



Homebuyers rightfully remain on the sidelines as economic uncertainty saps confidence

The Canadian housing market recorded a sharp decline in February activity, which was not a surprise following terrible numbers reported by real estate boards in both Metro Vancouver and Toronto early in the month. While inclement weather conditions kept buyers at home in parts of the country, trade war concerns and economic uncertainty curtailed buyer confidence, particularly in the largest provinces.

According to the latest Canadian Real Estate Association (CREA) release, sales plunged 9.8 per cent m/m in February to 37k units, marking a 10.4 per cent year-over-year decline. Any sales momentum observed in the latter stages of 2024 has reversed course, with national sales at the lowest point since November 2023. The severity of February's decline was led by Ontario where sales fell 20.2 per cent, followed by an 11.3 per cent drop in B.C. Within these provinces, Toronto (-28.5 per cent), Greater Vancouver (-14.3 per cent), and the Fraser Valley (-12.8 per cent) reported deep declines suggesting affordability challenged markets were most impacted. Ontario (led by Toronto) sales are at levels last seen during the depths of COVID. Alberta sales fell 6.1 per cent m/m and Quebec declined 2.6 per cent. In contrast, sales in Manitoba and Saskatchewan increased both from January and on a 12-month basis, while Atlantic provinces also recorded increased activity.

Lower buying activity and elevated (but declining) new listings are evident of a softer housing market, with months of inventory at 4.7 months which is the highest since 2020. Nationally, the average price declined 4.6 per cent (\$31k) m/m to \$653.7k. This was down 7.6 per cent from the most recent peak in November of \$706.8k and 3.1 per cent y/y. The headline decline overstates the magnitude of loss for homeowners, as composition effects from sharp sales declines in large pricier markets drove the pullback. The average price in Ontario fell 3.6 per cent, with B.C. down 1.9 per cent. The steepest decline was in New Brunswick at 4.7 per cent.

CREA's MLS® housing price index, which adjusts for housing attributes and geographic weights, recorded a 0.8 per cent one-month change, and 0.8 per cent 12-month decline. That said, the price trend is in decline and consistent with a weakening housing market. Elevated resale listings and elevated new home inventories point to prevalence of soft conditions in coming months.

While there is no "national" housing market, as the data attests, macro-factors will remain the key driver of housing market performance this year. Bank of Canada rate cuts are reducing variable rates, and economic risks have reduced bond yields, which should continue to dampen fixed rates, albeit tempered by inflation pressure. That said, economic risk is high. The trade war could push the Canadian economic into a no-growth or recession environment with the potential for significant job losses. As the largest investment many households will make in their lifetime, buyers are right to remain cautious as unexpected job losses could tip households into deep financial stress and forced sales in a weak market.

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Chief Economist

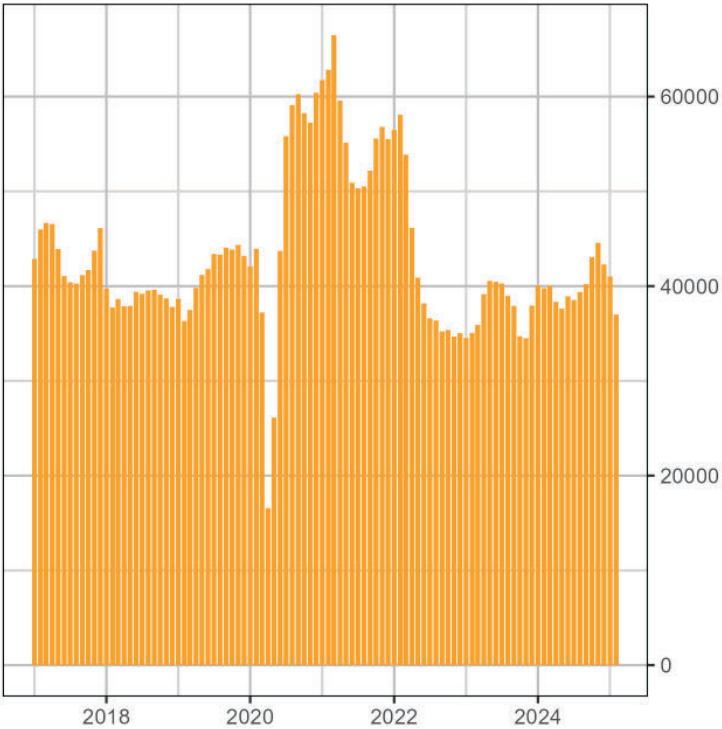
Central 1 Credit Union

byu@central1.com

Canada MLS Activity

Unit sales

Last data point: 2025-02-01



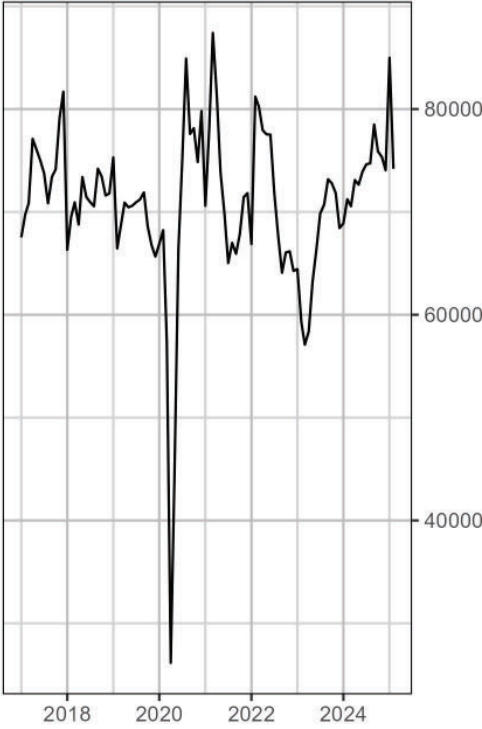
Average Price, \$000s

Last data point: 2025-02-01



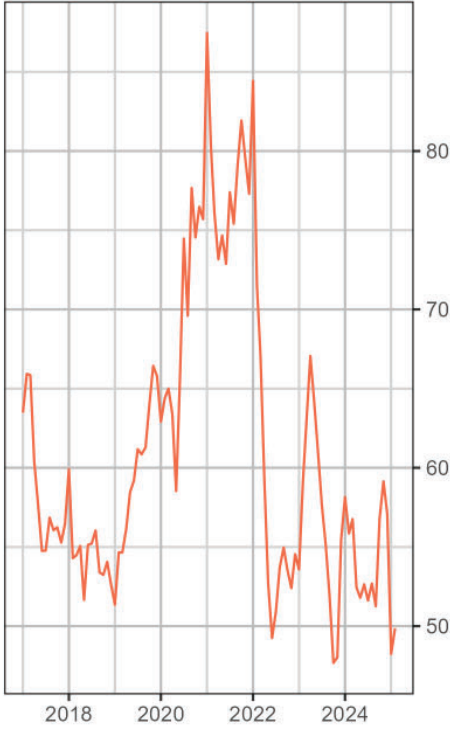
New listings

Last data point: 2025-02-01



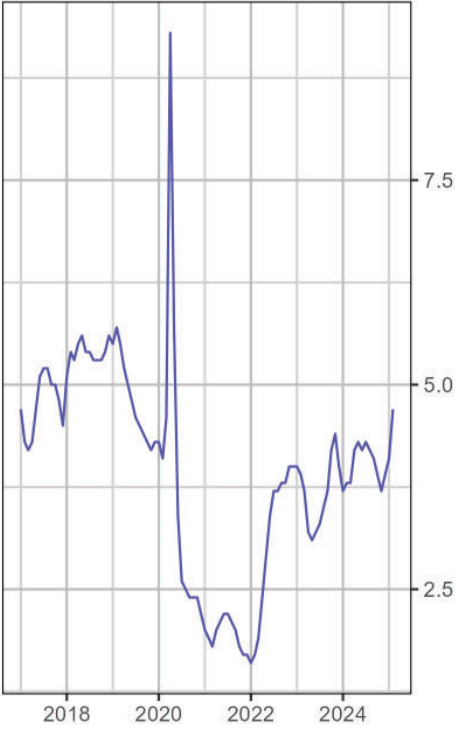
Sales-to-new listings

Last data point: 2025-02-01



Months of inventory

Last data point: 2025-02-01

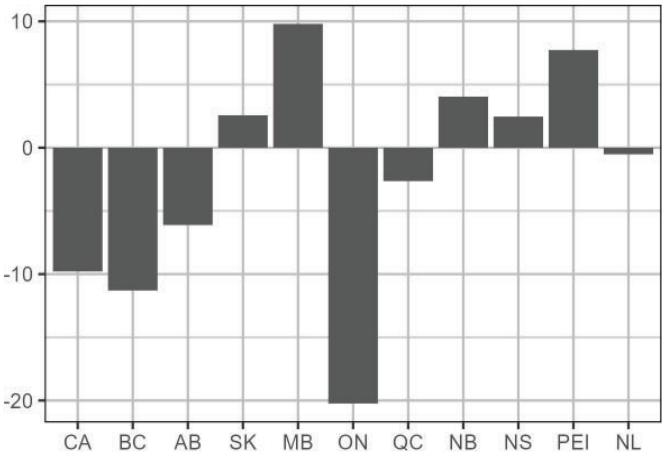


CREA, Central 1

Provincial MLS Activity

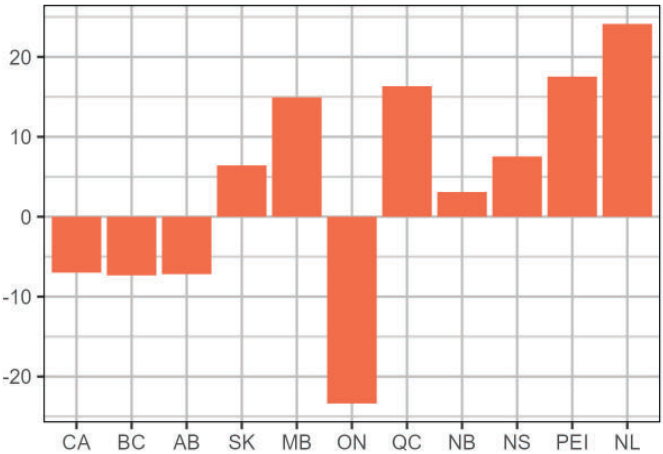
MLS unit sales, monthly % change

Last data point: 2025-02-01



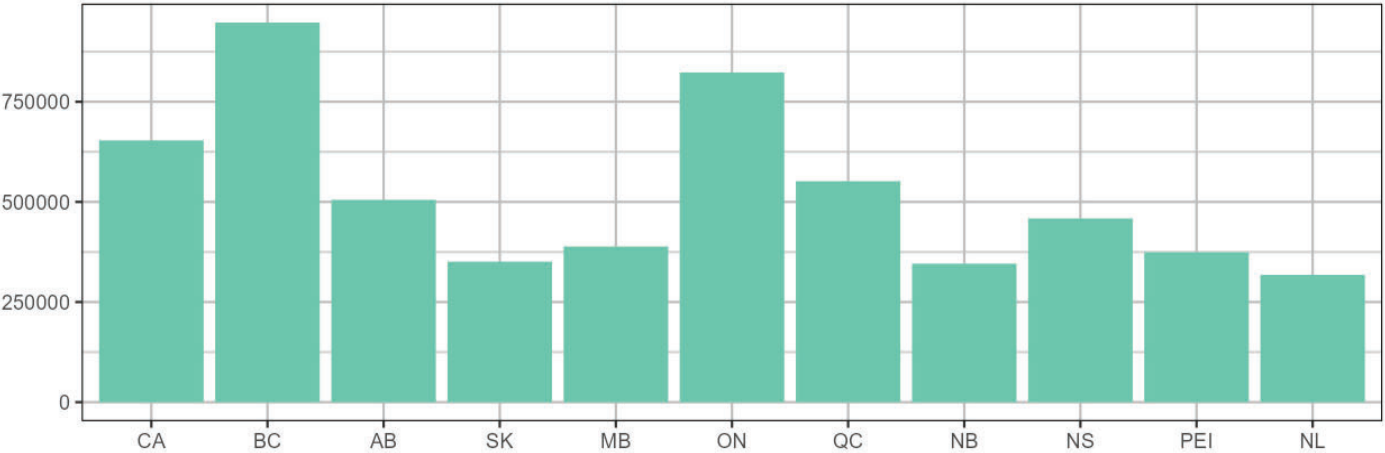
MLS unit sales, 12-month % change

Last data point: 2025-02-01



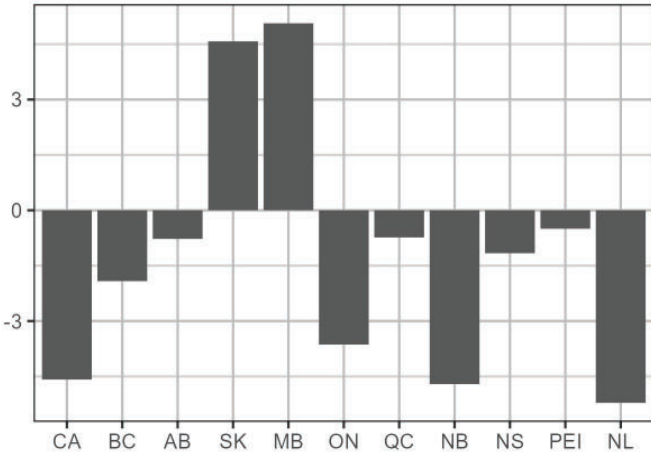
MLS Average Price, \$

Last data point: 2025-02-01



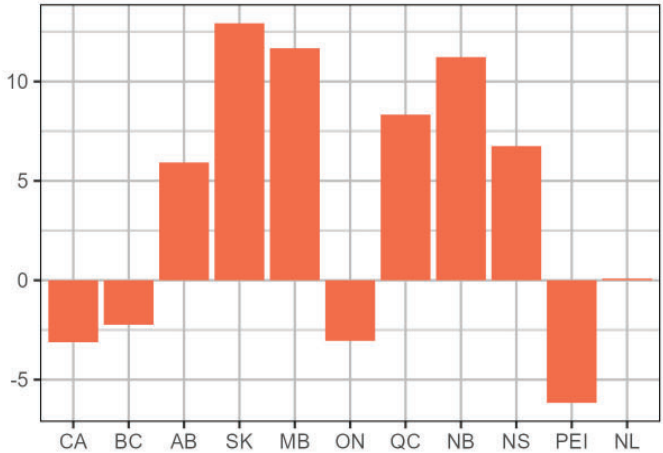
MLS Average Price, monthly % change

Last data point: 2025-02-01



MLS Average Price, 12-month % change

Last data point: 2025-02-01



MLS® Housing Summary												
Feb-25	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	37.0	-4.0		-3.0	-9.8	-7.0	653.7	-31.4		-2.4	-4.6	-3.1
BC	5.7	-0.7		-4.8	-11.3	-7.3	947.7	-18.6		-4.5	-1.9	-2.2
AB	6.5	-0.4		1.7	-6.1	-7.2	505.2	-4.0		0.7	-0.8	5.9
SK	1.4	0.0		-0.7	2.6	6.4	350.9	15.4		1.6	4.6	12.9
MB	1.4	0.1		-8.0	9.8	14.9	388.7	18.7		-1.5	5.1	11.7
ON	11.4	-2.9		-3.1	-20.2	-23.4	823.3	-31.1		-6.8	-3.6	-3.0
QC	8.1	-0.2		-4.1	-2.6	16.3	551.7	-4.1		2.0	-0.7	8.3
NB	0.8	0.0		-14.3	4.0	3.1	345.9	-17.1		6.5	-4.7	11.2
NS	1.0	0.0		-5.7	2.5	7.5	458.7	-5.4		-0.3	-1.2	6.8
PEI	0.2	0.0		-2.9	7.7	17.5	374.0	-1.9		-6.6	-0.5	-6.2
NL	0.6	0.0		13.7	-0.5	24.1	317.8	-17.5		3.1	-5.2	0.1

Source: CREA, Central 1

MLS® Supply Conditions							
Feb-25	New Listings				Sales-to-New Listings	Months of Inventory	
	Units, 000s	prior m/m % ch	m/m % ch	y/y % ch			
CA	74.2		14.8	-12.7	4.2	49.9	4.7
BC	14.3		27.7	-17.3	7.6	39.7	7.0
AB	9.5		1.6	-0.7	1.7	68.0	2.6
SK	1.8		-1.4	-2.0	-4.4	75.2	3.2
MB	1.8		-0.1	0.3	-4.8	77.3	2.1
ON	31.1		18.8	-18.6	3.0	36.6	5.5
QC	11.8		7.6	-4.3	7.1	68.7	4.3
NB	1.1		-0.8	-2.2	0.1	69.8	3.7
NS	1.4		9.9	-3.4	13.1	66.4	4.3
PEI	0.3		18.6	-1.2	18.0	55.2	6.2
NL	0.7		-5.1	-0.1	3.2	76.4	4.2

Source: CREA, Central 1

MLS® Housing Market Summary, Select Metro Areas											
Feb/2025	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	0.9	-0.2		-10.9	-14.3	-25.9	1021.3	-5.2	-4.2	-0.5	0.6
Greater Vancouver, BC	2.0	-0.3		-7.7	-12.8	-10.4	1233.6	-13.5	-4.9	-1.1	-3.6
Calgary, AB	2.5	-0.2		2.2	-8.3	-14.5	624.6	-5.2	-0.7	-0.8	5.4
Edmonton, AB	2.5	-0.2		2.1	-5.9	-2.7	447.9	1.9	0.3	0.4	10.1
Saskatoon, SK	0.6	0.0		-0.4	8.2	15.1	422.5	13.2	2.5	3.2	16.0
Winnipeg, MB	1.2	0.1		-8.0	12.2	18.9	413.5	18.3	-1.2	4.6	11.2
Toronto, ON	4.3	-1.7		12.4	-28.5	-25.9	1072.1	-19.5	-2.1	-1.8	-2.0
Ottawa, ON	0.8	-0.1		-7.7	-9.2	-10.5	686.7	-14.4	0.8	-2.1	1.9
Halifax, NS	0.5	0.0		-5.9	3.2	6.3	582.4	-12.5	-0.7	-2.1	4.7