



Highlights

- Lower Mainland housing market remained slow in September

Home sales sputter again in September but expected to give way to strength

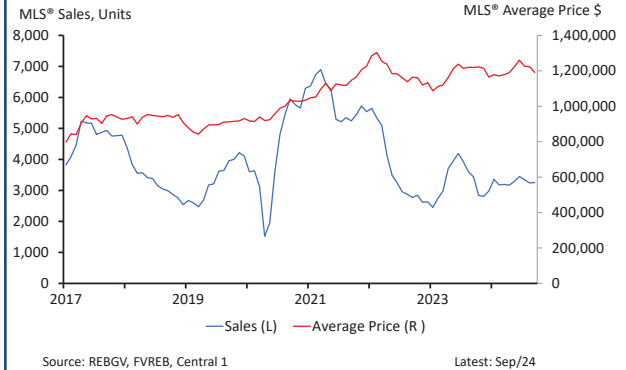
Bryan Yu, Chief Economist

Housing market activity in the Lower Mainland sputtered again in September, even as affordability conditions started to improve for homebuyers. Despite lower mortgage rates, many prospective homebuyers are opting to stay patient, confident of further rate reductions and increased supply of resale inventory.

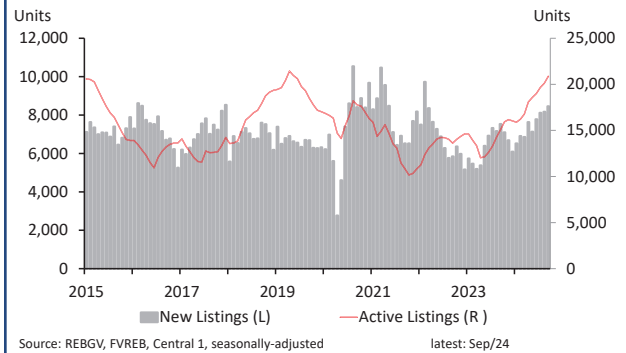
Home sales in the region spanning Metro Vancouver, Abbotsford- Mission and the Sea-to-Sky highway reached only 2,783 units in September, down 5.7 per cent year-over-year. On a seasonally adjusted basis this was consistent with August levels and in line with the low levels observed during the post-2022 rate hike cycle. September sales were 23 per cent below the same-month average from 2010-2019. When adjusted for the population, which has increased by more than three per cent year-over-year, sales reflect levels typically seen during a recession. Year-to-date, sales have declined six per cent.

While underlying drivers of housing demand remain strong, the challenging sales environment coincided with more bullish (and potentially some desperate) sellers. New listings remained elevated, up 14 per cent from last year, with seasonally adjusted listings up 4 per cent from August. Low sales and increase in new listings drove inventory above 22,000 units for the first time since 2019. The imbalance between sales and

Lower Mainland sales remain slow, average price dips



Slow sales, active sellers push inventory to highest levels since 2019



inventory has triggered a near buyers' market, though we expect this to be temporary. Nevertheless, prices are slipping, with the average price down 2.4 per cent year-over-year to \$1.18 million, including a pronounced 2.7 per cent drop on a monthly basis. The benchmark value fell 2.3 per cent year-over-year led by townhome and apartment values.

The path forward for the housing market will largely depend on the trajectory of interest and mortgage rate declines. We expect the Bank of Canada to cut reduce the rate from the current 4.25 per cent to 2.75 per cent mid-2025, with the pace of cuts guided by the economy and inflation trends. While this will directly cut variable borrowing costs, the decline in fixed rates is expected to be more modest, as current rates have increasingly priced in future rate cuts.

As interest rates decline and policy changes come into effect, more buyers are likely to re-enter the market. Key changes include a higher property value cap for insured mortgages which will be helpful in high-priced markets like Vancouver, and the introduction of 30-year amortization products that will further increase borrowing capacity for first-time buyers. That said, the rebound in sales will still be constrained by unaffordability. The elevated existing home supply is expected to be curbed by higher sales, while declining condominium and homeownership construction points to further supply constraints over the medium to long term. The risk for prices is to the upside in 2025/26.

For more information, contact economics@central1.com.

Lower Mainland MLS®									
	Actual		m/m % ch		s.a. m/m % ch		y/y % ch		
	2023M09	2024M08	2024M09	2024M08	2024M09	2024M08	2024M09	2024M08	2024M09
Unit Sales	2,951	2,921	2,783	-16.8	-4.7	-3.2	0.5	-16.4	-5.7
Average Price	1,208,670	1,183,430	1,179,980	-0.8	-0.3	-0.2	-2.7	-0.2	-2.4
New Listings	8,059	6,601	9,325	-25.1	41.3	0.6	3.6	6.1	15.7
Active Listings	16,807	21,091	22,614	-3.0	7.2	2.3	3.8	38.2	34.6
Sales-to-Active Listings	17.6	13.8	12.3	n/a	n/a	n/a	n/a	n/a	n/a
Benchmark Price									
	Actual		m/m % ch		s.a. m/m % ch		y/y % ch		
	2023M09	2024M08	2024M09	2024M08	2024M09	2024M08	2024M09	2024M08	2024M09
Total	1,137,900	1,126,364	1,110,933	-0.3	-1.4	0.9	-0.2	-1.5	-2.3
Singles	1,798,100		1,807,324	-0.1	-1.3	1.2	-0.1	1.6	0.6
Townhome	977,900	986,538	970,063	-0.4	-1.7	1.1	-0.4	0.6	-0.8
Apartment	712,300	713,186	708,193	-0.2	-0.7	0.9	0.3	-0.3	-0.5