



Housing market momentum adds speed in January

Canada's existing home market was shown a bit more love by buyers in January as sales and the average home price rose for a second straight month, signaling a return of momentum heading into the spring market following softer conditions during the back half of 2023. This is not a surprise given the release of Toronto and Vancouver area data earlier in the month which was covered in our commentary [Fast Cars: Is the housing market revving up?](#)

Expectations for near-term interest rate cuts (although potentially premature) and impact of strong population growth were drivers of a second straight sales increase. Total sales rose 3.7 per cent from December and 17.7 per cent year-over-year to reach 39.4k units. This marked a return returned to last year's highs, albeit remained sharply below the pandemic peak and a touch below pre-pandemic levels. Growth was mixed among provinces and led by Ontario (6.9 per cent), B.C. (4.5 per cent) and Quebec (4.3 per cent). In contrast sales fell more sharply in Saskatchewan (4.9 per cent) and Prince Edward Island (-8.0 per cent), with Alberta holding steady. The uptick in Ontario and B.C., which are the priciest in the country, points to the impact of rate expectation and buyers front-running potential cuts amidst low units for sale. Alberta sales were held back by severely limited supply with months of inventory down to 2.4 months and the lowest in the country.

Among metro areas published by CREA, sales growth was led by B.C.'s Lower Mainland, with the Fraser Valley region anchored by Surrey up 16 per cent, with Greater Vancouver up 6.7 per cent. Toronto sales rose 10 per cent, while Calgary rose 4.8 per cent from December. Urban- areas have driven sales growth over the past 12 months.

Meanwhile, average prices moved higher across most provinces with sales gains, although we should keep in mind that fluctuations are normal, and the trend softened in the second half of last year. The national MLS® average price rose 0.9 per cent to \$677,200 marking a second straight increase. This was 7.6 per cent higher than a year ago but down 15 per cent from the 2022 peak. All provinces outside of Ontario posted growth. Alberta's average price jumped 3.1 per cent, but remained an affordable region at \$479,300, with both Calgary (up 2.2 per cent) and Edmonton (up 3.9 per cent) reporting robust growth and sellers' markets. B.C.'s average price rebounded about one per cent to \$975,270, reversing December's decline, while Prince Edward Island (up 6.0 per cent) and New Brunswick (up 7.2 per cent) saw notable growth.

CREA's benchmark housing price index fell 1.2 per cent from December with declines in many markets and came in flat compared to a year ago. While the benchmark adjusts for compositional effects and should be a better measure of underlying price trends, the metric tends to lag turning points in the data and price momentum has picked up. Low months of inventory is supporting price growth.

The spring market is likely to remain volatile, but we anticipate that sales and prices will move higher through the year. Lower fixed rate mortgage pricing will be the key driver of higher sales as the swell of buyers on the sidelines look for potential entry points. Mortgage rate relief will not be linear, and as we have seen, higher bond yields will temporarily lift mortgage rates again and erode affordability, leading to an ebb and flow of activity. We expect home values to remain steady as sellers remain firm in their expectations amidst rising demand and low inventory. That said, the upside is limited by buyers' purchasing power, which is also expected to constrain sales flow.

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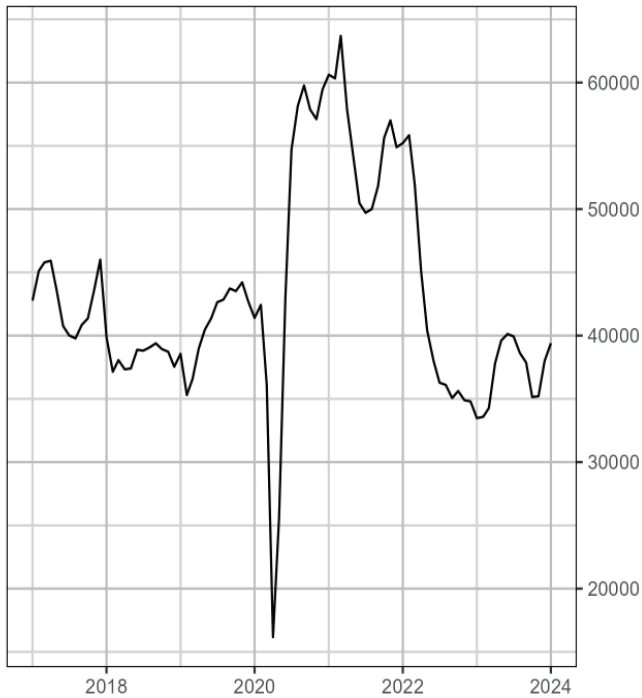
Central 1 Credit Union

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Canada MLS Activity

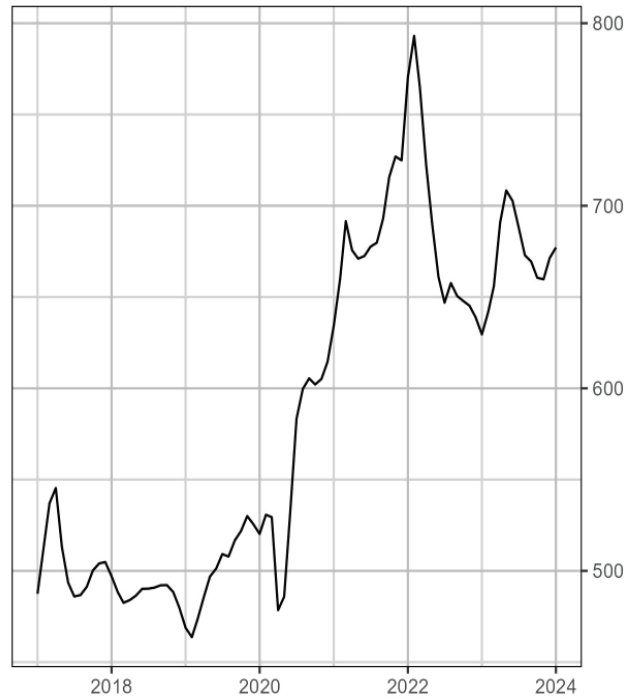
MLS unit sales

Last data point: 2024-01-01



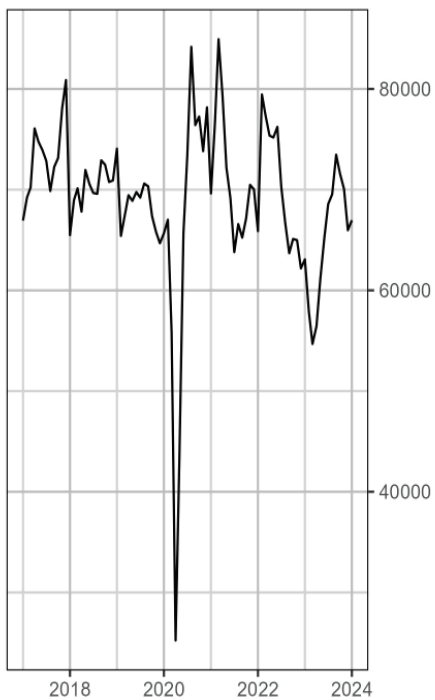
Average MLS Price, \$000s

Last data point: 2024-01-01



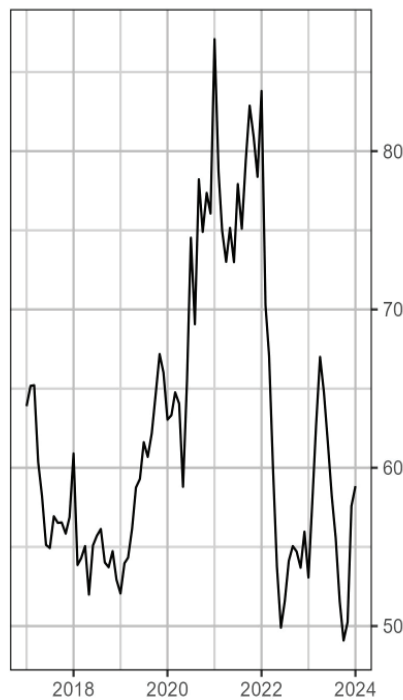
MLS new listings

Last data point: 2024-01-01



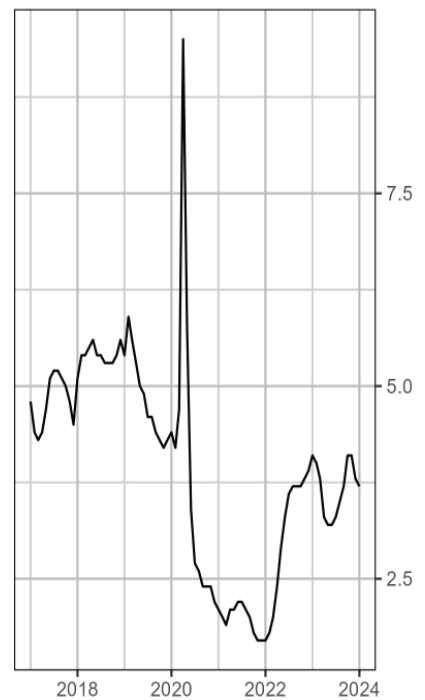
MLS sale-to-new listings

Last data point: 2024-01-01



MLS months of inventory

Last data point: 2024-01-01



CREA, Central 1

MLS® Housing Market Summary

	MLS® Sales				MLS® Price			Sales-to- New Listings	Months of Inventory	
	Unit Sales (k)	m/m % ch		y/y % ch	Price (\$k)	m/m % ch				y/y % ch
	2024M01	2023M12	2024M01	2024M01	2024M01	2023M12	2024M01	2024M01	2024M01	2024M01
Canada	39.4	7.9	3.7	17.7	677.2	1.8	0.9	7.6	58.8	3.7
British Columbia	6.1	6.7	4.5	23.6	975.3	-1.2	1.0	10.8	50.8	4.9
Alberta	7.0	5.6	0.1	28.6	479.3	1.5	3.1	12.3	79.2	2.4
Saskatchewan	1.3	5.5	-4.9	15.1	298.5	0.1	0.7	1.3	69.3	4.3
Manitoba	1.2	11.1	-1.6	6.4	368.2	7.9	0.9	9.8	61.9	3.0
Ontario	15.0	14.5	6.9	16.7	842.5	2.7	-3.8	3.0	53.3	2.8
Quebec	6.6	1.9	4.3	13.0	507.7	2.1	1.6	9.5	61.4	5.6
New Brunswick	0.8	-5.5	1.3	1.6	320.2	0.8	7.2	18.0	72.3	3.4
Nova Scotia	0.9	0.0	-3.0	4.6	442.7	2.0	1.0	12.8	62.3	4.1
Prince Edward Island	0.1	5.2	-8.0	4.2	377.8	-2.3	6.0	3.1	48.9	6.6
Newfoundland & Labrador	0.5	1.5	1.1	3.5	307.0	-0.7	2.4	6.8	61.5	5.6

MLS® Housing Market Summary, Select Metro Areas

	MLS® Sales				MLS® Price			Sales-to- New Listings	
	Unit Sales (k)	m/m % ch		y/y % ch	Price (\$k)	m/m % ch			y/y % ch
	2024M01	2023M12	2024M01	2024M01	2024M01	2023M12	2024M01	2024M01	2024M01
Fraser Valley, BC	1.3	18.0	15.9	47.6	1,009.8	-2.7	2.9	13.6	57.1
Greater Vancouver, BC	2.2	4.0	6.7	33.5	1,285.4	-1.4	0.6	7.4	51.5
Calgary, AB	3.1	1.8	4.8	31.5	585.9	-0.3	2.2	11.7	88.1
Edmonton, AB	2.5	6.2	2.4	38.9	405.5	2.5	3.9	10.1	74.4
Saskatoon, SK	0.5	-1.1	1.5	21.3	362.2	-0.5	1.5	3.2	76.3
Winnipeg, MB	1.0	11.7	-1.3	8.6	392.0	8.4	1.7	10.8	62.3
Toronto, ON	6.4	19.5	9.6	31.1	1,062.1	3.5	-6.5	-1.2	53.6
Ottawa, ON	1.2	17.2	0.7	15.0	640.6	0.8	-2.2	1.1	55.2
Halifax, NS	0.4	4.1	-5.8	12.1	571.0	0.2	4.0	8.3	68.3