

Highlights:

- Existing home sales increased by 2.4 per cent in July and average price by 2.3 per cent
- New car sales increased in June, but average prices of trucks and passenger vehicles declined
- Ontario accounted for significant shares of year-over-year growth in businesses with and without employees

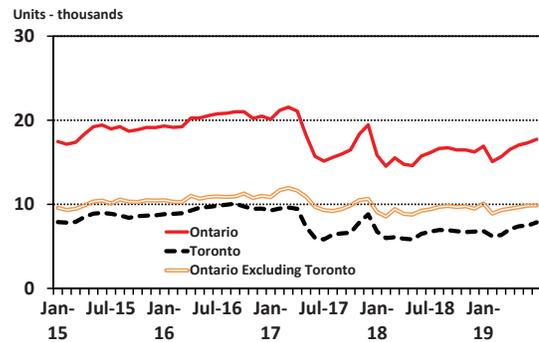
Ontario's existing homes market continued to tighten and remain a sellers' market despite range bound average price growth

Existing home sales in Ontario continued to increase in July by an additional 2.4 per cent to 17,732 units (all figures seasonally adjusted unless otherwise noted). Despite increased demand in terms of sales, supply was sluggish in July as new listings increased by only 0.7 per cent to 28,597 units. With less supply on the market the average price of an existing home increased considerably from 1.1 per cent in June to 2.3 per cent in July to \$614,009. With an average price increase of more than double due to stronger sales activity, the recent drop in mortgage rates may have helped lift sales activity over the last couple of months.

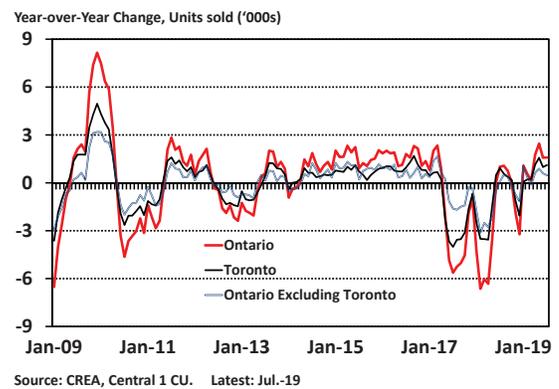
Ontario's housing market has continued to tighten with increased demand and limited supply. The average months of supply has been steadily declining and stood at 2.3 months in July from 2.4 months in June. Moreover, the sales-to-new-listings ratio (SNLR) went up from 61.0 per cent in June to 62.0 per cent in July. During the May to July period the SNLR has stayed above 60.0 per cent of the threshold from a balanced market to a sellers' market.

Yet, despite the increased tightness in Ontario's existing homes market, July was the first month that home sales surpassed the average for the month this year from 2016 to 2019. The market is waking up however it is still not back to what it was before the new federal mortgage loan stress tests were introduced and economic uncertainty increased.

Existing Home Sales, Ontario



Existing Home Sales, Ontario



Year-to-date, sales and new listings are up by 8.5 per cent and 1.7 per cent respectively. Average price is up by 2.1 per cent. Real estate boards in the Greater Golden Horseshoe (GGH) were hit hardest last year but have rebounded strongly this year. Sales across these boards are up by 11.5 per cent while sales across boards outside the GGH are up by 3.9 per cent.

On the month-over-month basis the following real estate boards posted strong up or down activity in July:

- Barrie up 3.8 per cent
- Hamilton-Burlington down 2.7 per cent
- Kitchener-Waterloo down 7.5 per cent
- Ottawa up 4.6 per cent
- Quinte up 4.1 per cent
- St. Catharines up 2.2 per cent
- Sudbury up 2.3 per cent

- Toronto up 5.1 per cent
- Durham region up 4.7 per cent
- York region up 9.0 per cent
- Windsor-Essex down 7.7 per cent

Year-to-date new car sales continued to lag last year's total

After two consecutive months of declining new car sales in Ontario, they increase in June by 2.0 per cent to 68,670 units (all figures are seasonally adjusted unless otherwise noted). Over 75 per cent of the sales in June came from trucks, which increased by 2.0 per cent to 51,571 units. Passenger vehicle sales were nearly unchanged in June, inching up by just 0.1 per cent.

Despite increased sales—almost entirely of trucks—the average price of trucks and passenger vehicles declined by 1.3 per cent and 2.0 per cent respectively. Increased economic uncertainty and the carbon tax is likely causing dealerships to reduce prices to entice potential buyers to purchase a new car.

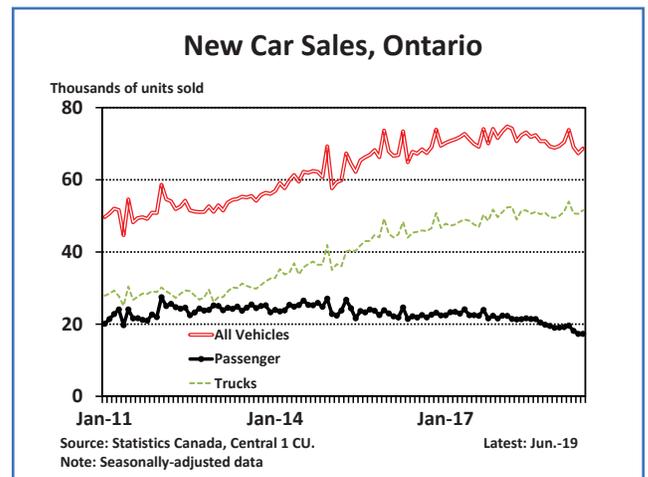
Even with June's month-over-month sales turnaround, sales in Ontario in 2019 continued to lag 2018. Year-to-date sales of all new vehicles are down 4.5 per cent while sales of passenger vehicles are down 15.2 per cent. Truck sales remained unchanged. Average price has remained up from last year, but growth is range bound. The average price of all new cars is up 2.6 per cent with passenger vehicle and truck prices up by 1.8 per cent and 1.6 per cent respectively.

A multitude of factors has affected new car sales in Ontario such as:

- Atypical auto plant closures during the year has put downward pressure on supply and by extension sales;
- the carbon tax in Ontario has depressed new car demand due to the increased costs associated with owning a car; and,
- increased economic uncertainty has kept people from purchasing a new car and instead, repairing their existing car or using public transportation or ridesharing programs.

Ontario accounted for most of the net growth in businesses with employees year-over-year

New data was released this week on business counts for businesses with employees and businesses without employees (i.e., self-employed). On



a year-over-year basis, businesses with employees in Canada grew by 3.0 per cent to 1,311,024 from June 2018 to June 2019. Ontario accounted for most of the 38,233-net increase in businesses with employees (44.0 per cent share). Moreover, Ontario business counts increased by 3.6 per cent year-over-year to 483,063—the third highest rate of growth behind only Prince Edward Island (4.0 per cent) and Quebec (3.8 per cent).

By number of employees, the net growth in businesses with employees in Ontario occurred in very small enterprises, which are common in the province. For example, 97.8 per cent of the 483,063 total businesses with employees in Ontario had one hundred or fewer employees in June, and 86.1 per cent of the net growth occurred in enterprises with four or fewer employees.

Businesses without employees increased year-over-year in Canada by 1.9 per cent to 2,934,375 with Ontario contributing 65.8 per cent to the net growth. Businesses without employees grew by 3.2 per cent to 1,149,109, or 35,555 net employees. Moreover, Ontario's growth was the third strongest just behind British Columbia and the Northwest Territories tied at 3.3 per cent and Nunavut at 4.8 per cent.

Ontario has several tech hubs such as the Kitchener-Cambridge-Waterloo area, Ottawa-Gatineau and the Greater Toronto Area. New companies in these areas could be leading the growth in businesses in the province—both with and without employees. The services sector has also been growing at a faster clip than the goods sector, which is feeling the crunch from less business and residential demand and trade, that is usually a catalyst for growth. (See tables on page 3).

Edgard Navarrete

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com

Business Counts with Employees

	June 2019	June 2018	Net Change	Growth	Net Change Share
Canada	1,311,024	1,272,791	38,233	3.0%	100.0%
Newfoundland and Labrador	20,142	20,443	-301		-0.8%
Prince Edward Island	6,835	6,572	263	4.0%	0.7%
Nova Scotia	32,152	31,297	855	2.7%	2.2%
New Brunswick	26,893	26,586	307	1.2%	0.8%
Quebec	268,377	258,676	9,701	3.8%	25.4%
Ontario	483,063	466,229	16,834	3.6%	44.0%
Manitoba	42,640	41,318	1,322		3.5%
Saskatchewan	43,716	42,892	824	1.9%	2.2%
Alberta	176,598	174,995	1,603	0.9%	4.2%
British Columbia	206,244	199,440	6,804	3.4%	17.8%
Yukon	1,916	1,874	42		0.1%
Northwest Territories	1,670	1,691	-21		-0.1%
Nunavut	778	778	0	0.0%	0.0%

Source: Statistics Canada

Business Counts without Employees

	June 2019	June 2018	Net Change	Growth	Net Change Share
Canada	2,934,375	2,880,304	54,071	1.9%	100.0%
Newfoundland and Labrador	23,197	23,376	-179		-0.3%
Prince Edward Island	10,288	9,990	298	3.0%	0.6%
Nova Scotia	50,706	50,778	-72		-0.1%
New Brunswick	32,450	32,879	-429		-0.8%
Quebec	627,024	623,369	3,655	0.6%	6.8%
Ontario	1,149,109	1,113,554	35,555		65.8%
Manitoba	86,051	85,644	407	0.5%	0.8%
Saskatchewan	109,751	110,546	-795		-1.5%
Alberta	382,881	382,106	775		1.4%
British Columbia	457,353	442,635	14,718	3.3%	27.2%
Yukon	2,987	2,940	47	1.6%	0.1%
Northwest Territories	1,943	1,881	62	3.3%	0.1%
Nunavut	635	606	29	4.8%	0.1%

Source: Statistics Canada