

Canadian home sales edge down in April

OTTAWA, Ontario, May 17, 2011 — Statistics released today by The Canadian Real Estate Association (CREA), reveal that national resale housing activity softened in April when compared to March 2011.

The decline in April sales activity reflects changes to mortgage regulations that came into effect previously. As anticipated, the changes pulled forward some sales activity that would have otherwise occurred at a later date.

Seasonally adjusted national home sales activity was down 4.4 per cent in April 2011 compared to the previous month. As expected, declines were largest in some of Canada's more expensive and active markets, including Toronto, Vancouver, and the Fraser Valley.

Changes to mortgage regulations and other transitory factors also boosted transactions in April last year at the expense of activity in subsequent months. This also contributed to a broadly based decline in sales activity in April 2011 compared to year-ago levels.

Actual (not seasonally adjusted) activity was down 14.7 per cent from levels reported last April.

"Although down nationally, sales activity in April this year compared to April last year was up in a number of local housing markets," said Gary Morse, CREA's President. "Housing market trends often evolve and diverge from national trends due to local factors, so buyers and sellers should consult their local REALTOR® to understand how the housing market is shaping up where they live."

"Last April, several transitory factors artificially boosted sales. This included the impending tightening of mortgage rules, speculation about higher interest rates and the looming introduction of the HST in some provinces. This year, additional measures to tighten mortgage rules were implemented in March and the other transitory factors were absent," said Gregory Klump, CREA's Chief Economist. "This makes it difficult to compare the two months in order to reliably gauge the impact of the latest round of mortgage rule changes."

The number of newly listed homes edged up 1.3 per cent in April from the previous month on a seasonally adjusted basis, but remained well below levels in January and February, when impending changes to mortgage regulations were announced.

With fewer sales and an increase in newly listed homes, the national housing market moved further into balanced territory in April. The national sales-to-new listings ratio, a measure of market balance, stood at 52.5 per cent in April, down from 55.7 in March.

More than two-thirds of local markets in Canada were balanced in April. Almost half of the remainder could be classified as sellers' markets based on a ratio of sales to new listings above 60 per cent.

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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 is another measure of the balance between housing supply and demand. The seasonally adjusted number of months of inventory stood at six months at the end of April on a national basis, up from 5.7 months in the previous month.

The national average price for homes sold in April 2011 was \$372,544, up eight per cent from the same month last year. April marked the third consecutive month in which the national average price was up by eight per cent from year-ago levels.

The national average price has been skewed in recent months due to surging multi-million dollar property sales in selected areas of Greater Vancouver. Demand for these properties moderated in April from the previous month. A reduction in this source of upward skewing for the national average price was offset by fewer sales of lower priced properties.

“Changes to mortgage regulations that took effect in April 2011 likely sidelined a number of first-time homebuyers,” said Klump. “By contrast, higher end home sales in Greater Vancouver and Toronto had their best April ever.”

PLEASE NOTE: The information contained in this news release combines both major market and national MLS® sales information from the previous month.

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 100,000 REALTORS® working through more than 100 real estate Boards and Associations.

Further information can be found at

http://www.crea.ca/public/news_stats/media.htm