



July 8, 2024

## Inventories rebuilding fast in Canada’s largest housing markets

Transactions increased across the board from May with more buyers coming to the housing market. But buying was far from enough to absorb the new inventory that’s been rebuilding for months. Growth in new listings continued to outpace sales in Canada’s more expensive markets, and inventories are continuing to grow—even in the busy Calgary market.

We suspect many sellers are timing their move ahead of interest rate cuts with expectations of a rebound in demand. A rise in new condo completions in the Toronto area and struggling homeowners (including investors) are likely compelling more property owners to sell too.

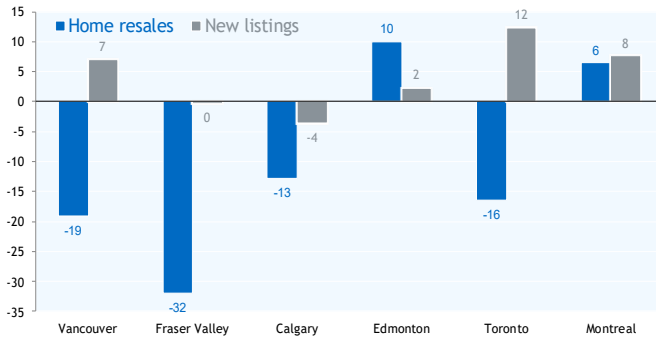
The influx of supply has shifted more of the bargaining power to buyers, who in some markets are still extracting price concessions from sellers.

The MLS Home Price Index edged lower in Vancouver and remained in a state of flux in the Toronto market. Price growth seems to be decelerating in Montreal and Calgary as well. We think most buyers will wait for steeper rate cuts before jumping into the market as the lagged impact of high interest rates keeps budgets under pressure.

### Major market highlights: June 2024

#### Market activity

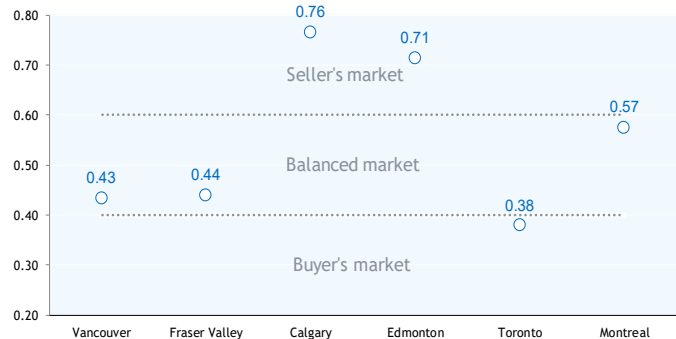
Annual % change, June 2024



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

#### Demand-supply conditions

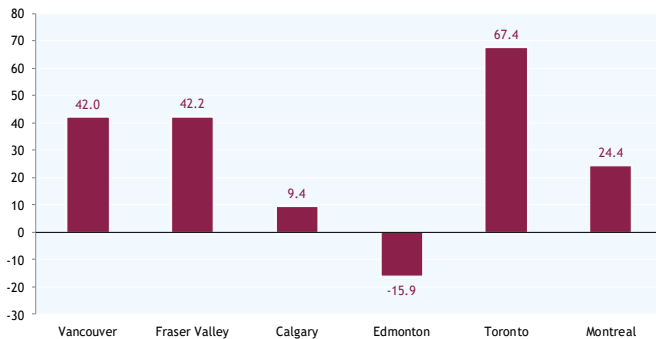
Estimated sales-to-new listings ratio, seasonally-adjusted, June 2024



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

#### Inventories

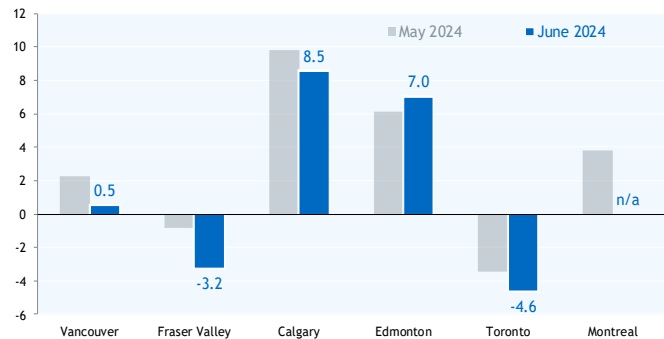
Active listings, annual % change, June 2024



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

#### Home prices

MLS Home Price Index, annual % change



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

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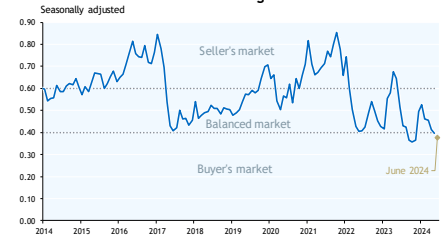
## Toronto area – More sellers come to market

More sellers are coming out of the woodwork in Toronto's housing market with another big influx of new listings in June. There were nearly 18,000 new units put up for sale, representing a 9.3% increase (seasonally adjusted) from May. High rates of seller activity wasn't a one-off either. The influx was the third consecutive monthly increase—keeping the number of active listings well above their year ago level (68%). Condo apartments led the way again with an 84% annual increase, while single-detached homes saw a lesser, but still significant 56% rise. A slight uptick in sales activity (4.2%) from May helped absorb some of the new inventory on the market, but not enough to keep active listings from reaching a 14-year high of 23,600 in June. The recent lift in activity suggests the [Bank of Canada's June 5<sup>th</sup> rate cut](#) didn't go unnoticed. Still, sales activity continues to sit 13% below its year ago level. Prices are in a state of flux. The slight uptick in the composite MLS benchmark price in June (0.4%) did little to reverse the steeper price declines that came last fall, keeping prices down 4.6% from a year ago. Price dips have been steepest for apartments, down 4.7% from a year ago, particularly in the 416 area (Toronto proper) and Durham region. We think it'll take steeper interest rate cuts before prices and activity in Toronto heat up again.

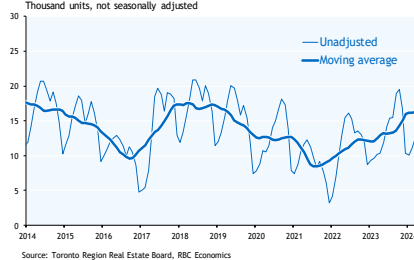
**Toronto-area home resales**



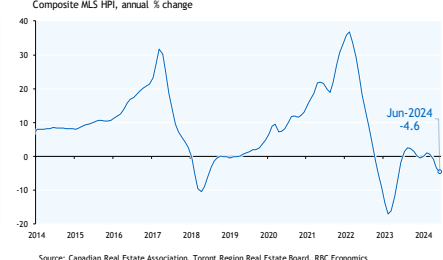
**Toronto-area sales-to-new listings ratio**



**Active listings: Toronto area**



**MLS Home Price Index: Toronto area**



## Montreal area – Market dynamics stay stagnant

Montreal's housing market saw more action this June. Transactions increased an estimated 4% from May—halting three consecutive months of deteriorating activity. At the same time, sellers released more listings in the market. A similar increase in supply preserved Montreal's supply-demand market dynamic—keeping the sales-to-new listings ratio relatively stagnant. Similar jumps in buyer and seller activity did little to chip away at existing inventory, which has been growing over the course of the year. We estimate active listings are now 24% above their year ago level, which is keeping competition between buyers from heating up the market. Indeed, the median price for single-family homes have come down since May (-1.2%) and decelerated marginally for condo apartments. We think inventories are likely to continue trending higher in Montreal. That should keep a lid on price appreciations in the months ahead.

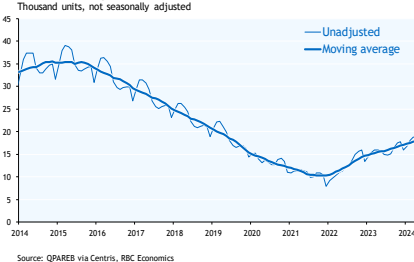
**Montreal-area home resales**



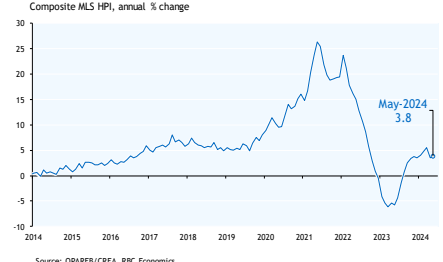
**Montreal-area sales-to-new listings ratio**



**Active listings: Montreal area**



**MLS Home Price Index: Montreal area**





## Vancouver area — Hanging in balance

An uptick in sales in June has offset some of the decline in transactions last month. We estimate a 5% monthly (seasonally adjusted) increase kept sales lingering around their 2024 high. But that still isn't enough to bring sales above their year-ago level. We still need to see another month or two of solid activity before we can comfortably characterize the increase as a bounce back in market activity. The lift to sales activity was met with an even larger increase in new listings, which we estimate jumped 9.5% from May. That's kept active listings on the rise, pushing the sales-to-new listings ratio down to its lowest since January 2023. Stagnant market dynamics also kept price growth slowly decelerating for most of this year. The large boost to new listings last month, however, brought monthly prices down slightly for the first time since November. The composite MLS benchmark home price index is now just 0.5% above a year ago.

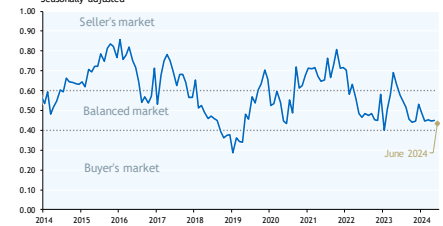
Like Toronto, prices held up better for lower density homes in the Greater Vancouver Area. We expect the influx of multi-unit dwellings is playing a role in the pricing dynamics as more availability relaxes some of the competition for attached and apartment dwellings. In fact, almost all the growth in new listings over the last 12 months has come from medium and high-density housing. The number of single-detached homes for sale, on the other hand, is virtually unchanged from a year ago. We expect inventories to build further in the months ahead as budget constrained buyers wait for more rate cuts before entering the market.

**Vancouver-area home resales**  
Thousand units, seasonally adjusted annual rate



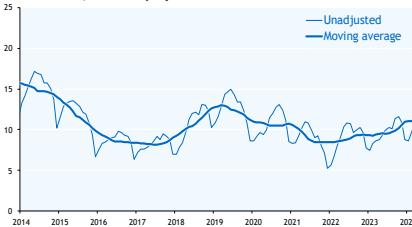
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

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



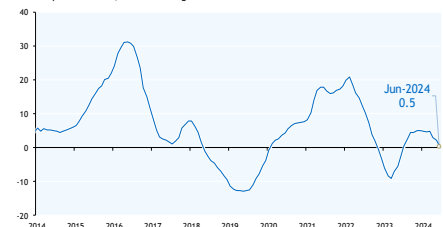
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

**Active listings: Metro Vancouver**  
Thousand units, not seasonally adjusted



Source: Real Estate Board of Greater Vancouver, RBC Economics

**MLS Home Price Index: Vancouver area**  
Composite MLS HPI, annual % change



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

## Calgary — Tight competition keeps prices up

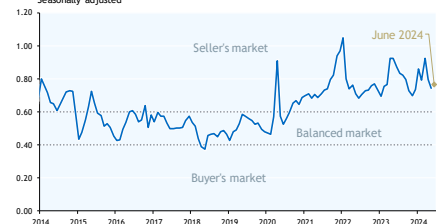
Another increase in sales this June brought sales activity up to a five month high (seasonally adjusted). Sales activity over the last two months more than offset the sharp dip recorded in April, making the softness this spring look modest relative to other major Canadian markets. Price appreciations have slowed since the spring, but are still robust by historical standards and continue to outpace all other major markets by a longshot. The MLS composite home price index is now 8.5% above last year with price appreciation concentrated in row and apartment dwellings (17% y/y). Single and semi-detached homes saw a lesser-but still robust 12% annual gain. We think a turning point for the Bank of Canada's monetary policy was enough to entice more buyers to market as explosive population growth continues to build up demand. Even though affordability in Calgary has eroded dramatically in recent years, it's still among the [most affordable](#) of the major markets we track—giving buyers an edge compared to other major markets in Ontario and B.C. Still, mounting budgetary pressures is likely to keep a lid on market activity in the months ahead, supporting a gradual increase rather than spike in Calgary's market activity.

**Calgary home resales**  
Thousand units, seasonally adjusted annual rate



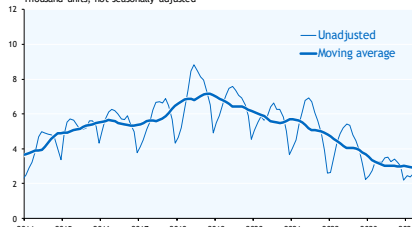
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

**Calgary sales-to-new listings ratio**  
Seasonally adjusted



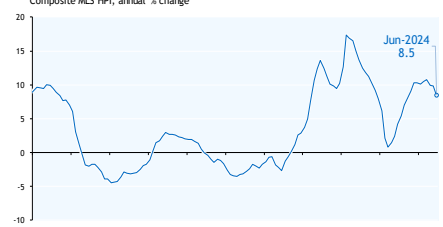
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

**Active listings: Calgary**  
Thousand units, not seasonally adjusted



Source: Calgary Real Estate Board, RBC Economics

**MLS Home Price Index: Calgary**  
Composite MLS HPI, annual % change



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

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