

## CANADA'S HOUSING MARKET

September 5, 2019

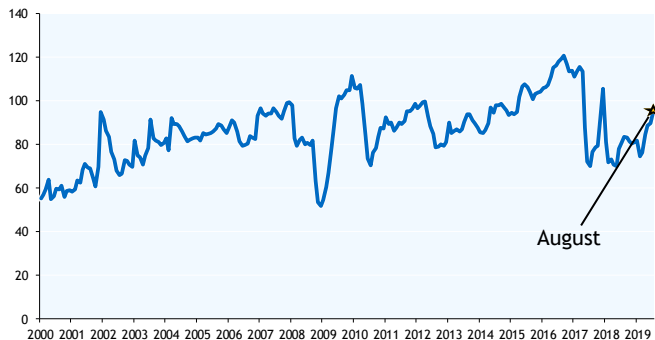
### Onwards and upwards: Toronto and Vancouver set a stronger tone in August

Early market results for August are in, and generally painted an improving picture for Canada's housing market. Local real estate boards in Toronto and Vancouver reported further sales gains—on the heels of strong advances in July—and tighter demand-supply conditions. Benchmark prices continued to accelerate modestly in the Toronto area (to +4.9% y/y) although declined again in Vancouver (-8.3% y/y), albeit at a slower pace for the second-straight month. Local boards in Victoria and Calgary also reported growing activity and slightly tighter demand-supply conditions in August, which supports our view that a broad-based, early-stage recovery is underway across markets that experienced a correction in the past two to three years (closer to five years in Calgary's case).

In Toronto, sales increased for a sixth-consecutive month by 0.8% m/m, according to Toronto Real Estate Board's preliminary seasonally-adjusted figures. Yet the more noteworthy development is the strong y/y gains recorded in the 905 region and low-rise market segments—both hit hard during the correction. This means that Toronto's recovery is no longer just a condo story and is becoming more widely felt.

**Toronto-area home resales**

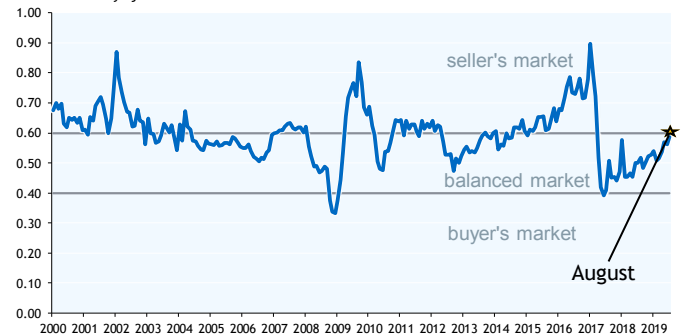
Thousand units, seasonally adjusted annual rate



Source: CREA, RBC Economics Research

**Toronto-area sales-to-new listings ratio**

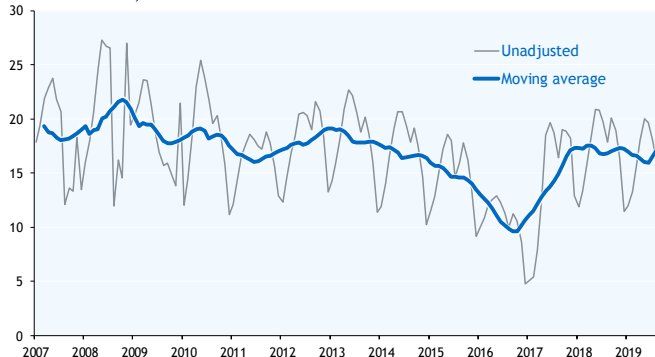
Seasonally adjusted



Source: CREA, RBC Economic Research

**Active listings: Toronto area**

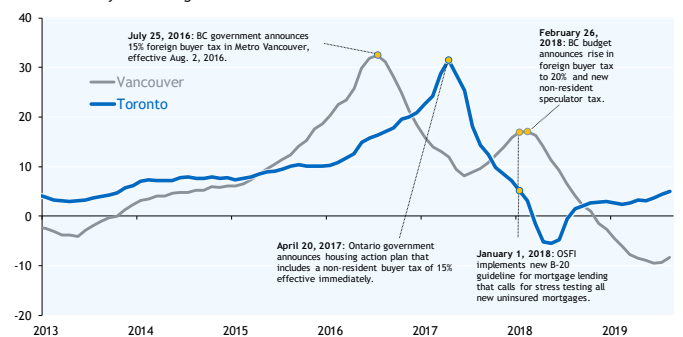
Thousand units, NSA



Source: Toronto Real Estate Board, RBC Economic Research

**MLS Home Price Index**

Year-over-year % change



Source: CREA, TREB, REBGV, RBC Economic Research

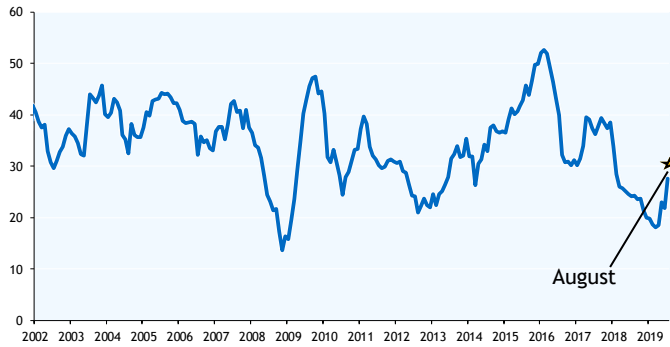
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**Home resales: Vancouver area**

Thousand units, SAAR



Source: CREA, RBC Economics Research

**Vancouver-area sales-to-new listings ratio**

Seasonally adjusted

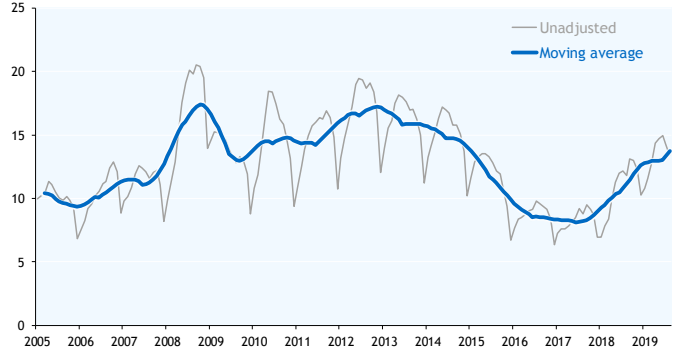


Source: CREA, RBC Economics Research

And momentum continues to rebuild in Vancouver. Based on our rough calculations, home sales rose nearly 5% m/m in August following a 26% surge in July. This brought activity closer—but still 9.2% short—of the 10-year average. Importantly, demand-supply conditions have returned to a healthier balance in the past couple of months. While this should eventually stabilize prices, we don't think this will occur in the near term. Several layers of policy (ultimately designed to curb prices) and poor affordability are still exerting intense downward pressure at this stage.

**Active listings: Metro Vancouver**

Thousand units, not seasonally adjusted



Source: Greater Vancouver Real Estate Board, RBC Economics Research