



## Highlights

- Home sales in Ontario fell by 1.6 per cent, prices up by 0.8 per cent
- Ontario building intentions kept rising in February, residential intentions gain in the province led the national uptick

### Ontario home sales retreat in March

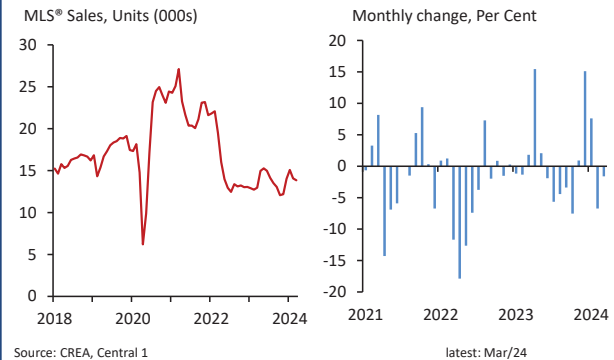
*Eloho Ennah, Economic Analyst*

Housing market activity in Ontario continued to slow in March as the province posted a second straight monthly sales decline. Seasonally adjusted MLS® home sales reached 13,844 transactions, down 1.6 per cent from February, following a 6.7 per cent decrease. Despite the month-to-month drop, sales were 6.8 per cent higher than a year ago. Home prices in Ontario rebounded in March, increasing by 0.8 per cent, reversing the 0.5 per cent decrease in February, amid ongoing affordability concerns.

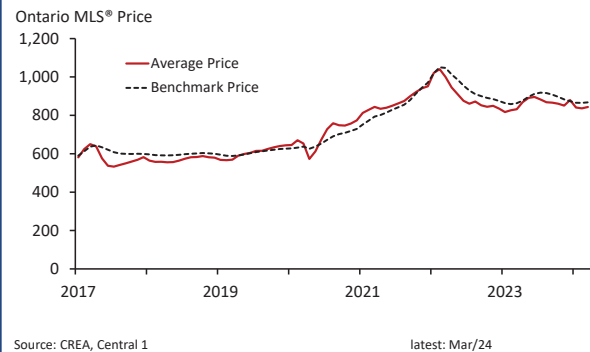
Monthly home sales numbers continued to fall in some of the province's real estate boards, while others reported increases. Leading the monthly decline was a decrease of 1.1 per cent in the Greater Toronto area, although not as stark as the 11.5 per cent drop in February. Within the region, home sales remained unchanged in Durham, but decreased by 1.2 per cent in Mississauga. Other notable declines during the month were seen in St. Catharines (-3.1 per cent), Kingston (-11.9 per cent), Hamilton-Burlington (-1.3 per cent) and London and St Thomas (-16.3 per cent). In contrast, home sales increased in Windsor-Essex (3.2 per cent), Ottawa (7.6 per cent) and Kitchener-Waterloo (5.0 per cent).

Average home values in Ontario rebounded in March to reach \$843,241, following a slight decline of 0.5 per cent in the previous month. Prices have plummeted from the all-time high in February 2022, nearly 19 per cent, and down by 5.9 per cent from the peak in June 2023. Pricing results varied among Ontario areas. Home prices in Toronto rose slightly by 0.7 per cent. In addition, home values in Durham increased by 1.5 per cent and 4.2 per cent in Mississauga. Higher prices

### Home sales down in Ontario in March



### Home values up slightly in Ontario



were also reported in Ottawa (1.8 per cent), Kitchener-Waterloo (3.6 per cent), and Hamilton-Burlington (3.4 per cent). Price growth in other regions was lackluster, with home values rising only slightly London and St. Thomas (by 0.4 per cent) while remaining unchanged in St Catharines. The York region also saw a decline of 0.5 per cent.

Seasonally adjusted benchmark prices, which consider home attributes and product composition unlike average prices, reversed course in March following seven months of decline in the province. That said, benchmark prices typically lag behind changes in average prices. The MLS® HPI benchmark increased in Toronto (0.2 per cent), Kitchener-Waterloo (0.6 per cent) and Windsor-Essex (0.5 per cent). However, they continued to fall slightly in Ottawa (-0.2 per cent) and Brantford (-1.0 per cent).

New residential listings in the province saw a moderate increase in March, up by 0.2 per cent. However, the sales-to-new listings ratio decreased again, now at 48.7 per cent from 49.6 per cent, although market conditions remain relatively balanced. Months of inventory remained nearly unchanged in March. Tempered sales activity is anticipated to continue into the late spring months, with possible rate cuts in the second half of the year expected to fuel stronger market activity.

## Ontario building permits continued to climb in February

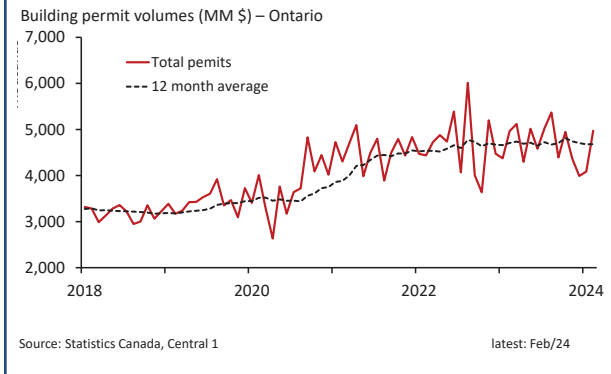
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Following a minor increase in January, building permits in Ontario continued to grow in February. The total dollar volume of building permits increased by 21.7 per cent to reach a seasonally adjusted \$5 billion but remained unchanged on year-over-year basis.

February's increase was driven by higher residential and non-residential construction intentions, with permits issued in both sectors rising by 14.2 per cent to \$2.8 billion and 32.7 per cent to \$2.2 billion, respectively. After a second consecutive monthly increase in February, building permits in Ontario have shown signs of growth. However, it is important to interpret this data with caution as monthly figures can fluctuate significantly. Looking at the broader trend, the 12-month moving average suggests that construction intentions in the province have remained relatively steady since late 2022. Activity in the construction sector remains dampened by high interest rates and other elevated costs.

In the residential sector, permits for single dwelling saw the biggest growth in February, following a decline the previous month. They increased 17.9 per cent, more than offsetting the 10.3 per cent decrease seen in January. This increase also contributed to the national rise in residential permits. Permits for multi-family dwelling also saw a boost during the month, up by 11.6 per cent, marking the second consecutive monthly rise. That said, residential permits experienced a substantial decline of 11.3 per cent compared to the previous year.

## Building permits in Ontario continued to rise in February



The gain in total permit values in the non-residential sector was due to higher permits issued in all three subcategories. Industrial permits, which had fallen by 13.3 per cent in January, were back on the rise in February with a 5.0 per cent increase. Commercial building permits also rose by 21.0 per cent during the month while institutional and governmental permits doubled their value from the prior month. Overall permits' value in the sector increased by 19.8 per cent compared to a year ago.

Regarding Ontario's census metropolitan areas, most areas saw growth in permit issuances in February. The total value of Toronto's building permits increased by 24.9 per cent in February and up 5.0 per cent year-over-year. Permits surged in Hamilton with a 48.6 per cent rise but the area also marked a 24.9 per cent yearly decline. Windsor reported five times as many permits as the previous month, mainly due to a permit for the construction of a new battery plant. Meanwhile, permits in Kingston more than doubled during the same period. Permits in Ottawa rose by 13.7 per cent as well. In contrast, the Kitchener-Cambridge-Waterloo region experienced a 43.7 per cent dip in monthly permit issuances but a slight rise of 1.8 per cent year-on-year.

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