



Highlights

- Home sales edge forward in Ontario with a 6.9 per cent gain in January; home values are still elevated, although they posted a decline of 3.8 per cent during the month
- Housing starts up in January
- Ontario manufacturing sales went down again following the brief rebound last month

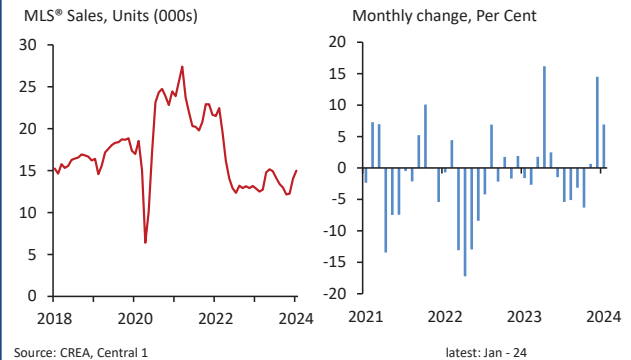
Ontario home sales advanced further in January

Eloho Ennah, Economic Analyst

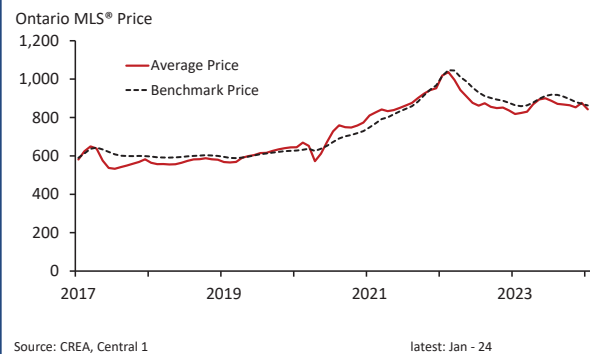
Momentum in the Ontario housing market persisted in the new year, as January added to gains recorded in December. Seasonally-adjusted MLS® sales increased to 14,988 transactions, up by 6.9 per cent from sales in the prior month. January's value was 16.7 per cent higher than one year ago and added to the trend of rising sales that began in fall 2023. Average home prices in the province fell to \$842,491, down by 3.8 per cent and eroded all gains from the previous month. Home values in Ontario declined throughout the second half of 2023, with the exception of a 2.7 per cent gain in December.

Market performance was mostly positive across real estate boards in the province. Sales in Greater Toronto led the provincial rise, growing by 9.6 per cent, although at a slower pace than the 19.5 per cent increase in December. Sales in Hamilton-Burlington accelerated by 12.6 per cent, marking the third back-to-back monthly increase. Kingston home sales rose by 3.7 per cent in December while those in the London & St. Thomas area increased by 7.9 per cent during the month. The Windsor-Essex area saw a 4.4 per cent boost in sales as well. Home sales in York leapt 20 per cent, after increasing 15.3 per cent in the previous month and in Kitchener-Waterloo, sales rose by 4.4 per cent. Home purchases in St. Catharines had fallen in December but grew in January by 28.6 per cent and more than made up for losses in December. In contrast, home sales in the Brantford area decreased 2.4 per cent, while they lessened in Oakville-Milton by 8.3 per cent.

Home sales continued to increase in Ontario



Home values fall further in Ontario



The average sale price in Ontario retracted by 3.8 per cent in January to reach \$842,491, following an increase of 2.7 per cent in the prior month. Prices were also down from the May 2023 peak by 5.8 per cent while being down from an all-time high in February 2022 by 19.0 per cent. Amongst Ontario areas, home prices in Toronto declined by 6.5 per cent during the month. Home values in the region had been falling since July 2023. The St. Catharines real estate board saw a 1.3 per cent decrease in home prices. While prices in Ottawa pulled back by 2.2 per cent. In London and St. Thomas region, prices fell 2.9 per cent while decreased 1.9 per cent in Windsor-Essex. In the Kitchener-Waterloo area, home prices went up by 1.6 per cent, the first monthly increase since September 2023. In addition, home values in Durham and Mississauga increased by 1.8 per cent and 8.5 per cent, respectively.

Seasonally-adjusted benchmark prices, which factor in home attributes and product composition unlike average prices, were broadly lower, reinforcing a negative trend. MLS® HPI benchmark prices lessened in Toronto (-1.2 per cent), Ottawa (-1.1 per cent), Kitchener-Waterloo (-1.1 per cent) and London and St. Thomas (-2.9 per cent).

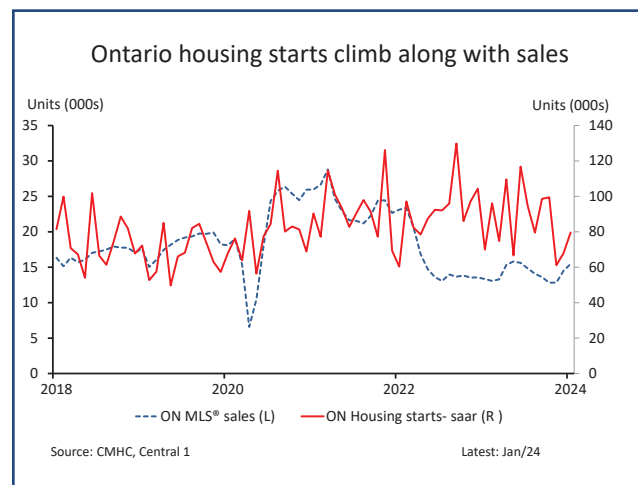
For the first month since September 2023, new listings in the province increased by 4.6 per cent. The sales-to-new listings ratio rose from 52.6 per cent to 53.3 per cent in January, showing market conditions have remained relatively balanced. Home prices are expected to stay high due to limited inventory and growing demand. While sales have fluctuated in the early months of 2023, the possibility of rate cuts during the year may serve as enough motivation for prospective buyers to hop off the sidelines.

Multifamily homes see higher starts while single family units falls

Alan Chow, Business Economist

Ontario's urban centres recorded a higher number of housing starts in January 2024 compared to December 2023. On a seasonally-adjusted basis and at an annual rate, Ontario saw 79,619 housing starts in January 2024. That is up 17.4 per cent compared to the 67,808 starts seen in December 2023. This is the second month housing starts increased in Ontario; however, the six-month trailing average continued its decline for the fourth straight month, dropping from 94,288 in September 2023 to 81,040 in January 2024, keeping levels persistently low. Single family units saw a monthly decline of 5.7 per cent from 13,596 units to 12,811 units while multifamily units saw a monthly increase of 23.2 per cent from 54,212 units to 66,808 units.

Despite the overall increase in the number of housing starts in the province, only five out of the 16 urban centres recorded higher housing starts for the month. Toronto saw 48,986 housing starts in January 2024, an increase of 178.6 per cent from 17,580 to 48,986. This number is close to the average monthly housing starts seen in 2023. Oshawa saw 4,229 units started in January, up from the 799 units started in December. Windsor saw a significant increase in housing units started, rising from 363 in December to 2,569 while both London and St. Catharines-Niagara also experienced notable increases, with London seeing 2,367 units started compared to 861 previously, and St. Catharines-Niagara starting 1,637 units from 946.



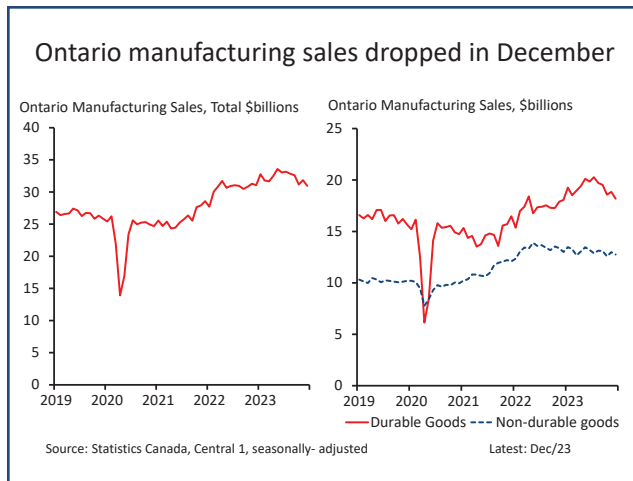
Actual housing started (unadjusted) in January 2024 was 5,818 units, up 22 percent from the 4,770 units started in January 2023. The number of multifamily units started was 5,128, up 36 per cent from 3,777 units started in the same month in 2023. However, the number single detached homes started was significantly lower, with only 690 housing units compared to 993 housing units started a year earlier. This decline suggests that builders anticipate continued sluggishness in the higher-end market, despite the expectation of lower interest rates in the future.

Both durable goods and non-durable goods industries had declines in sales in December

Ivy Ruan, Economic Analyst

Manufacturing sales dropped 2.8 per cent in December compared to November, following the first monthly growth last month since July. On a seasonally adjusted basis, sales declined to \$31.0 million in December. Non-durable goods industries experienced a fall in sales as they were down 1.7 per cent while durable goods industry sales fell more proportionally, down 3.5 per cent. In 2023, manufacturing sales experienced a robust growth of 5.5 per cent compared to the previous year, with durable goods industries showing a significant increase of 11.3 per cent. This growth more than compensated for the decline in non-durable goods sales, which decreased by 2.0 per cent. Vehicle manufacturing emerged as a key driver of growth over the past year.

Within the durable goods industries, the largest monthly decline in sales was seen in transportation equipment manufacturing (down 9.4 per cent) and miscellaneous manufacturing (down 14.5 per cent). On the other hand, higher sales were seen in non-metallic



mineral product manufacturing (up 10.8 per cent) and marked the highest monthly figure in 2023. Fabricated metal product manufacturing and machinery manufacturing also recorded notable growth in sales of over 3.0 per cent in December. The decrease in non-durable goods sales was led by food manufacturing sales (down 1.49 per cent) and apparel manufacturing sales (down 11.7 per cent).

Within the metro areas, mixed results in manufacturing sales were seen across regions. Toronto (down 5.0 per cent) and Windsor (down 8.6 per cent) both reported declines in manufacturing sales. Hamilton (up 3.3 per cent) and Kitchener-Cambridge-Waterloo (up 1.3 per cent) saw increases in monthly manufacturing sales. For the year 2023, Toronto recorded a 10.3 per cent manufacturing sales' growth compared with 2022, while Kitchener-Cambridge-Waterloo and Windsor all reported over 15.0 per cent gains. Hamilton, however, had a 5.0 per cent drop in sales in 2023 compared with the previous year.

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