

Highlights:

- Ontario home sales fell by 1.7 per cent in October after posting nearly no sales growth the month prior
- New car sales fell by 7.6 per cent in September, the steepest month-over-month sales drop of 2019

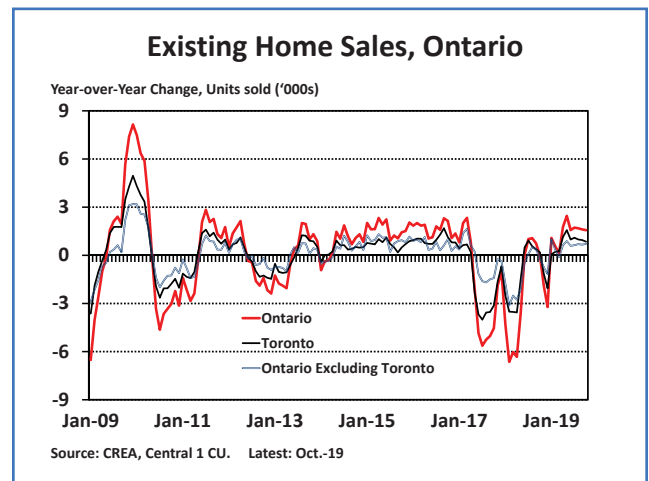
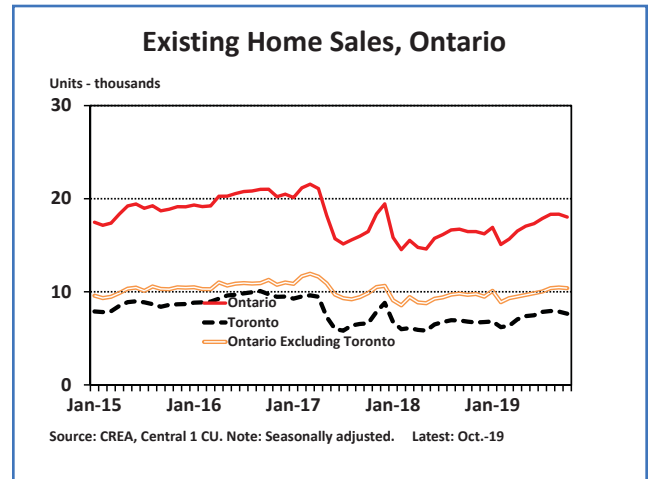
Existing homes market recovery stalled slightly in October

After nearly no sales growth in September, Ontario's existing homes market slowed down in October. The latest data from the Canadian Real Estate Association (CREA) shows that total sales in October fell by 1.7 per cent. Year-over-year, sales showed strong growth – up 9.5 per cent - compared to a very weak 2018. Over the first 10 months of the year, sales in Ontario are up 9.0 per cent above last year's pace due to a very strong growth year-over-year recovery in sales since April.

New listings continued to decline in October, falling an additional 3.2 per cent, adding to the 2.3 per cent decline in September. Year-over-year, listings have declined robustly over the last two months, stalling growth in supply since April. Year-to-date, new listings growth remains very weak, up only 0.7 per cent above last year's pace.

Months of supply remained unchanged month-over-month at 2.2 months but year-to-date stood at 2.5 months, down from 2.8 months in the same period last year.

Average price growth increased by 0.6 per cent to \$622,140 in October adding to the one per cent growth last month. Year-over-year price growth has averaged 5.5 per cent in 2019, while over the longer-term, since January 2001 to October 2019, year-over-year price growth has averaged 6.7 per cent. Prices seem to be firming up which may help supply as potential sellers may be enticed to list their homes.



Undoubtedly, continued economic uncertainty in the air continues to affect home buying activity in the Ontario. Even when sales do occur, the data suggests that most activity is likely happening in high-density housing which commands lower price tags than low-rise housing. Even in this segment, competition for limited listings is likely fierce, leading to bidding wars which has elevated prices in these segments.

Year-to-date, existing home sales in the Greater Golden Horseshoe (GGH) markets have grown by 12.0 per cent, whereas markets outside the GGH have grown by 4.8 per cent.

Over the first eight months of 2019, there were notable numbers in the following large markets:

- Barrie: up 17.9 per cent
- Durham region: up 18.0 per cent
- Hamilton-Burlington: up 10.2 per cent
- Kitchener-Waterloo: up 5.1 per cent

- Ottawa: up 5.8 per cent
- Quinte: up 5.1 per cent
- St. Catharines: up 15.6 per cent
- Sudbury: up 0.5 per cent
- Toronto: up 12.6 per cent
- Thunder Bay: down 1.7 per cent
- Windsor-Essex: up 6.0 per cent
- York region: up 19.4 per cent

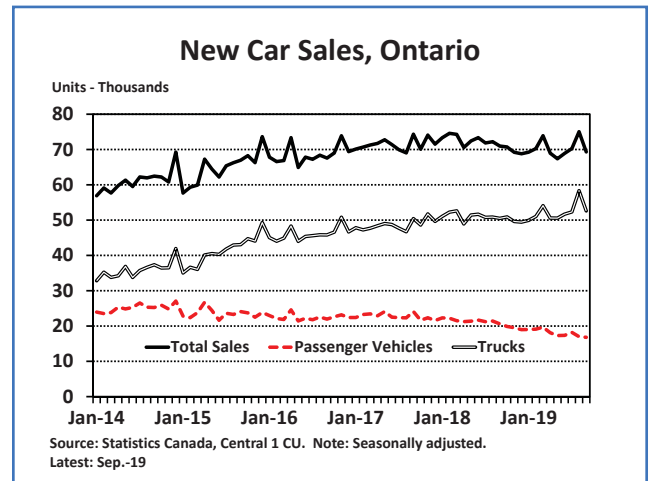
Ontario's new car sales saw the highest month-over-month sales decline of 2019 in September

After a very strong month of sales in August, Ontario's new car sales fell back down to earth in September. Total sales fell 7.6 per cent in October, the highest month-over-month decline of 2019, in large part due to a strong contraction of truck sales. This segment posted 9.8 per cent lower sales in October over September while passenger vehicles posted 1.1 per cent lower sales over the same period.

Over the first nine months of the year, new car sales remained 3.1 per cent off last year's pace with passenger vehicle sales significantly lower, down 16 per cent. Truck sales remained 2.4 per cent above pace.

The average price of a new vehicle in Ontario moved up slightly by 1.0 per cent to \$43,957. Over the first nine months of 2019, the average price of a new car is 4.0 per cent above last year's pace. The average price of passenger vehicles and trucks remained 2.9 per cent and 2.9 per cent above last year's pace respectively.

Rather than purchasing a new car, Ontarians are holding on to their existing cars longer and are deciding to repair them, as evidenced by strong growth in auto parts manufacturing. Economic uncertainty is keeping consumers away from car dealerships in larger numbers. In addition, Ontario's carbon tax, which makes prices at the pumps more expensive for drivers, may be starting to chip away at Ontarian's love of trucks which can be gas guzzlers compared to some classes of passenger vehicles.



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