

MONTHLY HOUSING MARKET UPDATE

April 12, 2024

Home resales in Canada

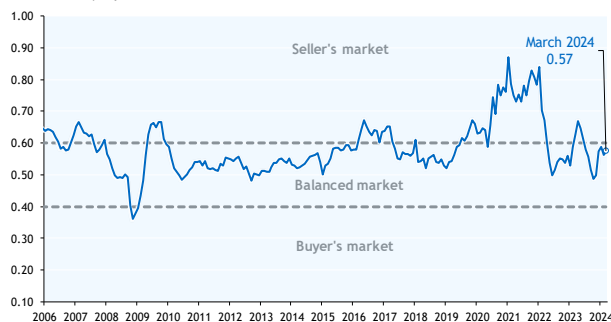
Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

Sales-to-new listings ratio in Canada

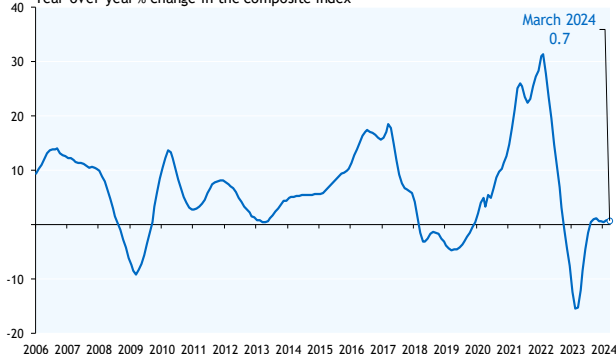
Seasonally adjusted



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

Mixed start to the spring market

March brought a mixed bag of activity to Canada's housing market. Re-sales continued to linger around February levels at the national level—still softer than activity that took place pre-pandemic.

As in recent months, activity was largely bogged down in Canada's more expensive markets (including Toronto and Vancouver), where housing unaffordability is particularly acute. We suspect a standoff between (inflexible) sellers and (budget-constrained) buyers is developing. Wide-spread month-over-month drops in new listings may have been a restraining factor as well.

March sales essentially flat in Canada

Seasonally adjusted m/m sales were up just 0.5% nationwide, subdued mainly by slower activity in Ontario (-1.6% m/m)—including Toronto—Saskatchewan (-2.3%) and New Brunswick (-8.7%) while B.C. stayed the course (+0.7%). Alberta (+3.6%) and Quebec (+2.4%), on the other hand, saw a discernable pick-up in activity—including Edmonton and Montreal.

It's worth noting seasonal factors have been larger than usual in recent months given the extra workday in February (from the leap year) and the Easter holiday landing in March this year (it was in April in 2023). We expect fewer seasonal distortions later this spring, which should give a truer reading of underlying market trends.

Buyers and sellers at a standstill

Supply-demand conditions remained generally balanced in Canada, though favouring sellers in some markets (e.g. Calgary). Some potential sellers may have held off listing their property in March in anticipation of stronger demand in the summer. There are growing expectations the Bank of Canada will cut interest rates mid-year.

Sellers looked especially cautious in B.C. and Ontario last month where price trends are still softening in many markets. Buyer enthusiasm, while generally recovering, is still lacking, and the sales-to-new listings ratio remains on a downtrend in these provinces.

Renewed market vigour in Quebec, on the other hand, brought supply-demand conditions to their tightest point since last summer. Most Alberta

March 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	0.5	1.7	-1.6	10.1	-0.3	0.7	0.57
Toronto	-1.1	-4.9	-3.0	17.3	0.2	0.3	0.48
Montreal	1.4	14.2	-2.4	10.3	0.9	4.8	0.64
Vancouver	1.4	-4.8	-0.2	13.5	-0.1	4.5	0.46
Calgary	3.0	10.3	-14.9	-5.7	0.5	10.9	1.01
Edmonton	3.7	34.0	-4.9	7.4	0.4	4.5	0.78
Ottawa	7.6	10.3	3.6	15.9	-0.2	2.7	0.55

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markets are extremely tight too, with the sales-to-new listings ratio in Calgary and Edmonton near all-time highs. We see greater price growth coming out of these markets in the months ahead.

Conditions are generally favourable to sellers in Atlantic and other Prairie provinces as well, setting the stage for modestly appreciating prices later this spring.

Prices levelling off

Canada’s MLS Home Price Index fell marginally by 0.3% m/m in March, following no change in February. Together they provide evidence Canada’s price correction has run largely its course. That said, local trends vary widely across the country.

A severe lack of affordability has kept prices down in many Ontario and B.C. markets—including Brantford, Cambridge, Ottawa, Fraser Valley, and Vancouver. The GTA, however, recorded its second consecutive monthly increase (+0.3%). Nova Scotia prices are also under downward pressure.

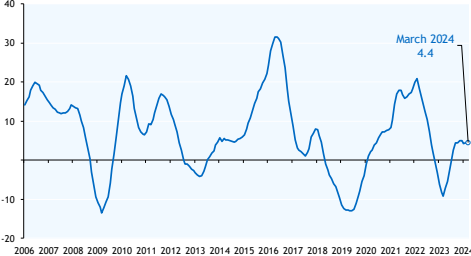
Other provinces are seeing prices continue to climb. Among the larger markets, sizable gains were recorded in Montreal (+0.9% m/m); Calgary (+0.5%) and Edmonton (+0.4%).

We expect prices to rise gradually in the coming months, and then accelerate progressively once the Bank of Canada’s rate cuts accumulate over the second half of this year and into 2025.

Slew of policy announcements to impact the market down the road

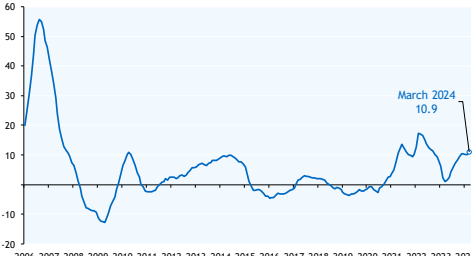
The policy response to Canada’s housing crisis has kicked into high gear in recent weeks. The federal government has announced a series of significant initiatives designed to tamp down housing demand growth, expand the housing supply (especially rentals) and make it easier for first-time homebuyers to become homeowners. Ontario also introduced legislation to speed up housing construction. We are encouraged to see policy action focusing on growing Canada’s housing stock, including the emphasis on rental apartments. Our report [The Great Rebuild: Seven ways to fix Canada’s housing shortage](#) warned that significant progress toward boosting supply is needed urgently to address the crisis. We believe the policy measures that were announced will bring relief over time. But they aren’t quick fixes.

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



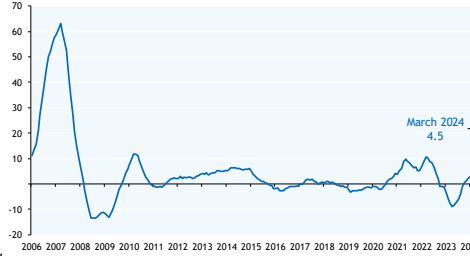
Source: Canadian Real Estate Association, RBC Economics

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



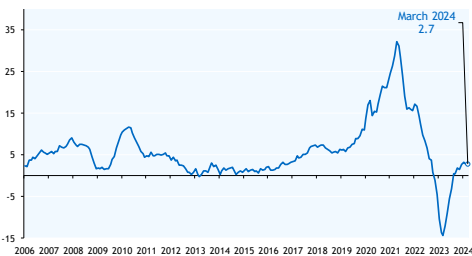
Source: Canadian Real Estate Association, RBC Economics

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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