



Mild signs of traction in Canadian housing market

There was little change in the Canadian housing market in August as MLS® home sales inched higher but remained soft, while home values slipped. Initial rate cuts by the Bank of Canada did little to light a fire under the market as potential buyers navigate unaffordable housing conditions, elevated interest rates and economic uncertainty. The prospects of more cuts are keeping some buyers on the sidelines as they wait for more favourable financing conditions.

National home sales edged higher by 1.3 per cent to 39.1k units in August to reverse July's decline. While this was the highest sales since January, levels largely remained range-bound this year and below levels observed prior to the pandemic amidst elevated mortgage rates. During the pandemic peak, sales had surpassed 63k units. Low sales are amplified by robust population growth over this same period.

Six of ten provinces recorded higher sales during the month. Among large provinces, Alberta sales rose 4.2 per cent, while Quebec recorded a 3.4 per cent increase. In contrast sales fell in Ontario (0.5 per cent) while B.C. sales slumped 2.3 per cent. Notable among less populated provinces were Manitoba where sales jumped 8.4 per cent and Nova Scotia (4.4 per cent). On a 12-month basis, national sales rose 1.4 per cent, dampened by B.C. (-7.4 per cent) and a persistently sluggish Ontario, but lifted by Quebec (12.5 per cent), and several smaller provinces. The largest urban markets, including Calgary, Vancouver and Toronto all recorded deeper y/y slumps during the month.

The average price declined 1.1 per cent to \$676.1k but held in line with a year ago. A rise in new listings has maintained softer conditions, but the market remains within a balanced market. New listings are up 6.1 per cent from a year ago and trending higher, but months of inventory came in at a modest 4.1 months and has eased in recent months. Sellers may be pulling units off the market in anticipation of stronger conditions in the future.

Among provinces, half reported lower prices over the month. This was led by B.C. where levels fell 1.2 per cent to \$973.1k, with a year-over-year decline of 1.6 per cent. Prices fell 1.8 per cent in both Saskatchewan and Manitoba but edged higher on a 12-month basis. Alberta remained the strongest performer with the average value up 1.8 per cent m/m and 11.2 per cent y/y, but at still an affordable \$496.2k. Calgary and Edmonton values have jumped 17 and 11 per cent y/y. Aside from B.C. and Ontario, price growth has remained positive across the country reflecting still affordable markets and demand for housing. While composition effects do contribute to swings, benchmark values are showing signs of deceleration with no growth in the most recent month nationally, and a 4 per cent y/y decline, varying across the country.

Going forward market conditions are anticipated to pick up rather quickly in late 2024 and through 2025. There is clear pent-up demand on the sidelines, owing to population growth and reflected resilient prices. While there may be some easing of demand as population growth slows and in some cases reverses, much of the demand will persist. First-time and move-up buyers have been shut out of the market due to lower rates over the past two years and we expect many will jump in over the next year with their own accumulated savings and downpayments, alongside some parental help as interest rates move sharply lower. We see a risk that home prices will move sharply higher in 2025 due amidst higher demand and constrained housing supply.

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Chief Economist

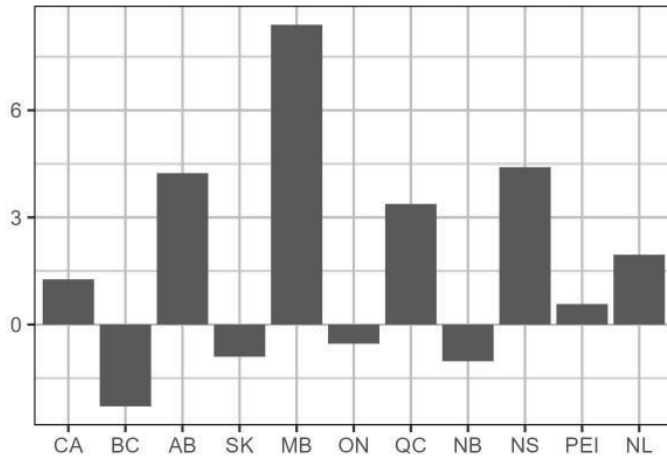
Central 1 Credit Union

byu@central1.com

Provincial MLS Activity

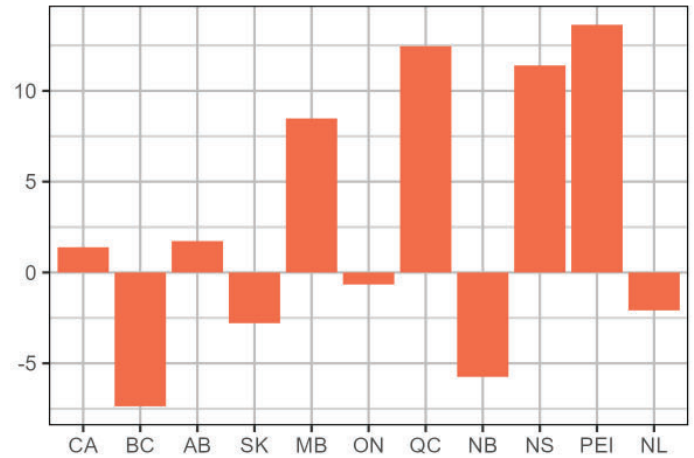
MLS unit sales, monthly % change

Last data point: 2024-08-01



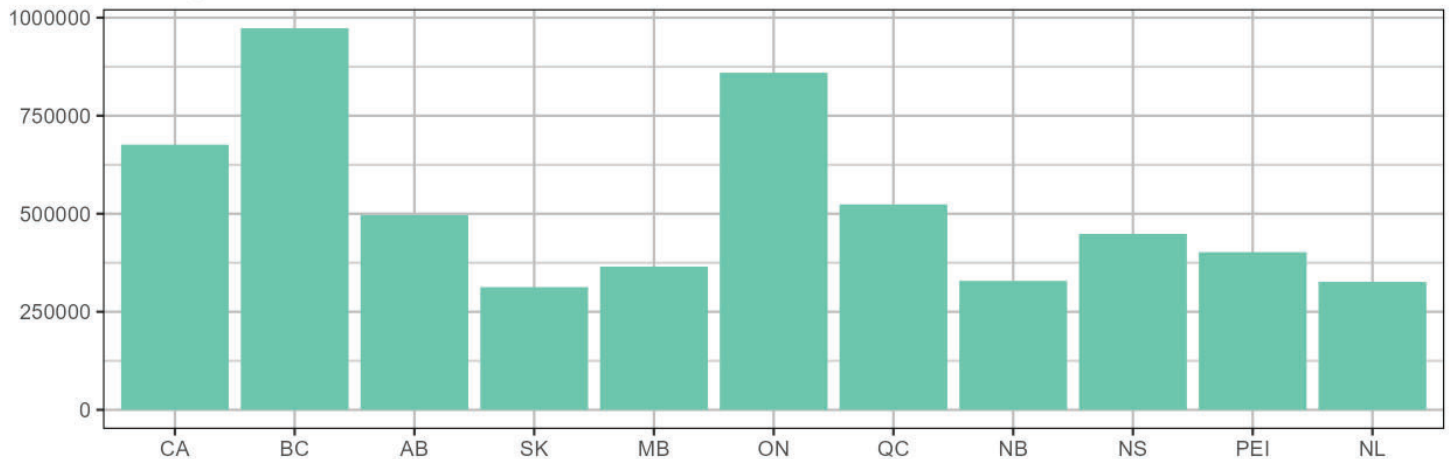
MLS unit sales, 12-month % change

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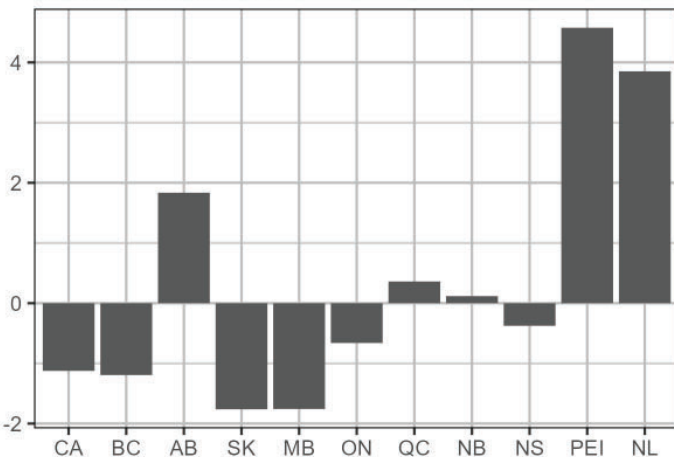
MLS Average Price, \$

Last data point: 2024-08-01



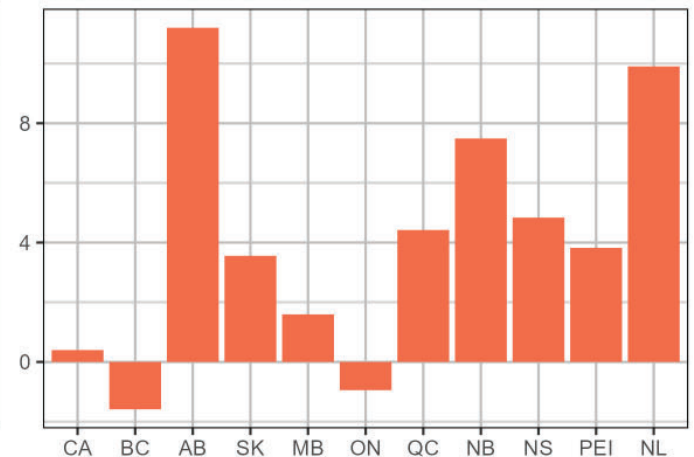
MLS Average Price, monthly % change

Last data point: 2024-08-01



MLS Average Price, 12-month % change

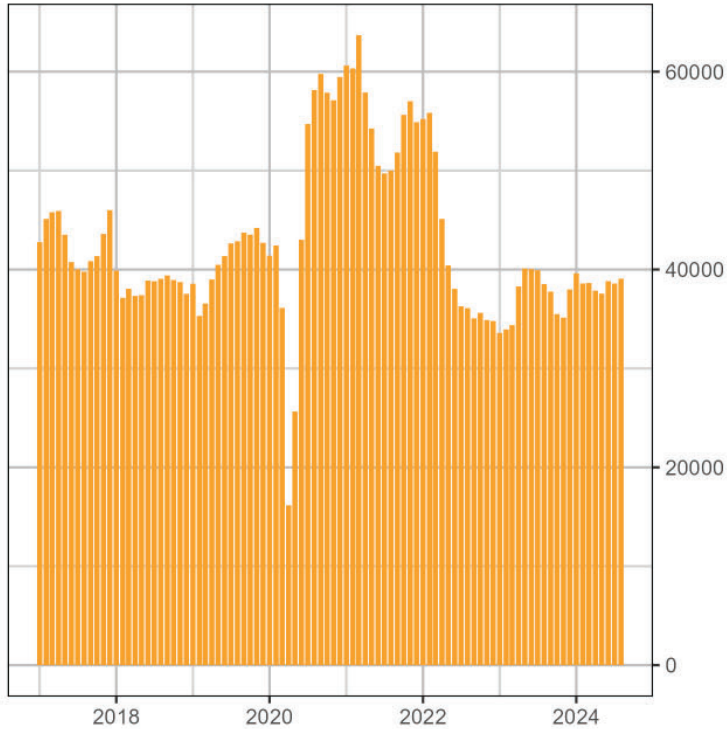
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Canada MLS Activity

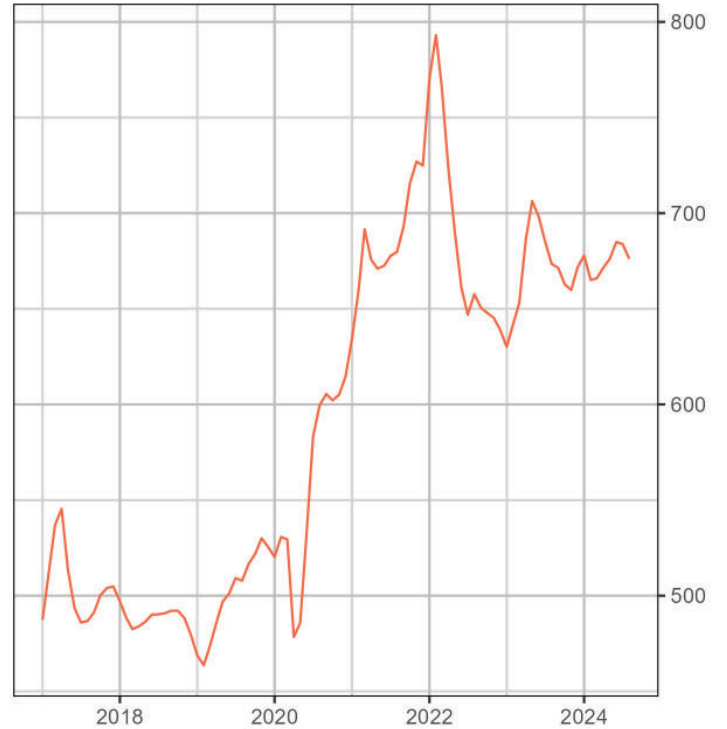
Unit sales

Last data point: 2024-08-01



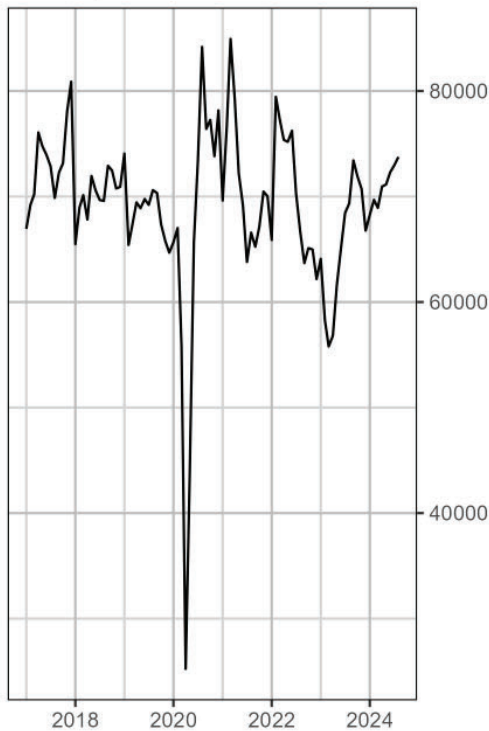
Average Price, \$000s

Last data point: 2024-08-01



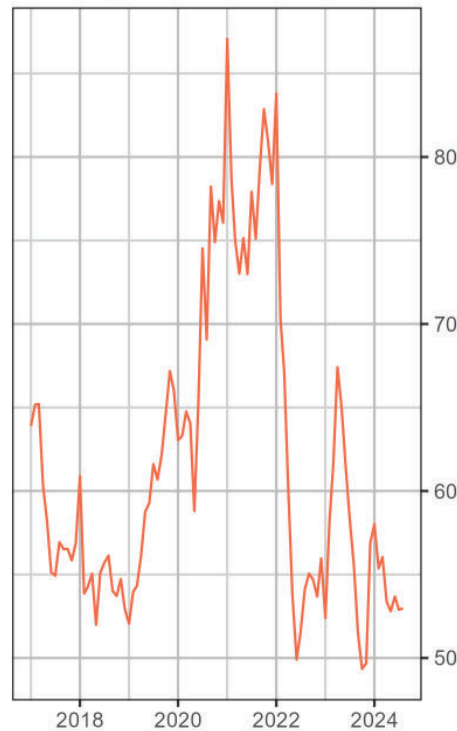
New listings

Last data point: 2024-08-01



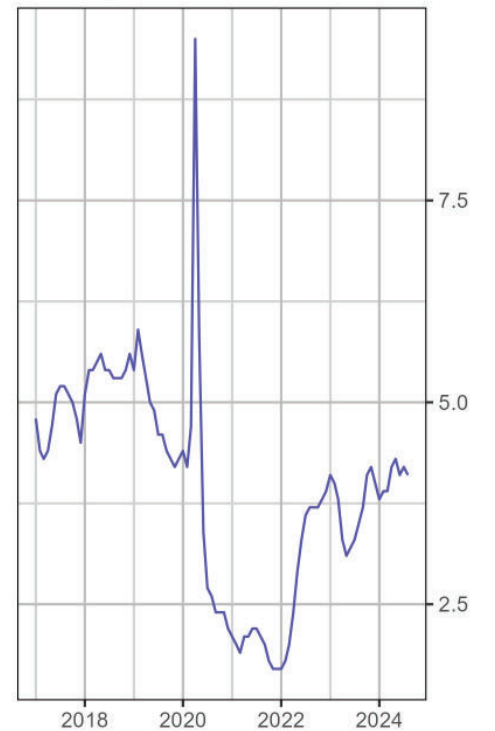
Sales-to-new listings

Last data point: 2024-08-01



Months of inventory

Last data point: 2024-08-01



CREA, Central 1

MLS® Housing Summary										
Aug-24	Unit Sales					Average Price				
	Sales, 000s	m/m ch	prior m/m % ch	m/m % ch	y/y % ch	Price, \$000s	m/m ch	prior m/m % ch	m/m % ch	y/y % ch
CA	39.1	0.5	-0.6	1.3	1.4	676.1	-7.7	-0.2	-1.1	0.4
BC	5.9	-0.1	-1.1	-2.3	-7.4	973.1	-11.8	-1.4	-1.2	-1.6
AB	7.2	0.3	-0.2	4.2	1.7	496.7	9.0	-0.3	1.8	11.2
SK	1.3	0.0	-1.5	-0.9	-2.8	312.7	-5.6	0.4	-1.8	3.6
MB	1.4	0.1	-2.0	8.4	8.5	365.3	-6.5	1.9	-1.8	1.6
ON	13.4	-0.1	-0.9	-0.5	-0.7	859.7	-5.7	-0.2	-0.7	-0.9
QC	7.4	0.2	-0.4	3.4	12.5	523.6	1.9	1.3	0.4	4.4
NB	0.8	0.0	-0.6	-1.0	-5.7	328.8	0.4	4.7	0.1	7.5
NS	0.9	0.0	0.8	4.4	11.4	448.7	-1.7	2.0	-0.4	4.8
PEI	0.2	0.0	28.9	0.6	13.6	402.0	17.6	1.6	4.6	3.8
NL	0.5	0.0	4.8	2.0	-2.1	326.4	12.1	0.0	3.9	9.9

Source: CREA, Central 1

MLS® Supply Conditions						
Aug-24	New Listings				Sales-to-New Listings	Months of Inventory
	Units, 000s	prior m/m % ch	m/m % ch	y/y % ch		
CA	73.8	0.9	1.1	6.3	53.0	4.1
BC	13.4	-0.1	0.9	7.1	44.4	6.1
AB	10.4	6.9	3.3	6.4	69.5	2.4
SK	2.1	2.4	8.1	6.3	63.3	3.9
MB	1.9	-3.1	5.7	2.5	71.1	2.4
ON	31.3	0.4	-0.2	6.3	42.7	3.9
QC	11.1	-0.5	0.7	6.1	67.0	5.0
NB	1.0	-4.7	-3.1	-1.8	75.2	3.7
NS	1.4	0.0	3.7	16.7	68.2	4.1
PEI	0.3	-1.4	5.1	5.9	60.6	6.3
NL	0.8	1.2	1.5	-0.3	59.6	5.6

Source: CREA, Central 1

MLS® Housing Market Summary, Select Metro Areas										
8/1/2024	MLS® Sales					MLS® Price				
	Units, 000s	m/m ch	prior m/m % ch	m/m % ch	y/y % ch	Price, \$000s	m/m ch	prior m/m % ch	m/m % ch	y/y % ch
Fraser Valley, BC	1.1	0.0	-1.3	0.2	-11.9	1075.9	38.7	0.8	3.7	5.9
Greater Vancouver, BC	2.1	-0.1	-2.4	-3.8	-13.4	1274.1	-26.4	-3.1	-2.0	-2.5
Calgary, AB	2.8	0.1	-4.3	2.9	-14.2	635.0	9.4	0.6	1.5	16.9
Edmonton, AB	2.8	0.1	4.1	4.2	22.0	423.4	4.1	1.4	1.0	10.6
Saskatoon, SK	0.5	0.0	-4.4	-2.2	-9.2	374.5	-15.6	4.2	-4.0	3.9
Winnipeg, MB	1.2	0.1	-2.2	8.1	7.8	385.8	-9.7	2.7	-2.5	2.0
Toronto, ON	5.3	0.0	-0.8	0.6	-3.7	1119.5	-8.8	0.1	-0.8	-0.6
Ottawa, ON	1.3	0.0	1.0	-0.9	10.7	666.0	-1.5	1.3	-0.2	0.8
Halifax, NS	0.4	0.0	3.5	2.1	17.9	588.5	9.4	0.0	1.6	0.0