

November 4, 2020

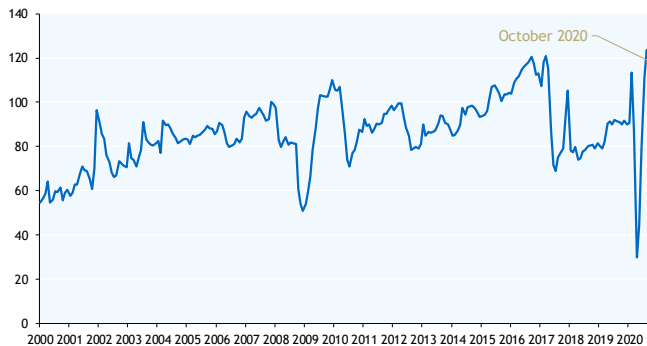
Canada's housing markets strong in October despite surge in downtown condo supply

Call it a carbon copy of September: Canada's largest housing markets remained piping hot last month—at, or near record highs—with suburbs getting much of the action and downtown areas seeing a lot of condos put up for sale. Early results for October from local real estate boards showed little in the way of a material cooling in activity overall. Home resales ran some 23% to 37% above year-ago levels. Single-detached homes continued to attract huge interest from buyers. Low supply is the main issue in this category, pitting buyers against each other in widespread bidding wars. The opposite is true for condos. Condo supply is soaring in most major markets, especially in urban cores. Buyers still scooped up units in October—condo sales were up from a year ago with the exceptions of the City of Toronto and Calgary—though prices have plateaued since spring in the Greater Toronto and Vancouver with signs of decline now emerging in downtown locations. Single-detached home prices, on the other hand, remained firmly on an upward track in most major markets. We expect these diverging trends to persist in the near term.

Toronto area: It was a tale of two markets again in October. The single-detached home segment stayed in a frenzy across the entire region, with sales rising 34% from a year ago and active listings plummeting 30%. Things were much weaker for the 416-area condo market. Sales fell 8.5% y/y, while active listings soared 173%. Solid activity in the 905 area propped up overall condo sales in the GTA (up 2.2% y/y), however. All in, total resales increased 25%y/y, which we estimate is leaving the seasonally-adjusted figure virtually unchanged relative to September. The aggregate MLS HPI rose at a rate of 10.8% y/y with single-detached homes (up

Toronto-area home resales

Thousand units, seasonally adjusted annual rate



Source: Canadian Real Estate Association, Toronto Region Real Estate Board, RBC Economics

Toronto-area sales-to-new listings ratio

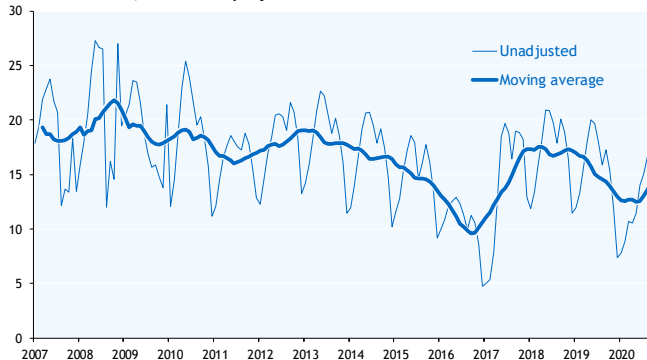
Seasonally adjusted



Source: Canadian Real Estate Association, Toronto Region Real Estate Board, RBC Economics

Active listings: Toronto area

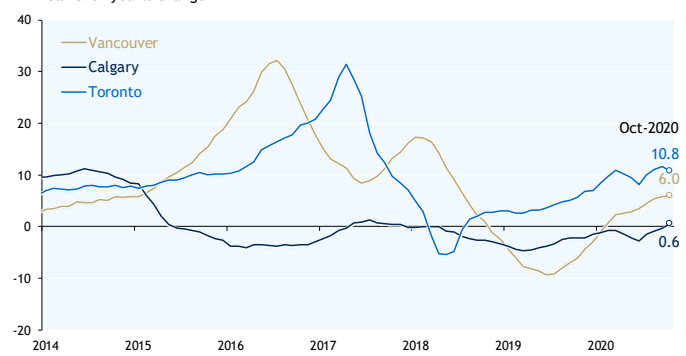
Thousand units, not seasonally adjusted



Source: Toronto Region Real Estate Board, RBC Economics

MLS Home Price Index

Year-over-year % change



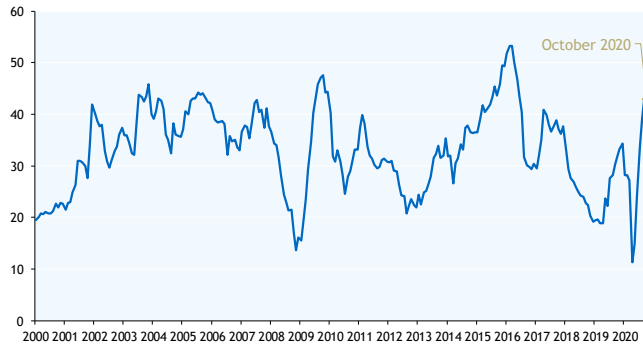
Source: CREA, TRREB, REBGV, CREB, RBC Economics

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Vancouver-area home resales

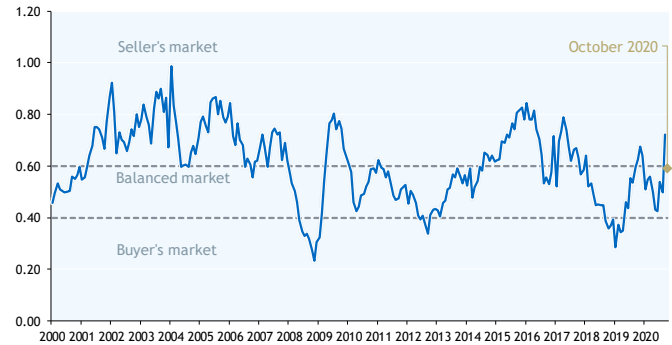
Thousand units, seasonally adjusted annual rate



Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Vancouver-area sales-to-new listings ratio

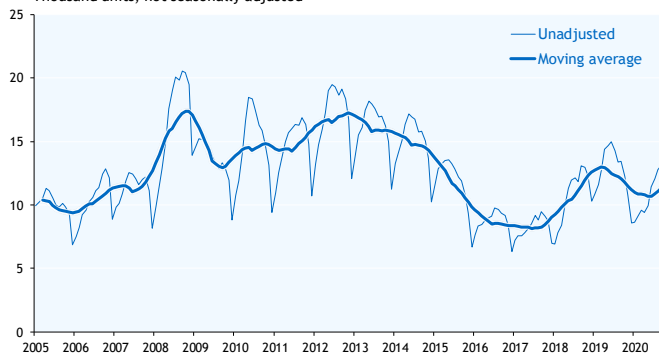
Seasonally adjusted



Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Active listings: Metro Vancouver

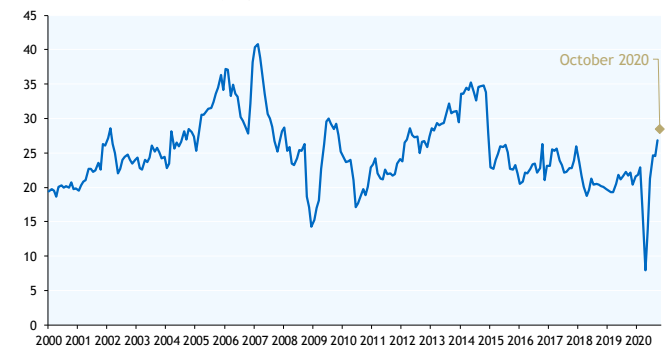
Thousand units, not seasonally adjusted



Source: Greater Vancouver Real Estate Board, RBC Economics

Calgary home resales

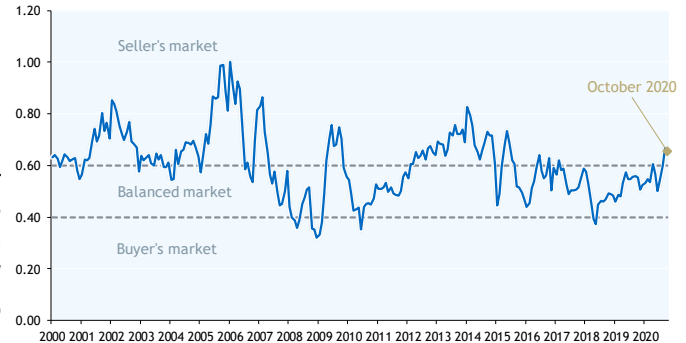
Thousand units, seasonally adjusted annual rate



Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

Calgary sales-to-new listings ratio

Seasonally adjusted



Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

12.7%) far outpacing condo apartment (up 6.2%). Condo prices fell on a month-to-month basis.

Vancouver area: October was another very busy month with home resales 29% above year-ago levels. Our own calculation pegs activity on par with September's four-year high on a seasonally-adjust basis. Buyers mostly focused on single-detached homes (up 42% y/y) though interest in condo apartments rose as well (up 13%). The area's aggregate MLS HPI accelerated further to 6.0% y/y, reflecting faster appreciation for single-detached homes. Condo prices were flat relative to September.

Other markets: A bustling single-detached segment got both the **Calgary** and **Edmonton** markets going at a fast clip last month. Calgary's resales advanced 23% y/y while Edmonton recorded 26% increase. Aggregate prices (MLS HPI) rose above year-ago levels for the first time in three years (up 0.6%) in Calgary though condo prices continued to fall amid soft demand and rapidly rising supply. A flood of new condo listings also kept demand-supply conditions weak in the Edmonton condo segment. **Ottawa** and **Montreal** had another blockbuster month with resales up 34% y/y and 37%, respectively. Contrary to other markets, the strength went beyond the single-detached segment as condo sales also were brisk. Prices maintained solid upward momentum overall. But soaring condo listings—especially on the Island of Montreal (up 48% y/y)—are poised to cool prices in that category in the period ahead.