

Canadian Home Sales — December

LISTINGS FALL AGAIN TO END 2019, PUSHING PRICES HIGHER

SUMMARY

Canadian Real Estate Association data show that national-level home sales fell 0.9% (sa m/m) in December 2019 after rising in the previous nine months. Limited availability looks to be increasingly weighing on sales activity. The month saw another broad-based decline in new listings—18 of the 31 centres for which we have data witnessed falls—that lifted the national sales-to-new listings ratio to 66.9%. It was the highest ratio since 2004 and a third straight month of supply-demand conditions tilted in favour of sellers (after data revisions). Fourteen cities reported sellers' market conditions; the rest were balanced. The aggregate MLS Home Price Index (HPI) rose 3.4% (nsa y/y), its best gain since March 2018.

Montreal remained Canada's tightest local market, with rising sales and falling listings leading to yet another record-high sales-to-new listings ratio and the city's steepest y/y MLS HPI gains since 2005. Ottawa's ratio also reached a new high as new listings plunged by more than 20% (sa m/m), driving a record 12.5% (nsa y/y) MLS HPI increase. Toronto also crept into sellers' market territory for the first time since March 2017—as in Montreal, home purchases rose and new listings fell—and its 7.3% (nsa y/y) HPI rise was the sharpest since 2017.

Vancouver's sales-to-new listings ratio actually edged lower in December—that kept supply and demand roughly balanced—as a jump in new listings outweighed a rise in sales volumes. New listings climbed in the other three Southern BC cities last month. Home buying was mixed in December, but housing demand has clearly been trending higher in Canada's westernmost province in recent months, following multiple years of policy-influenced slowdown.

In Canada's net oil-producing provinces, Calgary and Edmonton witnessed rising sales, with a pickup in new listings keeping supply-demand conditions balanced in both cities. Purchases surged more than 30% (sa m/m) in Regina, continuing that city's recent volatility and returning it to balanced market territory. In St. John's, home sales completed their strongest year since 2007, though the bulk of those gains were driven by first half buying activity.

IMPLICATIONS

Today's data close out a turbulent year for local housing markets. Ongoing policy changes contributed to an early-year slowdown, with unseasonably cool weather also weighing on sales in February. Most markets have tightened in recent months, which suggests stronger upward price pressures in 2020.

The report also puts housing supply shortages—which we have long emphasized as a contributor to affordability issues in Canada's most dynamic regions—in full view. Fewer new listings may weigh on sales in the near-term—recent slowing in home buying suggests this is taking place in some cities. However, fundamental demand-side factors such as rising immigration, healthy job creation, and low borrowing rates should continue to support price gains. In the coming years, bringing more supply online will be crucial to keep home ownership within reach.

CONTACTS

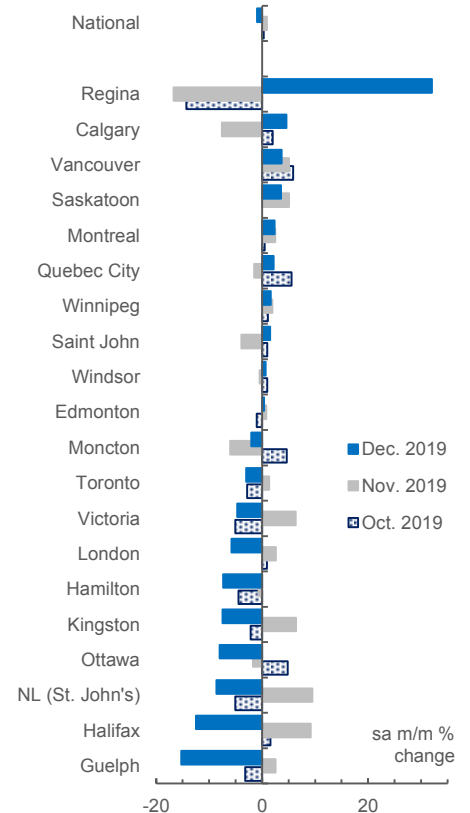
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Canada	Dec-19	Nov-19	Dec-19
	m/m ¹	m/m ¹	y/y
Sales (% change)	-0.9	0.9	22.7
New listings (% change)	-1.8	-2.1	-3.2
Average price (% change)	-0.1	1.1	8.0
MLS HPI (% change) ²	0.5	0.3	3.4

	Dec-19	Nov-19	Dec-18
Sales-to-new listings ratio (level) ¹	66.9	66.3	53.4
Months inventory (level) ¹	4.2	4.2	5.6

¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

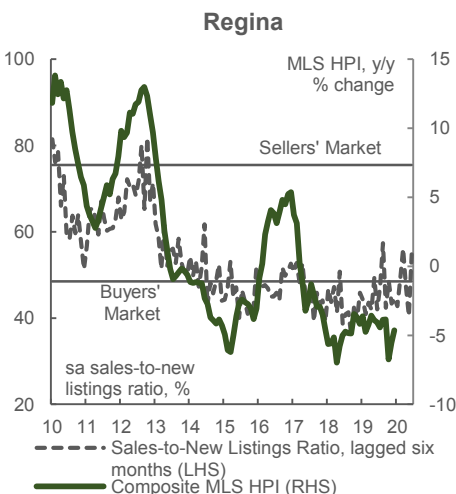
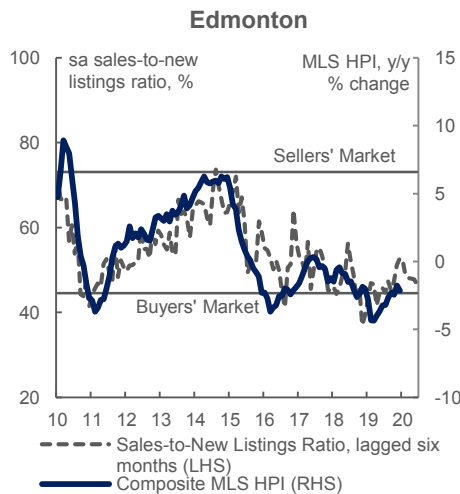
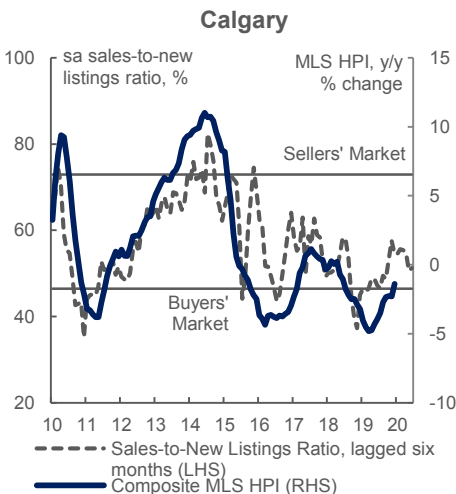
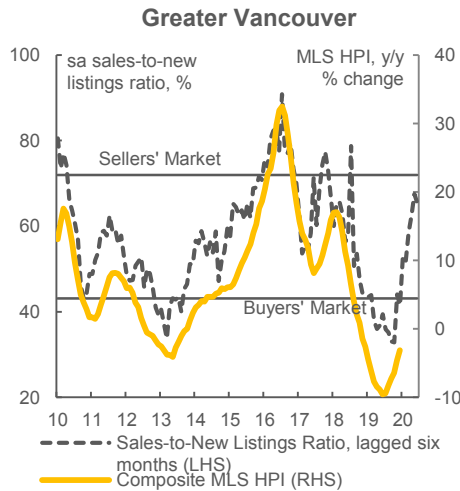
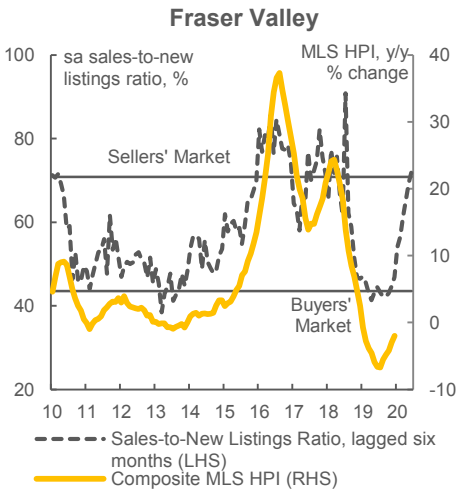
Scotiabank Housing Market Watch—December 2019

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-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	--	--	66.9	1.3		Sellers'		-0.9	13.0	6.5	-0.1	5.2	3.1	-1.8	-2.3	-2.1
1	Montreal	1	0	88.5	4.4		Sellers'		2.3	15.4	10.2	2.5	6.3	6.0	-2.0	-1.8	-2.1
2	Ottawa	3	↑ 1	94.9	3.0		Sellers'		-8.0	12.9	6.7	-1.6	10.3	8.4	-20.4	2.4	-4.5
3	Saint John	4	↑ 1	73.3	2.5		Sellers'		1.5	8.2	11.0	-1.8	0.7	-0.8	-6.9	-4.4	-7.9
4	Moncton	5	↑ 1	75.5	2.3		Sellers'		-2.0	20.7	16.3	4.6	6.3	4.5	-6.8	12.8	3.2
5	Windsor	6	↑ 1	79.6	2.2		Sellers'		0.6	4.3	5.8	-1.1	10.8	12.1	-3.3	11.5	13.6
6	Sudbury	8	↑ 2	76.8	2.0		Sellers'		-0.9	12.0	4.8	-3.9	5.0	3.3	-5.2	-2.7	-8.2
7	Thunder Bay	18	↑ 11	80.3	1.7		Sellers'		3.2	4.7	0.0	0.0	0.0	2.5	-10.3	7.7	1.8
8	London	7	↓ 1	74.9	1.6		Sellers'		-5.8	4.1	3.6	1.0	10.4	11.3	-3.0	6.0	7.0
9	Kingston	9	0	72.6	1.6		Sellers'		-7.5	2.8	2.7	-0.2	8.6	7.9	-6.8	0.4	0.3
10	KW*	10	0	82.9	1.5		Sellers'		-10.3	0.9	1.2	-2.4	11.3	9.2	-12.2	-9.1	-3.1
11	Halifax	2	↓ 9	77.8	1.1		Sellers'		-12.5	17.9	12.7	-2.2	9.5	6.8	5.7	-4.7	-7.3
12	Fraser Valley (Abbotsford)	15	↑ 3	72.3	1.1		Sellers'		4.8	28.3	-1.0	2.1	-0.7	-3.4	0.8	-9.7	-5.7
13	Toronto	14	↑ 1	69.6	1.1		Sellers'		-3.0	16.8	12.4	2.9	6.1	4.1	-5.7	-5.9	-2.5
14	St. Catharines	13	↓ 1	71.1	1.0		Sellers'		4.9	11.4	9.7	9.0	11.8	10.5	4.7	0.0	3.1
15	PEI (Charlottetown)	19	↑ 4	66.5	0.7		Balanced		5.1	-6.9	-7.3	-1.6	16.2	11.6	6.0	-1.8	-1.9
16	Hamilton-Burlington	16	0	72.3	0.6		Balanced		-7.4	10.1	10.1	1.9	6.3	4.9	-2.8	-4.9	-0.4
17	Vancouver	20	↑ 3	65.4	0.5		Balanced		3.7	40.9	2.5	-1.1	-4.4	-5.6	6.9	-7.4	-3.3
18	Okanagan-Mainline (Kelowna)	21	↑ 3	57.8	0.5		Balanced		-0.6	8.5	-2.2	-10.5	3.2	0.6	1.4	-8.3	-3.6
19	Peterborough	11	↓ 8	60.2	0.4		Balanced		-4.2	8.5	2.9	-0.3	9.5	7.4	19.2	11.7	6.8
20	Guelph	17	↓ 3	70.9	0.3		Balanced		-15.2	10.2	7.9	2.7	8.5	7.5	-5.3	4.2	5.2
21	Barrie	23	↑ 2	69.9	0.2		Balanced		-8.5	20.0	16.1	4.1	6.0	4.3	-15.8	-2.1	-1.1
22	Victoria	22	0	63.9	0.1		Balanced		-4.7	11.8	1.8	-4.4	-1.3	-1.9	4.4	2.1	3.5
23	Quebec City	25	↑ 2	60.9	-0.1		Balanced		2.2	23.2	16.2	-3.0	0.7	1.3	-1.5	5.9	3.9
24	Brantford	12	↓ 12	58.3	-0.1		Balanced		-15.1	20.4	14.7	-0.1	9.7	7.9	12.0	10.7	12.1
25	Winnipeg	27	↑ 2	59.9	-0.1		Balanced		1.6	10.6	7.1	-1.6	0.3	0.6	-10.0	9.4	7.4
26	Lethbridge	24	↓ 2	51.7	-0.4		Balanced		-8.2	1.7	0.9	-15.5	2.4	3.1	-0.3	-6.5	-4.2
27	Regina	31	↑ 4	55.2	-0.5		Balanced		32.1	4.0	2.5	-0.5	-1.4	-1.5	-3.3	-6.9	-9.0
28	Calgary	29	↑ 1	51.3	-0.6		Balanced		4.6	6.6	2.0	0.4	-2.6	-3.5	3.2	-6.3	-9.9
29	NL (St. John's)	26	↓ 3	37.7	-0.7		Balanced		-8.6	14.9	9.6	-3.9	-2.7	-2.9	2.6	-1.8	-1.4
30	Edmonton	30	0	46.6	-0.9		Balanced		0.4	3.7	0.2	0.8	-1.8	-2.8	3.1	-5.1	-7.9
31	Saskatoon	28	↓ 3	43.4	-0.9		Balanced		3.6	3.3	5.5	-0.3	0.0	-1.3	11.3	-0.1	-2.0

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 1990-2019 mean. ³ Year-over-year percentage change. * Kitchener-Waterloo. Sources: Scotiabank Economics, CREA.

MLS Home Price Indices

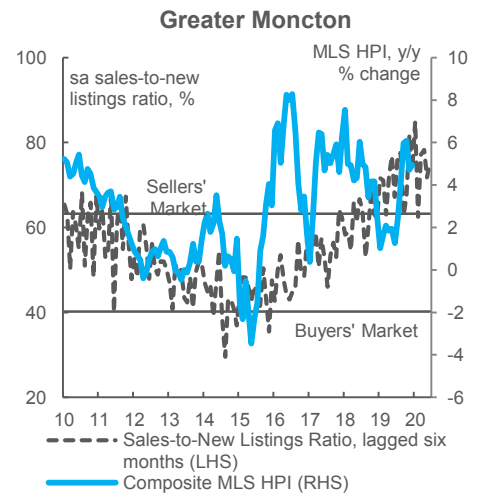
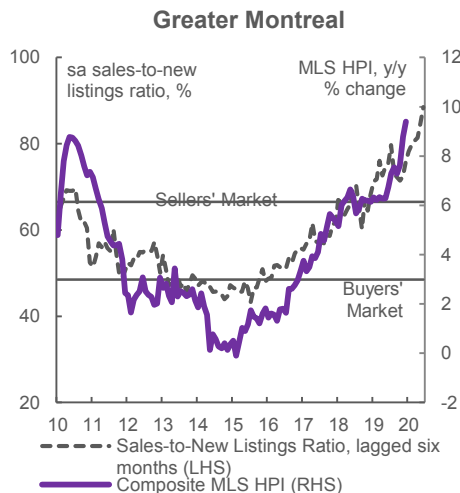
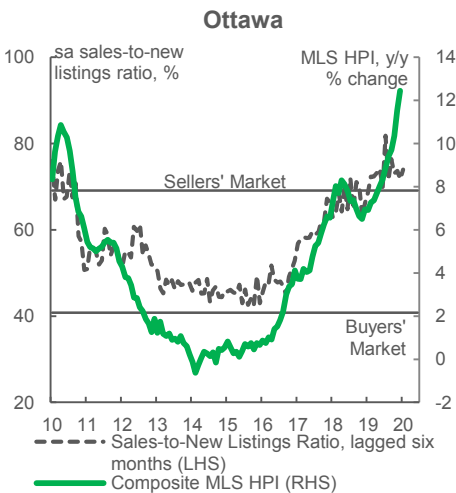
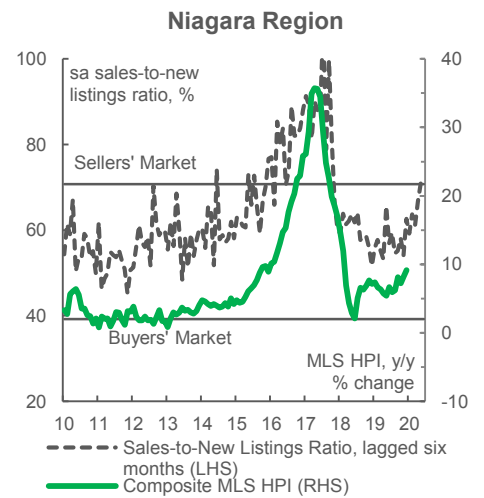
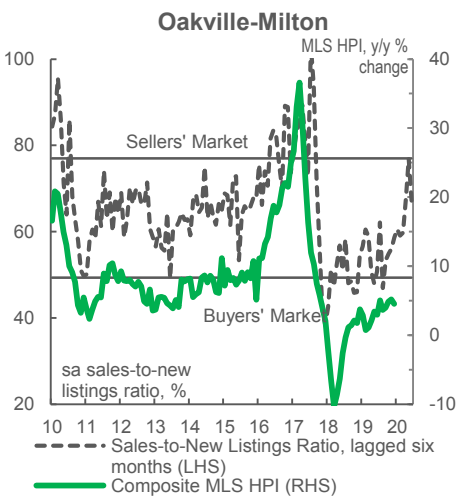
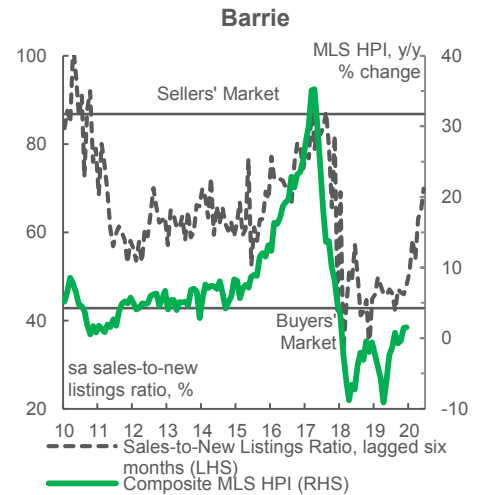
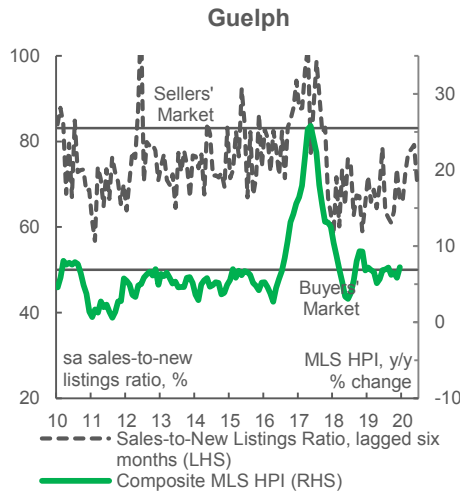
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

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