

Canadian Home Sales — October

HOME SALES EASE UP, BARELY

SUMMARY

Canadian home sales eased 0.7% (sa m/m) lower in October. It was the first national-level decline since the plunge witnessed in April during the peak lockdown period, but sales remain near record highs: last month was still the strongest October on record. New listings climbed 2.9% (sa m/m) to pull the sales-to-new listings ratio down to 74.3%—2.6 pts lower than last month but nonetheless indicative of supply-demand balances strongly favouring sellers. That persistent market tightness contributed to a 10.9% (nsa y/y) jump in the composite MLS Home Price Index (HPI)—the steepest since July 2017—with single-family homes continuing to anchor price appreciation.

Sales decreased in more than half of the markets we track in Ontario, including Toronto and Ottawa, while listings were up in two thirds and especially strong in Ottawa, London and Guelph. Accordingly, sales-to-new listings ratios fell in most jurisdictions, while MLS HPI gains broadly continued to accelerate, likely due to ongoing supply-demand tightness. The single-family home segment remained the principal driver of home price appreciation, though its strength relative to other unit types was less pronounced outside of Ontario's Greater Golden Horseshoe agglomeration. Ottawa in particular continued to witness hefty gains of more than 20% y/y across all segments of the market.

In Southern BC cities also yielded mixed sales results. Abbotsford, Kelowna and Victoria witnessed month-over-month increases in purchasing volumes, while Vancouver sales fell back for the first time since April. New listings rose in all centres but Kelowna. Prices accelerated across the board, underpinned by particularly strong gains in the single-family home category.

Municipalities in the net oil-producing provinces similarly saw mixed results in October. Sales increased in Calgary, Edmonton and St. John's, but fell in Lethbridge, Regina and Saskatoon. Despite modest-to-muted demand-side pressures last month, major cities in Alberta and Saskatchewan all witnessed y/y MLS HPI increases; for Calgary, it was the first such gain since 2017.

IMPLICATIONS

Time will tell whether October represents an off month or the beginning of a meaningful slowdown in Canadian housing markets. With the peak of the reopening-induced economic rebound now behind us and several regions having implemented second wave restrictions, we anticipate that real estate activity will increasingly soften as we enter the winter months. To contain the virus, CREA itself has advised against in-person open houses, which suggests more limited homebuying in the coming months. Still, highly accommodative borrowing rates and the extension of pandemic policy supports remain and may put a floor under the market. Ultimately, much will depend on the ability of governments, households, and firms to keep the pandemic's secondary phase under control.

CONTACTS

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

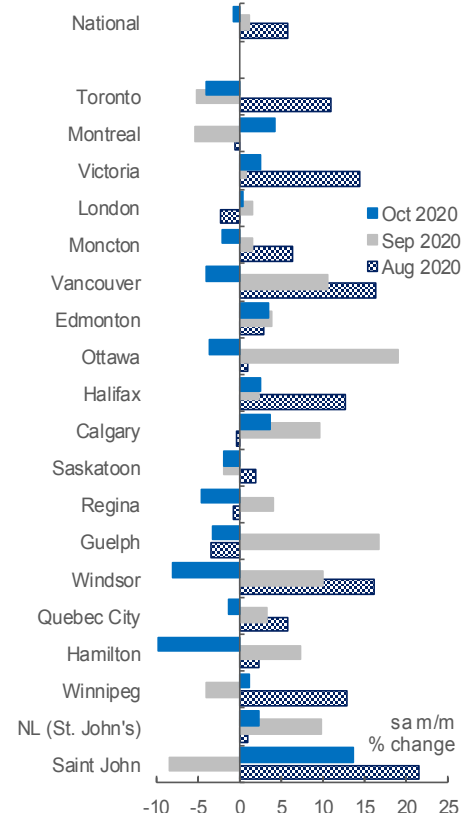
Raffi Ghazarian, Senior Economic Analyst
416.866.4211
Scotiabank Economics
raffi.ghazarian@scotiabank.com

Canada	Oct-20	Sep-20	Oct-20
	m/m ¹	m/m ¹	y/y
Sales (% change)	-0.7	1.2	32.1
New listings (% change)	2.9	-9.7	15.9
Average price (% change)	-1.0	0.2	15.1
MLS HPI (% change) ²	0.8	1.1	10.9

	Oct-20	Sep-20	Oct-19
Sales-to-new listings ratio (level) ¹	74.3	76.9	64.2
Months inventory (level) ¹	2.5	2.6	4.4

¹ seasonally adjusted ² not seasonally adjusted

Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

We continue to see some evidence that homebuyers are seeking out larger single-family housing units during the pandemic. This is demonstrated by the prevalence of outsized price gains in the segment, which suggest demand for more spacious accommodations as greater numbers of employees work remotely. Yet price appreciation remains present across unit types in most centres, suggesting strong demand across unit types.

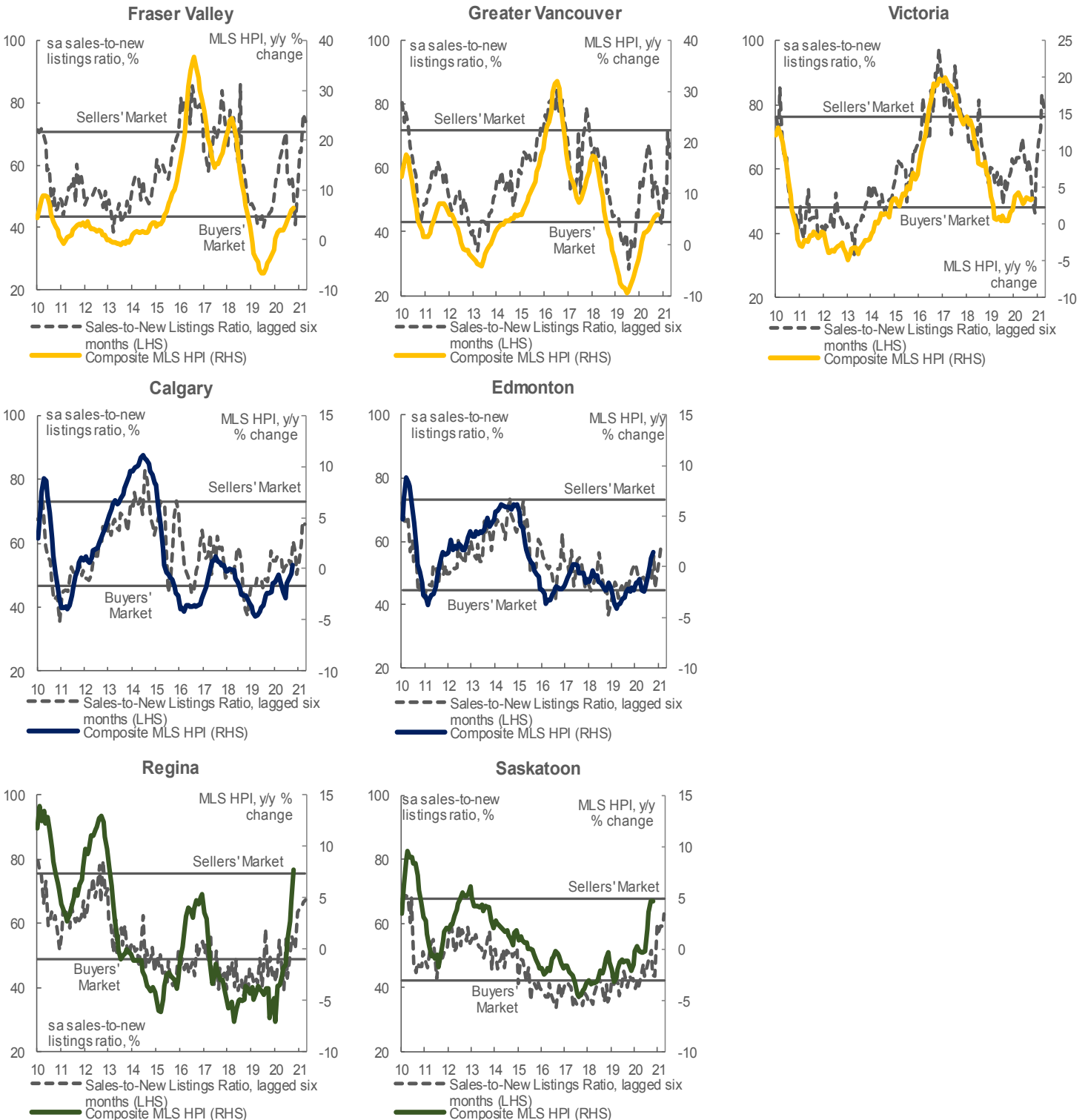
Scotiabank Housing Market Watch—October 2020

Rank ¹	Real Estate Board	Sales-to-New Listings Ratio						Unit Sales ³			Avg. Sales Prices ³			New Listings ³			
		Last Month Rank	Monthly Change	Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean ²	Market Type	24-month Evolution	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	--	--	74.3	2.0	•	Sellers'		-0.7	37.2	9.5	-1.0	16.2	10.1	2.9	17.5	-6.6
1	Moncton	1	0	98.5	4.8	•	Sellers'		-2.0	35.5	10.2	1.3	18.7	11.4	-0.5	8.5	-7.1
2	Montreal	5	3	81.9	3.5	•	Sellers'		4.3	38.3	6.7	1.4	19.2	13.5	0.0	32.8	-0.4
3	Saint John	3	0	82.7	3.4	•	Sellers'		13.7	21.7	8.3	4.0	10.5	5.3	13.9	7.2	-12.8
4	Thunder Bay	10	6	94.8	2.9	•	Sellers'		4.8	11.4	-3.8	9.7	13.1	5.7	-2.1	-10.6	-21.5
5	Windsor	4	1	87.1	2.8	•	Sellers'		-8.0	27.8	0.0	-0.3	26.9	18.1	-2.9	3.9	-8.1
6	Brantford	7	1	106.5	2.7	•	Sellers'		2.9	28.9	9.9	0.7	25.0	16.4	1.8	-0.4	-10.9
7	Quebec City	8	1	92.3	2.6	•	Sellers'		-1.2	57.4	24.8	-4.2	9.1	3.2	-1.5	-7.4	-13.5
8	Sudbury	11	3	83.9	2.5	•	Sellers'		6.8	15.8	7.0	-2.9	19.4	12.9	2.3	11.4	-8.1
9	Peterborough	2	7	91.8	2.4	•	Sellers'		-10.5	24.1	5.4	-3.6	24.8	15.5	6.8	-15.0	-15.6
10	Kingston	15	5	84.6	2.4	•	Sellers'		5.8	35.1	5.1	0.8	25.9	15.3	-1.7	11.5	-7.0
11	London	6	5	84.9	2.2	•	Sellers'		0.4	18.5	1.3	1.7	25.6	15.9	11.9	-1.6	-7.3
12	St. Catharines	17	5	87.6	2.1	•	Sellers'		3.2	33.5	6.6	4.1	22.5	15.8	-2.6	6.7	-10.0
13	KW*	12	1	87.2	1.9	•	Sellers'		-2.3	40.5	3.7	0.9	19.1	15.9	3.7	21.5	-9.0
14	Okanagan-Mainline (Kelowna)	19	5	82.7	1.8	•	Sellers'		1.3	61.5	15.7	3.8	24.1	11.4	-0.6	9.2	-7.5
15	Lethbridge	16	1	80.3	1.7	•	Sellers'		-0.5	43.7	8.2	-1.6	6.2	1.4	3.6	2.7	-8.2
16	Ottawa	9	7	77.4	1.7	•	Sellers'		-3.6	33.3	0.4	-1.8	25.6	17.9	11.1	36.4	-7.1
17	Hamilton-Burlington	14	3	88.8	1.5	•	Sellers'		-9.8	34.8	6.4	0.9	19.3	13.5	0.9	12.8	-10.1
18	Halifax	18	0	87.0	1.5	•	Sellers'		2.6	37.3	10.0	2.2	18.9	12.5	8.3	32.9	-4.3
19	Guelph	13	6	88.7	1.3	•	Sellers'		-3.3	25.0	3.5	0.6	17.3	12.5	11.2	8.1	-12.2
20	Fraser Valley (Abbotsford)	21	1	74.0	1.2	•	Sellers'		4.3	55.8	24.1	0.9	15.5	9.7	7.5	35.3	0.8
21	Victoria	20	1	78.9	1.2	•	Sellers'		2.5	56.0	13.1	-3.4	15.6	9.8	8.0	24.2	0.3
22	Winnipeg	25	3	78.8	1.0	•	Balanced		1.2	29.6	10.3	0.2	10.7	3.8	-1.3	-5.1	-7.4
23	Barrie	22	1	83.4	0.8	•	Balanced		-2.5	41.8	25.2	4.0	22.4	13.0	4.7	-5.7	-14.2
24	NL (St. John's)	28	4	53.9	0.7	•	Balanced		2.4	32.8	10.0	0.1	6.8	-0.2	-1.8	1.6	-15.1
25	Saskatoon	30	5	62.9	0.6	•	Balanced		-1.9	48.1	19.1	1.5	9.0	3.7	-7.6	4.0	-6.5
26	PEI (Charlottetown)	23	3	65.9	0.6	•	Balanced		-13.2	25.0	4.5	1.1	21.9	16.3	0.7	8.8	-9.8
27	Calgary	27	0	66.1	0.5	•	Balanced		3.7	22.7	-1.0	1.8	4.0	-0.6	4.4	-2.4	-9.4
28	Vancouver	24	4	63.1	0.4	•	Balanced		-4.1	41.8	25.6	-0.4	12.1	5.2	8.3	39.8	0.4
29	Regina	29	0	67.3	0.4	•	Balanced		-4.7	41.3	14.8	-1.9	2.2	-0.3	-5.7	12.0	-5.6
30	Toronto	26	4	59.9	0.2	•	Balanced		-4.0	34.9	5.0	0.3	15.8	11.7	5.1	40.2	-2.7
31	Edmonton	31	0	57.3	-0.1	•	Balanced		3.4	28.7	1.2	2.3	5.4	0.6	3.1	4.8	-6.7

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

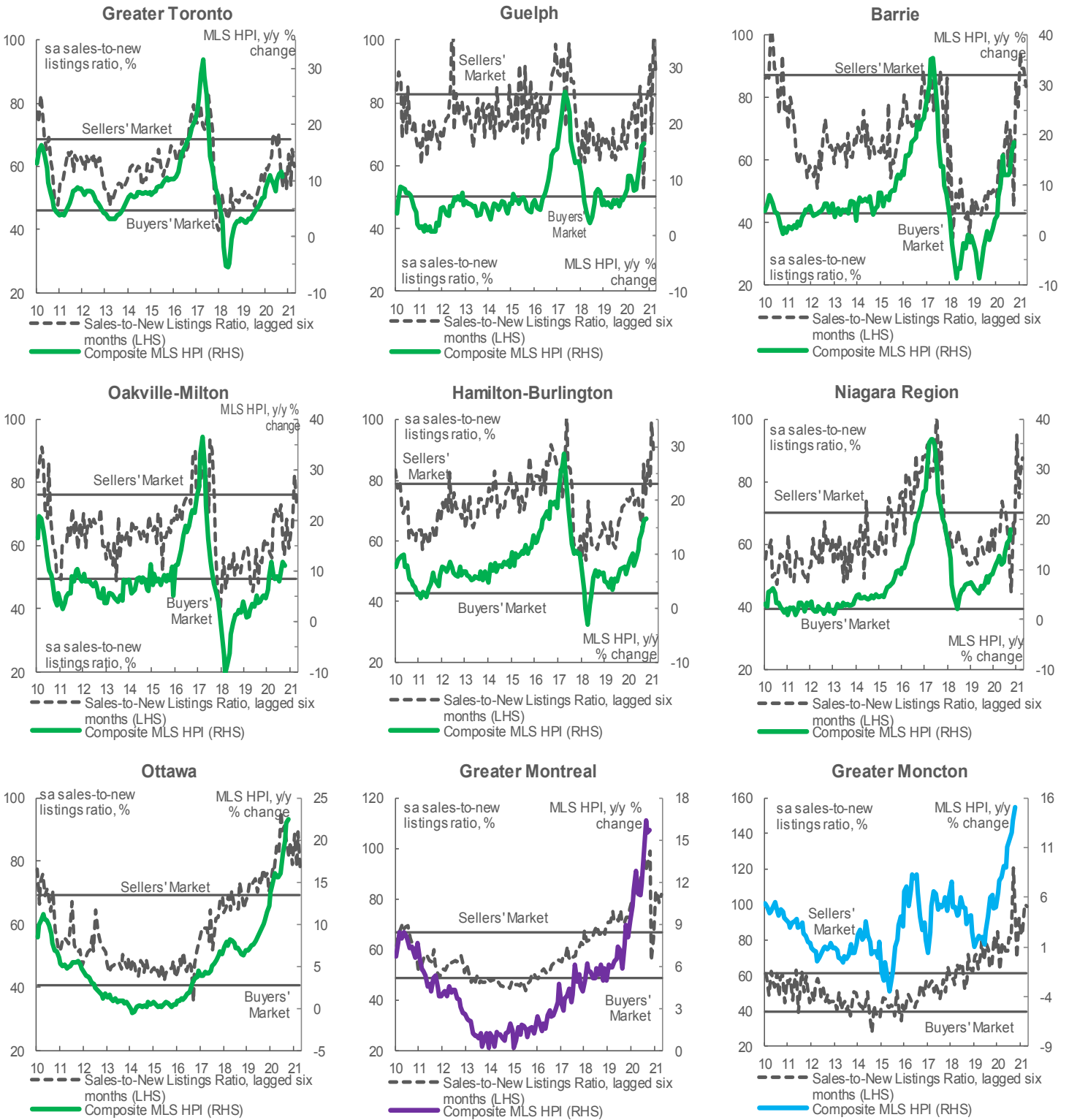
WESTERN CANADA



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.)

EASTERN CANADA



Sources: Scotiabank Economics, CREA.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V, Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.