

Canadian home sales ease back in September

Ottawa, ON, October 15, 2014

According to statistics¹ released today by The Canadian Real Estate Association (CREA), national home sales activity in September 2014 was down from the previous month.

Highlights:

- National home sales fell 1.4% from August to September.
- Actual (not seasonally adjusted) activity stood 10.6% above September 2013 levels.
- The number of newly listed homes declined by 1.6% from August to September.
- The Canadian housing market remains balanced.
- The MLS[®] Home Price Index (HPI) rose 5.3% year-over-year in September.
- The national average sale price rose 5.9% on a year-over-year basis in September.

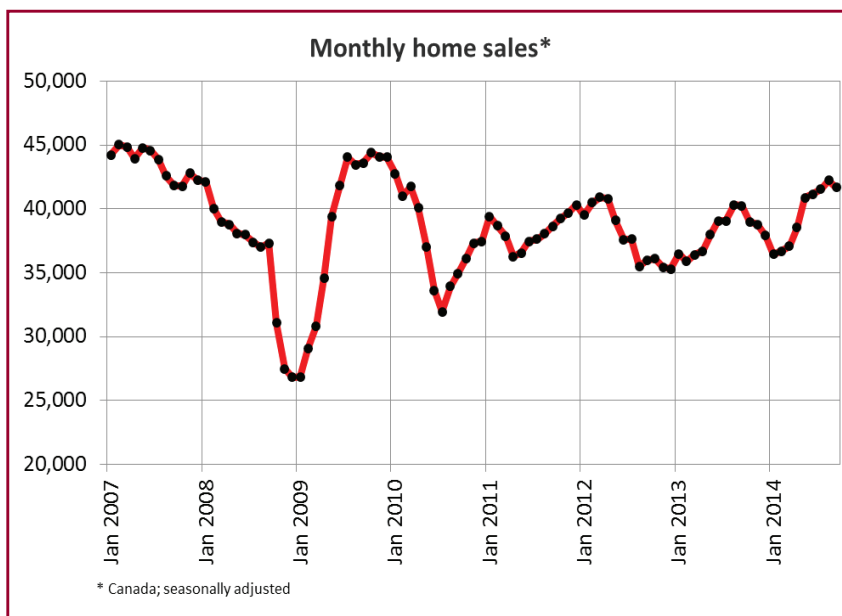
The number of home sales processed through the MLS[®] Systems of Canadian real estate Boards and Associations fell by 1.4 per cent on a month-over-month basis in September 2014, marking the first monthly decline since January of this year (Chart A).

Activity was down in about 60 per cent of all local housing markets in September, led by monthly declines in Calgary, Edmonton, Central Toronto, Kitchener-Waterloo, London & St. Thomas, Windsor-Essex, and Ottawa. Home sales rose on a month-over-month basis in Fraser Valley, Vancouver Island, the Okanagan region, Mississauga, Durham and York regions of the Greater Toronto Area, Sherbrooke, and the Northern region of Nova Scotia.

“Affordably priced single family homes are in short supply in some of Canada’s hottest housing markets, which contributed to the monthly decline in national sales activity in September,” said CREA President Beth Crosbie. “That said, there are other markets with ample supply but sellers there are holding firm on price. There is a lot of variation in housing market trends depending on the type of housing, neighbourhood and price segment. All real estate is local and your REALTOR[®] is your best source for information about how the housing market is shaping up where you currently live or might like to in the future.”

Actual (not seasonally adjusted) activity in September stood 10.6 per cent above levels reported in the same month last year. September sales were up from year-ago levels in about 80 per cent of all local markets, led by Greater Vancouver and the Fraser Valley, the Okanagan region, Calgary, Greater Toronto and Montreal. The increase reflects activity in September 2013 that was handicapped by the occurrence of five Sundays, since that day is the lowest volume [trading day](#) for home sales.

Chart A



* Data table available to media upon request, for purposes of reprinting only.

¹ All figures in this release except price measures are seasonally adjusted unless otherwise noted. Removing normal seasonal variations enables meaningful analysis of monthly changes and fundamental trends.

Sales activity for the year-to-date in September was five per cent above where it stood in the first nine months of 2013, and remains broadly in line (+1.6 per cent) with the 10-year average for the period.

The number of newly listed homes declined by 1.6 per cent in September compared to August. New supply was down in just over half of all local markets, led by Calgary, Edmonton, Greater Toronto, Kingston and Ottawa.

The national sales-to-new listings ratio was 55.7 per cent in September. With sales and new listings having fallen in tandem, it was little changed from its reading of 55.6 per cent the previous month. A sales-to-new listings ratio between 40 and 60 per cent is usually described as a balanced market.

Just over half of all local markets posted a sales-to-new listings ratio in this range in September. Two-thirds of the remainder posted readings above the 60 per cent threshold that marks the border between balanced and seller's market territory, almost all of which are located in British Columbia, Alberta and Southern Ontario.

The number of months of inventory is another important measure of the balance between housing supply and demand. It represents the number of months it would take to completely liquidate current inventories at the current rate of sales activity.

There were 5.9 months of inventory nationally at the end of September 2014, up slightly from 5.8 months in August and slightly below the 6.0 months reported in May, June and July.

Both the sales-to-new listings ratio and the number of months of inventory remain well within balanced market territory while pointing to a national market that has tightened since the beginning of the year.

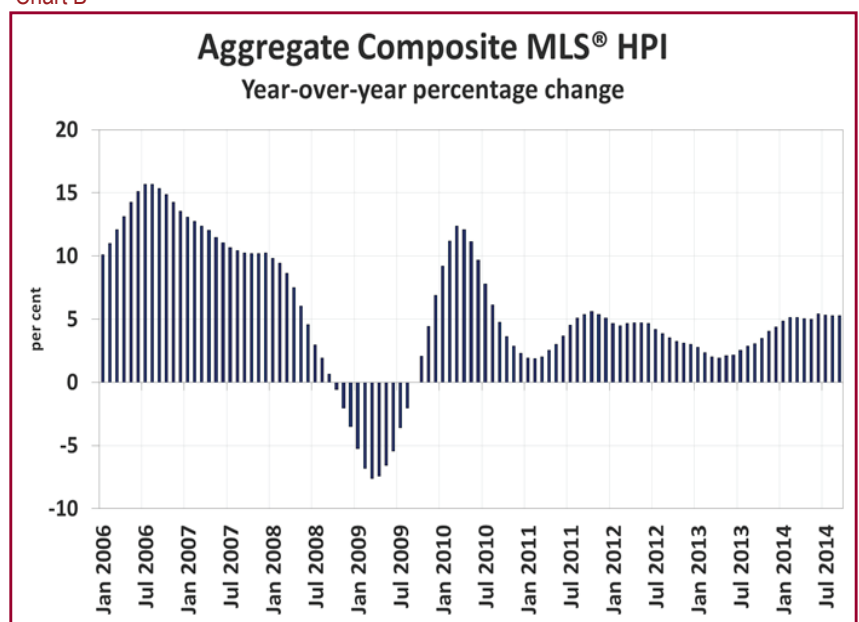
The MLS® Home Price Index (MLS® HPI) provides a better gauge of price trends than is possible using averages because it is not affected by changes in the mix of sales activity the way that average price is. Greater Moncton joins the MLS® HPI this month, bringing the total number of markets covered by the index to 11, representing more than half of sales activity across Canada.

The Aggregate Composite MLS® HPI rose by 5.28 per cent on a year-over-year basis in September. Price growth has been steady at about five to five-and-a-half per cent since the beginning of the year. (Chart B)

Year-over-year price growth accelerated slightly for two-storey single family homes and slowed further for apartment units. Price gains for one-storey single family homes and townhouse/row units were little changed compared to August.

Two-storey single family homes continue to post the biggest year-over-year price gains (+6.52 per cent), followed closely by townhouse/row units (+5.51 per cent) and one-storey single family homes (+5.07 per cent). Price growth for apartment units remains comparatively more modest (+3.05 per cent).

Chart B



* Data table available to media upon request, for purposes of reprinting only.

Price growth varied among housing markets tracked by the index. As in recent months, the biggest gains were posted by Calgary (+10.11 per cent), Greater Toronto (+7.82 per cent), and Greater Vancouver (+5.26 per cent). Price gains were fairly flat elsewhere, with only Vancouver Island having posted year-over-year gains greater than consumer price inflation (Table 1).

The actual (not seasonally adjusted) national average price for homes sold in September 2014 was \$408,795, up 5.9 per cent from the same month last year.

The national average price continues to be skewed upward by sales activity in Greater Vancouver and Greater Toronto, which are among Canada's most active and expensive housing markets. Excluding these two markets from the calculation, the average price is a relatively more modest \$325,406 and the year-over-year increase shrinks to 4.5 per cent.

"Sales activity and prices in the third quarter were up compared to the second quarter, although momentum going into the fourth quarter is showing tentative signs of waning," said Gregory Klump, CREA's Chief Economist. "The continuation of extraordinarily low mortgage rates has been and will continue to be the key support for home sales activity amid continuing price increases in some of Canada's most active and expensive urban centres."

Table 1

MLS [®] Home Price Index							
January 2005 = 100		Percentage Change vs.					
Composite HPI:	September 2014	1 month ago	3 months ago	6 months ago	12 months ago	3 years ago	5 years ago
Aggregate	169.6	0.00	0.06	2.35	5.28	12.32	23.98
Lower Mainland	159.4	0.13	0.57	2.31	4.11	3.37	15.01
Greater Vancouver	166.1	0.30	0.85	2.98	5.26	3.68	17.72
Fraser Valley	145.2	-0.21	-0.07	0.62	1.26	3.20	8.85
Vancouver Island	149.5	0.34	-0.33	1.56	2.68	-1.25	0.27
Victoria	139.9	-0.36	-0.78	0.43	1.30	-3.85	-3.91
Calgary	212.4	0.24	0.66	4.63	10.11	25.53	26.88
Regina	275.0	-0.29	-1.33	-1.82	-3.03	9.34	24.32
Saskatoon	233.1	-0.30	-0.64	0.00	-0.26	10.89	17.37
Greater Toronto	168.3	0.06	0.24	3.19	7.82	18.52	36.39
Ottawa	148.4	-0.34	-0.80	1.16	0.13	3.13	16.76
Greater Montreal	155.2	-0.19	-0.89	-0.96	0.00	4.58	18.11
Greater Moncton	128.7	0.86	0.47	2.14	0.16	1.82	9.16

Interactive tables and charts for MLS[®] Home Price Index data on Composite, Single family homes (including separate indices for one- and two-storey homes), Townhouse/row units, and Apartment units are available at www.homepriceindex.ca/hpi_tool_en.html.

Data table available to media upon request, for purposes of reprinting only.

PLEASE NOTE: The information contained in this news release combines both major market and national sales information from MLS[®] Systems 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 neighbourhoods or account for price differential between geographic areas. Statistical information contained in this report includes all housing types.

MLS[®] Systems are co-operative marketing systems 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 111,000 REALTORS[®] working through some 90 real estate Boards and Associations.

Further information can be found at <http://crea.ca/statistics>.

For more information, please contact:

Pierre Leduc, Media Relations
The Canadian Real Estate Association
Tel.: 613-237-7111 or 613-884-1460
E-mail: pleduc@crea.ca

