Toronto’s housing market comes back to life in June, not so in Vancouver

The Toronto and Vancouver markets went in opposite directions in June when it came to home resales. The Toronto Real Estate Board (TREB) this morning reported the first year-over-year increase (2.4%) since March 2017. This contrasted with Vancouver-area resales falling for a fifth consecutive month by 37.7% according to a report released yesterday the Real Estate Board of Greater Vancouver. The same was also true on a month-to-month basis. TREB reported that ‘preliminary’ seasonally adjusted resales climbed by 17.6% between May and June. Our own (rough) estimate of the seasonally-adjusted figure in Vancouver shows a monthly drop of almost 2%. Quite noteworthy was the fact that activity picked up in Toronto’s detached home segment following a year-long string of precipitous declines. In Vancouver, all segments fell sharply with detached homes leading the way with a 42% plunge relative to a year ago.

The June increase in Toronto may be an early sign that the post-stress test bottom has been reached in the area. The Vancouver market, on the other hand, looks like it’s still in adjustment mode. The additional market-cooling measures announced in the BC government’s February budget no doubt are weighing on market activity at the moment. Lackluster activity was also observed in Victoria where the local real estate board reported a 29.8% year-over-year drop in resales in June.
When it came to prices, though, Toronto and Vancouver went in the same direction in June—sideways. Aggregate benchmark prices were effectively unchanged from May in both markets. This resulted in an easing in the year-over-year rate of decline in Toronto from −5.4% in May to −4.6% in June, as well as an easing in the rate of annual increase in Vancouver from 11.5% to 9.5%. Both Toronto and Vancouver saw similar developments across housing segments. Single-detached prices fell slightly between May and June, while condo prices continued to rise modestly in both markets.

We expect aggregate prices to remain on a flat trajectory in the near term. Despite activity cooling significantly and supply increasing in the past year, demand-supply conditions are still balanced in Toronto and Vancouver. At this stage, we see little that would fire up prices again or cause them to spiral down.