



## MONTHLY HOUSING MARKET UPDATE

September 16, 2024

### Home resales in Canada

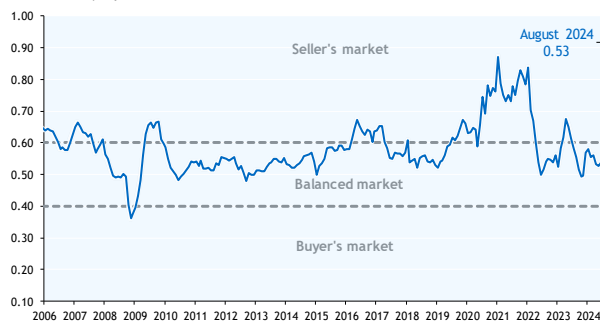
Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

### Sales-to-new listings ratio in Canada

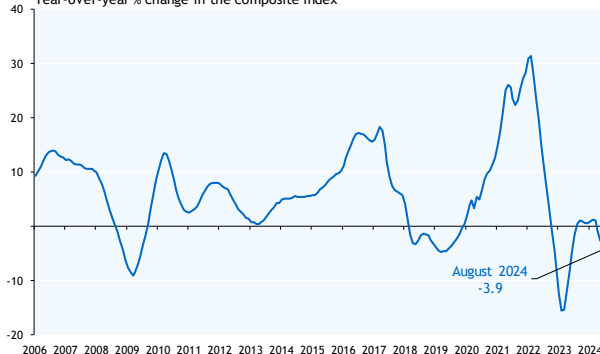
Seasonally adjusted



Source: Canadian Real Estate Association, RBC Economics

### MLS Home Price Index - Canada

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

## Canada's housing market still in a wait-and-see mode

Interest rates may be coming down, but most Canadian homebuyers remain unconvinced that now is the right time to make a purchase. Home resales have yet to break from their mainly flat trend, rising just marginally by 1.3% between July and August.

The Bank of Canada's three rate cuts to date have brought some welcome relief, but deeper cuts will be needed to stimulate activity in a material way. Affording to buy a home is still out of reach for many potential buyers.

A soft economy and rising unemployment aren't helping either. Shaky consumer confidence is never a good prospect for the housing market.

Inventories are growing—now the equivalent of 4.1 months of sales nationwide, or more than double the cyclical lows reached in 2021—indicating buyers are significantly under less pressure to act quickly. There are more options for them to choose from.

More balanced supply and demand conditions also give them a stronger hand in negotiating prices, contributing to stabilizing property values. The national composite MLS Home Price Index benchmark was unchanged between July and August at \$717,000. This represented a 3.9% decline from a year ago.

Stable prices—or the possibility of declines in some markets—further lessens any urgency for some potential buyers to jump in.

Canada's housing market seems firmly in a wait-and-see mode just ahead of the second busiest season. We expect the wheels to turn gradually faster as the Bank of Canada delivers further cuts in the coming months. Still, it may take until the spring for a more vibrant pace of activity to return.

The supply side will continue to be in focus in the meantime. The rise in inventories to date has generally been a positive development, easing what were previously severe shortages in several markets.

But any acceleration in the upswing could tip the scale into surplus in some areas. In Toronto, for instance, the ongoing wave of condo completions could lead to absorption issues with downside implications for prices.

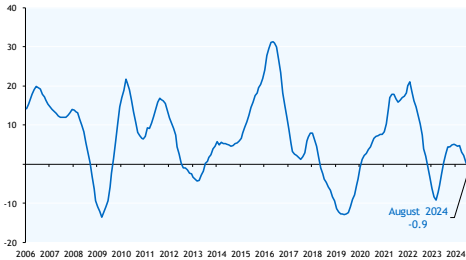
### August market snapshot

	Home resales (% change)		New listings (% change)		MLS Home Price Index (% change)		Sales-to-new listings ratio
	M/M	Y/Y	M/M	Y/Y	M/M	Y/Y	
Canada	1.3	-2.1	1.1	2.1	0.0	-3.9	0.53
Toronto	0.6	-6.0	-1.6	2.0	0.0	-4.6	0.38
Montreal	3.4	9.3	-1.3	1.5	0.9	3.3	0.65
Vancouver	-3.8	-17.1	-1.2	2.8	0.6	-0.9	0.42
Calgary	2.9	-15.9	5.4	11.8	0.3	7.1	0.65
Edmonton	4.2	15.3	3.7	5.3	1.0	7.6	0.71
Ottawa	-0.9	8.6	3.4	0.6	0.5	-0.3	0.55



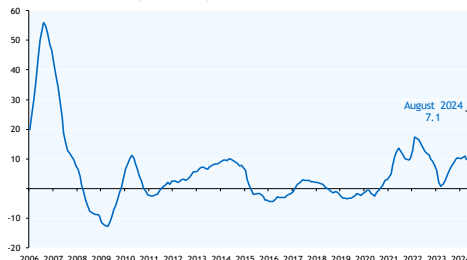
Overall, we expect property values to remain stable in the near term, and appreciate gradually next year amid a firming demand in Canada. The more expensive markets in British Columbia and Ontario could lag, given the more severe affordability issues confronting buyers. Prices in Alberta and other Prairie markets, on the other hand, are likely to continue outpacing the national average.

**MLS Home Price Index - Vancouver**  
Year-over-year % change in the composite index



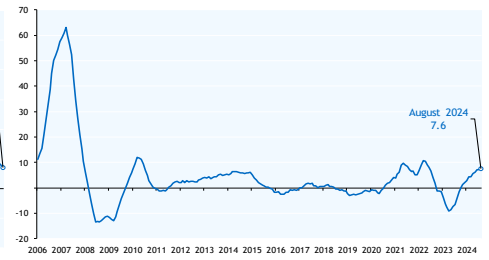
Source: Canadian Real Estate Association, RBC Economics

**MLS Home Price Index - Calgary**  
Year-over-year % change in the composite index



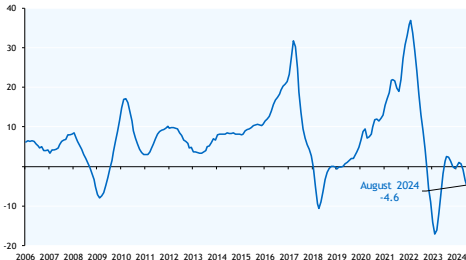
Source: Canadian Real Estate Association, RBC Economics

**MLS Home Price Index - Edmonton**  
Year-over-year % change in the composite index



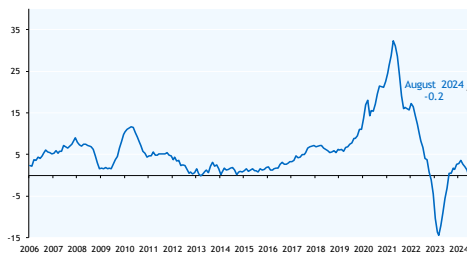
Source: Canadian Real Estate Association, RBC Economics

**MLS Home Price Index - Toronto**  
Year-over-year % change in the composite index



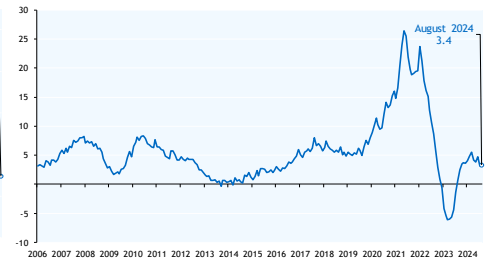
Source: Canadian Real Estate Association, RBC Economics

**MLS Home Price Index - Ottawa**  
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

**MLS Home Price Index - Montreal**  
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

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