Canada: Home sales and new listings continued to slide in September
By Daren King

On a seasonally adjusted basis, home sales fell 3.9% from August to September, bringing the level of sales 18.9% below its 10-year average (chart 1). This was the seventh consecutive decline for this indicator, with sales down a cumulative 36.2% between February and September. Declines were observed in every province and in 60% of all local markets (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 0.8% between August and September, a third monthly drawback in a row. Overall, the number of months of inventory rose from 3.5 to 3.7 months in September, the highest level since May 2020. Based on the active-listings-to-sales ratio, market conditions loosened in the country and are still indicating a balanced market (chart 3). Six provinces out of 10 are now in balanced territory: B.C., Alberta, Saskatchewan, 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 32.2% compared to the second–strongest month of September 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. (~45.2%) and the smallest in Saskatchewan (~7.3%). For the first three quarters of 2022, cumulative sales were down 21.9% compared to the same period in 2021 (chart 7).
5. Canada: Home sales in September
Non seasonally adjusted

6. Canada: Annual home sales variation in September
Annual variation (%)

7. Canada: Year-to-date home sales
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