

Canadian Home Sales — August

SUMMARY

Today's Canadian Real Estate Association (CREA) data for August 2019 revealed a 1.4% (sa m/m) national-level rise in home purchases. For the first time since 2014, Canada-wide sales have increased in six consecutive months. Canada's sales-to-new listings ratio rose 60.1%, representing roughly balanced supply and demand, but representing the tightest conditions since January 2018. 21 of the 31 centres for which we maintain data were balanced. The aggregate MLS Home Price Index (HPI) rose 0.9% (nsa y/y)—its strongest monthly gain this year.

Montreal reclaimed the top spot in Scotiabank Economics' rankings of local market tightness, with the city's sales-to-new listings ratio reaching its second-highest ever recorded level. Conditions in Ottawa, London, Windsor, and major cities in New Brunswick remained tilted towards sellers. The data continued to point to excess housing supply in centres in Canada's net oil-producing regions, but only Regina was officially in buyers' market territory. That came despite broad-based home sales increases in August.

Vancouver home sales rose again in August, albeit at just 2.5% (sa m/m) versus increases of about 25% in two of the prior three months. It was the second consecutive month in balanced market territory for BC's largest city after it spent much of the previous year as a buyers' market. The other three Southern BC centres saw sales increases as well, and the pace of decline in the MLS HPI eased for Vancouver and the Fraser Valley.

Toronto also witnessed a more modest home sales climb in August than it did in July, but flat new listings lifted its sales-to-new listings ratio to 58.8%—the highest point since March 2017, just before the imposition of the GTA foreign buyers' tax. The city's 4.9% (nsa y/y) MLS HPI rise was the steepest since January 2018. In most other cities in Ontario's Greater Golden Horseshoe (GGH), solid sales gains contributed to an acceleration in the MLS HPI.

IMPLICATIONS

The data continue to point to tightening housing market conditions, especially in the GGH and Southern BC, though demand and supply remain roughly in line in most major cities. The pace of price appreciation is also far more manageable than at the heights those markets reached in 2016–17. From a near-term economic growth perspective, upward trends in and around Toronto and Vancouver are positive following early-year housing downturns in Ontario and BC.

From a policy point of view, with the Canadian federal election upon us, there will no doubt be calls to tighten housing market rules; we would prefer policymakers take a longer view. Major markets looked to have moved past last year's stricter mortgage qualification rules and factors such as healthy job creation and population gains will likely put further upward pressure on prices. But the key to sustainable price increases over the longer-run is bringing more supply online, efforts which will take time and collaboration among all three levels of government.

CONTACTS

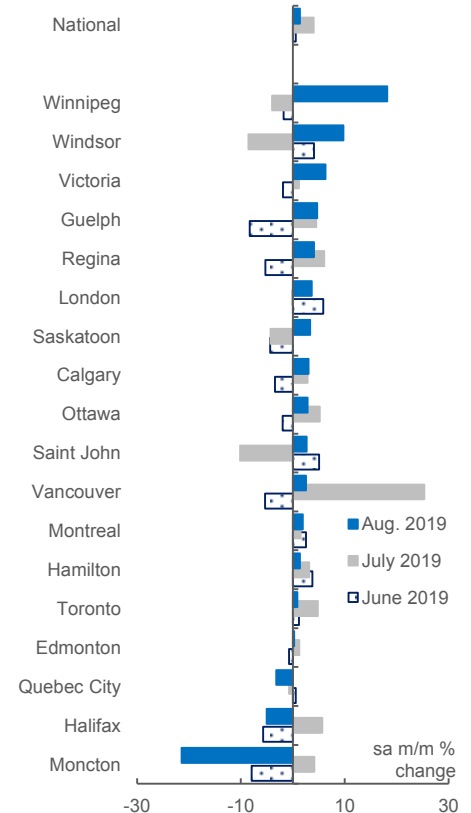
Marc Desormeaux, Provincial Economist
416.866.4733
Scotiabank Economics
marc.desormeaux@scotiabank.com

Canada	Aug-19	Jul-19	Aug-19
	m/m ¹	m/m ¹	y/y
Sales (% change)	1.4	4.0	5.0
New listings (% change)	1.1	-0.1	-1.7
Average price (% change)	0.7	2.5	3.4
MLS HPI (% change) ²	0.2	0.2	0.9

	Aug-19	Jul-19	Aug-18
Sales-to-new listings ratio (level) ¹	60.1	60.0	56.1
Months inventory (level) ¹	4.6	4.7	5.3

¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

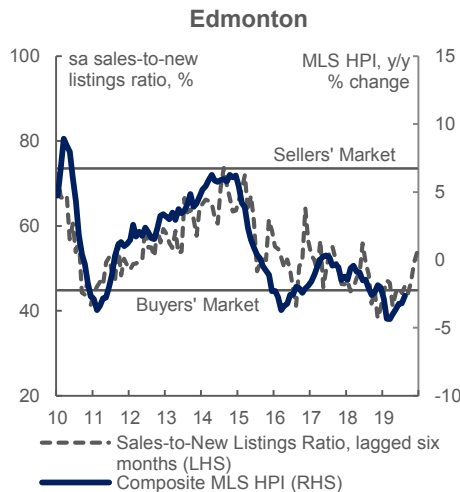
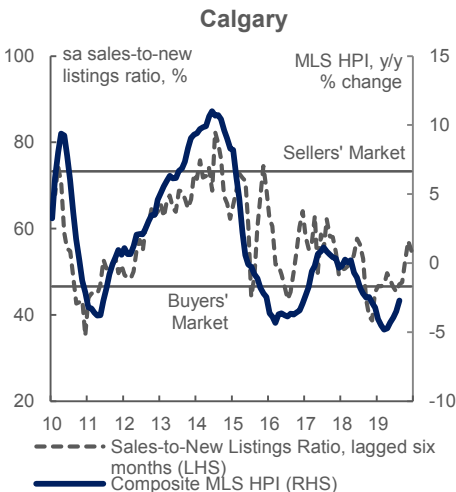
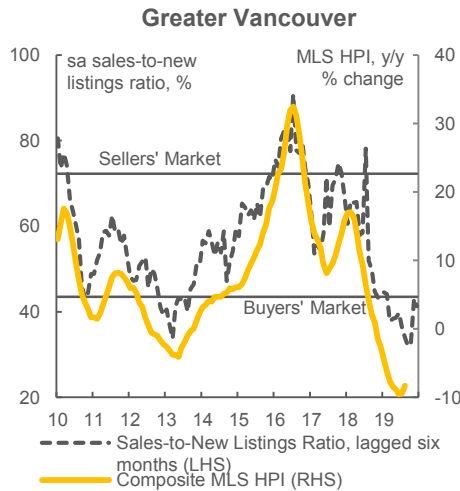
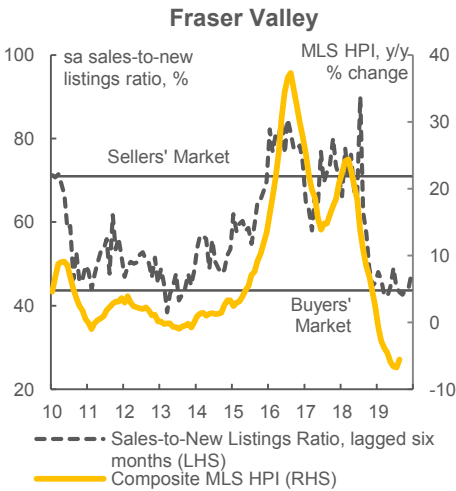
Scotiabank Housing Market Watch—August 2019

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-Listings	New Listings Ratio	Std. Dev. from Long-Term Mean ²			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	--	--	60.1	0.6	I ●	Balanced		1.4	4.3	-0.9	0.7	2.5	1.5	1.1	-1.7	-2.2
1	Montreal	2	↑ 1	79.3	3.1	I ●	Sellers'		2.0	7.2	7.4	0.9	5.6	5.5	0.5	-2.7	-3.2
2	Ottawa	4	↑ 2	77.7	1.7	I ●	Sellers'		2.8	3.8	2.9	1.2	8.5	6.6	-1.8	-5.9	-6.8
3	Sudbury	3	→ 0	71.1	1.6	I ●	Sellers'		1.4	2.3	-4.4	0.3	0.9	1.6	6.4	-7.2	-9.8
4	Thunder Bay	13	↑ 9	77.3	1.4	I ●	Sellers'		3.7	-1.9	-4.1	0.3	4.0	2.0	-10.5	0.1	-5.2
5	London	5	→ 0	70.6	1.3	I ●	Sellers'		3.6	1.5	2.9	3.2	11.5	13.1	3.1	6.7	9.8
6	Windsor	7	↑ 1	69.6	1.3	I ●	Sellers'		9.7	2.0	3.8	0.1	12.5	12.7	3.4	12.7	12.8
7	Saint John	6	↓ 1	59.1	1.2	I ●	Sellers'		2.7	12.1	8.7	3.3	-1.4	2.9	4.2	-1.3	-10.1
8	Moncton	1	↓ 7	63.5	1.1	I ●	Sellers'		-21.4	13.7	9.2	6.2	4.5	5.4	5.7	4.4	-2.7
9	Kingston	10	↑ 1	65.4	1.1	I ●	Sellers'		3.9	-0.9	-0.2	-2.9	8.3	7.0	-4.1	-0.8	0.8
10	Brantford	16	↑ 6	71.8	0.7	I ●	Balanced		3.6	10.3	1.5	-1.1	7.4	7.1	-5.1	11.6	8.7
11	Hamilton-Burlington	12	↑ 1	74.0	0.7	I ●	Balanced		1.3	11.4	5.3	0.5	4.2	3.9	-2.7	0.1	-0.4
12	Halifax	8	↓ 4	69.9	0.6	I ●	Balanced		-5.0	10.0	6.6	4.0	6.1	3.4	-1.4	-5.8	-6.8
13	Peterborough	11	↓ 2	61.6	0.5	I ●	Balanced		-1.5	-3.7	-2.6	1.6	6.6	6.4	3.2	4.4	7.4
14	St. Catharines	17	↑ 3	62.0	0.5	I ●	Balanced		-1.6	13.0	8.8	-5.5	9.4	7.4	-5.8	7.9	9.1
15	Okanagan-Mainline (Kelowna)	14	↓ 1	56.0	0.4	I ●	Balanced		2.4	-3.4	-11.6	0.8	-0.4	-0.9	4.1	-5.3	-0.7
16	KW*	15	↓ 1	66.6	0.4	I ●	Balanced		-7.0	1.2	1.6	1.6	8.3	7.9	-6.2	-0.5	2.6
17	Guelph	19	↑ 2	71.0	0.3	I ●	Balanced		4.7	7.2	2.6	4.7	5.2	6.2	-4.3	6.1	4.3
18	Toronto	18	→ 0	58.8	0.1	I ●	Balanced		0.9	13.4	5.1	0.2	2.6	2.6	0.0	0.3	-3.9
19	Victoria	20	↑ 1	63.1	0.1	I ●	Balanced		6.3	2.4	-7.6	7.6	-2.5	-0.2	1.2	5.1	3.1
20	Winnipeg	27	↑ 7	60.7	0.0	I ●	Balanced		18.2	5.0	2.7	-4.0	0.6	1.0	2.7	7.1	6.7
21	PEI (Charlottetown)	9	↓ 12	47.5	-0.1	I ●	Balanced		-19.3	-8.5	-6.4	-6.8	10.3	6.9	14.2	0.2	-0.9
22	Fraser Valley (Abbotsford)	22	→ 0	56.0	-0.1	I ●	Balanced		8.0	-9.4	-23.2	3.5	-4.5	-3.3	4.6	-7.1	-3.3
23	Calgary	25	↑ 2	55.6	-0.3	I ●	Balanced		3.0	3.3	-4.6	0.9	-4.7	-4.0	1.1	-13.5	-10.2
24	Barrie	28	↑ 4	57.2	-0.4	I ●	Balanced		1.7	13.9	6.9	0.0	4.1	1.8	-9.7	-0.3	0.7
25	Quebec City	21	↓ 4	56.4	-0.4	I ●	Balanced		-3.2	14.2	12.4	-1.1	1.8	2.0	2.2	5.1	4.6
26	Vancouver	24	↓ 2	51.1	-0.5	I ●	Balanced		2.5	-9.6	-24.9	1.0	-5.8	-4.4	6.0	-3.1	-2.1
27	Lethbridge	23	↓ 4	50.4	-0.5	I ●	Balanced		-2.9	-1.1	-2.1	5.3	4.9	3.4	4.2	-5.6	1.2
28	NL (St. John's)	29	↑ 1	39.2	-0.6	I ●	Balanced		2.0	11.2	-1.6	-4.8	-4.2	-3.6	-6.0	-1.2	0.1
29	Edmonton	26	↓ 3	49.1	-0.7	I ●	Balanced		0.2	0.9	-4.2	1.6	-2.3	-2.4	7.7	-10.4	-7.3
30	Regina	31	↑ 1	49.3	-1.0	I ●	Balanced		4.1	0.6	-2.9	0.6	-1.9	-1.9	-9.9	-7.1	-10.4
31	Saskatoon	30	↓ 1	41.8	-1.0	I ●	Buyers'		3.4	4.1	0.1	-0.9	-1.0	-1.5	-3.1	-2.3	-5.8

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 1990–2018 mean. ³ Year-over-year percentage change. * Kitchener-Waterloo. Sources: Scotiabank Economics, CREA.

MLS Home Price Indices

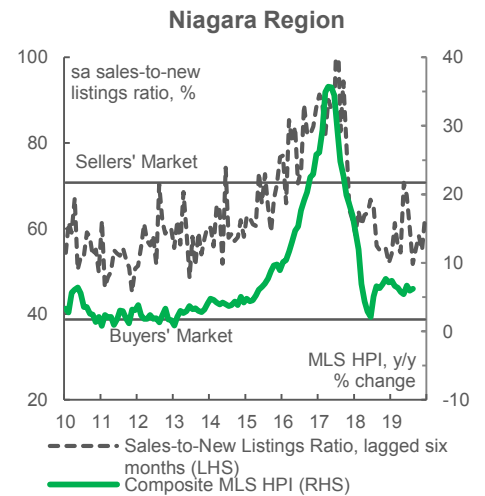
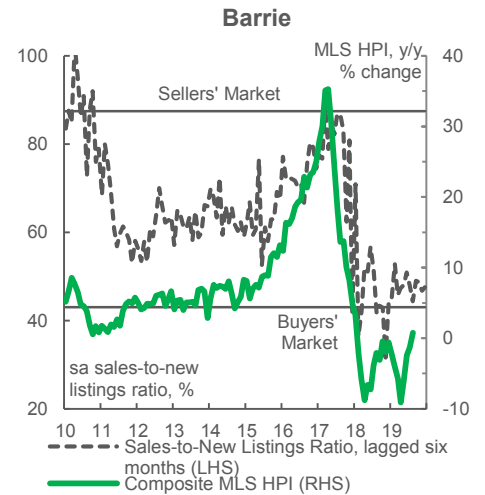
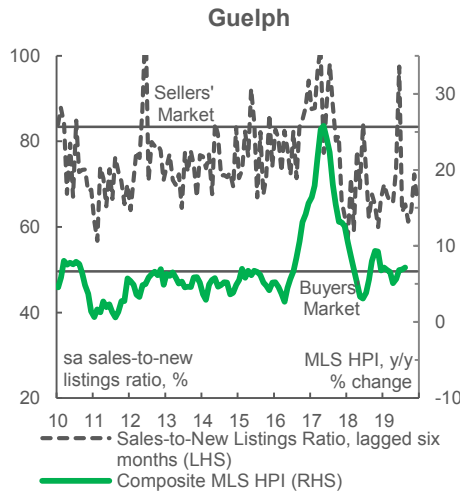
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

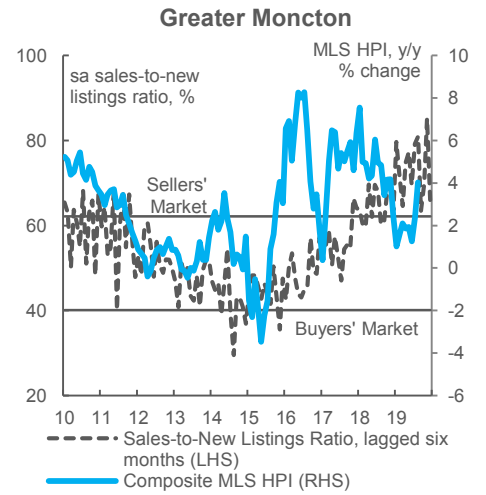
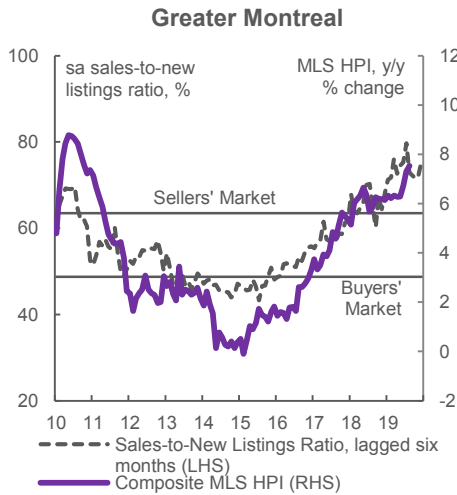
ONTARIO GREATER GOLDEN HORSESHOE



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

OTHER



Sources: Scotiabank Economics, CREA.

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