



Highlights

- Strong exports of motor vehicles and parts helps lift Ontario exports
- Permit volumes are down, dragged by lower residential volumes
- Average home price in Toronto moved up an additional 2.4 per cent to \$1.1 million in August

Exports surge on increased sales of new cars and basic/industrial chemical/plastic/rubber products

Edgard Navarrete, Regional Economist

In July merchandise trade volumes continued to expand in Ontario albeit at a slower rate of growth. While imports increased at a respectable clip (up 3.5 per cent) in July exports moved up more modestly by comparison (up 1.4 per cent).

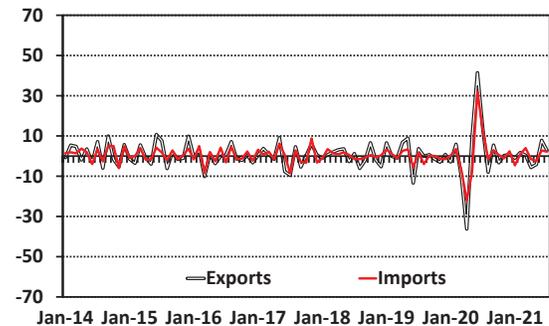
Despite continued growth in trade over the last two months exports still have not returned to pre-pandemic volumes from February 2020 (down 3.2 per cent), while imports have regained all losses and in fact now stand 3.6 per cent higher than volumes from February 2020. Over the first seven months of 2021, imports and exports are both significantly ahead of last year's pace by 14.6 per cent and 10.5 per cent respectively.

Of the eleven sectors surveyed every month export volumes increased in five with a strong surge in sales for motor vehicle and parts exports (up 14.0 per cent) and basic/industrial chemical/plastic/rubber prod (up 4.1 per cent) doing much of the heavy lifting in the month. Other areas with month-over-month gains included:

- Metal ores and non-metallic minerals (up 32.6 per cent)
- Industrial machinery, equipment and parts (up 0.3 per cent)
- Electronic and electrical equipment and parts (up 7.0 per cent)

International Merchandise Exports, Ontario

Month-over-month per cent growth (%)



Source: Statistics Canada, Central 1 CU.
Latest: Jul-21

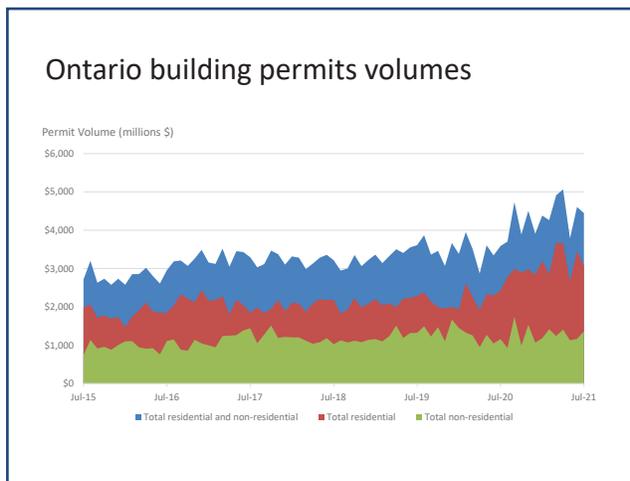
Strong exports of passenger vehicles and trucks lifted motor vehicle and parts exports in Ontario. Increased business investments helped lift industrial machinery, equipment and parts exports in Ontario while increased demand for electronic parts from sectors such as the auto and electronics sector lifted electronic and electrical equipment and parts exports. Strong new car production has supported growth in complementary areas such as basic plastics and rubbers production.

Despite rising COVID-19 case counts into the fall and winter high vaccination rates and the introduction of a vaccine passport will help insulate the economy from further lockdowns and increased public health measures that dampen production and export and import activity. Higher costs for new cars may dampen exports of new cars going forward from the strong surge reported this month.

Residential Permits are down 10.5 per cent

Alan Chow, Business Economist

Permit volumes were down slightly at 3.5 per cent in July, led by a 10.5 per cent drop in residential permits. Residential permit volumes saw decreases in both multi-unit (down \$212mm) and single dwellings (down \$149mm) as compared to the previous month. Non-residential permits saw a 17 per cent increase from June, led by a 60 per cent increase in the public sector. Gains of 7.9 and 7 per cent were also seen in the industrial and commercial area.



Despite the recent declines, year-to-date total permit volumes are up 32.8 per cent. Residential permits are up 47.5 per cent with single detached homes leading the way, up 63.0 per cent. Non-residential permit volumes are also up but at a modest 5.2 per cent. Industrial and government volumes increases were offset by the continued drop in commercial volumes.

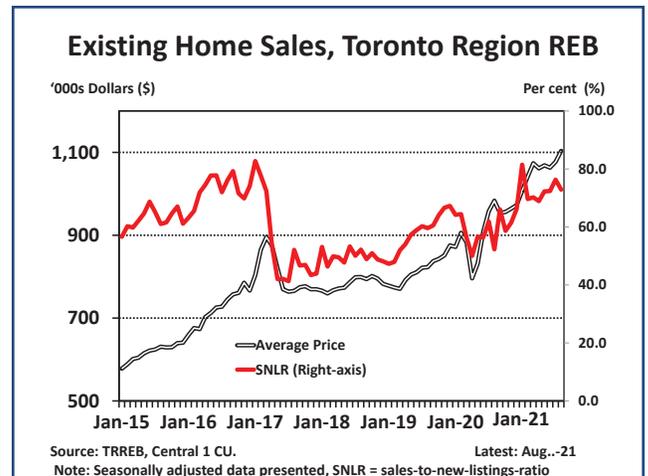
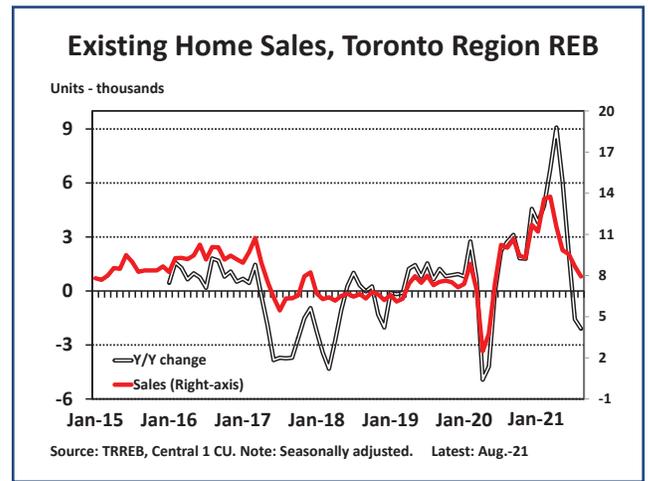
Most metro areas continue to see year-to-date increases in permit volumes. The Hamilton metro area has increases in volume by 107 per cent, followed by Barrie at 85 per cent, and London at 80.9 per cent. Toronto metro area had a 29 per cent increase. Some spots include Brantford and Ottawa-Gatineau area, which saw declines in permit volumes of 52 per cent and 19 per cent respectively.

Despite sliding sales and new listings average home price continued to climb

Edgard Navarrete, Regional Economist

Market activity continued to slide in August according to new data from the Toronto Region Real Estate Board (TRREB). In August, both sales (down 8.5 per cent) and new listings (down 4.2 per cent) fell even further and marked five consecutive months decreased activity. Over this five month stretch sales and new listings have fallen by an average of 10.3 per cent and 10.9 per cent respectively.

Despite the recent moderation over the last five months both sales and remain comfortably ahead of last year's pace due to very strong activity in February 2021. Over the first eight months of 2021, sales and new listings remained 53.1 per cent and 24.6 per cent ahead of pace respectively. Compared to pre-pandemic activity in February 2020, new listings and sales are down 20.8 per cent and 10.5 per cent respectively.



While new listings and sales have slowed down, prices continue to climb. In August, the average resale home price in Toronto climbed an additional 2.4 per cent to \$1.1 million adding to the 1.3 per cent growth in July. Year-to-date, the average resale home price in Toronto remained 16.2 per cent ahead of last year's pace.

The market in Toronto remains tight as seen through the average days a home stay on the market (16 days in August compared to 20.3 days average from 2017 to 2020) and the sales-to-new-listings-ratio which came in at 72.9 per cent in August slightly down from July (76.3 per cent) but still well into a sellers' market.

The constant-quality housing price index (HPI) published by TRREB in August increased at a slower rate. In August the HPI moved up 0.7 per cent much slower than July when the HPI moved up 1.0 per cent. The HPI for single-detached homes (up 0.9 per cent in August), rows (up 0.3 per cent in August), and condo apartments (zero growth in August) all slowed down with multi-family homes reporting a stronger slowdown.

Despite a slowing market, those buyers still looking for housing in Toronto are concentrating their search in low-rise single-family housing. Average prices are going up due to compositional effects (e.g., more sales of low-rise housing) and buyers bidding up prices for these homes to enter the market before 2022 and population growth makes the market even tighter than what it currently is.

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