



Canadian housing market shifting to sellers' conditions

Early month reports of rebounding sales and higher prices in key metro markets set the tone for a broad firming of housing activity in April. The latest MLS® sales data released by the Canadian Real Estate Association saw sales jump 11.3 per cent (seasonally-adjusted) from March, with the average price up 5.7 per cent to \$695,900. April's solid monthly increase in home sales pushed activity to the highest level since July 2022. Sales are still off pre-pandemic February 2020 by 12 per cent and low, but buyers are returning to the market despite still high mortgage rates. Buyers have adapted to the higher rate environment, which has partly been offset by rising wages over the past year, while a lack of housing inventory, stabilizing home values, while the swell of newcomers to Canada have likely triggered a fear that prices will pick up again and further put homeownership out of reach.

Provincially, sales jumped 15.7 per cent in B.C. and 18.8 per cent in Ontario to lead the way. This was followed by Nova Scotia (11.7 per cent) and Alberta (7.8 per cent). Sales fell 17 per cent in Newfoundland and Labrador. Among metro areas, B.C.'s Lower Mainland (20.6 per cent) and Greater Toronto (26.1 per cent) led the way, with growth in the teens among large Ontario markets outside Toronto.

We are clearly seeing sellers' markets re-emerge in many markets. Buyers meeting the income requirements are dipping into their amassed pandemic savings to fund down payments and running into the undersupplied market. New listings edged higher in April but remained near two-decade lows notwithstanding the early pandemic period. Prospective sellers have held back over the past year given a strong labour market, and lack of incentive to move due to higher rates and the modest price correction.

Buyers are increasingly bidding higher to secure properties. The average price jumped 5.7 per cent which was a third straight monthly increase and strongest one-month gain since January 2022. At \$695,900 this was the highest price level since May 2022.

More robust sales growth in the large and highest-priced metro markets was a driver, but the quality-adjusted benchmark price rose 1.6 per cent marking a second straight gain. This included a nearly two per cent increase in the Lower Mainland, B.C., 2.4 per cent in Greater Toronto, 5.7 per cent in Kingston, and 3.9 per cent in Kitchener-Waterloo, and 1.0 per cent in Calgary.

Current conditions point to further heat into the summer. Months of inventory sits at 3.3 months, compared to a balanced market (4-6 months) with Ontario at 1.9 months. This could fuel a few more sellers to list their properties but still reflects an undersupplied environment. That said, affordability challenges of high interest rates and prices are still a constraint in the market and likely to temper sales flow. Adding to this, the pass through of home prices to homeownership replacement costs and broader impact on the economy is also an upward risk to policy interest rates.

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MLS® Housing Market Summary

	MLS® Sales			MLS® Price			Sales-to-New Listings	Months of Inventory		
	Unit Sales (k)		y/y % ch	Price (\$k)		y/y % ch				
	2023M04	2023M03	2023M04	2023M04	2023M04	2023M03	2023M04	2023M04	2023M04	
Canada	38.2	1.4	11.3	-16.4	695.9	2.6	5.7	-4.4	70.2	3.3
British Columbia	6.7	11.3	15.7	-14.9	952.7	1.1	3.9	-6.4	69.8	3.7
Alberta	5.8	-0.1	7.8	-25.7	450.0	1.6	3.7	-0.3	79.6	3.3
Saskatchewan	1.1	-2.8	1.4	-16.3	290.5	1.9	-3.2	-5.3	59.4	5.4
Manitoba	1.1	1.0	5.5	-18.4	338.7	-0.1	3.6	-8.9	60.2	3.3
Ontario	15.2	0.0	18.8	-8.7	873.9	1.0	5.7	-8.0	72.5	1.9
Quebec	6.0	1.1	1.5	-20.2	471.7	1.7	0.0	-5.0	62.6	5.7
New Brunswick	0.7	-0.4	-2.5	-24.6	279.0	5.1	-3.5	-6.1	82.0	3.5
Nova Scotia	0.8	-9.4	11.7	-29.5	406.8	-4.7	7.3	-5.3	76.4	3.6
Prince Edward Island	0.1	-0.7	2.8	-19.4	380.1	6.7	-5.6	-7.1	56.2	6.9
Newfoundland & Labrador	0.4	-17.1	-17.0	-36.6	295.8	-2.7	3.8	3.8	50.9	6.6