

Canadian Home Sales — June

HOUSING MARKET CONTINUES ITS REBOUND

SUMMARY

Canadian housing market activity continued to heat up in June amid ongoing easing of COVID-19 restrictions across the country, as repeat home sales and new listings surged 63.0% and 49.5% m/m sa, respectively. The relatively larger surge in sales lifted the national-level sales-to-new-listings ratio to 63.7%—a figure usually consistent with roughly balanced supply and demand conditions, but right on the cusp of sellers' market territory. The MLS Home Price Index (HPI) continued to climb at a steady pace of 5.4% nsa y/y, in line with gains since February.

Last month, 17 of the 31 cities for which we maintain data saw the rate of sales gains accelerate versus the prior month, and 12 witnessed record monthly percentage increases in home purchases. Edmonton, Regina, Saskatoon, Kingston, Thunder Bay, Quebec City, and Moncton have already recouped March–April losses, while Sudbury, Winnipeg, Victoria, and Okanagan-Mainline are within 5% of doing so. Though they have rebounded considerably since April's trough, sales in Toronto (-27%), Montreal (-9%), Vancouver (-15%), Ottawa (-12%), and Calgary (-6.5%) sat further below February levels. In Ontario's Greater Golden Horseshoe region, sales were generally 15–20% lower than five months ago.

New listings in some cities have bounced back slightly more strongly. Vancouver and Victoria have already made up losses incurred in March and April, as has Montreal and most major centres in the net oil-producing provinces. However, new listings in Ottawa were about 6% below February levels, and listings across centres in the Greater Golden Horseshoe generally sat 10–15% below where they were prior to the imposition of COVID-19 containment measures.

In June, twelve of the centres we monitor were technically in sellers' market territory, while only St. John's reported conditions favouring buyers, though ratios continued to largely reflect the timing of local lockdown imposition and easing. MLS HPI gains were generally consistent with those witnessed in recent months, though advances continued to slide somewhat in Toronto—from almost 11% nsa y/y in March to a still-solid y/y rate over 8% in June.

IMPLICATIONS

Further revival in housing activity was expected given continued easing of restrictions across Canada in June, as well as early signals from local real estate boards, but the strength of the recovery has surprised thus far. Though purchase volumes still sat below February 2020 levels in Canada's four largest cities, we expect further lockdown easing to continue to lift those markets in July. There is particularly strong upside for Ontario, which begins a new phase of its reopening this week. Anticipation of stricter mortgage qualification rules taking effect July 1st may have induced marginal buyers to pull purchases forward—an effect that could be unwound next month. However, consistently declining five-year mortgage rates—which sit at a three-year low—should continue to stimulate demand.

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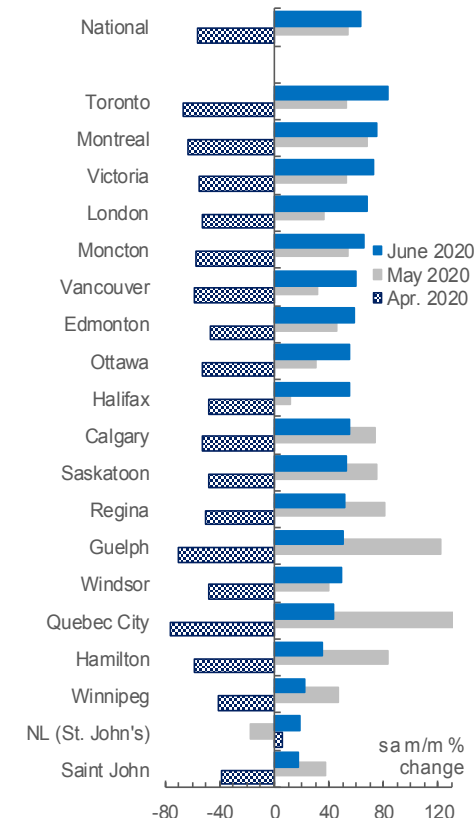
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Canada	Jun-20	May-20	Jun-19
	m/m ¹	m/m ¹	y/y
Sales (% change)	63.0	53.5	15.2
New listings (% change)	49.5	66.2	4.8
Average price (% change)	10.6	1.0	8.1
MLS HPI (% change) ²	0.2	0.1	5.4

	Jun-20	May-20	Jun-19
Sales-to-new listings ratio (level) ¹	63.7	58.5	58.2
Months inventory (level) ¹	3.6	5.8	5.0

¹ seasonally adjusted ² not seasonally adjusted

























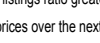







Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

Going forward, we generally expect housing market transactions to follow the course of the virus. To the extent that the Canadian labour market's recovery and regional re-openings proceed successfully, we suspect that sales will increasingly align with fundamentals. A second wave of COVID-19 and any related containment measures would undermine that trajectory. Persistent weakness in population growth—vis-à-vis border closures, travel restrictions, post-pandemic apprehension about migration, and the shift to online learning—continues to represent a key risk to the outlook. Unwinding of supports such as payment deferrals that have helped cushion the market against COVID-19's economic fallout will also need to be timed to balance fiscal sustainability and support for both homeowners and prospective buyers. If these measures are halted before the labour market makes a full recovery, an uptick in mortgage arrears and defaults could reasonably be expected (see report [here](#)).

Scotiabank Housing Market Watch—June 2020

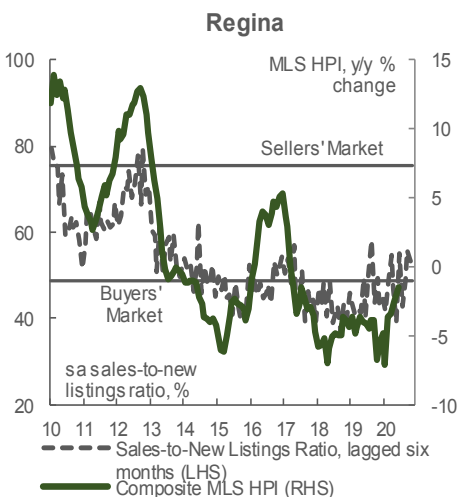
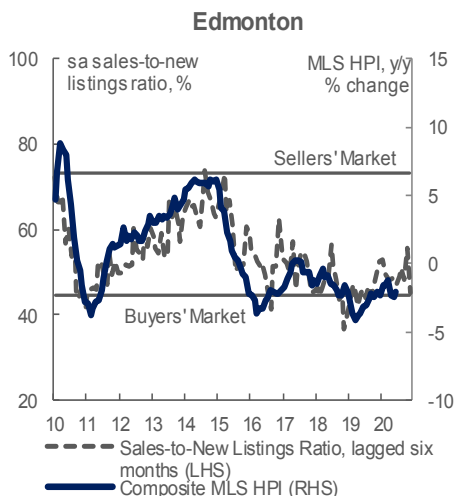
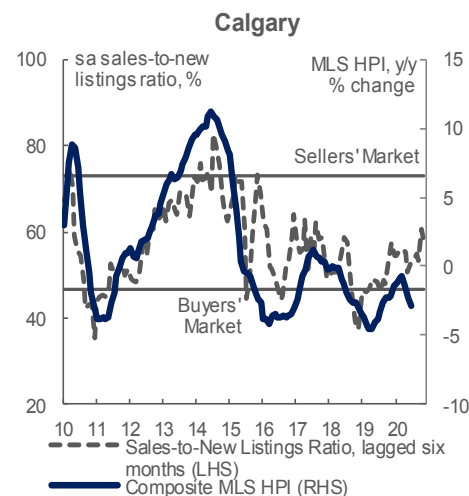
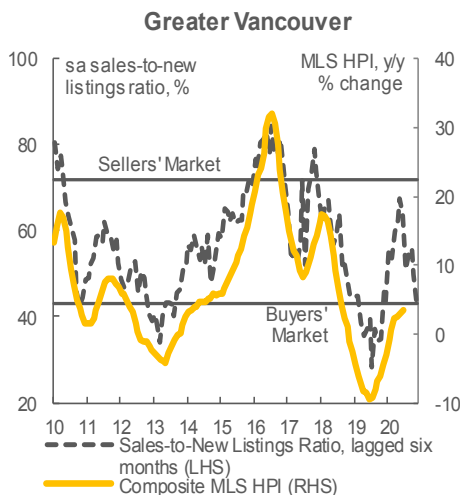
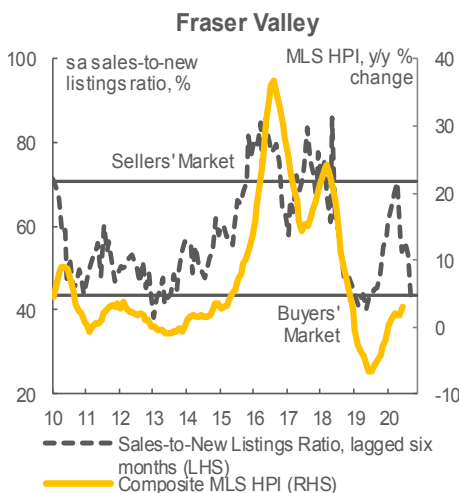
Rank ¹	Real Estate Board	Last Month Rank	Monthly Change	Sales-to-New Listings Ratio			Market Type	24-month Evolution	Unit Sales ³			Avg. Sales Prices ³			New Listings ³		
				Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean ²				Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.	Last month	Last 3 mos.	Last 12 mos.
--	National	--	--	63.7	1.0	I I I	Balanced		63.0	-27.8	0.1	10.6	2.9	6.2	49.5	-32.0	-12.4
1	Moncton	4	↑ 3	89.4	3.9	I I I	Sellers'		66.0	-21.1	5.3	3.4	8.7	7.2	29.5	-29.9	-7.9
2	Sudbury	5	↑ 3	91.5	3.1	I I I	Sellers'		53.9	-12.6	3.3	2.5	5.5	7.5	25.7	-30.7	-12.0
3	Saint John	2	↓ 1	77.9	2.9	I I I	Sellers'		17.3	-12.9	4.5	7.4	2.6	2.5	16.1	-35.2	-14.7
4	Quebec City	10	↑ 6	93.0	2.7	I I I	Sellers'		43.6	-10.9	15.6	1.0	0.1	0.9	16.7	-37.9	-9.1
5	Thunder Bay	17	↑ 12	84.3	2.0	I I I	Sellers'		102.2	-26.1	-6.7	-16.4	9.8	1.8	50.7	-39.8	-12.7
6	Ottawa	3	↓ 3	81.0	2.0	I I I	Sellers'		55.6	-33.8	-6.2	4.4	11.7	12.9	58.6	-38.8	-15.4
7	London	6	↓ 1	78.0	1.9	I I I	Sellers'		67.9	-28.3	-5.0	7.9	8.4	10.4	55.1	-30.5	-5.0
8	Windsor	11	↑ 3	76.2	1.9	I I I	Sellers'		49.6	-28.9	-7.9	3.9	12.3	12.8	27.6	-30.5	-3.6
9	Kingston	21	↑ 12	75.7	1.8	I I I	Sellers'		124.7	-25.2	-7.0	8.1	8.0	9.6	44.0	-29.4	-9.2
10	Peterborough	18	↑ 8	77.5	1.5	I I I	Sellers'		107.9	-23.9	-0.8	-1.1	13.0	10.5	50.6	-33.0	-5.0
11	Lethbridge	9	↓ 2	72.8	1.2	I I I	Sellers'		12.0	-16.0	-3.9	2.2	2.7	1.5	16.1	-25.7	-12.3
12	Halifax	13	↑ 1	79.9	1.1	I I I	Sellers'		55.0	-26.5	2.6	2.9	9.5	9.0	37.2	-33.4	-13.6
13	Brantford	1	↓ 12	74.2	0.9	I I I	Balanced		13.7	-20.9	4.6	3.5	9.5	11.3	67.7	-34.0	-5.6
14	Guelph	12	↓ 2	79.4	0.8	I I I	Balanced		50.9	-32.6	-1.6	11.5	9.3	9.4	51.4	-35.6	-9.7
15	Hamilton-Burlington	8	↓ 7	72.3	0.7	I I I	Balanced		34.8	-33.4	-3.6	5.1	9.3	9.0	59.5	-39.0	-15.9
16	Montreal	20	↑ 4	60.8	0.6	I I I	Balanced		75.1	-35.6	-1.9	3.6	10.4	8.7	60.4	-24.9	-11.0
17	KW*	7	↓ 10	69.8	0.6	I I I	Balanced		44.5	-34.2	-8.4	6.3	8.8	11.7	67.3	-35.0	-16.2
18	PEI (Charlottetown)	14	↓ 4	66.7	0.6	I I I	Balanced		28.1	-28.4	-9.7	-4.8	5.9	15.0	26.6	-33.0	-12.6
19	Saskatoon	26	↑ 7	62.0	0.5	I I I	Balanced		52.8	-6.4	0.7	-1.4	1.6	1.0	7.6	-17.7	-8.0
20	St. Catharines	15	↓ 5	61.9	0.5	I I I	Balanced		58.8	-35.0	-4.1	26.3	9.5	12.4	62.3	-32.9	-10.6
21	Barrie	16	↓ 5	72.5	0.3	I I I	Balanced		39.0	-8.7	13.2	4.6	8.6	6.3	45.5	-32.0	-10.3
22	Regina	25	↑ 3	66.2	0.3	I I I	Balanced		51.7	-3.9	-0.3	6.9	-0.7	-0.7	19.6	-21.1	-11.3
23	Okanagan-Mainline (Kelowna)	24	↑ 1	55.7	0.2	I I I	Balanced		65.8	-30.0	-4.0	8.0	1.7	4.2	34.4	-28.5	-14.5
24	Winnipeg	23	↓ 1	63.7	0.1	I I I	Balanced		22.5	-12.6	2.6	2.4	0.1	0.3	9.4	-20.6	-1.9
25	Victoria	29	↑ 4	60.1	-0.1	I I I	Balanced		73.1	-31.3	-2.4	11.5	5.0	2.8	34.5	-25.6	-7.2
26	Toronto	19	↓ 7	54.9	-0.2	I I I	Balanced		83.8	-41.6	-2.0	9.8	5.0	7.9	93.9	-40.0	-16.3
27	Fraser Valley (Abbotsford)	30	↑ 3	53.3	-0.3	I I I	Balanced		99.7	-23.9	11.4	4.0	5.5	3.6	54.4	-27.2	-13.5
28	Calgary	22	↓ 6	52.2	-0.6	I I I	Balanced		54.9	-32.3	-6.5	5.2	-5.2	-3.0	68.8	-25.3	-11.8
29	Edmonton	27	↓ 2	50.7	-0.6	I I I	Balanced		59.0	-26.1	-6.8	1.3	-2.9	-1.6	41.4	-19.9	-10.4
30	Vancouver	28	↓ 2	43.8	-1.0	I I I	Balanced		60.3	-22.6	22.1	2.6	3.7	-0.1	58.2	-28.0	-14.3
31	NL (St. John's)	31	0	30.6	-1.3	I I I	Buyers'		18.4	-24.2	1.8	-2.9	-4.7	-3.3	15.7	-29.8	-16.0

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

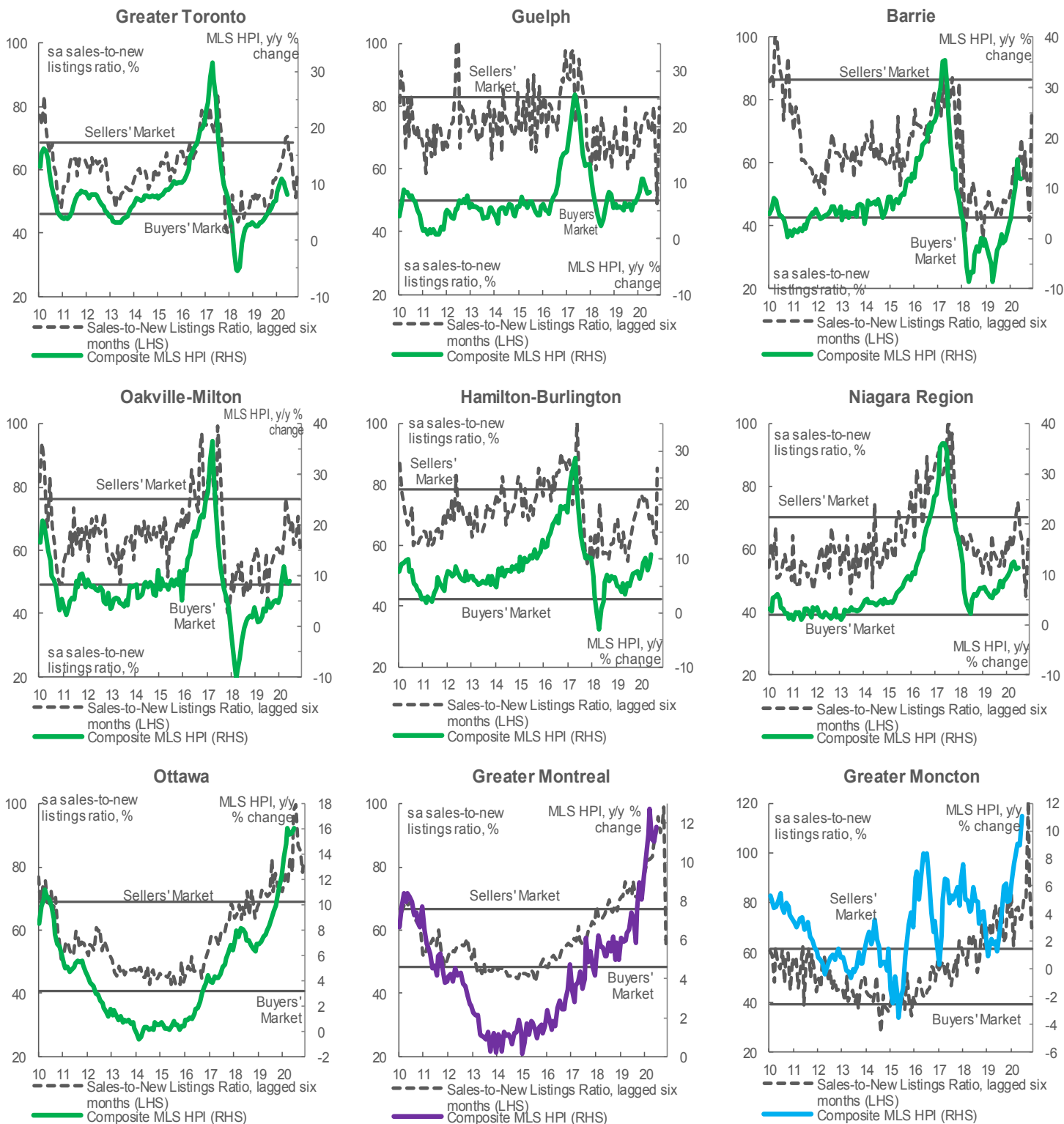
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

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