

Canadian Home Sales — September

BROAD-BASED RALLY CONTINUES

SUMMARY

Home sales rose 0.6% (sa m/m) in September 2019 according to data released today by the Canadian Real Estate Association (CREA). It was the seventh consecutive monthly increase—the first streak of that length since early 2009. Alongside a decline in new listings, that lifted the national-level sales-to-new listings ratio to 61.3%. That ratio is still indicative of roughly balanced supply-demand conditions, but it was the highest level since January 2018. Twenty-two of the 31 centres for which we have data were in balanced market territory, and the aggregate MLS Home Price Index (HPI) climbed 1.3% relative to one year ago.

With modest declines in sales and new listings, Montreal held onto the top spot in Scotiabank Economics' rankings of local market tightness. Ottawa fell four spots in the rankings following a 2.6% decrease in home purchases, but was still in sellers' market territory alongside London, Windsor, Sudbury, Halifax, and major cities in New Brunswick. Saskatoon remained the only centre to report conditions in favour of buyers, though home purchases were mostly down in net oil-producing regions.

Momentum persisted in Southern BC, with Vancouver's fifth sales rise in six months bringing its sales-to-new listings ratio to a 20-month high and the city's y/y MLS HPI decline moderating again. For the third consecutive month, home purchases climbed in each of Victoria, Okanagan-Mainline, and the Fraser Valley.

Sales activity was mixed in Ontario's Greater Golden Horseshoe (GGH) region. Toronto, Hamilton, and St. Catharines witnessed declines in home purchases last month. The fallback was not unexpected in Ontario's capital city after solid gains—with some downward momentum—in the prior six months. The sales-to-new listings ratio remained at its highest level since March 2017—just before the imposition of a suite of housing policies that included a foreign buyers' tax in the GTA. The MLS HPI saw its steepest y/y gain since December 2017 in Toronto, and generally accelerated in the GGH.

IMPLICATIONS

Canada's broad-based housing market rally persisted in September. Sales activity looks to be moderating somewhat and bond rates in August and early September suggest mortgage credit has tightened. However, healthy job creation, population growth, and arguably some pent-up demand following an early-year soft patch remain supportive of sales activity and prices.

Tightening housing markets—and their implications for household debt and affordability—may pose a challenge for the Bank of Canada. Our view is that the central bank will loosen monetary policy to insure against external macro risks.

From a policy standpoint, we still argue that bringing more supply online is a more prudent way to address affordability challenges over the long-run than demand-side measures. This will be crucial in the coming years as Canada's most dynamic cities continue to draw skilled newcomers.

CONTACTS

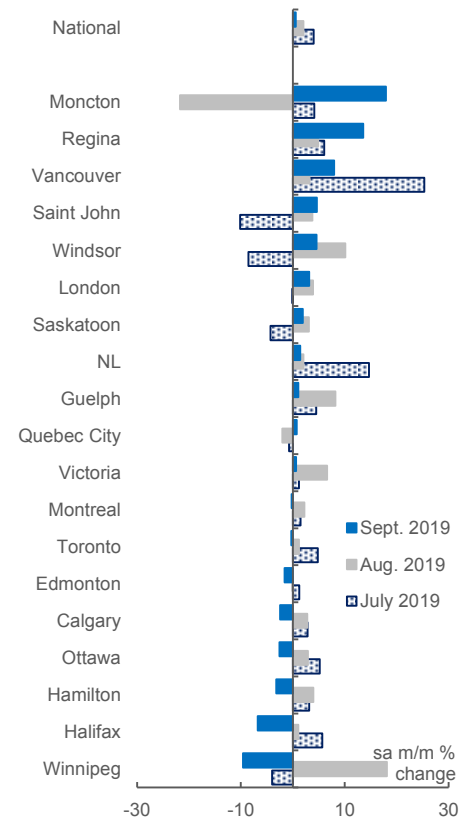
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Canada	Sep-19	Aug-19	Sep-19
	m/m ¹	m/m ¹	y/y
Sales (% change)	0.6	2.1	15.5
New listings (% change)	-0.6	1.0	-0.1
Average price (% change)	1.3	0.7	4.4
MLS HPI (% change) ²	0.1	0.2	1.3

	Sep-19	Aug-19	Sep-18
Sales-to-new listings ratio (level) ¹	61.3	60.6	53.9
Months inventory (level) ¹	4.5	4.6	5.3

¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

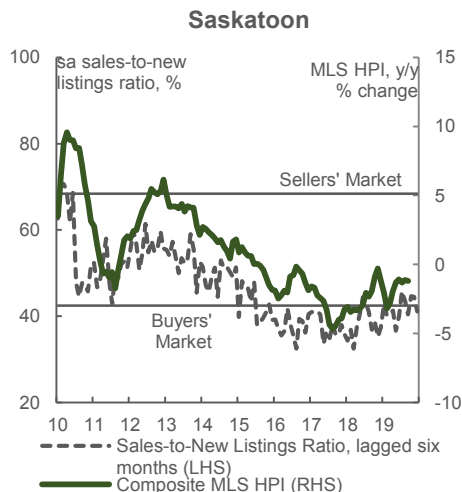
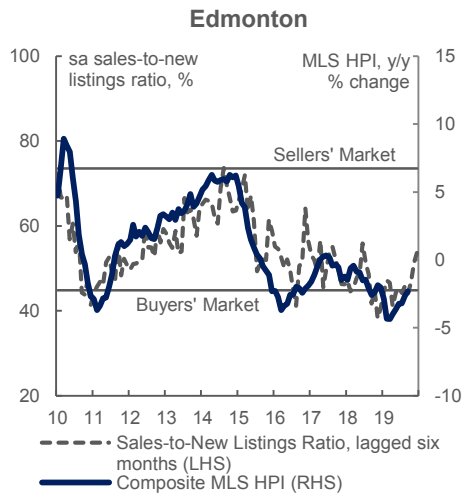
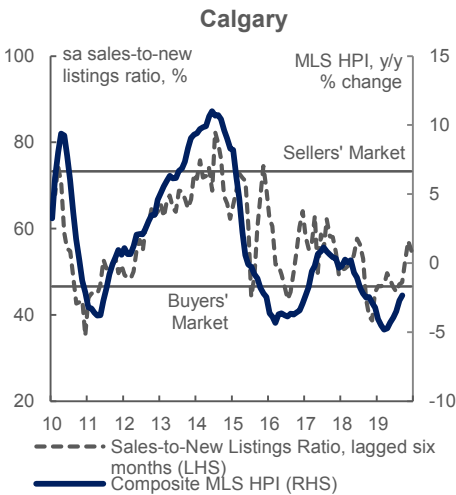
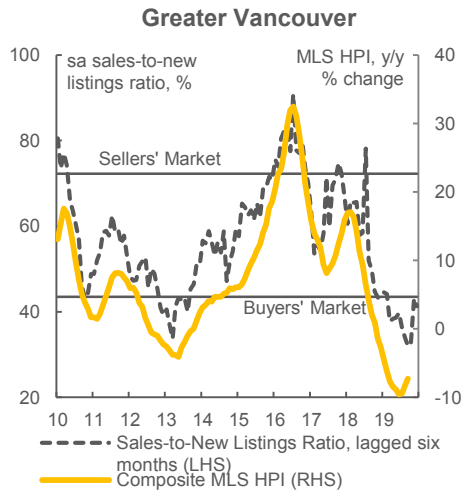
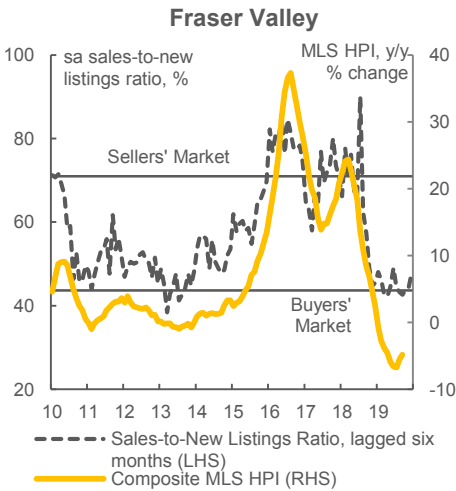
Scotiabank Housing Market Watch—September 2019

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	--	--	61.3	0.7	I ↓	Balanced		0.6	7.3	1.0	1.3	3.1	1.6	-0.6	-1.1	-2.0
1	Montreal	1	0	79.1	3.1	I ↓	Sellers'		-0.3	9.7	7.9	2.8	5.7	5.4	0.4	-1.5	-2.4
2	Moncton	9	7	79.5	2.6	I ↓	Sellers'		18.0	15.5	11.1	-0.1	4.9	4.9	-6.6	4.5	-1.5
3	Sudbury	3	0	74.4	1.9	I ↓	Sellers'		0.0	6.7	1.2	0.4	0.8	0.3	-3.2	-5.1	-9.6
4	Saint John	7	3	64.7	1.7	I ↓	Sellers'		4.7	12.0	10.9	-6.3	-2.7	1.3	-3.4	0.9	-8.8
5	London	5	0	73.7	1.5	I ↓	Sellers'		3.1	3.0	4.4	-1.3	10.8	12.0	-0.9	6.9	11.0
6	Ottawa	2	4	74.6	1.5	I ↓	Sellers'		-2.6	6.5	3.8	-0.1	8.6	6.6	1.7	-1.9	-5.8
7	Halifax	11	4	79.9	1.2	I ↓	Sellers'		-6.7	11.4	7.5	0.2	5.2	3.4	-14.7	-4.5	-7.1
8	Windsor	6	2	66.3	1.0	I ↓	Sellers'		4.6	4.2	4.8	0.2	10.8	11.9	9.3	15.0	13.8
9	KW*	15	6	74.9	0.9	I ↓	Balanced		12.7	4.3	3.2	3.1	9.2	7.8	1.7	-0.3	1.5
10	Peterborough	13	3	67.3	0.8	I ↓	Balanced		13.7	1.6	1.4	-2.2	6.0	4.9	6.5	8.2	9.5
11	Thunder Bay	4	7	70.7	0.8	I ↓	Balanced		-5.6	-2.0	-4.0	4.7	3.6	2.0	3.1	1.6	-3.0
12	Kingston	8	4	61.8	0.8	I ↓	Balanced		0.9	2.0	0.8	6.4	8.2	7.1	7.2	3.6	1.5
13	Okanagan-Mainline (Kelowna)	16	3	61.1	0.7	I ↓	Balanced		1.9	0.0	-8.9	2.4	0.6	-1.1	-7.0	-6.4	-2.7
14	Hamilton-Burlington	12	2	72.9	0.7	I ↓	Balanced		-3.2	11.7	4.9	1.6	4.8	4.4	0.3	-1.2	-0.4
15	Brantford	10	5	69.1	0.6	I ↓	Balanced		-1.9	10.8	4.3	2.6	8.0	7.2	4.6	9.3	11.1
16	PEI (Charlottetown)	19	3	62.6	0.5	I ↓	Balanced		6.2	-4.3	-4.0	13.8	10.9	7.7	-9.6	0.4	-1.5
17	Guelph	17	0	73.2	0.4	I ↓	Balanced		1.1	8.6	2.6	0.4	6.4	5.9	-0.3	5.7	3.8
18	St. Catharines	14	4	59.5	0.3	I ↓	Balanced		-9.4	15.2	10.2	-1.3	10.0	8.2	-3.4	8.1	8.4
19	Toronto	18	1	59.3	0.2	I ↓	Balanced		-0.3	16.8	6.7	1.2	3.5	2.8	-0.3	0.9	-3.8
20	Fraser Valley (Abbotsford)	22	2	59.7	0.2	I ↓	Balanced		7.9	-1.1	-18.7	1.6	-3.7	-3.4	1.9	-8.1	-4.4
21	Victoria	20	1	62.6	0.0	I ↓	Balanced		0.6	6.1	-5.1	-5.5	-3.1	-1.2	1.7	4.0	2.8
22	Vancouver	26	4	56.7	-0.1	I ↓	Balanced		8.0	0.9	-19.0	-0.5	-6.1	-5.0	-1.7	-5.7	-2.6
23	Winnipeg	21	2	57.1	-0.2	I ↓	Balanced		-9.6	6.5	5.1	3.0	0.6	0.8	-3.6	7.7	7.1
24	Calgary	23	1	55.8	-0.3	I ↓	Balanced		-2.4	4.8	-2.9	0.3	-4.3	-3.9	-2.3	-13.4	-10.7
25	Lethbridge	27	2	52.3	-0.4	I ↓	Balanced		1.0	-0.9	0.3	-7.8	4.4	3.8	-3.0	-7.5	-3.2
26	Quebec City	25	1	55.5	-0.5	I ↓	Balanced		0.7	18.6	13.9	0.8	1.2	1.8	3.5	7.7	4.9
27	Regina	30	3	55.4	-0.5	I ↓	Balanced		13.6	3.1	1.2	5.3	-0.8	-1.2	1.1	-6.9	-9.2
28	Barrie	24	4	51.6	-0.6	I ↓	Balanced		-6.4	14.0	7.3	-0.5	3.6	1.6	5.3	0.2	0.3
29	NL (St. John's)	28	1	38.8	-0.6	I ↓	Balanced		1.4	12.6	2.2	2.3	-4.6	-4.2	0.7	-0.4	-1.0
30	Edmonton	29	1	48.4	-0.8	I ↓	Balanced		-1.6	3.3	-3.1	-2.1	-2.6	-2.7	-0.4	-9.0	-6.8
31	Saskatoon	31	0	39.7	-1.2	I ↓	Buyers'		1.9	4.5	0.3	5.2	1.3	-0.2	6.9	-1.3	-3.6

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

MLS Home Price Indices

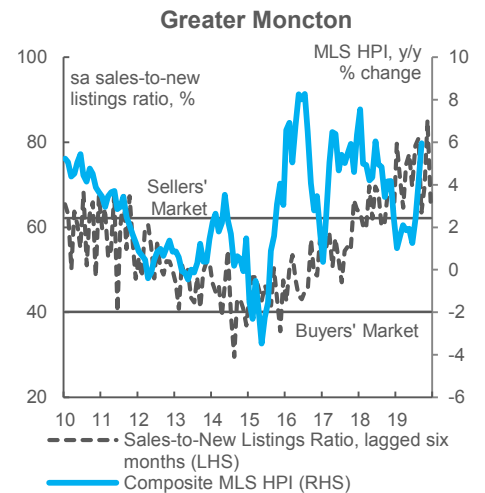
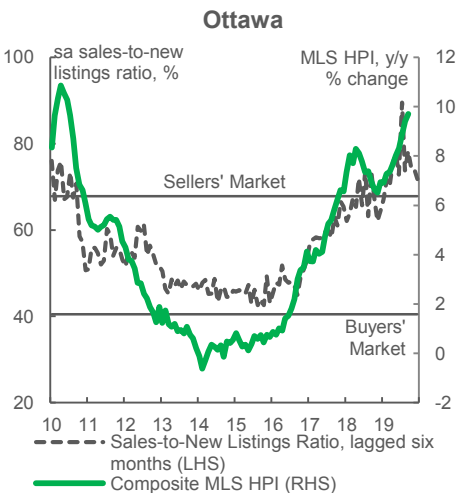
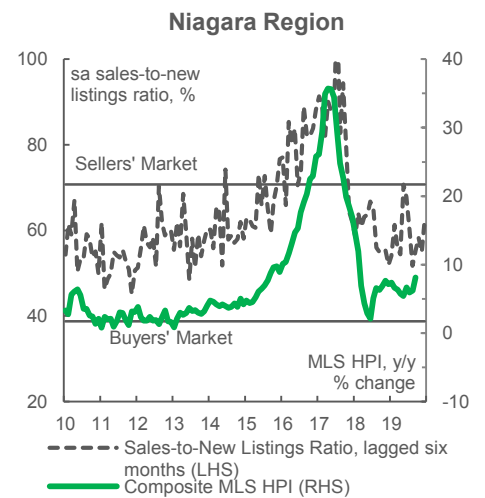
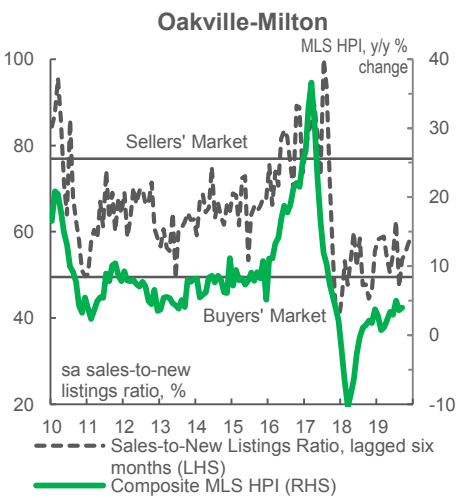
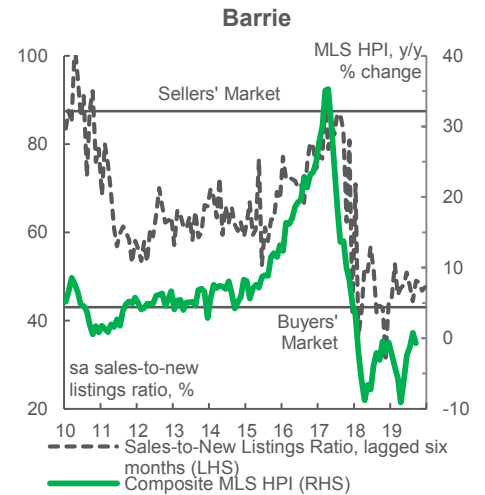
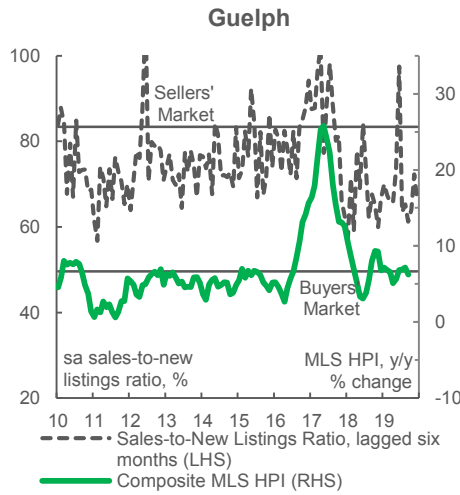
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

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