



Highlights

- Home sales in Ontario increased by 1.5 per cent, home values fell by 1.3 per cent
- Ontario manufacturing sales are down again in the month of October
- Housing starts dropped to the lowest level in 2023 following the constructive results during the past two months

Ontario posts surprise increase in home sales in November

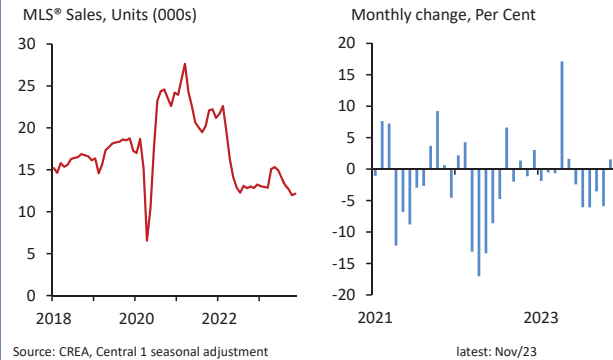
Eloho Ennah, Economic Analyst

After five months of waning home sales, the Ontario housing market saw a boost in November. However, this surprise reversal in sales growth could be temporary given the prevalence of high interest rates and weakening economic conditions. Seasonally adjusted MLS® unit sales increased by 1.5 per cent to 12,153 transactions during the month but have sunk below the 2022 trough.

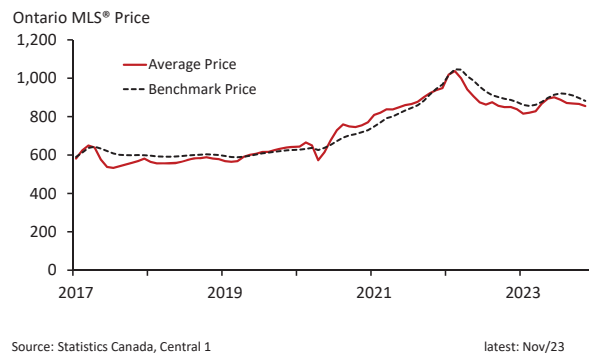
Mixed performance was seen across Ontario real estate markets. Sales in Greater Toronto increased 1.7 per cent, while sales in the Hamilton-Burlington area jumped 18.3 per cent. In Durham, home sales rose 1.8 per cent while sales in Mississauga increased by 1.2 per cent. The Ottawa-Carleton real estate market experienced a 3.5 per cent lift in sales during the month. Conversely, Kitchener-Waterloo area sales fell 9.7 per cent while sales in London and St. Thomas declined 5.3 per cent. Sales were also down in York region, with 2.0 per cent drop.

Average residential prices in Ontario, although still elevated, have fallen for the fifth consecutive month, now down 1.3 per cent to \$855,258. Prices are 17.6 per cent off peak in February 2022, but still 28.5 per cent above pre-pandemic levels, remaining resilient even in the face of high interest rates. Amongst Ontario areas, home prices in Toronto decreased 2.2 per cent after remaining nearly unchanged for two back-to-back months. In Durham and Mississauga, which are areas included in Greater Toronto area statistics, prices were down 3.8 per cent and 10.6 per cent respectively. Home values in Ottawa-Carleton area fell by 1.9 per cent, while being down 3.0 per cent in Kitchener-Waterloo.

Home sales back up in Ontario



Home values fall further in Ontario



In contrast, prices rose 0.6 per cent in London and St. Thomas region and 0.9 per cent in Windsor-Essex.

Benchmark prices, which adjust for housing attributes were broadly lower, pointing to a generally negative trend. Declines were seen in Toronto (-1.7 per cent), Ottawa (-0.7 per cent), Guelph (-2.5 per cent) and London and St. Thomas (-2.0 per cent). Despite months of inventory being higher than earlier in the year, new listings reduced by 3.4 per cent this month. This may change in the coming months as homeowners, grappling with high mortgage payments, sell to lessen financial strain.

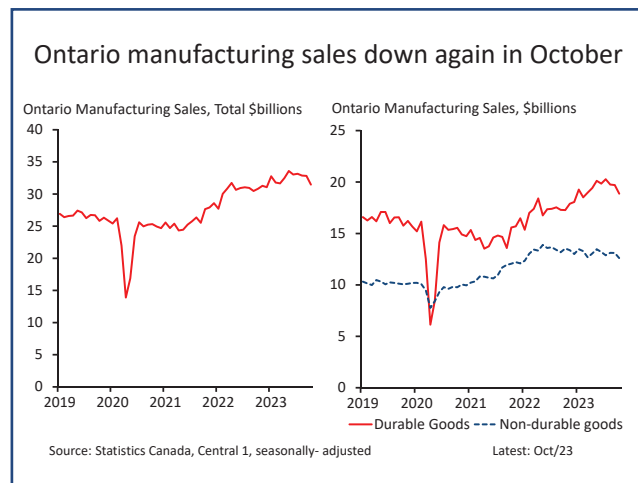
The market has remained in balance as shown by the sales-to-new listings ratio of 40.4 per cent. High prices remain a roadblock to many prospective buyers while homeowners struggle to renew their mortgages at higher rates. Housing market conditions are expected to remain frail into early 2024 prior to possible rate cuts in the second quarter.

Both durable goods and non-durable goods industries are down

Alan Chow, Business Economist

Manufacturing sales declined again in the month of October. On a seasonally-adjusted basis, sales were down 4.1 per cent in October when compared to September. Non-durable goods industries experienced a fall in sales as they were down 3.8 per cent while durable goods industry sales declined even more, down 4.3 per cent. On a year-to-date basis, manufacturing sales have risen 6.6 per cent compared to the same period last year. Durable goods industries have shown substantial growth increasing by 13.4 per cent. This more than compensates for the decrease in non-durable goods sales, which are down 2.0 per cent.

Within the durable goods industries, the largest monthly decline in sales was seen in computer and electronic product manufacturing (down 19.4 per cent) and reaching that industry's lowest monthly sales since February of last year. Machinery manufacturing was also down 12.6 per cent to its lowest level since September 2022. And finally, primary metal manufacturing was down 6.7 per cent, marking its lowest sales in two years. On the other hand, higher sales were seen in fabricated metal product manufacturing (up 9.7 per cent). Non-durable goods sales were dragged down by all industries. Large decliners were chemical manufacturing (down 6.9 per cent), and plastic and rubber products manufacturing (down 6.6 per cent).

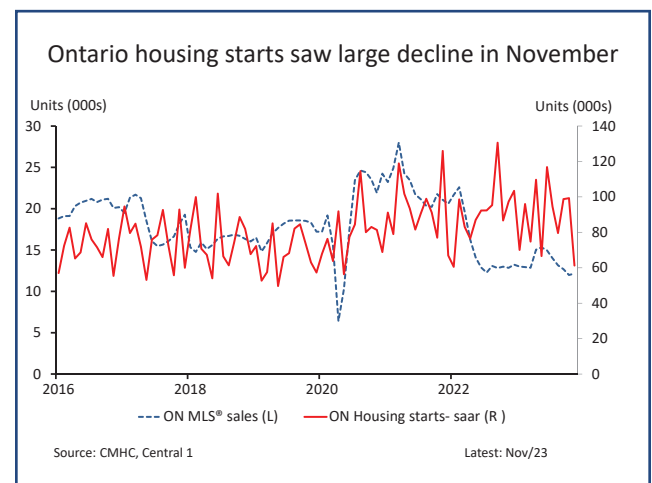


Within the metro areas, Toronto and Hamilton saw a 2.5 per cent and a 4.1 per cent decline in manufacturing sales. Kitchener-Cambridge-Waterloo saw a 1.5 per cent increase in monthly manufacturing sales. Ottawa saw manufacturing sales increase by 11.6 per cent and Windsor saw 35.3 per cent decline.

Ontario housing starts declined in November

Ivy Ruan, Economic Analyst

Following the robust results in September and October, Ontario urban-area housing starts reported a large cut through November, reaching a seasonally-adjusted annualized pace of 61,258 units compared to 99,264 units in October. With the latest dip, provincial housing starts in November marked the lowest level this year and moved below the 6-month moving average of 91,687 units. Both multi-family home starts (-43.0 per cent) and single-detached starts (-14.3 per cent) contributed to the provincial decline in housing starts.



Among census metropolitan areas (CMAs), Toronto saw a decrease of 39.3 per cent in housing starts in November to an annualized 26,952 units. Meanwhile, Ottawa housing starts reported a 23.6 per cent decline during the same period. Hamilton, Kingston, and St. Catharine's-Niagara all reported declines of one thousand or few hundreds of units, likely due to the starts of large multi-unit complex from last month. While a variety of changes in housing starts' results were reported among the rest of the regions, the number of starts among those areas was much smaller compared to the major cities.

Volatility in monthly housing starts is not unusual given the scale of multi-family projects. Despite the consistently strong results this year, Ontario's actual unadjusted urban-area housing starts in the first eleven months of 2023 decreased by 3.8 per cent to 80,331 units when compared to same period in 2022, driven entirely by the decrease in single-detached starts (-32.4 per cent). Meanwhile, multi-family unit starts rose by 5.7 per cent to 66,281 units compared to the same period last year. In Toronto, total housing starts from January to November 2023 was up 17.2 per cent in comparison to 2022. In contrast, Ottawa recorded fewer total housing starts, down 21.2 per cent. Declines were also seen in other CMAs, such as London and Kitchener-Cambridge-Waterloo, down by 32.9 per cent and 23.3 per cent respectively.

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