, Edmonton, and Saskatoon.

### IMPLICATIONS

Further broad-based improvements in sales activity alongside balanced conditions in most regions continue to point to a return to a more vibrant market following the widespread slump in February.

It's still too early to call for a recovery in Southern BC after a period of prolonged weakness, especially after historically cold temperatures in February 2019. HPI trends also imply that consumers are still adjusting to federal and provincial regulations designed to cool the market. Still, Vancouver's strongest monthly sales gain since 2007 is unquestionably a very positive development at this time.

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

### CONTACTS

**Marc Desormeaux, Provincial Economist**  
416.866.4733  
Scotiabank Economics  
[marc.desormeaux@scotiabank.com](mailto:marc.desormeaux@scotiabank.com)

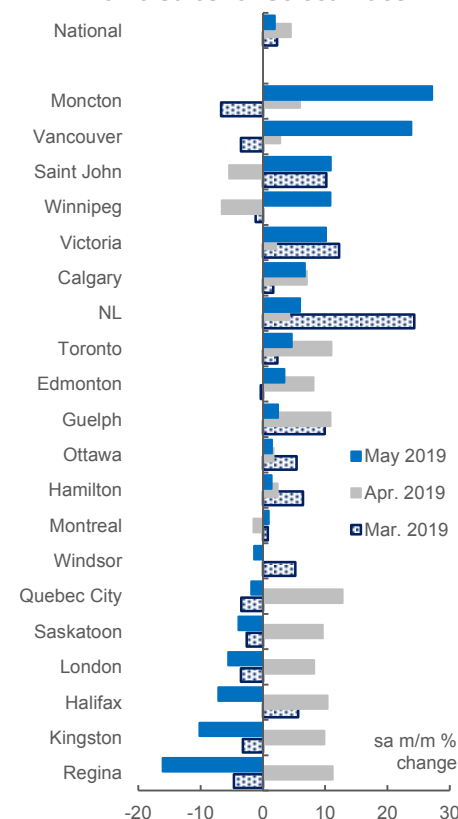
Canada	May-19	Apr-19	May-19
	m/m <sup>1</sup>	m/m <sup>1</sup>	y/y
Sales (% change)	1.9	4.5	6.7
New listings (% change)	-1.2	1.8	-4.1
Average price (% change)	2.4	1.9	2.6
MLS HPI (% change) <sup>2</sup>	0.4	0.6	-0.6

	May-19	Apr-19	May-18
Sales-to-new listings ratio (level) <sup>1</sup>	57.4	55.7	53.3
Months inventory (level) <sup>1</sup>	5.1	5.3	5.7

































































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

### Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

## Scotiabank Housing Market Watch—May 2019

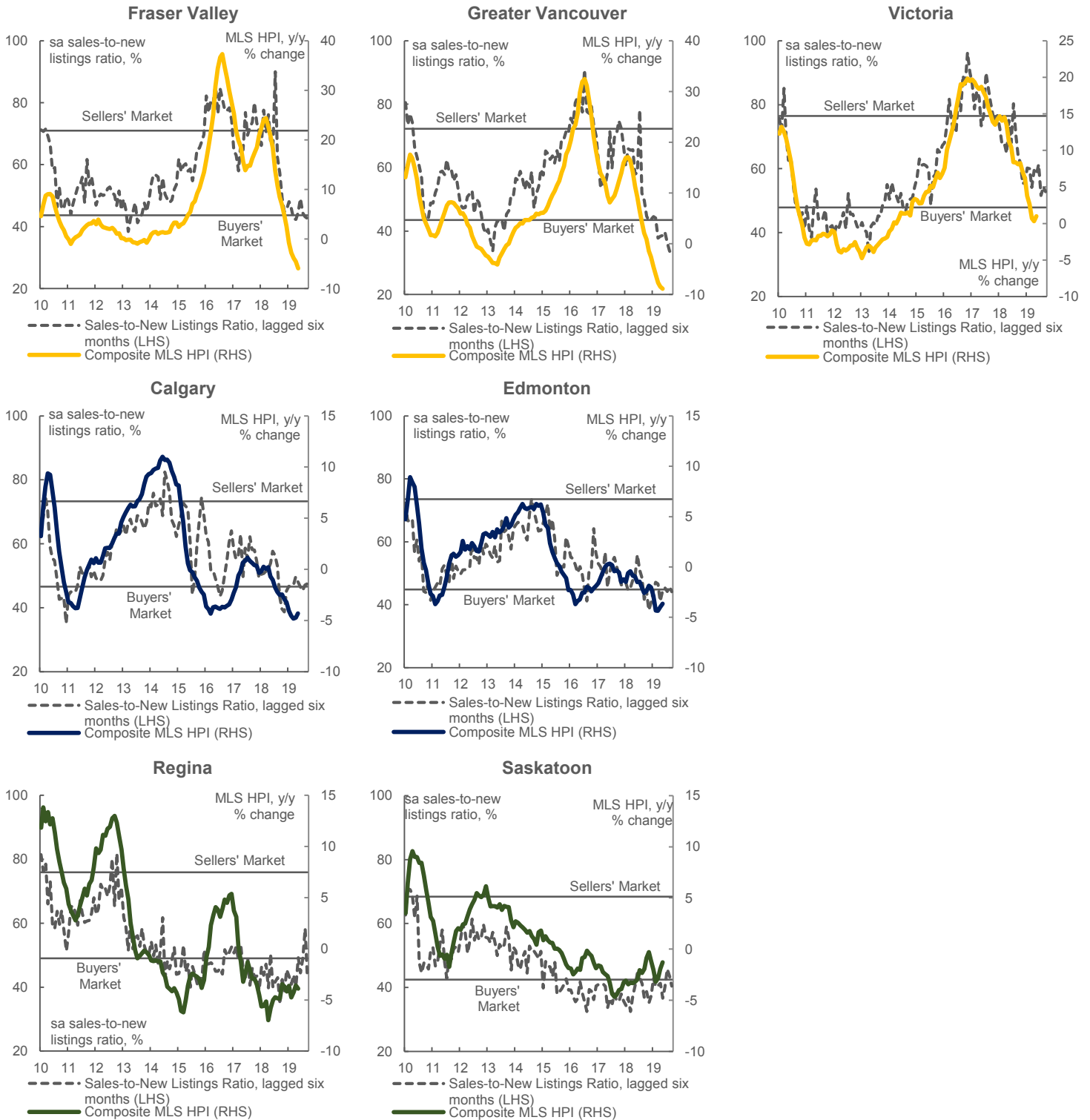
Rank <sup>1</sup>	Real Estate Board	Last Month Rank	Monthly Change	Sales-to-New Listings Ratio			Market Type	24-month Evolution	Unit Sales <sup>3</sup>			Avg. Sales Prices <sup>3</sup>			New Listings <sup>3</sup>		
				Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean <sup>2</sup>				Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.
--	National	--	--	57.4	0.3		Balanced		1.9	-1.5	-4.0	2.4	0.5	1.6	-1.2	-1.9	-3.0
1	Moncton	2	↑ 1	84.9	3.1		Sellers'		27.2	8.6	6.2	-0.3	4.6	6.0	4.5	-2.6	-5.0
2	Montreal	1	↓ 1	71.7	2.1		Sellers'		0.9	6.6	5.9	-0.1	5.5	5.7	0.6	-2.0	-3.7
3	Ottawa	3	→ 0	74.6	1.5		Sellers'		1.4	0.7	0.8	-0.3	5.7	4.6	1.0	-10.4	-8.2
4	London	4	→ 0	69.9	1.2		Sellers'		-5.6	4.3	0.6	-2.1	12.5	13.9	-3.0	9.2	4.4
5	Windsor	8	↑ 3	69.0	1.2		Sellers'		-1.4	7.1	1.9	-2.0	12.3	14.3	-5.6	16.1	5.7
6	Sudbury	9	↑ 3	62.6	1.0		Sellers'		5.1	-5.6	-4.3	-0.4	1.5	2.1	1.0	-15.4	-11.9
7	Saint John	6	↓ 1	56.9	0.9		Balanced		10.9	8.2	3.4	8.3	2.7	4.2	15.7	-13.1	-14.3
8	Halifax	5	↓ 3	73.1	0.8		Balanced		-7.1	5.2	5.2	0.9	2.7	2.3	1.4	-9.9	-7.6
9	Kingston	7	↓ 2	60.7	0.7		Balanced		-10.2	1.8	-0.7	-3.6	5.1	8.0	-1.4	0.8	0.8
10	Thunder Bay	15	↑ 5	69.3	0.7		Balanced		9.6	-2.4	-1.6	3.8	5.8	2.8	-5.7	-3.8	-7.4
11	PEI (Charlottetown)	10	↓ 1	63.1	0.6		Balanced		-1.9	-12.5	-6.8	2.8	6.1	3.6	1.2	-4.3	-0.4
12	Hamilton-Burlington	13	↑ 1	66.7	0.3		Balanced		1.4	4.5	1.9	-0.2	3.0	3.5	-3.6	2.9	-2.2
13	Guelph	16	↑ 3	71.7	0.3		Balanced		2.4	4.8	3.5	5.1	6.3	5.6	-8.6	6.2	3.3
14	Peterborough	14	→ 0	58.5	0.3		Balanced		10.7	-3.9	-3.5	-3.6	3.3	5.4	0.7	5.1	6.4
15	KW*	12	↓ 3	64.2	0.2		Balanced		1.6	-1.8	-2.5	1.4	7.7	7.9	1.6	1.0	-0.9
16	Toronto	20	↑ 4	57.1	0.0		Balanced		4.7	4.0	3.1	2.6	1.9	2.7	-1.4	-2.2	-5.9
17	Brantford	23	↑ 6	57.6	-0.1		Balanced		-4.8	11.7	1.1	1.9	6.1	7.4	-13.9	18.3	8.1
18	Calgary	24	↑ 6	58.1	-0.1		Balanced		6.8	-4.4	-7.5	0.4	-3.8	-2.5	-2.8	-11.6	-7.1
19	Winnipeg	22	↑ 3	58.1	-0.2		Balanced		10.8	3.4	-0.6	-0.1	1.4	1.5	2.5	5.2	4.4
20	St. Catharines	11	↓ 9	51.0	-0.2		Balanced		-17.5	12.3	3.0	1.8	9.1	7.4	-5.7	19.7	11.6
21	Okanagan-Mainline (Kelowna)	18	↓ 3	47.0	-0.2		Balanced		-5.8	-14.7	-18.0	-1.4	-2.0	1.4	-5.3	2.8	4.1
22	Victoria	21	↓ 1	58.2	-0.3		Balanced		10.1	-10.5	-16.1	-2.1	-1.5	2.3	6.0	5.8	1.3
23	NL (St. John's)	25	↑ 2	42.2	-0.3		Balanced		6.0	2.4	-4.4	-3.2	-3.2	-2.5	-3.6	-1.8	-1.1
24	Quebec City	19	↓ 5	56.1	-0.5		Balanced		-1.9	10.5	8.2	1.4	1.7	2.6	2.3	3.7	3.4
25	Edmonton	28	↑ 3	51.0	-0.6		Balanced		3.5	-5.9	-5.7	-1.2	-3.2	-2.7	-5.3	-7.9	-3.0
26	Lethbridge	17	↓ 9	47.2	-0.7		Balanced		-7.0	-1.9	0.6	-2.4	5.9	0.3	6.8	-0.4	3.2
27	Saskatoon	27	→ 0	44.7	-0.8		Balanced		-3.9	6.0	2.0	-2.9	-2.9	-2.5	-4.0	-3.5	-7.1
28	Barrie	26	↓ 2	46.1	-0.9		Balanced		-7.6	10.7	9.5	2.8	2.6	2.0	-2.3	-0.3	4.3
29	Fraser Valley (Abbotsford)	30	↑ 1	44.0	-1.0		Balanced		-0.1	-26.5	-33.5	0.9	-6.6	-1.3	-0.8	-2.7	-4.0
30	Vancouver	31	↑ 1	42.6	-1.1		Buyers'		23.9	-29.8	-34.1	-1.1	-5.8	-2.6	-5.0	0.3	-2.9
31	Regina	29	↓ 2	43.4	-1.4		Buyers'		-16.1	2.9	-2.4	3.9	-0.8	-2.3	-4.0	-11.3	-9.0

<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 1990-2018 mean. <sup>3</sup> Year-over-year percentage change. \* Kitchener-Waterloo. Sources: Scotiabank Economics, CREA.

## MLS Home Price Indices

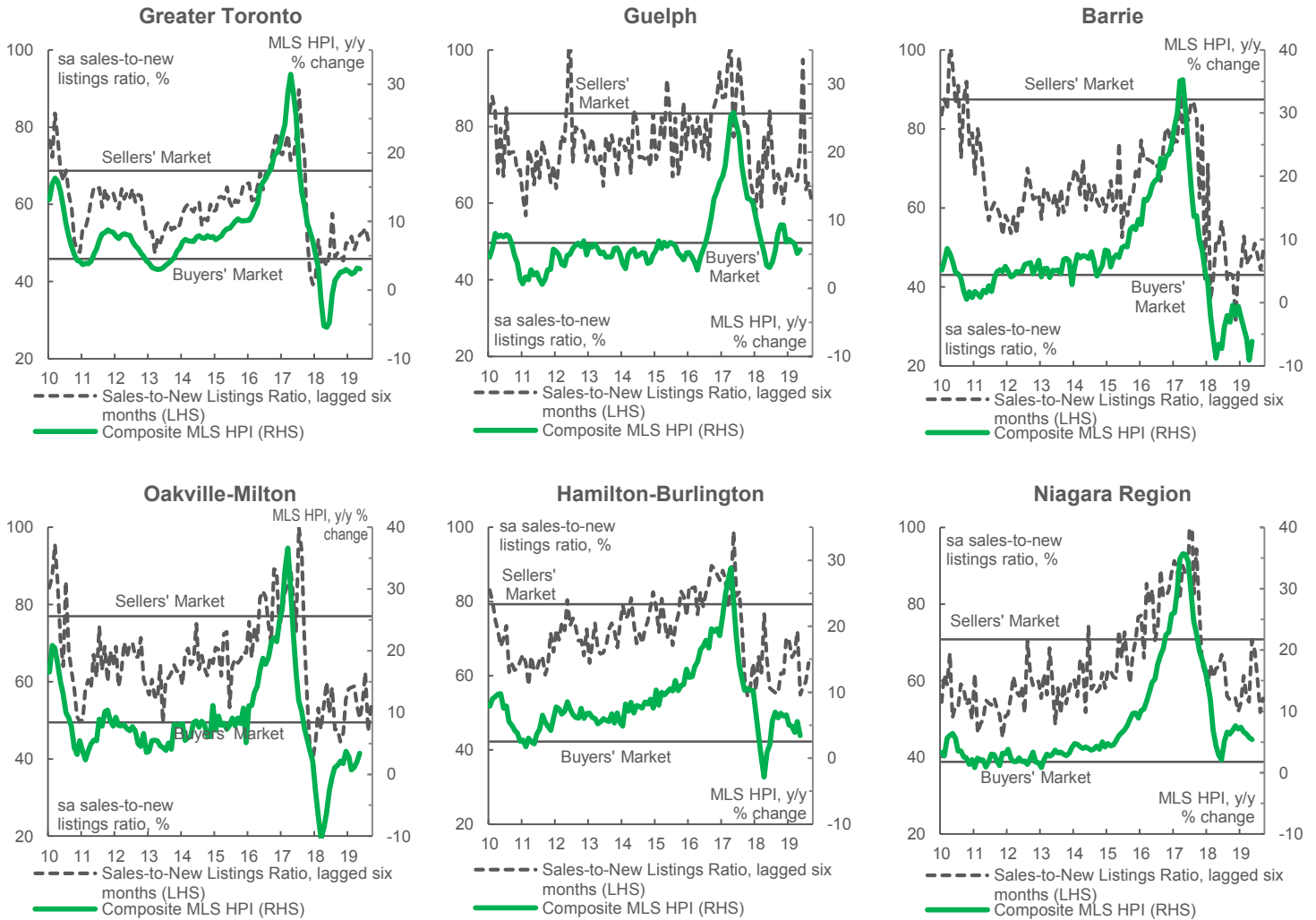
### WESTERN CANADA



Sources: Scotiabank Economics, CREA.

## MLS Home Price Indices (cont.)

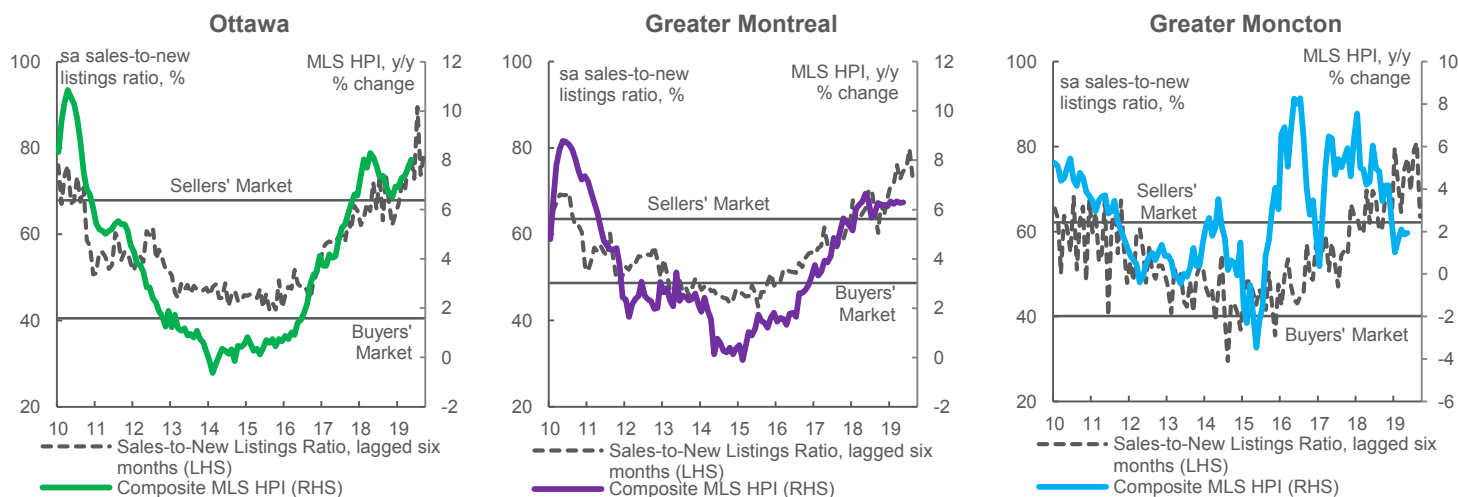
### ONTARIO GREATER GOLDEN HORSESHOE



Sources: Scotiabank Economics, CREA.

## MLS Home Price Indices (cont.)

### OTHER



Sources: Scotiabank Economics, CREA.

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