



Highlights

- Pandemic unable to slow Ontario’s resale homes market in 2020: sales up 12 per cent in December
- Seller’s market conditions prevail
- Weaker new car sales in November but prices increased modestly: new truck price up 1.5 per cent and passenger vehicle price up 3.1 per cent
- Ontario’s total population increased by 1.3 per cent to 14.7 million; a much slower rate of growth than recent years

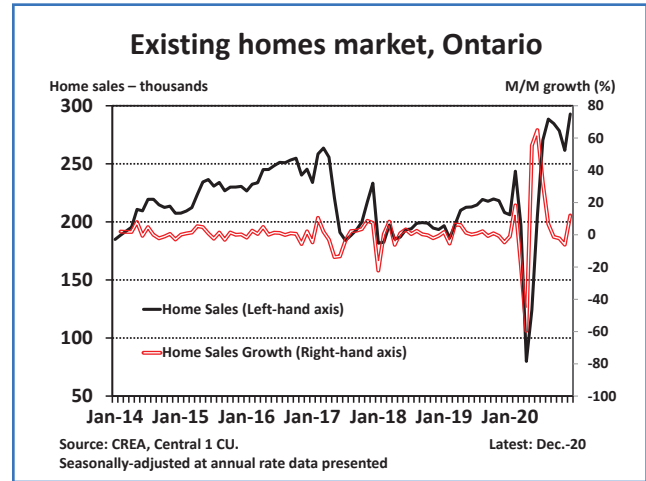
Ontario home sales up 8.7 per cent in 2020

Ontario’s resale market finished 2020 on a high note. After three months of sliding, sales moved up 12 per cent to 24,409 units (all figures in this section are seasonally adjusted unless otherwise stated). New listings also rebounded in December after flip-flopping since August. With stronger sales growth relative to the growth in new listings, the market tightened further. The sales-to-new-listings-ratio (SNLR) moved up to 76.5 per cent in December from 71.6 per cent in November moving the market deeper into a sellers’ market. This was due to the unavailability of supply (new listings) to satisfy demand (sales) given the amount of pent-up demand in the market driven largely by low mortgage rates and the need to live in larger spaces at times outside of large urban centres or in the suburbs.

A tight market has translated to strong price growth in November and December. In November prices increased 2.1 per cent and in December prices increased 3.1 per cent very strong growth but not as strong as the 6.9 per cent monthly average seen from May to August. Limited supply and bidding wars are likely keeping closing prices elevated even in areas outside of the largest urban markets.

In December, of the 44 real estate boards, over 68 per cent posted stronger sales. Sales activity in the largest boards was as follows:

- Greater Toronto (up 22.1 per cent)



- Durham Region (up 11.9 per cent)
- Mississauga (up 17.3 per cent)
- York Region (up 26.6 per cent)
- Windsor (up 7.5 per cent)
- Ottawa (up 2.8 per cent)
- London (up 1.7 per cent)
- Hamilton-Burlington (up 9.2 per cent)

The Canadian Real Estate Association (CREA) provides constant quality housing price index (HPI) for seven boards. In December, the HPI month-over-month growth for these boards ranged from 1.1 per cent (Greater Toronto) to 4.5 per cent (Niagara Region). Only two regions saw the HPI growth slide in December: Barrie (down 1.9 per cent) and Ottawa (down 0.1 per cent). The largest month-over-month increase occurred in Niagara Region (up 2.3 per cent).

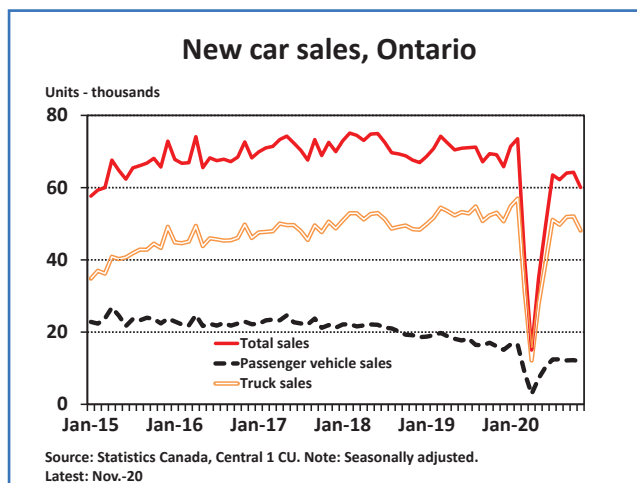
Overall, 2020 was a year of surprises. After the economic re-opening in May, the market was off to the races and apart from a slight lull in the last quarter it rebounded again in December. The market was able to pivot effectively in 2020 leveraging technologies (i.e., zoom) to allow for virtual viewings and kept it moving.

With December data in the books, here are some highlights from 2020:

- Sales increased 8.7 per cent;
- Average price increased 17.1 per cent given a very tight market since the May re-opening; and,
- New listings fell 3.3 per cent.

New car sales fell by 6.6 per cent in November

New car sales fell 6.6 per cent in November due to an overall moderation in consumer demand for both trucks (sales down 8.0 per cent), and passenger vehicles (down 2.8 per cent). Yet, while sales declined, overall new car prices increased 1.2 per cent. The price of a new truck moved up 1.5 per cent and the price of a passenger vehicle increased 3.1 per cent.

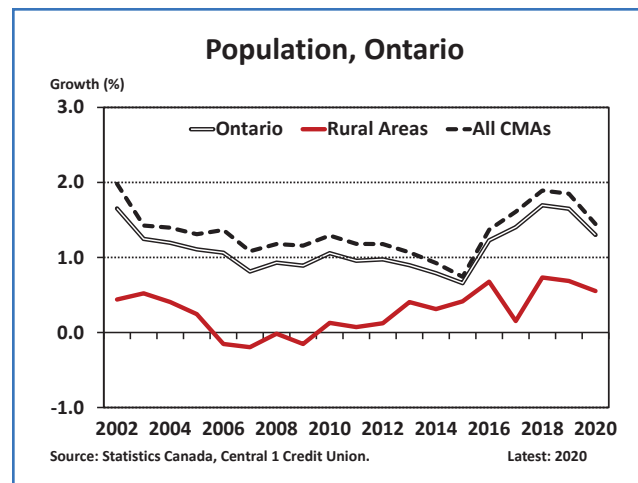


Automakers faced supply chain issues and production stalled, with fewer new cars in lots auto dealers were compelled to keep prices elevated to try and make up more revenue per car.

Over the first 11 months of 2020, new car sales are down 22.8 per cent and average price is 4.4 per cent ahead of last year's pace.

Ontario's population up 1.3 per cent in 2020, a much slower rate of growth from recent periods

Statistics Canada released annual population estimates this week that provide a glimpse of the pandemic's effects on population growth at the provincial and sub-provincial level (i.e., economic regions, census metropolitan areas, and census agglomerations). As expected, the picture was far from rosy given movement and economic restrictions in place for most of the year aimed at controlling the spread of the virus. Ontario's total population increased by 1.3 per cent to 14.7 million, growth in 2020 is well below the average from 2017 to 2019 where population expanded by an average of 1.6 per cent per year. Ontario's slower rate of population growth is directly attributable to slower rates of population growth across all sub-categories.



Permanent and non-permanent international movements of people slowed down by 4.4 per cent (to 117,909 net new residents) and 42.2 per cent (to 43,411 net new residents) respectively. The rate of natural increase, the difference between births and deaths, slowed down by 11.1 per cent (to 27,613 net new residents). Interprovincial migration also slowed down by 94.5 per cent (to 363 net new residents) as a stalled economy attracted fewer people to Ontario from other parts of Canada.

Sub-analysis of the economic regions also provides some interesting nuggets of information. Of the eleven economic regions in Ontario population shrank in only one region: northwest (down 53 net new residents) and population increased in only one region: Stratford-Bruce Peninsula (up 5.1 per cent or 4,150 net new residents). Moreover, in the northwest, growth in net international movements of people was not sufficient to offset lower natural increase, interprovincial and intraprovincial movements. On the flip side, in the Stratford-Bruce Peninsula intraprovincial movements accounted for nearly 95 per cent of the net population growth in 2020. Growth in areas of the goods-sector and people leaving large urban areas for quieter and calmer living helped drive this growth.

Intraprovincial movements in Toronto fell by 48,426 net residents in 2020, the only other region to report fewer intraprovincial movement drops was the northwest region (down 183 net residents). Many people in the Toronto region left to move back with family or to move to the suburbs either due to job loss or the need to find more space in the suburbs and surrounding areas.

Nearly all economic regions, except for except Ottawa, London, and Windsor Sarnia, posted declines to interprovincial migration. The pandemic has been not only a provincial shock but a national shock to the economy. It is very hard for someone moving from

another province to Ontario in hopes of finding work if the overall state of the country is equally uncertain.

Metro areas are an integral part of Ontario's economy as these urban areas accounted for 81.2 per cent of the province's total population in 2020. Population in all metro areas increased 1.4 per cent in 2020 with growth ranging from 0.3 per cent (Greater Sudbury) to 2.1 per cent (Oshawa). Among the largest urban centres population growth was as follows in 2020:

- St. Catharines-Niagara (up 0.7 per cent)
- Windsor (up 1.1 per cent)
- Hamilton (up 1.2 per cent)
- Toronto (up 1.4 per cent)
- London (up 1.6 per cent)
- Ottawa-Gatineau (up 1.8 per cent)
- Kitchener-Cambridge-Waterloo (up 2.0 per cent)
- Oshawa (up 2.1 per cent)

Finally, population in rural areas increased 0.6 per cent in 2020 to 1.5 million people.

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