



## Highlights

- Toronto area sales jump in April, home prices rebound as market tightens
- Strong employment gains seen in Ontario Labour market in April
- Ontario exports up slightly while imports fall in March

## Toronto home sales and prices ascend in April

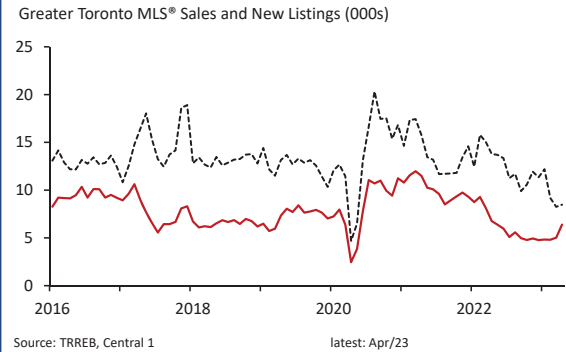
*Bryan Yu, Chief Economist*

Spring has sprung and it looks like the heavily affordability constrained Toronto housing market is following suit as frustrated buyers take the plunge amidst a scarcity of listings. The latest data from the Toronto Regional Real Estate Board showed a significant increase in home sales and higher prices despite the constraints of high mortgage rates.

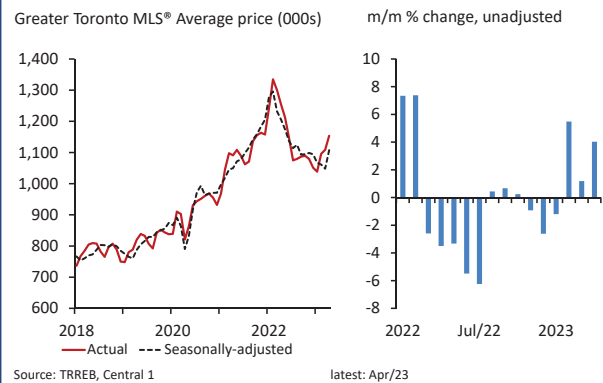
MLS® sales reached 7,531 units in April which was only six per cent shy of a year ago and compared to a 37 per cent year-over-year decline in March. This is partly owed to sales deterioration a year ago when interest rates accelerated. April sales were still 25 per cent below the same-month average from 2010-2019. That said, the trend has shifted higher with our calculation showing a 26 per cent increase in seasonally-adjusted sales and a third consecutive monthly gain.

Higher sales are likely being driven by buyer impatience as willing and able purchasers jump off the fence despite challenging affordability. While prices have retreated sharply from highs, levels have not offset mortgage rate hikes over the period. Low housing inventory is creating angst among buyers and some fear of missing out again due to robust population growth. New listings were 38 per cent below year-ago levels in April and trending in the opposite direction to sales. In fact, new listings are sitting near the lowest levels since the early 2000s and curbing active listing/inventory. While some owners face severe challenges due to higher interest rates, many prospective sellers have moved to the sidelines. Potential sellers have been unwilling to sell at prevailing prices, reflecting higher expectations after the pandemic surge, elevated rents, and resilient albeit slowing economic conditions and labour market conditions.

## Toronto area sales jump in April, new listings remain a drag on supply



## Home prices rebound as market tightens



A relatively smaller pool of buyers is setting the price and paying up amidst a low-price environment. The average price rose 4 per cent to \$1.15 million (unadjusted) marking a third straight increase. Adjusting for seasonal patterns, prices rose 5.7 per cent. Average prices are about 15 per cent below the pandemic peak but still more than 25 per cent above pre-pandemic pricing. Benchmark prices rose about 2.5 per cent led by detached properties. Buyers are betting on a period of steady economic activity and declining rates in the years ahead, and high prices are likely to keep sales lower.

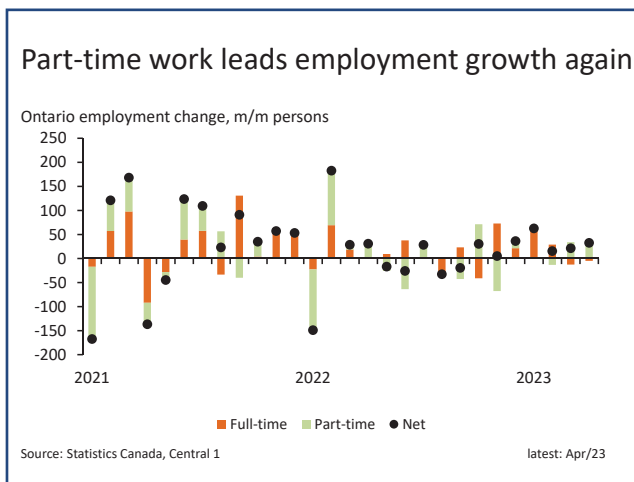
The latest numbers point to a strengthening housing market and rising prices in Canada's largest market. Low inventory suggests that prices have already bottomed out unless inventory balloons in the coming months, which is unlikely in our view. However, rising prices could feed through into firmer inflation and temper the pace of interest rate reductions and curb further gains.

## Ontario gains more than 30,000 jobs in April, unemployment rate slips below 5 per cent

Bryan Yu, Chief Economist

Ontario posted another strong labour market performance in April to drive national momentum. Total Labour Force Survey employment jumped by 32,700 persons or 0.4 per cent from March, representing about three-quarters of net national growth. This marked a seventh consecutive monthly increase for Ontario and outpaced growth in the supply of workers. Ontario's unemployment rate sank to 4.9 per cent market the lowest level since 1989.

The lack of available workers, which remains a constraint for businesses, alongside signs of slowing economic momentum may have contributed to shifts in hiring patterns. Full-time employment was virtually unchanged during the month while part-time work increased by 37,600 persons or 2.8 per cent. Given net job gains, total hours worked continued to rise.

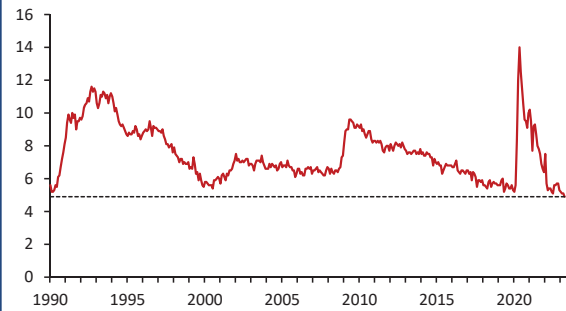


By industry, hiring was naturally aligned with national growth, but Ontario also reported stronger gains in goods industries. Net growth was led by transportation/warehousing (up 19.5k or 5.0 per cent) which may align with rising tourism, while wholesale and retail trade employment increased 12.1k or 1.1 per cent. Information/culture/recreation jumped 9.6k or 3.0 per cent. In contrast, hospitality fell 11.5k or 2.7 per cent. Among goods-sectors, construction increased 6.4k or 1.1 per cent. The federal workers strike fell outside the reference period and did not impact the figures, and the short duration is expected to have limited impact on May figures.

A decline in Toronto Census Metropolitan Area employment of 5,800 persons or 0.2 per cent from March means growth was driven entirely by smaller urban and rural areas. This could reflect persistence

## Unemployment rate sits at a multi-decade low

Ontario unemployment rate, %



of remote work given employment is measured on a place of residence basis. Nevertheless, Toronto's unemployment rate fell from 5.8 per cent to 5.5 per cent. In addition, three-month average data suggests growth was led by areas like Ottawa, Kingston and Guelph.

Ontario's increase in employment and employment hours has been supported by the sharp increase in population. That said, labour force growth lagged employment to curb the unemployment rate which fell to a multi-decade low, while wage growth continued to churn at robust 5.5 per cent year-over-year which will continue to fuel challenges for national inflation. A slowing economy is anticipated to slow the pace of hiring going forward.

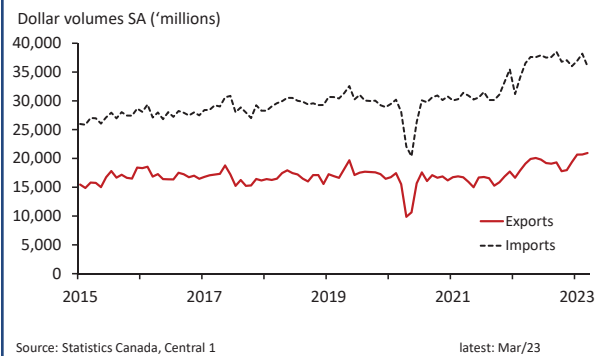
## Ontario exports edged further in March while imports declined

Eloho Ennah, Economic Analyst

The value of Ontario exports in March increased by 9.5 per cent year-over-year and was stated as \$22.6 billion while the value of imports was \$38.8 billion, a 2.0 per cent reduction compared to the same month of 2022. According to Central 1's seasonally adjusted numbers, Ontario's exports value increased by 1.2 per cent month-over-month in March to reach \$20.9 billion, following February's minor increase of 0.1 per cent while the value of imports declined 5.7 per cent to \$36 billion.

Within exports, aircraft and other transportation equipment, and parts exports value increased the most by 19.7 per cent to \$472.8 million in March and more than making up for the 8.5 per cent decline in the prior month. The dollar value of energy exports increased by 16.9 per cent to reach \$274.9 million while consumer goods exported increased by 11.7 per cent to \$4 billion. In addition, farm, fishing and intermediate food product exports value increased by 1.9 per cent. Balancing these increases was a decline in metal ores

## Ontario exports up slightly while imports fall in March



and non-metallic minerals exports value which fell by 17.5 per cent following the 51.0 per cent increase reported in February. Motor vehicle and parts export value also decreased by 3.8 per cent while metallic and non-metallic mineral products fell by 2.9 per cent.

Among the import categories, all but three categories recorded declines in March. The dollar value of energy imports declined the most, falling by 29.7 per cent to \$773.9 million during the month while consumer goods

import value declined 18.5 per cent to \$7.4 billion. Electronic and electrical equipment and parts exports traded at a lower value of \$4.9 billion, a 6.4 per cent decrease from the prior month and forestry products and building and packaging materials recorded a drop of 5.4 per cent to \$1.6 billion. Offsetting these declines were increases in three import categories. Special Transactions Trade jumped by 46.8 per cent to \$1.5 billion. Aircraft and other transportation equipment and parts imports value increased by 8.6 per cent to \$500 million while farm, fishing and intermediate food product imports value increased by 0.5 per cent to reach \$1.2 billion in March.

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