

Canadian Home Sales — November

NATIONAL HOUSING ACTIVITY STRENGTHENS INTO YEAR-END

- National home sales rose for a fourth consecutive month in November, with a strong 3.9% m/m gain (seasonally adjusted). Sales moved back above year-earlier levels for the first time since March.
- While led by the GTA, a number of other large markets also saw solid sales gains last month, including the Fraser Valley, Victoria, Calgary, Edmonton, Ottawa and Montreal. Excluding the GTA, sales were up 1.5% m/m.
- The number of new listings rose 3.5% m/m last month, holding the national sales-to-new listings ratio at 56.4. A ratio of between 40 and 60 is generally consistent with balanced market conditions. The number of months' supply edged down to 4.8 from 4.9 in October.
- The aggregate MLS Home Price Index was essentially unchanged for a third consecutive month in November, while the 12-month increase slowed to 9.3% y/y. The median house price increase across major markets was 4.4% y/y.

Canada's housing market is showing strong momentum into the final stretch of the year, with both sales and pricing rebounding from its mid-year slump (chart 1). The recovery in sales continues to be led by the **Greater Toronto Area**, which recorded a 16% m/m surge in resale transactions last month. Indeed, sales across the **Greater Golden Horseshoe** are rebounding as market sentiment adjusts to Ontario's spring policy changes. Ontario home sales **outside of the GGH** saw only a modest mid-year slowing, and are now back to year-ago levels (chart 2).

GTA home sales have now regained about half of the falloff from its early-spring peak, and are now essentially in line with long-term averages—evidence of a healthy, more sustainable market. Benchmark prices have largely stabilized in recent months. However, a similar increase in new listings leaves the overall market on the edge of buyers' territory. Demand and pricing continue to favour the more affordable semi-detached, townhome, and condominium segments of the market over single-detached homes (chart 3).

Vancouver's housing market continues to experience above-average demand. While sales edged down in October and November, they remain above long-term averages. As in Toronto, more affordable property types are leading sales and price appreciation. Year-over-year price growth is accelerating again amid tight supply conditions, with benchmark prices up 14.0% y/y last month.

Calgary's housing market is showing further signs of stabilization amid strengthening labour market conditions. However, elevated supply continues to weigh on prices.

Montreal and **Ottawa** remain outperformers, with robust job growth and good affordability supporting strong demand and rising prices across market segments.

The combination of tighter mortgage qualifying rules and higher interest rates are expected to lead to some moderation in national sales activity in 2018. High-priced markets, including Vancouver and Toronto, with strained affordability and a large share of uninsured mortgages, may have more downside risk. Even so, strong demand fundamentals, including low unemployment, strengthening wage gains, aging millennials and increased immigration, remain supportive. National price trends should remain positive, if subdued, with more than half of local markets in balanced territory.

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Chart 1 - National Home Sales and Prices

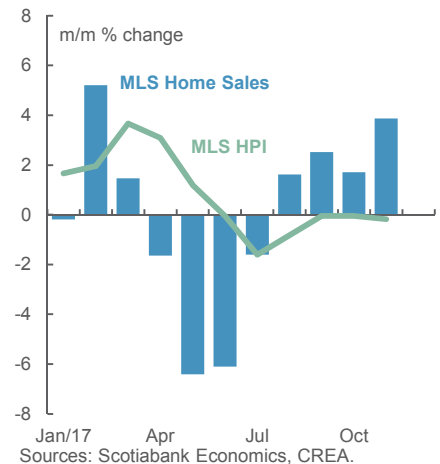


Chart 2 - Ontario MLS Home Sales

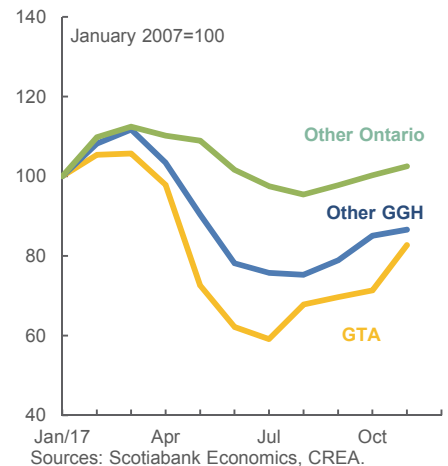
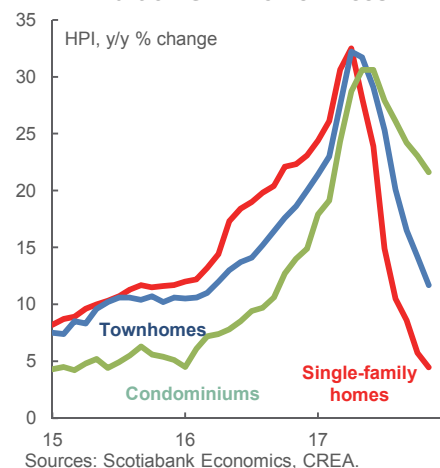


Chart 3 - GTA Home Prices



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