



Subdued housing market conditions continue in May, lower rates to support recovery

With the first Bank of Canada rate cut now in the back pocket we will soon see how sensitive potential homebuyers are to a declining rate environment following the disappointing spring market which extended through May.

MLS® home sales were unchanged in May at 37,400 units (-0.6 per cent) and were still 6.4 per cent lower than a year ago. Sales continued to track the shallow range observed since rates began their rapid ascent and held below pre-pandemic patterns. At the same time, demand pressures continue to boil below reflecting rapid population growth and delays in household formation caused by higher interest rates and unaffordability.

The latest data showed mixed sales among provinces, but a national figure dragged down by the country's largest provinces. Home sales in dropped in Ontario by 2.0 per cent (and down 17.1 per cent year-over-year) and 2.4 per cent in Quebec (albeit up 5.4 per cent year-over-year) from April. Ontario sales were down for a fourth straight month, albeit Toronto sales declines were consistent with the provincial picture in May. New Brunswick reversed April's increase with a 9.4 per cent drop. In contrast, sales picked back up in British Columbia with a 1.9 per cent gain but remained low and 14 per cent lower than year ago, while sales in Alberta and Manitoba rose 2.5 and 4.5 per cent. Prairie markets continue to outperform other provinces owing to relative affordability lifting sales above pre-pandemic levels.

While sales remained low, home prices have remained resilient even as new listings have moved higher, and months of inventory has increased to the highest level during the pandemic notwithstanding the earliest days. The average price rose 1.0 per cent in May to a seasonally adjusted \$676,600 albeit 4.2 per cent lower than a year ago. The national housing price index slipped 0.2 per cent from April and 2.4 per cent year-over-year. Prices have held range-bound since September after adjustments to interest-rate induced fluctuations. Market conditions have remained balanced nationally, although Ontario prices have moved lower, suggesting further upside risk to prices as lower interest rates fuel sales.

Among provinces, average prices rose in most markets led by a 2.0 per cent gain in B.C., albeit down 1.5 per cent year-over-year. Alberta prices were up 1.4 per cent month-over-month and 8.1 per cent from a year ago, and while prices slipped in both Manitoba and Saskatchewan, levels were up on a year-over-year basis. Ontario prices were unchanged over the latest month and down 3.9 per cent year-over-year. Atlantic prices were higher with Newfoundland and Labrador showing a 2.0 per cent monthly increase and 13.7 per cent year-over-year gain.

Going forward, further reductions in the Bank of Canada policy rate and easing bond yields is likely to propel more buying activity into Fall reflecting a combination of improved affordability and confidence in the market. There is some upside risk on prices due to realization of higher demand although low affordability remains a constraint.

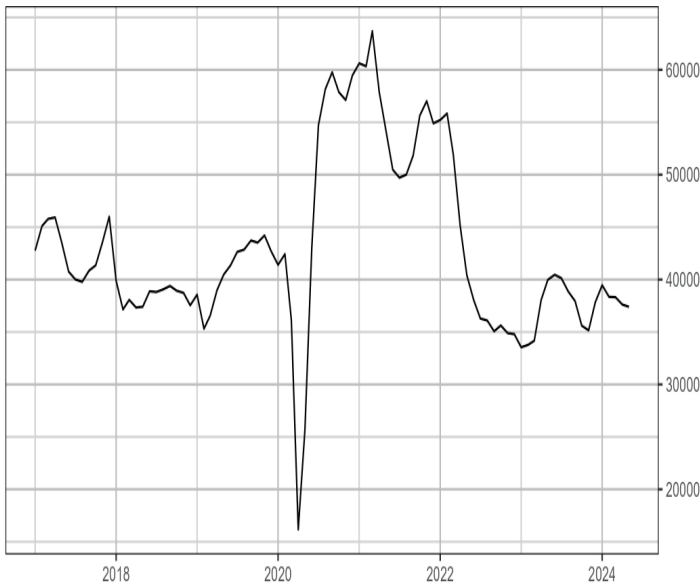
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Canada MLS Activity

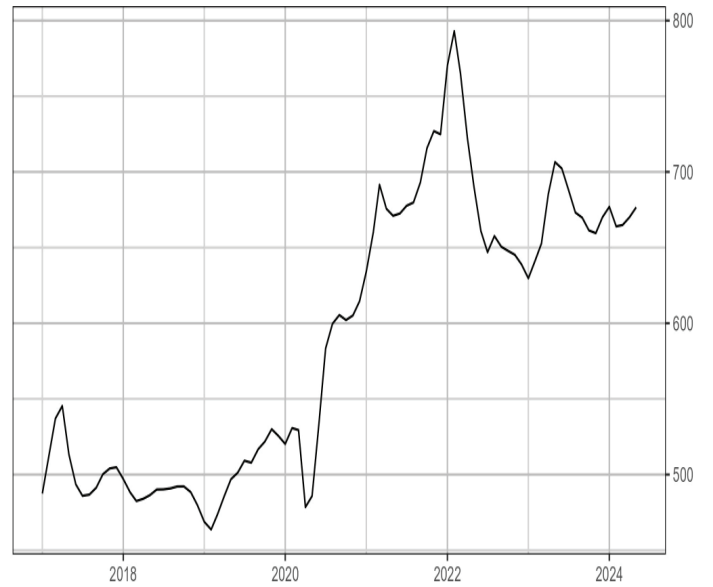
MLS unit sales

Last data point: 2024-05-01



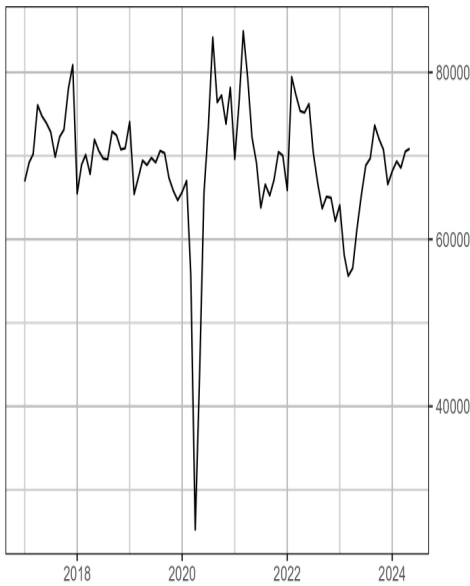
Average MLS Price, \$000s

Last data point: 2024-05-01



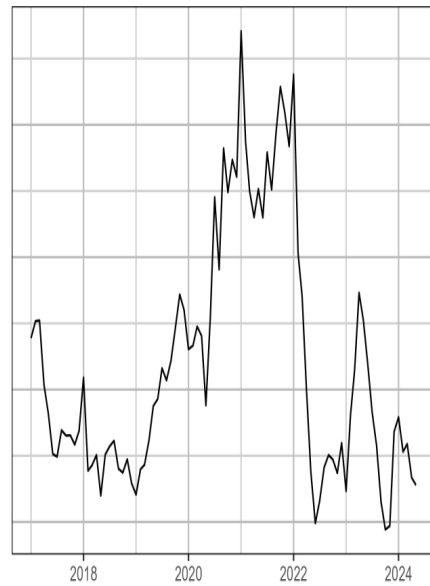
MLS new listings

Last data point: 2024-05-01



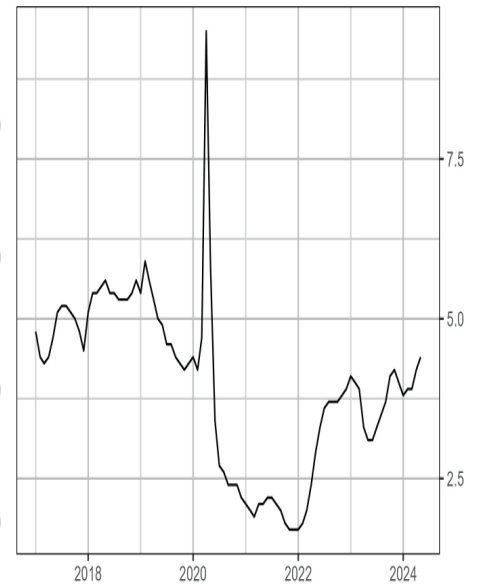
MLS sale-to-new listings

Last data point: 2024-05-01



MLS months of inventory

Last data point: 2024-05-01



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		
	2024M05	2024M04	2024M05	2024M05	2024M05	2024M04	2024M05	2024M05		
Canada	37.4	-1.8	-0.6	-6.4	676.6	0.8	1.0	-4.2	52.8	4.4
British Columbia	6.0	0.1	1.9	-14.5	989.0	-0.3	2.0	-1.5	46.7	5.9
Alberta	6.9	-4.5	2.5	6.7	484.6	0.1	1.4	8.1	72.6	2.4
Saskatchewan	1.3	12.0	-4.7	5.9	311.4	3.5	-0.6	2.7	70.6	3.9
Manitoba	1.3	-4.0	4.5	14.9	354.7	2.9	-2.7	3.3	71.6	2.6
Ontario	12.8	-3.5	-2.0	-17.1	856.1	1.6	0.0	-3.9	42.7	4.2
Quebec	6.8	-1.4	-2.4	5.4	508.9	-0.1	-0.1	5.1	60.2	5.7
New Brunswick	0.7	13.0	-9.4	-4.9	313.5	-0.6	0.5	7.8	66.5	4.1
Nova Scotia	0.9	-6.4	2.9	1.5	429.8	2.1	-0.7	1.5	64.8	4.3
Prince Edward Island	0.2	-1.2	3.0	0.6	391.8	1.7	3.3	2.6	56.1	6.6
Newfoundland & Labrador	0.5	4.8	1.1	20.5	309.1	-1.3	2.0	13.7	61.1	5.8

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	
	2024M05	2024M04	2024M05	2024M05	2024M05	2024M04	2024M05	2024M05	
Fraser Valley, BC	1.1	-8.7	7.1	-15.4	1,043.8	-0.7	2.4	-1.8	49.0
Greater Vancouver, BC	2.0	5.7	-6.5	-21.6	1,311.5	-0.9	2.7	2.4	45.1
Calgary, AB	2.9	-6.0	6.2	-2.0	613.6	0.9	1.3	12.4	74.4
Edmonton, AB	2.5	-1.7	-1.9	20.9	412.9	0.6	1.1	5.3	71.3
Saskatoon, SK	0.5	13.3	-4.0	0.2	373.4	1.8	-0.7	3.4	71.5
Winnipeg, MB	1.1	-4.6	5.8	14.4	375.7	1.4	-1.8	3.5	72.7
Toronto, ON	5.2	-3.7	-1.8	-23.4	1,111.1	1.5	0.3	-2.6	39.6
Ottawa, ON	1.2	-6.1	-0.3	-9.7	649.5	0.1	0.2	1.1	48.1
Halifax, NS	0.4	-6.1	-5.8	-4.9	572.5	3.3	1.4	3.2	73.3