



October 7, 2024

New listings continue shooting higher in most major markets

The number of new listings increased across all major markets, except Montreal this September. The influx is continuing to build inventory—which is still hovering near the equivalent of four months of supply. Alongside weaker buying activity, the inventory accumulation is taking some of the steam out of most markets.

Even with 75 basis points worth of interest rate cuts, we aren't seeing buying activity pick up across the board just yet. Canada's most expensive markets (Vancouver and Toronto) are still seeing modest fluctuations—keeping activity relatively stagnant since the spring. Easing supply-demand pressures are keeping prices in these markets on a downtrend too.

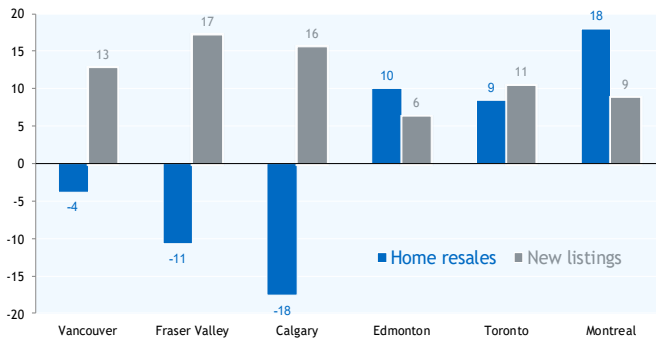
Buying activity continues to fluctuate around historically high levels in Calgary, while clearer signs of a rebound form in Montreal. Edmonton, on the other hand, is still leading the charge with resale activity and price growth despite the monthly decline in September.

Housing market activity has already turned a corner in some markets, but high interest rates continue to price out many potential buyers in more expensive jurisdictions. We expect a gradual uptick in activity and prices over the remainder of the year as [additional rate cuts](#) slowly (and modestly) improve affordability.

Major market highlights: September 2024

Market activity

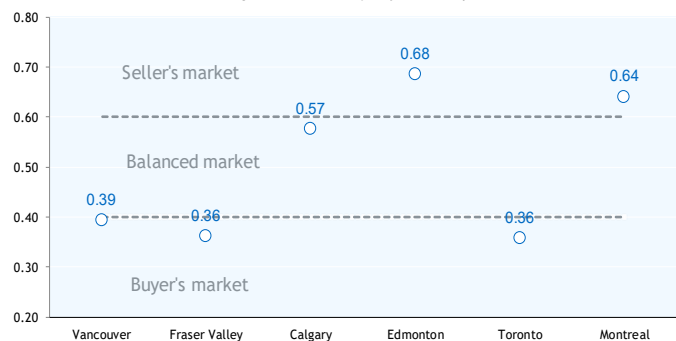
Annual % change, September 2024



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

Demand-supply conditions

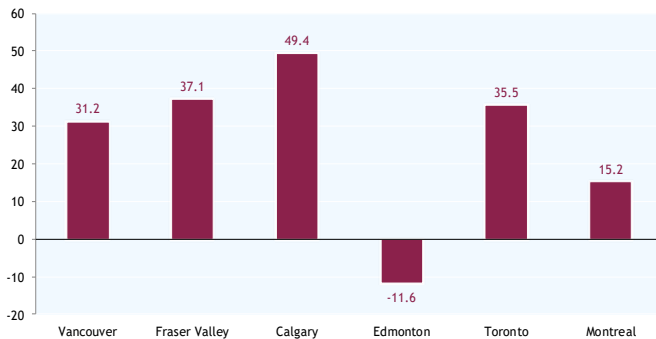
Estimated sales-to-new listings ratio, seasonally-adjusted, September 2024



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

Inventories

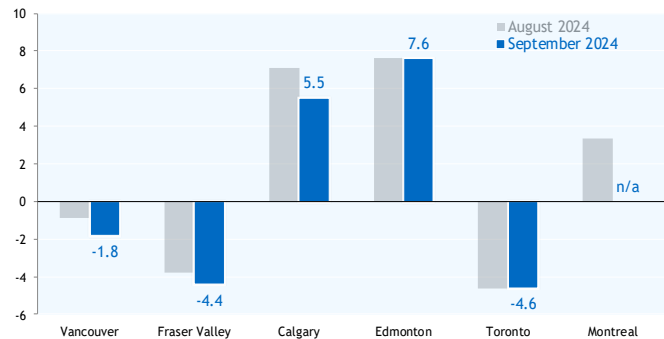
Active listings, annual % change, September 2024



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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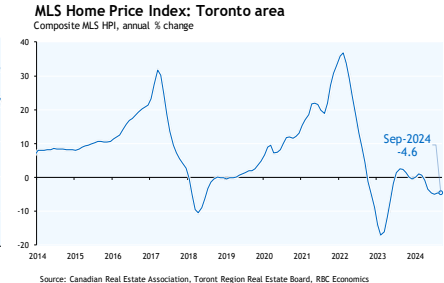
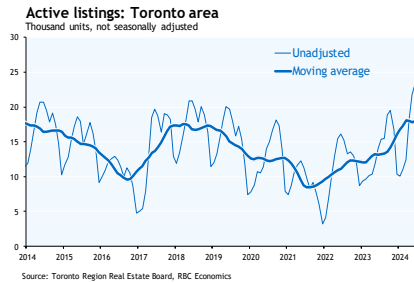
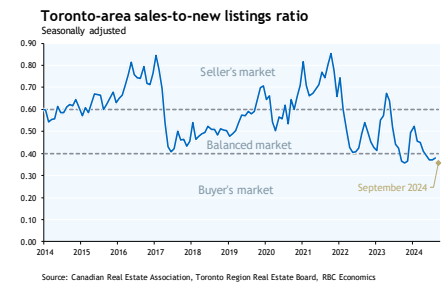
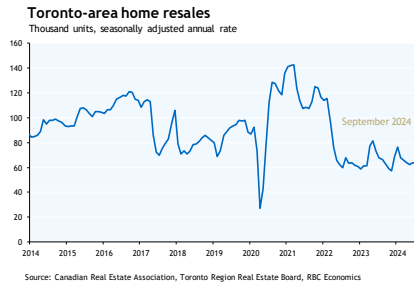
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Toronto area: Potential buyers still on hold

Potential buyers remain cautious, holding off in anticipation of better deals—whether that be from lower prices or deeper rate cuts. The surge in listings this year has alleviated earlier inventory constraints, but it hasn't yet unlocked significant market movement. Resale activity is still hovering around levels recorded this spring despite the more pronounced uptick between August and September (3.3% seasonally adjusted).

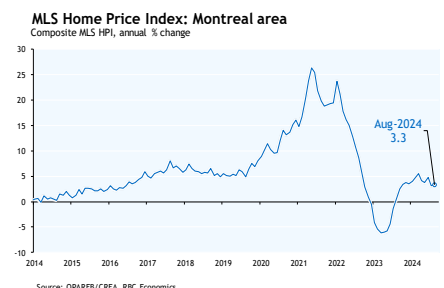
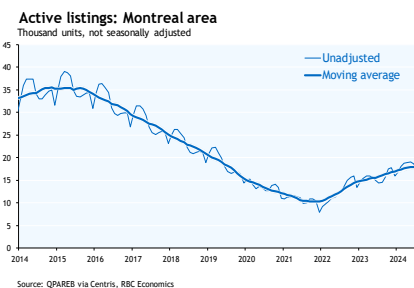
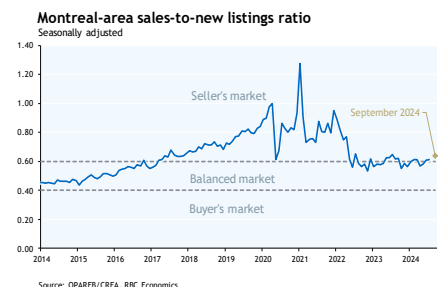
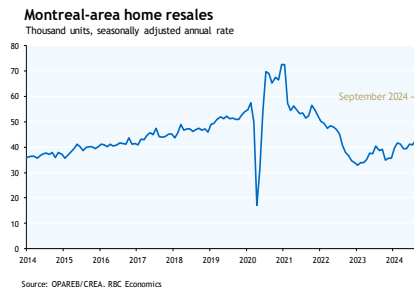
Stagnant demand is happening as a build-up of inventory is coming largely from new condo completions. Month-over-month increase in resales was more than offset by three times the new listings. That's kept year-over-year prices on a downtrend for a sixth consecutive month as of September (4.6%). The number of condo completions, however, tapered off at the end of the summer. This may be an early sign that completions are starting to moderate, which would offer more time for the market to absorb the inventory building up. Given the amount that's accumulated this year, it would still likely take some time to be taken up. This should keep supply-demand conditions in favour of buyers for a little while longer.



Montreal area: Turning a corner

Montreal's housing market appears to be turning a corner, though potential buyers are still somewhat hesitant. We estimate resales declined rather sharply this September (-5.5%), bringing activity back to levels recorded this spring. This decline, however, was offset by an even larger drop in new listings. If this continues, we should continue to see prices appreciate modestly. Still, the market is far from a full recovery.

Resale activity continues to run significantly short of the number of transactions recorded before the pandemic as monthly fluctuations prevent more definitive gains from taking hold. We think supply-demand conditions will remain balanced as more inventory is released from newly completed projects. Buying activity should also continue to increase in the months ahead as additional rate cuts from the Bank of Canada are announced.

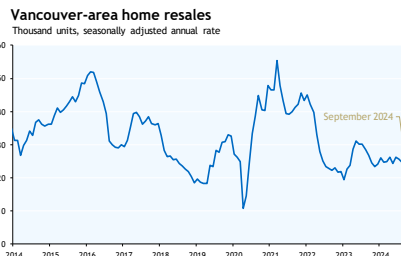




Vancouver area: Market remains frozen

Market activity has yet to see a significant lift from its cyclical low. We estimate home resales rose a seasonally adjusted 4.9% in September. But even so, that jump was on the heels of two consecutive monthly declines, meaning activity is still in a state of flux. Resales have yet to surpass the 27,000 mark in more than a year now, keeping transactions 16% below September 2019.

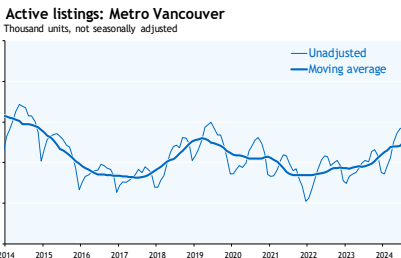
Inventories in Vancouver have also continued to build, keeping downward pressure on prices as bargaining power shifts in favour of buyers. This is keeping prices in the Greater Vancouver Area on a downtrend (-1.8% y/y). Though prices haven't softened as much as the Toronto market, we expect downward price pressure to persist in the near term. [Affordability is still extremely stretched](#) in the Vancouver market. As such, potential buyers will likely need to see more substantial rate reductions before affordability improves enough to welcome new market entrants.



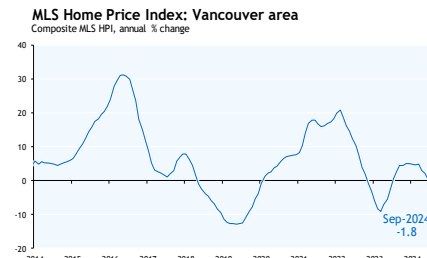
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics



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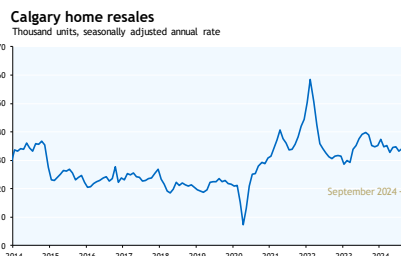


Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Calgary: Sellers step up, easing pressure in a tight market

September saw another notable surge in new listings (5.4% m/m), which brought more relief to Calgary's housing market. The influx came alongside moderating resale transactions this summer—which reached a five-month low in September.

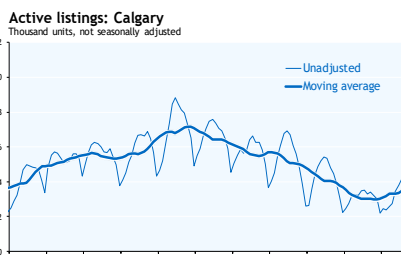
Recent additions in supply have forced sellers to relinquish some of their bargaining power, taking some pressure out of the market which helped price growth moderate from the robust rates recorded this winter. Annual price growth this September was nearly half the growth rate recorded over the first four to five months of the year. Nonetheless, Calgary is one of the few markets where resale transactions are still notably higher than before the pandemic as robust population growth and a relatively optimistic [economic outlook](#) keep demand chugging along. Supply-demand conditions continue to favour sellers as inventories are still sitting around historically low levels. We think this should prevent prices from moderating much more in the months ahead.



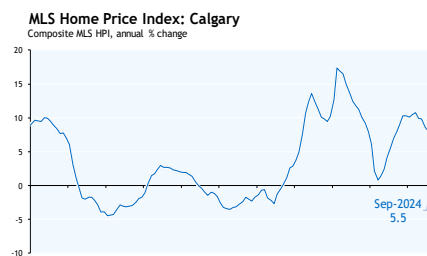
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics



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