

## Existing home sales edge up in August

**OTTAWA, Ontario, September 15, 2010** — National resale housing activity improved in August 2010, according to statistics released by The Canadian Real Estate Association (CREA).

Seasonally adjusted national home sales activity via the Multiple Listing Service® (MLS®) Systems of Canadian real estate Boards in August rose 4.1 per cent from the previous month. This marks the first monthly increase since March 2010.

Activity was up most in Ontario and British Columbia, with monthly gains in these two provinces accounting for most of the improvement in national sales activity in August. Seasonally adjusted sales activity either increased or remained stable in over half of all local markets across Canada.

Year-to-date transactions are up 2.2 per cent compared to the first eight months of last year. Activity rose sharply over the second half of 2009 and reached levels that are unlikely to be matched in the final four months of 2010, so year-to-date comparisons are forecast to turn down in the coming months.

The number of new residential listings on Canadian MLS® Systems also edged up 1.9 per cent on a seasonally adjusted basis in August compared to the previous month. Despite having edged slightly higher in all provinces except Alberta, new listings remain 16 per cent below the peak reached last April on a national basis. The average price of homes sold via Canadian MLS® Systems in August was \$324,928, which is on par with the same month last year (\$324,843). Average home prices eased slightly in Alberta and New Brunswick in August, but gains in every other province exceeded the national increase. Average price rose or was stable in nearly two-thirds of all local markets on a year-over-year basis, but increases are shrinking in Canada's most active and priciest markets.

The national weighted average price compensates for changes in provincial sales activity by taking into account provincial proportions of privately owned housing stock. It climbed 3.3 per cent on a year-over-year basis in August 2010. Similarly, the residential average price in Canada's major markets was up 2.2 per cent year-over-year in August, while the weighted major market average price rose 6.6 per cent.

The number of months of inventory represents the number of months it would take to sell current inventories at the current rate of sales activity, and measures the balance between housing supply and demand. It stood at 6.9 months at the end of August 2010 on a national basis, which is down slightly from the seven months of inventory at the end of July 2010.

The seasonally adjusted number of months of inventory also stood at 6.9 months at the end of August on a national basis. This is down from 7.3 months at the end of July, and marks the first month-over-month decline since last November.

## Canadian Mortgage News - Existing home sales edge up in August

“Rising interest rates and a projected slowdown in job growth mean that the Canadian housing market is expected to continue to cool,” said Georges Pahud, CREA’s President. “This is overlooked in recent commentary that suggests further changes to mortgage regulations may be needed. A further tightening of regulations could negatively impact Canada’s softening housing market and consumer confidence.”

“High sales activity late last year and earlier this year borrowed from sales this summer and will continue do so over the coming months,” said Gregory Klump, CREA’s Chief Economist. “This makes the return to more normal levels of sales activity look like a steep downward trend.”

“The hangover from accelerated home purchases is likely to persist over the rest of the year. Although economic and job growth are expected to be tepid, they will continue to support housing markets,” he added.