



Canada: Home sales fell for a sixth consecutive month in August

By Daren King

On a seasonally adjusted basis, home sales fell 1.0% from July to August, bringing the level of sales 14.4% below its 10-year average (chart 1). This was the sixth consecutive decline for this indicator, with sales down a cumulative 32.5% between February and August. Declines were observed in every province at the exception of Ontario, due notably to a rebound in sales in the GTA (chart 2). We expect the current moderation in sales to continue going forward as the Bank of Canada continues to increase its overnight rate in restrictive territory. The rapid rise in interest rates by the central bank is certainly limiting the purchasing capacity of households while also having a psychological effect on some buyers who are waiting to see how high rates will stabilize before taking action.

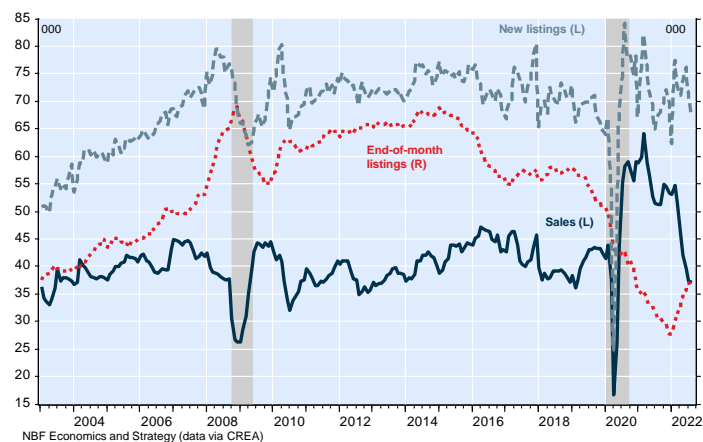
Rising interest rates and the slowdown in the market did not provoke an influx of sellers for the moment. On the contrary, new listings declined 5.4% between July and August. Overall, the number of

months of inventory rose from 3.4 to 3.5 months in August, the highest level since May 2020. Based on the active-listings-to-sales ratio, market conditions loosened in the country and are now indicating a balanced market (chart 3). Six provinces out of 10 are now in balanced territory: B.C., Saskatchewan, Alberta, Manitoba, Ontario and P.E. (chart 4). The others continued to indicate market conditions favourable to sellers mainly due to lack of supply.

On a year-over-year basis, home sales were down 24.7% compared to the second-strongest month of August in history last year (chart 5). Sales were down in every province on a year-over-year basis (chart 6), with the largest decline observed in B.C. (-40.0%) and the smallest in Saskatchewan (-2.2%). For the first eight months of 2022, cumulative sales were down 20.7% compared to the same period in 2021 (chart 7).

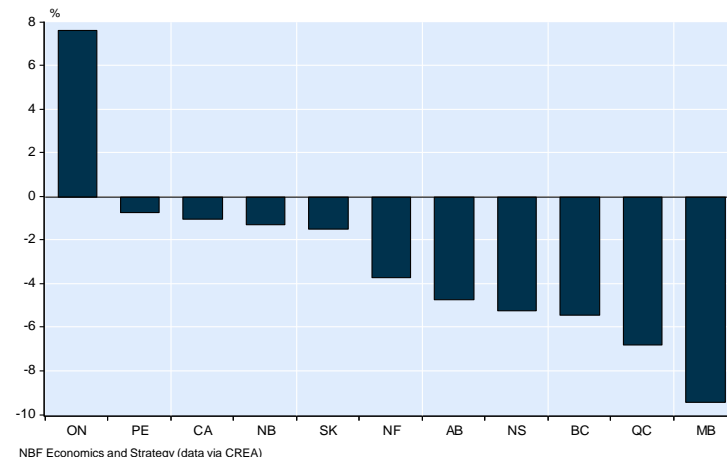
1. Canada: Home sales and listings

Seasonally adjusted. Last observation: August 2022



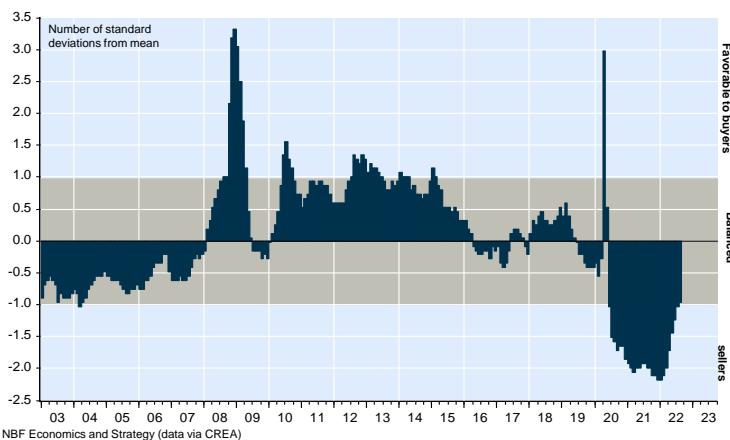
2. Canada: Monthly home sales variation in August

Monthly variation (%), seasonally adjusted data



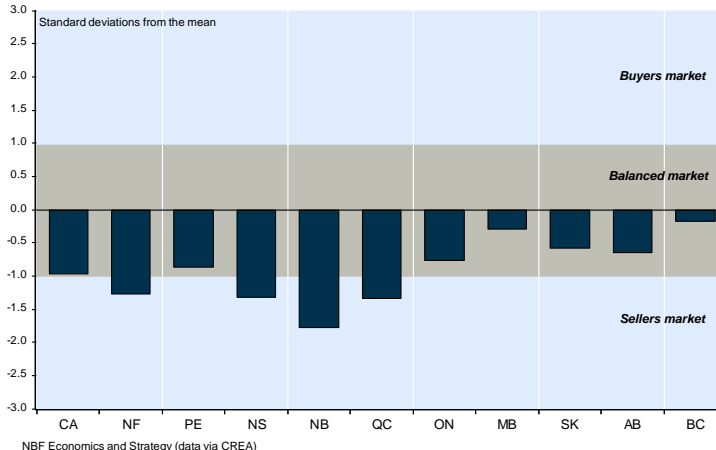
3. Canada: Home resale market conditions

End-of-month-listing-to-sale ratio. Last observation: August 2022



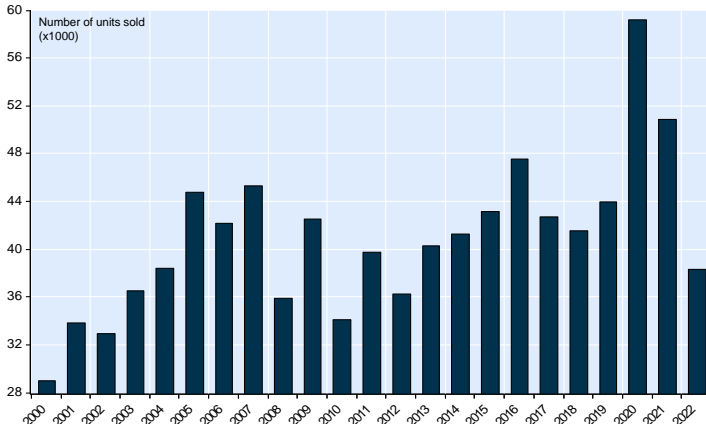
4. Canada: Active-listings-to-sales ratio

Seasonally adjusted data



5. Canada: Home sales in August

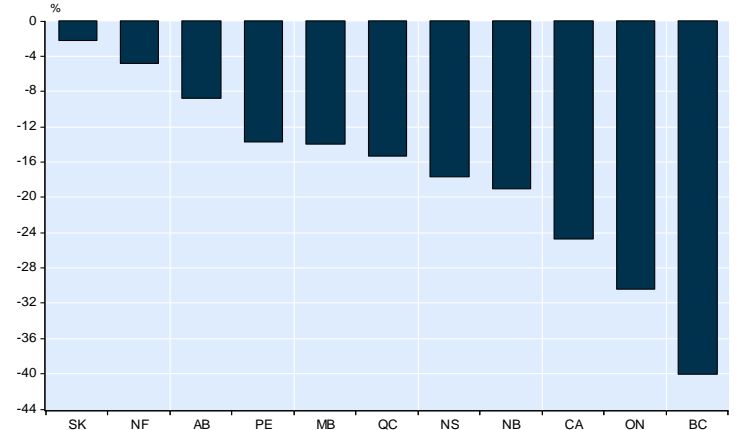
Non seasonally adjusted



NBF Economics and Strategy (data via CREA)

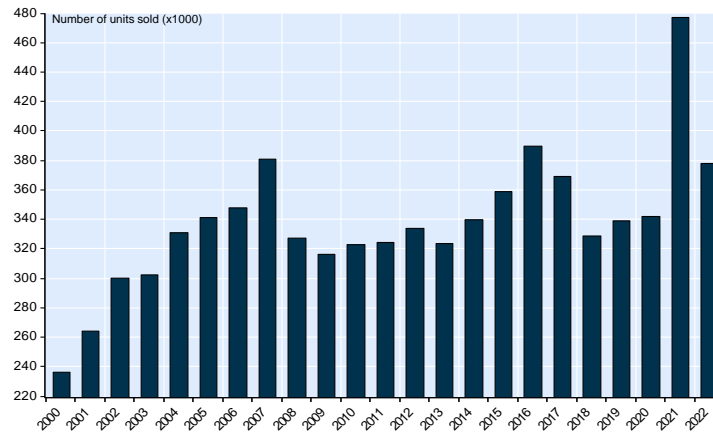
6. Canada: Annual home sales variation in August

Annual variation (%)



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7. Canada: Year-to-date home sales



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