



October slide signals another frigid winter ahead for Canada's housing market

Canada's housing market looks to be heading into another frigid winter as October sales tumbled and home prices continued to give up spring gains. Rising mortgage interest rates during the Fall months, triggered by a rise in bond yields, pushed more prospective buyers to the sidelines while adding further financial stress to owners looking to renew existing mortgages.

MLS® home sales declined 5.6 per cent from September marking the sharpest single month decline since June of last year. Monthly sales at 35.4k units fell to the lowest level since March and were down 0.7 per cent from a year ago. Trends are moving back to 2022 lows. October's slump was felt across most provinces and led by an 8.3 per cent drop in Alberta, although sales in the province remained 13 per cent higher than a year prior. This was followed by a 6.9 per cent decline in B.C. and five per cent declines in both Quebec and Ontario. A scan of metro areas pointed to a more than 10 per cent decline in the area comprising B.C.'s Lower Mainland, while both Edmonton and Calgary fell nine per cent. Toronto declined 5.0 per cent, with Ottawa down 11 per cent, suggesting a deeper reverberation of low affordability on higher priced markets.

Declining sales volumes and range-bound new listings have added to inventory accumulation. While some long-time owners have retreated to the sidelines, more recent buyers unable to meet mortgage obligations and investors are divesting. Listings remain on the market for longer than anticipated and months of inventory (4.1) have moved back to pre-pandemic levels.

Prices are falling as a result. The average price declined 1.1 per cent to \$660,300 which was a fifth straight decline. This is seven per cent lower than the recent May high and 17 per cent below the pandemic peak. Among provinces, monthly prices fell the most in B.C. (1.7 per cent), Newfoundland and Labrador (3.8 per cent) and Manitoba (2.2 per cent). The average price was flat in Ontario and up in New Brunswick and Nova Scotia by four per cent. These moves were led by metro areas. While average prices are influenced by sales composition, the benchmark value fell 0.8 per cent, which was a second straight decline.

Housing market conditions are anticipated to deteriorate into early 2024. While declining bond yields are likely to dislodge mortgage rates from highs, levels remain elevated and a challenge for homeowners trying to get into the market. Moreover, the renewal wave is likely to add more existing home listing to the market in coming quarters as more buyers run into financial difficulties which adds to downward pressure on home values. That said, underlying demand from population gains provides support and prospects for more vigorous activity in the latter half of next year as Bank of Canada policy rates move lower.

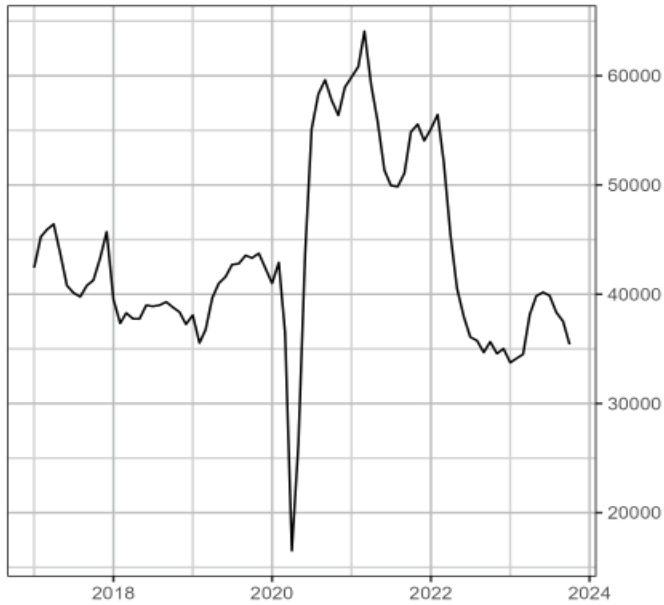
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Canada MLS Activity

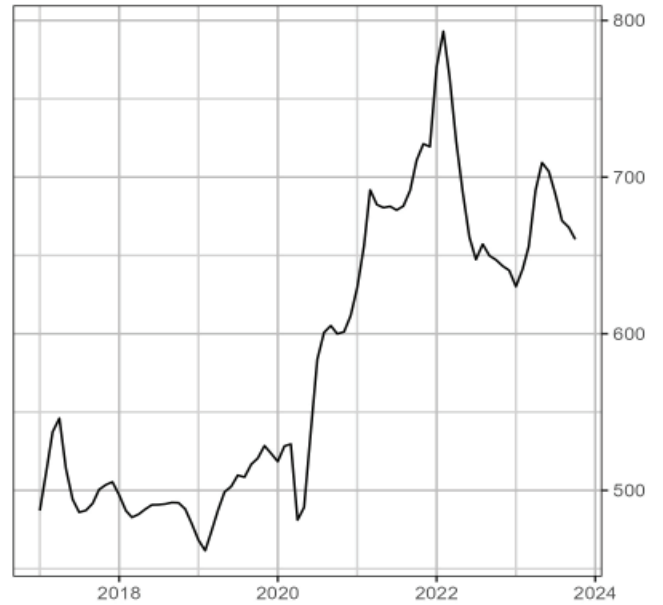
MLS unit sales

Last data point: 2023-10-01



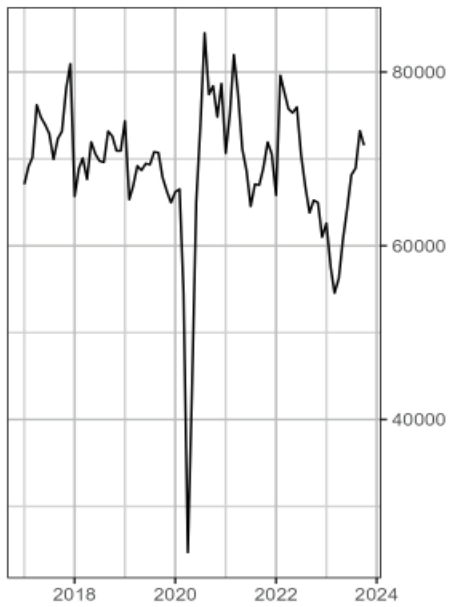
Average MLS Price, \$000s

Last data point: 2023-10-01



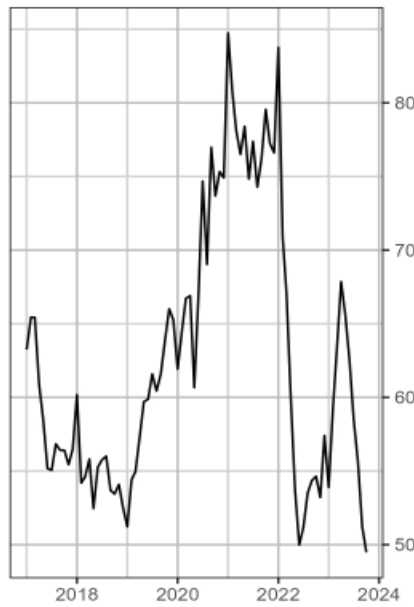
MLS new listings

Last data point: 2023-10-01



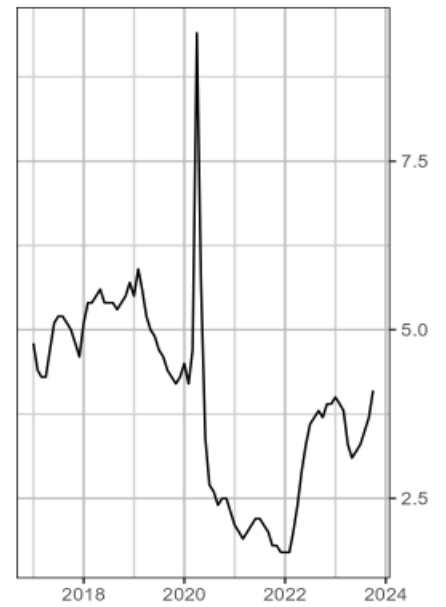
MLS sale-to-new listings

Last data point: 2023-10-01



MLS months of inventory

Last data point: 2023-10-01



CREA, Central 1

MLS® Housing Market Summary

	MLS® Sales				MLS® Price				Sales-to-NewMonths of	
	Unit Sales (k)		m/m % ch		Price (\$k)		m/m % ch		Listings	Inventory
	2023M10	2023M09	2023M10	2023M10	2023M10	2023M09	2023M10	2023M10	2023M10	2023M10
Canada	35.4	-2.1	-5.6	-0.7	660.3	-0.6	-1.1	2.0	49.5	4.1
British Columbia	5.7	-4.1	-6.9	1.0	977.0	0.2	-1.7	3.9	45.8	5.2
Alberta	6.6	1.5	-8.3	13.0	455.7	1.6	-0.5	5.1	67.7	2.7
Saskatchewan	1.3	-4.2	-1.8	5.1	302.1	-0.2	0.5	4.2	67.6	4.4
Manitoba	1.2	-1.4	-0.4	1.7	350.8	0.1	-2.2	3.7	63.7	2.8
Ontario	12.0	-3.6	-5.5	-7.8	872.5	-0.2	-0.0	2.7	38.5	3.8
Quebec	6.3	0.1	-5.1	-1.0	491.0	0.5	-1.4	5.0	59.0	5.4
New Brunswick	0.8	-10.5	2.2	-2.6	309.7	-3.6	4.3	12.4	69.4	3.3
Nova Scotia	0.9	0.1	-0.5	-3.6	434.7	-2.9	3.9	8.2	62.1	3.8
Prince Edward Island	0.1	1.9	-15.3	-11.0	381.0	-2.6	-0.3	6.3	49.5	6.4
Newfoundland & Labrador	0.5	-5.3	-3.6	-0.2	289.4	0.7	-3.8	-1.0	55.3	5.5

MLS® Housing Market Summary, Select Metro Areas

	MLS® Sales				MLS® Price				Sales-to-New
	Unit Sales (k)		m/m % ch		Price (\$k)		m/m % ch		Listings
	2023M10	2023M09	2023M10	2023M10	2023M10	2023M09	2023M10	2023M10	2023M10
Fraser Valley, BC	1.0	-0.4	-13.4	5.9	1,038.2	2.4	-1.4	6.3	44.0
Greater Vancouver, BC	2.0	-5.1	-10.2	2.1	1,300.1	-0.0	-0.7	5.2	43.8
Calgary, AB	2.9	-2.1	-9.2	12.7	561.3	3.9	-0.7	7.3	71.7
Edmonton, AB	2.2	6.6	-9.0	14.6	386.9	1.1	-0.1	0.5	61.8
Saskatoon, SK	0.5	-4.5	-6.5	5.3	372.4	-1.8	5.9	13.6	67.3
Winnipeg, MB	1.1	-3.8	0.9	0.1	372.6	0.2	-1.6	3.8	62.7
Toronto, ON	4.9	-5.0	-5.0	-5.8	1,132.8	-0.2	0.2	3.4	34.5
Ottawa, ON	1.0	-1.0	-11.6	-2.5	666.7	0.4	-0.3	2.9	46.3
Halifax, NS	0.4	9.1	5.0	4.7	552.4	-10.4	3.6	2.5	70.5