

MONTHLY HOUSING MARKET UPDATE

December 16, 2024

Home resales in Canada

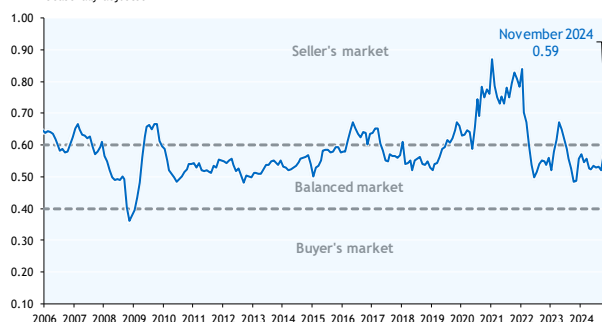
Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

Sales-to-new listings ratio in Canada

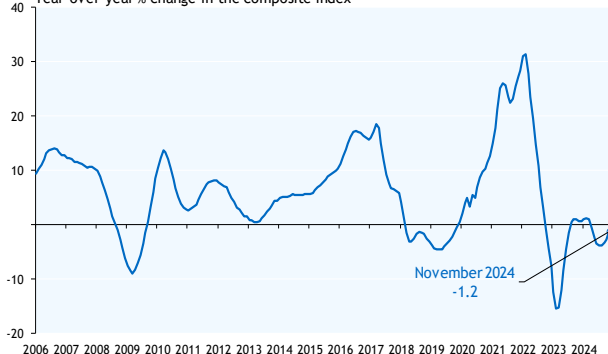
Seasonally adjusted



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Canada

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

Lower rates stoked Canada's housing market momentum this fall

Canada's housing market action got hotter as the temperature cooled this fall. The Bank of Canada's series of interest rate cuts since June set the stage for home resales to jump nearly 10% nationwide over October and November.

This put the recovery on a stronger footing after a slow and patchy course in the past two years. The market is now back to levels that prevailed in late-2019 just ahead of the pandemic.

We expect the upswing will continue in the months ahead, but at a measured pace. The prospects for further rate cuts will likely draw more buyers from the sidelines, but significant affordability issues will restrain the flow of those entering the market.

The local picture still varies considerably across the country. Activity remains more hectic in the Prairies and parts of Quebec and Atlantic Canada—well above pre-pandemic levels in many cases. The recovery is still a work in progress in British Columbia and Ontario despite solid back-to-back sales gains in Vancouver and Toronto over the last two months. It will take deeper rate cuts to fully reinvigorate these markets.

The supply of homes for sale has trended higher in Canada this year. This has contributed to boosting inventories—recently reaching a four-and-a-half-year high—giving buyers more options. But, new listings fell in October and November, which has tightened supply-demand conditions. At 0.59 in November, the national sales-to-new listings ratio indicates upward pressure on prices.

Conditions are especially firm in the Prairies, Quebec, and Atlantic Canada where property values are up the most compared to a year ago. Relatively softer markets in B.C. and Ontario have tightened as well this fall. This has put some heat on Vancouver and Toronto prices in November with their composite MLS Home Price Indexes rising from October at the fastest pace in more than a year.

Nationally, the composite MLS HPI increased 0.6% between October and November—the strongest monthly advance since July 2023. This followed slight declines earlier this year that drove the index below year-ago levels.

November market snapshot

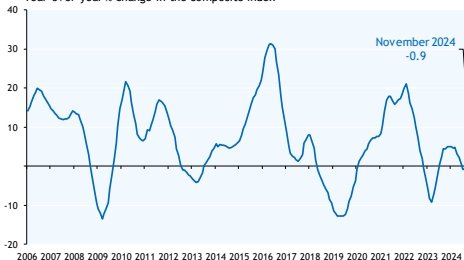
	Home resales (% change)		New listings (% change)		MLS Home Price Index (% change)		Sales-to-new listings ratio
	M/M	Y/Y	M/M	Y/Y	M/M	Y/Y	
Canada	2.8	26.0	-0.5	2.4	0.6	-1.2	0.59
Toronto	2.2	38.6	4.4	10.3	0.8	-1.2	0.43
Montreal	4.4	47.0	-1.2	5.8	0.4	6.4	0.74
Vancouver	7.7	28.6	0.3	8.9	0.7	-0.9	0.52
Calgary	3.4	3.2	-5.7	3.3	0.3	4.5	0.71
Edmonton	-0.6	18.0	-2.5	-2.1	0.6	8.1	0.78
Ottawa	n/a	36.7	n/a	-8.9	0.5	1.5	n/a



The index in November was still 1.2% off the mark from the same period last year.

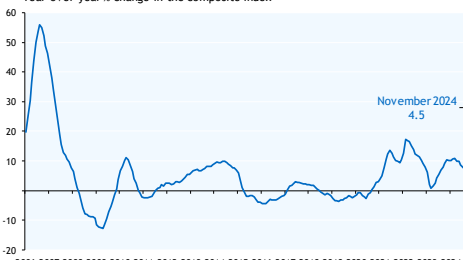
It's bound to move higher as the market's recovery progresses into 2025. But, we continue to believe that any price appreciation will be gradual until interest rate cuts restore ownership affordability more significantly next year.

MLS Home Price Index - Vancouver
Year-over-year % change in the composite index



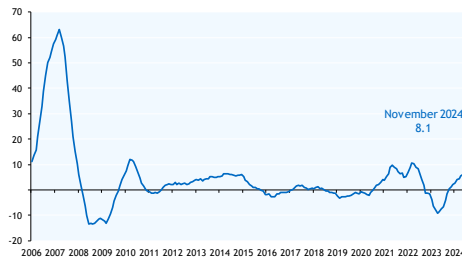
Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Calgary
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Edmonton
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Toronto
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Ottawa
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Montreal
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

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