



Highlights

- Ontario inflation down to 1.9 per cent in September
- Housing starts up in September and in the third quarter in Ontario.
- Home sales in Ontario up by four per cent, prices rise by 1.1 per cent
- Ontario manufacturing sales fell in August

Ontario inflation slowed considerably in September

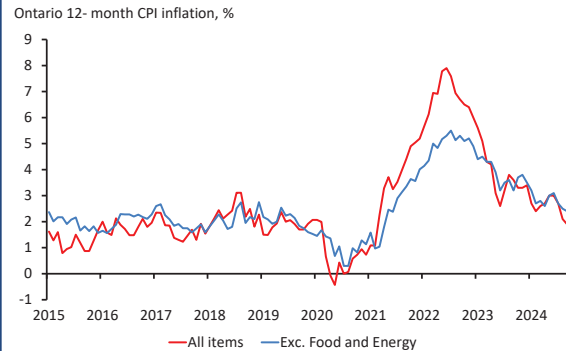
Eloho Ennah, Economic Analyst

Inflation in Ontario eased further from a year-over-year 2.1 per cent in August to 1.9 per cent in September, reaching the lowest rate in over three years. Although this was higher than the national figure of 1.6 per cent, Ontario's reading has held below three per cent since January 2024. In addition, core inflation (excluding food and energy) declined from 2.5 per cent to 2.4 per cent.

Falling gasoline prices were the main reason for the slowdown in all-items CPI. On a year-over-year basis, gasoline prices declined by 10.1 per cent, following the downtick of 4.9 per cent in August. This decline was attributed in part to lower crude oil prices as the global economy slows. Energy prices also dropped by 6.5 per cent while transportation costs fell year over year by 0.9 per cent, after increasing by 0.5 per cent in August.

Shelter prices remain elevated on a year-over-year basis while prices of services also fueled consumer price growth. The former rose by five per cent in September, slowing just slightly from the 5.2 per cent gain in August. Contributing to elevated growth were high rented and owned accommodation costs. Services prices, while remaining uplifted, went down from four per cent to 3.9 per cent.

Ontario inflation rate down to 1.9 per cent



Source: Statistics Canada, Central 1 Latest: Sep - 24

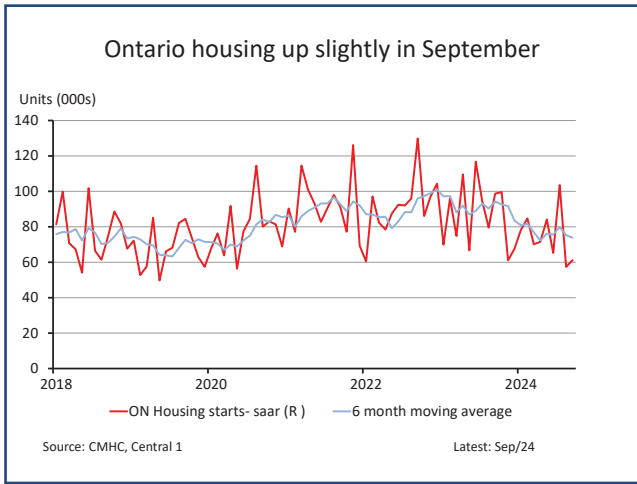
Growth in food prices accelerated during the month, up to 3.1 per cent year-over-year in September, after rising by 2.9 per cent in August. Prices of items related to recreation, education and reading were relatively flat from a year ago. Alcoholic beverages, tobacco products and recreational cannabis prices also increased by 2.4 per cent, the price of health and personal care items was up by 3.5 per cent.

Both multifamily units and single-family units starts rose

Alan Chow, Business Economist

Ontario saw a bump in the number of housing starts in September. On a seasonally adjusted annualized basis, Ontario saw 61,188 housing starts in September, a 6.6 per cent increase from the previous month. Despite the increase, this was still far below this year's monthly average of 75,133, and this is the second lowest monthly number this year. Nationally, housing starts rose 5.5 per cent from the previous month.

Multifamily dwelling starts were up 4.1 per cent to 45,740 units while single detached homes were up 14.9 per cent to 15,448 units. For the third quarter of 2024, the seasonally adjusted annualized rate of housing starts was 73,911 units, up 1.4 per cent from second quarters of 72,864 units but down 18.9 per cent, when compared to the third quarter of 2024. Multifamily units came in at 60,228 units, slightly below



last quarter's 60,389 units and 22.0 per cent below from a year ago. Single-family unit starts came in at a rate of 13,683 units, up 9.6 per cent from the previous quarter but down two per cent from a year ago.

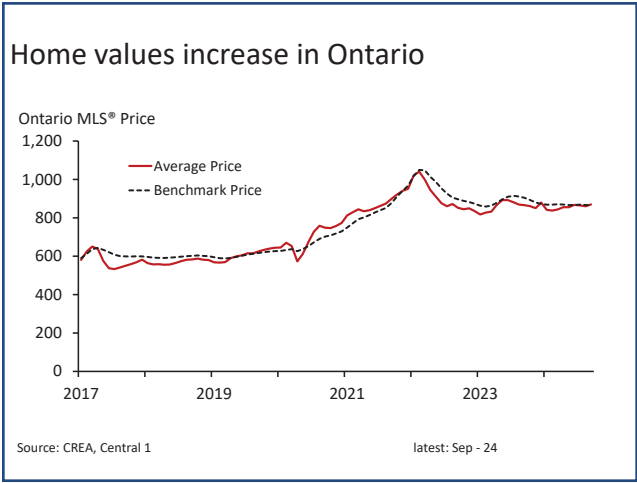
Of Ontario's 16 metro areas, eight saw an increase in housing starts for the month. Toronto though was not one of them as it recorded an annual rate of about 20,532 housing starts in September 2024, down 17.0 per cent from 24,732. This was the lowest monthly housing starts this year. Ottawa saw 17,592 units started in September, representing the highest number of housing starts this year. Hamilton saw its rate of housing starts at 5,397 in September while London saw housing starts dropping back down to 2,354. Oshawa and St Catharines-Niagara saw the number of housing starts decline sharply to only 493 and 796, both of which were the lowest monthly value in three years. Kitchener-Cambridge-Waterloo saw 1,749 housing starts while Barrie saw 1,790 housing starts this month.

Year-to-date actual housing started (unadjusted) as September 2024 was 56,128 units, down 15 percent from the 66,295 units seen over the same period last year. The number of multifamily units started was 46,552 units, down 15 per cent from the 55,038 units seen last year. The number single detached homes started was down with 9,576 housing units, compared to 11,257 housing units started a year earlier, representing a 15 per cent decline. Only six out of the 16 metro areas are showing more housing starts this year than last year. Those are Belleville, Hamilton, London, Oshawa, Peterborough, and Windsor. Nationally, housing starts are up two per cent year to date. Ontario is one of the four provinces seeing fewer year-to-date housing starts compared to the previous year. In comparison, year to day, Canada-wide housing starts rose two per cent, with both single-family homes and multifamily homes up two per cent.

Ontario housing market saw more significant activity in September

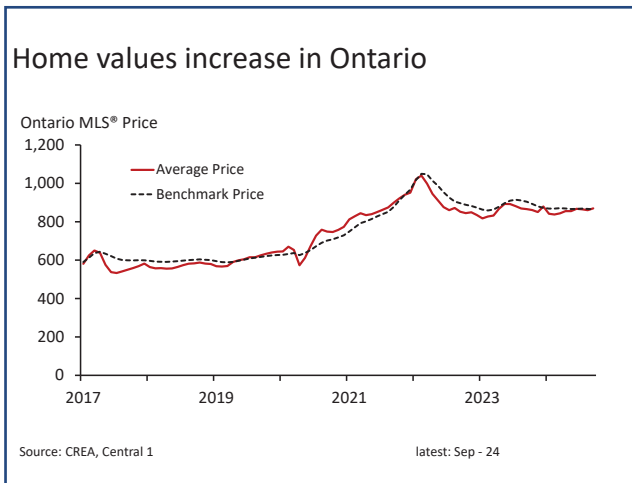
Eloho Ennah, Economic Analyst

The Ontario housing market welcomed a larger gain in housing activity in September, following several months of weaker performance. On a seasonally adjusted basis, MLS® home sales reached 13,440 transactions, a four per cent increase from August. Year over year, sales also rose by 8.2 per cent. This pickup in market activity came after three consecutive Bank of Canada rate cuts, and the possibility of more of these puts hopes in the hearts of more would-be buyers.



Almost all of the province's economic regions saw higher sales numbers during the month, with the exception of Ottawa and the Northwest, where home sales declined by 2.7 per cent and four per cent respectively. On the other hand, the Toronto economic region's housing market noted a gain of three per cent in monthly transactions, after a meagre 0.7 per cent increase in August. Year-over-year sales also increased by 4.7 per cent in the area. Muskoka-Kawarthas saw a 14.2 per cent increase in home sales during the month, while they also increased by 12.0 per cent in Hamilton-Niagara. Similarly, Windsor-Sarnia and Stratford Bruce Peninsula both noted increments of 4.6 per cent. Other regions with higher home purchases in September were the Northeast (seven per cent), London (6.7 per cent), Kitchener-Waterloo Barrie (1.6 per cent) and Kingston-Pembroke (4.2 per cent).

Home values in Ontario were back up in September, as they increased by 1.1 per cent to reach \$869,697. This was just 0.4 per cent higher than last year, but down from the all-time high by 16.4 per cent. That said, results amongst the economic regions varied.



Toronto economic region home values fell by 1.4 per cent, reversing gains from August, while they also dipped in Kingston-Pembroke (-two per cent), Stratford-Bruce Peninsula (-4.2 per cent), Hamilton-Niagara Peninsula (-three per cent), and the Northwest (-6.5 per cent). On the contrary, they grew in the Northeast (7.7 per cent), Windsor-Sarnia (1.7 per cent), London (1.5 per cent), Ottawa (0.8), and Kitchener-Waterloo- Barrie (0.9 per cent).

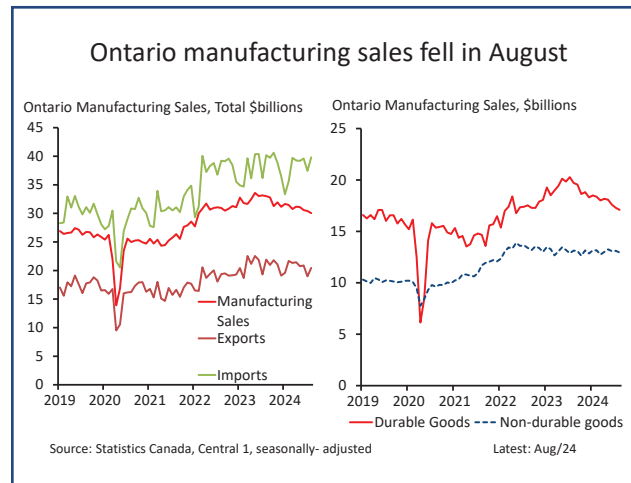
Average prices can mask compositional sales effects. The benchmark price index, which accounts for home attributes and product composition, was down in September (-0.3 per cent). Within Ontario, the index also fell further in Toronto (-0.5 per cent), London & St. Thomas (-one per cent) and in Barrie & District (-0.5 per cent). Kingston (1.1 per cent), Windsor-Essex (2.1 per cent) and Brantford (1.9 per cent) saw growth in price index.

Residential new listings in Ontario jumped by 7.7 per cent, the most significant increase in the year thus far. Market conditions are still relatively balanced with the sales-to-new listings ratio at 41.1 per cent. September's data seems a sign of a pickup in demand in the housing market. We would expect market activity to speed up as more interest rate costs accumulate and spur increasing activity in the market. That said, affordability constraints in the region remain a limitation to sales growth.

Transportation equipment sales continued to lead the August decrease in manufacturing sales

Ivy Ruan, Economic Analyst

Ontario manufacturing sales dropped 0.6 per cent in August, adding to July's decrease. On a seasonally adjusted basis, sales decreased to \$30.0 billion. Manufacturing of durable goods industries led the overall decrease with a 0.9 per cent drop while non-durable goods industry sales edging down 0.2 per cent. On a year-over-year basis, Ontario manufacturing sales were nine per cent lower than last August.



Within the durable goods industries, the monthly decline in manufacturing sales was led by the 2.3 per cent decrease seen in transportation equipment manufacturing, the largest manufacturing segment in the province. August marked the lowest sales level in transportation equipment manufacturing since November 2022. Notable decline in sales (-3.1 per cent) were also seen in primary metal manufacturing following last month's increase. Fabricated metal product manufacturing had a 3.1 per cent growth in manufacturing sales in August, while computer and electronic product manufacturing recorded a six per cent decline. On a yearly basis, durable goods (-13.5 per cent) industries in Ontario posted lower manufacturing sales this August, while non-durable goods recorded a 2.3 per cent yearly decrease.

Within the metro areas, results in manufacturing sales were mixed across regions. Hamilton paused the second consecutive monthly decline, with 0.1 per cent more manufacturing sales recorded in August. Windsor experienced a 16.8 per cent decline following last month's decrease in sales. Manufacturing sales in Toronto fell, with a decrease of 2.5 per cent following last month's increase. With the monthly changes, Toronto's sales level was down 10.8 per cent compared with last August.

For more information, contact economics@central1.com.