



Highlights

- Ontario housing sales soared 16.6 per cent in December; home values rose by 2.9 per cent
- Housing starts up in December, down for 2023
- Retail spending in Ontario was unchanged in November, better than the decline seen nationally
- Ontario manufacturing sales went up following five months of declines
- Ontario CPI resumed growth in December as a result of higher gasoline prices

Ontario home sales advanced further in December

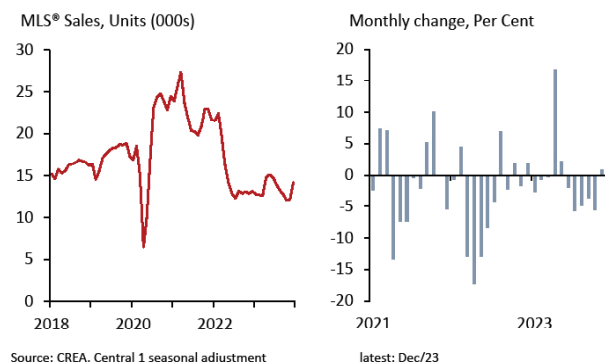
Eloho Ennah, Economic Analyst

The Ontario housing market concluded the year with a notable increase in sales in December, bouncing back from months of paltry performance. Growth in Ontario home sales intensified during the month with seasonally-adjusted MLS® sales jumping by 16.6 per cent to 14,228 units in December, marking the second consecutive monthly increase. Home values in Ontario also rose in the same period by 2.9 per cent. During the year, home sales reached a total of 161,696 units, down 12.3 per cent from 2022. The real estate market faced challenges for most of the year, primarily due to increasing interest rates.

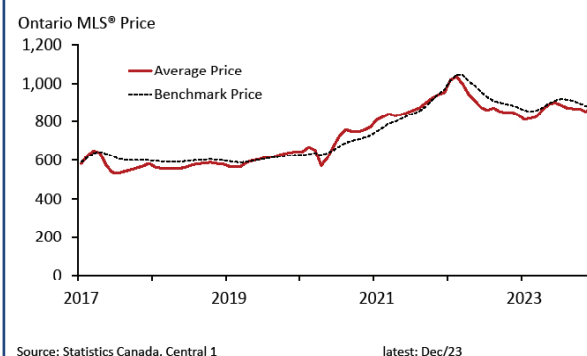
Nearly all of the province's real estate markets posted increased sales in December. Sales in Greater Toronto shot up by 21.3 per cent to lead the monthly increase in sales, preceded by six months of falling sales. Hamilton-Burlington area home sales increased by 5.7 per cent while the Kingston area saw home sales rise 8.2 per cent. London and St. Thomas area sales saw a 26.0 per cent boost, while Windsor-Essex rose 8.6 per cent. Home sales in York increased by 14.7 per cent. In Kitchener-Waterloo, sales were up by 10.4 per cent but did not make up for the 13.3 per cent decrease in the prior month. The Mississauga real estate market recorded a 10.6 per cent increase in sales while sales surged 45.0 per cent in the Oakville-Milton region. In Durham, home sales rose 28.8 per cent while sales in the Ottawa-Carleton real estate market experienced an 18.9 per cent lift in sales during the month. Conversely, St. Catharines and district area sales fell 1.5 per cent.

Average residential prices in Ontario reversed course in December, posting a near 3 per cent rise in home

Home sales continued to rise in Ontario



Home values increase in Ontario



values to \$880,011. This came after five consecutive month-over-month declines. Prices are down 15.1 per cent from peak in February 2022, but now hovering 31.5 per cent above pre-pandemic levels, remaining resilient even in the face of high interest rates. Amongst Ontario areas, home prices in Toronto increased 2.5 per cent to counter the equal magnitude dip in the prior month. The St. Catharines real estate board posted a 3.0 per cent rise in home prices. Home values in the Ottawa-Carleton area increased by 1.0 per cent, while Kitchener-Waterloo was down 0.7 per cent. In London and St. Thomas region, prices rose 2.0 per cent while they rose 0.5 per cent in Windsor-Essex. However, in Durham and Mississauga, areas included in Greater Toronto area statistics, prices were down 1.4 and 1.9 per cent, respectively.

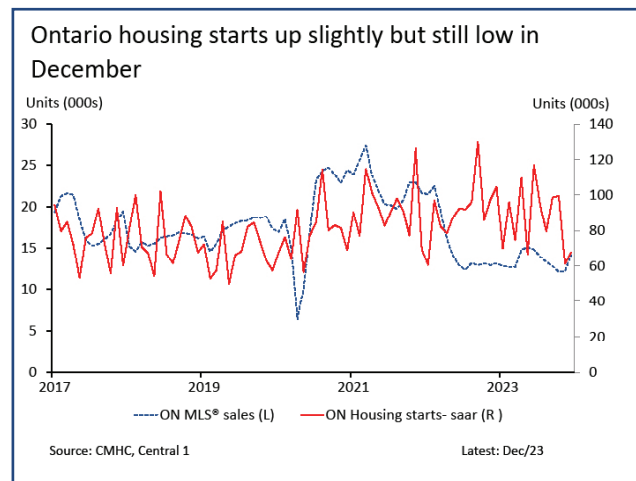
That said, average prices are influenced by regional and product composition. Benchmark prices, which adjust for housing attributes were broadly lower, pointing to a negative trend. Declines were seen in Toronto (-1.3 per cent), Ottawa (-0.2 per cent), Kitchener-Waterloo (-2.1 per cent) and London and St. Thomas (-1.7 per cent).

In December, new listings in the province experienced a significant 11.1 per cent decline, the most substantial monthly drop since February 2023. This trend was mirrored in the movement of months of inventory. Although it is still early to call the recent rebound a turn in market momentum, strong population growth from immigration is bolstering housing demand. The spring market will be a test for the resilience of the housing market and has the potential to act as a launchpad for higher home sales.

Ontario housing starts recover somewhat after November drop

Alan Chow, Business Economist

Housing starts in the urban area of Ontario rebounded in December after a dramatic fall in November. The seasonally-adjusted annualized rate of housing starts for December was 67,851 units, up from November's 61,174 units. Despite the upward trend, levels remained far below the 6-month average in housing units, which declined for a fourth month in a row, down to 83,512 units. Housing starts in multi-family structures, including apartments and townhomes, saw an increase of 14.3 per cent while single family homes starts remained unchanged.



Among census metropolitan areas (CMAs), Toronto saw a decrease of 34.5 per cent in housing starts in December to an annualized 17,619 units. Meanwhile, Ottawa housing starts reported a small 1.5 per cent increase during the same period. Kitchener-Cambridge-Waterloo experienced a significant increase with 13,456 more units started, bringing the total to 18,224 units. This surge is likely attributed to the development of a new apartment complex. Hamilton also saw an increase of 6,555 units to 7,631 units.

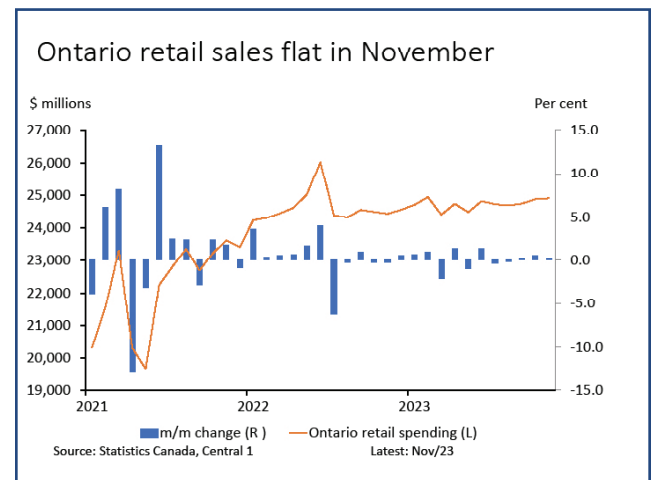
Overall, for the year, Ontario saw 7.0 per cent fewer housing starts in 2023 compared to 2022, totaling 85,770 versus 91,885. The decline was all in single detached housing, which saw a 32 per cent decline in

housing starts, going from 22,225 units in 2022 to only 15,089 units in 2023. Multifamily homes saw a slight increase with 1.0 per cent more housing starts, from 69,660 units to 70,681 units. Toronto saw a 5.0 per cent increase in housing starts for 2023 while Ottawa recorded a 16.0 per cent fewer units. Kitchener-Cambridge-Waterloo saw a 3 per cent decline while Hamilton saw a 5.0 per cent increase.

Ontario retail spending flat in November

Alan Chow, Business Economist

Retail spending in Canada slowed in the month of November following two months of growth. Seasonally-adjusted retail sales edged down 0.2 per cent to \$66.6 billion. This was lower than the consensus forecast of no monthly growth. The decrease in retail sales was led by lower receipts at food and beverage retailers and general merchandise retailers. They were down 1.4 per cent and 1.8 per cent respectively.



Core retail sales, which exclude gasoline stations and fuel vendors, and motor vehicle and parts dealers, were down 0.6 per cent in November with the forementioned food and beverage retailers and general merchandise leading the decline. Lower sales at supermarkets and other grocery retailers were down 1.6 per cent and sales at beer wine and liquor stores were down 3.3 per cent. Early estimates provided by Statistics Canada for December suggest retail sales were stronger, with a 0.8 per cent increase, which would be the highest increase since April, although these figures are likely to be revised in the following month.

On a seasonally-adjusted basis, Ontario experienced no growth in retail sales in November, with retail sales sitting at \$24.9 billion. Year-to-date, unadjusted retail sales are up 0.5 per cent and up 4.4 per cent from October to November. The monthly increase was led by higher sales in various sectors, including a 24.2 per

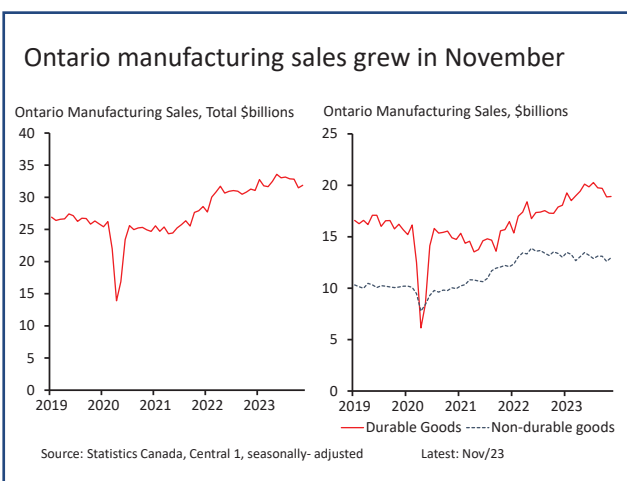
cent surge in furniture, home furnishings, electronics and appliances retailers. Additionally, there was a 23.9 per cent increase in sales from clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers, along with a 9.3 per cent rise in sales from general merchandise retailers. Offsetting these higher sales was a decline in sales at gas stations, down 3.9 per cent, and a decline in sales at motor vehicle and parts dealers, down 1.0 per cent.

Regionally, the Toronto metro area saw seasonally-adjusted retail sales rise 2.0 per cent on a month-over-month basis, its highest monthly increase this year. Ottawa retail sales data, which are unadjusted for seasonality, saw retail sales up 1.2 per cent.

Both durable goods and non-durable goods industries had more sales in November

Ivy Ruan, Economic Analyst

Manufacturing sales rose 1.6 percent in November compared to October, following five consecutive monthly declines. On a seasonally-adjusted basis, sales rose to \$31.9 million in November. Non-durable goods industries experienced a rise in sales as they were up 2.7 per cent while durable goods industry sales rose less proportionally, up 0.9 per cent. Year-to-date, manufacturing sales demonstrated a robust growth of 6.2 per cent compared to the same period last year. Durable goods industries experienced a substantial 12.5 per cent increase, more than compensating for the lower level of non-durable goods sales, which decreased by 2.0 per cent. Vehicle manufacturing played a pivotal role in driving growth over the past year.



Within the durable goods industries, the largest monthly decline in sales was seen in wood product manufacturing (down 8.4 per cent) and miscellaneous manufacturing (down 8.7 per cent). Fabricated metal

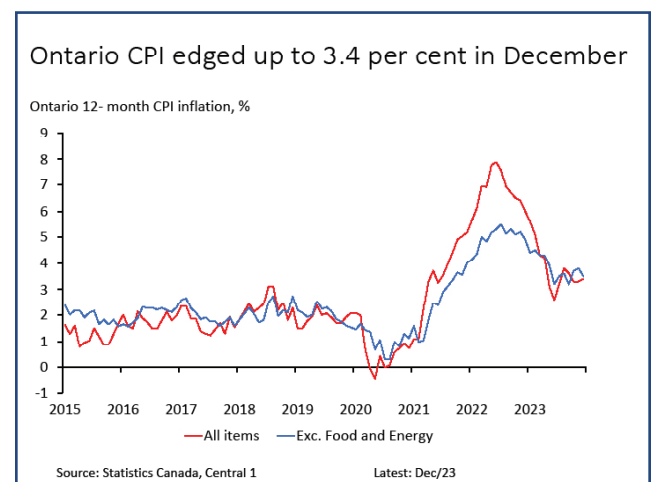
product manufacturing was also down 3.6 per cent following the increase seen last month. On the other hand, higher sales were seen in primary metal product manufacturing (up 1.7 per cent), following its lowest sales in two years recorded in October. Machinery manufacturing also bounded back by 6.9 per cent since last month's large decline in sales. Non-durable goods sales' increase was led by chemistry manufacturing sales (up 15.0 per cent) and plastic and rubber products manufacturing (up 2.6 per cent) following the declines during the previous month.

Within the metro areas, increases in manufacturing sales were seen across regions. Toronto and Hamilton both reported 1.3 per cent growth in manufacturing sales. Kitchener-Cambridge-Waterloo also saw a 0.6 per cent increase in monthly manufacturing sales.

Inflation in Ontario increased in December

Eloho Ennah, Economic Analyst

Like the national picture, the consumer price index (CPI) rose in Ontario in December. The index moved up 3.4 per cent on a year-over-year basis, after stalling for two straight months. Monthly, the CPI reading declined by 0.4 per cent, following a minor increase of 0.2 per cent in November. Core CPI, which excludes food and energy, was up 3.5 per cent, easing up from the 3.8 per cent pace in the prior month.



Gasoline prices increased by 1.9 per cent on a year-over-year basis after contracting for two months, mostly due to base-year effects of a larger than normal decline in gasoline prices in December 2022. This also pushed transportation costs up by 3.9 per cent in the same period. The year-over-year growth in food prices slowed to 4.1 per cent in December, still signaling that consumers continue to grapple with elevated prices in the grocery aisles. In contrast, growth in year-over-year shelter prices accelerated, moving up by 5.4 per cent following a 5.0 per cent increase

in the previous month. Monthly, shelter prices also increased further by 0.6 per cent. Prices for household operations, furnishings and equipment continued to decline by 0.7 per cent during the month, falling further from 0.3 per cent.

Goods prices rose in December by 2.5 per cent on a year-over-year basis while prices of services increased by 4.1 per cent. Prices of items related to recreation, education and reading grew by 2.0 per cent and alcoholic beverages, tobacco products and recreational cannabis prices increased 4.7 per cent.

For more information, contact economics@central1.com.