



## Highlights

- Housing market activity in Ontario back on the rise in June with sales growing by 6.1 per cent
- Declines in permits issued in the residential sector contribute to overall decrease in permit volumes in May

## Ontario home sales resume growth in June

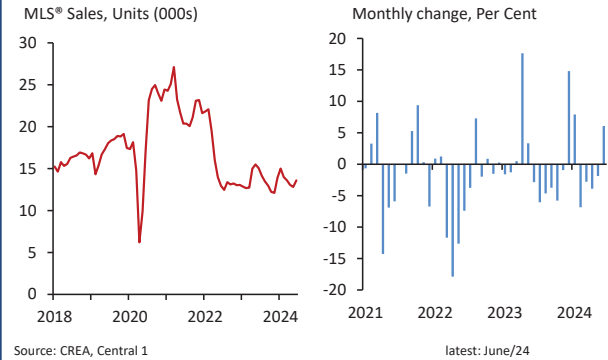
*Eloho Ennah, Economic Analyst*

Ontario home sales were back on the rise in June as sales increased for the first time since January. Seasonally adjusted MLS® home sales reached 13,595 transactions, marking a 6.1 per cent gain after months of waning sales. That said, sales volume is still low as they continued declining year-over-year, down by 9.7 per cent in June. Home prices also gained speed in the province, up by 1.6 per cent in June.

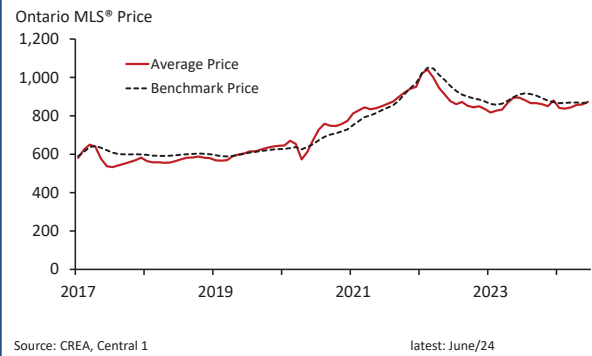
Among Ontario's economic regions, home sales increased in all areas in June. Based on Central 1 calculations, Toronto Economic Region home sales increased by 4.5 per cent following a decrease of 1.9 per cent in May. They also increased in Hamilton-Niagara Peninsula (4.9 per cent), Windsor-Sarnia (11.6 per cent), London (1.4 per cent), Stratford Bruce Peninsula (5.5 per cent), Muskoka Kawartha (6.0 per cent) and the Northeast (0.4 per cent). The highest gain was recorded in the Northwest (17.7 per cent). Sales transactions were also up by 11.1 per cent in Ottawa, up by 7.5 per cent in Kitchener-Waterloo Barrie and 11.4 per cent in Kingston-Pembroke. However, year-over-year sales have fallen in almost all economic regions.

Home values in the province accelerated in June, increasing by 1.6 per cent following the unremarkable change in May. Average home prices have been growing higher since the start of the year and reached \$872,689 during the month, edging closer to the most recent peak a year ago. The three-month trend also remained positive. That said, prices are still below the historical peak in February 2022 by 16.1 per cent. Within

## Home sales back on the rise in Ontario



## Home values increase in Ontario



the economic regions, monthly price changes were broadly negative. Toronto economic region home values declined by 0.9 per cent while equal magnitude changes were also seen in Kitchener-Waterloo Barrie and Stratford Bruce Peninsula. The largest price decline was recorded in Muskoka Kawarthas (-7.5 per cent). Prices also fell in Hamilton-Niagara Peninsula (-0.6 per cent), Windsor-Sarnia (-1.6 per cent) and the Northwest (-1.2 per cent). On the other hand, gains were seen in Ottawa (0.5 per cent), Kingston Pembroke (2.4 per cent) and the Northeast (6.5 per cent).

Average prices can mask compositional sales effects, but the benchmark price index marked a new gain during the month, with overall benchmark prices up by 0.2 per cent, following declines in April and May. Within Ontario, the index increased in Toronto (0.4 per cent), Kingston (1.3 per cent), Kitchener-Waterloo (0.3 per cent) and in London & St. Thomas (3.1 per cent). On contrast, they were down in Windsor-Essex (-1.9 per cent), Ottawa (-0.1 per cent) and Bancroft (-1.2 per cent).

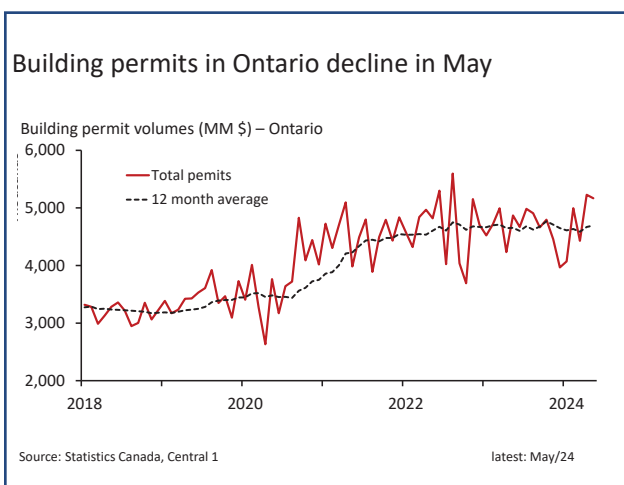
Residential new listings in Ontario increased by 2.8 per cent in June to make up for losses in the previous month. Market conditions remained balanced with a sales-to-new listings ratio of 43.9 per cent, up from 42.5 per cent in May. The first interest rate cut during the month incentivized more buyers to jump off the sidelines, although we are yet to see a sustained gain in momentum. We expect the sales to speed up in the fourth quarter, given underlying demand from population growth. Although, affordability constraints may weigh down market performance.

## Ontario building permits fall in May

*Eloho Ennah, Economic Analyst*

Ontario building permits declined in May as seasonally adjusted total building permits in the province decreased by 1.2 per cent to reach \$5.2 billion. This month's decline followed a significant uptick in April, as a result of lower residential permits. On the other hand, non-residential permits increased. Unadjusted for seasonality, year-to-date total permits were up by 7.3 per cent. Monthly permit numbers tend to fluctuate widely, but the 12-month moving average has remained rangebound since 2022 as construction and borrowing costs are still elevated, disincentivizing activities in the sector. It will take multiple rate cuts to see a substantial boost in activity in the sector.

Within the residential sector, total permit values amounted to \$3.1 billion during the month, marking a 7.9 per cent decrease, after the remarkable 35.0 per cent gain in April. The multi-family sub-category saw an 11.0 per cent dip in monthly permit values. They had previously increased by 57.1 per cent. Single-family units also fell by 1.1 per cent during the month.



The non-residential sector recorded a gain of 10.5 per cent during the month, making up for the 3.1 per cent decrease in April. Contributing to this gain were higher industrial and commercial permit issuances, which both increased by 16.1 per cent and 19.3 per cent, respectively. In contrast, institutional and governmental permit issuances lessened by 10.5 per cent.

Most of Ontario's census metropolitan areas saw declines in monthly permit values. The total value of Toronto's building permits increased by 1.9 per cent in May, up by 20.1 per cent year-over-year. In St Catharines-Niagara, permits jumped by 70.2 per cent during the month. However, permits fell in several other regions, namely Brantford (-62.8 per cent), Guelph (-47.2 per cent), London (-16.9 per cent), Windsor (-54.0 per cent), Hamilton (-66.7 per cent) and Ottawa (-9.8 per cent).

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