



## Highlights

- Great Toronto home sales dropped to 3,444 units in December
- Ontario the only province reported an employment decline
- Both full-time and part-time employments contracted in December

## Toronto housing market ends on a low note, but easing rates could lift activity in coming quarters

Bryan Yu, Chief Economist

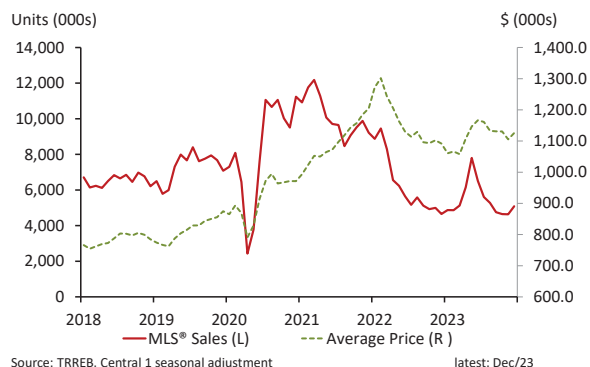
Rinse and repeat. Toronto's housing market ended the year about as poorly as it started with frigid home sales in December and prices without much traction. Demand remained constrained by high mortgage rates and fears of a housing price correction despite the growing latent demand from massive immigration flows to Canada. Total sales in Greater Toronto reached 3,444 units in December according to TRREB. While up 11 per cent on a 12-month comparison, and nine per cent from November on a seasonally-adjusted basis, levels are near to cycle lows of the past year to mark another tepid hand off to a new year. In fact, Decembers in 2022 and 2023 have seen the fewest home sales for the December time period in 15 years.

Home values have declined since the middle of the year following the temporary early spring bump in both sales and values, as market conditions waned. December's average price was unchanged after November's after a 3.5 per cent decline to \$1.084 million, albeit the benchmark price fell 1.3 per cent marking a sixth straight decline.

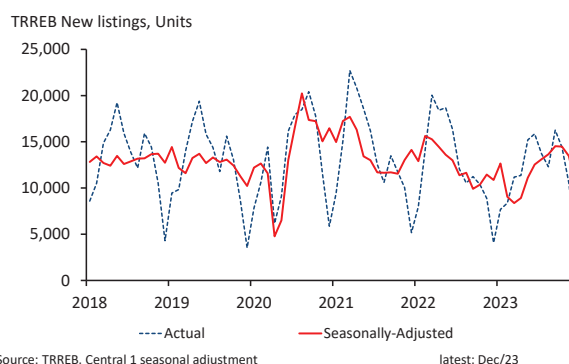
Annual sales fell 12 per cent to 66,315 units, the fewest since 2000. The average annual price fell 5.3 per cent to \$1.127 million.

Sales-to-new listings and sales-to-active listings are both trending in buyer's market territory, but conditions did tighten up modestly in December due to the uptick in

## Weak handoff to 2024 for Toronto housing market



## New listings decline could signal seller patience in advance of lower interest rates



sales and notable pullback in the pace of new listings which declined five per cent from a year ago. Adjusted for seasonal influence, new listings fell by a quarter from November. While this could be a blip before sellers return, it is possible that a drought in new supply may be coming.

Declining bond yields and lower prices could keep more sellers on the sidelines as they wait for improved market conditions. As we saw in early 2023, when fixed rate mortgage prices slipped, there is plenty of demand waiting for an entry point, driven by significant immigration levels and a tight rental market. Sellers could be waiting for such an environment to return as mortgage rates are in decline with lower bond yields. Housing sales volume could remain weak through the first quarter amidst this tension between buyers and sellers, and price expectations before picking up by mid-year. We expect sales to rise more vigorously in the second quarter and prices to go up along with it.

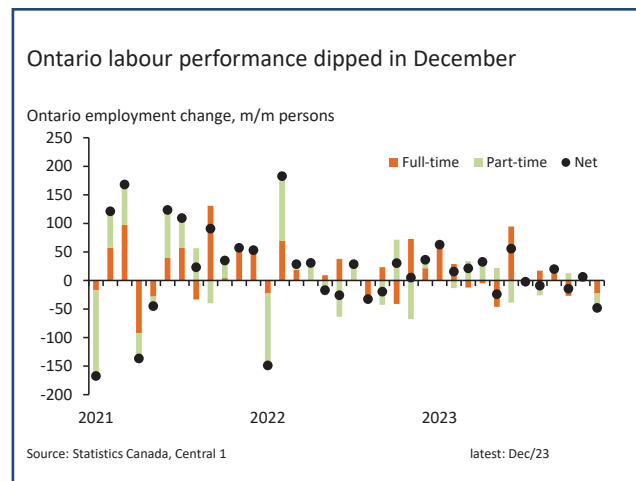
## Ontario labour performance declined in December

Ivy Ruan, Economic Analyst

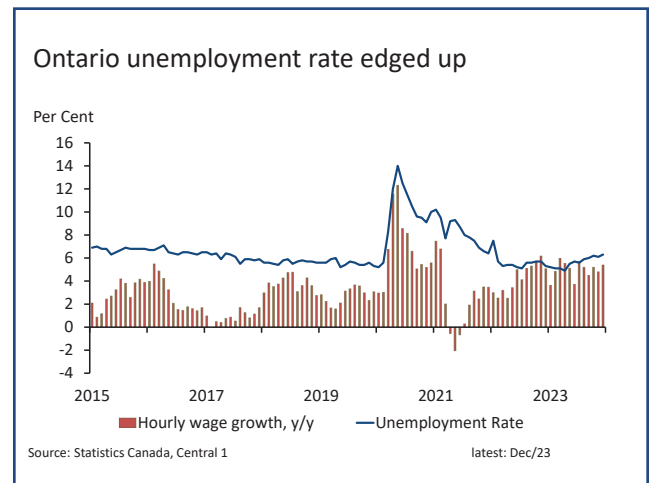
Ontario's recorded labour market weakened in December in a soft hand off to 2-24. Following minor fluctuations during the past five months employment fell by 48,000 people (-0.6 per cent) from November.

Ontario was the only province in Canada to report a notable decline, with other provinces largely reporting modest growth. It's worth noting that provincial employment was 1.5 per cent higher than the same month last year despite the monthly decline.

The softening pattern curbed the labour participation rate to 64.8 per cent from 65.3 per cent. Ontario's unemployment rate edged up 0.2 per cent to 6.3 per cent, from November. Meanwhile, the provincial labour force also contracted by 0.4 per cent, while population growth continued at 0.3 per cent.



In the Toronto Census Metropolitan Area, a labour force contraction of 0.2 per cent came along with a 0.4 per cent hiring decline during the same period, pushing the unemployment rate up by 0.2 per cent to 6.8 per cent in December.



At the provincial level, the drop in employment in December was driven by decreases in both full-time and part-time hirings. Part-time employment decreased by 25,200 people (-1.8 per cent), while full-time employment dropped by 22,700 people (-0.3 per cent). This drove national patterns and suggests some deterioration in job market quality.

On an industry level, employment pullback was more concentrated in the goods-producing sectors (-1.9 per cent), while there was less proportional decline in the services-producing sectors (-0.3 per cent). Specifically, large hiring decline in construction (-3.3 per cent) led the decline in employment in the goods-producing sector. In the service-producing sector, notable decreases were observed in business, building and other support services, where employment fell by 5,400 people (-1.9 per cent) following November's increase in hiring. In contrast, hiring declines were also reported among other services-producing sectors, such as the information, culture and recreation sector (-2.6 per cent) and accommodation and food services (-1.4 per cent).

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