



Housing market remains quiet in April, inventory normalizes on higher listings

Canada's housing market extended its subdued but steady performance in April as sales nudged lower while the average price remained rangebound. The market continues to balance the tension between rising demand on the sidelines resulting from massive population gains and financing constraints from still-elevated interest rates.

Monthly sales fell 1.7 per cent from March to a seasonally-adjusted 37.7k units, which was 1.1 per cent lower than a year ago. Unadjusted sales rose 10 per cent y/y but reflected timing of the Easter weekend. While seasonally-adjusted sales were within the range of the last three quarters, sales levels were 15 per cent lower than observed before the pandemic despite and down about 20 per cent after adjusting for the massive population flows during the period.

Canada's largest provinces led the dip in sales over the month. Alberta (-4.1 per cent) and Ontario (-2.9 per cent) both recorded significant declines from March, while Quebec sales slipped 1.3 per cent and B.C. held steady with a 0.5 per cent decline. Some of the steepest declines were seen in Calgary (-6.0 per cent), Toronto (-3.4 per cent), Ottawa (-6.1 per cent), and B.C.'s Fraser Valley (-8.1 per cent). That said, both Ontario and Alberta sales were sharply above year ago levels.

On the upside, provinces reporting stronger gains included Saskatchewan (11.5 per cent m/m and 22.6 per cent y/y), and New Brunswick (12.7 per cent m/m and 13.7 per cent y/y). Broadly, Prairie provinces and provinces in the Atlantic are experiencing stronger sales, owing to the draw of affordable housing and inflow of interprovincial migration.

Meanwhile, the average MLS® price managed to increase by 0.9 per cent to \$671.4k, albeit down 2.2 per cent year-over-year. April's increase reflected a combination of composition effects as B.C. sales fared stronger than some of its peer provinces, as well as price growth in markets like Saskatchewan (4.1 per cent), Manitoba (2.5 per cent), and Ontario (1.7 per cent). Among large metro areas, the average price in Greater Vancouver (-0.9 per cent) and Fraser Valley (-0.7 per cent) declined, but rose more than one per cent in Saskatoon, Winnipeg, and Toronto. Halifax's average price rose 3.4 per cent.

Year-over-year, home prices rose significantly in most provinces, albeit with declines in Ontario and Prince Edward Island. However, a lower sales share in high-priced B.C. and Ontario tempered the national gain. Adjusting for product and region composition, the MLS® benchmark price was unchanged from March and down a more modest 0.6 per cent from a year ago.

Despite monthly gyrations, prices have been remarkably resilient despite low sales and rising inventory levels. More homeowners have listed their properties, particularly in comparison to a dearth of products last year. New listings rose 2.8 per cent m/m and 25 per cent y/y to a level in line with norms. That said, this is not especially high, and months of inventory have also normalized to a typical balanced market at four months, which compares to three months last year and less than two months in 2021. Further erosion of prices is anticipated to be mild.

The current market sits in a low volume but steady state. Elevated interest rates are keeping impatient buyers on the sidelines as they await better financing opportunities or lower prices. At the same time, prospective sellers remain patient, aside from highly leveraged investors and those looking to beat a hike to the capital gains inclusion rate, recognizing the magnitude of latent demand. We expect soft sales condition to persist into Q3 but sales to rise as interest rates decline. That said, affordability constraints will keep housing price appreciation in check.

Bryan Yu

Chief Economist

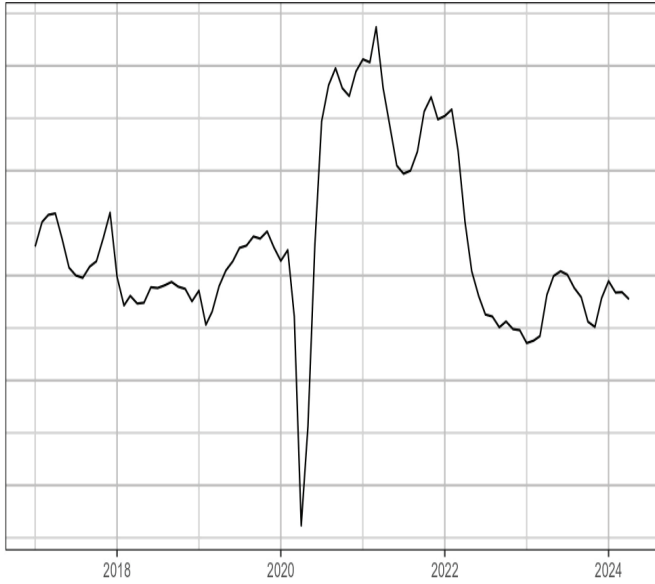
Central 1 Credit Union

byu@central1.com

Canada MLS Activity

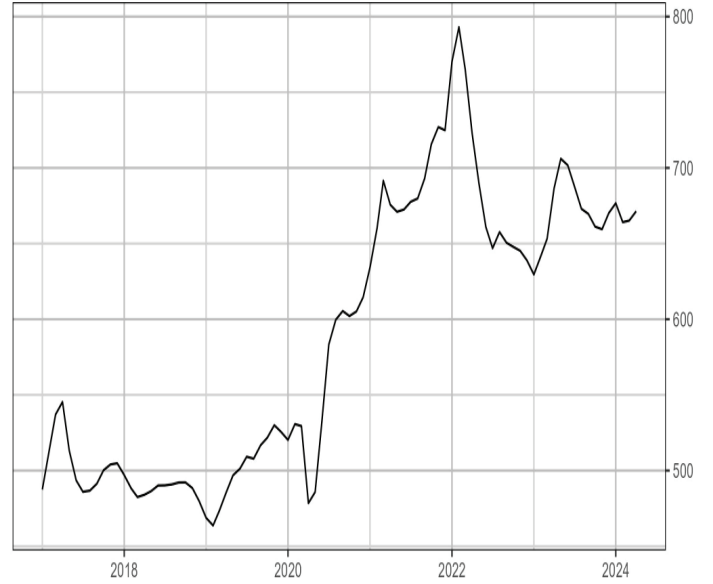
MLS unit sales

Last data point: 2024-04-01



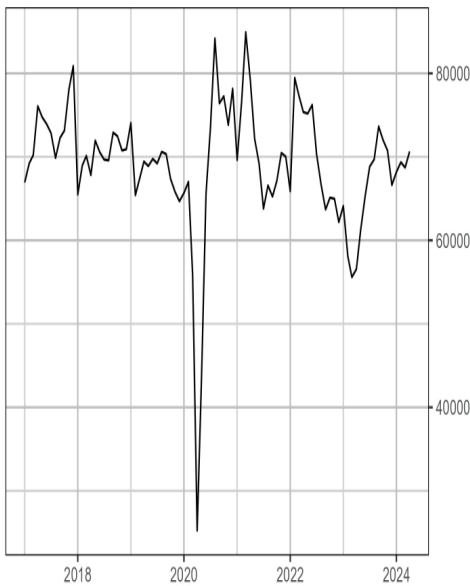
Average MLS Price, \$000s

Last data point: 2024-04-01



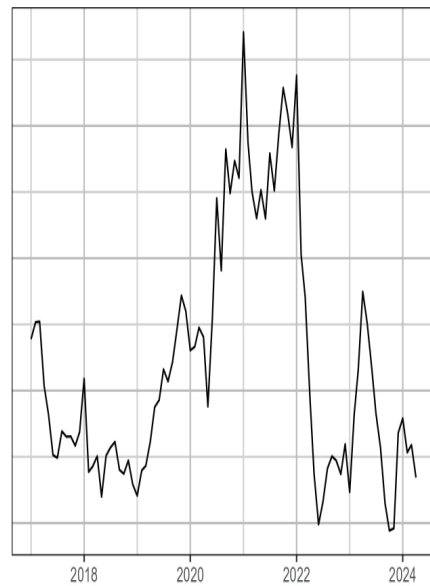
MLS new listings

Last data point: 2024-04-01



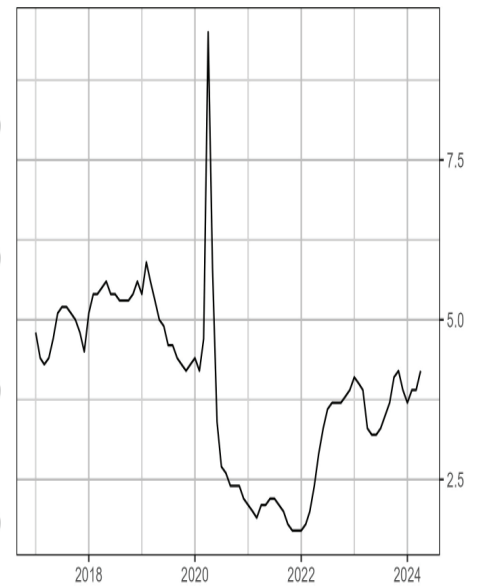
MLS sale-to-new listings

Last data point: 2024-04-01



MLS months of inventory

Last data point: 2024-04-01



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
	2024M04	2024M03	2024M04	2024M04	2024M04	2024M03	2024M04			2024M04
Canada	37.7	0.1	-1.7	-1.1	671.4	0.2	0.9	-2.2	53.4	4.2
British Columbia	5.8	1.1	-0.5	-12.3	974.0	1.6	0.0	1.6	42.3	6.1
Alberta	6.7	2.7	-4.5	11.8	477.4	0.6	0.0	7.3	78.1	2.4
Saskatchewan	1.4	-1.8	11.5	22.6	314.2	-3.1	4.1	8.2	72.5	3.8
Manitoba	1.3	5.4	-4.1	9.3	364.0	1.7	2.5	7.8	62.7	2.9
Ontario	13.2	-2.4	-2.9	-12.5	857.7	0.8	1.7	-1.3	44.8	3.8
Quebec	7.0	2.3	-1.3	16.2	510.2	0.1	-0.0	7.0	62.2	5.5
New Brunswick	0.8	-8.7	12.7	13.7	311.5	0.8	-0.7	11.2	75.2	3.5
Nova Scotia	0.8	1.7	-6.3	-0.7	433.4	-0.3	2.2	7.0	64.7	4.3
Prince Edward Island	0.2	9.3	-0.6	11.6	379.4	-6.4	1.7	-0.6	48.2	6.7
Newfoundland & Labrador	0.5	-8.1	4.4	22.0	302.8	-2.0	-1.3	2.3	56.5	6.1

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
	2024M04	2024M03	2024M04	2024M04	2024M04	2024M03	2024M04		2024M04
Fraser Valley, BC	1.1	-1.3	-8.1	-20.7	1,018.2	1.7	-0.7	2.3	39.8
Greater Vancouver, BC	2.2	2.0	5.1	-9.0	1,274.2	1.0	-0.9	1.5	43.3
Calgary, AB	2.7	0.0	-6.0	-4.0	605.6	1.7	0.9	12.0	82.3
Edmonton, AB	2.6	4.3	-1.6	39.7	407.9	0.3	0.5	6.2	78.4
Saskatoon, SK	0.6	-3.6	13.3	18.4	375.9	0.4	1.9	8.2	75.5
Winnipeg, MB	1.1	8.1	-4.6	12.6	383.2	1.2	1.4	7.4	62.3
Toronto, ON	5.3	-2.4	-3.4	-17.5	1,107.3	0.7	1.5	0.1	41.9
Ottawa, ON	1.2	4.5	-6.1	-1.9	648.4	2.0	-0.1	1.3	52.0
Halifax, NS	0.4	3.9	-6.2	6.3	565.1	-1.2	3.4	3.9	77.0