Housing markets stayed solid across Canada in November; downtown condos the only soft spot

So much for a cooling in Canada’s major housing markets this fall. Changing housing needs triggered by the pandemic and low interest rates kept the market boiling in November. Local real estate boards reported last month’s resales increased between 23% (Vancouver) and 32% (Montreal) compared to a year earlier and prices accelerated further for the most part. The search for more living space continued to take buyers to the suburbs—and beyond—where activity was up the most and prices rose the fastest. Seasonally-adjusted data (to be published later this month) will likely point to a small drop in resales in a few major markets (including Vancouver) but that’s from high levels and arising from a lack of supply—not weaker demand. The only soft spot remains downtown condos in large urban areas. There, the story is the opposite: plentiful supply. The downturn in rental markets has prompted many condo investors to sell over the past several months. Still, demand has more or less held up—November condo sales were up from a year ago in every market (though barely so in the City of Toronto). Downtown condo prices have flattened since spring and we expect downward pressure to build near term. This will contrast with single-detached prices which we expect will continue to rise briskly.

**Toronto area:** The overall picture remained amazingly strong despite the re-imposition of tighter social distancing restrictions in the City of Toronto and Peel region in November with resales rising 24% y/y and the MLS Home Price Index (HPI) up 10.6% y/y. We estimate resales increased 1.2% from October on a seasonally-adjusted basis. Yet the picture is also complex. Much of the strength

![Graph of Toronto-area home resales](image)

![Graph of Toronto-area sales-to-new listings ratio](image)

![Graph of MLS Home Price Index](image)
Brisk activity in the detached home segment kept the market continued to operate at a high level in November (up 23% y/y) though we think home resales are beginning to soften. Very tight demand conditions apply increasing heat on detached home prices across the entire GTA.

**Vancouver area**: The market continued to operate at a high level in November (up 23% y/y) though we think home resales edged slightly lower from October on a seasonally-adjusted basis. Sellers remain in the driver’s seat. This mainly reflects strong demand and low inventories for detached homes, as ample condo supply is now slowing down price momentum in that category.

**Other markets**: Brisk activity in the detached home segment kept the *Calgary* and *Edmonton* markets busy. Both recorded strong year-over-year gains in resales (26% and 27%, respectively) despite active listings falling more than 15%. Aggregate prices rose above year-ago levels for the second-straight month in Calgary though condo prices continued to fall amid soft demand and rising inventories. A lack of single-family home supply could be restraining activity in *Ottawa* and *Montreal*. Active listings in this category have plummeted 50% and 38%, respectively. Nonetheless, home resales still rose markedly last month (up 26% and 32%, respectively). We expect detached-home prices to continue rising rapidly, while soaring condo listings are likely to cool down condo prices.

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