



## Canada: Slight increase in home sales in December

By Daren King

On a seasonally adjusted basis, home sales increased 1.3% from November to December, a second monthly gain in ten months (chart 1). Despite this relative stabilization of the market in December, sales were still down 37.8% from their February 2022 level. While the Bank of Canada raised its policy rate in December, and it is expected to remain in restrictive territory for most of 2023, the resale market could experience some further declines in the coming months and remains at a level of activity well below its historical average. It should also be noted that the increase in sales was not observed in all provinces (chart 2), as declines were recorded in Saskatchewan (-3.0%), Quebec (-3.3%), Manitoba (-6.2%) and PEI (-24.9%).

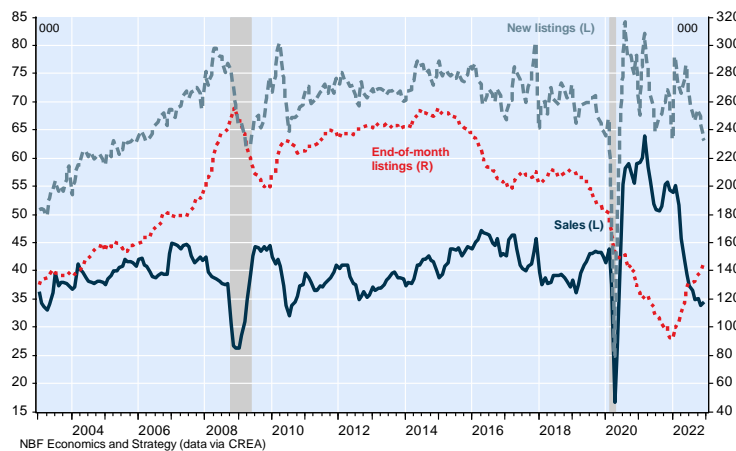
On the supply side, new listings were down 6.4% from November to December, a fifth contraction in six months which shows that both buyers and sellers remain on the sidelines in the current market environment. It should also be noted there is still a high proportion of sellers who are changing their minds,

as we estimate that about one in five listings are withdrawn during the month (chart 3). Despite this, the low level of sales is still allowing supply to rebuild, with the number of months of inventory increasing from 4.1 to 4.2 in December. While easing, market conditions are still pointing in the direction of a "favourable to sellers" market with supply still very low on a historical basis (chart 4). This situation is also present in the majority of Canadian provinces, while only B.C., Manitoba, and now Ontario indicating a "favourable to buyers" market (chart 5).

On a year-over-year basis, home sales were down 39.1% compared to the second-strongest month of December in history last year (chart 6). Sales were down in every province on a year-over-year basis (chart 7), with the largest decline observed in B.C. (-48.9%) and the smallest in Newfoundland (-13.5%). For 2022 as a whole, cumulative sales were down 25.2% compared to 2021 (chart 8).

### 1. Canada: Home sales and listings

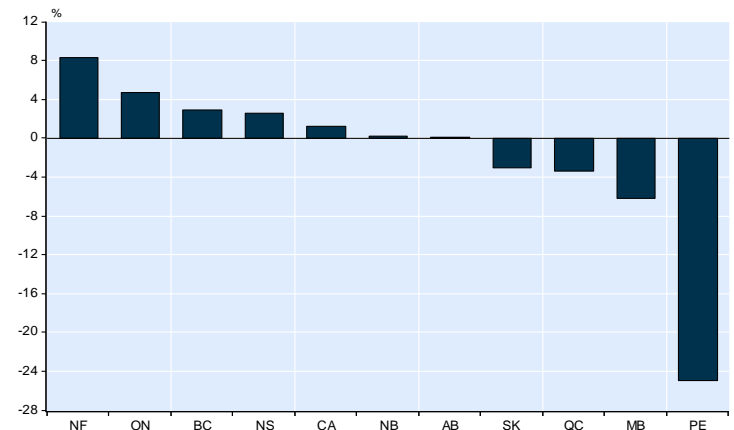
Seasonally adjusted. Last observation: December 2022



NBF Economics and Strategy (data via CREA)

### 2. Canada: Monthly home sales variation in December

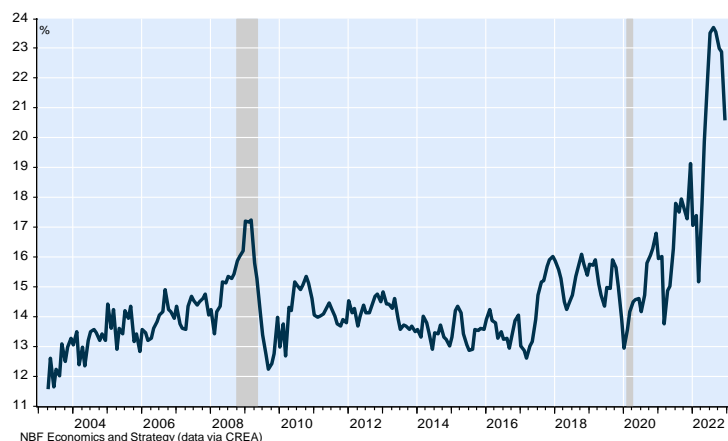
Monthly variation (%), seasonally adjusted data



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### 3. Canada: Proportion of active listings cancelled during the month

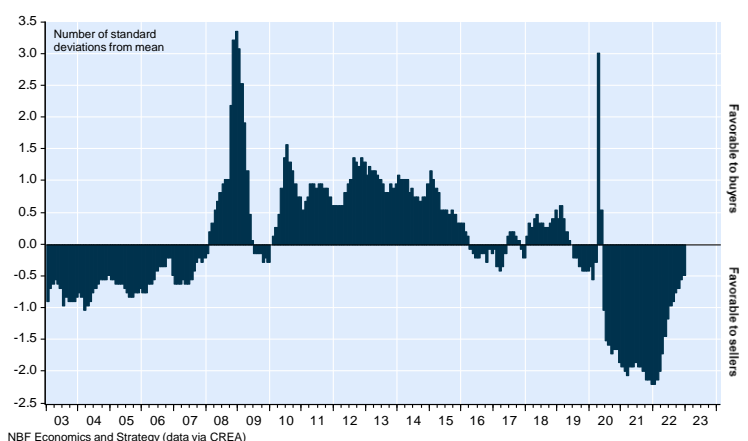
3-month moving average. Seasonally adjusted. Last observation: December 2022



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### 4. Canada: Home resale market conditions

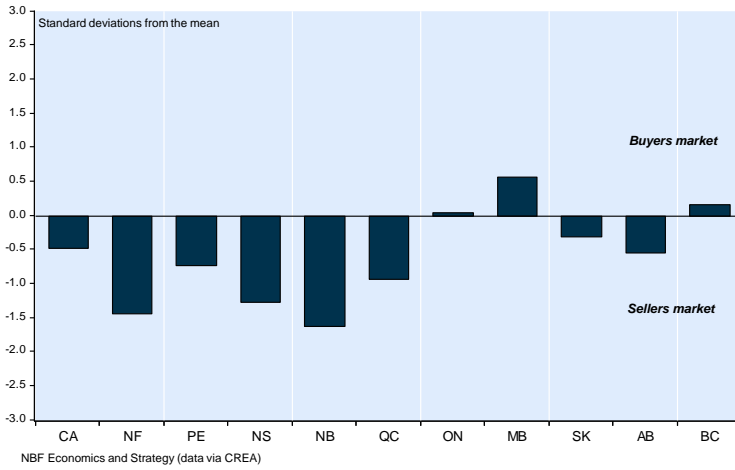
End-of-month-listing-to-sale ratio. Last observation: December 2022



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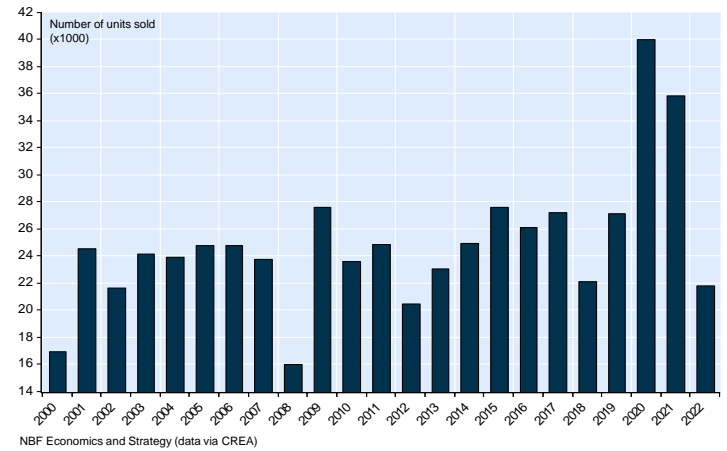
### 5. Canada: Active-listings-to-sales ratio

Seasonally adjusted data



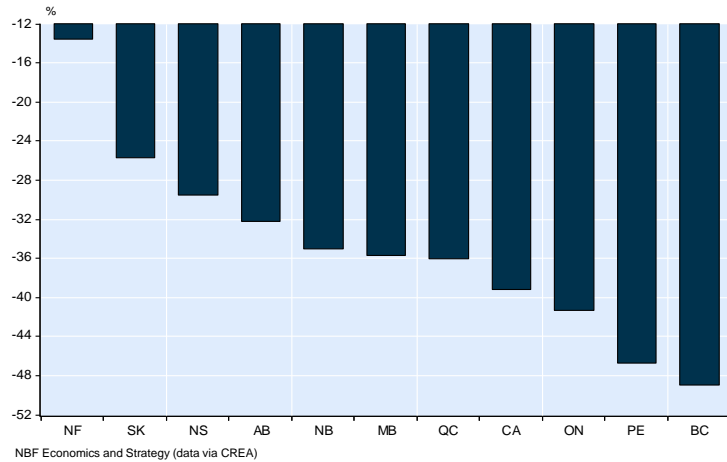
### 6. Canada: Home sales in December

Non seasonally adjusted

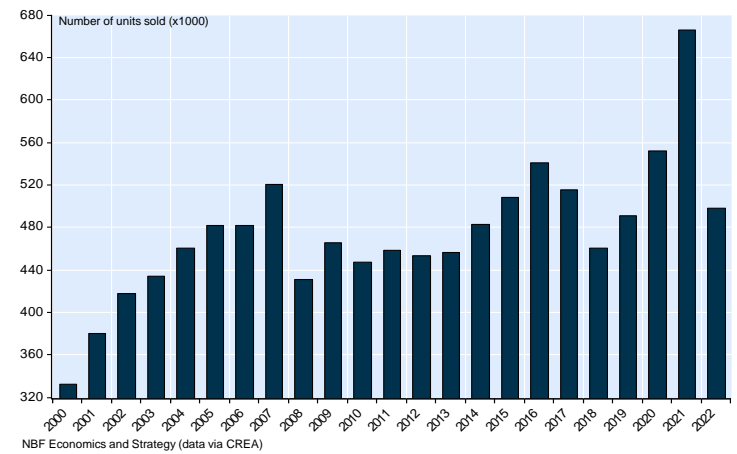


### 7. Canada: Annual home sales variation in December

Annual variation (%)



### 8. Canada: Year-to-date home sales



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