

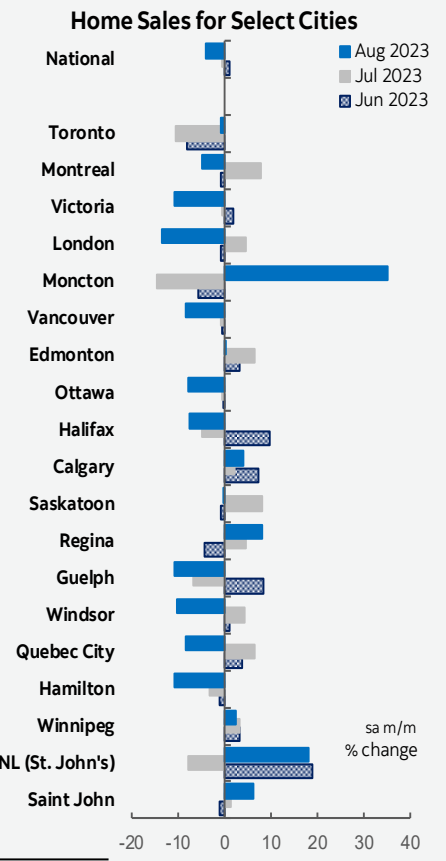
Contributors

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Canada	Aug-23	Jul-23	Aug-23
	m/m ¹	m/m ¹	y/y ²
Sales (% change)	-4.1	-0.5	5.3
New listings (% change)	0.8	6.0	5.5
Average price (% change)	-2.3	-2.2	3.0
MLS HPI (% change)	0.4	1.0	0.4

	Aug-23	Jul-23	Aug-22
Sales-to-new listings ratio (level) ¹	56.2	59.0	54.5
Months inventory (level) ¹	3.4	3.2	3.7

¹seasonally adjusted ²not seasonally adjusted



Sources for chart and table: Scotiabank Economics, CREA.

Canadian Home Sales — August 2023

CANADA HOUSING MARKET: WAIT AND SEE, AGAIN

SUMMARY

Canadian home sales fell in August by 4.1% (sa m/m) while listings slightly edged up by 0.8%. This further eased the sales-to-new listings ratio, an indicator of how tight the market is, as sales retrenched and listings maintained previous months' gains. The ratio eased from its recent April peak of 68.3% and now stands at 56.2% which is in line with its long-term average of 55.2% and indicating a balanced national market, at least relative to historical averages and deviations. Months of inventory increased to 3.4 months—up from 3.2 in July, but still around a month and a half below its long-term average of around five months.

Notwithstanding some regional differences, more of the local markets we track experienced declines than not. On the other hand, there was a fairly even split between markets where listings increased and where they declined. Sales declined in 23 of the 31 markets we track, whereby increases in major markets in New Brunswick, Newfoundland and Labrador, Saskatchewan and Alberta were offset by broad-based declines in other provinces, mainly Ontario and British Columbia. On the other hand, listings increased in 18 of the 31 local markets we track, which was almost entirely offset by declines in the remaining markets. The small resulting up-tick in August's new listings, however, followed larger increases in the previous months. This catch-up in listings as sales activity retreated further eased market conditions, with Barrie now joining Toronto in buyers' territory. Six of our markets were in sellers' territory in August, all of which experienced sales increases in August.

Prices, as measured by the MLS Home Price Index (HPI), edged up by 0.4% (sa m/m) in August—a smaller monthly increase compared to the last 4 months. This would be the fifth monthly increase in a row following over a year of declines in response to higher interest rates and economic conditions, and the first year-over-year increase (0.3% y/y) since September 2022. August's monthly increase was led by townhomes and apartments (1% and 0.9%), with a 0.3% gain in the single-family homes. With this month's results, the MLS HPI continues to drift further from its pre-pandemic levels, now sitting at 40% above, clawing back some of the price reduction we've seen during the correction. After peaking in February 2022, prices declined over the 12 months, reaching a trough by March 2023 which was 15% below peak levels. The period between February 2022 and March 2023 was described as a correction from unsustainable and unaffordable highs. With the past few months' increases, prices are now only 9% below the February 2022 peak.

IMPLICATIONS

National home sales slid in August. Sales had been slowing for the last couple of months relative to the start of the year, which was characterized by a resurgence of rally-like activity driven largely by the widespread conviction at the time that the Bank of Canada was done its tightening cycle and cuts were imminent. This, amongst other things, was partly behind the BoC's two summer hikes and more hawkish tone on the path of future policy rates.

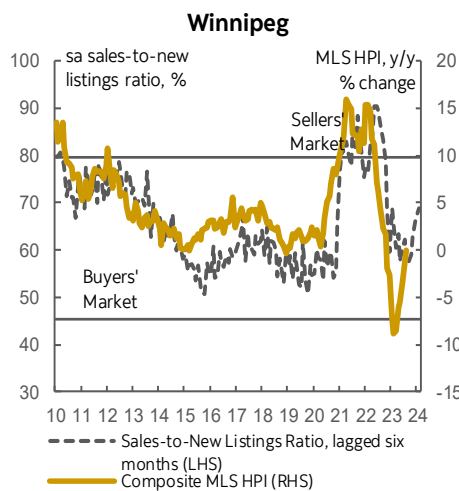
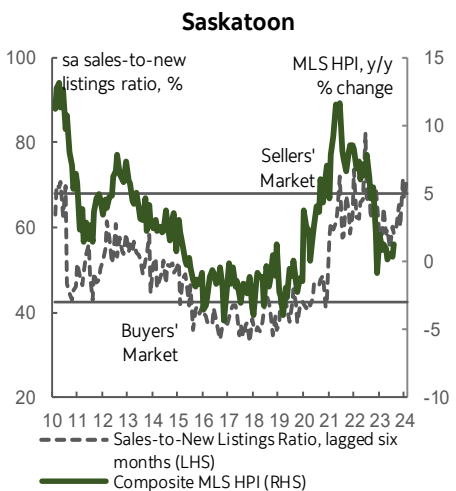
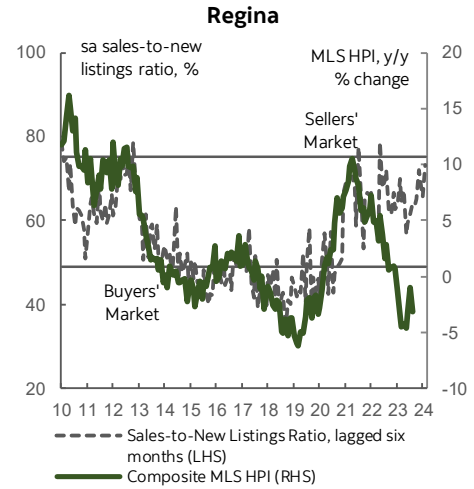
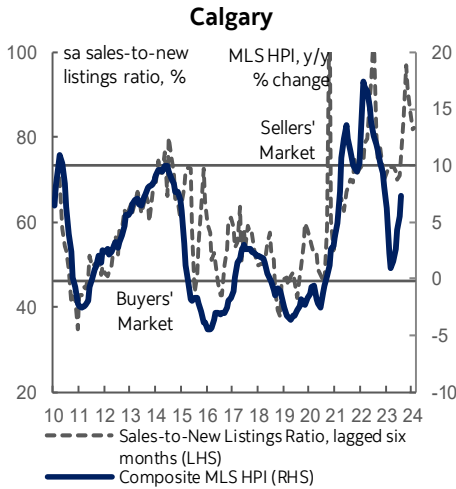
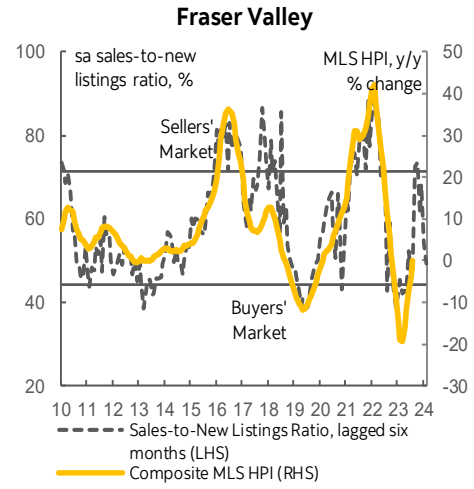
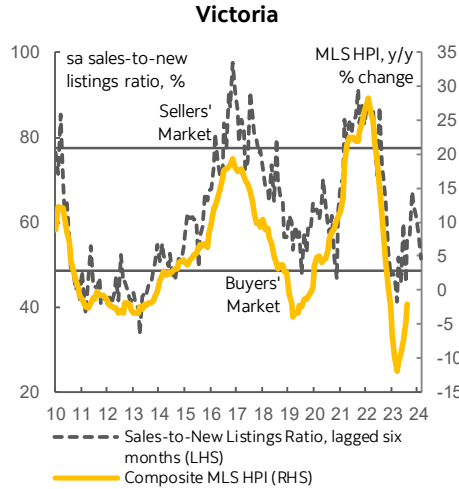
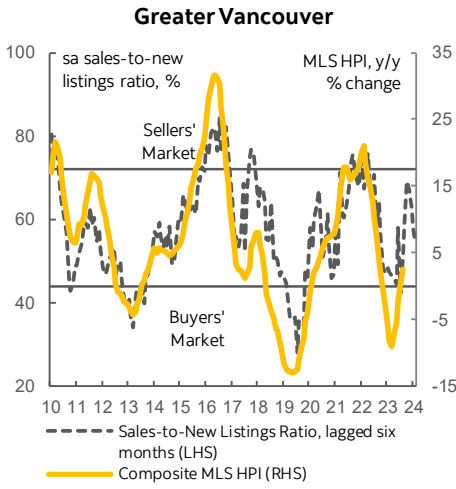
A couple of thoughts on August's relatively large decline. First of all, this is the first full month after the July hike which followed the June hike. Sure, they were only 25 bp each, which at the margin wouldn't do much in a market that had already priced out many potential buyers. However, it could be that the impact of the consecutive hikes was delayed as some mortgage rate holds on previously lower rates expired, making the impact show up more clearly in August data. Further, and as discussed in previous reports, the uncertainty effect created by the BoC actions continues to be the most likely factor behind the slowdown in activity. We are back into wait-and-see territory, where buyers are awaiting more information and certainty on the future path of rates, inflation, and economic activity. Are more hikes coming? Are cuts coming sooner? Will I lose my job? Will home prices follow the slowdown in sales? These are amongst the many uncertainties currently keeping potential purchases on hold.

Scotiabank Housing Market Watch—August 2023

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	--	--	56.2	0.1	•	Balanced	-4.1	5.9	-22.1	-2.3	3.1	-5.5	0.8	-3.3	-11.8
1	Saint John	4	↑ 3	87.0	2.3	•	Sellers'	6.1	-17.7	-27.5	-1.6	13.9	3.7	-11.9	-15.7	-23.0
2	Moncton	9	↑ 7	82.3	1.9	•	Sellers'	35.2	-12.4	-21.0	1.2	10.1	-0.8	6.3	-21.8	-13.2
3	Calgary	2	↓ 1	82.4	1.6	•	Sellers'	4.0	15.5	-17.9	-1.3	6.8	2.7	3.5	1.3	-19.7
4	Saskatoon	5	↑ 1	73.2	1.4	•	Sellers'	-0.2	7.9	-11.3	0.4	0.2	-0.6	-3.1	-7.1	-8.7
5	Lethbridge	3	↓ 2	77.5	1.3	•	Sellers'	1.6	0.6	-16.5	3.1	0.8	1.7	4.2	-11.4	-15.2
6	NL (St. John's)	10	↑ 4	62.8	1.3	•	Sellers'	18.0	-11.4	-19.1	3.0	-1.1	2.1	0.6	-0.6	-6.6
7	Quebec City	1	↓ 6	77.4	0.9	•	Balanced	-8.4	7.0	-15.4	1.3	4.2	3.8	6.4	-8.8	-6.3
8	Regina	15	↑ 7	73.1	0.8	•	Balanced	8.1	-3.7	-12.4	-1.0	-3.4	-6.9	-2.9	-7.3	-11.4
9	Sudbury	6	↓ 3	58.2	0.4	•	Balanced	-16.0	-6.5	-26.4	0.4	8.6	-3.5	-6.1	-4.2	-17.1
10	Winnipeg	13	↑ 3	68.8	0.4	•	Balanced	2.3	-8.0	-19.9	2.0	0.1	-3.6	1.0	-11.6	-2.5
11	Halifax	7	↓ 4	74.5	0.4	•	Balanced	-7.5	-8.6	-23.8	1.9	13.4	1.6	4.0	-15.2	-18.9
12	Edmonton	11	↓ 1	62.0	0.3	•	Balanced	0.2	8.6	-19.3	-1.2	-1.3	-4.3	4.6	-9.4	-11.9
13	Thunder Bay	8	↓ 5	65.6	0.2	•	Balanced	-9.9	-4.5	-12.9	-6.1	5.8	-4.0	0.8	-3.4	-2.6
14	PEI (Charlottetown)	16	↑ 2	60.9	0.1	•	Balanced	-6.3	12.1	-15.8	-2.9	-2.2	1.4	-1.8	0.6	-6.7
15	Montreal	14	↓ 1	61.6	0.1	•	Balanced	-4.8	-2.8	-24.4	1.0	0.3	-2.7	0.0	-11.5	-7.9
16	Ottawa	12	↓ 4	53.8	-0.2	•	Balanced	-8.0	10.1	-21.4	-4.1	1.1	-5.3	8.1	-5.5	-6.8
17	Vancouver	17	↔ 0	53.9	-0.3	•	Balanced	-8.5	23.6	-27.1	0.9	5.9	-0.9	-1.4	6.6	-17.2
18	Okanagan-Mainline (Kelowna)	19	↑ 1	48.4	-0.3	•	Balanced	-16.8	13.1	-26.7	-0.7	-1.3	-3.5	-13.6	-7.1	-8.7
19	Brantford	21	↑ 2	50.8	-0.6	•	Balanced	-8.4	17.1	-21.9	0.1	1.5	-13.7	1.9	-0.6	-8.6
20	Fraser Valley (Abbotsford)	20	↔ 0	49.3	-0.6	•	Balanced	-12.1	39.9	-27.2	0.4	3.5	-10.8	-3.3	8.6	-19.4
21	Kingston	26	↑ 5	42.3	-0.6	•	Balanced	-0.9	-8.8	-20.9	2.0	-0.6	-6.2	4.0	-1.0	5.8
22	Windsor	18	↓ 4	48.3	-0.6	•	Balanced	-10.4	4.2	-27.9	2.0	0.5	-10.6	4.1	-18.0	-15.3
23	London	25	↑ 2	46.7	-0.7	•	Balanced	-13.6	5.7	-24.4	2.5	1.4	-10.3	-6.0	-1.7	-9.8
24	Hamilton-Burlington	27	↑ 3	49.4	-0.7	•	Balanced	-11.0	7.9	-20.6	-3.0	0.6	-10.5	-5.0	-9.3	-13.6
25	Peterborough	30	↑ 5	44.9	-0.8	•	Balanced	-3.0	7.1	-18.0	5.1	-1.6	-13.5	-3.2	7.8	0.0
26	St. Catharines	23	↓ 3	43.1	-0.8	•	Balanced	-10.0	25.6	-22.3	-4.7	2.0	-11.2	4.6	0.3	-4.4
27	Victoria	24	↓ 3	51.5	-0.8	•	Balanced	-10.8	14.3	-20.3	-2.0	3.3	-4.2	-0.5	1.0	-2.4
28	Guelph	22	↓ 6	53.5	-0.8	•	Balanced	-10.8	18.7	-16.2	-1.4	1.7	-11.2	2.9	-2.8	-13.4
29	KW*	28	↓ 1	48.9	-0.9	•	Balanced	-7.7	-1.1	-26.6	-4.8	3.7	-9.4	2.9	-4.5	-22.6
30	Barrie	29	↓ 1	39.1	-1.2	•	Buyers'	-20.3	4.6	-18.4	-5.2	-2.7	-11.8	4.6	-19.9	-15.1
31	Toronto	31	↔ 0	42.4	-1.3	•	Buyers'	-1.0	5.9	-27.1	-1.6	2.5	-6.8	1.3	7.6	-17.9

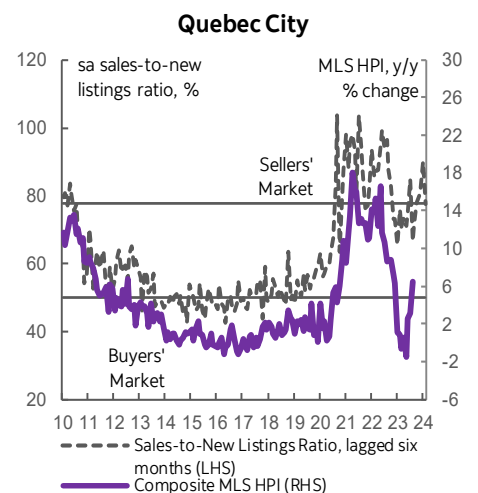
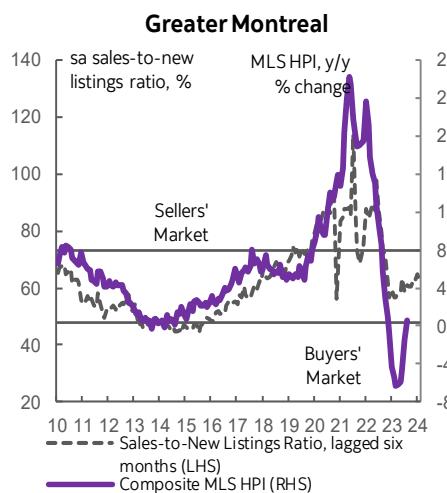
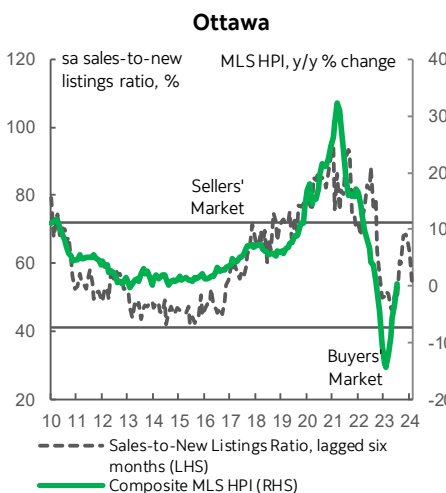
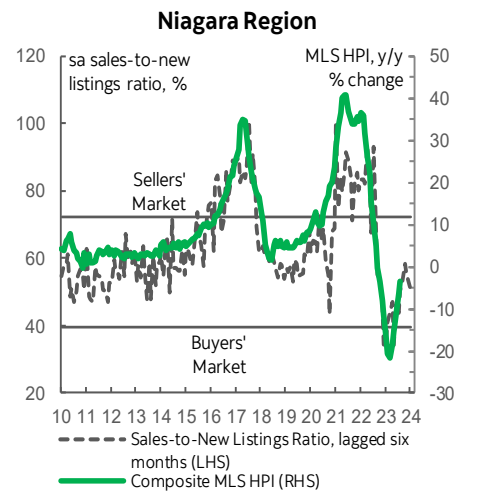
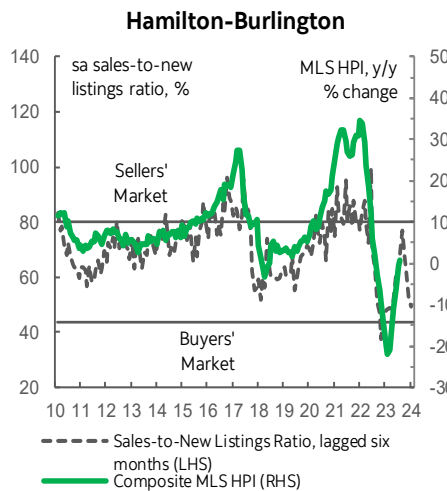
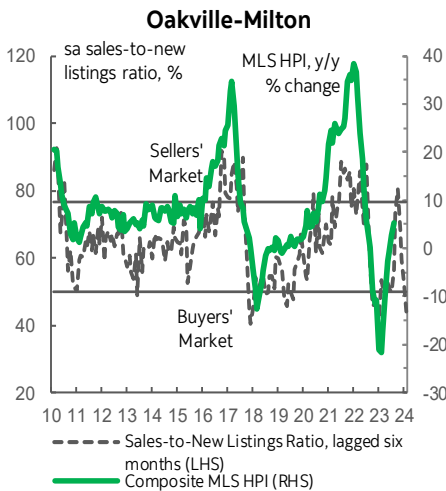
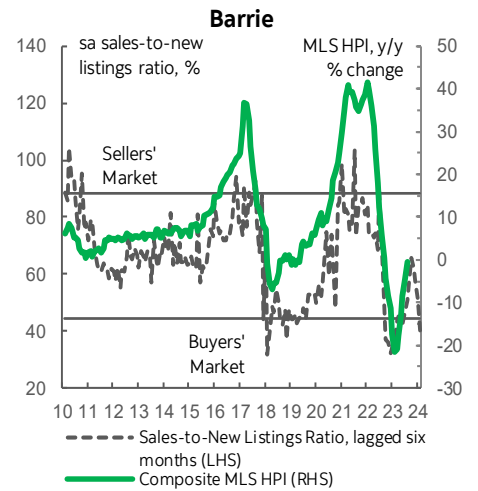
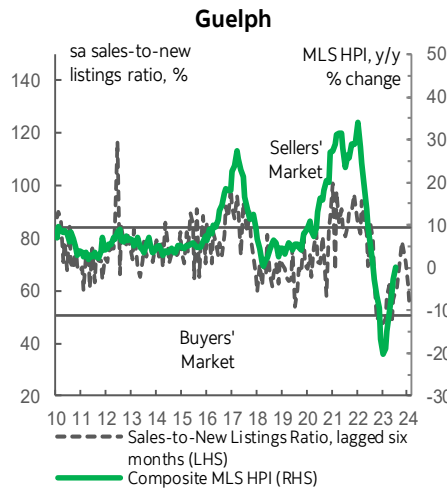
¹ Ordered from most- to least-tilted towards sellers. ² A market is tilted towards sellers, and likely to witness upward pressure on prices, if its sales-to-new listings ratio greater than the long-term mean plus one standard deviation. A sales-to-new listings ratio below the long-term mean less than 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 1990-2020 mean. ³ Year-over-year percentage change. * Kitchener-Waterloo. Sources: Scotiabank Economics, CREA.

MLS Home Price Indices — Western Canada



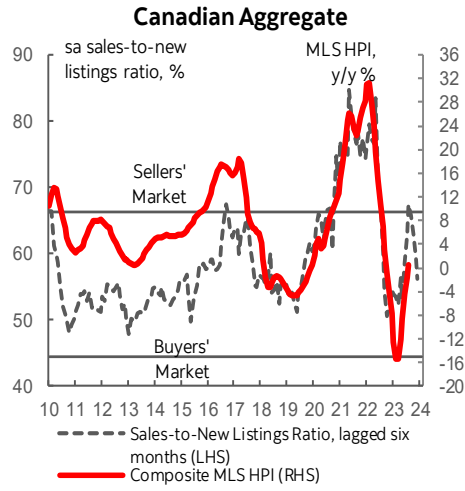
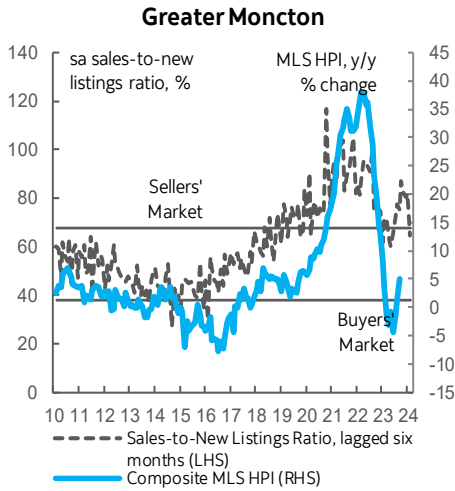
Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.) — Eastern Canada



Sources: Scotiabank Economics, CREA.

MLS Home Price Indices (cont.) — Eastern Canada and Canadian Aggregate



Sources: Scotiabank Economics, CREA.

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