

# Canada: Still sluggish home sales allow inventory to recover

By Daren King

Home sales edged down 1.7% between March and April, a second monthly decrease in five months (chart 1). On a provincial level, decreases were recorded in April in Nova Scotia (-6.3%), Alberta (-4.5%), Manitoba (-4.1%), Ontario (-2.9%), Quebec (-1.3%), P.E.I. (-0.6%), and B.C. (-0.5%). On the other hand, increases were observed in New Brunswick (+12.7%), Saskatchewan (+11.5%), and Newfoundland (+4.4%, chart 2). In the months ahead, strong demographic growth, low vacancy rates in the rental market and the openness for modest interest rate cuts by the Bank of Canada could help to support transaction levels. However, a great deal of uncertainty remains in the form of a potential further deterioration in the labour market and still-horrendous affordability conditions. This explains why we remain at best cautiously optimistic about the magnitude of a possible rebound in the housing market going forward.

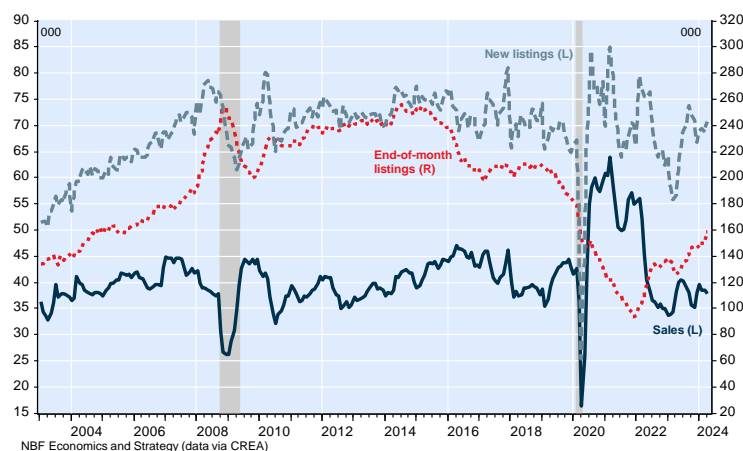
On the supply side, new listings increased 2.8% from March to April, the third advance in four months. This recent rise in listings might be explained by renewed confidence among sellers that they will be able to conclude a transaction in current market conditions. However, it could also be due to growing financial distress among some owners, forcing them to put their property up for sale. While we believe that this latter phenomenon remains

marginal for the time being, it will be one to watch in the months ahead, as we expect the deterioration in the Canadian economy to continue. Another indicator that can be linked to the two preceding explanations is that the proportion of listings cancelled during the month has continued to fall in recent months (chart 3). Overall, active listings jumped 5.8% in April, following stabilization the previous month. Overall, the number of months of inventory (active listings-to-sales) increased from 3.9 in March to 4.2 in April (chart 4). As a result, market conditions loosened during the month but remained tighter than their historical average in most provinces. They were balanced in Manitoba and B.C., and softer than average in Ontario (chart 5). On the price front, MLS Home Price Index (HPI) remained stable from March to April.

On a year-over-year basis, home sales increased 10.1% compared to the depressed level observed in April last year (chart 6). Sales were up the most in Saskatchewan (+32.2%), Newfoundland (+28.2%), and Quebec (+26.0%), while they were down only in Ontario (-1.6%, chart 7). For the first four months of 2024, cumulative sales were up 11.5% compared to the same period in 2023 (chart 8). Finally, the MLS HPI was down 0.9% compared to April 2023.

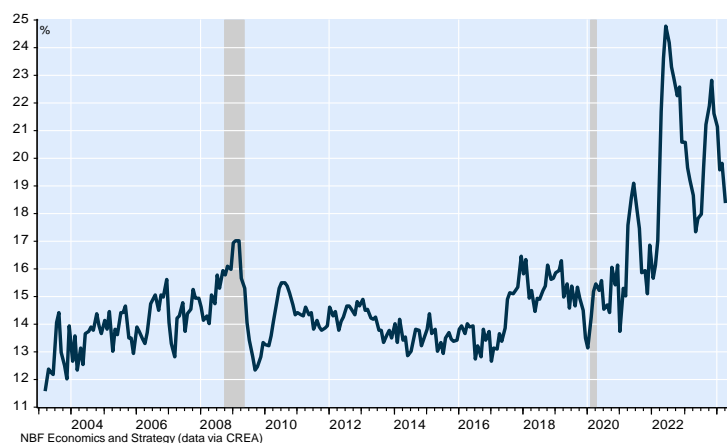
## 1. Canada: Home sales and listings

Seasonally adjusted. Last observation: April 2024



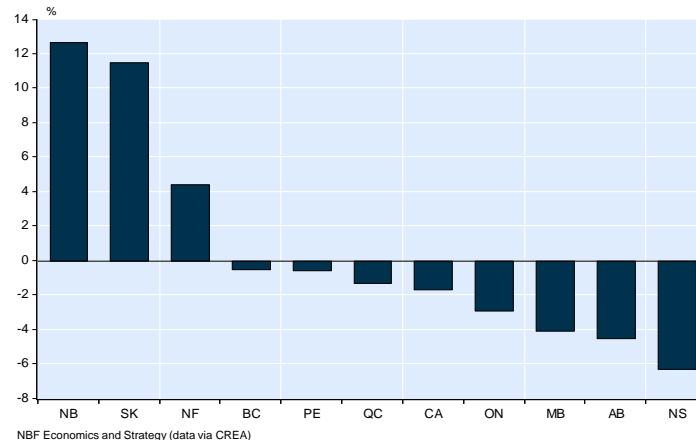
## 3. Canada: Proportion of active listings cancelled

3-month moving average. Seasonally adjusted. Last observation: April 2024



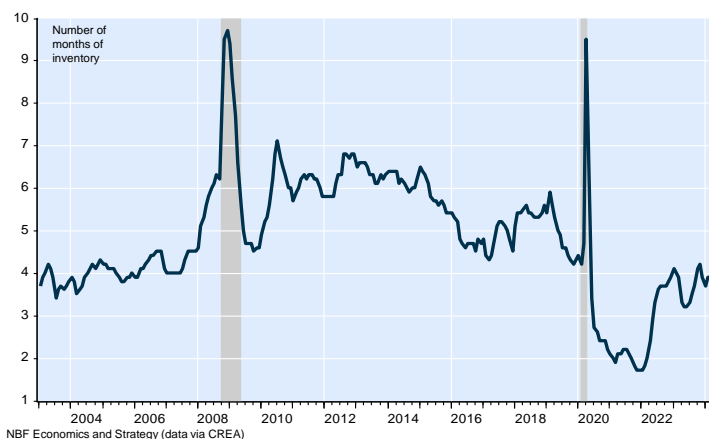
## 2. Canada: Monthly home sales variation in April

Monthly variation (%), seasonally adjusted data



## 4. Canada: Home resale market conditions

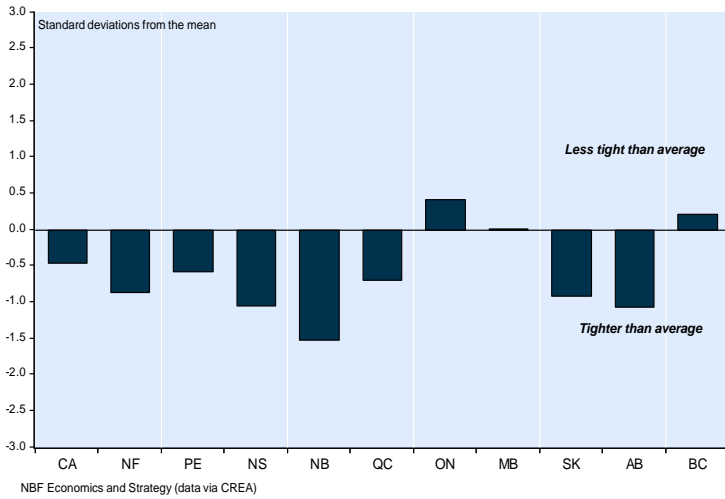
Months of inventory (active listings to sales ratio). Last observation: April 2024





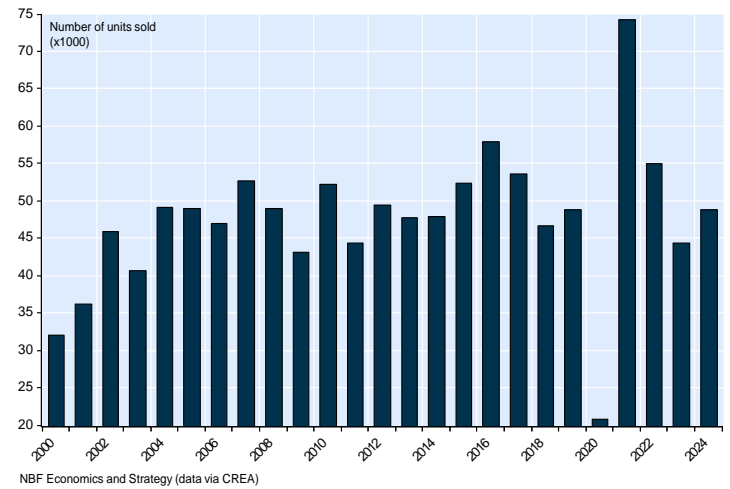
### 5. Canada: Active-listings-to-sales ratio

Seasonally adjusted data



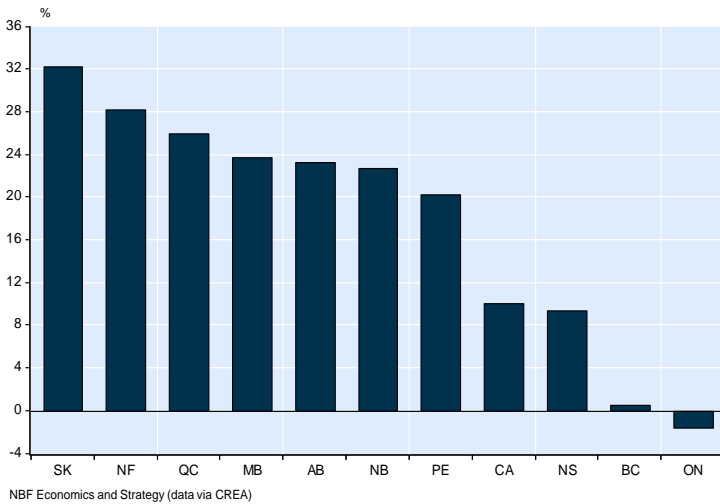
### 6. Canada: Home sales in April

Non seasonally adjusted

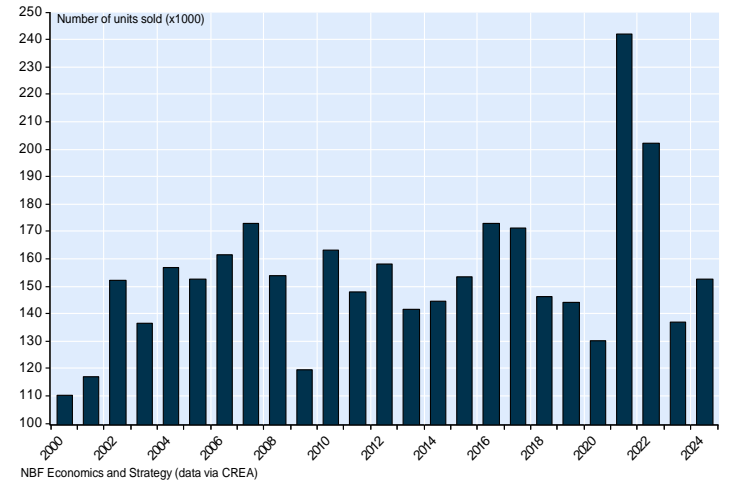


### 7. Canada: Annual home sales variation in April

Annual variation (%)



### 8. Canada: Year-to-date home sales





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