MONTHLY HOUSING MARKET UPDATE

March 15, 2019

Snowy weather can’t account for all February chills in Canada’s housing market

- **Resales fell sharply across the country:** After a positive January, resales fell sharply by 9.1%. While some can be blamed on a snowier than average February across much of the country, today’s numbers suggest that the market correction that began last year is still underway.

- **Price growth flat for the first time since September 2009:** Year-over-year price growth was flat for the first time in nearly 10 years. It also marks the fourth consecutive month of slowing price growth making it harder to blame this one on bad weather.

- **Vancouver correction continues:** Vancouver’s housing market continues to soften, seeing a decline of 4.4% in resales this month and a 6.1% decline in year-over-year price growth. Residential sales are now only about one-third of its highs seen at this time in 2016 and with sales-to-new listings ratio at 0.35 the days of a seller’s market are long behind us.

- **Toronto home resales routed but prices hold the line:** While Toronto saw significant declines in resales of 12.6% this month, price growth remained relatively flat, with year-over-year price growth now 2.3%.

- **Ottawa and Montreal fall back to reality:** Following a very strong January, resales in Ottawa and Montreal fell by 19.6% and 7.1% respectively. However, price growth in both markets remains strong with year-over-year price growth at 7.4% in Ottawa and 6.3% in Montreal.

- **No relief coming out of Alberta:** Price growth fell in the major markets of Edmonton (-4.5%) and Calgary (-4.4%). Resales in Alberta fell 8.4% year-over-year as the province’s economic woes continue.

**An ugly month for the housing market**

Snowy weather can’t account for all this morning’s chilly statistics. At the national level, resales fell a surprising 9.1% to 425,000 annualized units in February—the largest drop since the introduction of the B-20 stress-test regulations last year. This suggests that the strength we saw in January was a more transitory phenomenon, and that today’s numbers are a continuation of the softening we saw throughout 2018. Year-over-year price growth has for the first time in nearly 10 years failed to be positive, led by significant price declines in the western markets of Vancouver, Edmonton, and Calgary. The decline in resales pushed sales-to-new listings down, although nationally the ratio is little changed from a year ago.

### February snapshot

<table>
<thead>
<tr>
<th>Region</th>
<th>Home resales Y/Y %change</th>
<th>New listings Y/Y %change</th>
<th>MLS HPI (Composite) Y/Y %change</th>
<th>Sales-to-new listings ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>-4.4</td>
<td>-5.8</td>
<td>-0.1</td>
<td>0.54</td>
</tr>
<tr>
<td>Toronto</td>
<td>-2.9</td>
<td>-6.6</td>
<td>2.3</td>
<td>0.48</td>
</tr>
<tr>
<td>Montreal</td>
<td>7.1</td>
<td>-1.5</td>
<td>6.3</td>
<td>0.75</td>
</tr>
<tr>
<td>Vancouver</td>
<td>-32.5</td>
<td>-8.9</td>
<td>-6.1</td>
<td>0.36</td>
</tr>
<tr>
<td>Calgary</td>
<td>-12.0</td>
<td>-6.8</td>
<td>-4.4</td>
<td>0.47</td>
</tr>
</tbody>
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Andrew Agopsowicz | Senior Economist | 416-974-8593 | andrew.agopsowicz@rbc.com
Mixed signals coming from Toronto

Prices in Toronto seem to have stabilized, but the sudden drop in resales of 12.6% raises concerns—especially since it appears the decline in resales is widely spread across nearly all Ontario housing markets. Cold and snowy weather may have kept people away from open houses, but we will have to wait and see over the next couple of months to know whether buyers have simply delayed their purchases into March and April, or if this is indicative of a more general weakening in the housing market.

Vancouver continues its sharp decline

February showed no signs of slowing the correction in the Vancouver market which posted its fourth consecutive decline, with resales falling 4.4% this month. Prices continued their fall as well, down 6.1% on a year-over-year basis. With the sales-to-listings ratio now down under 40% for the sixth month in a row, Vancouver is now firmly in buyer’s market territory.

Montreal and Ottawa fall back to reality but remain strong

January’s surge in resales seen in Montreal and Ottawa appears to have been short-lived, as resales fell in both markets largely returning to near December levels. However, the housing markets in both of these cities remain strong, as year-over-year gains in resales are still up, coming in at 7.1% in Montreal and 3% in Ottawa. Price growth also remains strong in both cities as these markets continue to be the few bright spots in an otherwise weak national housing market.

Alberta markets continue to slump

Economic woes continue to affect the housing market as prices continue to fall sharply relative to last year in both Edmonton and Calgary. Calgary has now seen 10 consecutive months with negative year-over-year price growth, while Edmonton has been in negative territory since August 2017. And with lower oil prices weighing on the energy sector, along with growth projected to be slower than last year, we expect to continue to see weakness in this market.

Next few months will tell the story of 2019

Our outlook for a soft housing market in 2019 remains unchanged, projecting that prices and resales remain relatively flat in the coming year. While February’s numbers are concerning, we will need to see how the next few months turn out in order to determine if this is simply choppy waters, or the beginnings of a wider and longer lasting slowdown.