



## Highlights

- Ontario housing market showed further signs of cooling as home sales and prices retracted in September
- Higher dollar volume permits seen in the non-residential sector, residential building permits decline

## Ontario home sales and prices edged down in September

Alan Chow, Business Economist

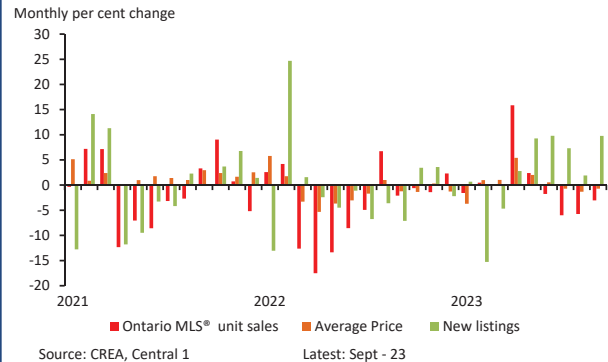
Ontario's housing market eased further in September as both sales and prices fell again. MLS® sales were down another 3 per cent in September to a seasonally adjusted 13,366 units and following a 5.7 per cent pullback in August. Sales were relatively on par from a year ago but down 15.6 per cent from the recent peak in February 2023. With renewed potential for another rate hike on already high rates, its likely sales and prices will continue to decline in the near future.

Unit sales in Greater Toronto dipped 2 per cent, while Kitchener-Waterloo unit sales increased 7 per cent. Sales were also lower in the Hamilton-Burlington and Mississauga regions, with 6 per cent and 15.6 per cent fewer unit sales, respectively. The Ottawa-Carleton real estate market saw a marginal 0.1 per cent decline in unit home sales during the month. London & St. Thomas was also down 3.3 per cent.

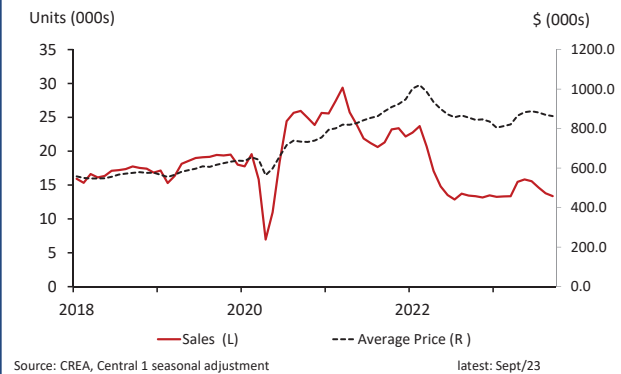
The average price fell alongside sales by 0.7 per cent during the month to an average of \$863,529 marking a third consecutive monthly decrease. Average prices are now 15.3 per cent off the peak from February 2022. July saw lower prices in most real estate market areas. Toronto home values were virtually flat at \$1.13 million. This was also the case in Hamilton-Burlington, where prices remain at \$893,570. In Durham and Mississauga, which are areas included in Greater Toronto area statistics, prices were down 3.3 per cent and 4.6 per cent, respectively. Average prices were also down 6.2 per cent in Kitchener-Waterloo, down 3.8 per cent in London & St. Thomas and down 1.1 per cent in Windsor-Essex.

Benchmark prices, which adjust for housing attributes, were down 0.6 per cent in Ontario. Toronto (down 0.7 per cent), Guelph (down 0.2 per cent), Kingston (down

## Home sales and prices down, new listings increase



## Ontario home sales moderate, prices edges down



0.4 per cent) also saw declines while Simcoe (up 3.7 per cent) and Ottawa (up 0.4 per cent) experienced increases in the benchmark price. Prices are expected to soften in the coming months amid weakening demand and as the impact of cumulative rate hikes sets in. However, demand remains supported by buyers with previously pre-approved lower rates and population growth supported by strong immigration.

New listings continued edging higher in September, up 9.8 per cent and continuing the upward trend we have seen since March 2023. Inventory levels are likely to continue to rise as the potential for higher interest rates pushes more people to sell. Home prices are expected to decline further in the coming months although not by much given underlying demand and buyers are often quick to flock to the market at any signs of a decline in prices. In addition, undersupply issues will be further exacerbated by the dampening of residential construction activity due to the high-rate environment.

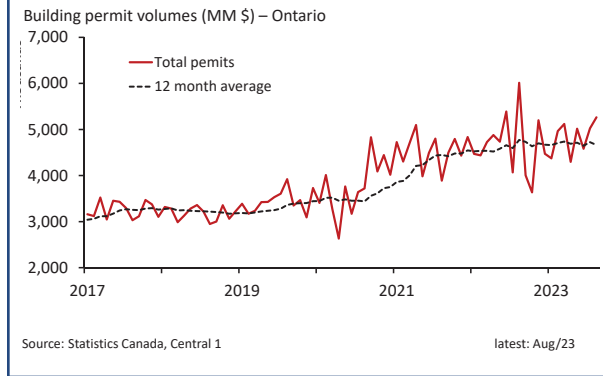
## Ontario building permits grew in August

*Eloho Ennah, Economic Analyst*

Ontario building permits increased further in August following July's uptick. Total dollar volume permits rose 4.8 per cent from July to reach a seasonally adjusted \$5.3 billion, although this was 12.5 per cent lower than a year ago. Residential building permits were down by 8.1 per cent to \$3 billion during the month while non-residential permit volumes were the primary driver of the overall increase as they increased 28.5 per cent to \$2.3 billion. Year to date as of August, permit volumes are showing a minor increase of 1 per cent compared to the same period last year. The overall trend points to a flattening in construction activity, given the weakness in the housing market due to elevated interest rates and the expected downturn of the economy.

The residential sector saw a reduction of 8.1 per cent, which was mostly driven by multi-family residential permits receding 15.8 per cent to \$1.7 billion following a 17.5 per cent increase in the prior month. Single-family residential permits rose 4 per cent in August. Within the non-residential sector, commercial permits increased 2.7 per cent while government permits more than doubled to reach \$1 billion. On the other hand, industrial building permits declined 11.3 per cent in June. High-value non-residential permits were issued in Toronto for a hospital renovation, a new correctional facility in Thunder Bay and a new arena in Whitby, contributing to the national gain in non-residential permits during the month.

## Ontario's building permit volumes rose in August



Mixed performances were reported among the census metropolitan areas. Toronto's building permits fell 7.8 per cent in August as the residential sector experienced a 31.1 per cent decrease while non-residential permit volumes rose 45.7 per cent. August's value was also 27.7 per cent lower than that of one year ago. Monthly permit volumes receded sharply in the Kitchener-Waterloo-Cambridge and Kingston regions, declining 45.8 per cent and 43.9 per cent respectively. Similarly, Windsor and Ottawa-Gatineau regions reported 17.5 per cent and 20.9 per cent reductions in monthly permit volumes, respectively. On the other hand, permit volumes in Barrie jumped 145.7 per cent while also being up 125.6 per cent in Guelph.

*For more information, contact [economics@central1.com](mailto:economics@central1.com).*