

Canadian Home Sales — April

COVID-19 LOCKDOWNS HAMMER HOUSING MARKET

SUMMARY

In yet another sign of the depth of the COVID-19 economic downturn, Canadian home purchases and new listings both nosedived almost 60% (sa m/m) in April according to the latest data from the Canadian Real Estate Association. As such, the 62.4% national sales-to-new listings was in line with the prior month's mark, and the composite MLS Home Price Index (HPI) was even with year-ago levels.

Of the 31 centres for which we maintain data, 25 witnessed record monthly declines in both sales and new listings in April. Ten cities reported sales-to-new listings normally indicative of conditions favouring sellers, with four in buyers' market territory. Once again, however, ratios reflected the relative magnitude of sales and listings declines rather than any resilience or susceptibility to the damage caused by the pandemic. For instance, Thunder Bay surged to the top of our rankings because its record 72% (sa m/m) drop in new listings dominated a near-record 36.7% plunge in home purchases. It was a similar story for cities such as Sudbury, Saint John, and Calgary, while markets such as Toronto, Vancouver, and Halifax loosened as a result of more pronounced sales declines.

After the lingering effects of pre-virus market tightness helped sustain some home value appreciation in March, price gains as measured by the MLS HPI broadly stabilized in April. Centres witnessing easing home price growth were concentrated in Southern BC and Ontario's Greater Golden Horseshoe, consistent with April's sales-to-new listings reading.

IMPLICATIONS

Cratering housing market activity was largely expected given that April was the first full month with COVID-19 restrictions in place. With most provinces initiating plans to gradually lift lockdown measures, we expect some improvement in sales activity come May. By **Q3-2020**, further reopening should support a recovery in home buying, prices, and residential construction across much of the country.

Still, we anticipate that pre-pandemic regional disparities will affect the relative speed of recovery. Cities beginning lockdowns with sales and price momentum are better positioned for a release of pent-up demand as their economies reopen. On the other hand, centres in the net oil-producing provinces entered the COVID-19 downturn with a significant stock of unabsorbed housing units. Those markets will likely take more time to recover given initial supply-demand conditions and the prospect of extended economic weakness brought about by the drop in commodity prices.

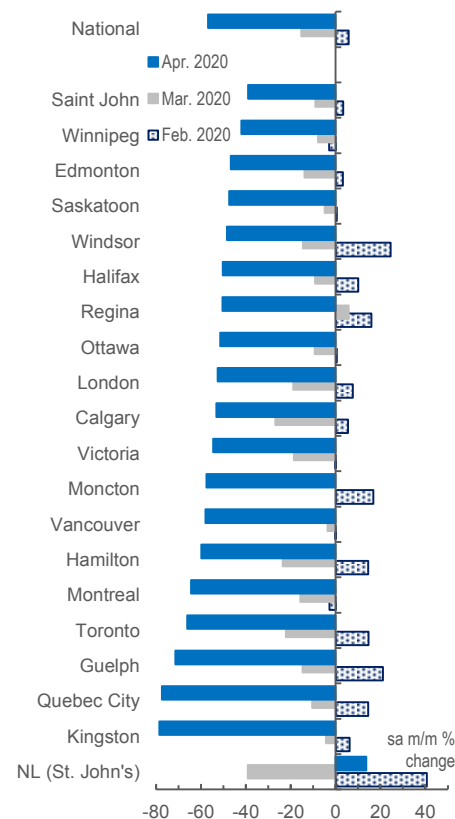
CONTACTS

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

Canada	Apr-20	Mar-20	Apr-20
	m/m ¹	m/m ¹	y/y
Sales (% change)	-56.8	-15.2	-57.6
New listings (% change)	-55.7	-13.5	-59.5
Average price (% change)	-10.9	-0.1	-0.5
MLS HPI (% change) ²	0.1	1.8	6.4
	Apr-20	Mar-20	Apr-19
Sales-to-new listings ratio (level) ¹	62.4	64.0	55.8
Months inventory (level) ¹	9.2	4.3	5.2

































¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Scotiabank Housing Market Watch—April 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	--	--	62.4	0.8		Balanced		-56.8	-13.9	4.0	-10.9	7.9	5.9	-55.7	-24.7	-9.3
1	Thunder Bay	15	↑ 14	147.6	7.6		Sellers'		-36.7	-25.6	-4.9	1.2	-0.4	0.5	-72.0	-36.3	-8.1
2	Montreal	2	→ 0	97.6	5.7		Sellers'		-64.4	-17.5	2.5	-0.1	11.0	7.7	-65.7	-32.0	-12.0
3	Saint John	3	→ 0	102.5	5.3		Sellers'		-39.0	3.1	10.5	-10.2	-0.5	0.6	-43.6	-26.7	-6.7
4	Moncton	1	↓ 3	91.4	4.1		Sellers'		-57.5	-5.8	13.0	-0.8	9.0	6.2	-44.0	-35.4	-4.3
5	NL (St. John's)	30	↑ 25	83.9	3.2		Sellers'		13.6	-6.6	8.1	-0.3	-0.9	-3.0	-47.0	-38.9	-12.6
6	Sudbury	6	→ 0	81.5	2.4		Sellers'		-45.0	-9.8	5.0	-17.7	9.3	6.0	-49.1	-19.6	-8.0
7	Halifax	7	→ 0	101.0	2.3		Sellers'		-50.3	-9.5	9.4	-5.8	5.6	7.8	-53.8	-24.5	-9.9
8	Ottawa	5	↓ 3	78.2	1.8		Sellers'		-51.5	-21.4	0.9	-9.6	14.8	11.7	-47.2	-27.8	-9.8
9	PEI (Charlottetown)	8	↓ 1	92.1	1.6		Sellers'		-36.3	-19.1	-5.4	-11.2	15.3	15.7	-36.1	-32.6	-6.8
10	Windsor	12	↑ 2	67.4	1.1		Sellers'		-48.4	-20.3	-3.4	-5.8	9.6	11.7	-52.8	-15.9	2.8
11	London	10	↓ 1	66.1	1.0		Balanced		-52.5	-16.2	-2.0	-6.2	7.8	10.1	-51.6	-12.6	0.3
12	Calgary	27	↑ 15	63.4	0.3		Balanced		-53.1	-22.3	-1.1	-4.4	-4.0	-3.1	-60.5	-22.7	-13.6
13	Quebec City	4	↓ 9	60.4	-0.1		Balanced		-77.4	3.7	15.8	-2.7	1.7	1.2	-63.6	-32.5	-6.4
14	Hamilton-Burlington	17	↑ 3	58.2	-0.1		Balanced		-59.8	-17.7	3.7	-7.7	11.3	7.6	-56.1	-24.8	-10.2
15	Okanagan-Mainline (Kelowna)	22	↑ 7	50.0	-0.1		Balanced		-54.7	-22.5	-1.7	-3.1	5.4	3.5	-54.6	-23.3	-12.9
16	Brantford	14	↓ 2	56.8	-0.2		Balanced		-54.5	-16.3	5.1	-4.3	14.1	11.4	-45.4	-26.8	-0.3
17	Winnipeg	19	↑ 2	58.1	-0.2		Balanced		-42.0	-9.0	4.8	-0.2	-0.7	0.4	-38.9	-15.8	1.7
18	Fraser Valley (Abbotsford)	20	↑ 2	53.7	-0.3		Balanced		-54.8	-3.5	10.5	-1.1	8.6	2.6	-52.5	-21.5	-13.5
19	Edmonton	31	↑ 12	54.5	-0.3		Balanced		-46.6	-22.5	-3.0	-0.1	-2.9	-1.8	-52.8	-22.5	-12.9
20	KW*	13	↓ 7	54.6	-0.5		Balanced		-66.1	-14.3	-2.6	-2.8	12.5	11.7	-56.9	-17.5	-9.6
21	Vancouver	21	→ 0	50.2	-0.5		Balanced		-57.9	14.9	22.3	-6.2	6.0	-2.4	-53.1	-26.1	-13.9
22	Toronto	23	↑ 1	50.8	-0.6		Balanced		-66.2	-14.2	7.9	-11.8	10.3	7.2	-62.9	-23.9	-9.9
23	Regina	29	↑ 6	53.4	-0.7		Balanced		-50.4	-20.8	-7.2	-5.2	1.7	-1.0	-48.1	-24.5	-13.6
24	St. Catharines	18	↓ 6	42.6	-0.7		Balanced		-56.0	-22.8	1.7	-10.9	10.7	11.9	-43.3	-19.9	-5.5
25	Lethbridge	25	→ 0	45.7	-0.8		Balanced		-41.3	-13.2	-1.9	0.6	-0.8	1.0	-31.4	-13.5	-8.3
26	Saskatoon	26	→ 0	44.2	-0.9		Balanced		-47.4	-15.0	-0.6	-3.2	2.1	0.7	-38.9	-25.1	-8.1
27	Victoria	24	↓ 3	49.8	-0.9		Balanced		-54.5	-17.5	3.7	-7.3	4.2	1.1	-45.6	-19.8	-4.4
28	Barrie	28	→ 0	40.1	-1.1		Buyers'		-61.3	-1.7	12.5	-0.8	4.8	5.3	-47.8	-13.2	-5.9
29	Guelph	16	↓ 13	46.5	-1.2		Buyers'		-71.4	-12.1	4.6	-5.2	12.2	9.1	-56.6	-18.0	-4.2
30	Kingston	11	↓ 19	31.2	-1.3		Buyers'		-78.5	-24.1	-5.2	-1.2	10.5	9.7	-55.8	-22.2	-6.7
31	Peterborough	9	↓ 22	32.2	-1.5		Buyers'		-81.1	-12.2	1.8	5.5	6.2	8.2	-58.5	-22.8	-0.6

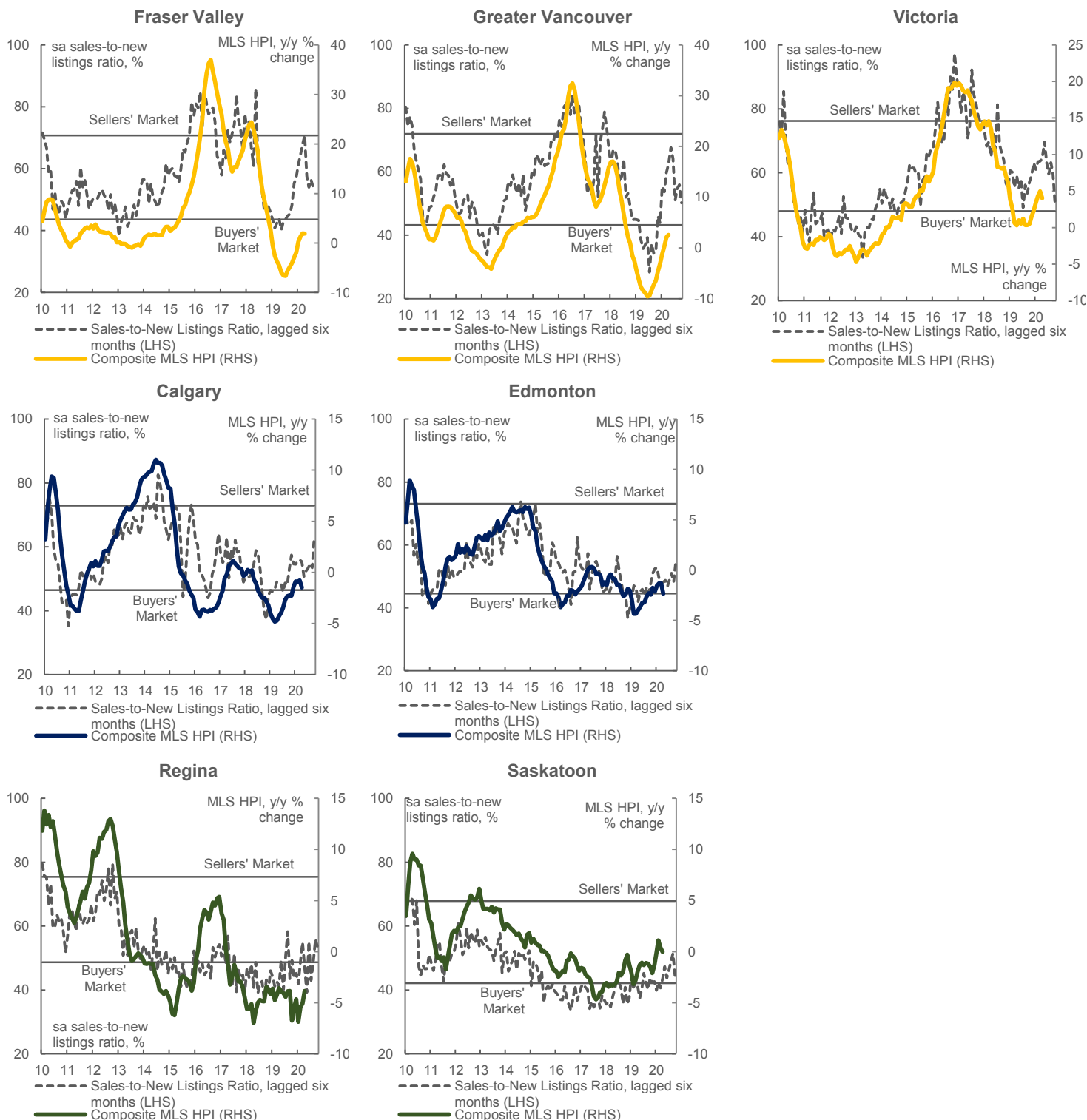
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A

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 1990–2019

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

MLS Home Price Indices

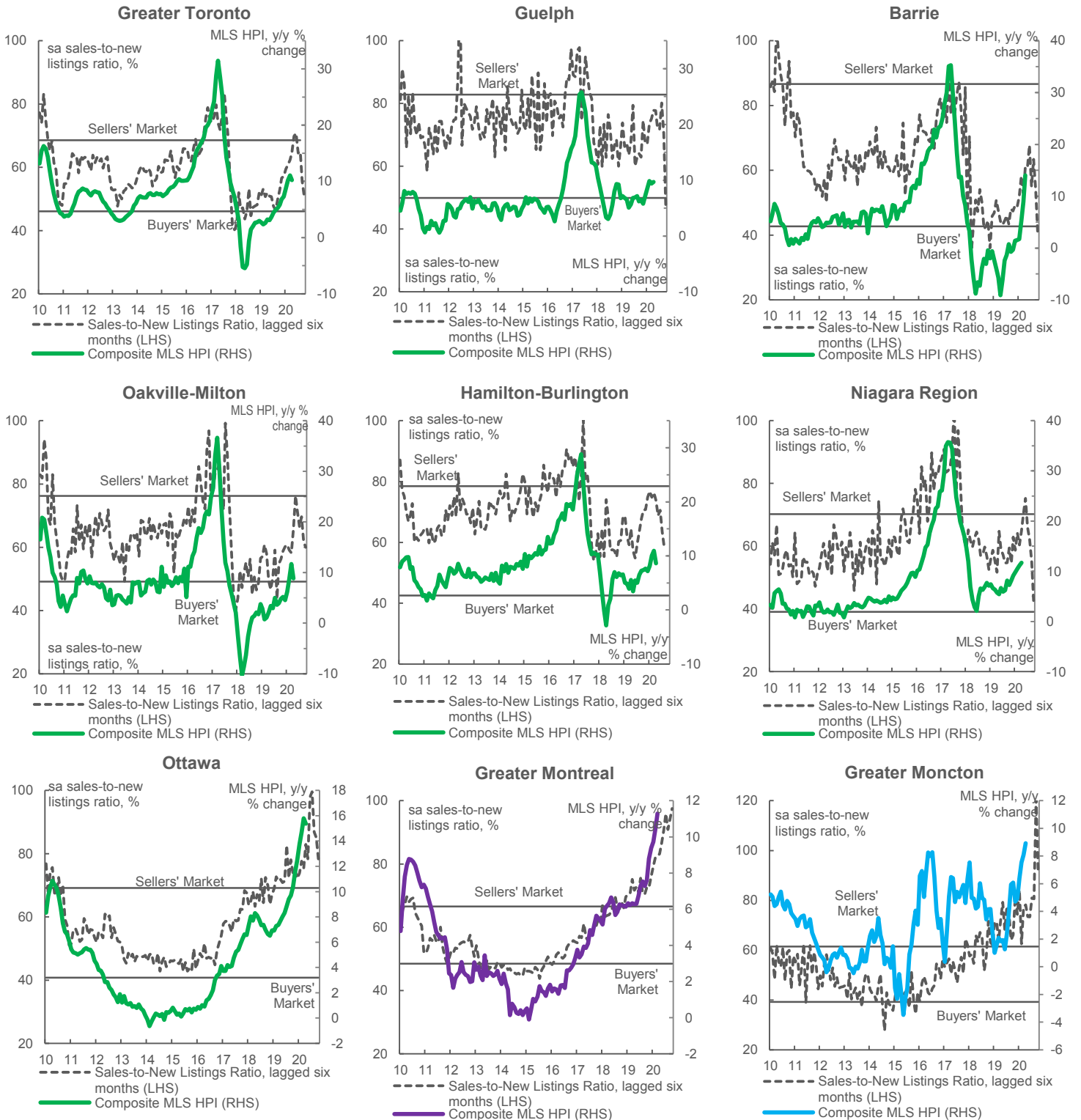
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

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