



## Highlights

- Home sales were down 6.2 per cent in August while average prices dropped 1.2 per cent

## Slow sales persist in Ontario’s housing market, prices edge down

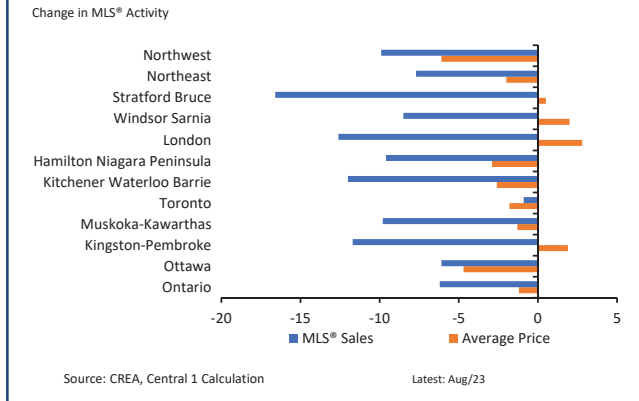
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Ontario’s housing market continued its downward adjustment in August as high interest rates and weakening sentiment pushed buyers to the sidelines. MLS® sales fell for a third straight month with a 6.2 per cent drop from July to mark the fewest seasonally adjusted sales since March. Sales have declined 14 per cent since May, and while levels are in line with a year ago, Ontario sales remain far below pre-pandemic trends by 30 per cent.

While the focus is often on the GTA, the latest decline was driven by other regions of the province based on our assessment which could reflect impacts on affordability sensitive households. Sales in the Economic Region of Toronto (which includes the GTA) fell only 0.9 per cent when adjusted for seasonality, although this followed a more substantial decline in July. There were significant sales declines of approximately 12 per cent in Kingston-Pembroke and London, along with sales decreases of 10 percent in Hamilton-Niagara Peninsula and Muskoka-Kawarthas.

Weakening demand contributed to a second consecutive monthly decline in the average price by 1.2 per cent to reach \$880,230. This understates some of the decline among markets given the relatively stronger sales performance in the high-priced GTA region. The average price fell close to five per cent in Ottawa and nearly three per cent in Kitchener-Waterloo-Barrie and the Hamilton-Niagara Peninsula. Values rose two per

## Sales down in most Ontario regions



cent in Windsor-Sarnia. Composition plays a role as the benchmark price for the province held steady, but still slowed sharply from a one per cent gain in July to 0.2 per cent in August. Clear indications suggest that the retrenchment in activity is curbing price momentum in the province.

Softer sales and price performance align with a more balanced market in the region than seen previously. More owners are listing properties, which could reflect additional financial stress given higher rates, particularly for recent buyers and investors. Ontario new listings rose for a fifth consecutive month and marked the highest monthly flow since mid-2022. While not especially high, it signals an uptick in supply that should move to moderate home prices in the back half of this year.

It’s important to note, that we should not expect a return to an affordable market. Buyers have shown a willingness to return to the market with modest cuts to rates or home prices, driven by strong latent housing demand from robust population growth. Moreover, housing shortages are severe and unlikely to get much better in the coming decade, meaning buyers will jump in when they have an opportunity.

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