



## Housing market slows in August, reported price declines exaggerates weakness

Canada's housing market retrenchment gathered steam in August with sharper declines in both MLS® home sales and prices as summer rate hikes further eroded affordability and added to future rate uncertainty. From the latest Canadian Real Estate Association data, sales fell 4.1 per cent from July to 38.3k unit sales (seasonally-adjusted) during the month, marking a second straight decline and fewest sales since April. The average home value fell 2.3 per cent to \$674,200 and is down 5 per cent over the past three months, but 2.4 per cent ahead of a year ago.

The combination of rate hikes, financial stress, and uncertainty are curbing household demand for real estate, but declining sales were not universal among provinces. British Columbia, which is more interest rate sensitive given high household debt and high home values, recorded a 10.7 per cent plunge in sales which was the steepest among provinces and pushed sales to the lowest level since March. Ontario (-6.2 per cent) and Quebec (-4.9 per cent) also reported significant declines. In contrast, the Prairies have shown substantial resilience. Rate hikes have similarly cut purchasing power, but this has been offset by the lift in demand due to interprovincial migration (Alberta is calling after all) and relatively lower prices compared to B.C. and Ontario. At the metro level, August declines were led by B.C.'s Lower Mainland of 10 per cent, while Calgary (+4.0 per cent) and Winnipeg (+2.3 per cent) recorded notable increases.

On the pricing front, the national average fell by a hefty 2.3 per cent but prices are holding up better than this headline. The national drop exceeded that observed by any province as compositional effects of sharper sales declines in the higher priced B.C. and to a lesser extent Ontario markets weighed on the national average. The benchmark price, which models out these types of shifts and controls housing quality, rose 0.4 per cent with most markets still moving higher. That said, benchmark values tend to lag at turning points in the market and growth has decelerated.

Slowing pricing conditions reflect both the easing in demand and some upward momentum in supply coming onto the market. New listings crept up 0.8 per cent on a national basis marking a fifth straight increase. This was the highest pace in more than a year. This may reflect activities by more financially stressed owners of principal residences or investment properties, but even so, levels are not especially high. Sales-to-new listings ratios are broadly still in a sellers' market across the country as many owners sit on the sidelines rather than sell in a weak market, while months of inventory (3.4 months) remain exceptionally low.

Interest rates are likely at peak, but elevated levels will keep many buyers on the sidelines and maintain financial stress on more owners as mortgage renewals push more owners to the brink. This should contribute to the persistence of low sales and moderation in home values through the end of the year. That said, there is no clear path to affordability. Buyers have shown a willingness to return to the market even with modest declines in prices and interest rates, while latent demand from historic population growth points to a future flood of buyers when rates retreat. Moreover, any short-term fluctuations in prices and affordability will be dwarfed by the massive shortage of housing in Canada.

---

### Bryan Yu

Chief Economist  
Central 1 Credit Union  
byu@central1.com

## MLS® Housing Market Summary

	MLS® Sales				MLS® Price				Sales-to-New Listings	Months of Inventory
	Unit Sales (k)		m/m % ch		Price (\$k)		y/y % ch			
	2023M08	2023M07	2023M08	2023M08	2023M08	2023M07	2023M08	2023M08		
Canada	38.3	-0.5	<b>-4.1</b>	<b>6.9</b>	674.2	-2.2	<b>-2.3</b>	<b>2.4</b>	56.2	3.4
British Columbia	6.4	-2.8	<b>-10.7</b>	<b>20.6</b>	994.7	0.2	<b>-0.4</b>	<b>5.2</b>	52.8	4.2
Alberta	7.1	3.9	<b>2.8</b>	<b>22.2</b>	449.4	-0.8	-0.4	4.9	72.6	2.5
Saskatchewan	1.4	9.0	<b>0.4</b>	<b>11.3</b>	302.3	-2.5	<b>0.9</b>	<b>-1.4</b>	69.3	4.2
Manitoba	1.3	5.5	<b>0.6</b>	<b>2.0</b>	358.7	1.1	<b>2.4</b>	<b>3.9</b>	68.0	2.7
Ontario	13.1	-5.9	<b>-6.2</b>	<b>-0.3</b>	880.2	-1.1	<b>-1.2</b>	<b>0.2</b>	45.6	2.9
Quebec	6.7	7.5	-4.9	-0.2	496.6	1.8	<b>1.3</b>	<b>5.0</b>	63.8	4.8
New Brunswick	0.8	-1.5	<b>12.5</b>	<b>5.6</b>	309.2	-0.1	<b>2.3</b>	<b>13.2</b>	81.3	2.8
Nova Scotia	0.9	-2.3	<b>-2.6</b>	<b>-9.4</b>	431.4	1.7	<b>-1.3</b>	<b>8.2</b>	71.7	3.2
Prince Edward Island	0.2	7.3	<b>-6.3</b>	<b>21.3</b>	390.9	5.9	<b>-2.9</b>	<b>1.7</b>	60.9	5.1
Newfoundland & Labrador	0.5	-7.9	<b>18.0</b>	<b>4.5</b>	300.0	3.0	<b>3.0</b>	<b>3.2</b>	62.8	5.2

## MLS® Housing Market Summary, Select Metro Areas

	MLS® Sales				MLS® Price				Sales-to-New Listings
	Unit Sales (k)		m/m % ch		Price (\$k)		y/y % ch		
	2023M08	2023M07	2023M08	2023M08	2023M08	2023M07	2023M08	2023M08	
Fraser Valley, BC	1.2	-11.9	<b>-12.1</b>	<b>28.4</b>	1,028.4	-7.5	<b>0.4</b>	<b>2.3</b>	49.3
Greater Vancouver, BC	2.3	-1.0	<b>-8.5</b>	<b>24.9</b>	1,311.0	1.4	<b>0.9</b>	<b>7.9</b>	53.9
Calgary, AB	3.3	2.2	<b>4.0</b>	<b>25.8</b>	545.1	-0.4	<b>-1.3</b>	<b>6.3</b>	82.4
Edmonton, AB	2.3	6.5	<b>0.2</b>	<b>20.2</b>	382.1	-0.1	<b>-1.2</b>	<b>0.6</b>	62.0
Saskatoon, SK	0.6	8.1	<b>-0.2</b>	<b>12.0</b>	358.0	-1.6	<b>0.4</b>	<b>-0.0</b>	73.2
Winnipeg, MB	1.1	3.3	<b>2.3</b>	<b>1.4</b>	378.2	1.4	<b>2.0</b>	<b>3.8</b>	68.8
Toronto, ON	5.5	-10.6	<b>-1.0</b>	<b>-2.1</b>	1,132.7	-0.8	<b>-1.6</b>	<b>0.3</b>	42.4
Ottawa, ON	1.1	-0.5	<b>-8.0</b>	<b>9.2</b>	666.4	6.6	<b>-4.1</b>	<b>0.7</b>	53.8
Halifax, NS	0.4	-4.9	<b>-7.5</b>	<b>-5.5</b>	593.0	2.4	<b>1.9</b>	<b>21.3</b>	74.5