

### Highlights:

- Strong full-time hiring helps to pull down unemployment rate to 9.5 per cent in September
- New home construction contracts 31.4 per cent in September
- Exports fell by 9.1 per cent in August on largely fewer exports to the U.S.
- Despite a tight market average home price in Toronto fell 3.7 per cent in September

### Unemployment rate continues to slide

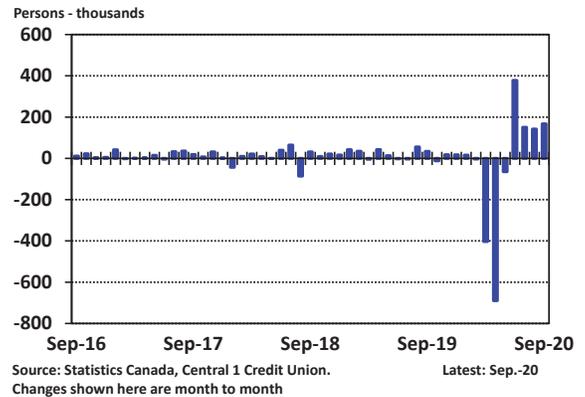
The unemployment rate continued to decline in September, moving down to 9.5 per cent from 10.6 per cent the previous month due to strong employment growth (up 2.4 per cent or 167,600 net jobs). Full-time job growth (up 2.4 per cent or 182,400 net jobs) more than offset some part-time job losses (down 1.1 per cent or 14,700 net jobs) and gains in the labour force (up 1.1 per cent or 83,500 net new entrants).

Strong hiring in the private sector (up three per cent) and public sector (up 2.3 per cent) supported the surge in hiring in September. The number of self-employed workers moved down (by 0.8 per cent) for the third straight month. It is likely that difficulties being faced by small and medium enterprises are pushing some self-employed workers to exit.

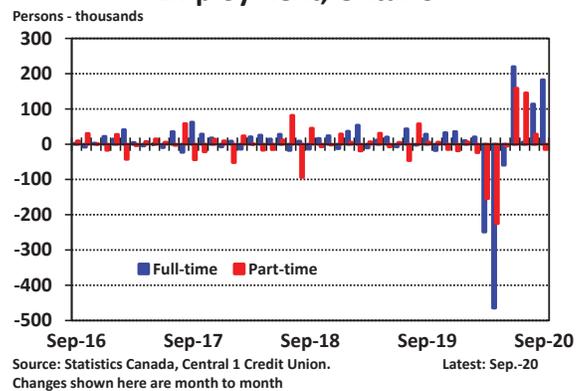
Most of the hiring done in September came from the services sector, in particular areas such as education, professional and scientific services, finance, insurance and real estate, and accommodation and food services. Greater need at schools with the start of the new school year pushed up hiring in that sector. A tight homeownership market is also lifting hiring in finance, insurance, and real estate. A greater number of restaurants and bars seeing more demand from the public is also supporting hiring in that sector, likely many workers that were furloughed from March now being recalled.

In the goods sector, construction and manufacturing continue to post strong hiring numbers. Strong resi-

### Change in Employment, Ontario



### Change in Full-time and Part-time Employment, Ontario



dential construction activity and some non-residential activity particularly in infrastructure projects around the province is creating a greater need for skilled labour. Many plants moving towards greater utilization especially in the auto sector is supporting hiring in that area.

### Housing starts fell significantly in September

Ontario housing starts fell 31.4 per cent to 80,169 units SAAR in September, putting an end to three consecutive months of growth. Year-to-date, housing starts remained 15.5 per cent ahead of last year's pace largely on the strong growth in building activity from June to August. In Ontario's urban areas housing starts also declined by 31.8 per cent in September mainly due to fewer single-detached (down two per cent), semi-detached (down 16.7 per cent) and condo apartment starts (down 47.3 per cent). Townhome

starts increased 15.2 per cent. Over the first nine months of 2020, total housing starts in all urban centres remained 15.3 per cent ahead of last year's pace. In September new housing starts in urban areas made up 98.2 per cent of all new housing construction in Ontario.

The seasonally adjusted average contract price for a single-detached home increased 5.6 per cent in September. The seasonally adjusted median price remained nearly unchanged in September moving up only 0.3 per cent. Year-over-year, the average price moved up 1.3 per cent while the median price contracted 0.8 per cent.

Significantly fewer starts month-over-month in a few large urban cores like Hamilton, Oshawa, Ottawa-Gatineau, and Toronto pulled down overall starts in urban areas.

Builders are likely now caught up or very soon catching up on the backlog of projects left at the blueprint stage in March. Moving forward, total housing starts may continue to slide as current market conditions, less new home purchases due to significant economic uncertainty, catch up with new home construction.

### Exports stalled in August for the first time since May

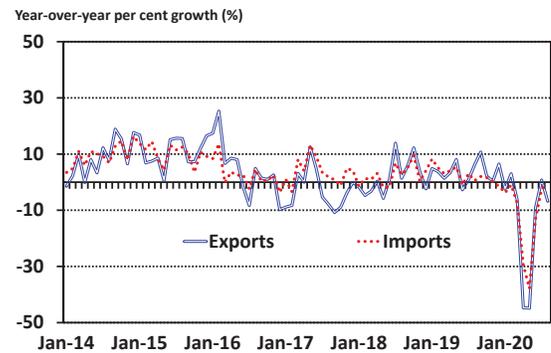
Ontario's trade recovery since the restart hit a snag in August as exports fell 9.1 per cent to \$16.3 billion, stalling three months of strong month-over-month activity. Imports remained nearly unchanged in August sliding down slightly by 0.5 per cent to \$29.7 billion. Exports fell on fewer shipments to the U.S., down 9.3 per cent, and to the rest of the world excluding the U.S., down 8.6 per cent. Year-to-date, exports are lagging last year's pace by 14.5 per cent. Imports are down 12.4 per cent from year ago totals.

Very few sectors saw exports climb in August. Among Ontario's key areas of exports metal and non-metallic mineral products fell 7.8 per cent (YTD<sup>1</sup> down 4.2 per cent), motor vehicle and parts fell 14.9 per cent (YTD down 31.8 per cent), and consumer goods fell 3.9 per cent (YTD up 6.2 per cent).

Stronger than expected exports of passenger cars and trucks made August exports look weaker by comparison, forestry products and building and packaging materials, one of the few areas that increased in August, rose on higher demand of lumber driven by increased new home construction in the U.S.

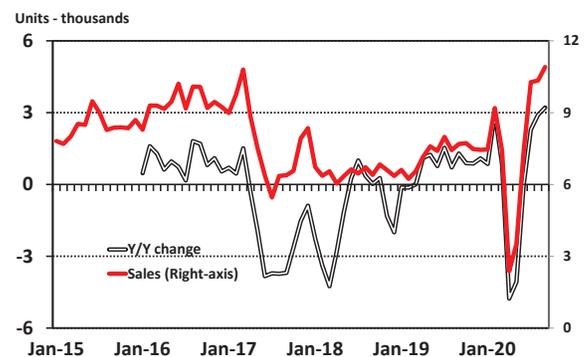
<sup>1</sup> YTD = year to date total, January to August

### International Merchandise Exports, Ontario



Source: Statistics Canada, Central 1 CU.  
Latest: Aug.-20

### Existing Home Sales, Toronto Region REB



Source: TRREB, Central 1 CU. Note: Seasonally adjusted. Latest: Sep.-20

The U.S. continues to be unable to get the pandemic under control until a vaccine arrives. The risk of regional lockdowns is possible in the Fall and Winter. Should this occur, Ontario exports will slide further as Americans increase savings to have contingency funds available especially since many companies continue to lay off workers and many remain unemployed since the Spring.

### Home sales in Toronto increased 5.4 per cent in September

Toronto's housing market tightened up again in September with many buyers chasing too few new listings. Sales in September moved up by 5.4 per cent to a seasonally adjusted 10,903 units a new record for September in the real estate board. Moreover, a strong third quarter where new record for sales were set in each of the last three months now has sales 1.7 per cent ahead of last year's pace for the first nine months of 2020. While sales continue to climb new listings fell back down in September by 15.8 per cent to 16,561 seasonally adjusted units putting an end to four consecutive months of very strong new listings growth. In September, the SNLR moved up in September to

65.8 per cent from 52.6 per cent in August. Over the first nine months of 2020 new listings are lagging last year's pace by five per cent.

Despite a tight market average home price fell by 3.7 per cent to \$957,754. The lack of supply in the market meant buyers eager to enter homeownership might have snapped up fixer uppers just to make sure they do not miss out on this opportunity. Over the first nine months of 2020 average home price growth is 13.4 per cent ahead of last year's pace largely due to a very tight market since the restart in May.

Compared to year-ago sales activity a greater share of low-rise home sales (all types excluding condo apartments) occurred in September 2020 (79.9 per cent) compared to last year (73.2 per cent). In the City of Toronto, a greater share of sales since mortgage rates have fallen, increased access to remote work, and the need for more space and less density to protect against COVID-19 has attracted more buyers to low-rise housing.

The constant-quality housing price index from the Toronto Regional Real Estate Board (TRREB) increased 1.4 per cent in September slower than the 1.8 per cent growth posted in August. The rate of growth of nearly all indices slowed down apart from condo apartments which moved up from 0.3 per cent growth in August to 0.4 per cent growth in September.

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