

Canadian Home Sales — March

HOUSING MARKET BEGINS ITS DESCENT

SUMMARY

Canadian home sales plunged 14.3% in the first month that COVID-19-related lockdowns and social distancing measures took effect, while listings plummeted 12.5% (both sa m/m). Both figures represented the worst national-level declines since stricter mortgage qualification tests were introduced in January 2018. As such, the sales-to-new listings ratio declined modestly, and continued to indicate roughly balanced supply-demand conditions. The aggregate MLS Home Price Index (HPI) rose by 6.9% (nsa y/y)—slightly stronger than the gains witnessed in February—likely due to some supply-demand tightness in the preceding months.

Sales and listings weakness was broad-based. With the exception of Regina, home purchases fell in every city for which we have data. For new listings, only the Kelowna area saw an increase, and it was modest, at 0.5% (sa m/m).

Changes in our rankings of local market tightness reflected the relative magnitude of sales and listings declines rather than any resilience or susceptibility to COVID-19 containment measures. Moncton, for instance, claimed the top spot in March because its 31% (sa m/m) plunge in listings far exceeded a more modest fall in home sales. On the other hand, Edmonton witnessed hefty declines in both sales and listings, but the latter outstripped the former, so it fell to the number 31 spot.

MLS HPI gains accelerated in most centres. The pickup was modest in most cases. Ottawa, Montreal, and cities in Ontario's Greater Golden Horseshoe experienced the strongest advances.

IMPLICATIONS

Virus-led shutdowns and social distancing measures only took effect mid-month in most of the country, but still weighed heavily on March sales, listings, and prices. That was somewhat surprising given that a few early releases from local real estate boards indicated strong sales in the early weeks of March. Nevertheless, April is the first full month under lockdown, and will unquestionably show a much more pronounced—perhaps even historic—decline in sales and listings activity.

With respect to affordability, the most likely outcome in most centres in the coming months is a flat-lining of prices, as both sales and new listings grind to a virtual standstill. For markets with momentum, such as Montreal, Toronto, and Ottawa, that means more modest price pressures than we would have expected otherwise.

Every major market should witness a significant downturn in housing activity during the second quarter of this year, but pre-pandemic regional disparities will affect the speed of recovery. Cities beginning lockdowns with sales and price momentum are in a position to unleash pent-up demand as restrictions are eased. Meanwhile, centres in net oil-producing provinces are still grappling with extended economic recoveries and overhangs of unsold units accrued since the last commodity price downturn. Home buying in those markets should take more time to normalize.

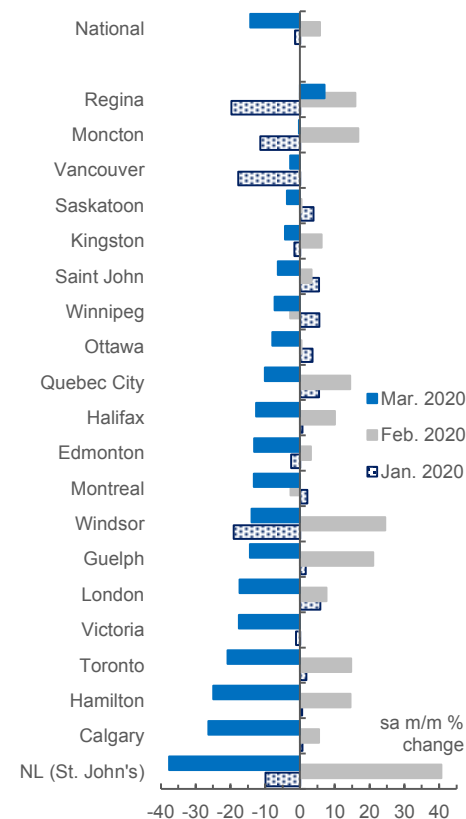
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Canada	Mar-20	Feb-20	Mar-20
	m/m ¹	m/m ¹	y/y
Sales (% change)	-14.3	5.7	7.8
New listings (% change)	-12.5	4.9	-9.1
Average price (% change)	-0.1	1.4	11.2
MLS HPI (% change) ²	1.9	1.5	6.9
	Mar-20	Feb-20	Mar-19
Sales-to-new listings ratio (level) ¹	64.0	65.4	54.2
Months inventory (level) ¹	4.3	3.8	5.5

























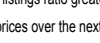







¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Scotiabank Housing Market Watch—March 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	I I	Balanced		-14.3	15.2	10.6	-0.1	11.7	6.1	-12.5	-4.4	-2.8
1	Moncton	2	↑ 1	116.4	6.5	I I	Sellers'		-0.3	15.3	17.2	3.6	8.7	6.4	-31.0	-12.1	3.3
2	Montreal	1	↓ 1	96.1	5.5	I I	Sellers'		-13.3	13.3	12.2	-1.1	11.8	7.6	-18.0	-12.1	-5.2
3	Saint John	4	↑ 1	93.6	4.4	I I	Sellers'		-6.4	25.1	13.5	2.0	5.9	0.8	-30.4	-2.9	-1.6
4	Quebec City	7	↑ 3	97.0	3.0	I I	Sellers'		-10.1	33.9	24.1	0.7	2.3	1.1	-26.1	-7.1	2.3
5	Ottawa	3	↓ 2	84.9	2.3	I I	Sellers'		-7.9	3.4	7.3	-1.8	19.1	11.9	-5.8	-10.9	-3.9
6	Sudbury	6	→ 0	75.0	1.9	I I	Sellers'		-15.5	7.1	7.3	7.6	15.0	6.6	-19.3	0.0	-3.7
7	PEI (Charlottetown)	20	↑ 13	93.8	1.6	I I	Sellers'		-12.3	10.1	-2.4	-0.4	21.6	15.5	-41.6	-6.8	-0.1
8	Halifax	8	→ 0	88.3	1.6	I I	Sellers'		-12.7	17.4	15.8	3.0	6.8	7.5	-14.0	0.2	-3.6
9	London	5	↓ 4	67.7	1.1	I I	Sellers'		-17.4	12.1	4.8	-0.2	12.5	11.4	-5.1	13.4	6.7
10	Peterborough	9	↓ 1	70.0	1.0	I I	Sellers'		-18.3	14.3	4.8	-8.5	9.4	8.4	-11.9	5.2	7.2
11	Kingston	12	↑ 1	62.7	0.9	I I	Balanced		-4.3	3.0	2.8	-3.4	13.5	10.4	-1.0	4.7	2.1
12	KW*	11	↓ 1	69.6	0.6	I I	Balanced		-13.9	12.7	4.5	1.3	15.5	12.1	-5.2	-0.6	-4.3
13	Windsor	10	↓ 3	61.4	0.6	I I	Balanced		-13.9	-4.2	2.9	-11.1	17.1	12.6	-5.2	6.4	11.3
14	Brantford	17	↑ 3	65.3	0.3	I I	Balanced		-9.5	7.7	12.5	0.7	13.4	11.2	-3.3	-0.9	6.6
15	Thunder Bay	23	↑ 8	64.3	0.3	I I	Balanced		-12.6	-8.4	-1.4	-0.1	-3.2	1.1	-17.2	-8.5	0.6
16	Guelph	14	↓ 2	70.1	0.2	I I	Balanced		-14.4	23.4	12.9	-5.5	11.6	8.6	-2.1	3.1	4.6
17	Hamilton-Burlington	18	↑ 1	62.1	0.1	I I	Balanced		-24.9	11.7	11.8	0.7	14.3	7.5	-14.7	-5.3	-3.6
18	St. Catharines	19	↑ 1	55.9	0.1	I I	Balanced		-27.2	9.5	11.1	-3.6	18.4	13.2	-19.2	-1.3	1.7
19	Winnipeg	24	↑ 5	60.9	0.0	I I	Balanced		-7.3	10.8	7.9	3.7	0.6	0.7	-7.6	4.8	7.0
20	Fraser Valley (Abbotsford)	27	↑ 7	56.5	-0.1	I I	Balanced		-13.6	24.6	12.8	0.4	10.7	1.0	-17.3	-3.0	-7.7
21	Okanagan-Mainline (Kelowna)	21	→ 0	50.8	-0.1	I I	Balanced		-5.2	7.2	3.2	-1.2	9.0	3.8	0.5	-6.8	-6.0
22	Vancouver	26	↑ 4	55.7	-0.1	I I	Balanced		-2.9	45.1	21.3	7.4	5.0	-2.9	-4.6	-9.9	-7.7
23	Toronto	16	↓ 7	55.5	-0.2	I I	Balanced		-20.8	22.4	17.3	-1.1	14.5	7.3	-7.5	-1.2	-2.3
24	Lethbridge	15	↓ 9	54.5	-0.2	I I	Balanced		-24.3	10.5	2.3	-3.9	0.0	2.0	-5.9	-5.4	-6.6
25	Victoria	22	↓ 3	59.4	-0.2	I I	Balanced		-17.6	12.6	8.5	5.0	9.2	1.2	-12.4	3.0	2.5
26	Saskatoon	29	↑ 3	51.9	-0.3	I I	Balanced		-3.7	8.5	6.0	9.3	2.1	0.6	-8.9	-7.6	-3.5
27	Calgary	28	↑ 1	54.0	-0.4	I I	Balanced		-26.3	5.2	5.1	-1.9	-1.5	-2.8	-25.3	-5.3	-9.8
28	NL (St. John's)	13	↓ 15	40.4	-0.5	I I	Balanced		-37.7	1.5	11.6	-0.1	-3.4	-3.0	-11.3	-25.5	-6.3
29	Regina	31	↑ 2	55.8	-0.5	I I	Balanced		7.1	-3.7	1.1	2.8	1.1	-1.3	-6.3	-5.0	-6.7
30	Barrie	25	↓ 5	53.6	-0.5	I I	Balanced		-26.9	30.5	21.1	-0.1	5.9	5.7	-13.6	4.0	0.0
31	Edmonton	30	↓ 1	48.8	-0.7	I I	Balanced		-13.2	1.5	3.0	-3.3	0.3	-1.7	-9.2	-8.2	-8.1

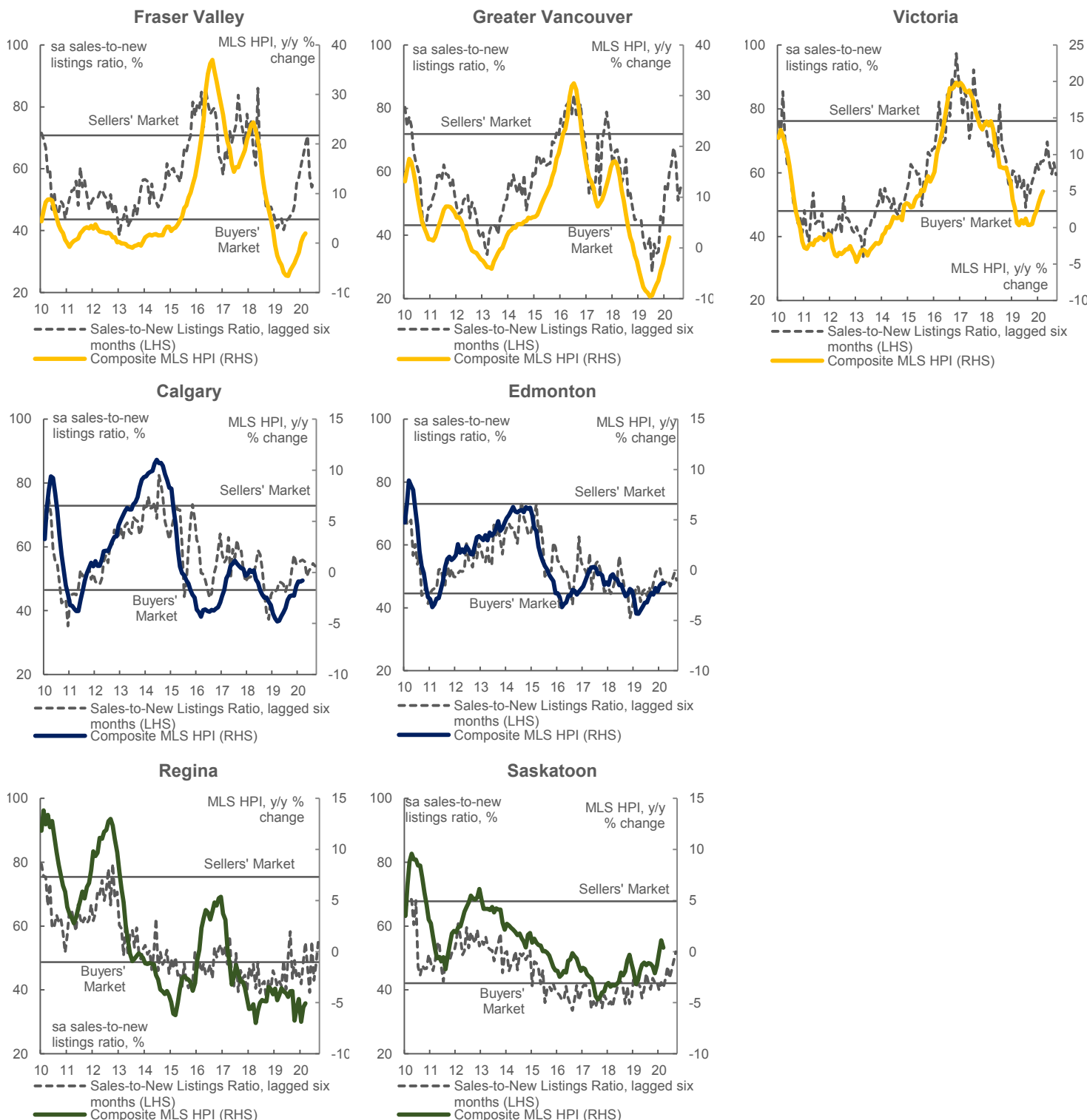
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A

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

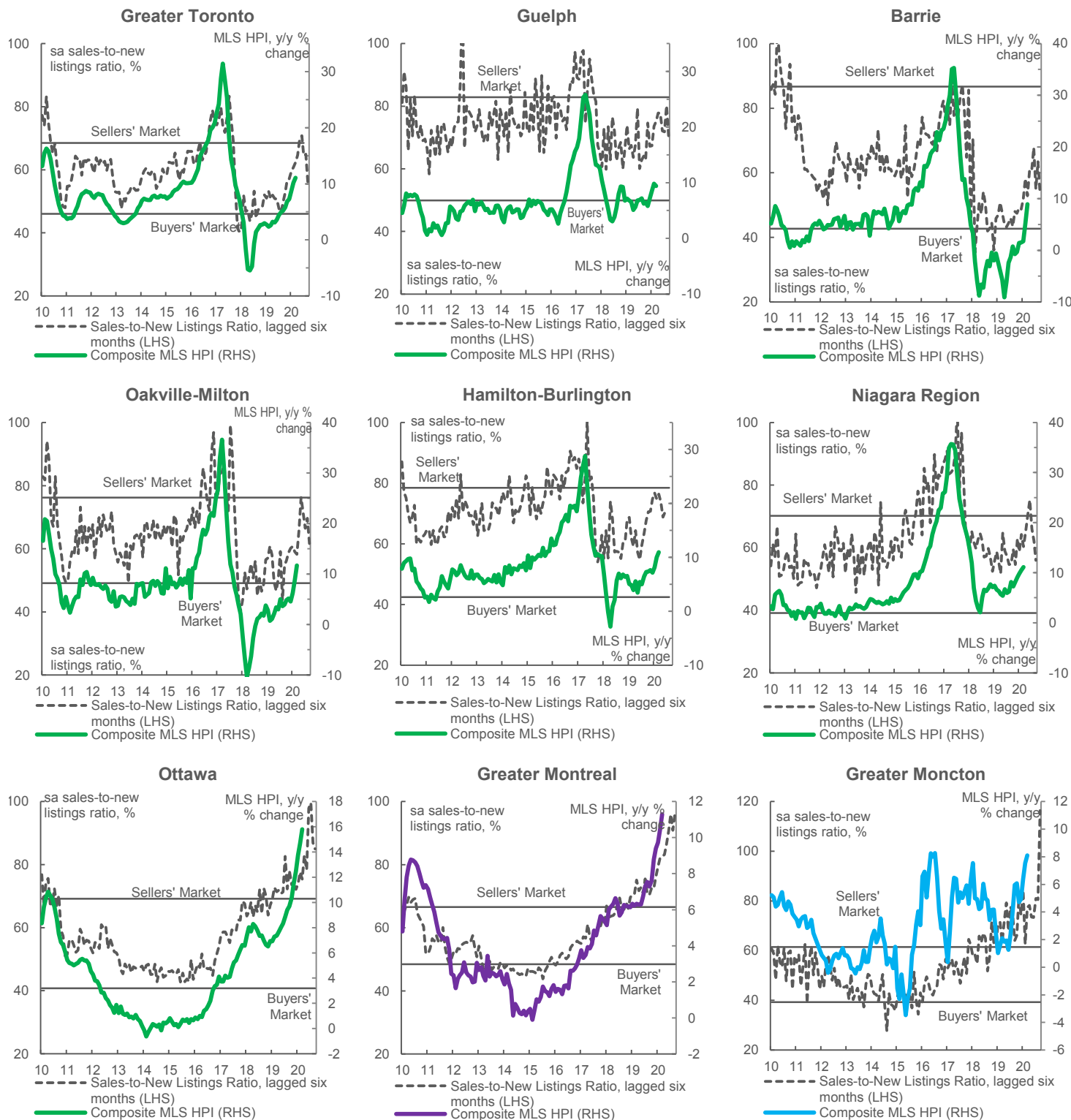
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

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