

Canadian Home Sales — September

SUMMARY

- September Canadian Real Estate Association (CREA) [data](#) indicate a 0.6% rise in national average home purchase prices, a 3.0% rise in new listings and a 0.4% decline in home sales¹. The aggregate MLS composite home price index (HPI) climbed 2.3% in the month (nsa y/y, table).
- Greater Toronto witnessed its first decline in residential unit sales since April, while sales prices decreased for the second consecutive month. Homes purchases also fell in Durham (-1%) and St. Catharines (-15%), were flat in Kitchener-Waterloo and moderated to a 2.4% gain in Hamilton (figures sa m/m). The latter city, with a sales-to-new listings ratio of 68% (sa), was the only Greater Golden Horseshoe metro area in sellers' market territory.
- Greater Vancouver home purchases fell 1.5% after a 1.9% gain last month. A second consecutive monthly increase in new listings brought the region's sales-to-new listings ratio to 42% (sa), the lowest since 2013 (chart 1). Sales rose in Victoria (+4.3%), Fraser Valley (+8%) and Chilliwack (+2.6%).
- Sales weakness was present across centres in Canada's net oil-producing regions. Declines were reported in Calgary (-1.7%), Edmonton (-3.7%), Saskatoon (-1.9%) and St. John's (-2.5%). Average sales prices are down as of September (nsa y/y ytd) in all four centres as well as in Regina. Sales-to-new listings ratios indicate balanced market conditions, albeit tilted more towards buyers, in every city but St. John's, where the ratio fell to 30% in September.
- Year-to-date price gains remain concentrated in lower-cost dwelling types categories, though the pace of growth is cooling across categories (chart 2).

IMPLICATIONS

- The Greater Vancouver results anchor a largely negative report. August's increase in sales suggested the market might have reached a turning point. This month's data imply that buyers and sellers are still adjusting to stricter mortgage qualification rules implemented January 1st, provincial policies targeting the high end of the market, and rising interest rates. Rising sales near the GVA, which built on similar gains last month, were more auspicious.
- Falling home purchases in the Greater Toronto Area were also a somewhat negative development, though some moderation of sales activity was likely given the upswing seen in recent months.
- MLS HPI trends suggest homebuyers in Southern BC and the Greater Toronto Area are continuing to substitute to lower-cost unit types in response to affordability pressures. Sales-to-new listings ratios in the 40%–50% range for both cities indicate modest near-term home price gains. However, we still expect the cumulative housing supply shortfalls to keep affordability limited in the next few years, even as residential construction remains elevated.

¹ All figures sa m/m unless otherwise indicated.

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Canada	Sep-18	Aug-18	Sep-18
	m/m ¹	m/m ¹	y/y ²
Sales (% change)	-0.4	1.0	-8.9
New listings (% change)	3.0	0.8	-3.2
Average price (% change)	0.6	0.9	0.2
MLS HPI (% change) ²	-0.3	-0.6	2.3
	Sep-18	Aug-18	Sep-17
Sales-to-new listings ratio (level) ¹	54.4	56.2	55.9
Months inventory (level) ¹	4.9	4.9	5.5

¹ seasonally adjusted ² not seasonally adjusted

Chart 1

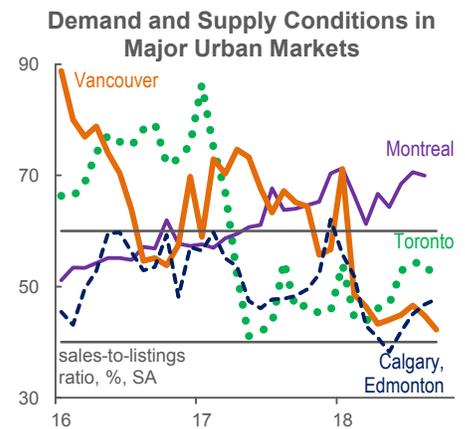
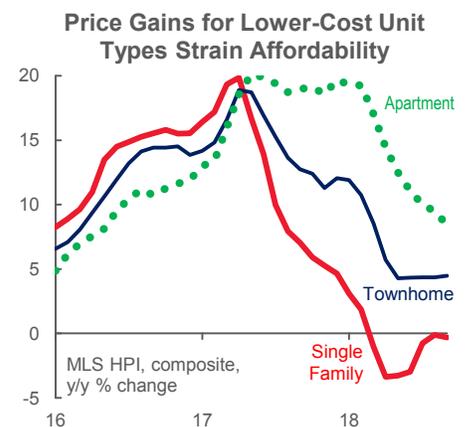


Chart 2



Sources for charts and table: Scotiabank Economics, CREA.

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