



Housing market picking up steam into 2025

Canada's housing market is picking up considerable steam to cap off the year as more buyers were nudged off the fence with Bank of Canada rate cuts, even as fixed rates mortgage pricing held sturdy. MLS® home sales rose 2.8 per cent in November following a 6.8 per cent gain in October. With a fourth successive gain, and fifth over the past six months, home sales rose to 44.5k units which was the highest since April 2022. Year-over-year, sales rose 29 per cent. Given pent-up demand in the market after record population growth and financing constrained demand, it was only a matter of time before the spigot would flow. More recently announced measures to spur housing sales through the lens of affordability, including increased upper price threshold to qualify for mortgage insurance and availability of 30-year amortization products for more buyers, further stirred the pot leading to more firm sales contracts.

Among provinces, all provinces outside the Atlantic posted gains. Home sales jumped 4.9 per cent in B.C (29 per cent y/y) and 5.2 per cent in Quebec (45 per cent y/y). Atlantic provinces saw sales reverse after some large gains in October. Notably, Newfoundland and Labrador sales fell 14.5 per cent m/m (albeit up 14.5 per cent y/y) after a 37 per cent increase in October. Nova Scotia sales fell 4.4 per cent. Other provinces generally moved up by about two per cent. Among major metro areas, sales growth in the Greater Vancouver and Fraser Valley board areas rose 7.7 per cent and 5.1 per cent m/m, with Saskatoon up 9.2 per cent

Rising demand and home sales are generating upward momentum on prices as buyers are adjusting to rate and policy induced affordability improvement by sweetening up their bids while also seeing the pace of new supply growth ease. New listings fell 0.5 per cent m/m, and rising sales is curbing inventory, reducing months of inventory for a fourth straight month at 3.7 months. Levels remain historically low outside 2021/22.

The national average price rose 0.9 per cent to a seasonally- adjusted \$707.6k, up 7.4 per cent y/y. This was a third straight monthly increase. Notable growth was in B.C. at 1.6 per cent and Alberta 1.0 per cent, although nine of ten provinces reported price growth aside from Saskatchewan. Average prices can mask underlying trends due to sales composition. That said, the benchmark price rose 0.6 per cent and has been upward trending over the past six months.

Current momentum in the housing market is undeniable but there are risks going forward that could slow (but unlikely to stop) the increase in activity. Interest rates continue to decline, including the latest 50- point drop in December to 3.25 per cent which reduced variable and other low duration rates. However, fixed rates are driven by bond yield pricing, which has held sturdier amidst strength in the U.S. economy and inflation pressures, as well as signs that the Bank of Canada may slow the pace of reduction in 2025. Firm fixed rates could cap upside on sales and prices.

Population levels are set to stagnate with federal policy restrictions, although we anticipate still project mild growth. This will curb future growth in demand, although current and near-term activity will be driven by pent-up demand being satiated. Specifically, younger households will be looking to shift into the homeownership market after being shut out in recent years due to financing costs.

We anticipate prices to move higher as a result but be constrained by strained affordability. Mortgage insurance availability and amortization flexibility will boost prices marginally, but the key driver remains the housing shortage. The latest housing starts data shows new construction up a mild three per cent y/y, albeit with sharp reduction in B.C. and Ontario, which is insufficient to narrow the shelter gap given strong population growth in recent years.

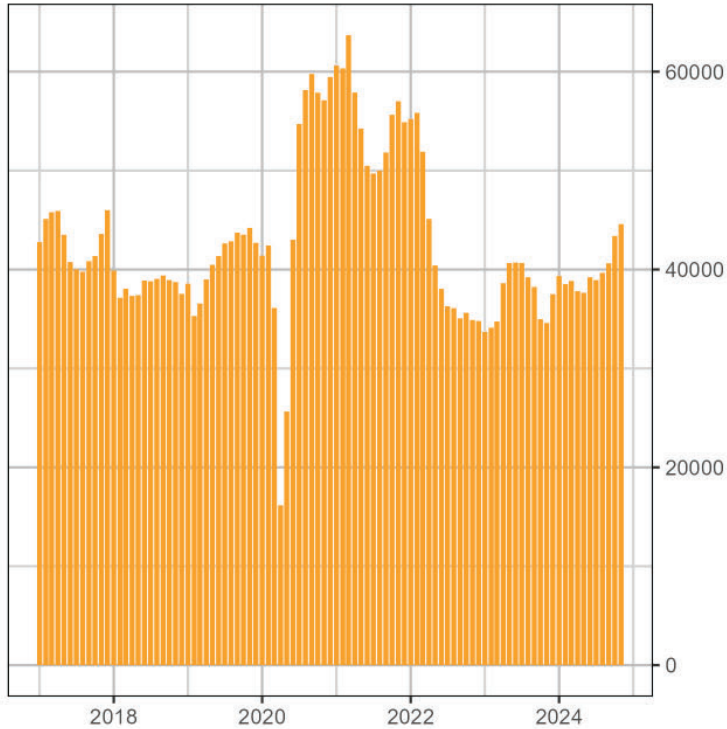
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Canada MLS Activity

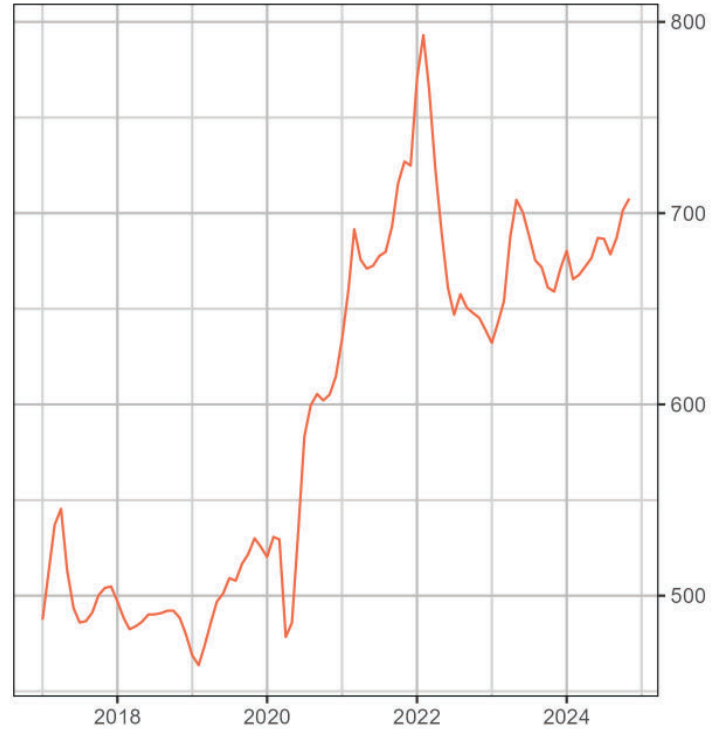
Unit sales

Last data point: 2024-11-01



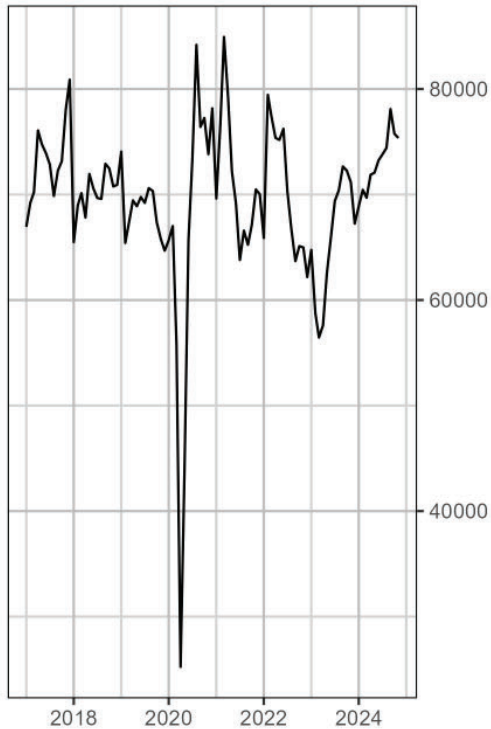
Average Price, \$000s

Last data point: 2024-11-01



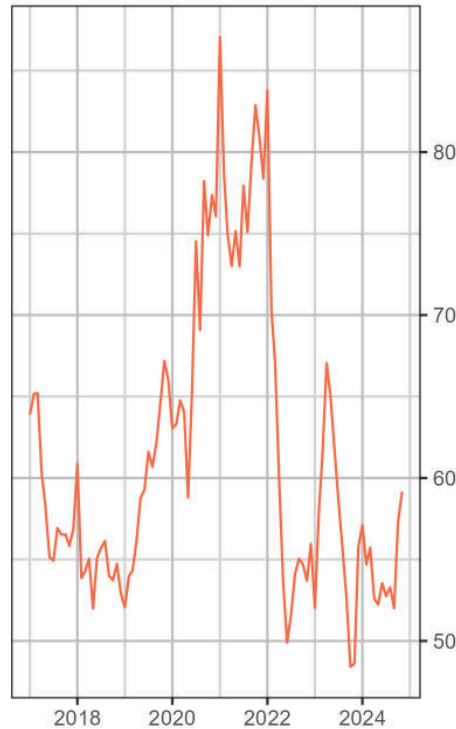
New listings

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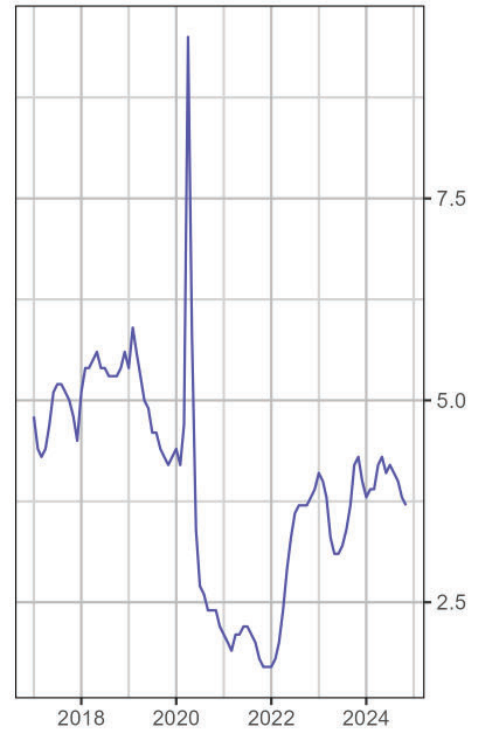
Sales-to-new listings

Last data point: 2024-11-01



Months of inventory

Last data point: 2024-11-01

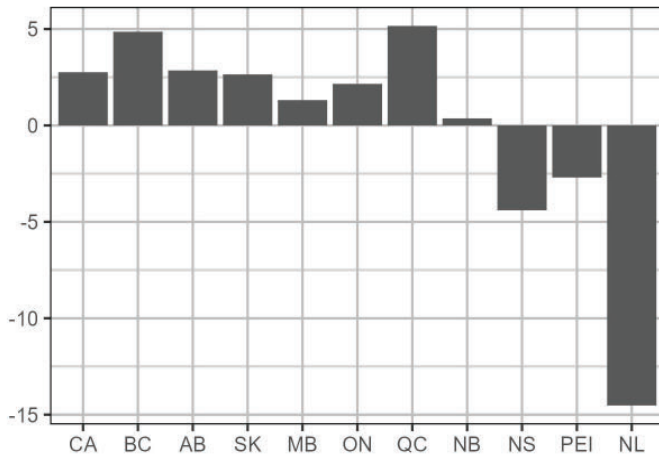


CREA, Central 1

Provincial MLS Activity

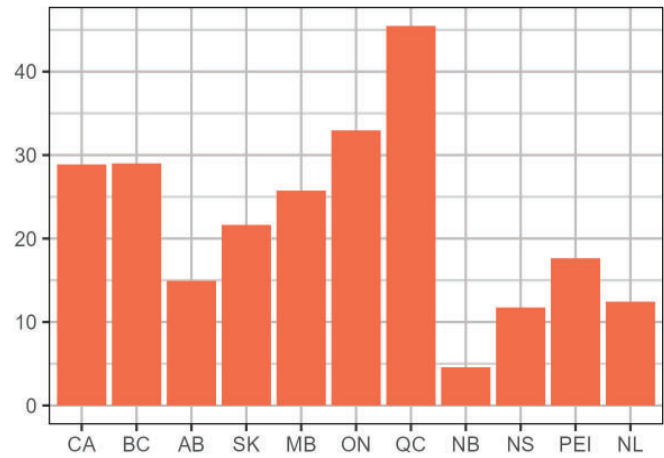
MLS unit sales, monthly % change

Last data point: 2024-11-01



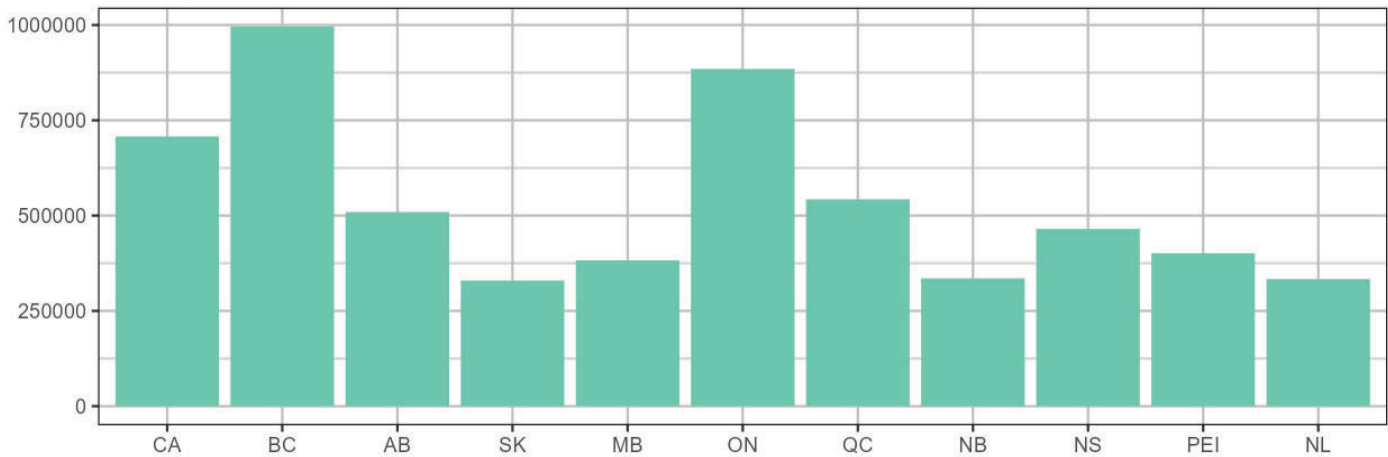
MLS unit sales, 12-month % change

Last data point: 2024-11-01



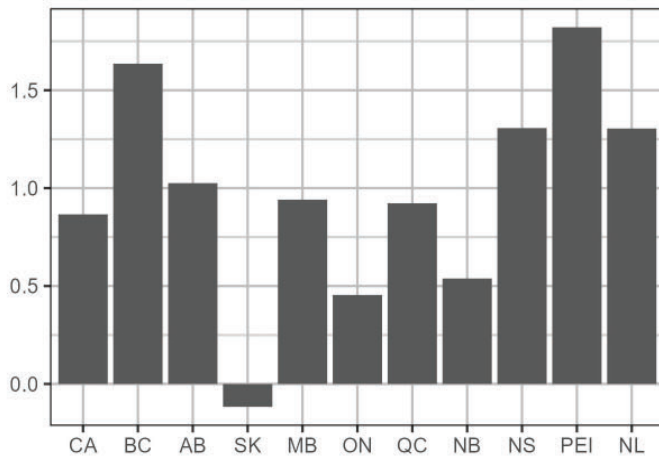
MLS Average Price, \$

Last data point: 2024-11-01



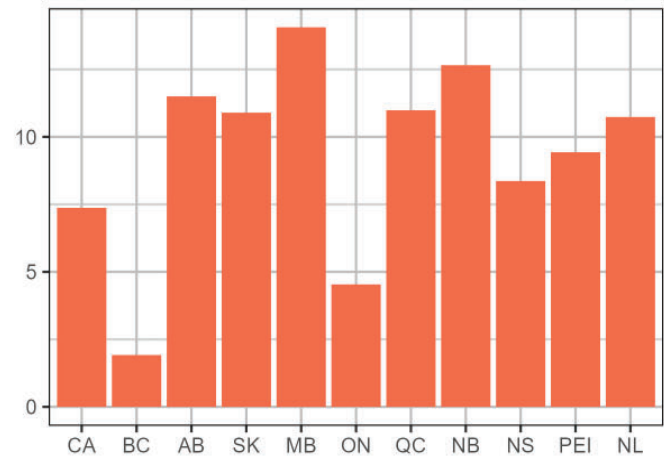
MLS Average Price, monthly % change

Last data point: 2024-11-01



MLS Average Price, 12-month % change

Last data point: 2024-11-01



CREA, Central 1

MLS® Housing Summary										
Nov-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	44.6	1.2	6.8	2.8	28.9	707.6	6.1	2.1	0.9	7.4
BC	6.9	0.3	7.9	4.9	29.0	995.8	16.0	1.1	1.6	1.9
AB	7.5	0.2	4.6	2.9	14.9	509.3	5.2	0.6	1.0	11.5
SK	1.5	0.0	5.0	2.6	21.6	329.7	-0.4	-2.1	-0.1	10.9
MB	1.4	0.0	-0.6	1.3	25.7	382.6	3.6	2.5	0.9	14.1
ON	16.1	0.3	9.0	2.2	33.0	884.8	4.0	1.9	0.5	4.5
QC	8.6	0.4	3.9	5.2	45.5	542.7	5.0	0.6	0.9	11.0
NB	0.8	0.0	3.9	0.4	4.6	335.2	1.8	-0.9	0.5	12.7
NS	1.0	0.0	10.5	-4.4	11.7	464.9	6.0	0.5	1.3	8.4
PEI	0.2	0.0	1.6	-2.7	17.6	401.3	7.2	1.4	1.8	9.4
NL	0.5	-0.1	36.7	-14.5	12.4	333.3	4.3	2.8	1.3	10.7

Source: CREA, Central 1

MLS® Supply Conditions						
Nov-24	New Listings				Sales-to-New Listings	Months of Inventory
	Units, 000s	prior m/m % ch	m/m % ch	y/y % ch		
CA	75.4	-3.0	-0.5	5.9	59.2	3.7
BC	13.5	-2.9	0.9	8.5	51.3	5.2
AB	9.8	-1.6	-3.8	0.0	75.9	2.2
SK	2.0	-3.6	5.7	2.8	75.1	3.1
MB	1.9	-4.3	5.7	2.3	71.5	2.2
ON	32.8	-4.9	-0.9	5.8	49.1	3.6
QC	11.5	1.1	-0.5	10.2	75.1	4.1
NB	1.1	6.7	-10.6	0.5	74.1	3.5
NS	1.4	-5.1	6.8	9.2	69.4	3.9
PEI	0.3	-0.3	3.1	17.1	61.0	5.9
NL	0.8	-7.4	3.1	4.3	61.1	4.7

Source: CREA, Central 1

MLS® Housing Market Summary, Select Metro Areas										
Nov/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	1.3	0.1	13.2	5.1	35.6	1057.5	16.8	-1.0	1.6	4.8
Greater Vancouver, BC	2.5	0.2	11.4	7.7	33.7	1296.1	39.6	-0.7	3.2	-0.4
Calgary, AB	3.0	0.1	4.6	3.4	5.0	649.7	9.3	-0.2	1.5	13.6
Edmonton, AB	2.8	0.0	7.4	-0.6	23.9	438.8	2.3	0.6	0.5	14.4
Saskatoon, SK	0.7	0.1	3.1	9.2	24.6	396.4	1.5	-1.7	0.4	11.0
Winnipeg, MB	1.2	0.0	-0.1	1.1	27.8	402.1	1.5	2.6	0.4	13.6
Toronto, ON	6.5	0.1	11.8	2.2	39.8	1125.7	-5.8	1.4	-0.5	2.1
Ottawa, ON	NA	NA	9.8	NA	NA	NA	NA	-0.6	NA	NA
Halifax, NS	0.5	0.0	4.0	-1.8	9.8	597.5	-0.3	0.9	0.0	9.4