

Canadian Existing Home Sales — April

April Showers Brought Home Buyers

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Canadian existing home sales rose 3.6% in seasonally adjusted terms in April from the prior month, after a modest gain in March. With the back-to-back gains, sales pushed 4.2% above year-ago levels, the first such increase since the stress test changes were brought in at the start of 2018. While there are clearly still pockets of weakness—hello British Columbia—the vast majority of cities reported sales gains from a year ago. Specifically, 20 of the 23 cities outside of B.C. saw sales rise in April. True, some of this likely reflects pent-up demand after a tough winter and slightly less bad weather this April. In the first four months of 2019, the number of homes sold is down 1.3% from the same period a year ago—but that's due to a 24.5% y/y drop in B.C., while the rest of the country is up 4.0% ytd. Overall, today's results are a tad better than expected, and reinforce the view that the housing market looks to be stabilizing after the wave of policy changes in recent years, and with a return to milder weather. We continue to believe that activity will improve moderately for a few reasons above and beyond the weather. As noted last month, three areas of support are: 1) rate relief—after being a headwind through last year, interest rates have turned into a mild tailwind for sales; 2) population growth and strong job gains, and 3) this year's Federal Budget measures will eventually provide some modest support for demand.



The firmer April results left some of the key metrics of market balance on the warmer side of balance. For instance, the sales-to-new listings ratio perked up 5 ticks to 54.8% even as listings rose nicely—and is still a bit above its long-run average. In a similar vein, the months' supply of inventory eased to 5.3, and is back in line with its long-run average. With markets well balanced overall, prices are remarkably stable by most measures, in part held back by cool conditions in the previously frothiest markets. The benchmark MLS index slipped 0.3% y/y last month while the average transaction price actually poked above the waterline with an offsetting 0.3% y/y gain. Note that the median city also saw a modest price gain of just under 1% from year-ago levels last month, and fully four cities reported double-digit price gains. No city posted a double-digit drop in prices from a year ago, although 11 of the 26 are down y/y.

The massive fault line separating strong and weak markets has shifted a tad. The middle of the country is strong across the board, with none of the 16 major cities in Quebec, Ontario or Manitoba reporting an average price decline so far in 2019. In stark contrast, fully 9 of the 10 biggest cities in the other seven provinces (in the West and Atlantic) have seen average prices decline so far this year.

The Bottom Line: Canadian housing activity appears to be broadly stabilizing, as there are signs that the market has largely digested the many policy

Existing Home Sales

Canada (% change)	— Sales —			Prices	
	m/m ¹	y/y	y-t-d-2019	y/y	y-t-d-2019
April					
Canada	3.6	4.2	-1.3	0.3	-2.3
Montreal	-1.0	10.6	7.4	8.7	6.5
Ottawa	2.0	0.1	0.1	7.8	6.3
Halifax	1.7	4.0	3.6	0.3	3.4
Toronto	11.2	16.0	4.3	1.9	1.6
Winnipeg	-7.1	-4.3	2.5	2.4	0.9
Regina	11.6	27.7	12.7	-1.8	-1.4
Edmonton	7.8	3.5	-6.9	-1.7	-3.2
Calgary	5.2	3.3	-5.7	-4.0	-4.4
Vancouver	-1.4	-29.7	-32.8	-4.7	-6.0
MLS Home Price Index (national)				-0.3	0.0

¹ (seasonally adjusted) Source: Canadian Real Estate Association

changes. And while the regional divide is wide, fundamentals look to be a bit more supportive in the year ahead, with the policy tightening likely having run its course, job growth surprisingly solid and borrowing costs ebbing. We continue to contend that prices, sales and starts are likely to hold broadly stable nationally in 2019 amid the many moving parts for the market. It's no bad thing that the Canadian housing market is finally lacking in drama, especially given the surplus of drama elsewhere these days.

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