

Home Sales & Prices: More, More, More

The awe-inspiring rebound in Canada's housing market just keeps rolling along, led in particular by an astounding snap-back in Vancouver. Canadian existing home sales rose 1.5% in seasonally adjusted terms in September from the prior month, but that figure hardly does the sales performance justice. Sales were at record highs for the month, up almost 17% from year-ago levels, and now a towering 63% above the lows hit early this year (when it was darkest before the dawn). The powerful upswing in sales continues to drive prices higher almost across the board. Reported average selling prices rose 13.6% from year-ago levels last month, just shy of the fastest pace in the past 20 years—quite simply an amazing turnaround from the double-digit declines posted as recently as January. As we so often note, this reported price change is skewed by the big shifts in Vancouver and Toronto sales, two of the priciest markets. Using a fixed-weight measure, average home prices have risen by a milder, although still quite impressive, 9.3% in the past year—the fastest increase since January 2008. Looked at another way, 20 of the 25 largest cities have recorded price gains in the past year, and all 10 provinces have seen home prices increase over that period.

On the sales side, Vancouver's 124% surge led the way, with Victoria (+49.5%) and Saskatoon (+42.7%) the only cities in the same hemisphere. (Ex-Vancouver, sales were up 11.9% y/y.) Sales did drop in nine major cities from a year ago, with some softness in Edmonton, Sudbury, parts of Quebec and southwestern Ontario. On the price front, five cities reported double-digit price gains, led again by Vancouver and Toronto. Even as sales and prices have climbed sharply, new listings continue to post double-digit declines from year-ago levels (-17% y/y last month). This again reduced the supply of homes for sale to 4.9 months, firmly in sellers' market territory.

September (% change)	Sales			Prices	
	m/m	y/y	y-t-d y/y	y/y	y-t-d y/y
Canada	1.5	16.7	-1.6	13.6	1.9
Regina	n.a.	21.6	6.7	2.7	6.0
Winnipeg	n.a.	2.0	-6.2	9.6	4.1
Montreal	n.a.	5.3	-4.5	8.2	3.7
Ottawa	n.a.	0.2	2.2	5.5	3.5
Toronto	n.a.	27.9	4.3	10.3	1.4
Vancouver	n.a.	124.2	22.1	14.0	-3.6
Edmonton	n.a.	-1.4	5.3	0.7	-4.5
Calgary	n.a.	12.4	-2.2	1.1	-6.7

The Bottom Line: The relentless strength of Canadian home sales in recent months has washed away the weak start to the year. The decisive rebound also puts the Bank of Canada in a quandary—while the hot housing market cries out for rate hikes, the runaway loonie screams “No”!

Douglas Porter, 416-359-4887

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