

Best July on record for MLS® home sales

OTTAWA, Ontario, August 14, 2009 — National resale housing market activity continued climbing in July 2009, with sales posting the largest year-over-year gain in two years. It was also the first time on record that sales activity topped 50,000 units for the month of July in any year on record.

According to statistics released by The Canadian Real Estate Association (CREA), a total of 50,270 homes traded hands via the Multiple Listing Service® (MLS®) of Canadian real estate boards in July 2009. This is up 18.2 per cent from the same month last year, and stands 3.9 per cent above the previous record for the month of July set back in 2007.

On a seasonally adjusted basis, national MLS® home sales posted a sixth consecutive month-over-month increase in July, climbing 2.5 per cent from June to reach 42,539 units. Seasonally adjusted activity now stands 61.2 per cent above the decade-low in January, and just 1.4 per cent below the all-time peak May 2007.

“Sales activity started off the third quarter on a strong footing,” said CREA President Dale Ripplinger. “The difference in the resale housing market now, compared to the beginning of the year, is night and day, and nowhere is this more evident than in the West. Homebuyers recognize that interest rates and prices have bottomed out, and are taking advantage of excellent affordability before prices and interest rates move higher.”

Resale activity in July 2009 was up from the same month last year in about 60 per cent of local markets. Year-over-year gains in Toronto (28 per cent), Vancouver (90 per cent), Montreal (19 per cent), Calgary (22 per cent) and Edmonton (28 per cent) contributed most to the national increase in activity.

Demand is rebounding sharply in some of Canada’s priciest housing markets, which continues to skew the national average price upward. The national MLS® residential average price rose 7.6 per cent from one year ago to \$326,832. Only seven local markets posted new average price records in July. The strong rebound in sales activity, not price, in some of Canada’s most expensive markets is skewing the national average price upward, just as a sharp decline in activity in these markets skewed the average lower in late 2008.

The price trend is similar but more muted for the weighted national MLS® average price, which compensates for changes in provincial sales activity by taking into account provincial proportions of privately owned housing stock. The weighted national MLS® average sale price was up 4.6 per cent year-over-year in July 2009.

The weighted average price increase for an aggregate of 25 major markets reveals a similarly muted trend compared to its unweighted counterpart. The major market weighted average price rose 2.8 per cent year-over-year in July 2009, compared to an increase of 8.3 per cent for the unweighted major market average price. The major market weighted average price compensates for changes in sales activity in major markets by taking into account the proportion of privately owned housing stock in each market in relation to the major market aggregate.

Canadian Mortgage News - Best July on record for MLS® home sales

The supply of homes coming onto the MLS® market remained down from year-ago levels. Down 13 per cent from year-ago levels to 73,444 units, this represents the seventh year-over-year decline in as many months in the number of new listings.

Rebounding demand combined with fewer new listings is beginning to draw down the overall supply of homes on the market. There were 219,982 homes listed for sale on the MLS® systems of real estate boards in Canada at the end of July 2009, down 12.4 per cent from July 2008. It is the third consecutive year-over-year decline in active listings, and the largest in more than six years.

The number of months of inventory is equal to the supply of active listings at the end of the month divided by the number of sales that month. It represents the number of months it would take to sell current inventories at the current rate of sales activity. Nationally, there were 4.4 months of inventory in July. This is up slightly from June, but remains one of the lowest figures over the past two years, and well below the recessionary peak of 12.8 months in January 2009.

The seasonally adjusted dollar volume of all residential MLS® sales set a new record in July 2009, climbing 5.5 per cent from the previous month to reach \$13.8 billion.

“Home sales through the MLS® systems in July provide clear evidence that sentiment about making major purchases continues to improve,” said Chief Economist Gregory Klump. “Activity may level out over the rest of the year as home prices and mortgage lending interest rates creep higher.”

“The number of new listings coming onto the market is down from last year and the rebound in sales activity is paring inventories, so the number months of inventory is on the wane,” said Klump. “These trends are supporting average prices. Average prices dropped sharply over the second half of 2008 but have rebounded since then, so average prices are expected to continue climbing over the rest of the year.”