

Canadian Home Sales — February

HOUSING MARKETS STRENGTHEN AS WE AWAIT VIRUS IMPACTS

SUMMARY

Canadian Real Estate Association data revealed a national-level 5.9% (sa m/m) jump in home sales in February 2020. New listings rose by an even stronger 7.3% (sa m/m); that lowered the national sales-to-new listings ratio to 64%, a rate indicative of roughly balanced supply-demand conditions. Twelve of the 31 major cities for which we have data reported sellers' market conditions, with another 18 balanced and only one—Regina—in buyers' territory. Despite looser supply-demand conditions, the aggregate MLS Home Price Index (HPI) grew by 5.9% (nsa y/y)—its steepest monthly climb in two years.

Montreal remained Canada's tightest market according to our rankings, but a solid 3.3% (sa m/m) rise in new listings lowered its sales-to-new listings ratio for the first time since May 2019. Ottawa, London, Windsor, and major New Brunswick cities stayed sellers' markets, while sales surges in St. John's and Quebec City put those cities into that category for the time being. MLS HPI gains were the strongest since 2005 in Montreal (+10.4% nsa y/y), and set another record in Ottawa (+14.7% nsa y/y).

Toronto witnessed a robust 14.9% increase in home sales last month, and a 15.6% rise in new listings (both sa m/m). It was the second consecutive month in balanced territory for the city. Purchase volumes generally rose in the Greater Golden Horseshoe (GGH) region, and were met with accelerating HPI gains in the range of 10% (nsa y/y) in most centres.

Okanagan-Mainline was the only real estate board in Southern BC not to report rising home sales in February; for Vancouver, a 2% climb was good news after the prior month's weather-induced 18% plunge. New listings activity was mixed, while HPIs continued to accelerate. Of particular note was Vancouver's 0.3% (nsa y/y) gain—its first y/y MLS HPI expansion since October 2018.

All six cities in the net oil-producing regions saw home sales gains last month; listings only fell in Saskatoon. The pace of MLS HPI decline continued to improve ever so modestly in Edmonton and Calgary—both saw the softest y/y falls since May 2018—while Saskatoon's index rose for the first time in more than four years.

IMPLICATIONS

New listings gains in February suggest some response on the part of sellers to the prior months' stronger pricing environment, and reinforce the idea that limited availability had weakened sales activity. Some marginal sellers may have also moved early in anticipation of a broad-based COVID-19-related sales slowdown.

Over the near-term, regional fundamentals will take a backseat to all things COVID-19. While there is a paucity of economic data that reflect the virus' effects outside of China, we expect a dip in sales activity and cooling price gains during the spring and summer home buying seasons. We then look for a strong rebound beyond Q3 as virus concerns ease and with interest rates near record lows.

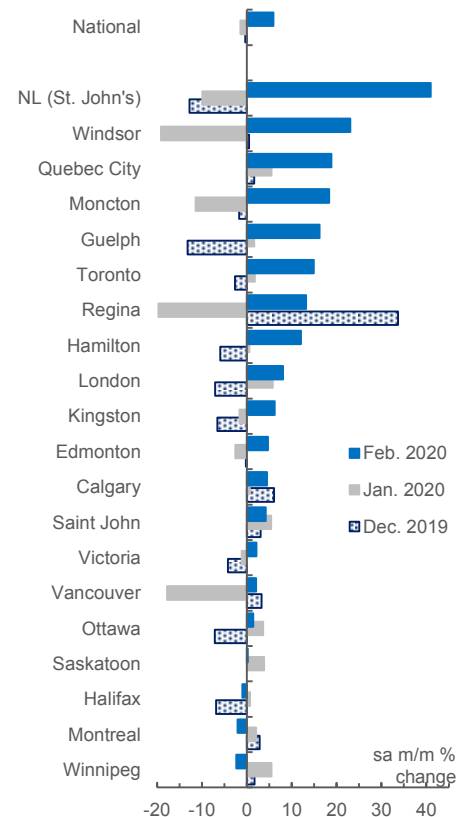
CONTACTS

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Canada	Feb-20	Jan-20	Jan-20
	m/m ¹	m/m ¹	y/y
Sales (% change)	5.9	-1.4	26.9
New listings (% change)	7.3	2.2	7.5
Average price (% change)	1.7	0.4	13.2
MLS HPI (% change) ²	1.6	0.8	5.9
	Feb-20	Jan-20	Feb-19
Sales-to-new listings ratio (level) ¹	64.0	64.9	53.8
Months inventory (level) ¹	4.1	4.2	5.6
















































































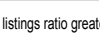


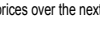












¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Scotiabank Housing Market Watch—February 2020

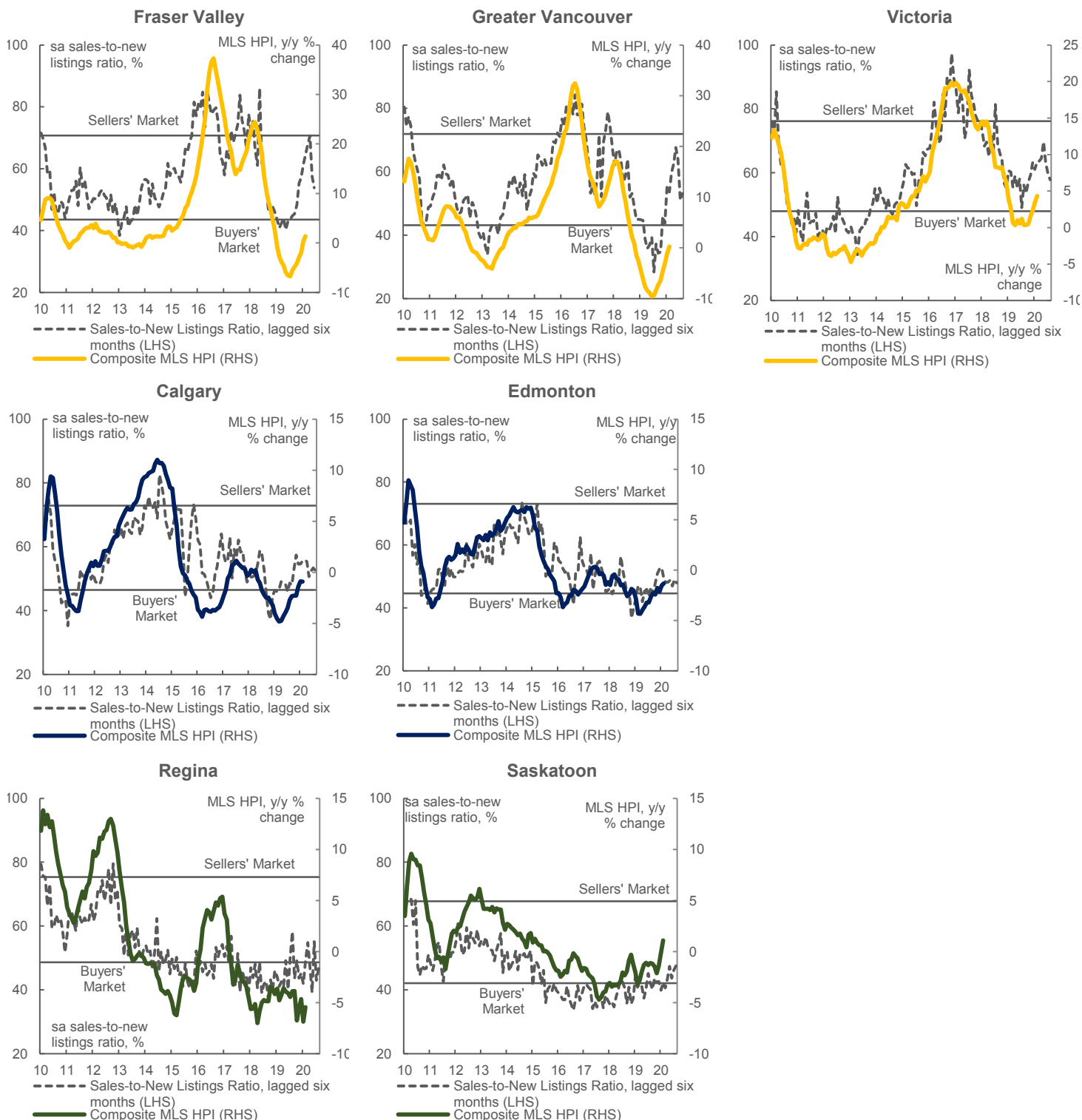
Rank ¹	Real Estate Board	Last Month Rank	Monthly Change	Sales-to-New Listings Ratio			Market Type	24-month Evolution	Unit Sales ³			Avg. Sales Prices ³			New Listings ³		
				Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean ²				Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.
--	National	--	--	64.0	1.0		Balanced		5.9	21.1	9.4	1.7	10.7	5.2	7.3	-1.7	-2.3
1	Montreal	1	 0	91.0	4.8		Sellers'		-2.1	21.9	11.7	1.7	11.5	7.3	3.3	-5.6	-3.2
2	Ottawa	4	 2	85.1	3.2		Sellers'		1.4	8.4	6.4	7.0	16.3	10.9	18.6	-13.8	-5.2
3	Moncton	3	 0	80.4	3.0		Sellers'		18.4	18.0	16.9	2.4	8.0	5.2	19.3	5.7	7.0
4	Saint John	2	 2	71.4	2.3		Sellers'		4.2	27.2	14.0	-0.7	4.3	0.5	41.4	0.0	-1.0
5	London	5	 0	77.1	1.8		Sellers'		8.1	13.8	4.3	-0.3	13.9	11.4	4.4	12.4	6.5
6	Quebec City	18	 12	82.3	1.7		Sellers'		18.9	35.4	20.7	0.7	0.9	1.4	-4.9	2.1	4.6
7	Sudbury	7	 0	70.7	1.6		Sellers'		39.3	15.8	6.3	1.9	9.3	4.5	31.9	4.5	-5.3
8	Peterborough	15	 7	73.5	1.3		Sellers'		16.7	18.4	3.9	0.3	15.7	8.9	0.9	11.9	7.1
9	Halifax	6	 3	79.6	1.1		Sellers'		-1.0	19.8	14.7	-1.1	9.5	8.3	7.8	0.8	-5.2
10	NL (St. John's)	25	 15	58.7	1.1		Sellers'		41.0	18.5	14.5	2.8	-5.2	-3.2	0.8	-20.7	-5.3
11	Windsor	13	 2	66.8	1.0		Sellers'		23.1	0.8	3.2	1.7	17.7	13.6	14.7	1.4	10.8
12	Kingston	10	 2	65.0	1.0		Sellers'		6.2	3.3	1.0	5.1	15.5	10.6	2.0	1.2	-0.2
13	KW*	9	 4	72.9	0.8		Balanced		17.6	6.3	2.6	0.2	16.1	11.2	20.0	-11.9	-5.3
14	Guelph	19	 5	77.6	0.7		Balanced		16.2	20.2	11.4	9.9	9.8	7.6	7.6	-0.1	3.9
15	Toronto	14	 1	64.1	0.6		Balanced		14.9	26.7	16.2	3.1	13.5	6.2	15.6	-6.8	-3.1
16	Brantford	16	 0	69.3	0.6		Balanced		-2.0	16.8	15.4	2.6	13.6	9.7	-3.7	20.5	11.1
17	PEI (Charlottetown)	12	 5	65.1	0.5		Balanced		-1.2	13.0	-4.2	14.7	24.7	15.9	6.5	12.5	1.4
18	Hamilton-Burlington	17	 1	69.4	0.5		Balanced		12.1	16.3	12.3	1.0	11.9	6.7	11.1	-4.0	-2.5
19	Lethbridge	22	 3	63.9	0.5		Balanced		8.7	13.1	3.5	-0.9	-5.9	2.2	-2.7	-5.0	-6.9
20	St. Catharines	11	 9	61.4	0.4		Balanced		3.4	19.5	11.8	-0.4	20.8	12.2	11.1	0.7	2.6
21	Okanagan-Mainline (Kelowna)	20	 1	53.7	0.1		Balanced		-6.5	16.6	2.1	0.2	7.8	3.1	-1.3	-9.1	-6.5
22	Thunder Bay	8	 14	60.6	-0.1		Balanced		-7.7	1.2	-0.1	-3.0	-3.4	1.9	16.3	-4.0	1.5
23	Winnipeg	24	 1	59.4	-0.1		Balanced		-2.4	15.5	7.4	-4.6	0.0	0.5	-5.2	8.4	7.7
24	Barrie	26	 2	59.8	-0.2		Balanced		24.9	35.5	20.5	-0.8	7.8	5.6	14.7	0.3	-0.5
25	Fraser Valley (Abbotsford)	21	 4	53.9	-0.3		Balanced		9.0	37.2	8.1	-0.2	11.0	0.0	16.6	-1.6	-7.2
26	Victoria	23	 3	57.8	-0.3		Balanced		2.2	23.3	8.1	-6.1	5.5	0.1	5.3	14.3	4.8
27	Vancouver	27	 0	53.1	-0.3		Balanced		2.0	56.5	13.7	0.9	0.9	-4.0	-2.0	-6.1	-6.0
28	Calgary	28	 0	52.5	-0.6		Balanced		4.5	14.6	5.7	-1.2	-0.5	-2.9	6.3	2.7	-9.2
29	Saskatoon	30	 1	47.5	-0.6		Balanced		0.2	10.4	5.7	-3.3	-0.8	-0.4	-2.5	0.4	-1.4
30	Edmonton	29	 1	47.9	-0.8		Balanced		4.7	5.3	2.1	-0.8	1.3	-1.4	7.2	-1.1	-7.7
31	Regina	31	 0	46.9	-1.2		Buyers'		13.2	1.1	1.1	1.2	-3.1	-2.2	3.7	3.1	-5.4

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

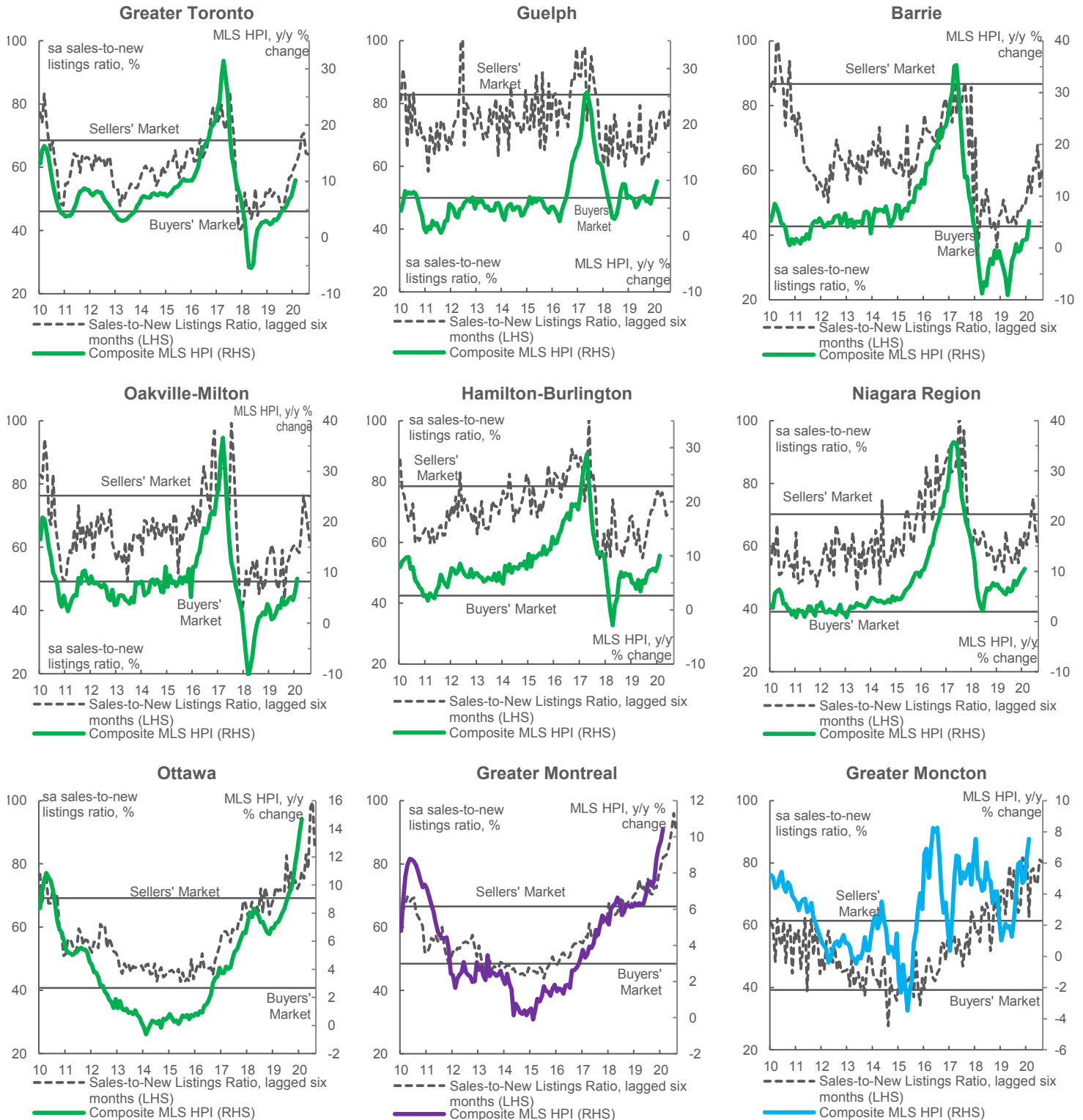
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

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