

## Canadian Home Sales — November

### SALES, LISTINGS EASE AS SECOND WAVE LOCKDOWNS TAKE EFFECT

#### SUMMARY

**Canadian home sales fell 1.6% (sa m/m) in November 2020.** It was the second successive national decline, but last month was nevertheless the strongest November on record. New listings also dipped by 1.6% (sa m/m) to keep the sales-to-new listings ratio at 74.8%—consistent with supply-demand balances strongly favouring sellers—and the 11.6% (nsa y/y) climb in the composite MLS Home Price Index (HPI) was the steepest since 2017. Single-family homes again underpinned that price appreciation, rising 14% nsa y/y.

**National-level sales and listings trends were broad-based.** Sales decreased in 21 of the 31 local markets that we track, while new listings decreased in 19 centres. For the second consecutive month, the largest sales declines tended to come from Ontario's Greater Golden Horseshoe region—now in its second month of second wave restrictions. Consequently, sales-to-new listings ratios were steady in most jurisdictions in November, with the majority continuing to report supply-demand tightness consistent with sellers' markets and accelerating MLS HPIs. Relative to February—the last full month before COVID-19 lockdowns took effect—sales and listings are up in 26 and 20 local markets, respectively.

**By-unit type price movements were also similar across Canada's largest centres.** In Toronto, Vancouver, Calgary, and Edmonton, HPI gains among single-family homes continued to significantly outpace those in the townhome and apartment categories; in Calgary and Edmonton, growth in single-family home prices offset declines across other unit types. They also led torrid price advances in Montreal, though townhomes and apartments are also in the midst of hefty value appreciation. Ottawa continued to witness HPI growth in excess of 20% nsa y/y in all unit types.

#### IMPLICATIONS

**Nine months since the pandemic's arrival in Canada, homebuyers continue to demonstrate a preference for housing units with more space and, in some cases, that are further away from city centres.** Outsized MLS HPI growth in the larger, higher-cost single-family home category persisted across a range of cities. Data from the Toronto Regional Real Estate Board—released earlier this month—also indicate stronger sales growth in the regions surrounding the City of Toronto than in the city itself.

**Signs of slowing economic momentum showed up in the real estate transactions data once again.** November was the first full month of second wave restrictions in several provinces, and corresponded to a second consecutive monthly decline in home purchases at the national level and in 21 of the 31 cities we cover. Meanwhile, new listings activity has now retreated in two of the past three months—likely a consequence of easing reopening effects and new lockdown measures.

#### CONTACTS

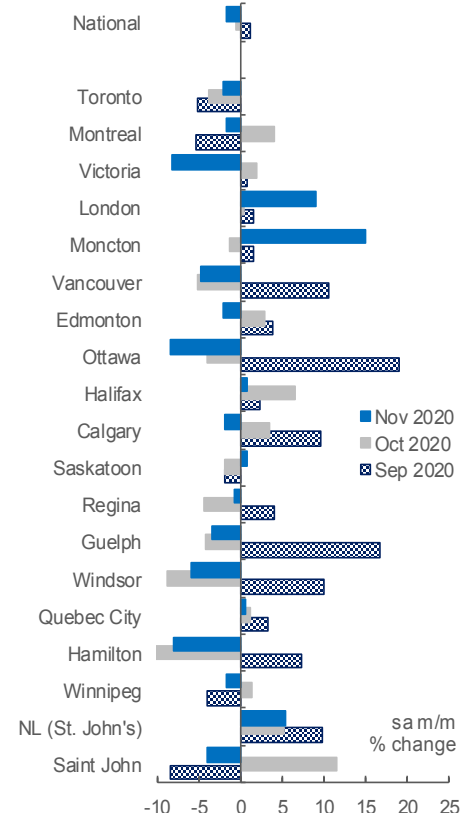
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Canada	Nov-20	Oct-20	Nov-20
	m/m <sup>1</sup>	m/m <sup>1</sup>	y/y
Sales (% change)	-1.6	-0.5	32.1
New listings (% change)	-1.6	2.3	15.0
Average price (% change)	0.4	-1.1	14.7
MLS HPI (% change) <sup>2</sup>	0.8	0.8	11.6
	Nov-20	Oct-20	Nov-19
Sales-to-new listings ratio (level) <sup>1</sup>	74.8	74.8	66.5
Months inventory (level) <sup>1</sup>	2.4	2.5	4.3

<sup>1</sup> seasonally adjusted <sup>2</sup> not seasonally adjusted

#### Home Sales for Select Cities



Sources for chart and table: Scotiabank Economics, CREA.

**Still, the 10.5% y/y ytd growth in sales as of November highlights what has been a truly remarkable 11 months for Canadian housing markets.** A near 20-year best in home sales was almost unthinkable at the height of the first wave lockdown when sales witnessed a record drop of more than 50% sa m/m. Yet, as it stands, for national-level purchases *not* to experience their strongest annual percentage increase since 2002, they would have to decline in the order of 40% nsa y/y in December. The trend exists across major metropolitan areas: 24 of the 31 centres we track have witnessed y/y ytd sales gains in excess of 5% as of November, with 26 having recouped March–April losses by July.

**Our updated economic outlook guides our expectations for Canadian housing markets over the coming year.** We suspect that reduced mobility and economic activity related to COVID-19's second wave will translate into further slowing of residential real estate transactions momentum in the next few months. The effects of the softer population growth witnessed this year due to border closures may also contribute to more modest real estate activity in 2021. Prospects look rosier in H2-2021, when we expect widespread inoculation to drive a boost to economic growth, with more demand-side support from rock-bottom interest rates and extended federal fiscal measures. The present supply-demand tightness will likely bolster home prices over the near-term as well.

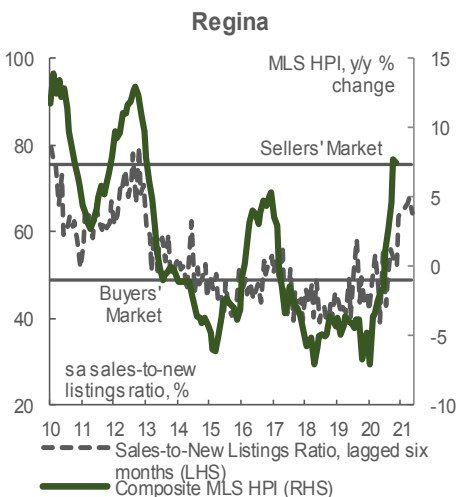
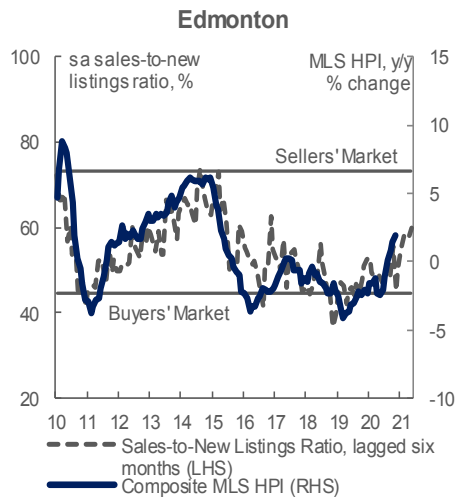
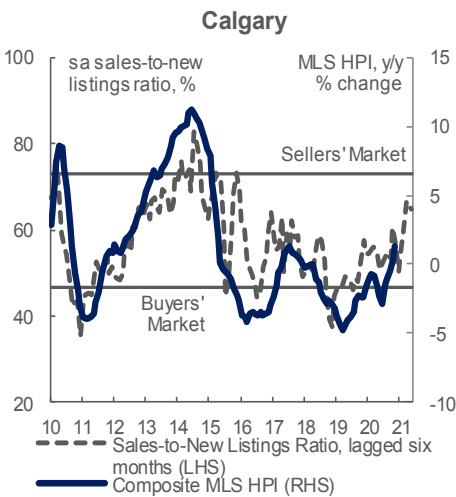
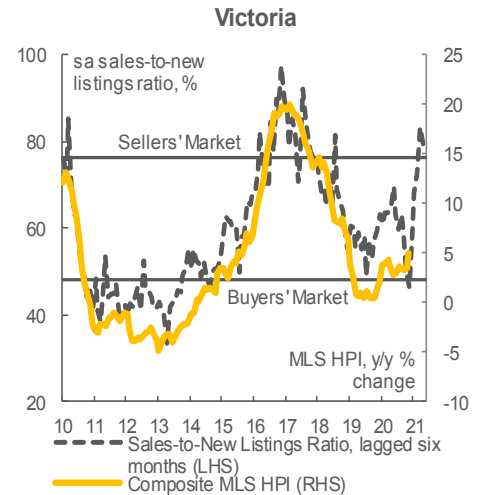
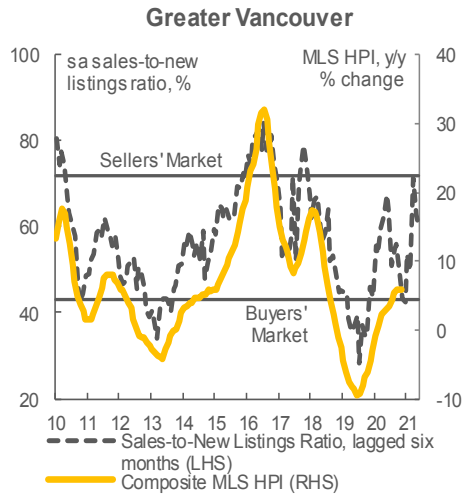
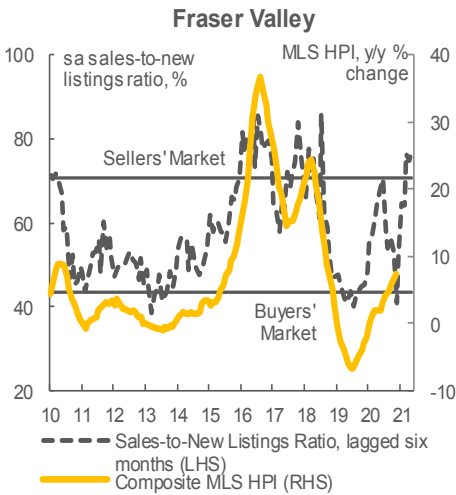
Scotiabank Housing Market Watch—November 2020

Rank <sup>1</sup>	Real Estate Board	Sales-to-New Listings Ratio						Unit Sales <sup>3</sup>			Avg. Sales Prices <sup>3</sup>			New Listings <sup>3</sup>			
		Last Month Rank	Monthly Change	Sales-to-New Listings Ratio	Std. Dev. from Long-Term Mean <sup>2</sup>	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	--	--	74.8	2.0	•	Sellers'		-1.6	36.7	11.1	0.4	15.3	10.8	-1.6	16.0	-5.2
1	Moncton	1	0	105.5	5.4	•	Sellers'		15.0	38.0	13.3	-2.0	19.4	12.6	6.3	7.2	-7.4
2	Sudbury	7	5	100.4	3.7	•	Sellers'		1.9	20.3	8.4	-0.7	17.7	12.6	-13.5	13.1	-8.9
3	Montreal	2	1	80.0	3.3	•	Sellers'		-1.8	36.4	6.5	2.5	19.9	14.8	0.6	39.4	1.4
4	Saint John	3	1	81.0	3.2	•	Sellers'		-4.0	25.0	10.6	-1.6	11.7	6.4	-2.9	8.4	-12.8
5	London	11	6	89.0	2.6	•	Sellers'		9.0	21.9	3.7	3.0	28.1	17.3	4.3	-0.1	-6.5
6	Quebec City	6	0	91.6	2.5	•	Sellers'		0.6	51.5	25.8	1.9	10.7	4.4	3.7	-3.6	-14.8
7	Peterborough	9	2	89.2	2.3	•	Sellers'		-7.8	20.2	6.3	1.3	26.5	16.8	-4.6	-16.9	-16.3
8	Okanagan-Mainline (Kelowna)	13	5	89.5	2.3	•	Sellers'		6.0	71.9	19.9	-3.1	19.2	11.0	-1.1	12.6	-7.0
9	Thunder Bay	4	5	86.0	2.2	•	Sellers'		-9.3	15.0	-4.8	-4.6	14.6	7.1	0.4	-5.5	-22.7
10	St. Catharines	12	2	87.0	2.1	•	Sellers'		-9.4	36.8	8.9	5.2	23.4	17.5	-8.7	5.5	-8.6
11	Windsor	5	6	76.8	1.9	•	Sellers'		-6.0	25.5	0.9	0.9	26.3	18.8	5.9	6.0	-7.3
12	Kingston	10	2	77.2	1.9	•	Sellers'		-4.6	34.8	7.1	-0.3	21.9	15.9	4.9	11.5	-5.4
13	Halifax	16	3	92.0	1.8	•	Sellers'		0.9	40.5	11.2	-0.9	18.4	12.8	-1.1	35.0	-1.5
14	Ottawa	15	1	77.1	1.7	•	Sellers'		-8.4	37.2	1.4	0.0	23.8	18.2	-7.9	40.5	-5.4
15	KW*	14	1	82.6	1.6	•	Sellers'		-5.6	35.3	7.0	0.5	16.0	15.5	-1.4	17.9	-5.7
16	Fraser Valley (Abbotsford)	20	4	77.7	1.5	•	Sellers'		3.3	55.9	26.3	6.6	18.9	11.9	-0.5	30.7	3.6
17	Guelph	19	2	90.6	1.5	•	Sellers'		-3.4	29.6	4.2	4.9	19.3	14.1	-5.6	3.0	-11.3
18	Brantford	8	10	85.7	1.5	•	Sellers'		-13.3	26.9	8.8	1.1	22.1	17.1	7.0	-6.6	-10.3
19	Victoria	21	2	81.3	1.3	•	Sellers'		-8.3	52.1	14.8	0.8	15.1	10.3	-10.5	17.5	1.4
20	Saskatoon	26	6	71.7	1.3	•	Sellers'		0.9	48.0	21.6	-5.0	5.2	3.6	-11.0	-0.8	-6.1
21	Lethbridge	17	4	73.6	1.2	•	Sellers'		-15.0	35.1	7.4	-2.4	5.6	1.3	-8.4	5.0	-8.9
22	Winnipeg	22	0	80.2	1.1	•	Sellers'		-1.6	30.8	11.7	1.0	9.5	4.0	-2.9	-8.3	-8.8
23	NL (St. John's)	25	2	58.5	1.1	•	Sellers'		5.4	40.8	11.9	0.7	5.8	-0.2	-1.1	1.0	-15.0
24	Hamilton-Burlington	18	6	77.6	0.9	•	Balanced		-8.0	31.1	6.8	1.3	20.2	14.7	4.7	10.0	-8.3
25	PEI (Charlottetown)	24	1	65.8	0.6	•	Balanced		1.0	25.6	8.9	3.4	19.6	17.1	9.6	15.2	-7.9
26	Toronto	30	4	62.1	0.4	•	Balanced		-2.1	29.9	5.9	0.8	13.6	12.3	-4.3	33.4	0.4
27	Calgary	27	0	64.7	0.4	•	Balanced		-2.0	31.1	1.4	-1.0	3.7	0.0	0.0	-1.6	-9.6
28	Barrie	23	5	73.1	0.3	•	Balanced		-2.8	31.4	23.8	1.3	23.5	14.8	10.4	-6.1	-13.6
29	Vancouver	29	0	61.0	0.2	•	Balanced		-4.7	36.6	23.3	-1.3	11.3	6.3	-1.9	33.9	3.4
30	Regina	28	2	64.2	0.1	•	Balanced		-0.8	50.6	21.4	-1.5	2.5	0.9	5.0	12.9	-4.4
31	Edmonton	31	0	59.9	0.0	•	Balanced		-2.2	33.6	3.6	0.3	7.4	1.4	-5.9	7.1	-6.2

<sup>1</sup> Ordered from most- to least-tilted towards sellers. <sup>2</sup> 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. <sup>3</sup> Year-over-year percentage change. \* Kitchener-Waterloo. Sources: Scotiabank Economics, CREA

## MLS Home Price Indices

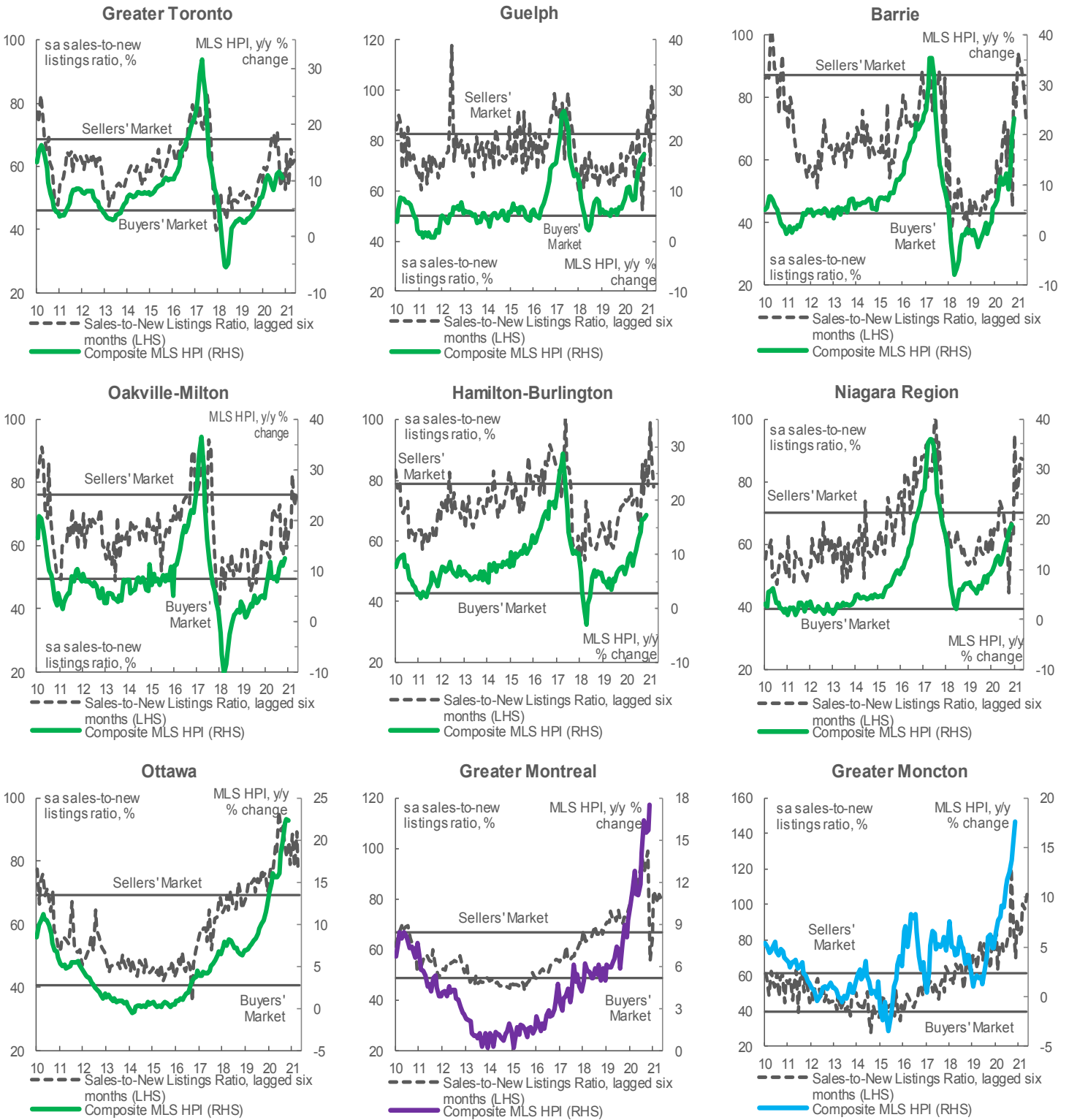
### WESTERN CANADA



Sources: Scotiabank Economics, CREA.

**MLS Home Price Indices (cont.)**

**EASTERN CANADA**



Sources: Scotiabank Economics, CREA.

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