

## MONTHLY HOUSING MARKET UPDATE

August 15, 2024

### Home resales in Canada

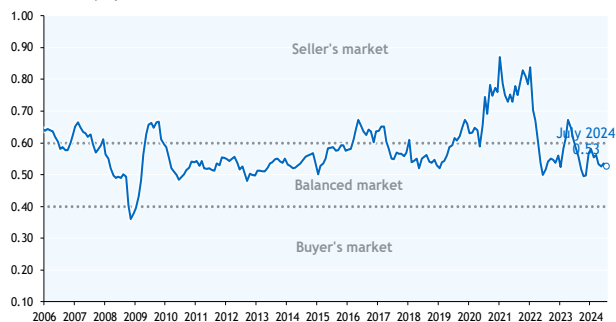
Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

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

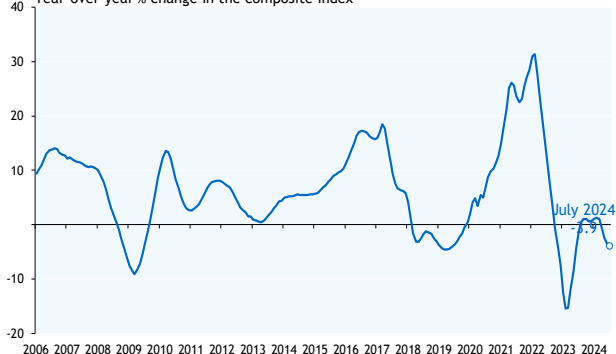
Seasonally adjusted



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

### Housing market activity static again after June bump

The [latest interest rate cut](#) from the Bank of Canada came at the end of July, doing little to entice buyers into the housing market. Resales pulled back modestly—dipping 0.7% between June and July at the national level—partially offsetting a 3.5% advance in June.

Home resales remain largely static with softness concentrated in the Ontario and B.C. markets after the solid gain recorded in June. However, markets in the Prairies remain the exception to trends seen at the national level, and continue to report historically high activity across many cities.

### Home resales retreat back to March levels

Buyers didn't come to market with the same enthusiasm seen in the past this July. They retreated back to the sidelines after a solid sales pickup in June.

Aside from solid June activity, the market has seen relatively small month-to-month fluctuations since the spring—keeping activity around the level recorded in March. This has, particularly, been the case in Canada's more expensive markets of Toronto and Vancouver, where some buyers are waiting for clearer signs of market direction.

Still, clearer signs of market recovery are forming in other Ontario and B.C. cities. Hamilton-Burlington, Ottawa, Guelph, and Kitchener-Waterloo have all recorded a second consecutive increase in monthly sales on a seasonally adjusted basis this July. It's possibly a sign of renewed buyer appetite.

In B.C., Victoria and the Okanagan posted two consecutive upticks in activity—alongside East Coast cities Halifax, Moncton, and Saint John.

The Prairie provinces continue to be a hotspot for activity, even though slower resales were recorded in most major markets last month. Buying in Edmonton, Regina and Winnipeg continues to top activity recorded a year ago. Resales are still historically high in Calgary and Saskatoon as well.

### New listings increase hit a 10-month high

The sting of high interest rates still seems to be forcing the hand of some sellers. Rate cuts may also be enticing more sellers to list their homes in anticipation of renewed demand.

### July 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	-0.7	4.8	0.9	12.7	0.2	-3.9	0.53
Toronto	-1.9	2.7	-0.9	18.8	0.1	-5.0	0.36
Montreal	3.9	6.4	0.1	7.6	0.0	3.2	0.60
Vancouver	-2.0	-4.4	2.0	16.7	0.0	-0.8	0.43
Calgary	-4.3	-10.4	10.0	10.9	0.3	8.0	0.66
Edmonton	4.1	25.7	7.0	10.9	0.4	7.2	0.71
Ottawa	1.8	12.5	1.0	15.1	1.0	0.1	0.58



This, alongside a consistent flow of new supply from recently completed residential units, is keeping inventories up in Canada. New listings increased for a fourth consecutive month in July (0.9% m/m), hitting a 10-month high.

Markets in Ontario are largely fueling the national rise in new listings—with the Greater Toronto Area accounting for a growing share of new listings.

New listings continued to rise in Vancouver and the Fraser Valley as well, which accounted for most of the supply increase in B.C. Static sales and growing inventories have kept price deteriorations concentrated in these markets.

Calgary also recorded a sizable increase in new listings last month (10%). Still, the sales-to-new listings ratio remains deeply in favour of sellers in this market, keeping prices on the rise.

Tight supply-demand conditions continue to fuel prices in Quebec, particularly Quebec City, and the Prairies including Winnipeg, Saskatoon, and Edmonton.

This is a stark contrast to the stagnant prices seen at the national level. The 0.2% gain recorded in July was the largest month-over-month increase recorded this year—which is still 0.1% above the MLS composite benchmark price in March.

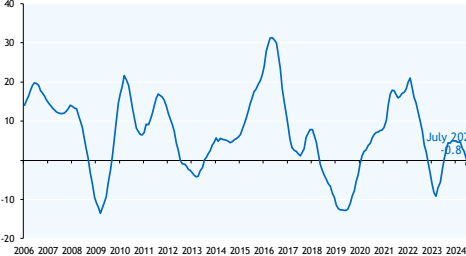
**Slow recovery expected**

More interest rate cuts are likely to stimulate homebuyer demand across the country. But, we expect this will be gradual. Significant reductions in rates will be needed to make a noticeable difference in ownership costs—especially in Canada’s priciest markets.

Consequently, we expect a slower housing market recovery with a potential acceleration towards the end of 2024 and into next year as both short and long-term rates decrease more substantially.

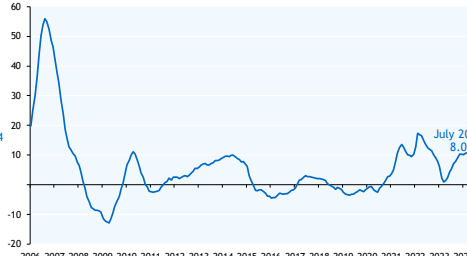
We see prices heating up slowly as well, though some markets, like Toronto, could face another wave of price drops if inventories continue to rise significantly.

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



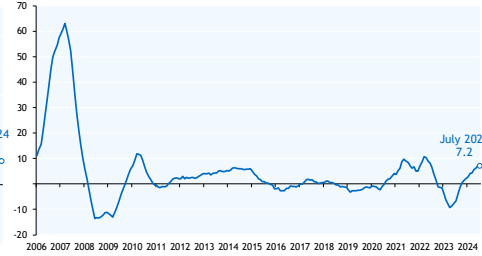
Source: Canadian Real Estate Association, RBC Economics

**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



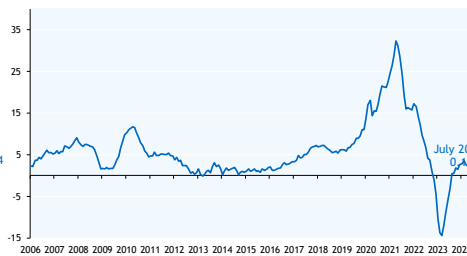
Source: Canadian Real Estate Association, RBC Economics

**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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