

MONTHLY HOUSING MARKET UPDATE

January 15, 2025

Home resales in Canada

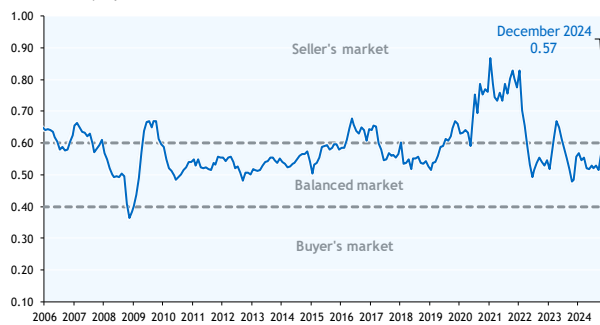
Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

Sales-to-new listings ratio in Canada

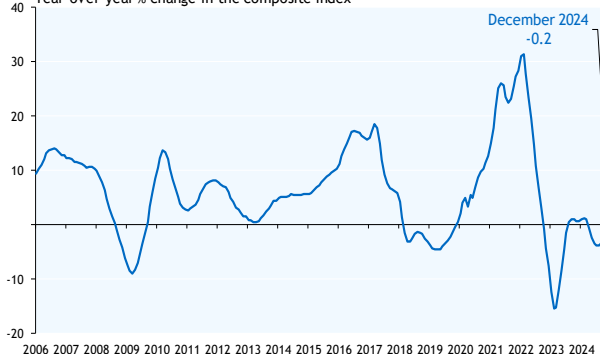
Seasonally adjusted



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 recovery hits a bump but expected stay on track

Interest rate cuts in Canada set the housing market on a recovery path in 2024, but there have been bumps along the way as demonstrated by activity in December. Home resales fell 5.8% last month from November, following solid advances totalling 16% in the previous four months.

Fewer sellers coming to market could be behind the pull back—narrowing the options for buyers. New listings declined in the last three months of 2024, including by 1.7% in December.

A slight uptick in fixed mortgage rates could also have played a role as longer-term rates came under renewed upward pressure from the U.S. in the fall—possibly causing some buyers to pause their search.

Still, we don't read too much into one month's volatility and see the recovery continuing in 2025. We expect the Bank of Canada to deliver further meaningful rate cuts over the first half of the year, and as a result, longer-term rates will ease. Lower borrowing costs are likely to draw both new buyers and sellers to the market and sustain growth in resale transactions.

Property values haven't budged much over the course of 2024 nationwide. In December, the composite MLS Home Price Index edged up just 0.3% from November and was down -0.2% from a year ago. Generally balanced supply-demand conditions are keeping higher and lower price pressures muted.

The national picture largely reflects market realities in Ontario and British Columbia. But, home prices in the Prairies, Quebec and parts of Atlantic Canada are hotter. The MLS HPI is up significantly from a year ago in Edmonton (8%), Saskatoon (7.1%), Winnipeg (8.4%), Montreal (7.1%), Quebec City (11.4%), Fredericton (19.8%), Moncton (7.9%), Saint John (24%) and St. John's (10%). Supply has been tight compared to demand in all these markets throughout last year—or longer in some cases.

[Affordability challenges](#) are also relatively more manageable in these regions, allowing buyers to bid up prices more freely.

On the other hand, intense affordability strains are a major weight holding back buyers in Ontario and B.C. They set an impossibly high bar to clear

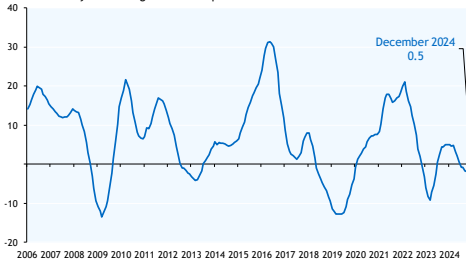
December market snapshot

	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	-5.8	19.2	-1.7	10.4	0.3	-0.2	0.57
Toronto	-18.7	-2.5	-5.8	20.5	0.4	0.1	0.39
Montreal	0.3	54.1	3.0	10.9	0.5	7.1	0.73
Vancouver	-2.6	32.3	-3.6	24.1	0.7	0.4	0.52
Calgary	-7.5	-3.4	-4.4	0.5	0.3	4.5	0.68
Edmonton	-4.2	16.7	-0.1	-8.7	0.5	8.0	0.75
Ottawa	-15.3	9.3	6.2	19.8	1.7	3.8	0.56



for many first-time homebuyers. We expect those strains will keep sales recovery gradual and price increases minimal in the year ahead. Toronto and Vancouver—Canada’s most expensive markets—could even see further erosion of condo prices amid rising inventories.

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



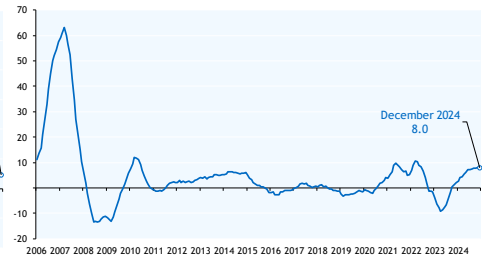
Source: Canadian Real Estate Association, RBC Economics

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



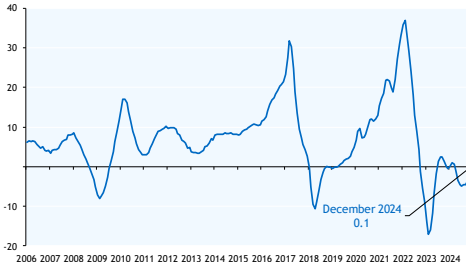
Source: Canadian Real Estate Association, RBC Economics

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



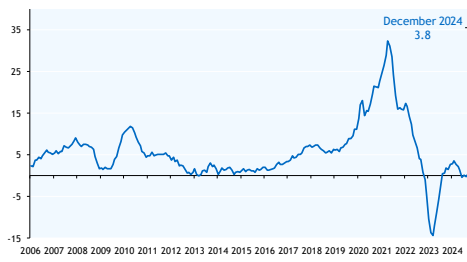
Source: Canadian Real Estate Association, RBC Economics

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



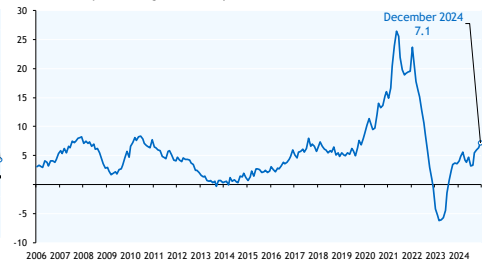
Source: Canadian Real Estate Association, RBC Economics

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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