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Posthaste: Sellers are swarming Canada's housing market – especially in these cities

Active listings in Toronto surge almost 70% to 14-year high

Pamela Heaven || July 9, 2024



Sellers are coming back to Canada's housing market, but buyers are biding their time. Photo by KEVIN KING/Postmedia Network

Sellers are streaming back into the housing market, inflating inventories in Canada's biggest cities and handing more bargaining power to potential buyers.

The Bank of Canada's slight cut to interest rates last month enticed some buyers off the sidelines, but not enough to absorb the new inventory that's been building for months, said Royal Bank of Canada economist Rachel Battaglia in a report out yesterday.

“Growth in new listings continued to outpace sales in Canada’s more expensive markets, and inventories are continuing to grow — even in the busy Calgary market,” she said.

“The influx of supply has shifted more of the bargaining power to buyers, who in some markets are still extracting price concessions from sellers.”

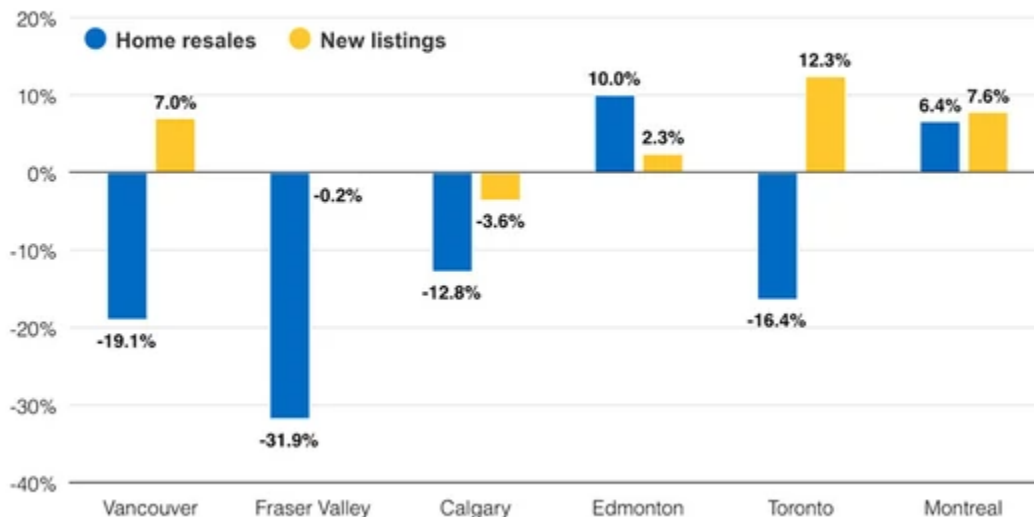
Many sellers are likely timing their move ahead of interest rate cuts, expecting a rebound in demand, says her report. There may also be more homeowners and investors who are compelled to sell because of financial strains.

Buyers, however, have yet to return en masse and a recent poll by the Toronto Regional Real Estate Board suggested it would take a cumulative interest rate cut of 100 basis points or more to significantly spur home sales.

No where is the rush to sell more apparent than in the country’s biggest city.

Market activity

Annual % change, June 2024



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

Royal Bank of Canada

Almost 18,000 new units went up for sale in Toronto in June, an 9.3 per cent rise from the month before and the third monthly increase in a row.

Active listings are now up 68 per cent from a year ago, with condo listings up 84 per cent. Listings for single-detached homes are up 56 per cent.

“A slight uptick in sales activity (4.2 per cent) from May helped absorb some of the new inventory on the market, but not enough to keep active listings from reaching a 14-year high of 23,600 in June,” said Battaglia.

Toronto home sales are still down 13 per cent from a year ago, and prices are down 4.6 per cent. Apartments have suffered the steepest declines, with prices down 4.7 per cent, particularly in Toronto's core and Durham region, said RBC.

"We think it'll take steeper interest rate cuts before prices and activity in Toronto heat up again," Battaglia said.

Vancouver saw an uptick in sales in June, but an even bigger increase in new listings, which RBC estimates jumped 9.5 per cent from May.

That boost brought monthly prices down for the first time since November, putting the composite MLS benchmark home price index just 0.5 per cent above a year ago.

"We expect inventories to build further in the months ahead as budget constrained buyers wait for more rate cuts before entering the market," said the report.

Home sales in Montreal rose 4 per cent in June from May, but that hardly put a dent in the existing inventory, said RBC, which estimates active listings are now 24 per cent higher than last year.

"We think inventories are likely to continue trending higher in Montreal. That should keep a lid on price appreciations in the months ahead," said Battaglia.