

Demand and supply coming into balance in resale market

OTTAWA, Ontario, March 15, 2010 — With rising activity in Toronto offset by lower activity in Vancouver, the number of homes sold through the Multiple Listing Service® (MLS®) Systems of Canadian real estate Boards edged lower in February. In recent months, national sales activity has slowed while new listings continue to rise, resulting in a more balanced national resale housing market.

According to statistics released by The Canadian Real Estate Association, seasonally adjusted national home sales totalled 42,799 units in February 2010, edging down 1.5 per cent from January. Activity declined mostly in Vancouver, but this was offset by an equally large gain in Toronto. Sales were also down in a number of other British Columbia housing markets. Since there were no significant gains in sales activity elsewhere in Canada, the national figure for sales activity was pulled slightly lower.

“The Olympic Winter Games may have impacted February sales activity in British Columbia, so activity for the province in March will be closely watched,” said CREA President Dale Ripplinger. “Activity is expected to remain elevated in Ontario and British Columbia over the first half of the year, with buyers looking to beat the introduction of the HST and expected interest rate hikes.”

Across the country, actual (not seasonally adjusted) residential sales activity numbered 36,275 units in February, up 44 per cent from the same month last year. New records for February activity were set in Ontario and Quebec. The year-over-year gain in national activity was smaller than those of the previous three months. Since a year will soon have elapsed following the recessionary decline and subsequent rebound for the Canadian resale market, year-over-year comparisons are expected to continue shrinking.

The average price of all homes sold through Boards’ MLS® Systems in February 2010 was \$335,655, up 18.2 per cent from one year ago. As with sales activity, this gain was smaller than in the past four months, and year-over-year gains are expected to become further subdued going forward.

The price trend is similar but less dramatic for the national weighted average price, which compensates for changes in provincial sales activity by taking into account provincial proportions of privately owned housing stock. It climbed 15.6 per cent on a year-over-year basis in February 2010.

The residential average price in Canada’s major markets was up 18.7 per cent year-over-year in February. As with the national counterpart, the price trend is similar but less dramatic for the major market weighted average price, which rose 14.7 per cent from levels reported in February 2009.

The seasonally adjusted number of new listings on Boards’ MLS® Systems across Canada climbed another 2.4 per cent on a month-over-month basis in February to reach 73,849 units, the highest level since October 2008. Five consecutive monthly increases have lifted new listings 16.3 per cent above where they stood last September, when they had fallen to the lowest level since late 2005. As with sales activity, new listings in February 2010 were up most in Ontario and down

Canadian Mortgage News - Demand and supply coming into balance in resale market

most in British Columbia. The actual (not seasonally adjusted) number of new residential listings was 71,197 in February, up 10.8 per cent from one year ago.

Strong resale housing demand continues to draw down inventories, but supply is shrinking at a decreasing rate because of slightly softer sales activity and an increase in new listings in recent months. There were 188,334 homes listed for sale on Boards' MLS® Systems in Canada at the end of February 2010, a decline of 15.4 per cent compared to levels one year ago. This is the smallest year-over-year decline in active listings since last August.

The actual (not seasonally adjusted) number of months of inventory in February 2010 stood at 5.2 months. This is well below where it stood one year ago (8.8 months), but on par with February 2008 and slightly higher than it was in the month of February in the years 2004 through 2007. The number of months of inventory is the number of months it would take to sell current inventories at the current rate of sales activity.

On a seasonally adjusted basis, months of inventory rose nationally for the third consecutive month. There were 4.7 months of inventory in February 2010; up slightly from 4.5 months from the previous month, and 4.3 months in December 2009.

“Housing markets are becoming more balanced,” said CREA Chief Economist Gregory Klump. “There are still a number of major markets where sales negotiations favour the seller due to a shortage of inventory, but supply has begun rising. Further expected supply increases will continue to take the steam out of housing markets as the year progresses.”

PLEASE NOTE: The information contained in this news release combines both major market and national MLS® sales information from the previous month. The Canadian Real Estate Association has previously released these separately.

CREA cautions that average price information can be useful in establishing trends over time, but does not indicate actual prices in centres comprised of widely divergent neighborhoods or account for price differential between geographic areas. Statistical information contained in this report includes all housing types.

MLS® is a co-operative marketing system used only by Canada's real estate Boards to ensure maximum exposure of properties listed for sale.

The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations, representing more than 96,000 REALTORS® working through more than 100 real estate Boards and Associations. Further information can be found at www.crea.ca.