



Canada's Housing Market

June 15, 2020

**BMO Capital Markets
Economic Research**

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Summary



- + National sales rebounded 57% m/m in May, but retraced only a third of the record decline since February, leaving sales 40% below year-ago levels
- Demand is expected to improve in the summer amid low mortgage rates, but will be restrained by high unemployment and fragile consumer confidence
- + Sales in earlier hot-spot Ottawa rebounded in May but remain weak. However, the market continues to tilt toward sellers, and could outperform the nation given stability in government employment
- National benchmark prices fell 0.1% m/m, reducing the yearly rate to 5.3%. The decline has been tempered by an earlier drop in new listings
- + Substantial income-support and mortgage-deferral programs will help limit forced selling and downward pressure on prices

Housing Market Scorecard

	(monthly : as of May 2020)					(partial quarter : Apr.-May 2020)	
	Average Prices (n.s.a. : 3-mth m.a. : y/y % chng)	Existing Sales	Sales vs. 10-year Average (s.a. : 3-mth m.a. ⁵ : % chng from avg.)	Sales vs. New Listings (s.a. : 3-mth m.a. ⁵ : %)	Market Balance ¹	Price vs. Family Income ² (n.s.a. : ratio to annual family income)	Mortgage Service Costs ³ (n.s.a. : % of family income)
Canada	2.7	-32.3	-32.3	62.0	Sellers'	5.4	27
Vancouver	2.6	-17.2	-44.2	48.6	Buyers'	11.0	57
Victoria	3.6	-37.8	-39.0	51.5	Buyers'	7.0	35
Calgary	-1.5	-38.4	-47.6	55.8	Balanced	3.8	18
Edmonton ⁴	-3.9	-35.8	-35.9	49.2	Buyers'	3.3	15
Regina	-2.6	-21.6	-23.8	53.9	Buyers'	2.4	10
Saskatoon	-0.2	-20.2	-24.8	46.4	Buyers'	2.8	13
Winnipeg ⁴	0.0	-19.2	-15.8	58.7	Balanced	3.4	16
Toronto	10.2	-40.5	-44.0	55.0	Balanced	9.8	51
Ottawa	15.8	-36.6	-22.8	81.8	Sellers'	4.1	20
Montreal	11.7	-35.3	11.3	85.3	Sellers'	4.4	21
Halifax ⁴	6.6	-31.1	-14.2	87.7	Sellers'	3.6	17

Based on a house at the HPI benchmark price. ¹ = Buyers' market if sales/new listings ratio exceeds 0.5 standard deviations below normal; sellers' market if exceeds 0.5 above normal ² = Median family income is estimated after 2017 using average annual growth in previous 10 years

³ = Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, average-priced house, down payment equal to half of annual family income (about 10% today) ⁴ = average home price used ⁵ = Montreal data are n.s.a., 12-mth m.a. (as of May 2020)

Sources: Bank of Canada, Statistics Canada, Haver Analytics, CREA, FCIQ, BMO Capital Markets Economics estimates

Demand

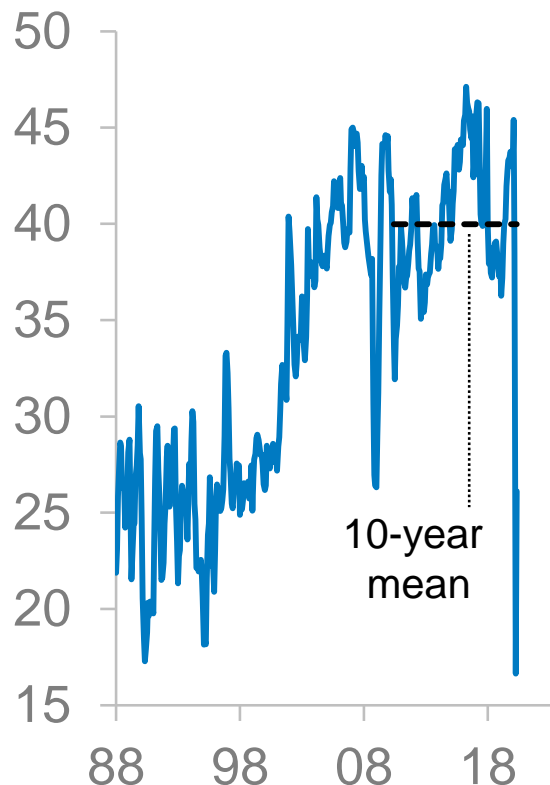


- National sales rose 57% in May, but remain well below past-decade levels
- Sales rebounded 53% m/m in Toronto, 69% in Calgary, and 92% in Montreal, but remain down from a year ago
- Some buyers may wait on the sidelines until the virus is under control and the economy begins to recover in the second half of the year. Sales are unlikely to return to pre-virus levels for some time. For 2020, we expect existing home sales to fall 15%, before rebounding 12% in 2021
- Oil-producing regions are expected to see even weaker sales due to low energy prices

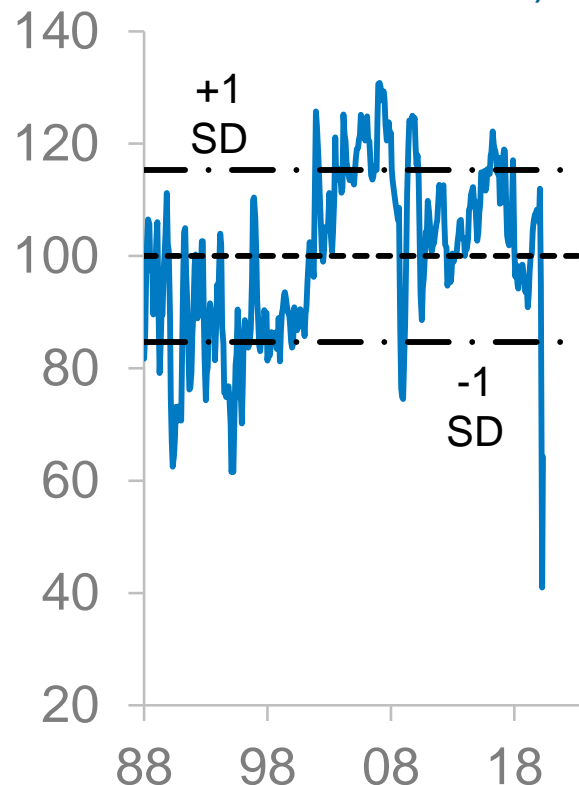
Existing Home Sales Canada

(monthly : as of May 2020)

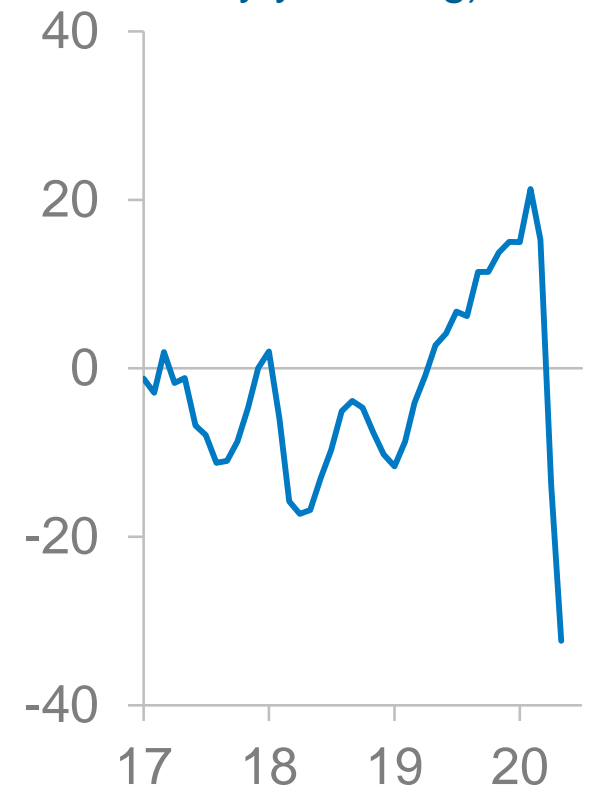
(000s of units : s.a.)



(units per 1,000 people ¹
: s.a. : 100 = mean)



(3-mth m.a. : n.s.a.
: y/y % chng)

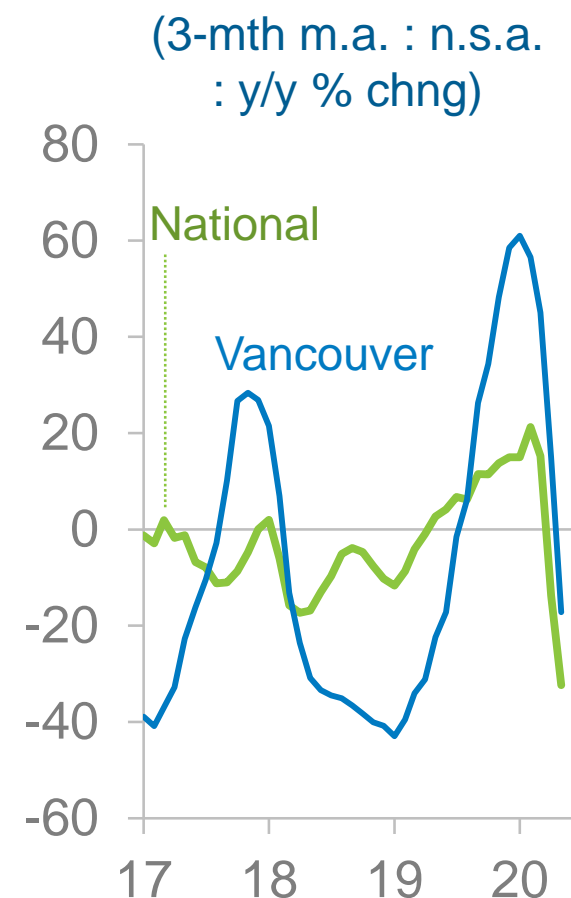
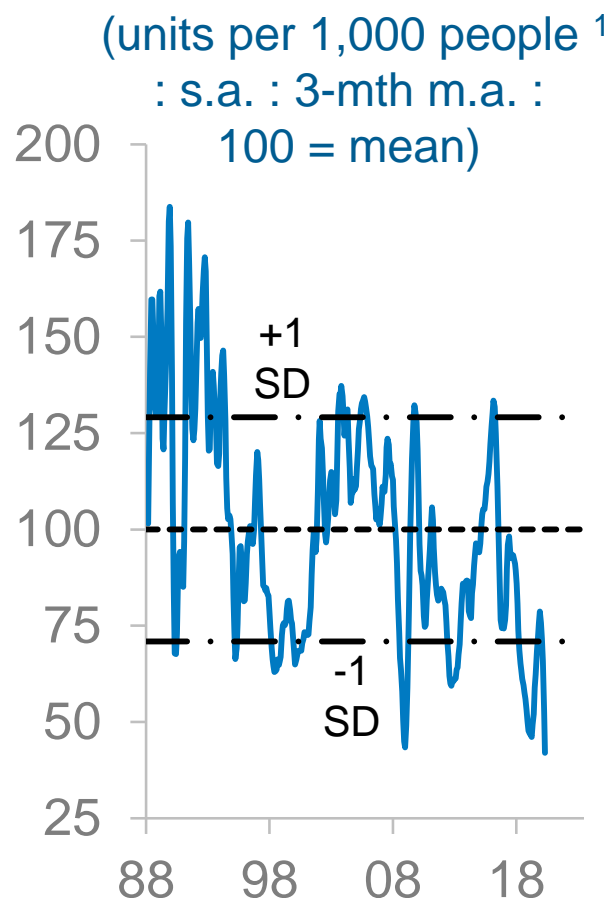
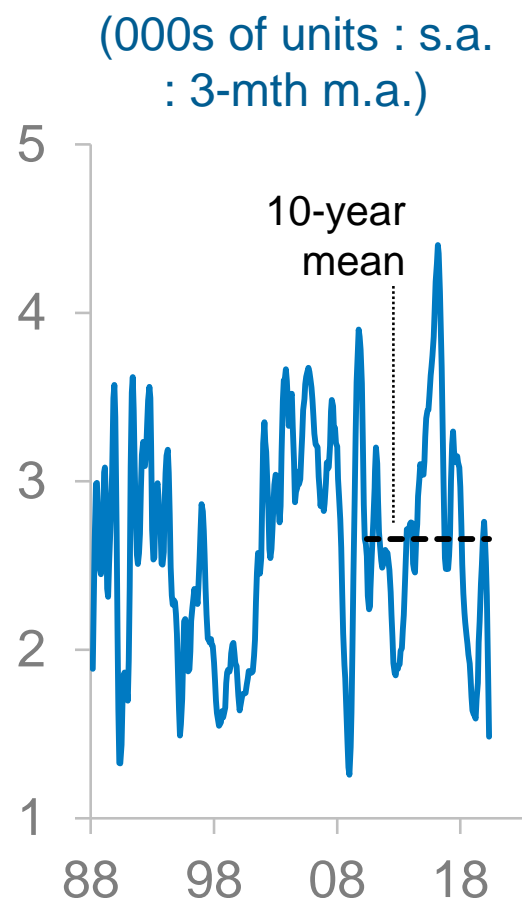


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Vancouver

(monthly : as of May 2020)

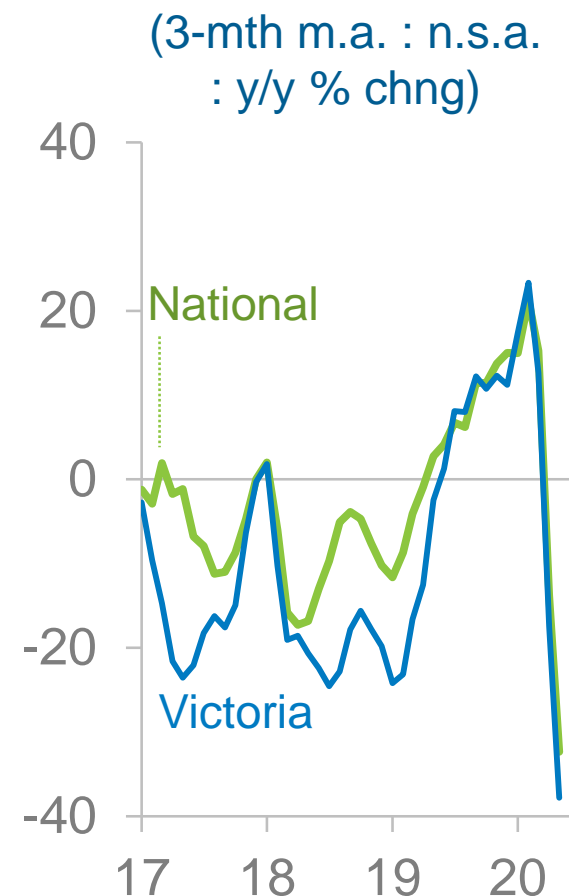
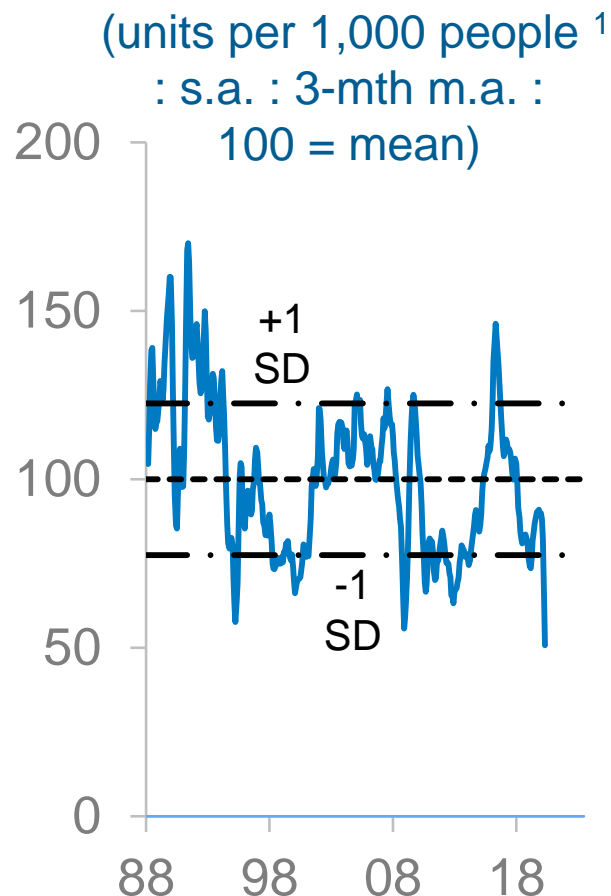
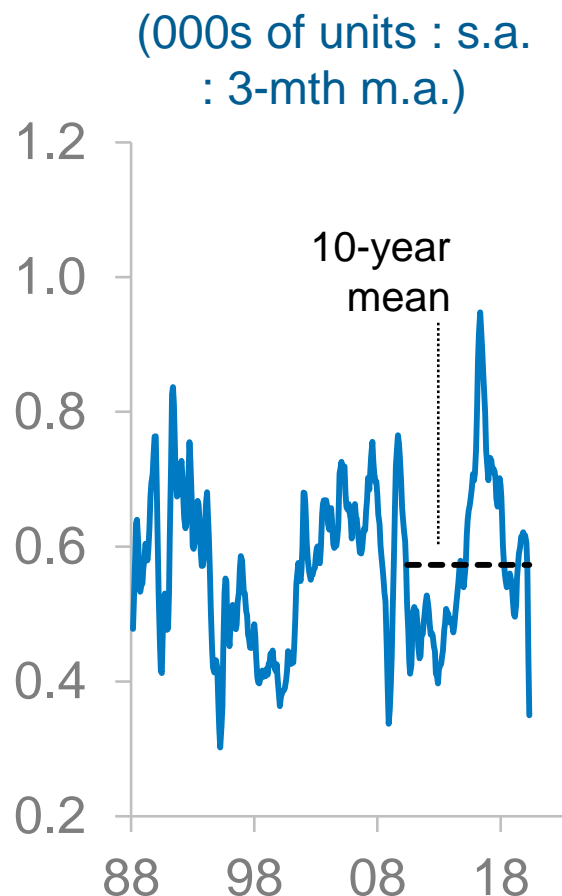


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Victoria

(monthly : as of May 2020)

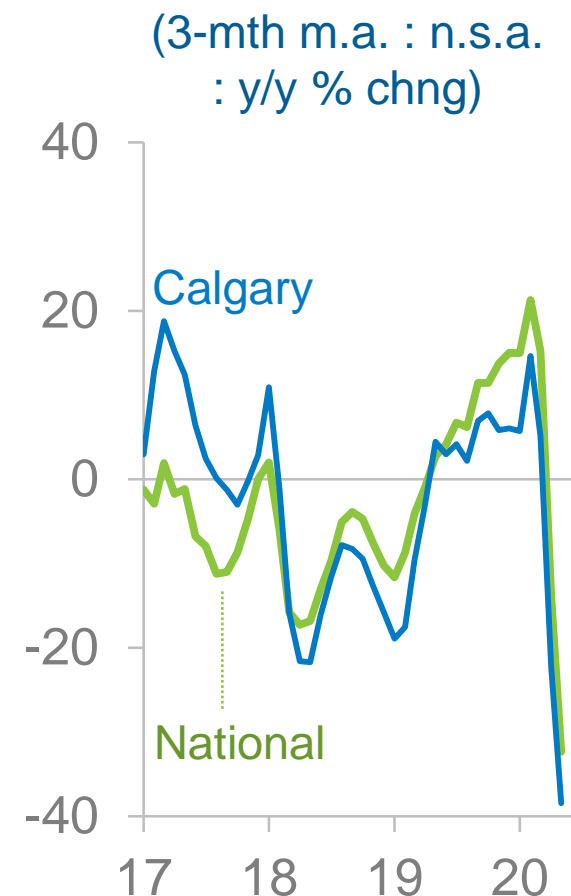
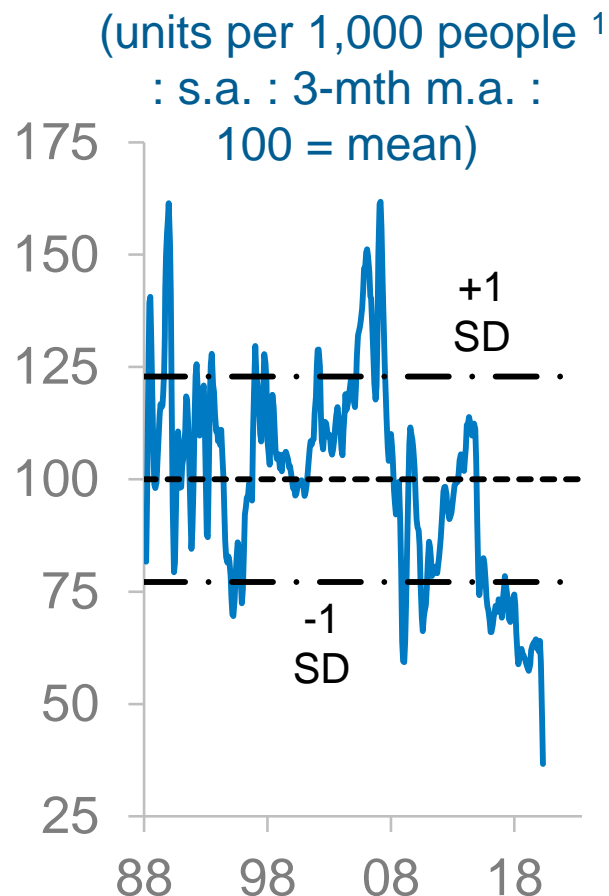
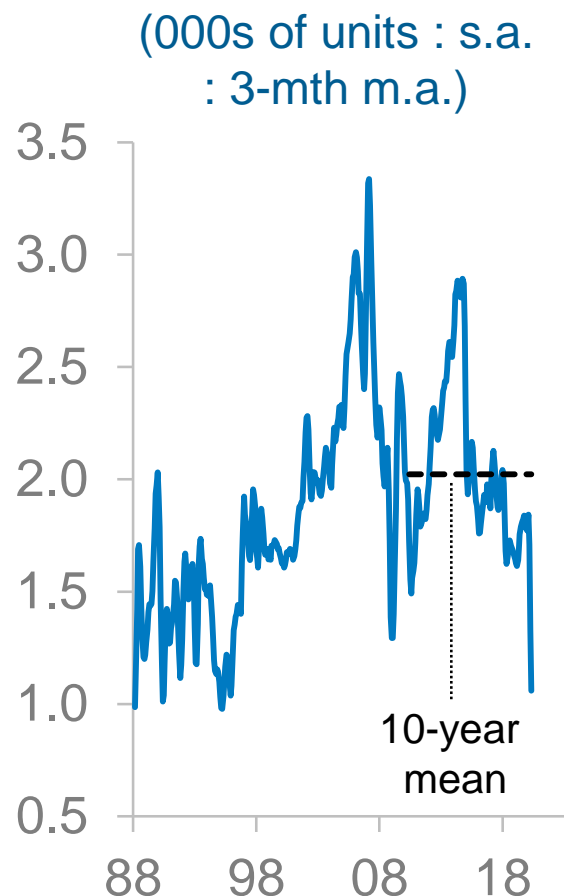


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Calgary

(monthly : as of May 2020)

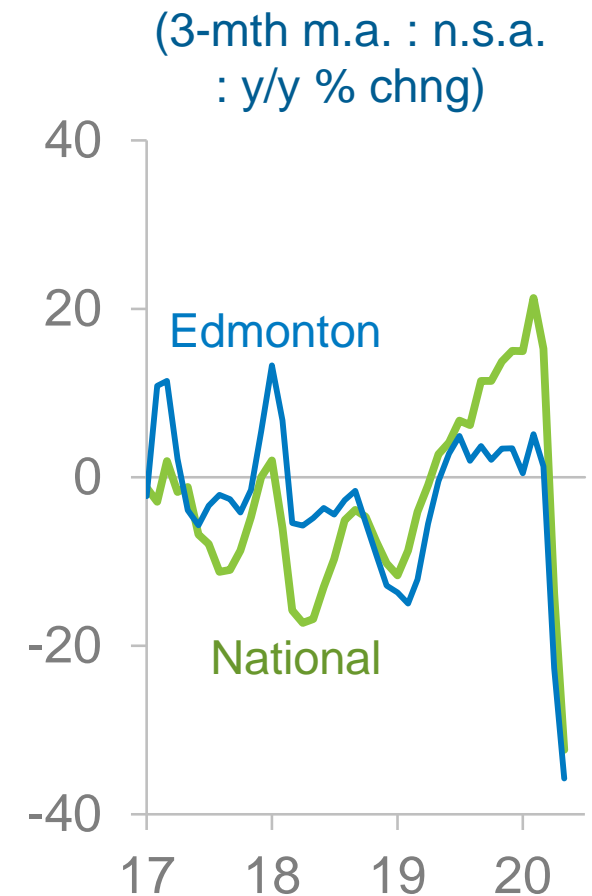
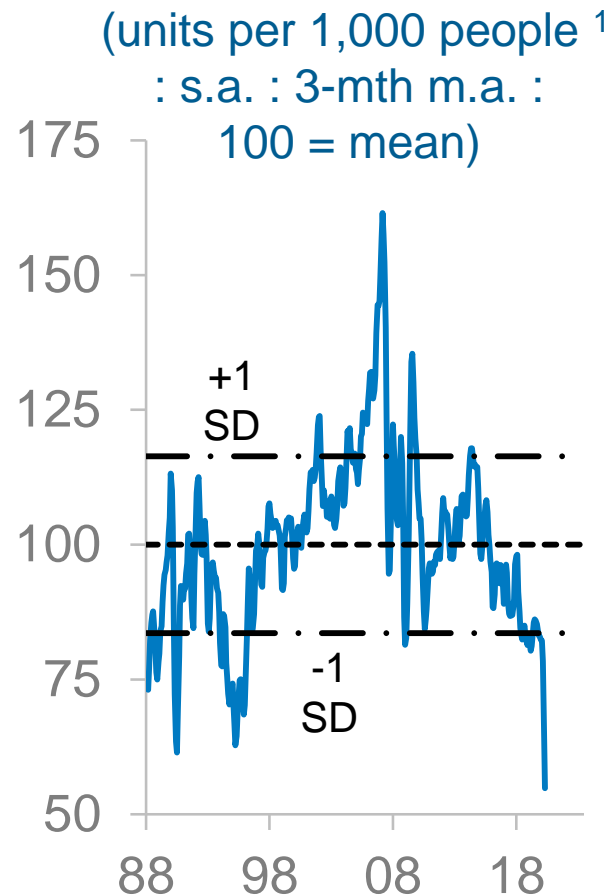
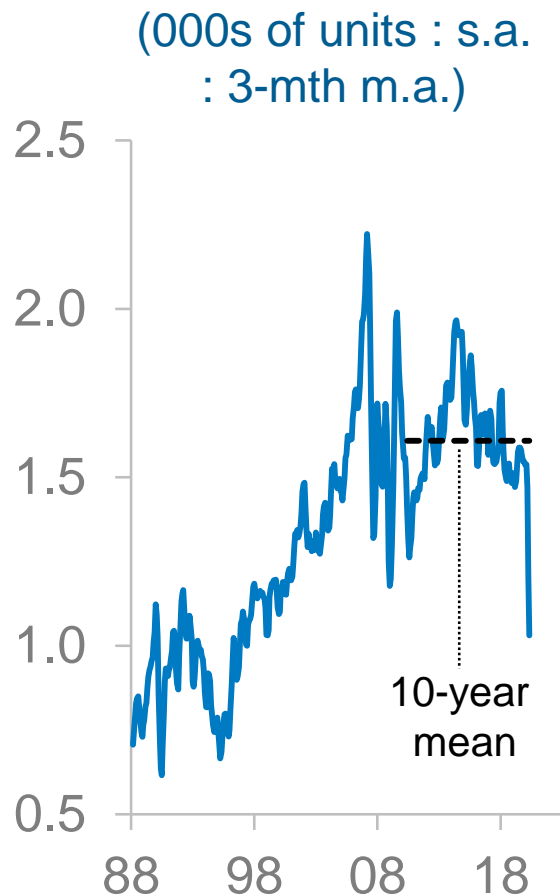


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Edmonton

(monthly : as of May 2020)

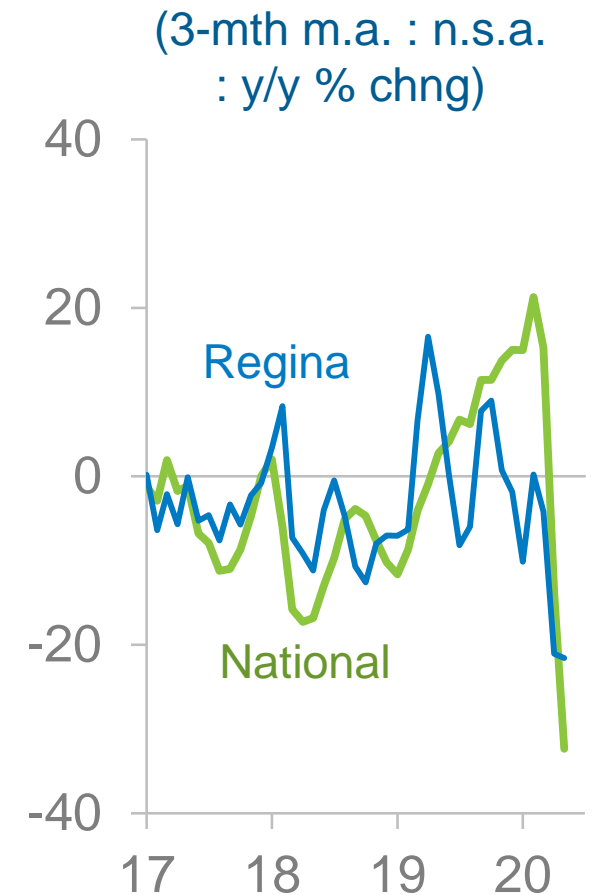
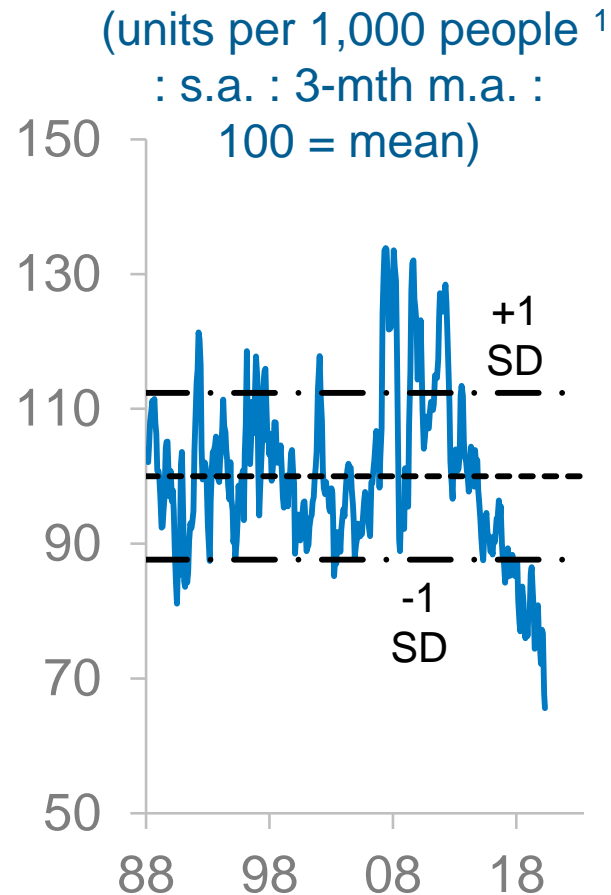
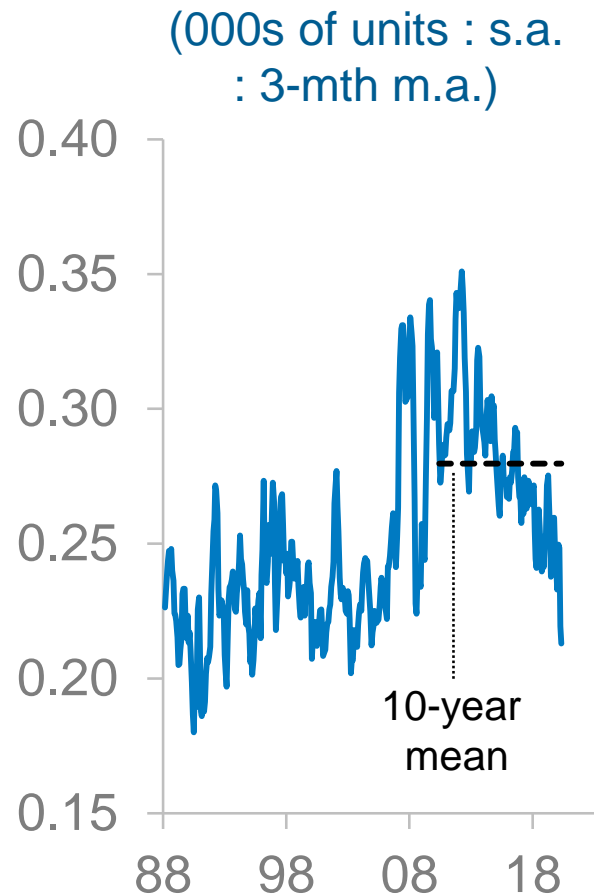


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Regina

(monthly : as of May 2020)

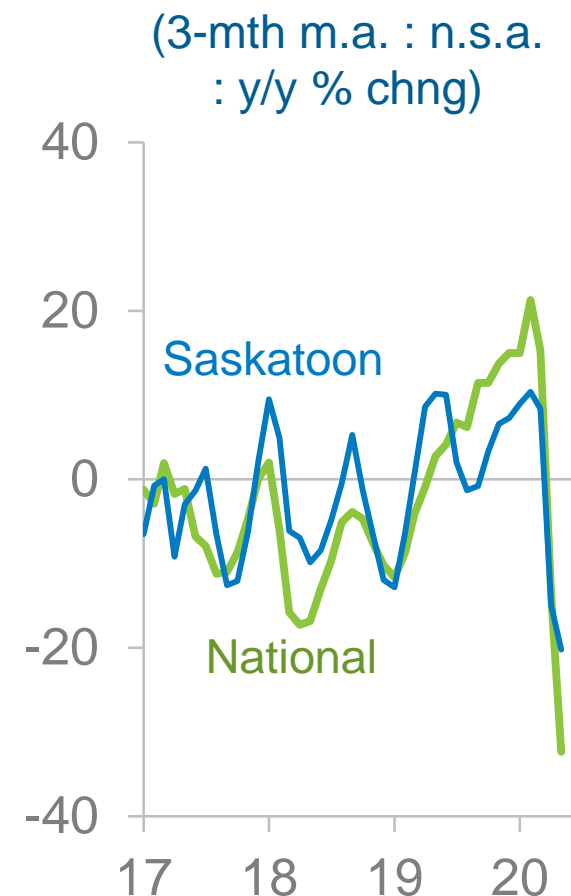
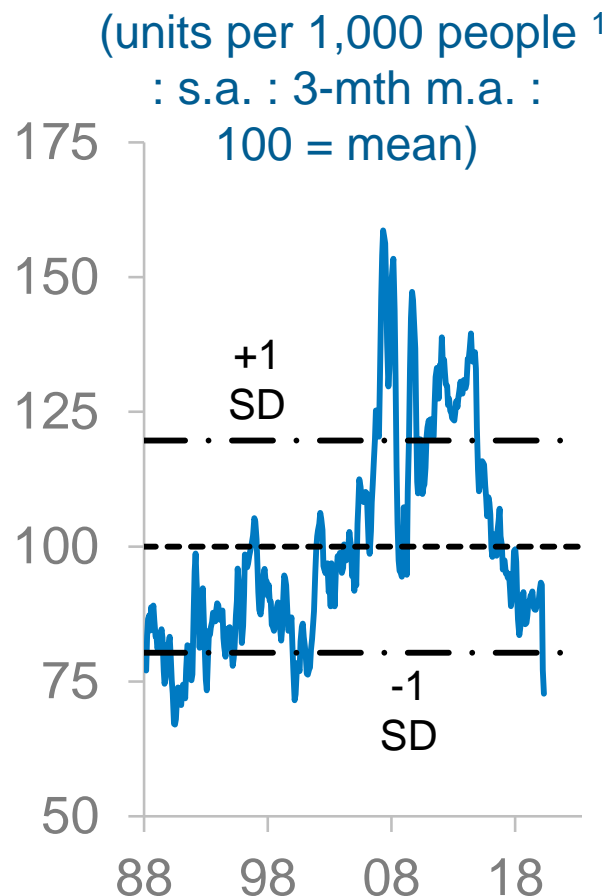
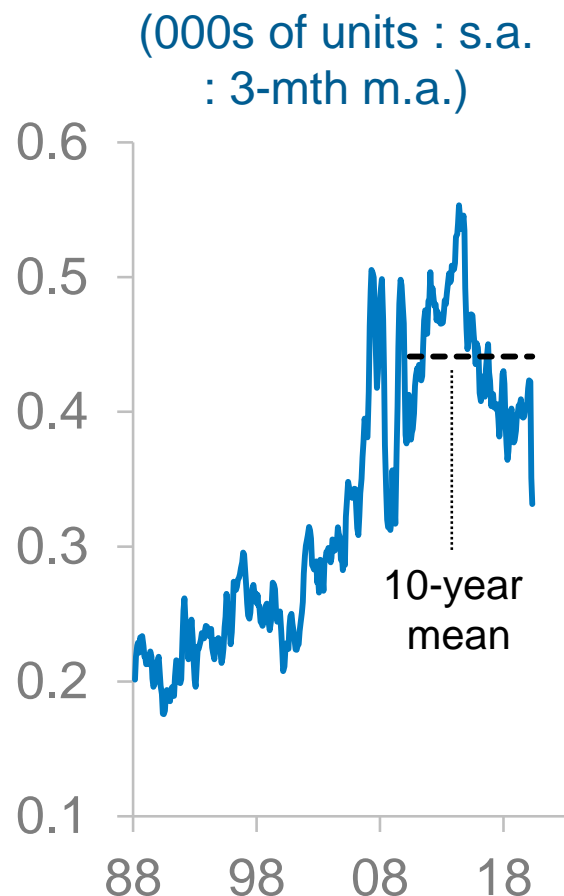


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Saskatoon

(monthly : as of May 2020)

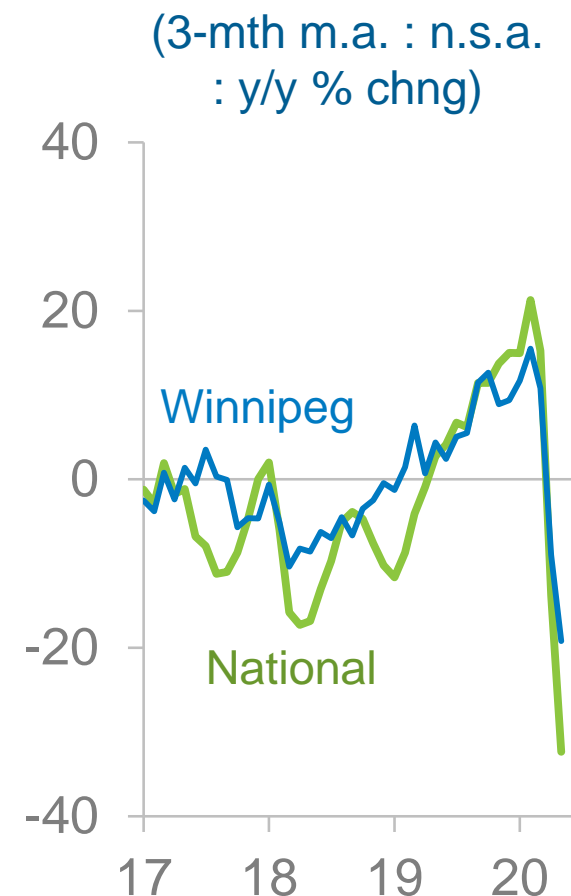
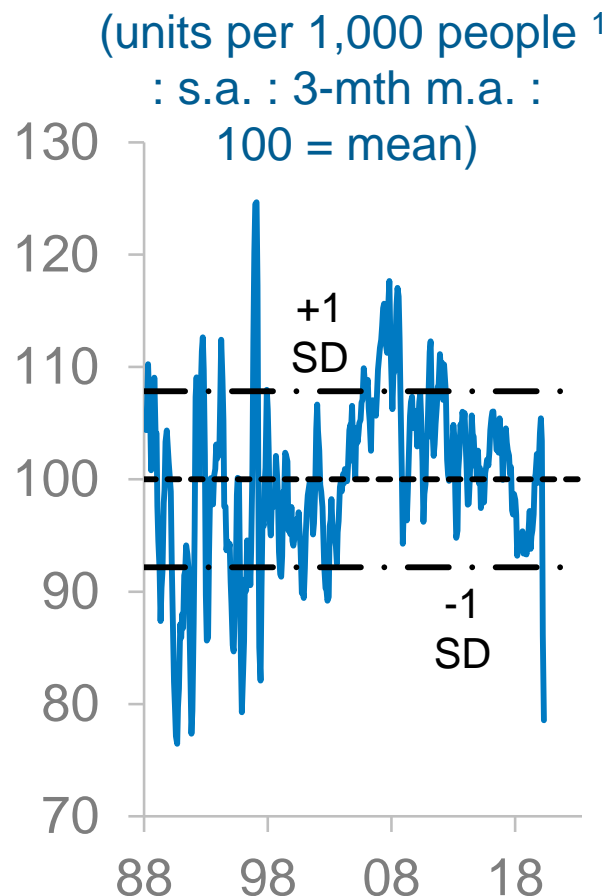
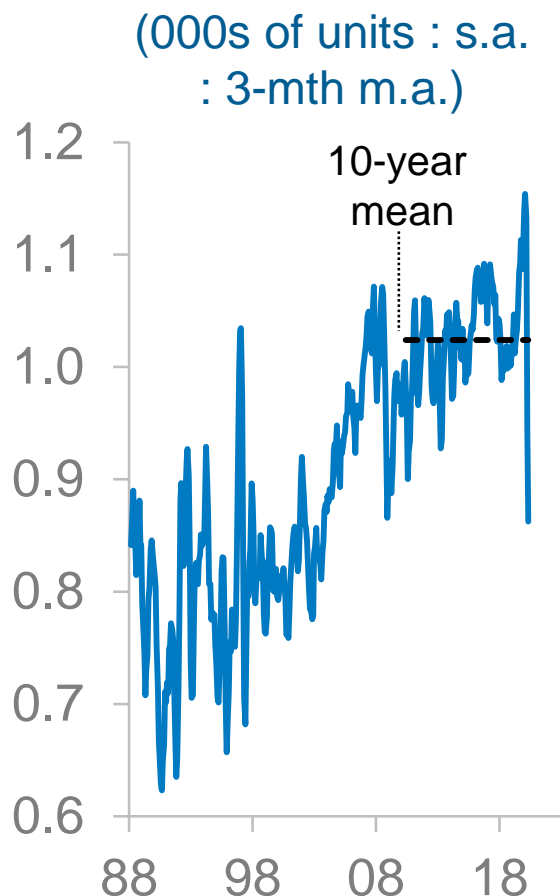


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Winnipeg

(monthly : as of May 2020)

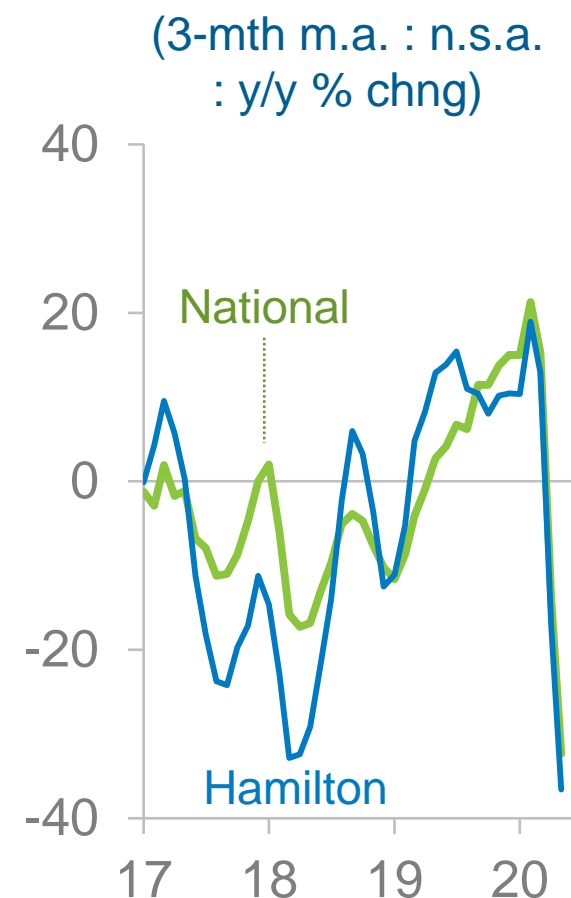
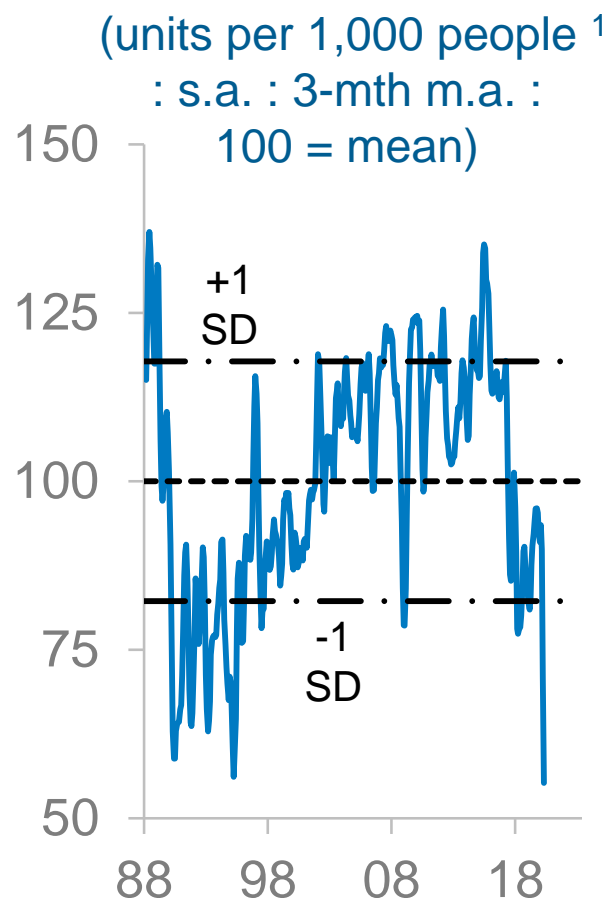
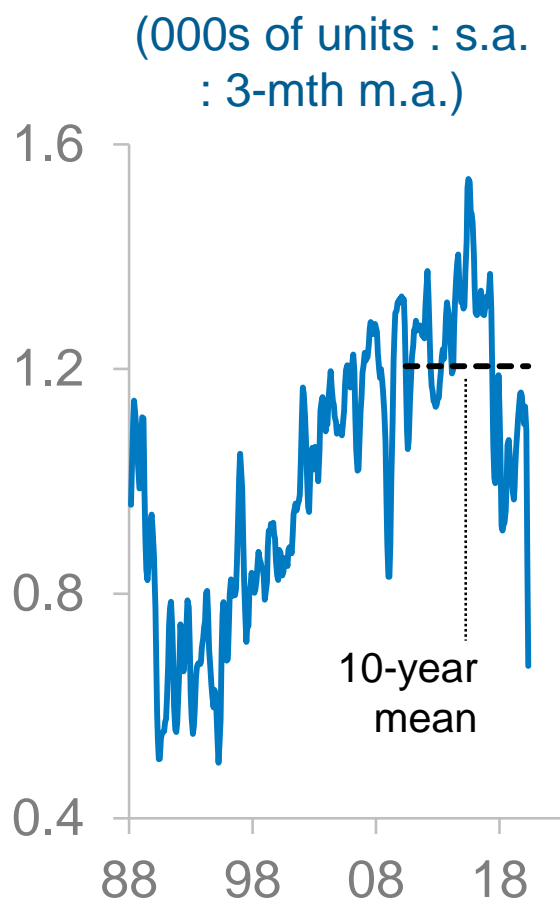


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Hamilton

(monthly : as of May 2020)

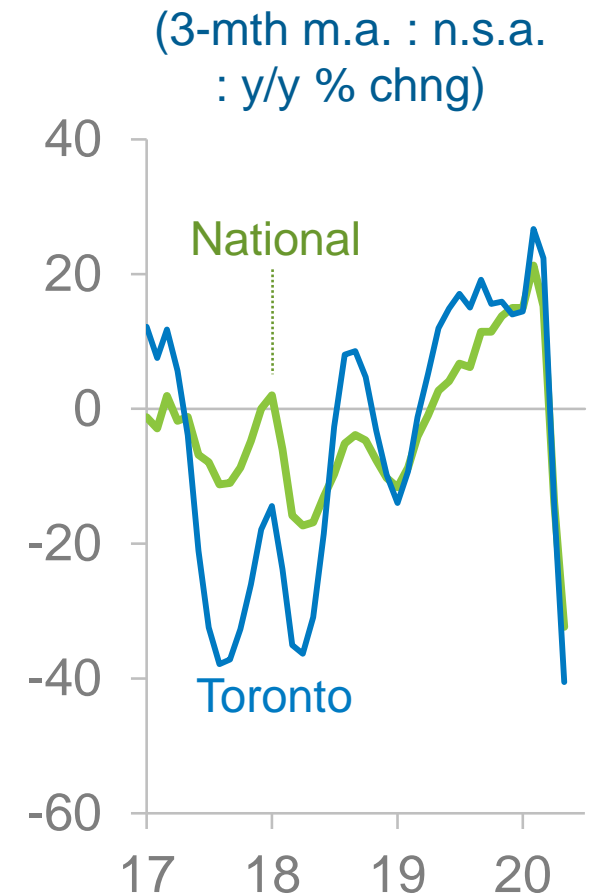
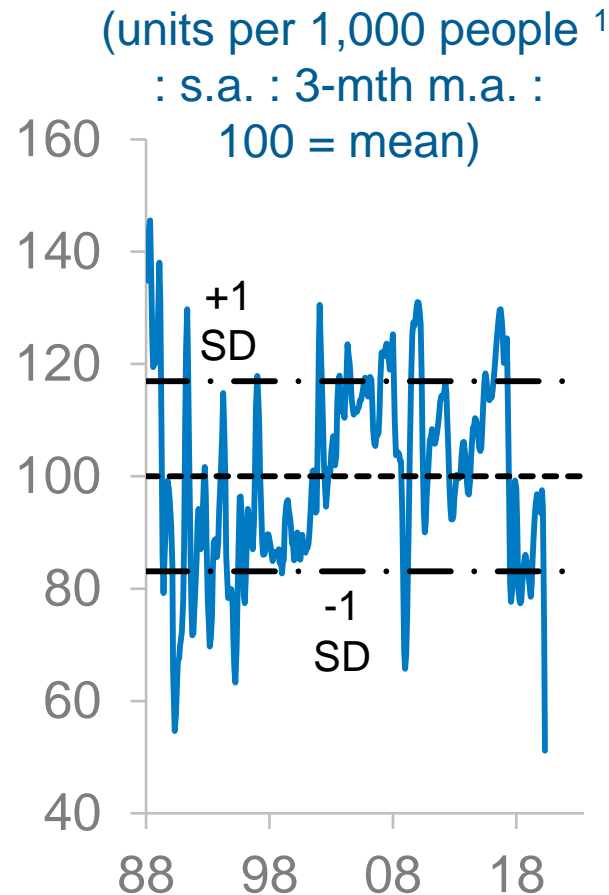
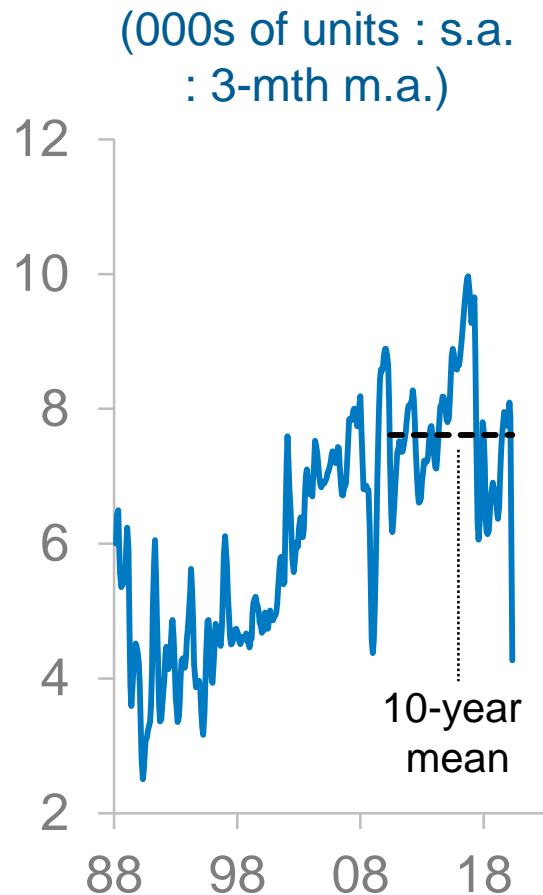


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Toronto

(monthly : as of May 2020)

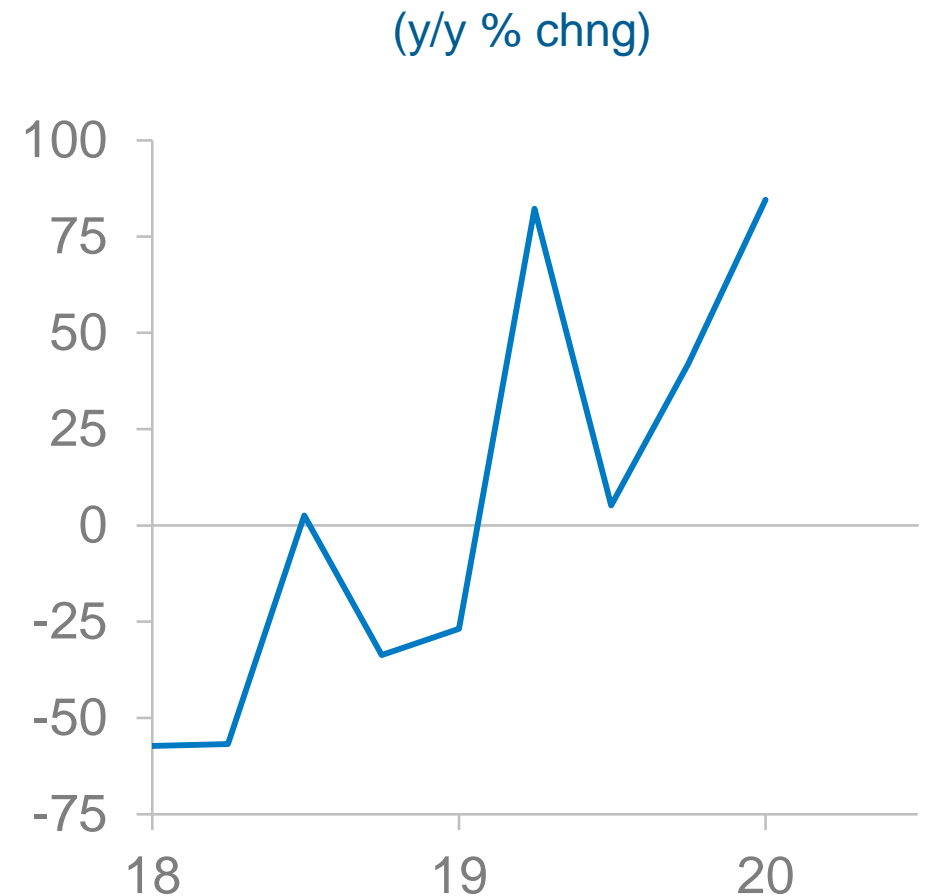
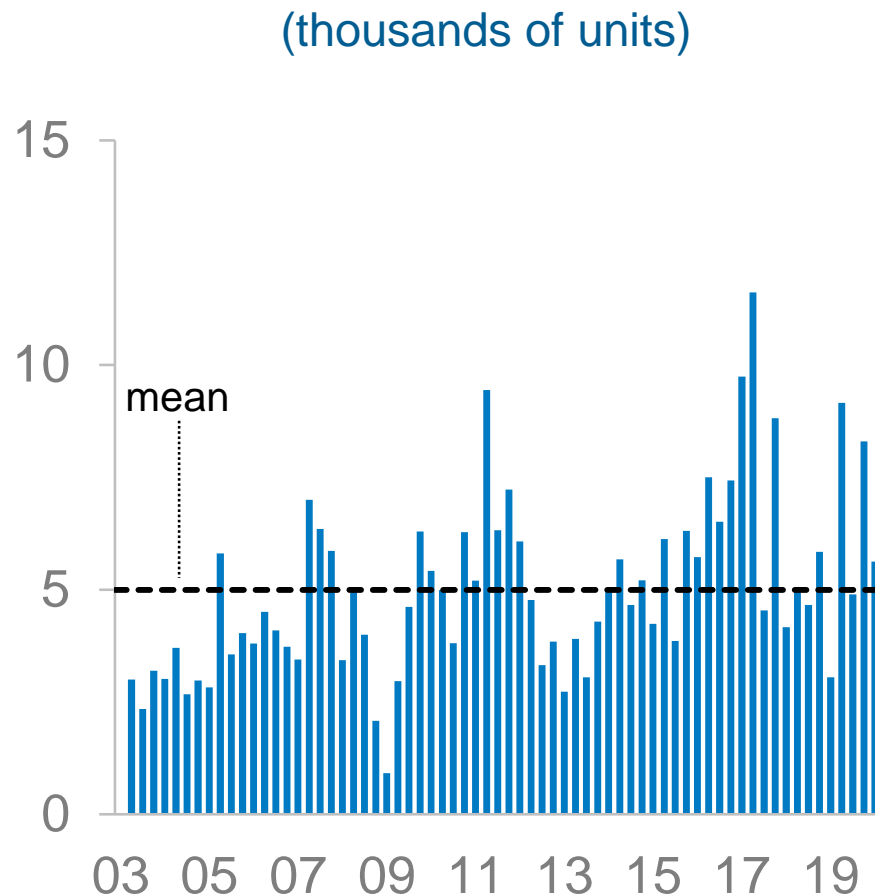


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

New Condominium Sales Toronto

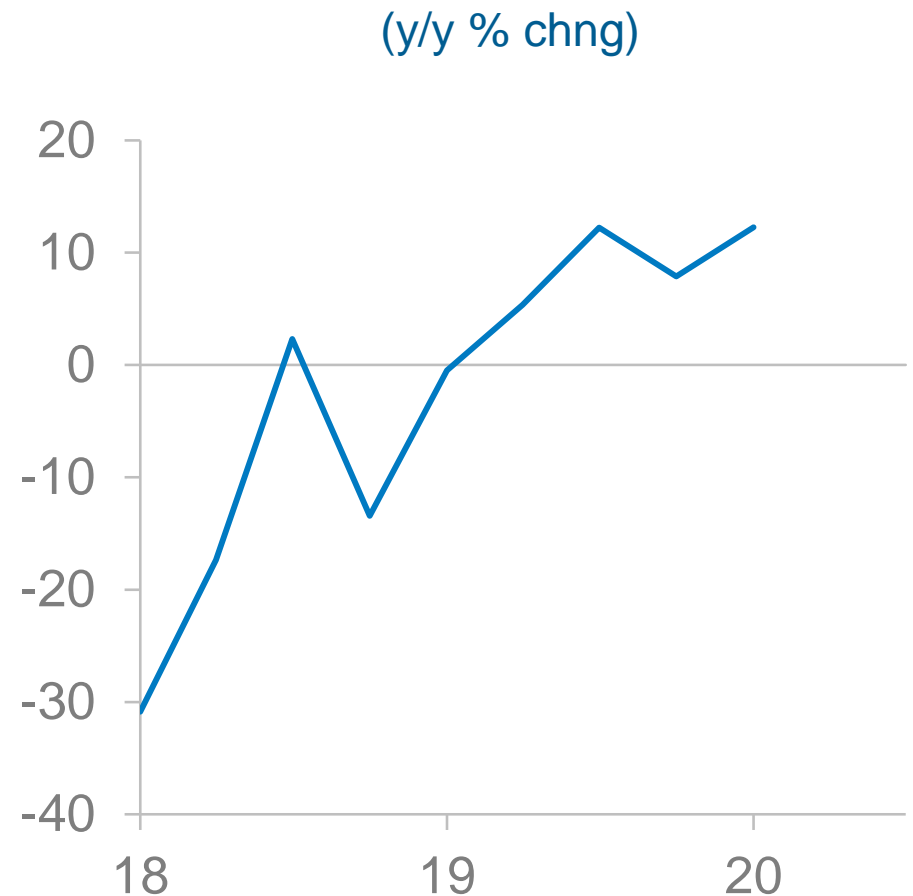
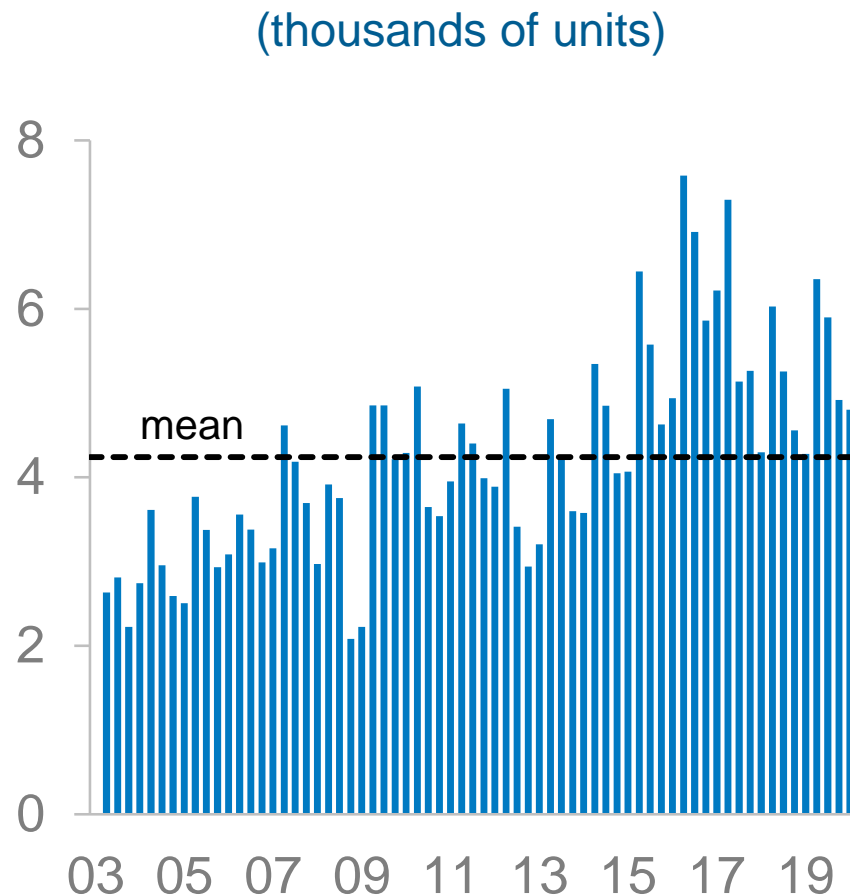
(quarterly : as of 2020:Q1)



Source: Urbanation Inc.

Existing Condominium Sales Toronto

(quarterly : as of 2020:Q1)

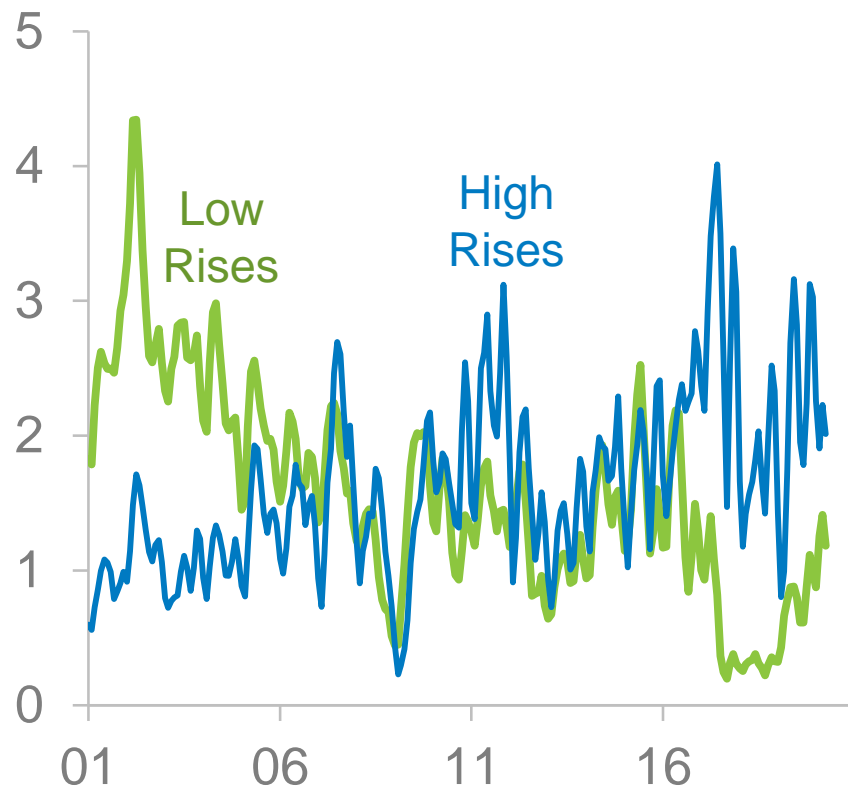


Source: Urbanation Inc.

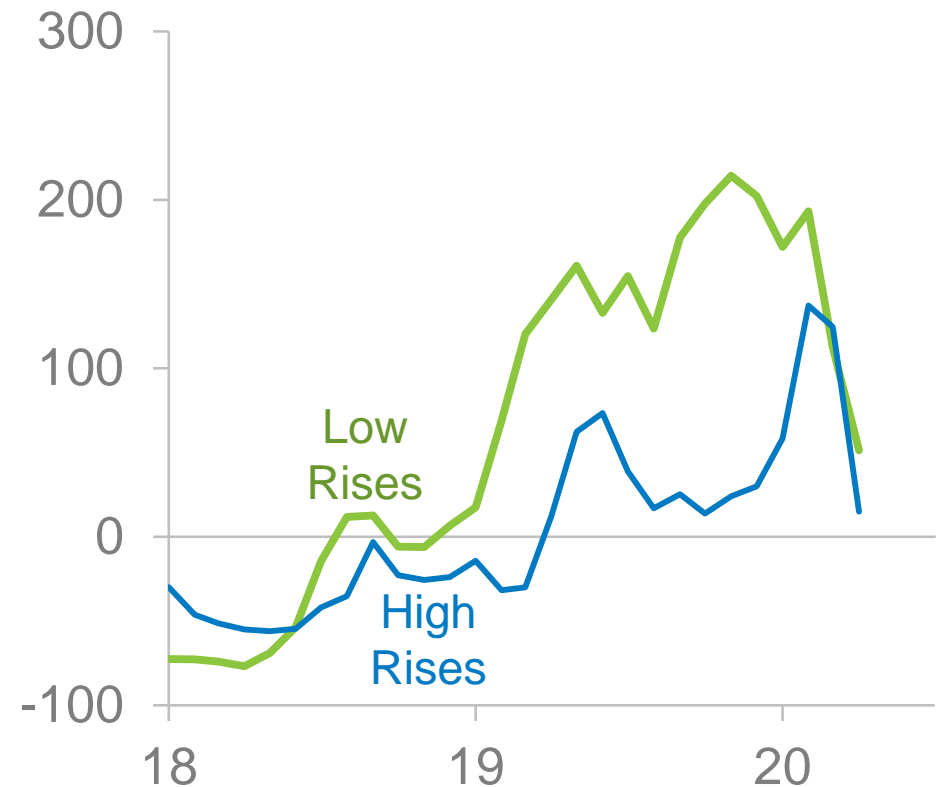
New Home Sales Toronto

(monthly : as of April 2020)

(000s of units : 3-mth m.a.)



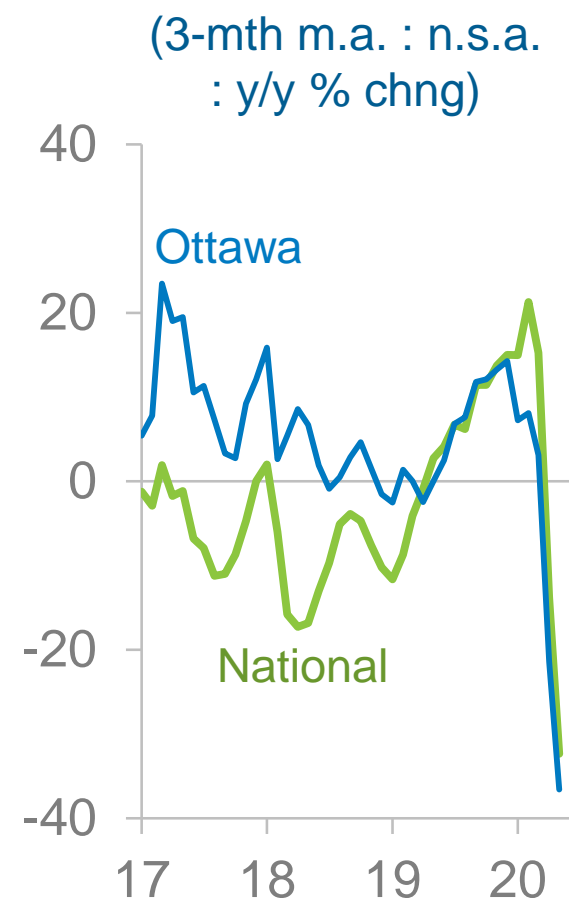
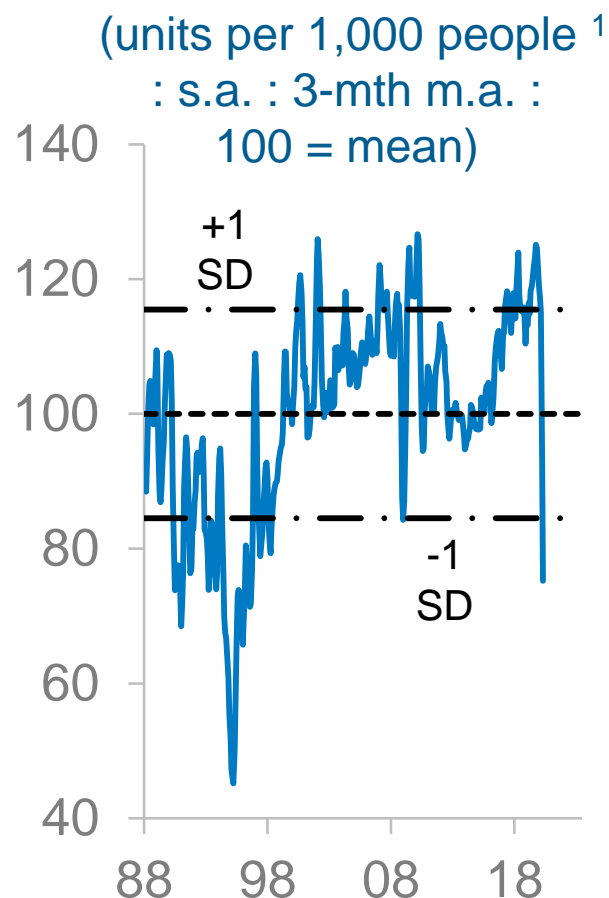
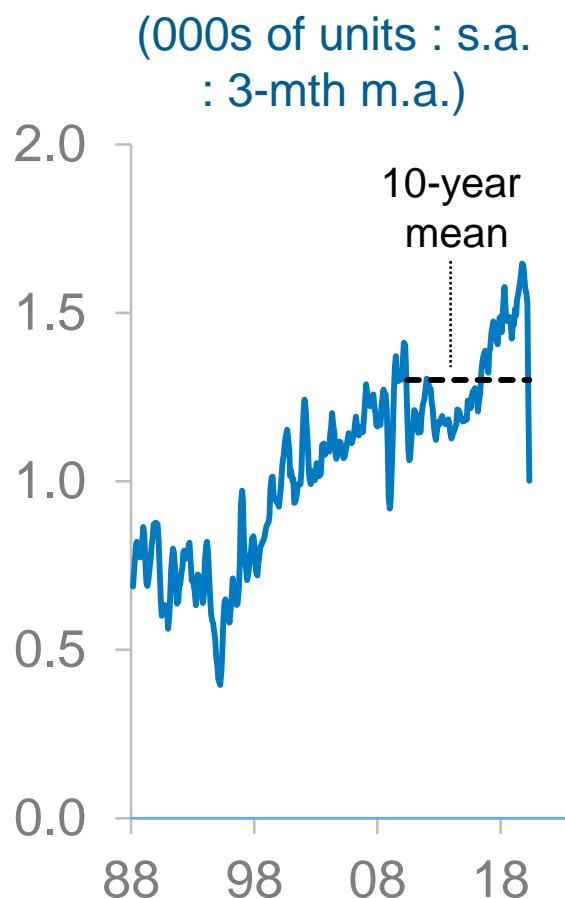
(3-mth m.a. : y/y % chng)



Source: Altus Group

Existing Home Sales Ottawa

(monthly : as of May 2020)



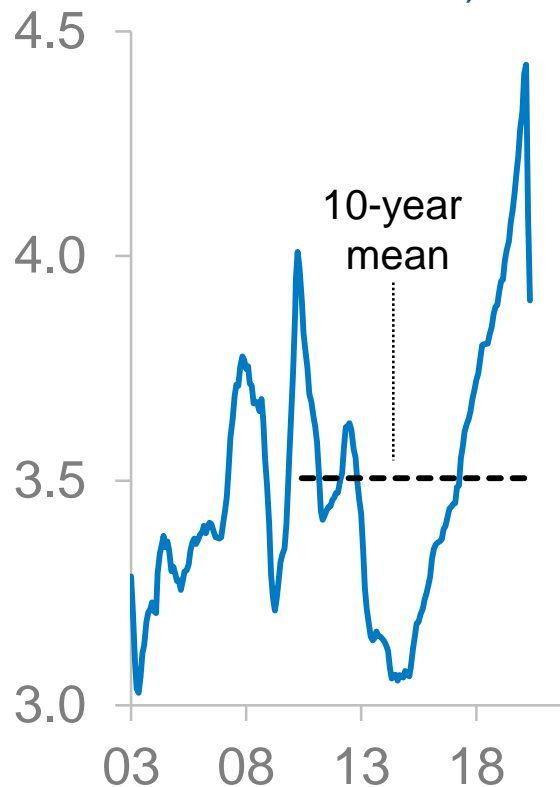
¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

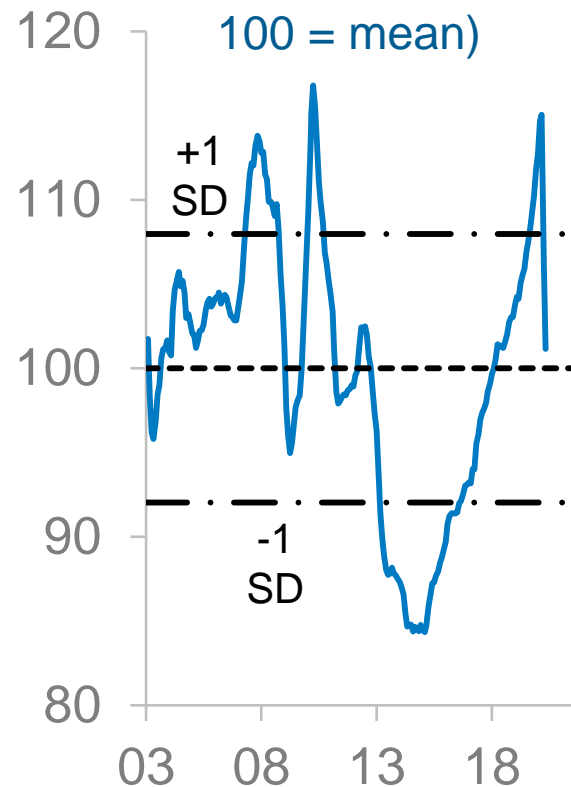
Existing Home Sales Montreal

(monthly : as of May 2020)

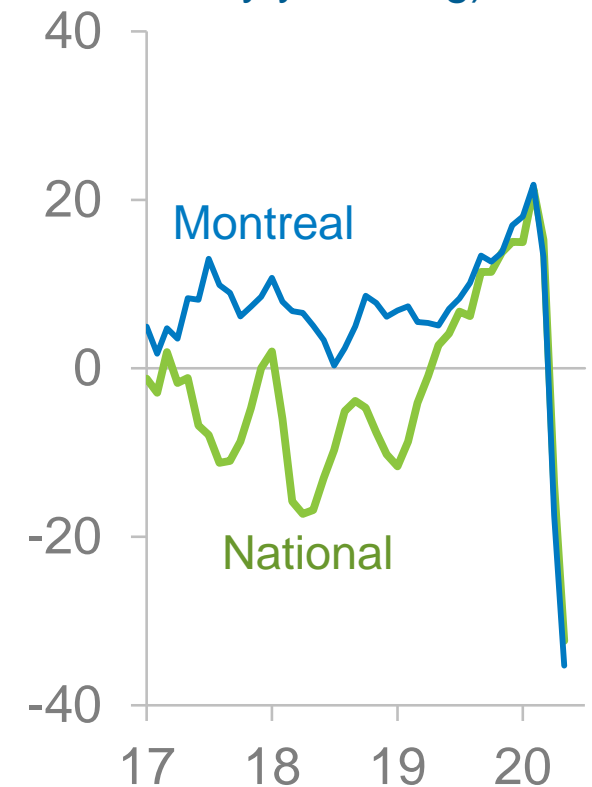
(000s of units : n.s.a.
: 12-mth m.a.)



(units per 1,000 people ¹
: n.s.a. : 12-mth m.a. :
100 = mean)



(3-mth m.a. : n.s.a.
: y/y % chng)

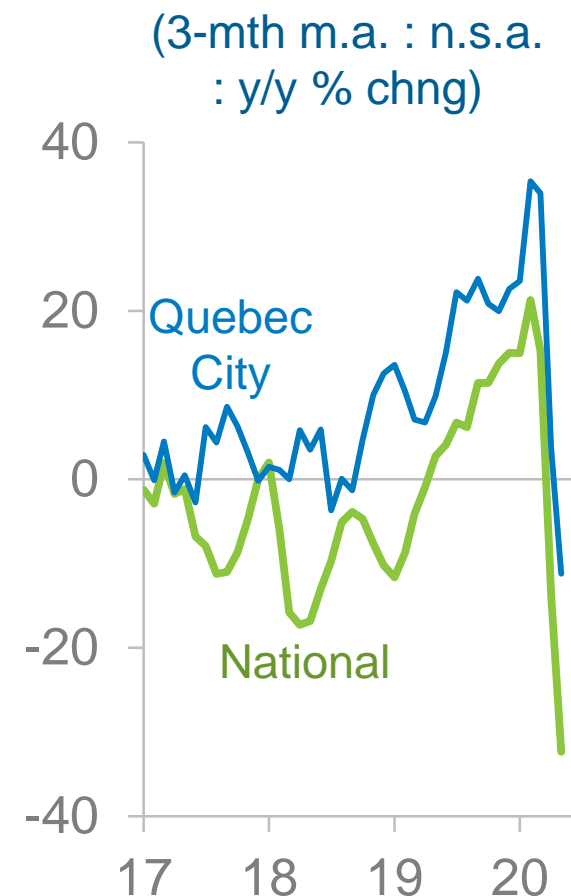
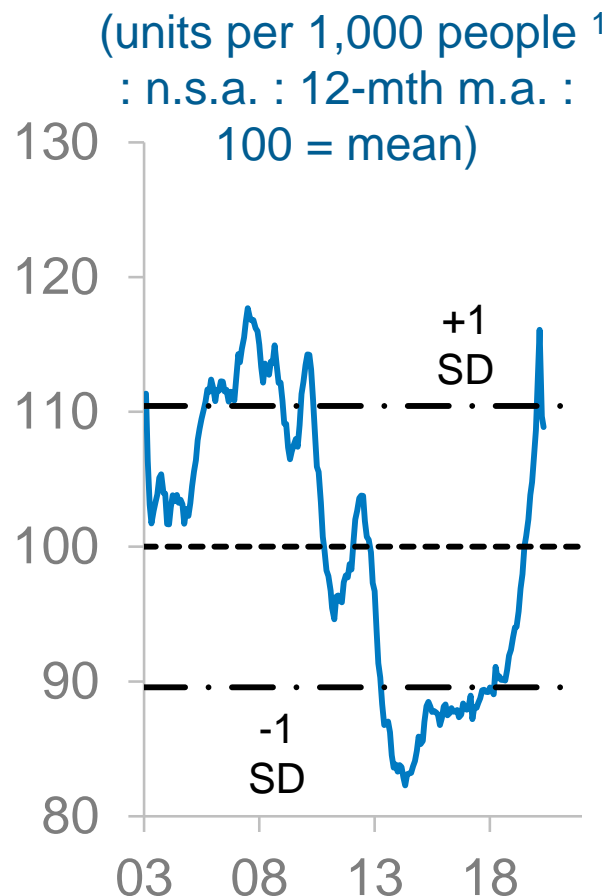
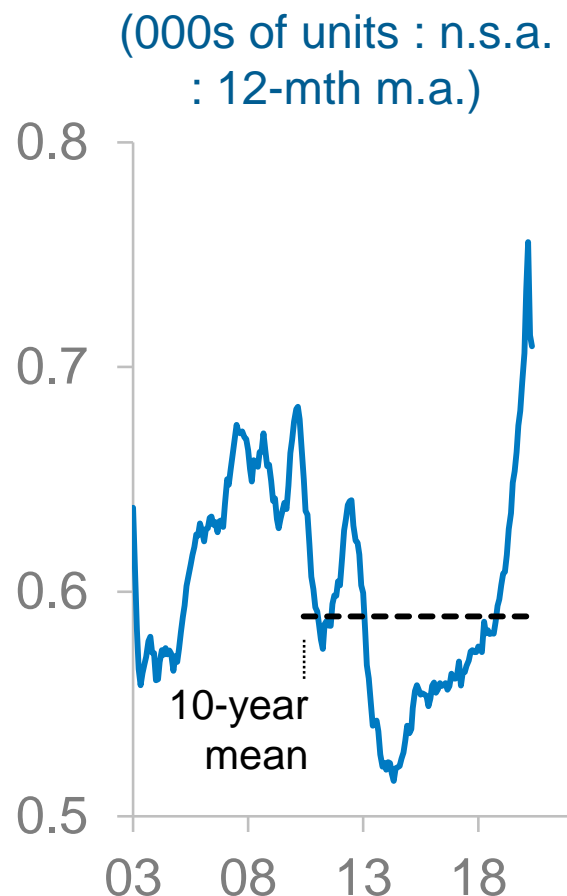


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Fédération des chambres immobilières du Québec

Existing Home Sales Quebec City

(monthly : as of May 2020)

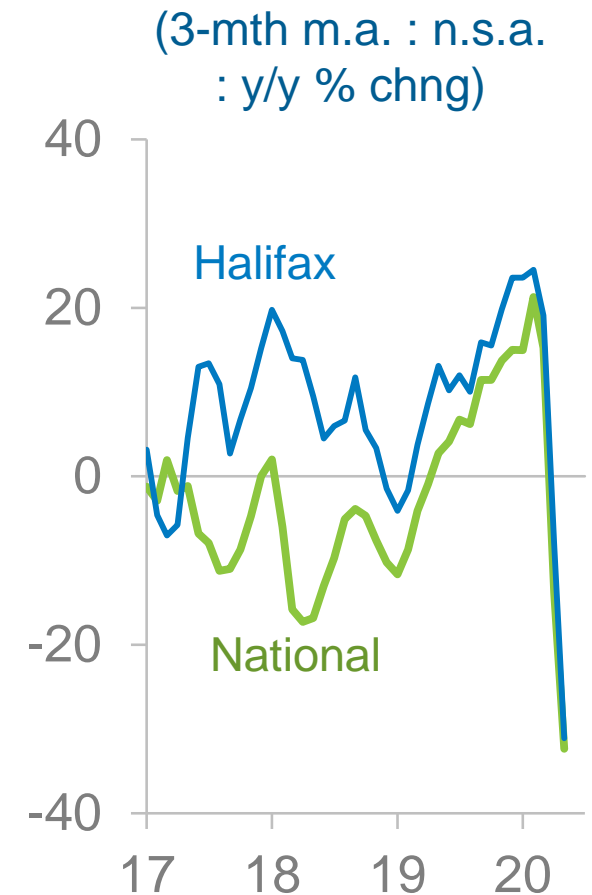
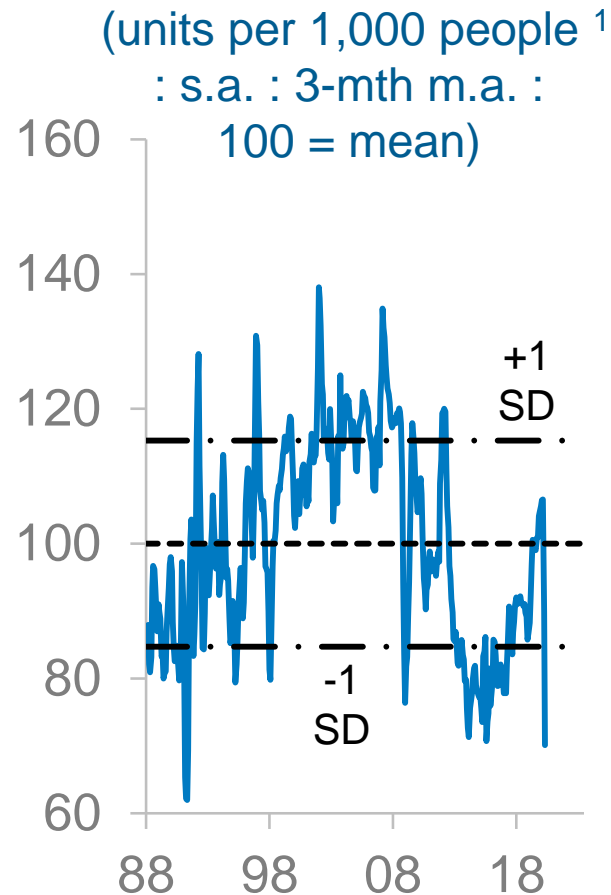
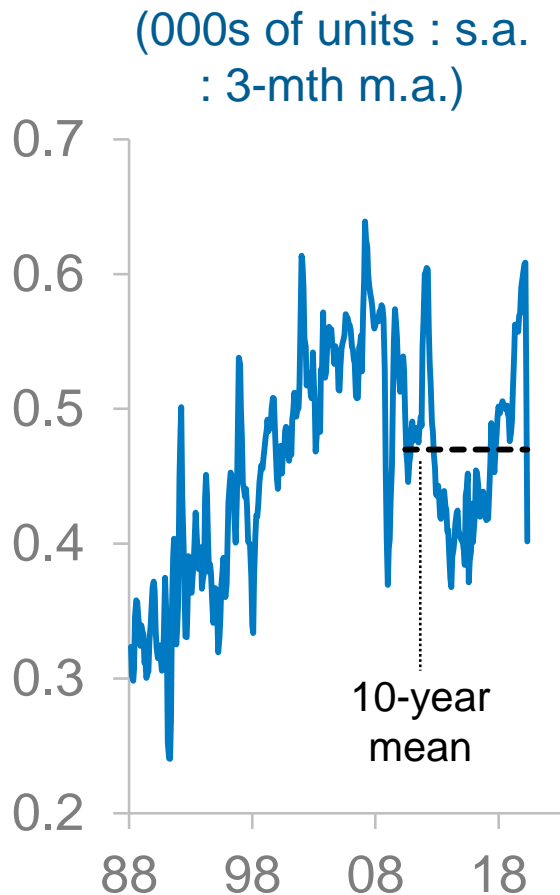


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Fédération des chambres immobilières du Québec

Existing Home Sales Halifax

(monthly : as of May 2020)

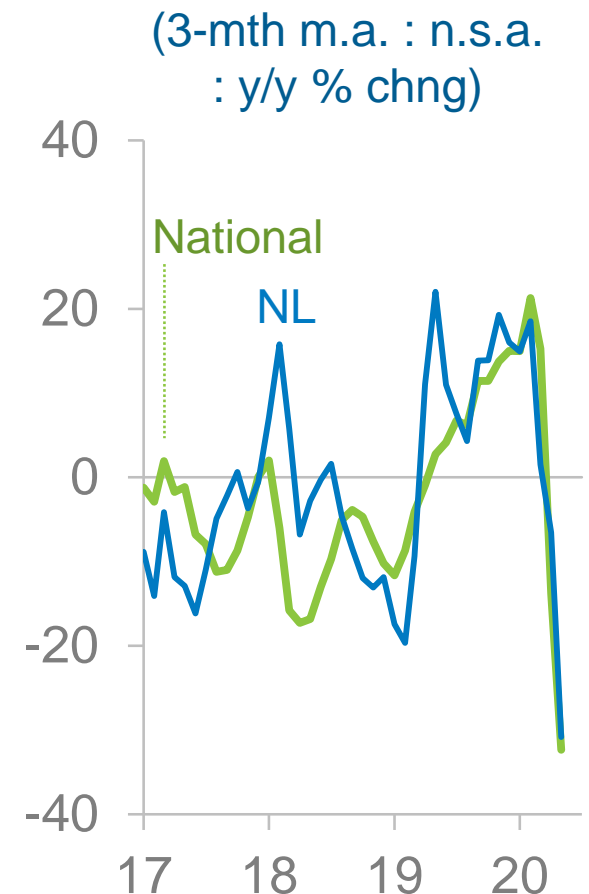
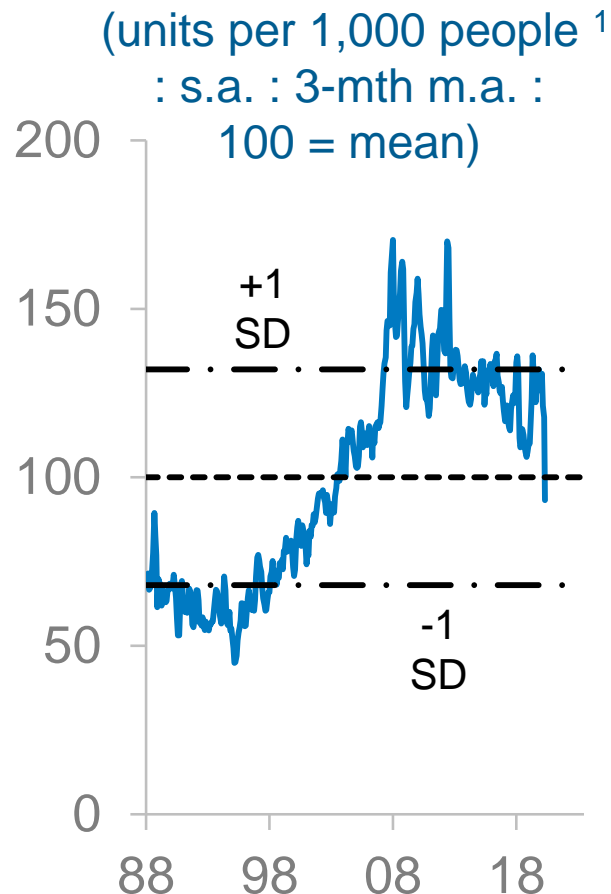
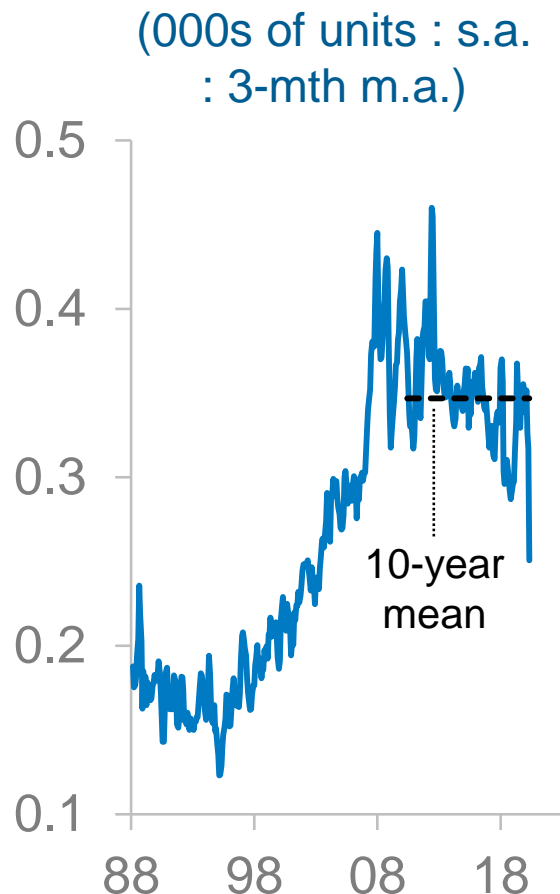


¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales Newfoundland & Labrador

(monthly : as of May 2020)



¹ age 15 and above SD = standard deviation

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Demand Drivers



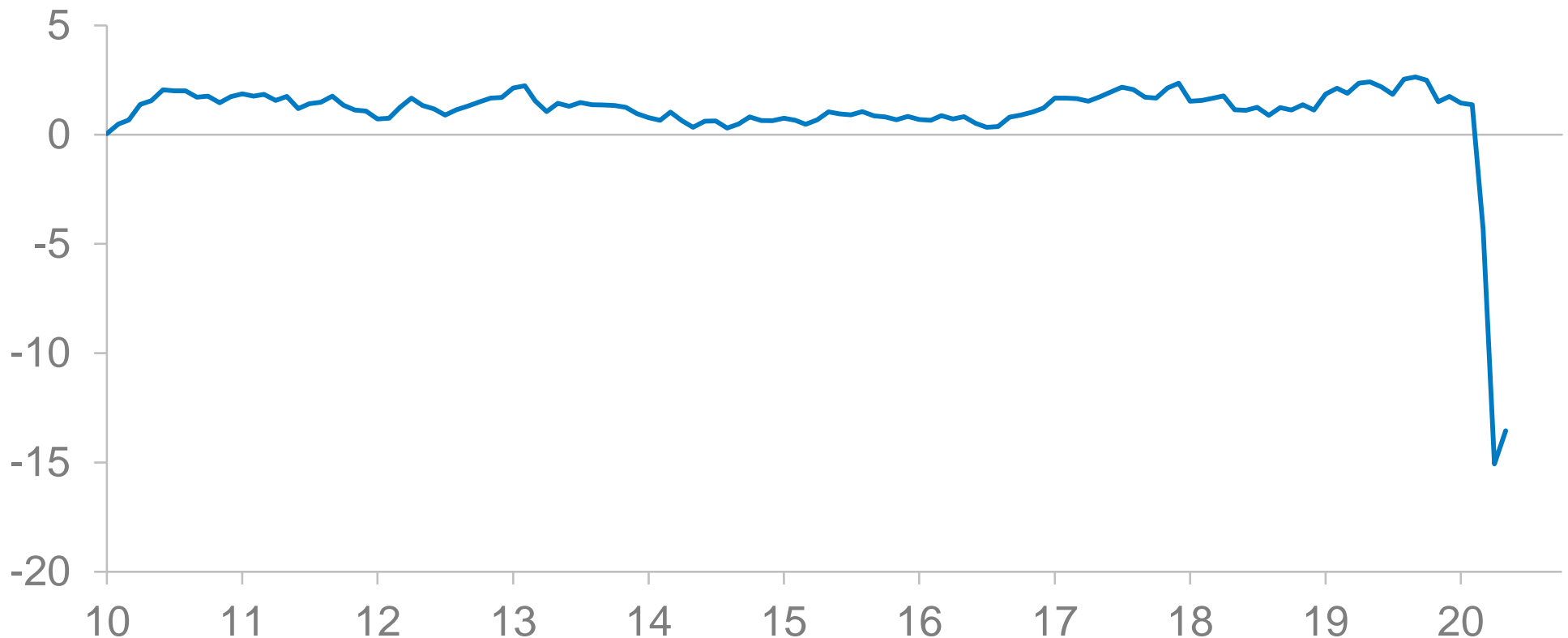
- + Prime-age 30-34 olds growing faster than population
- + Immigration drives household formation
- + 2019 Federal budget measures: interest-free govt. loan and higher tax-free RRSP withdrawal limit
- + Lower mortgage rates
- + Mortgage growth turning up
- High unemployment
- Little pent-up demand
- Poor affordability in Vancouver and Toronto
- Tougher mortgage rules (Federal Jan. 2018; CMHC May 2020)
- Sales tax on foreign buyers in parts of BC and ON

Demand Drivers

– Plunging jobs

Canada (monthly : y/y % chng : as of May 2020)

Employment

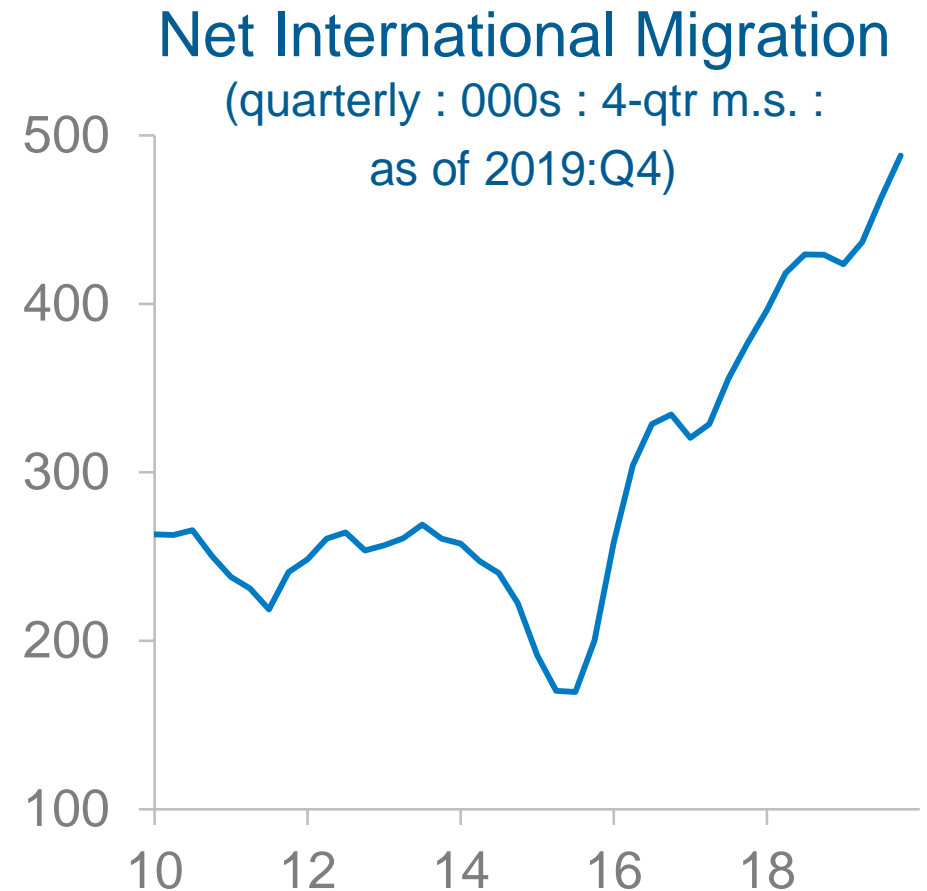
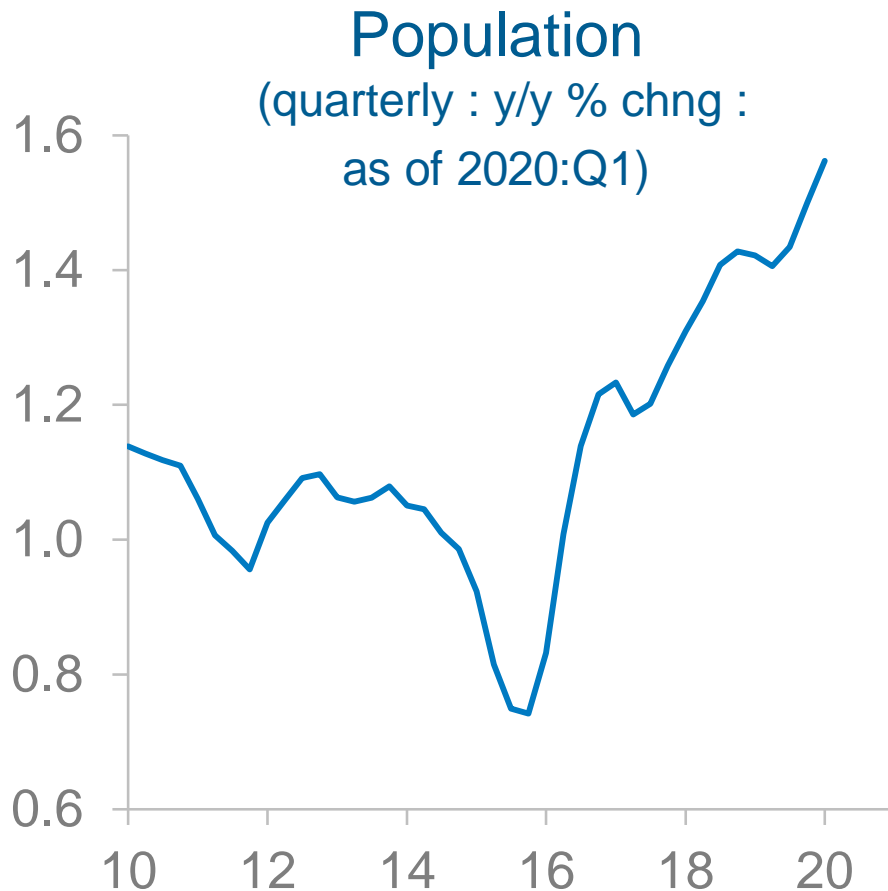


Sources: Statistics Canada, Haver Analytics

Demand Drivers

+ Population driven by immigration

Canada

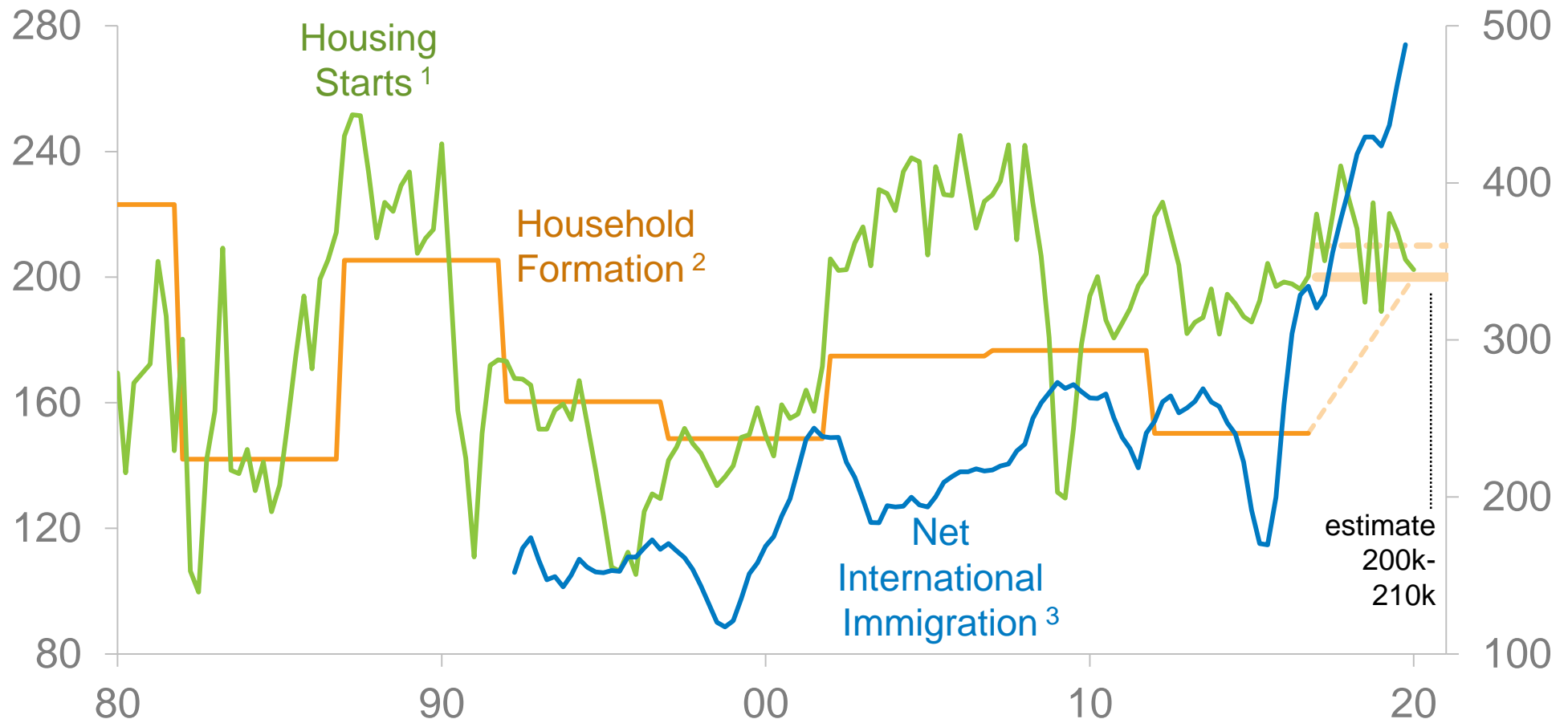


Sources: Statistics Canada, Haver Analytics

Demand Drivers

Household Formation

Canada (quarterly : 000s)



¹ (lhs : s.a. : ann. : as of 2020:Q1)

² (lhs : ann. avg. of 5-yr chng in Census number of households : to 2016)

³ (rhs : 4-qtr m.s. : as of 2019:Q4)

Source: Statistics Canada, CMHC, Haver Analytics

Demand Drivers

+ More potential first-time buyers

Canada (annual : y/y % chng : as of 2019)

Population – Age 25 to 34



¹ Statistics Canada Scenario M3, medium-growth, historical trends (1999/2000-2002/2003)

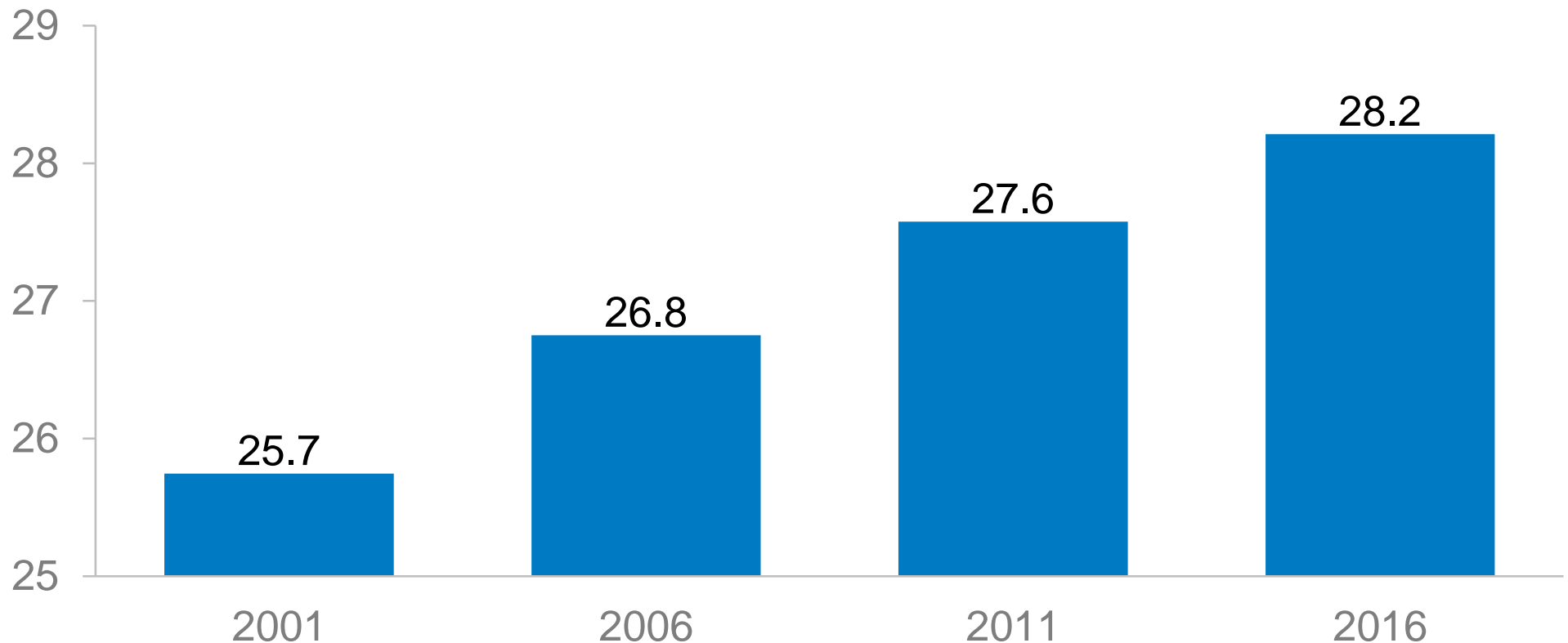
Sources: Statistics Canada, Haver Analytics

Demand Drivers

+ More single-person households

Canada (annual : % of total households : as of 2016)

Single-Person Households



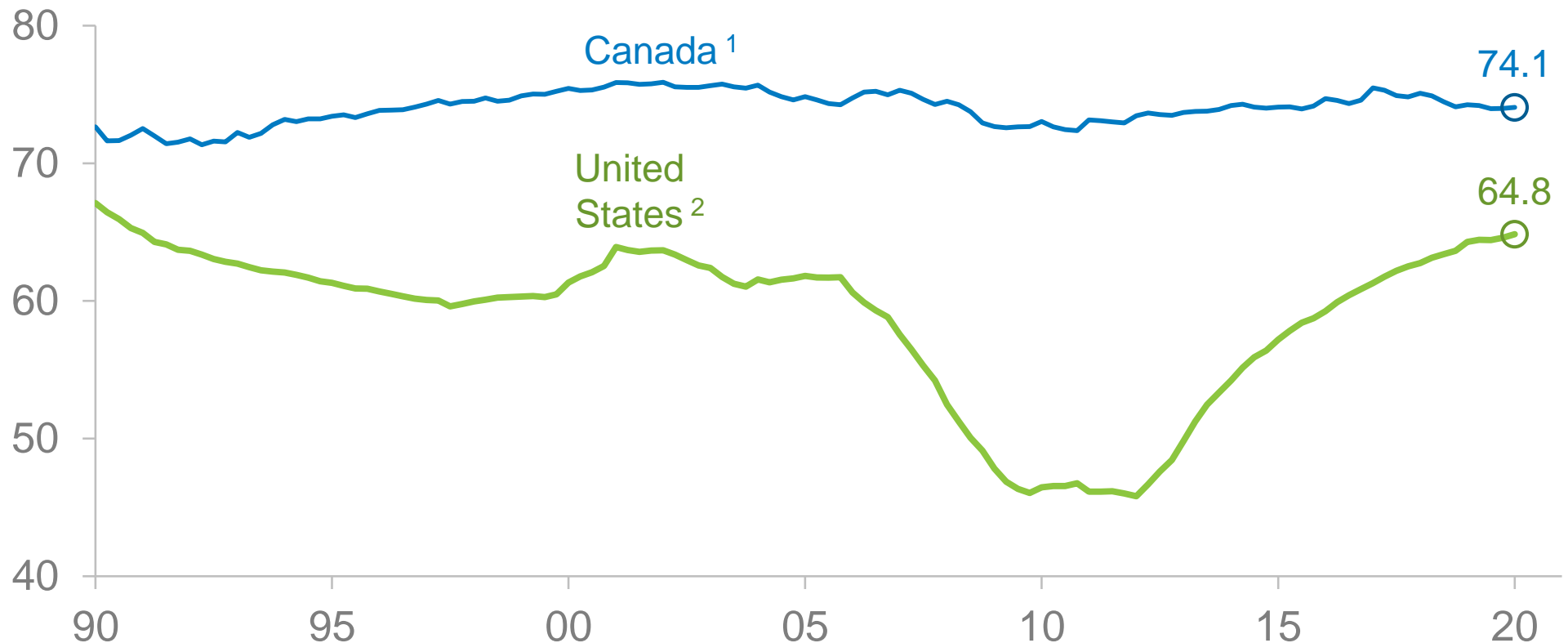
Sources: Statistics Canada, Haver Analytics

Demand Drivers

+ Equity for second-home purchases

(quarterly : percent)

Owner's Equity as a Percent of Real Estate



¹ (as of 2020:Q1) ² (as of 2020:Q1)

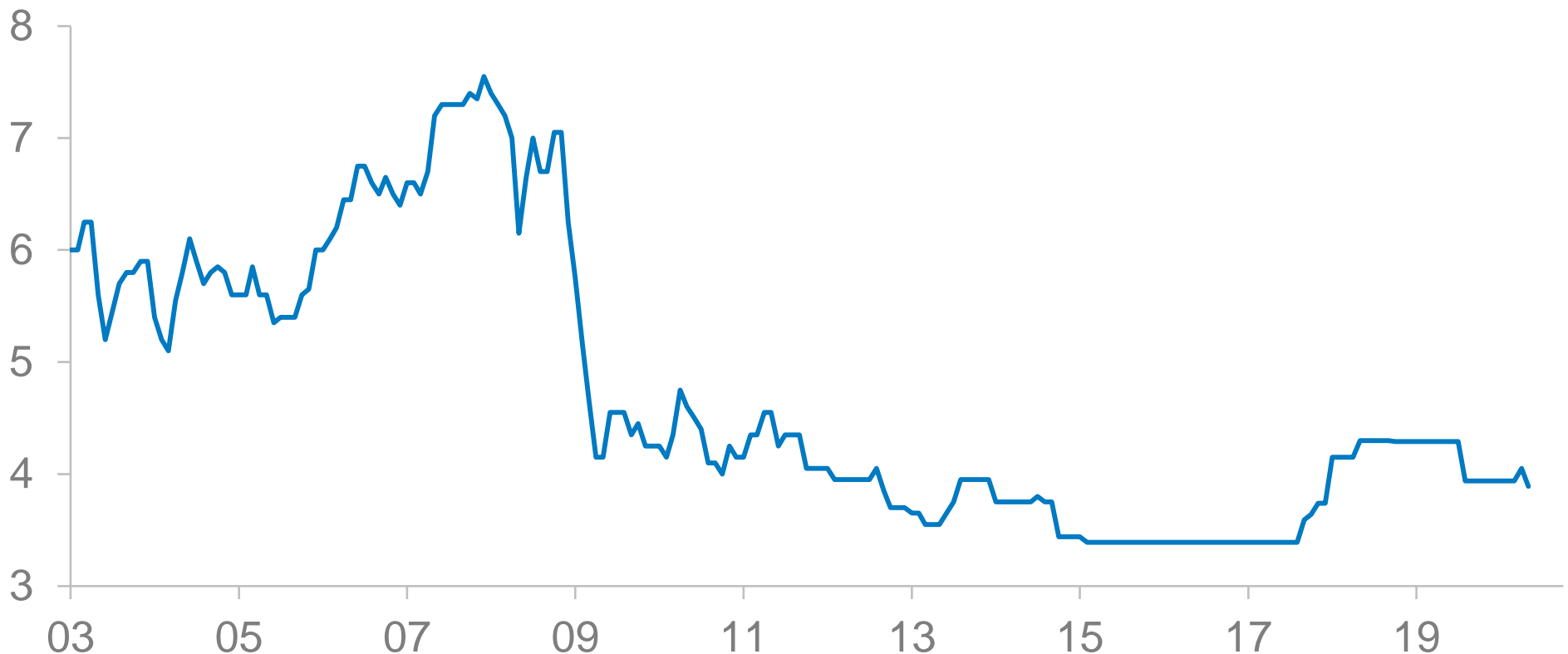
Source: Statistics Canada, U.S. Federal Reserve Board, Haver Analytics

Demand Drivers

+ Lower mortgage rates

Canada (monthly : percent : as of May 2020)

3-Year Conventional Mortgage Rate



Sources: Bank of Canada, Haver Analytics

Demand Drivers

+ Mortgage growth has picked up

Canada (monthly : y/y % chng : as of April 2020)

Residential Mortgages



Sources: Bank of Canada, Haver Analytics

– Tougher mortgage rules (despite recent easing)



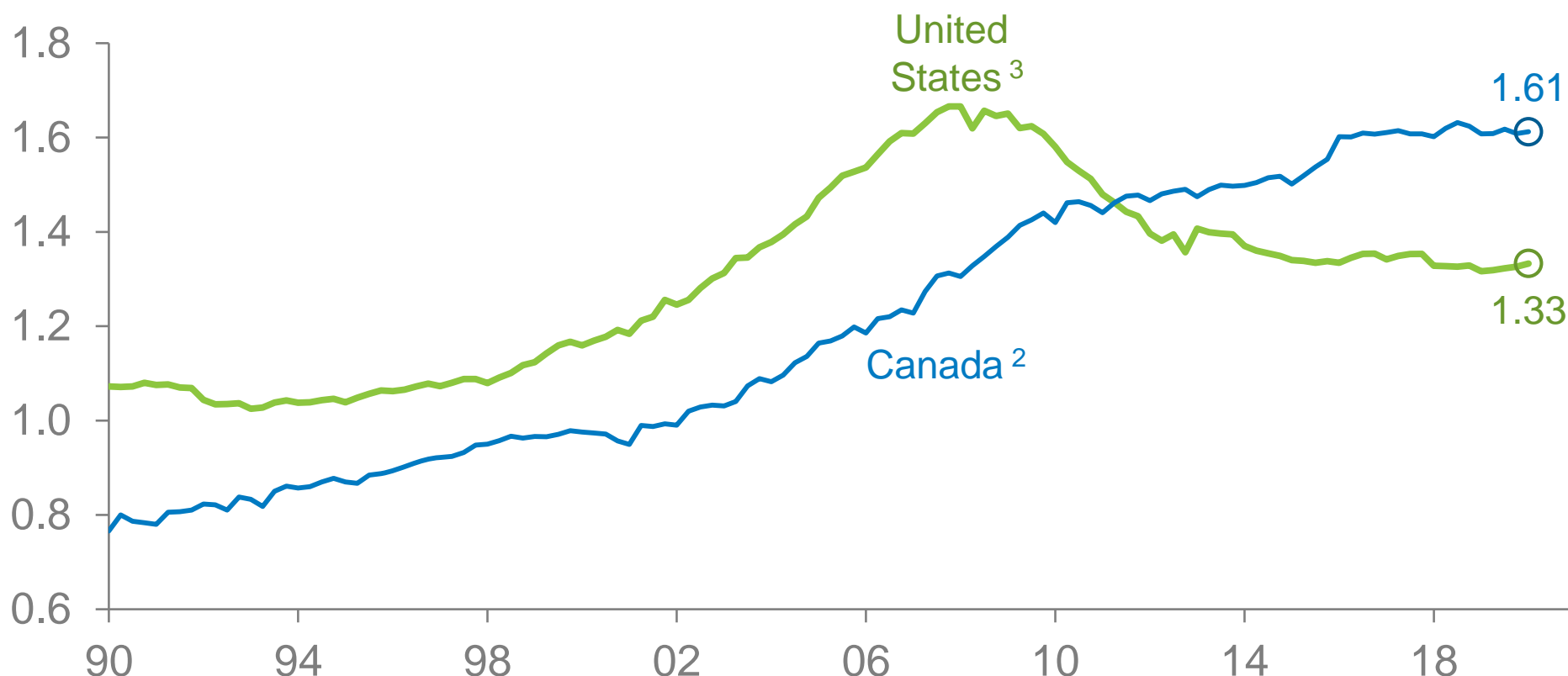
- 2010/12: Insured mortgage no longer available for:
 - Terms longer than 25 years
 - Homes priced above \$1 million
 - If housing costs exceed 39% of gross income
- Eff. Feb. 15/2016: Minimum down payment rises from 5% to 10% on portion of home price above \$500k; higher capital requirements for lenders; higher fees on government-backed mortgages.
- Eff. Oct/Nov 2016: higher qualifying rate on 5-year and longer fixed rate mortgages; new rules apply to portfolio-insured mortgages; closed tax loophole on sales of “principal” residences
- Eff. Jan 2018: higher qualifying rate on uninsured mortgages; restrictions on bundled loans
- May 2020: CMHC lowered maximum debt-service ratios and raised minimum credit scores on insured mortgages

Demand Drivers

— Elevated but steadier household debt

(quarterly : ratio to personal disposable income)

Household Debt ¹



¹ includes household and unincorporated business debt

² Uses the Bank of Canada's comparable-to-the-U.S. measure;(as of 2020:Q1)

³ (as of 2020:Q1)

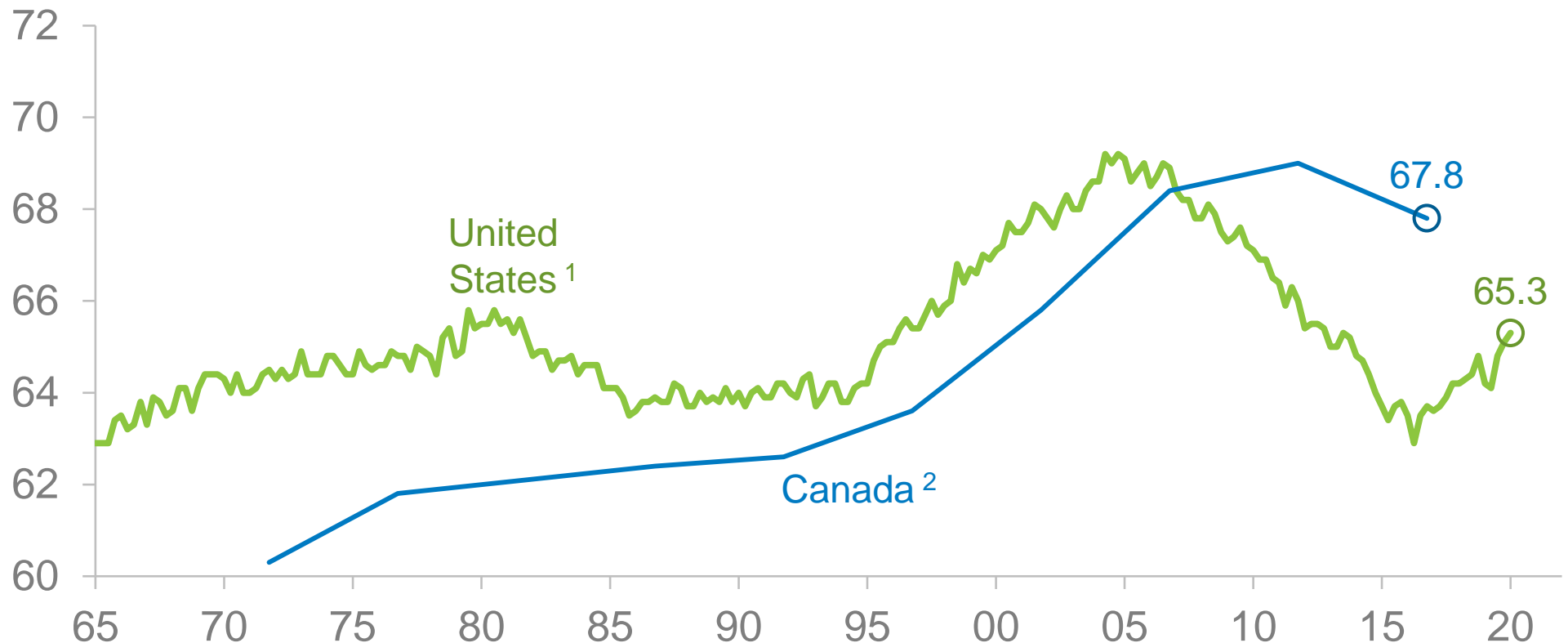
Sources: Statistics Canada, U.S. Federal Reserve Board, U.S. Bureau of Economic Analysis, Haver Analytics

Demand Drivers

— Little pent-up demand

(quarterly : percent)

Homeownership Rate



¹ (n.s.a. : as of 2020:Q1) ² (as of 2016)

Sources: U.S. Census Bureau, Haver Analytics, Statistics Canada, BMO Capital Market Economics estimate

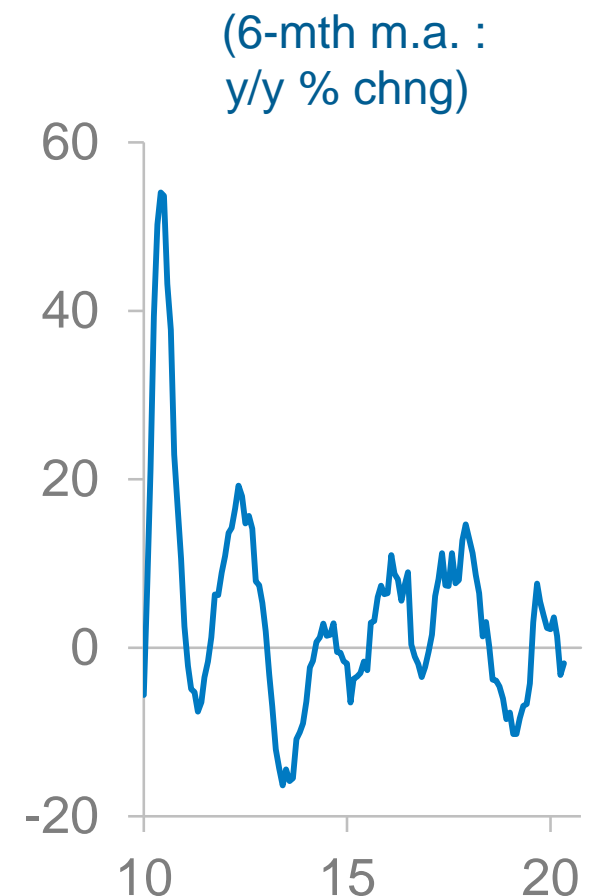
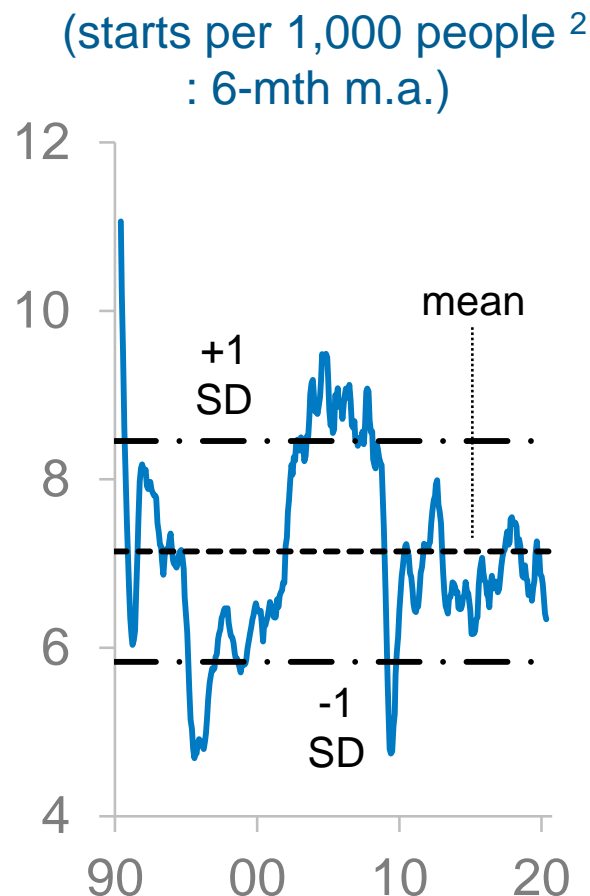
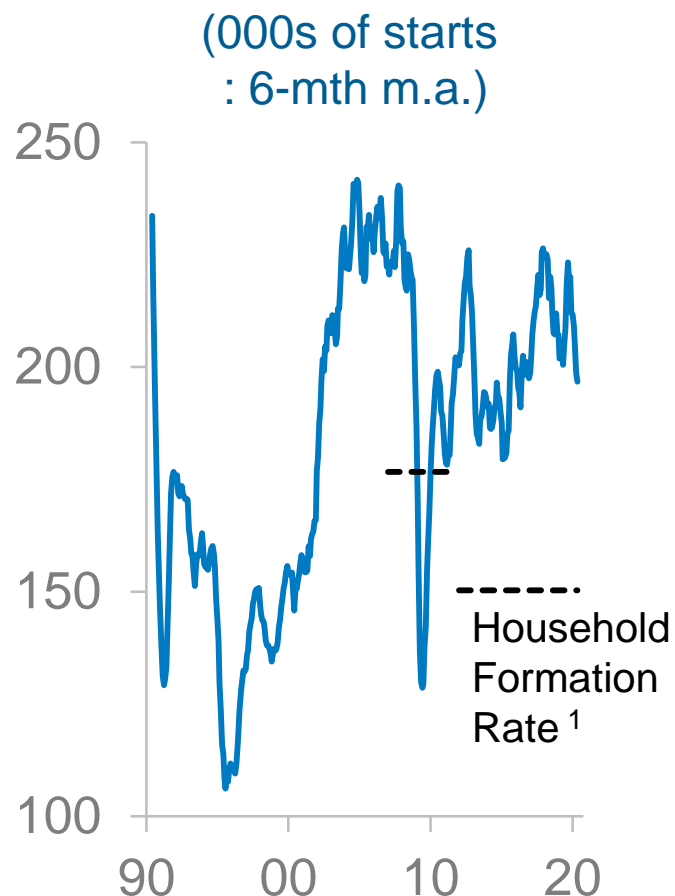
New Supply



- Though rebounding in May, housing starts are expected to decline in 2020 given weaker demand
- Earlier delayed construction could put some upward pressure on house prices, but this is more of a risk in 2021 when demand turns stronger

Housing Starts Canada

(monthly : s.a.a.r. : as of May 2020)

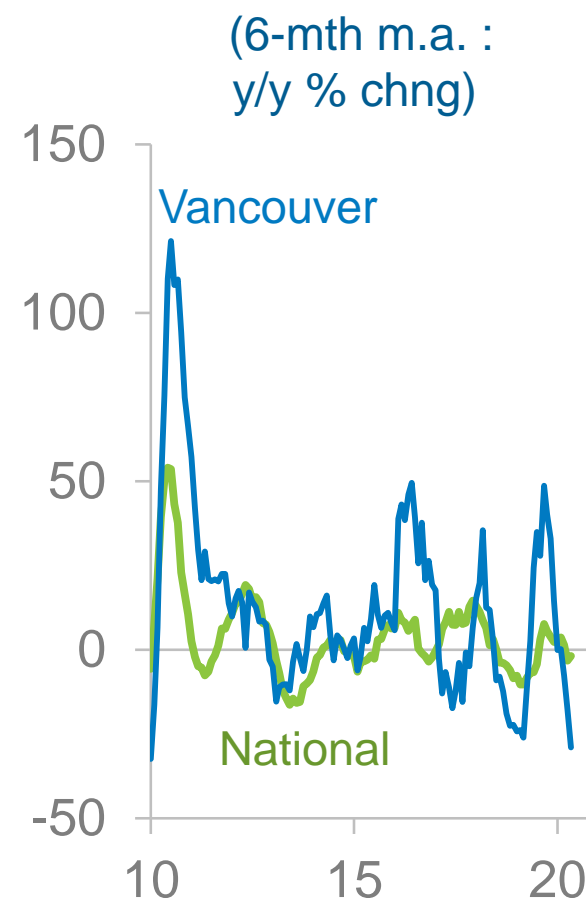
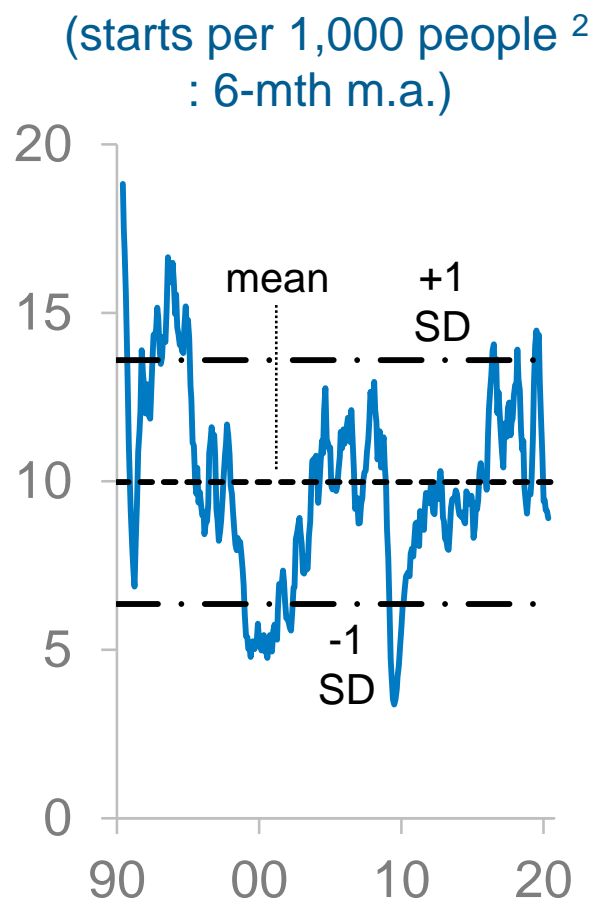
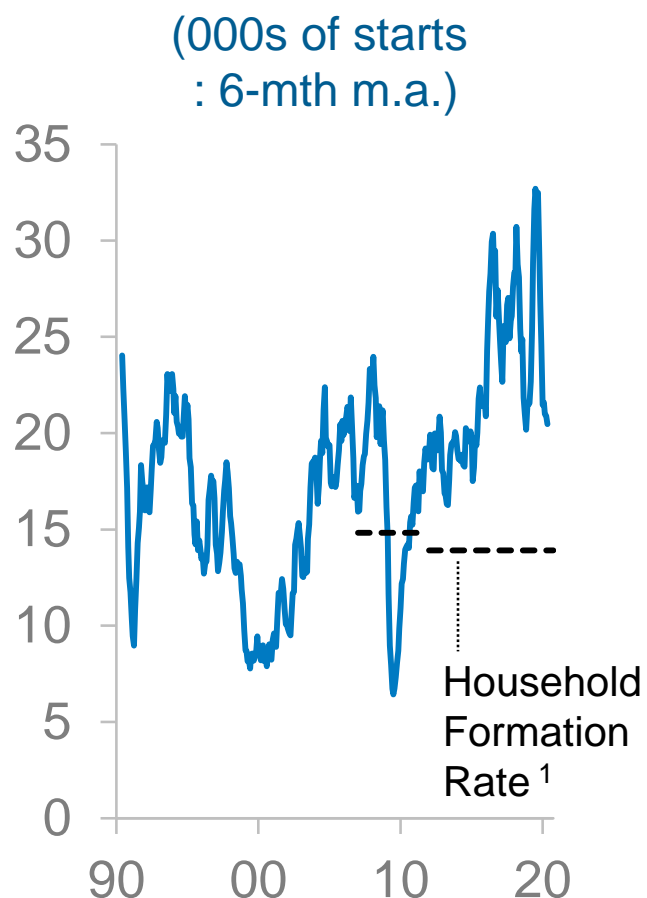


¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts Vancouver

(monthly : s.a.a.r. : as of May 2020)



¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Construction Vancouver

(monthly : 000s : as of April 2020)

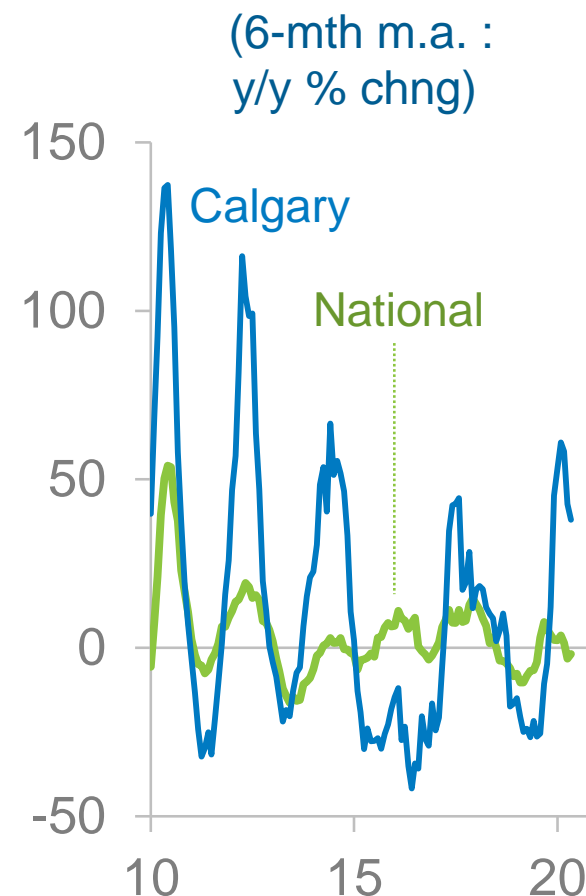
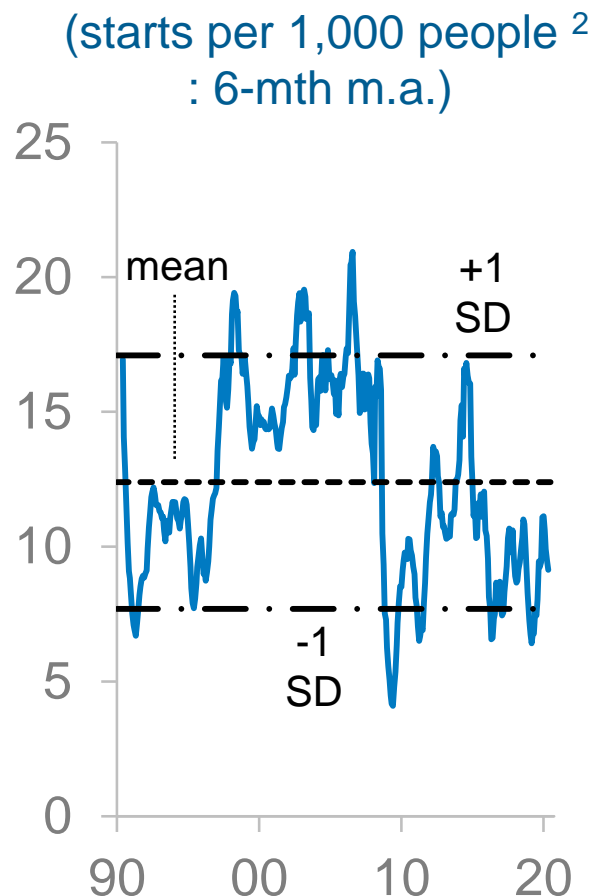
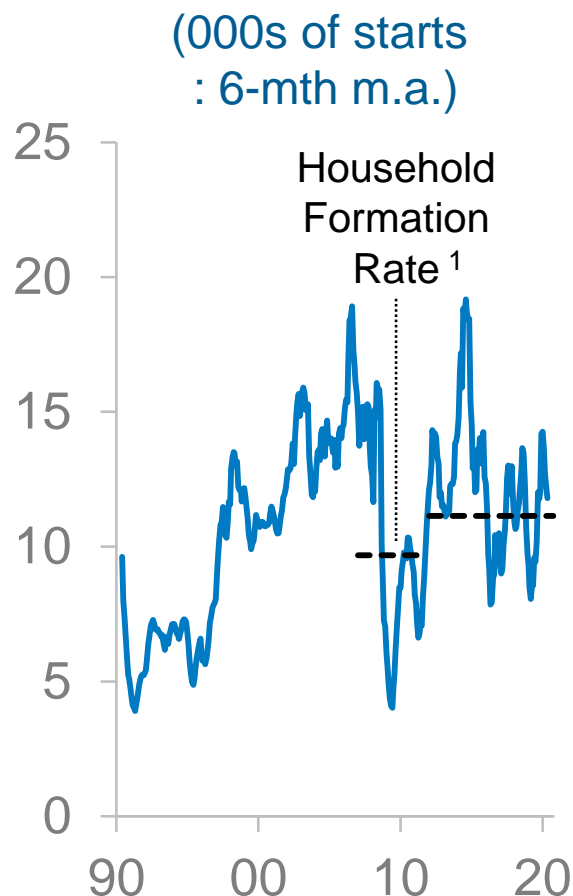
Housing Units under Construction



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Housing Starts Calgary

(monthly : s.a.a.r. : as of May 2020)

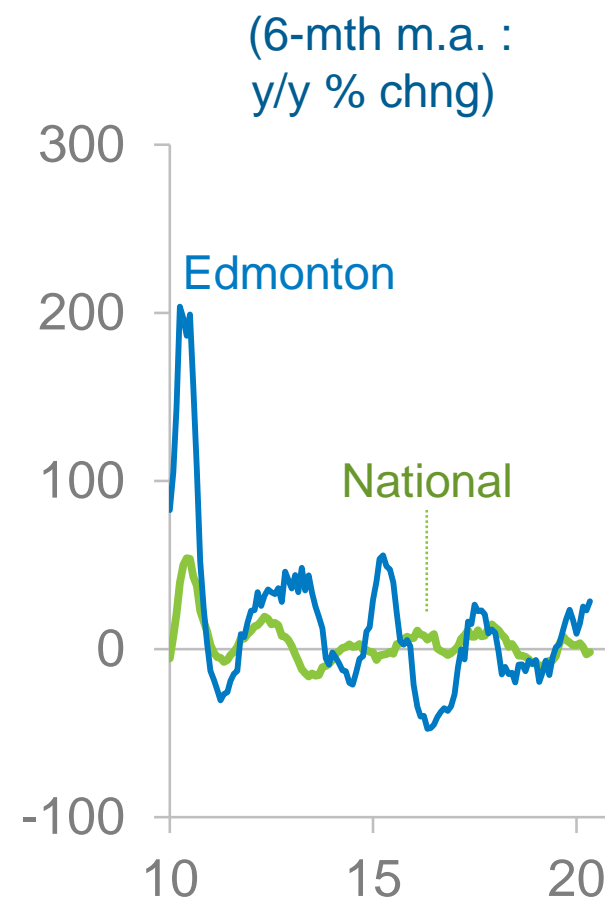
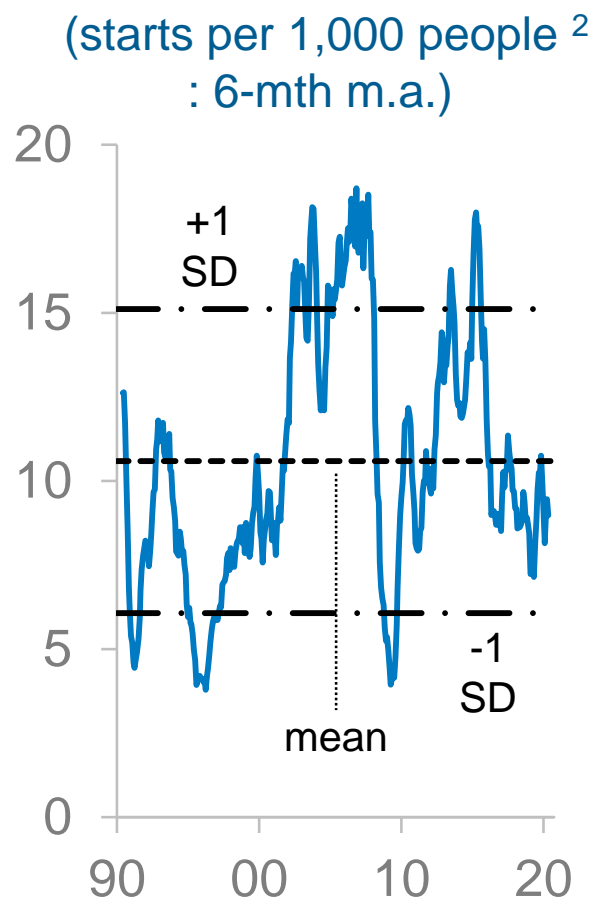
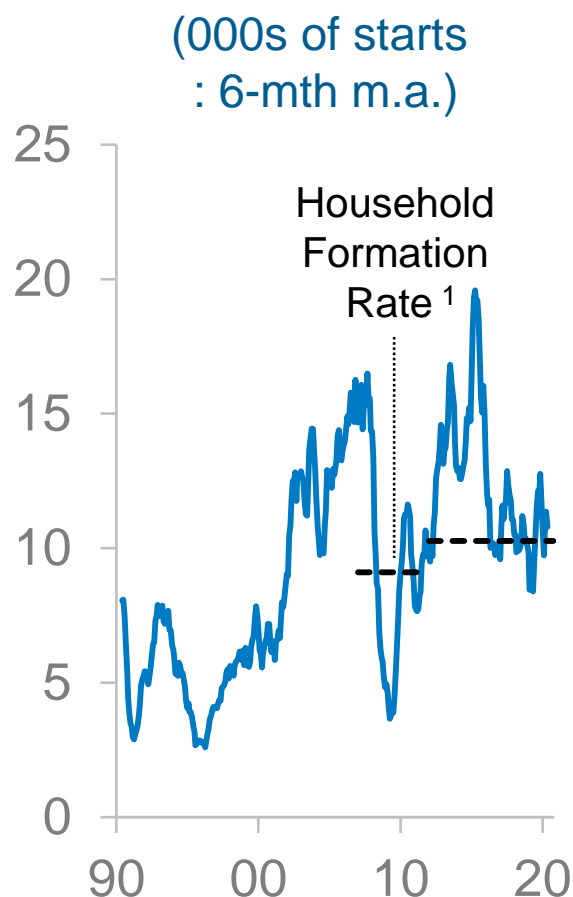


¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts Edmonton

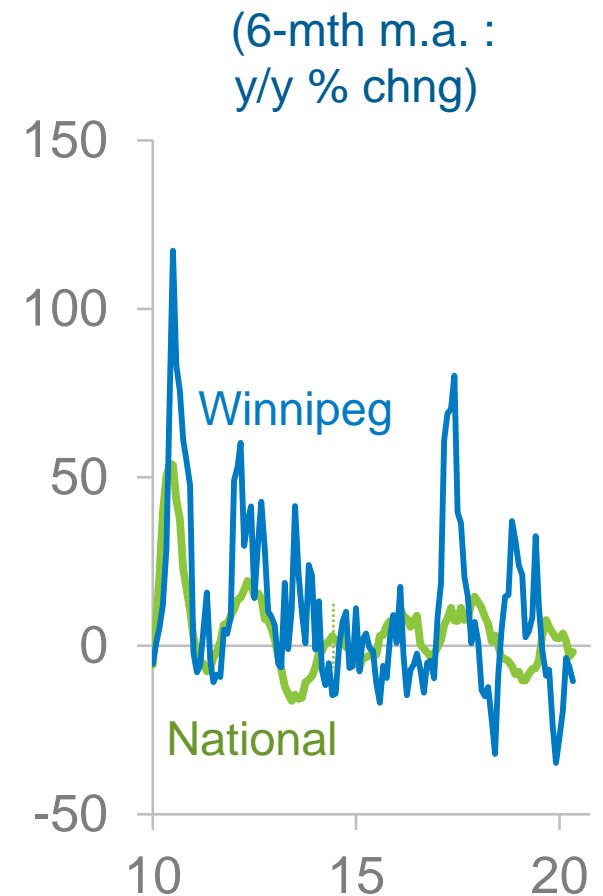
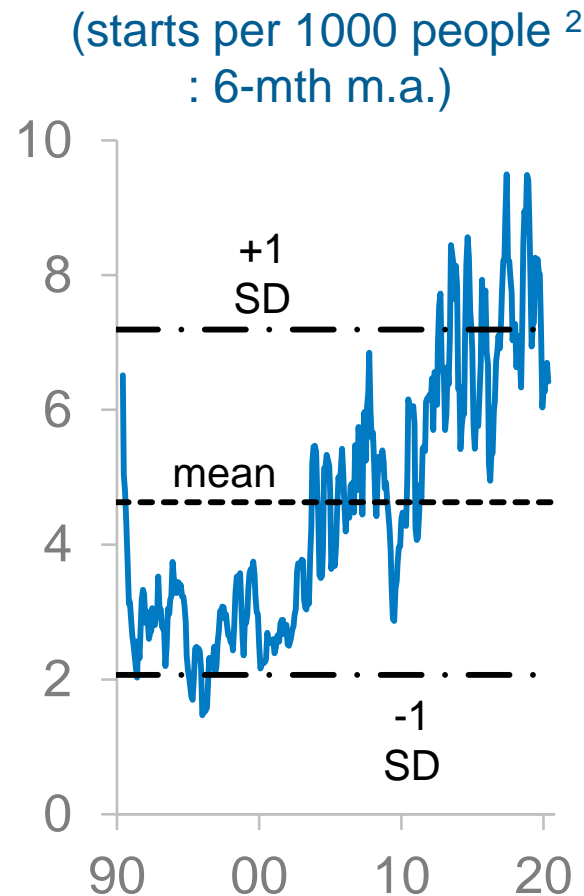
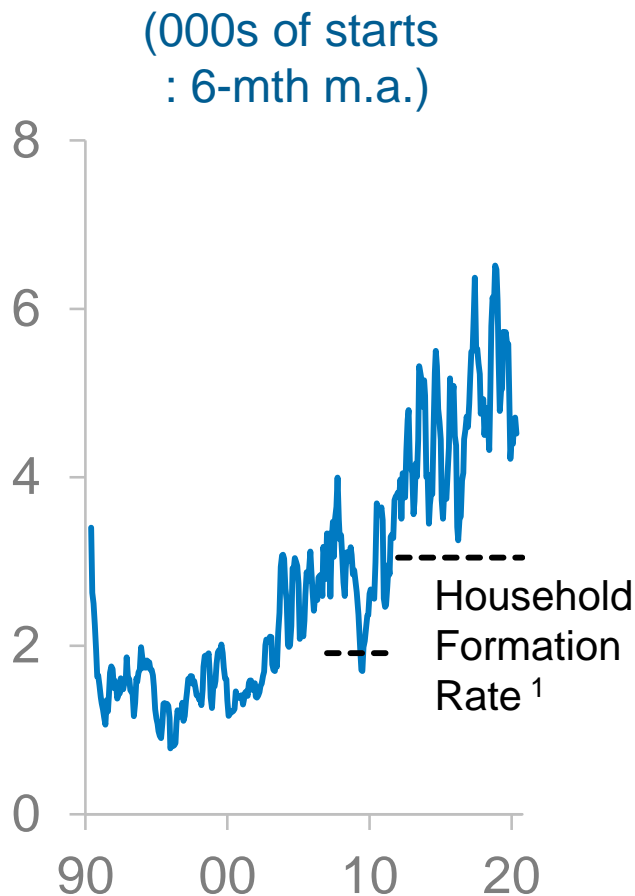
(monthly : s.a.a.r. : as of May 2020)



¹ annual average change from prior census ² age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts Winnipeg

(monthly : s.a.a.r. : as of May 2020)

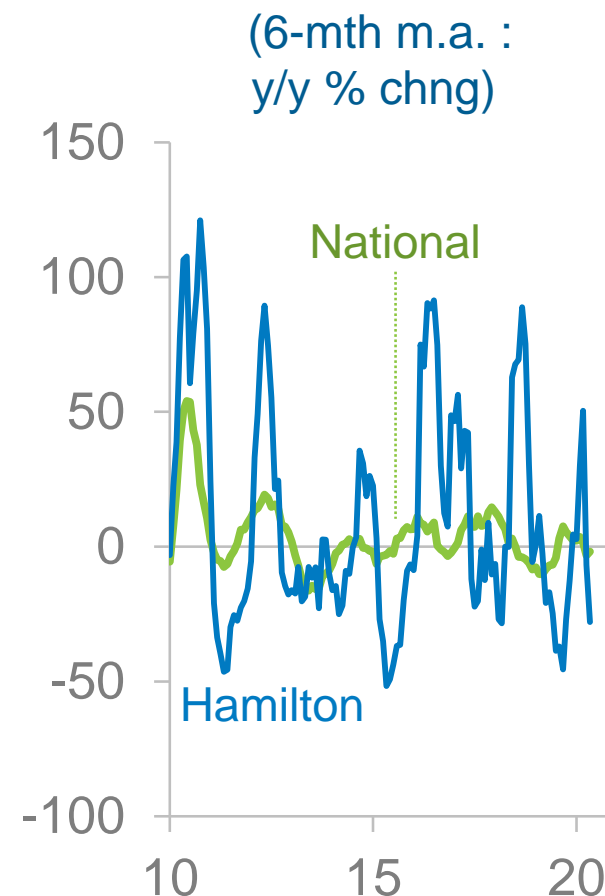
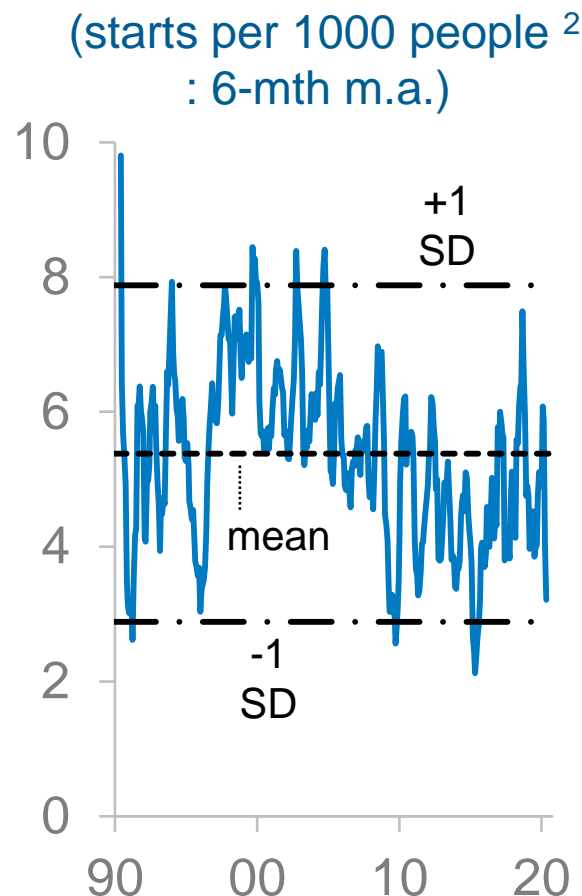
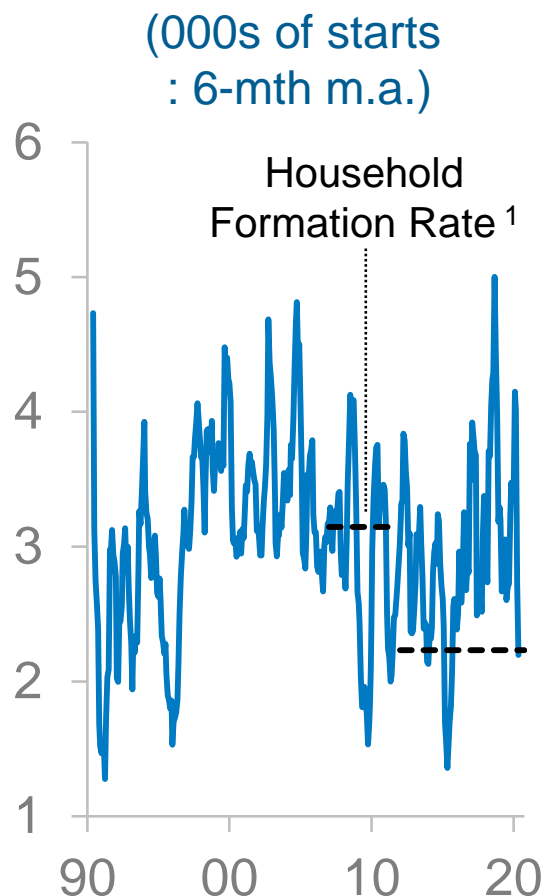


¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts Hamilton

(monthly : s.a.a.r. : as of May 2020)

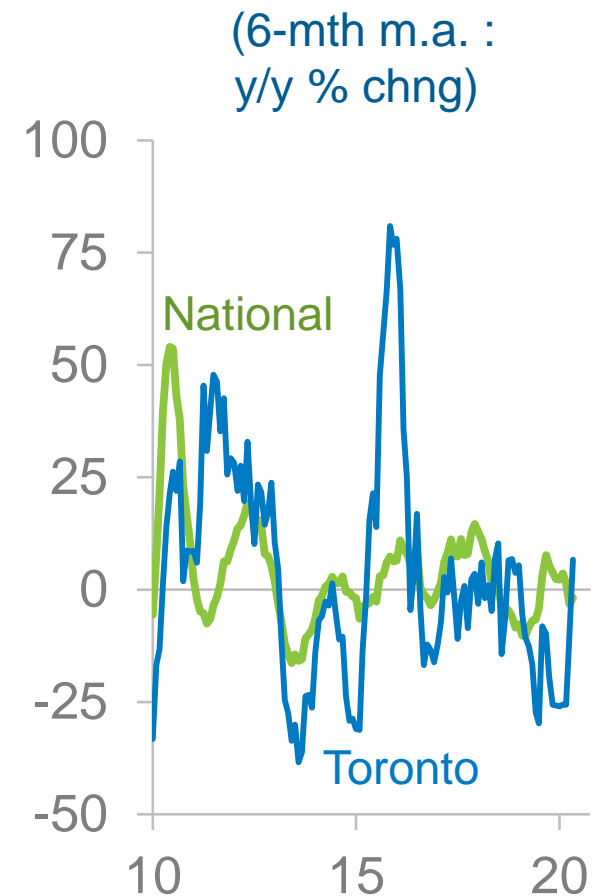
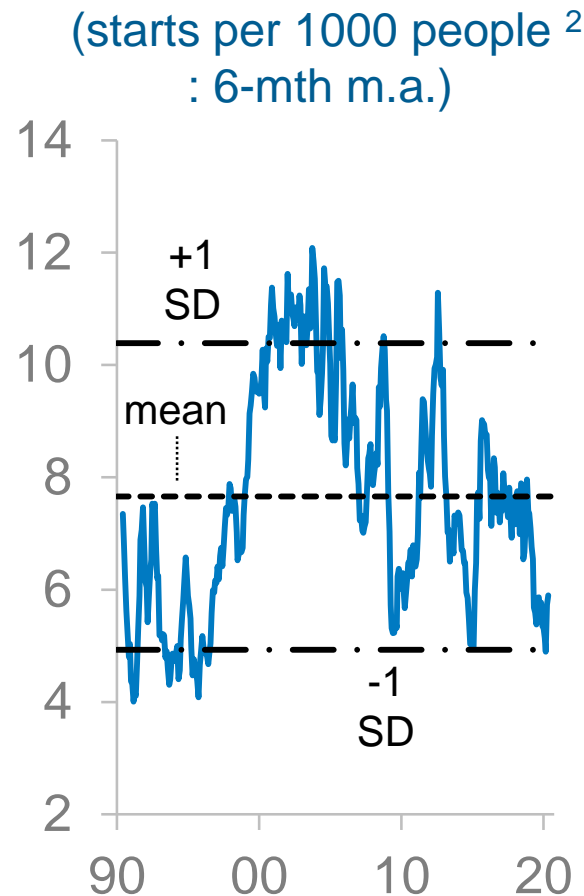
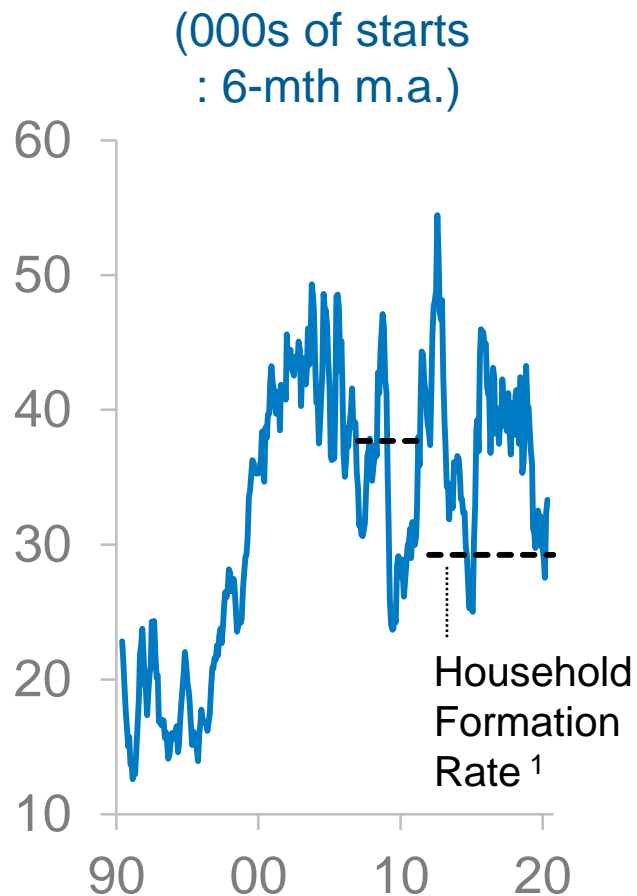


¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts Toronto

(monthly : s.a.a.r. : as of May 2020)



¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Construction Toronto

(monthly : 000s : as of April 2020)

Housing Units under Construction

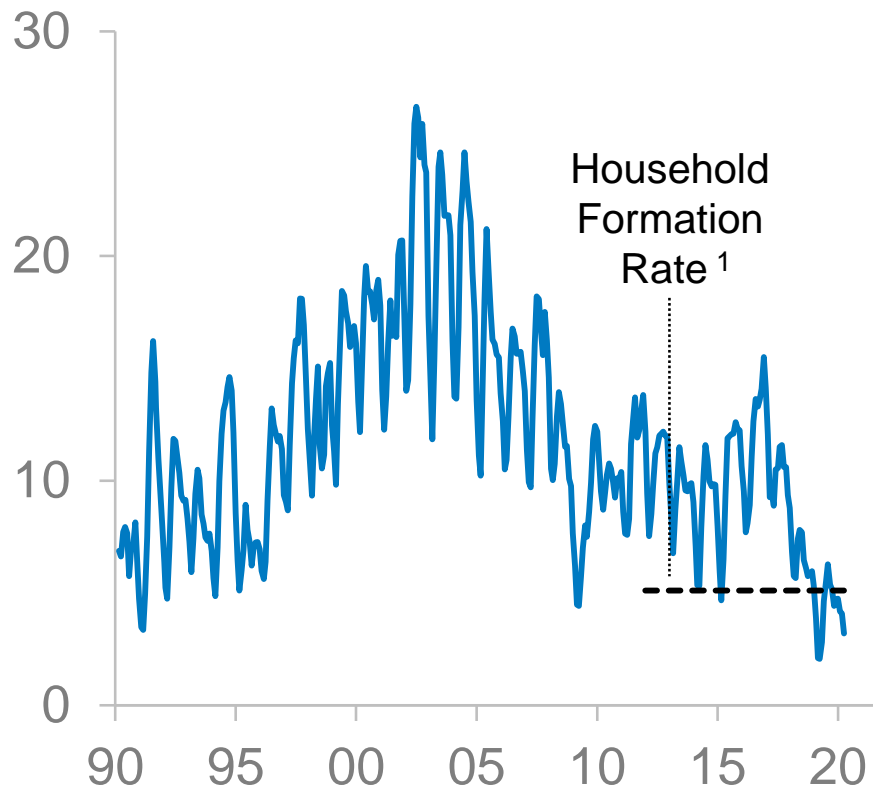


Sources: Canada Mortgage and Housing Corporation, Haver Analytics

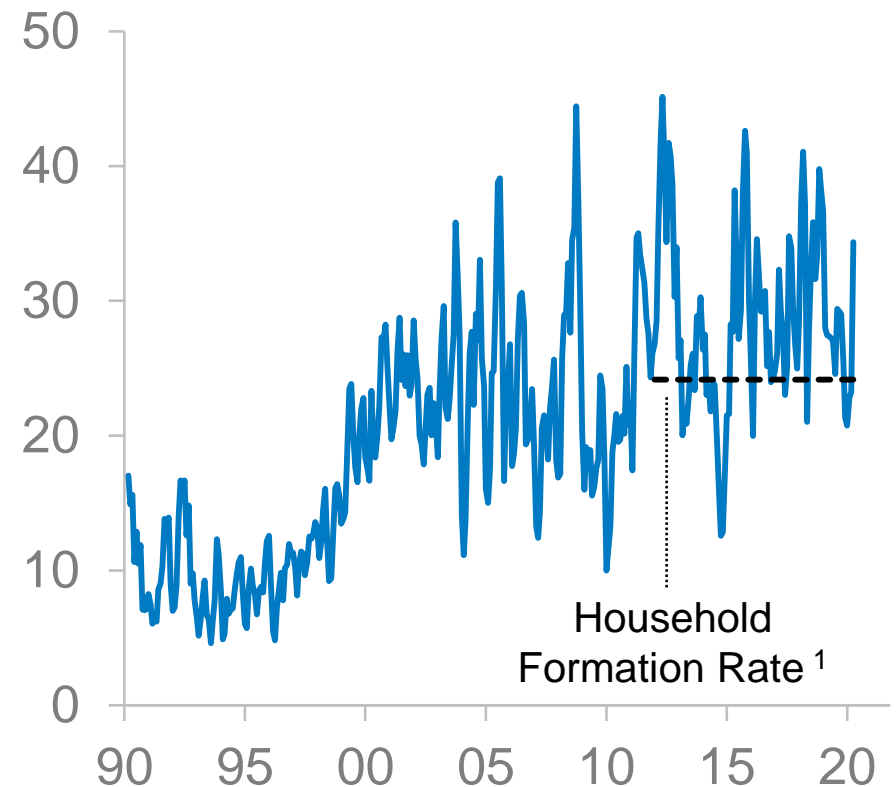
Housing Starts: Singles versus Non-detached Toronto

(monthly : 000s of units : n.s.a. : 3-mth m.a. : annualized : as of April 2020)

Singles



Non-detached

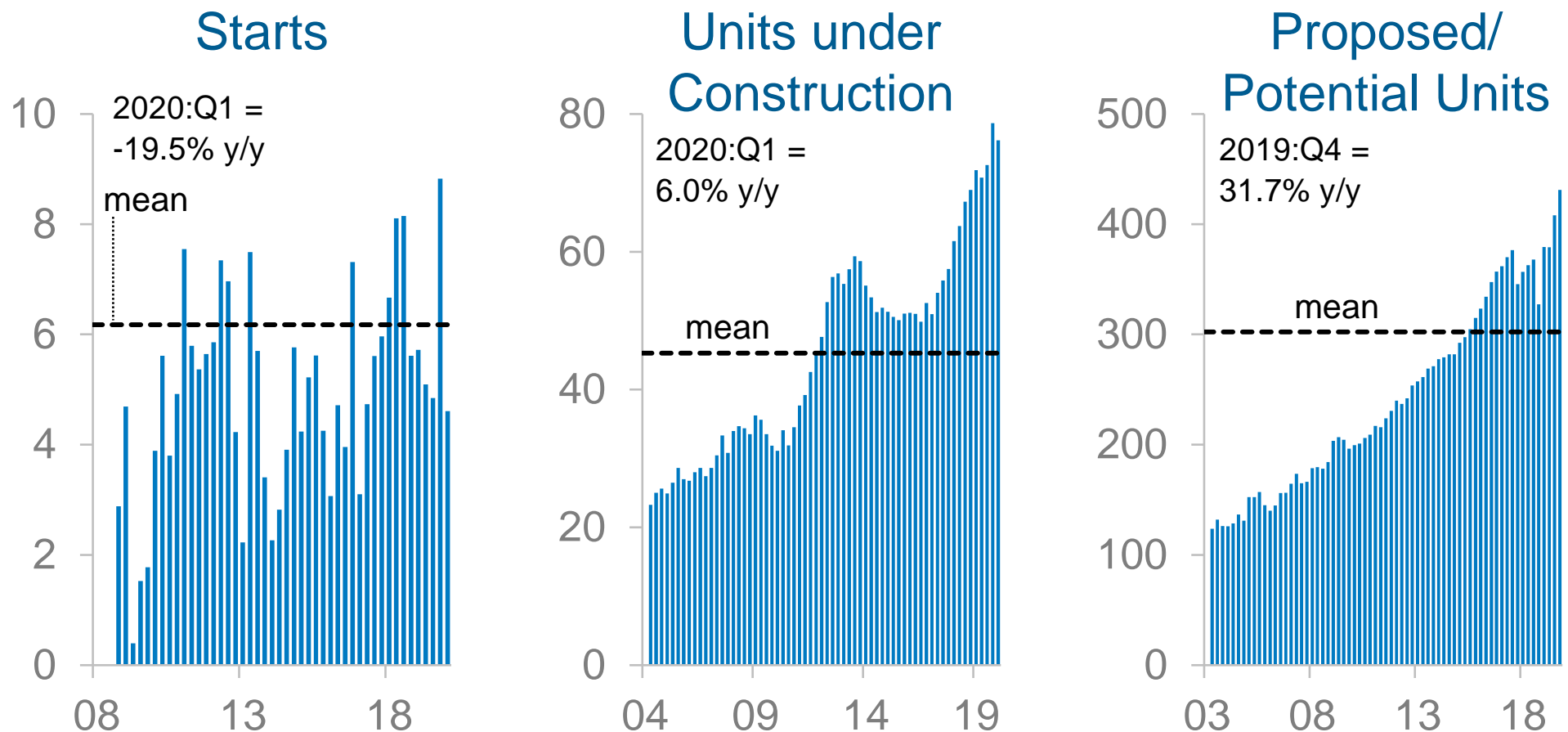


¹ annual average change from prior census

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Condominium Construction Toronto

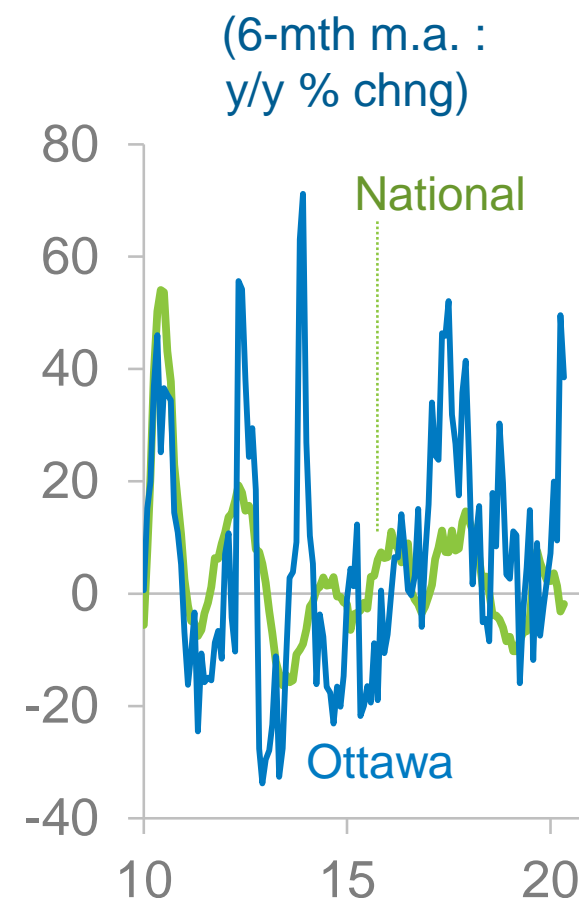
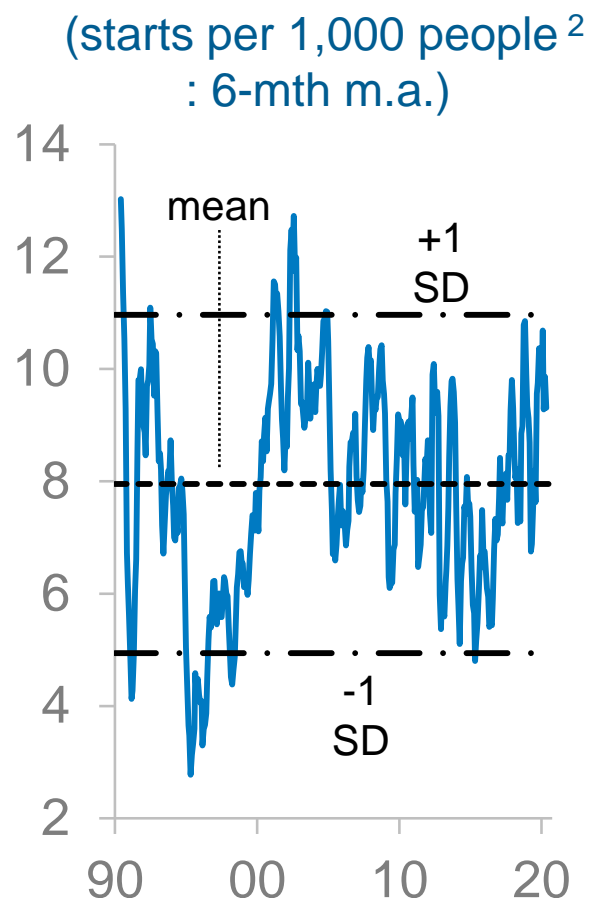
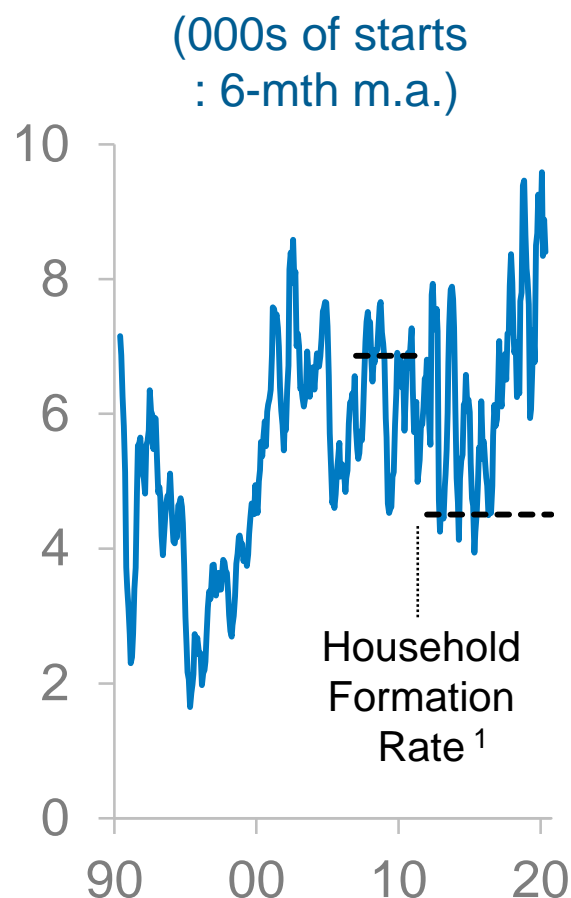
(quarterly : 000s of units : as of 2020:Q1)



Source: Urbanation Inc.

Housing Starts Ottawa

(monthly : s.a.a.r. : as of May 2020)

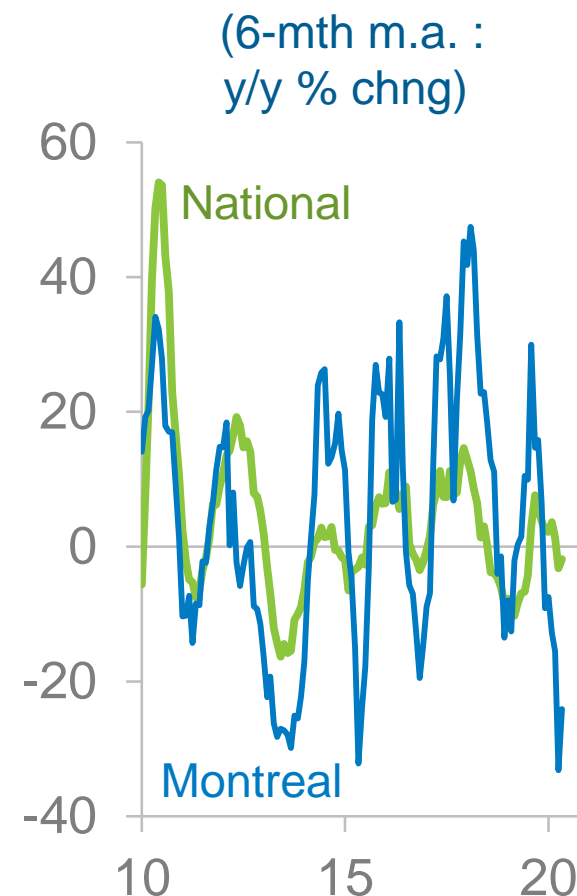
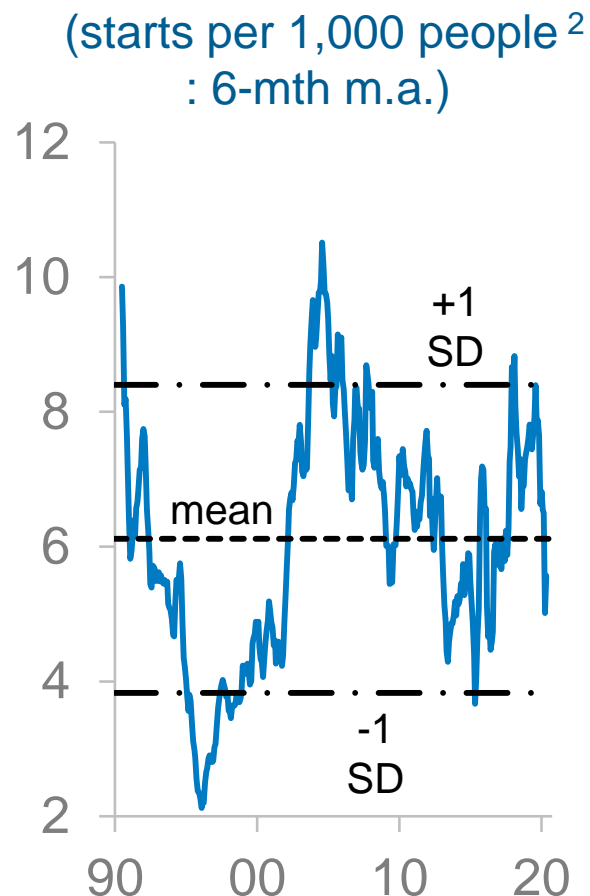
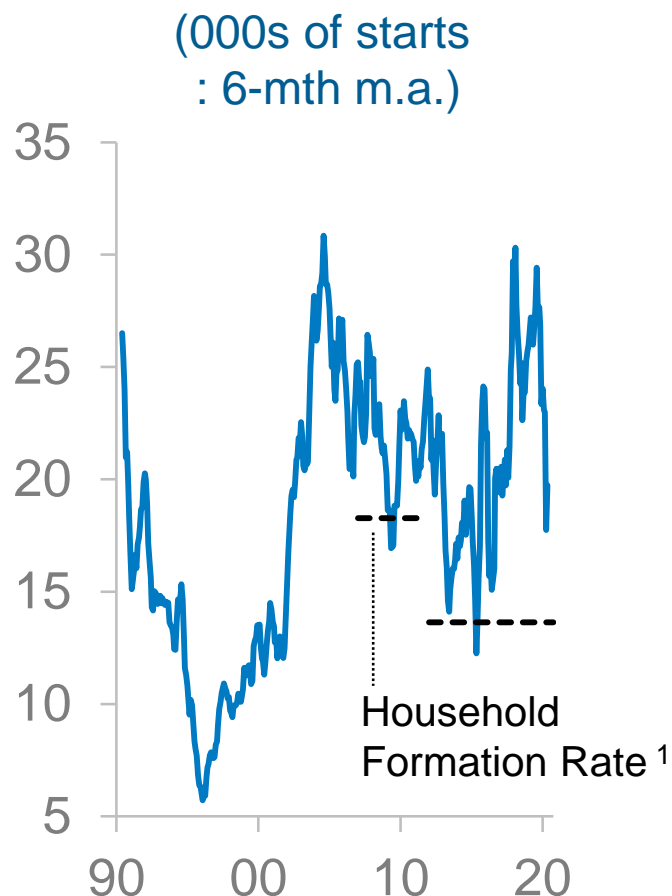


¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts Montreal

(monthly : s.a.a.r. : as of May 2020)



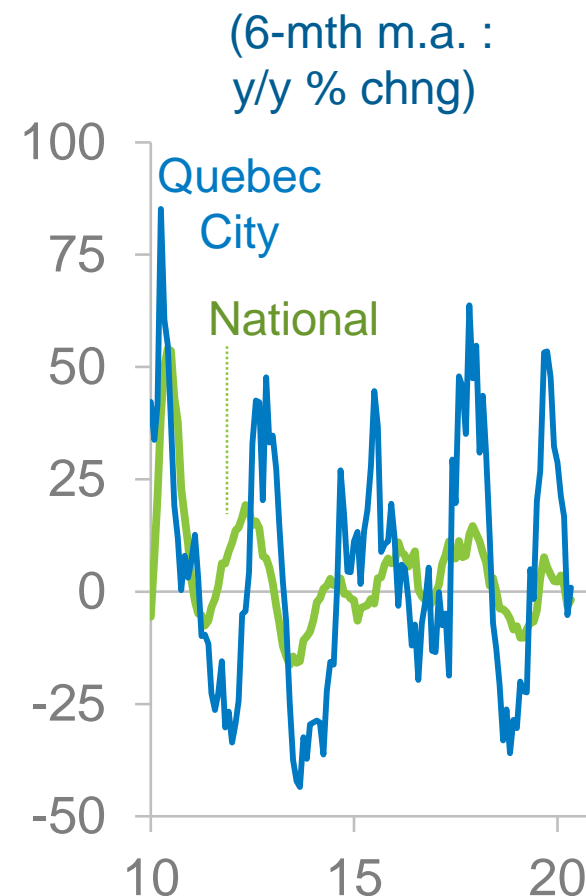
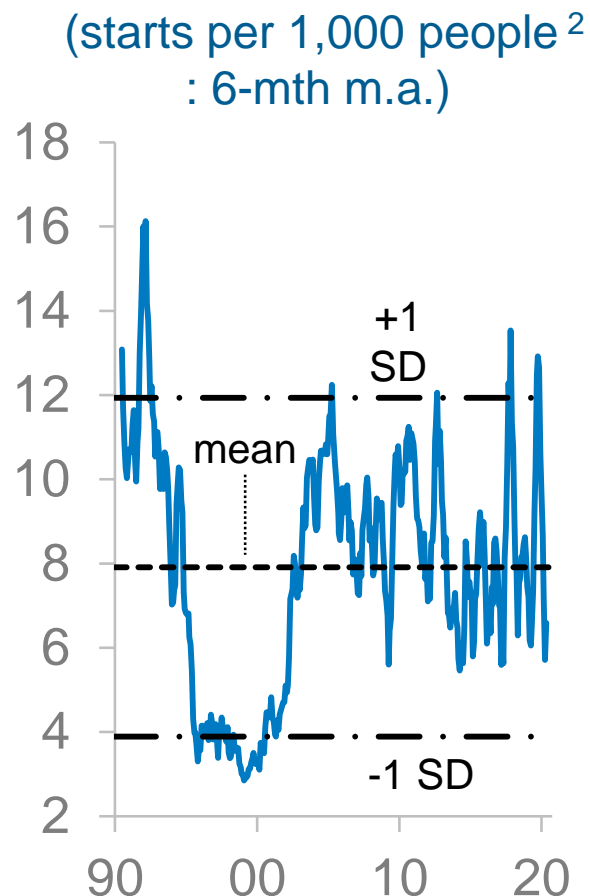
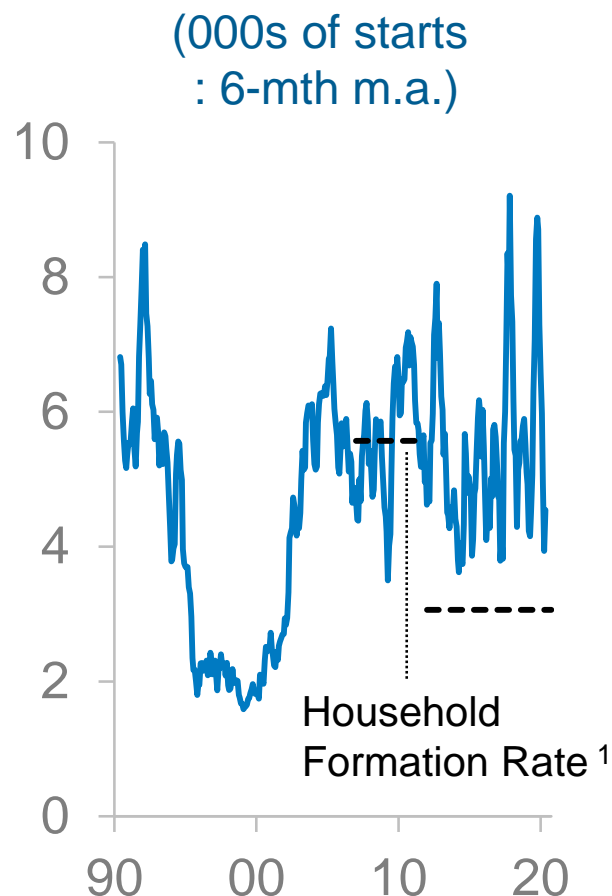
¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts

Quebec City

(monthly : s.a.a.r. : as of May 2020)



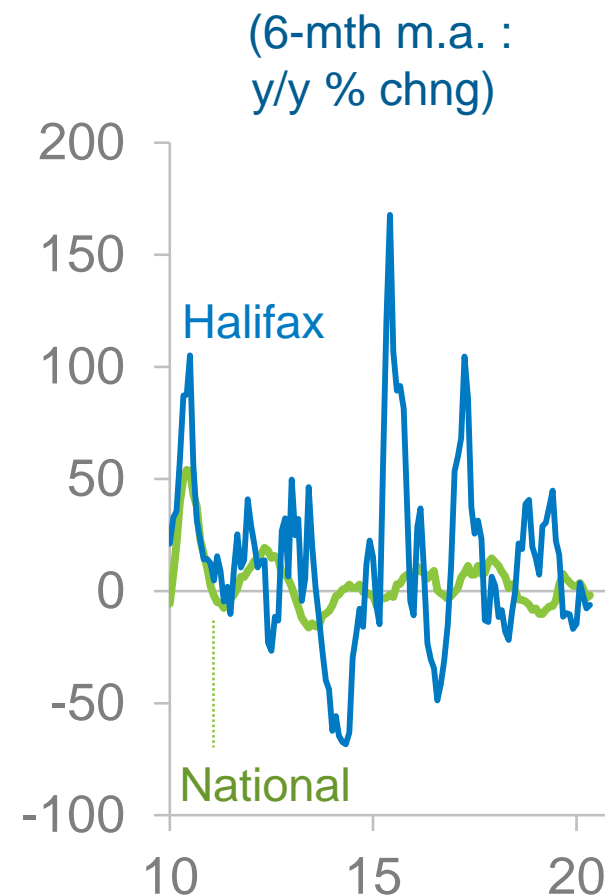
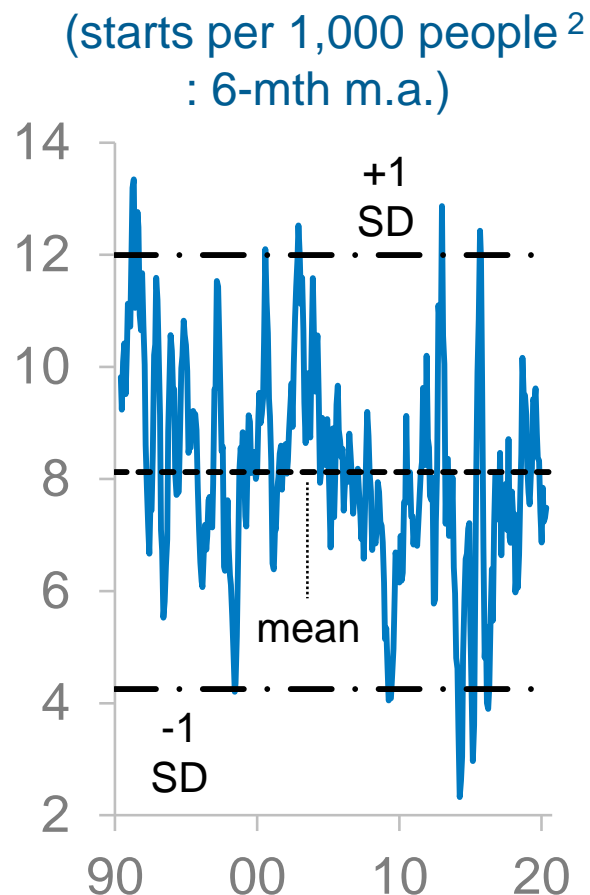
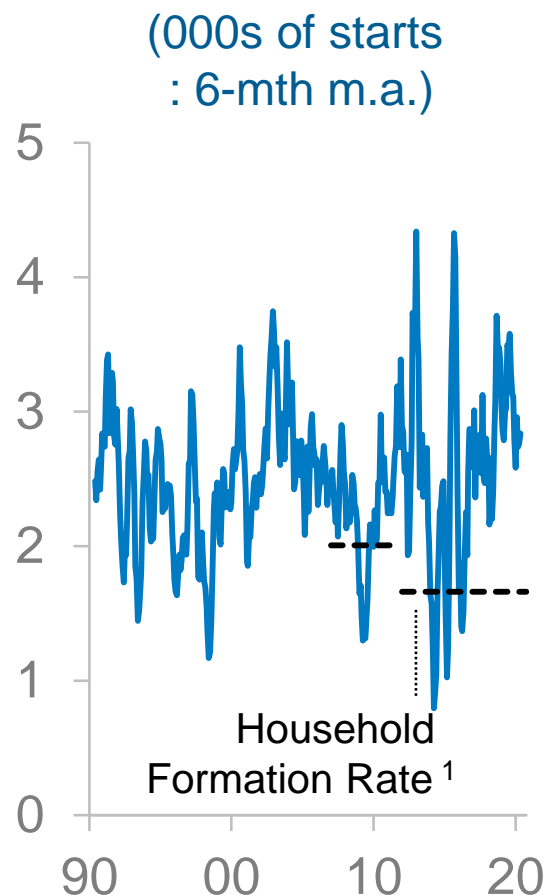
¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts

Halifax

(monthly : s.a.a.r. : as of May 2020)



¹ annual average change from prior census ² age 15 and above SD = standard deviation

Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

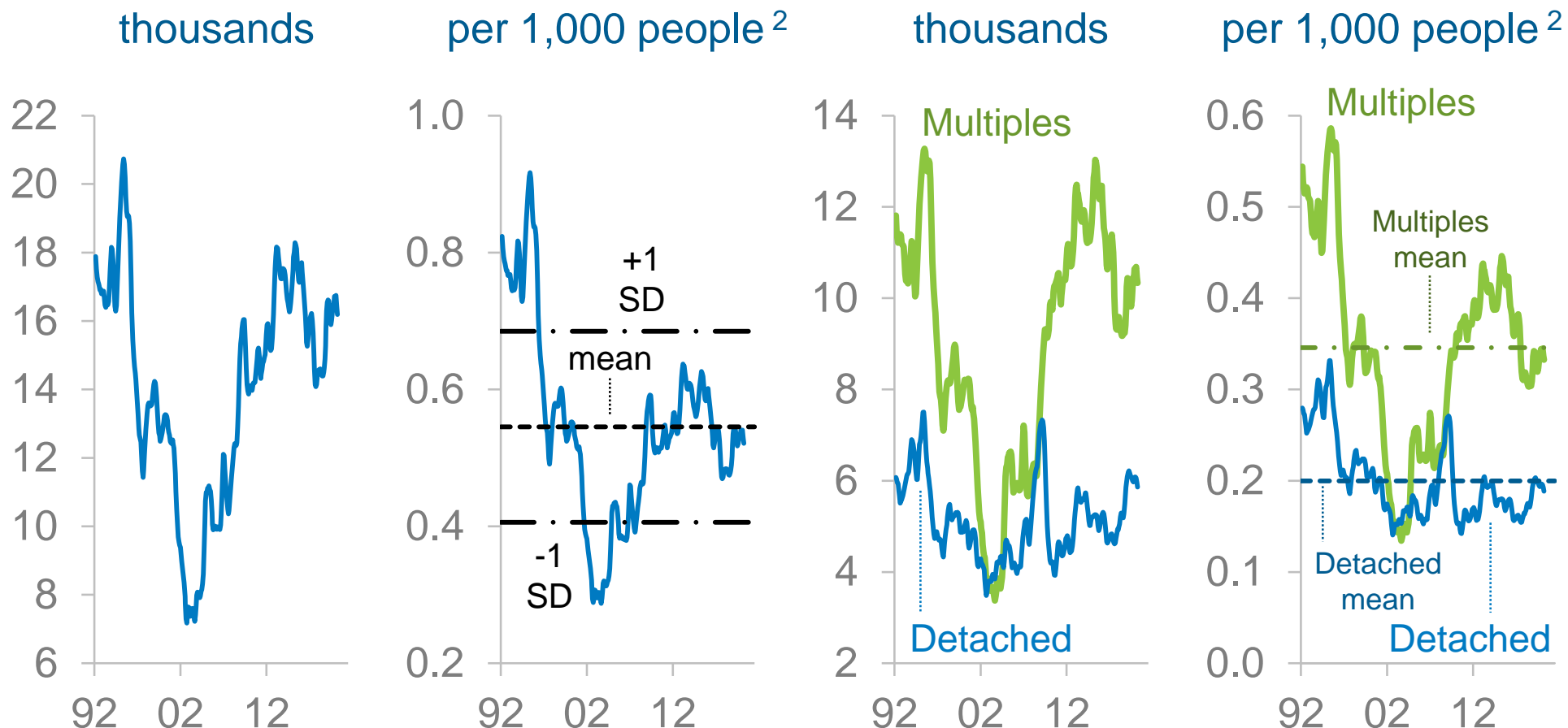


- + Inventories remain normal on a per-capita basis
- + GVA and GTA detached and condo inventories were low prior to the pandemic, which will temper downward pressure on prices stemming from the drop in demand
- + Ottawa's condo inventories remain low, which should support prices during the pandemic
- Condo inventory was high in Edmonton and Calgary even before the pandemic and oil shock

New Home Inventories

Canada

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

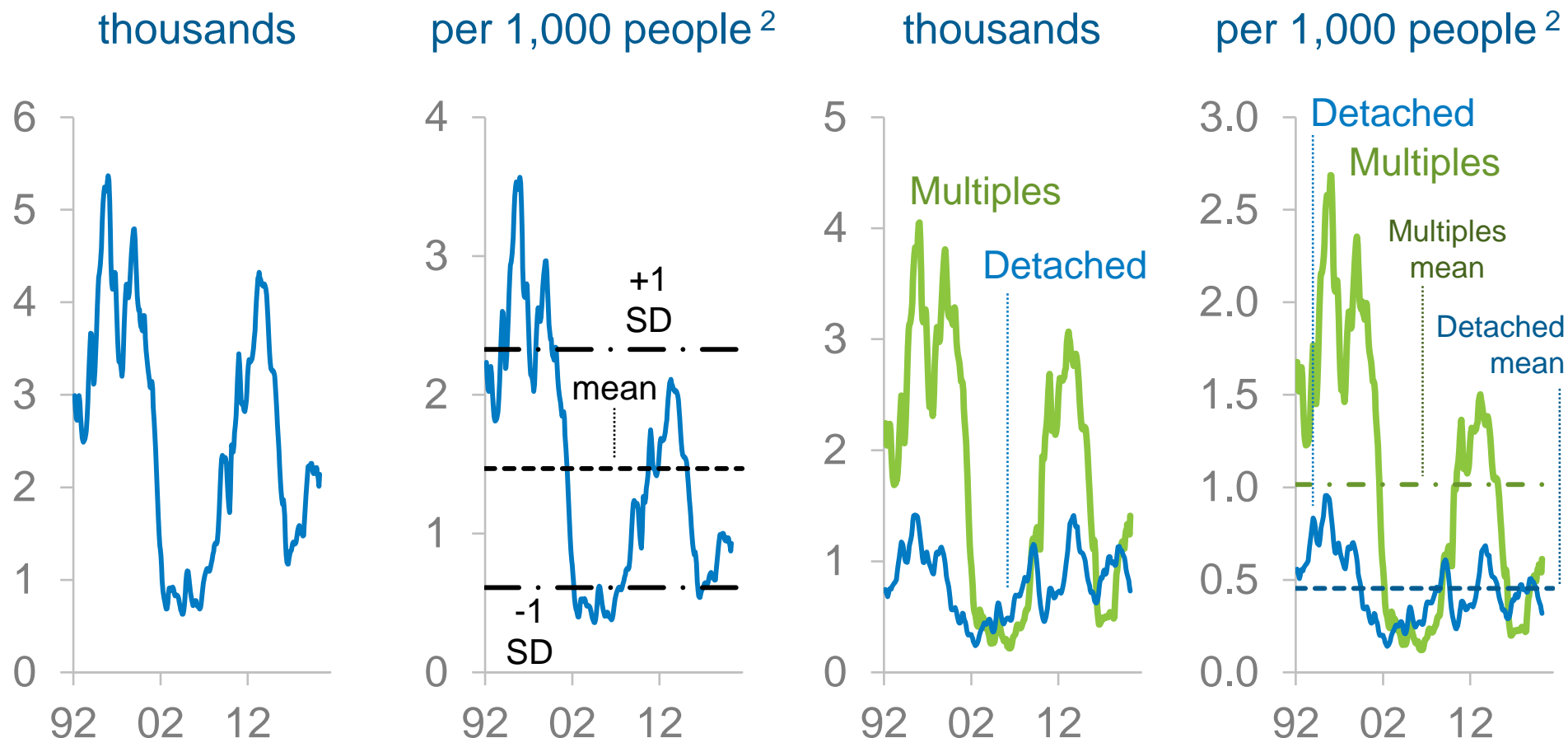


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Vancouver

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

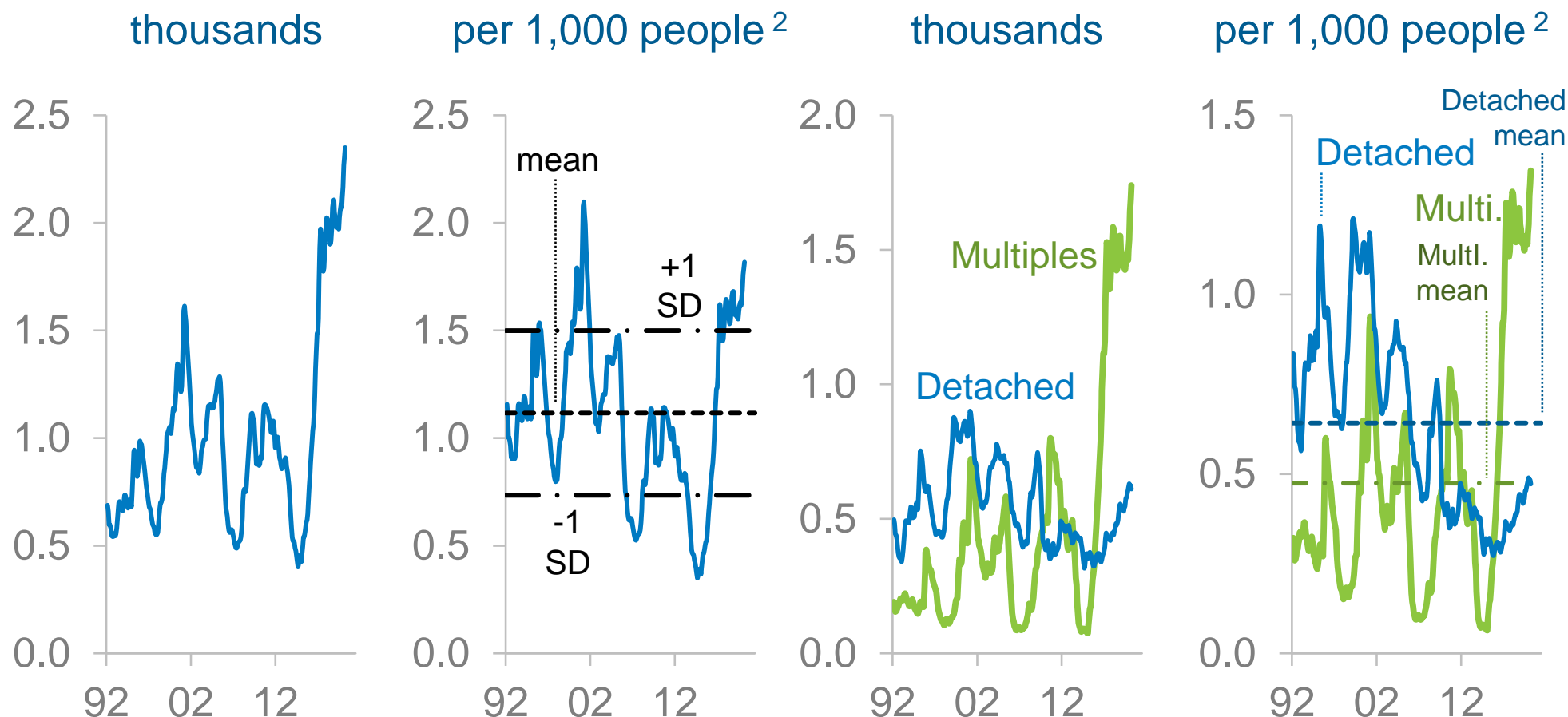


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Calgary

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

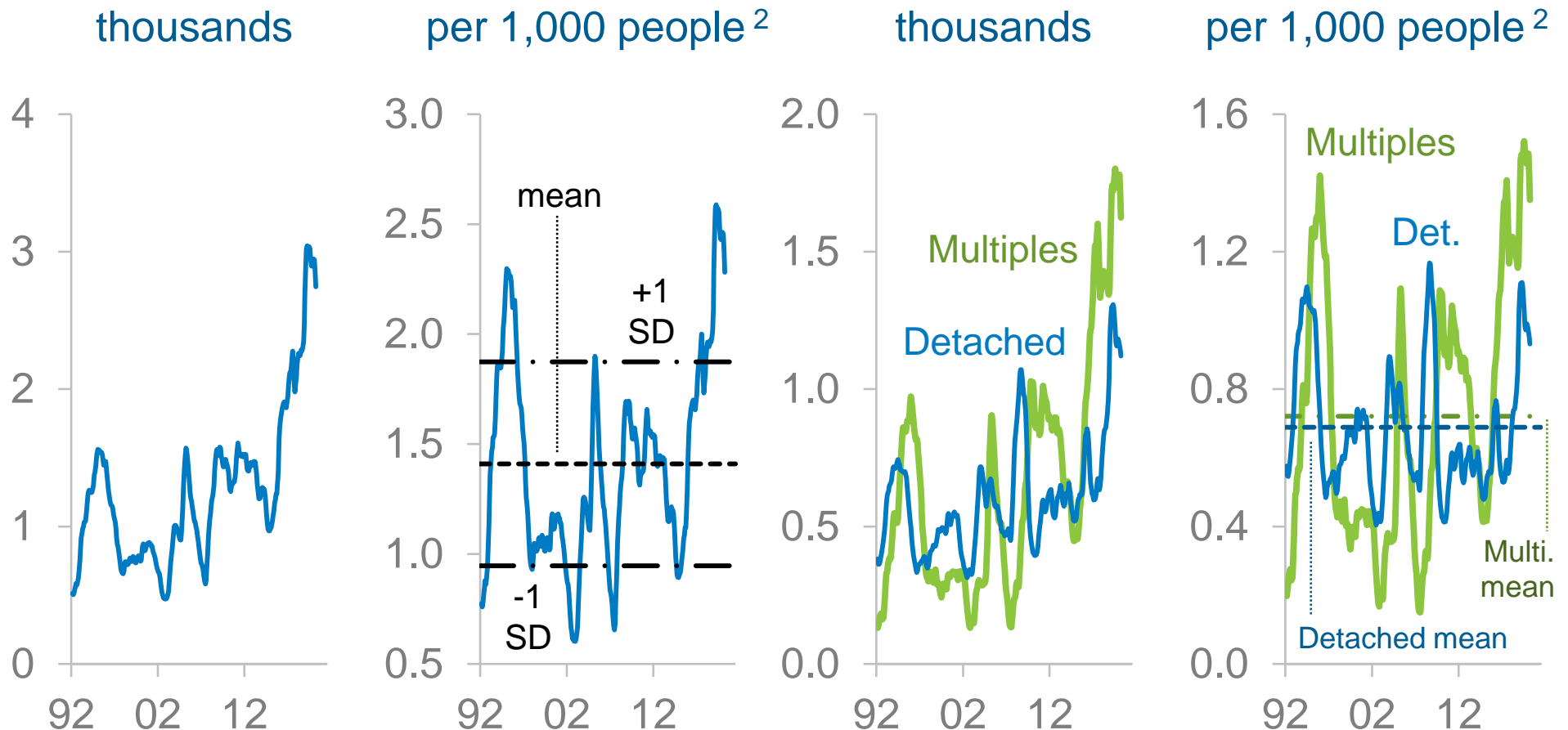


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Edmonton

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

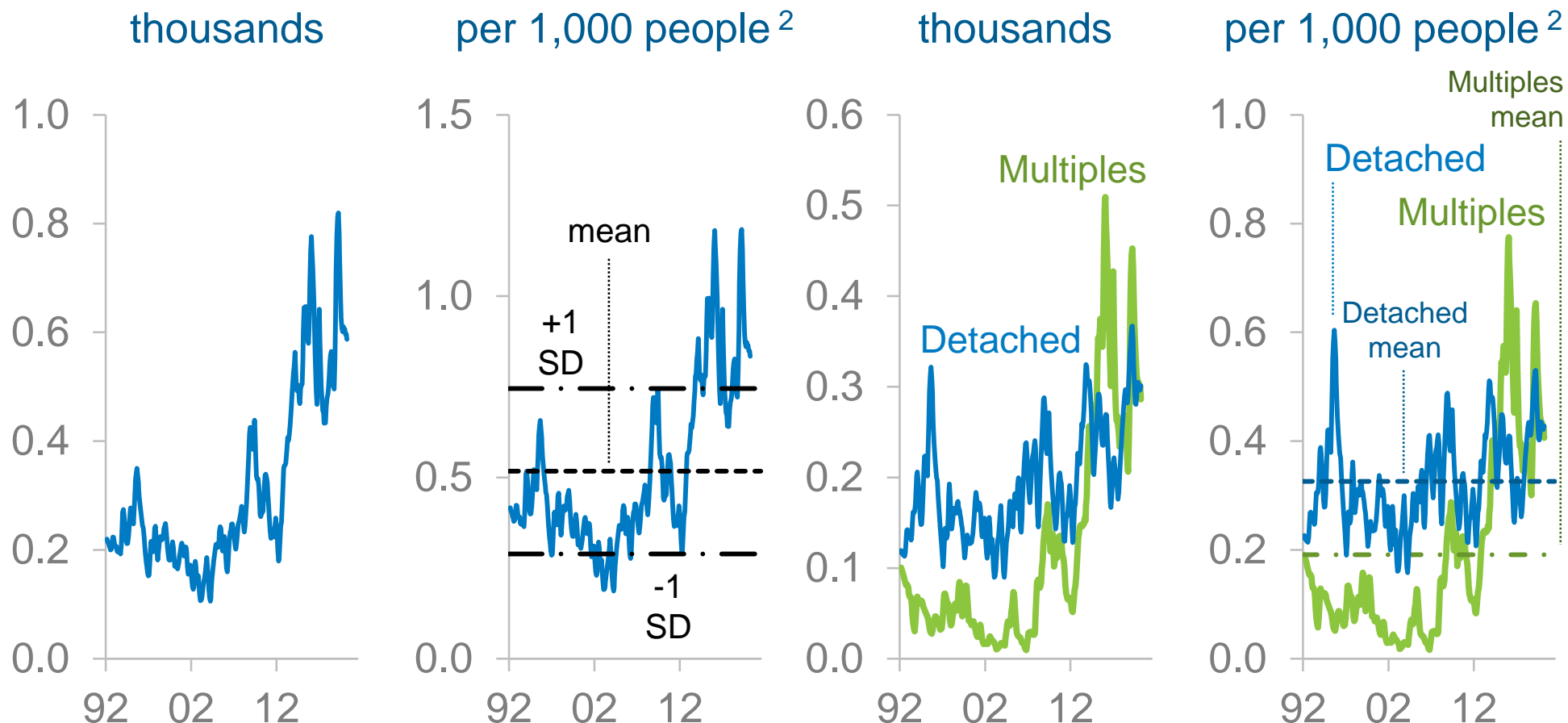


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Winnipeg

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

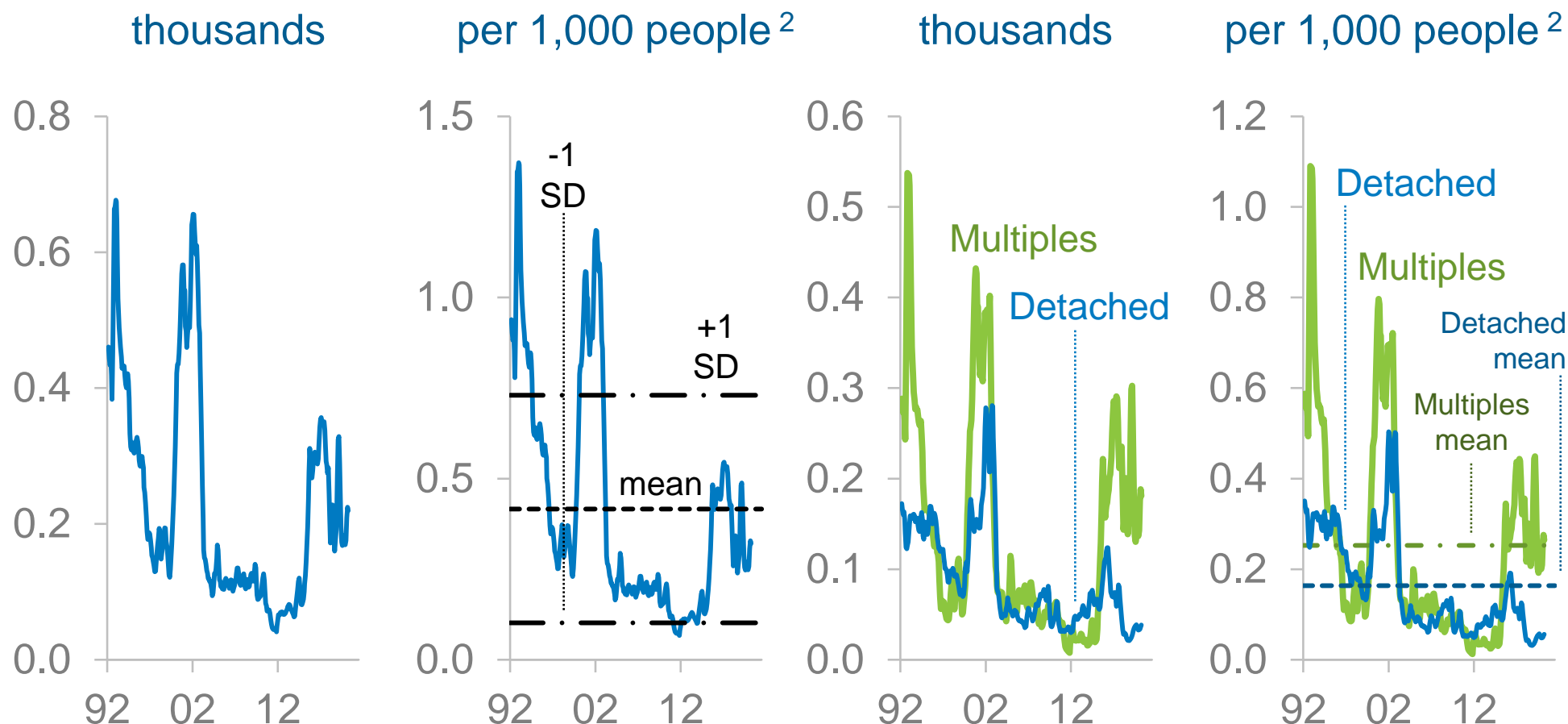


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Hamilton

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

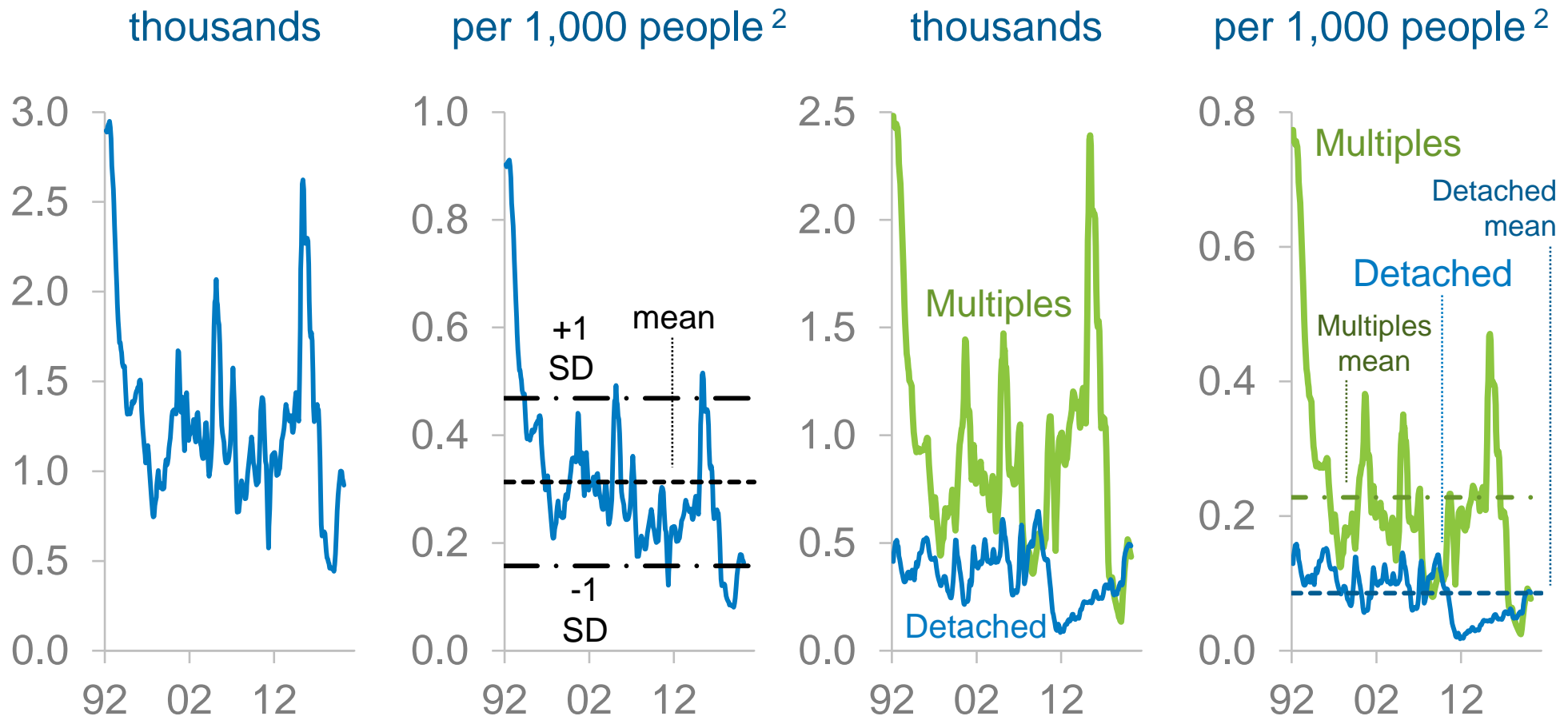


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Toronto

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)



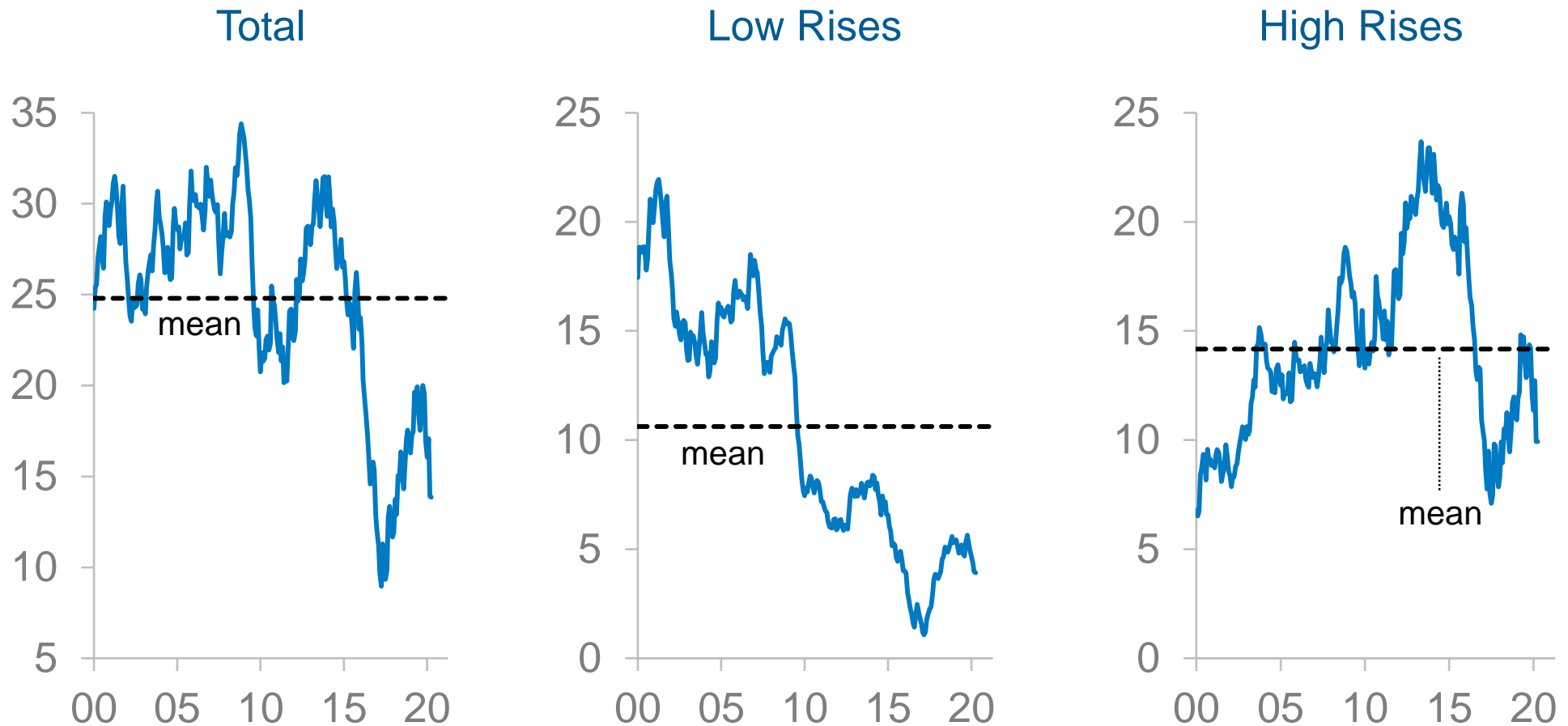
¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units

Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Toronto

Remaining Inventory ¹ (monthly : 000s of units : as of April 2020)



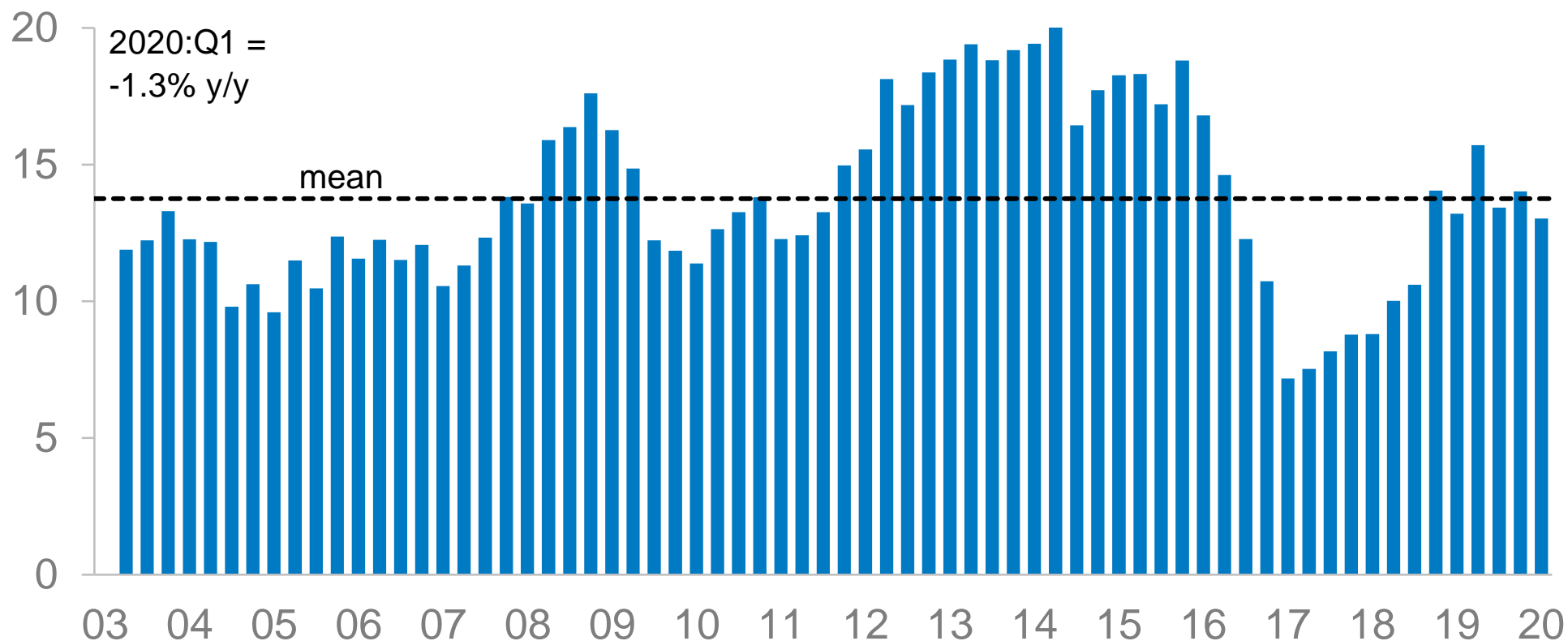
¹ includes all unsold units under construction, pre-construction, and completed

Source: Altus Group

New Condominium Inventories Toronto

(quarterly : 000s of units : as of 2020:Q1)

Unsold Inventory of New Condos

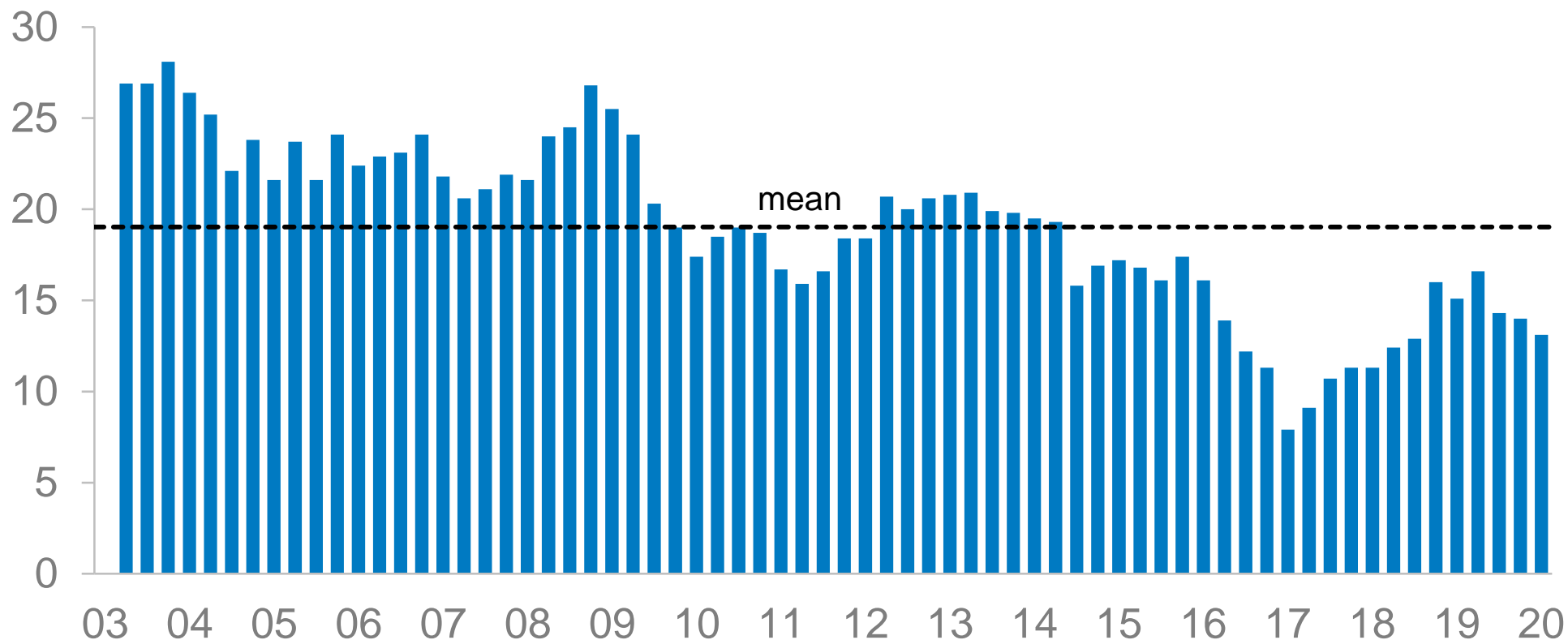


Source: Urbanation Inc.

New Condominium Vacancy Rate Toronto

(quarterly : 000s of units : as of 2020:Q1)

Unsold Inventory as a Share of Total Active Units

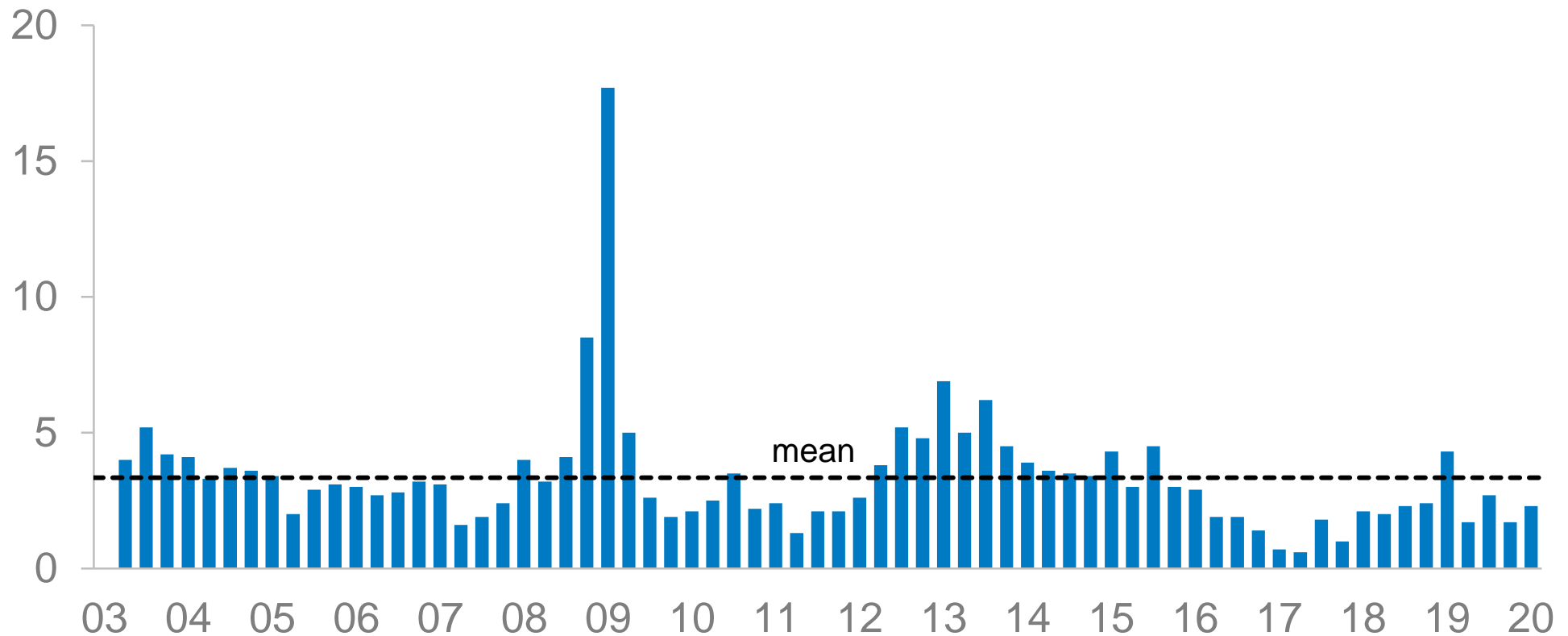


Source: Urbanation Inc.

New Condominium Quarterly Supply Toronto

(quarterly : ratio : as of 2020:Q1)

Unsold Inventory as a Share of Sales ¹

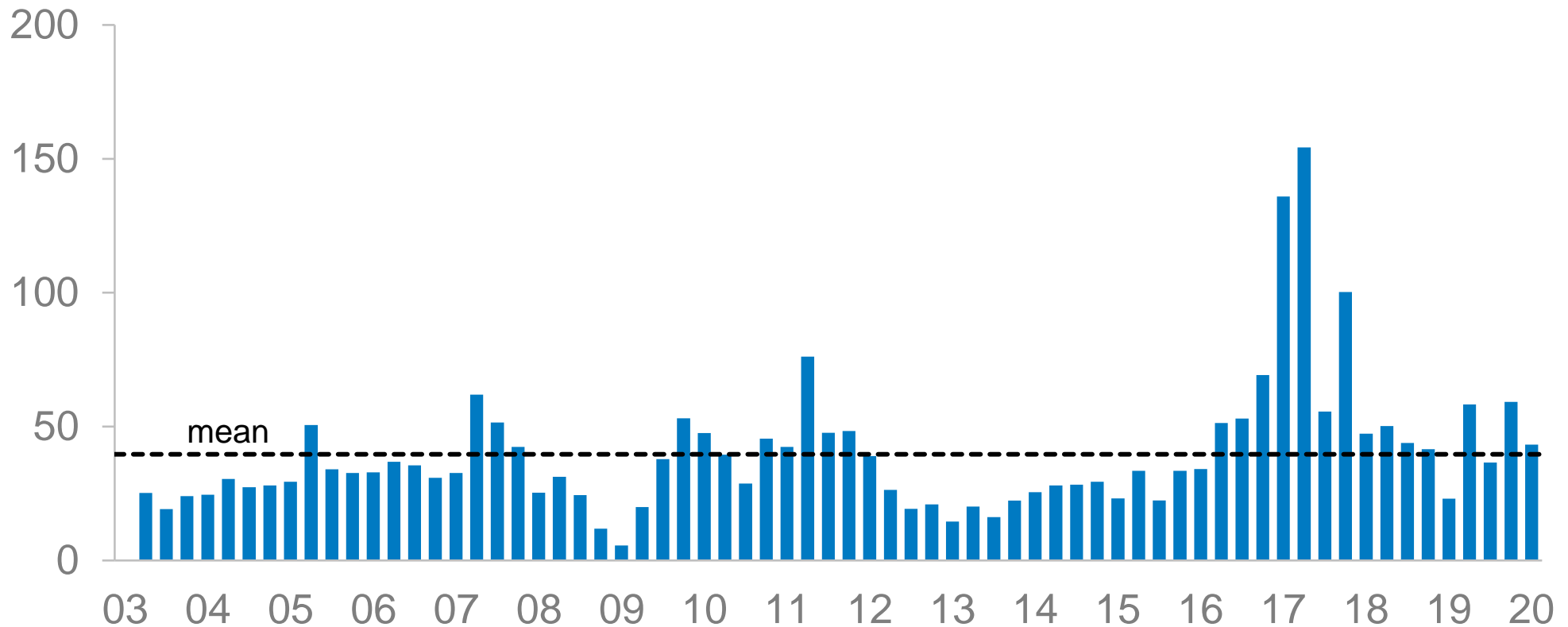


¹ quarters required to sell inventory at current sales rate
Source: Urbanation Inc.

New Condominium Sales-to-Supply Ratio Toronto

(quarterly : percent : as of 2020:Q1)

Sales as a Share of Supply ¹

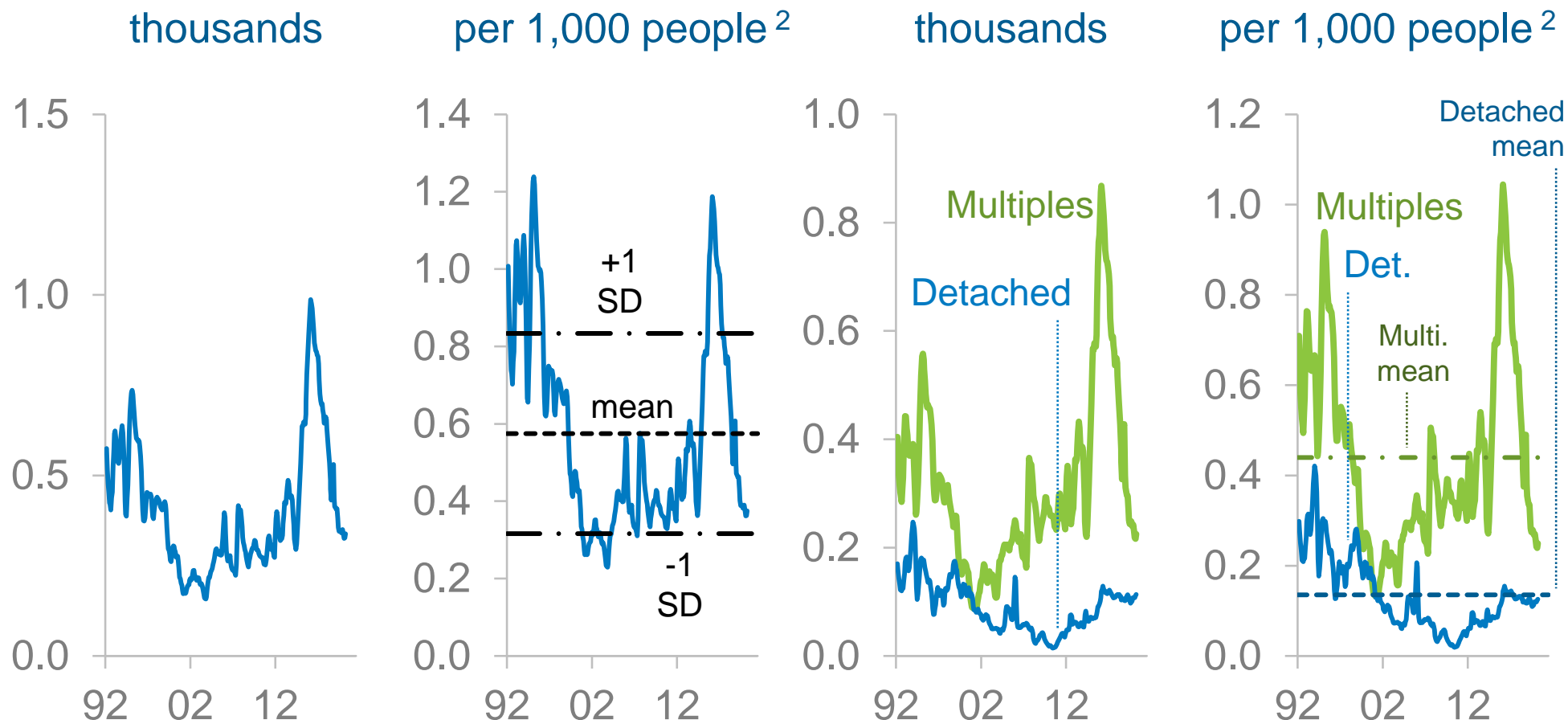


¹ supply is approximately unsold inventory plus sales
Source: Urbanation Inc.

New Home Inventories

Ottawa

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

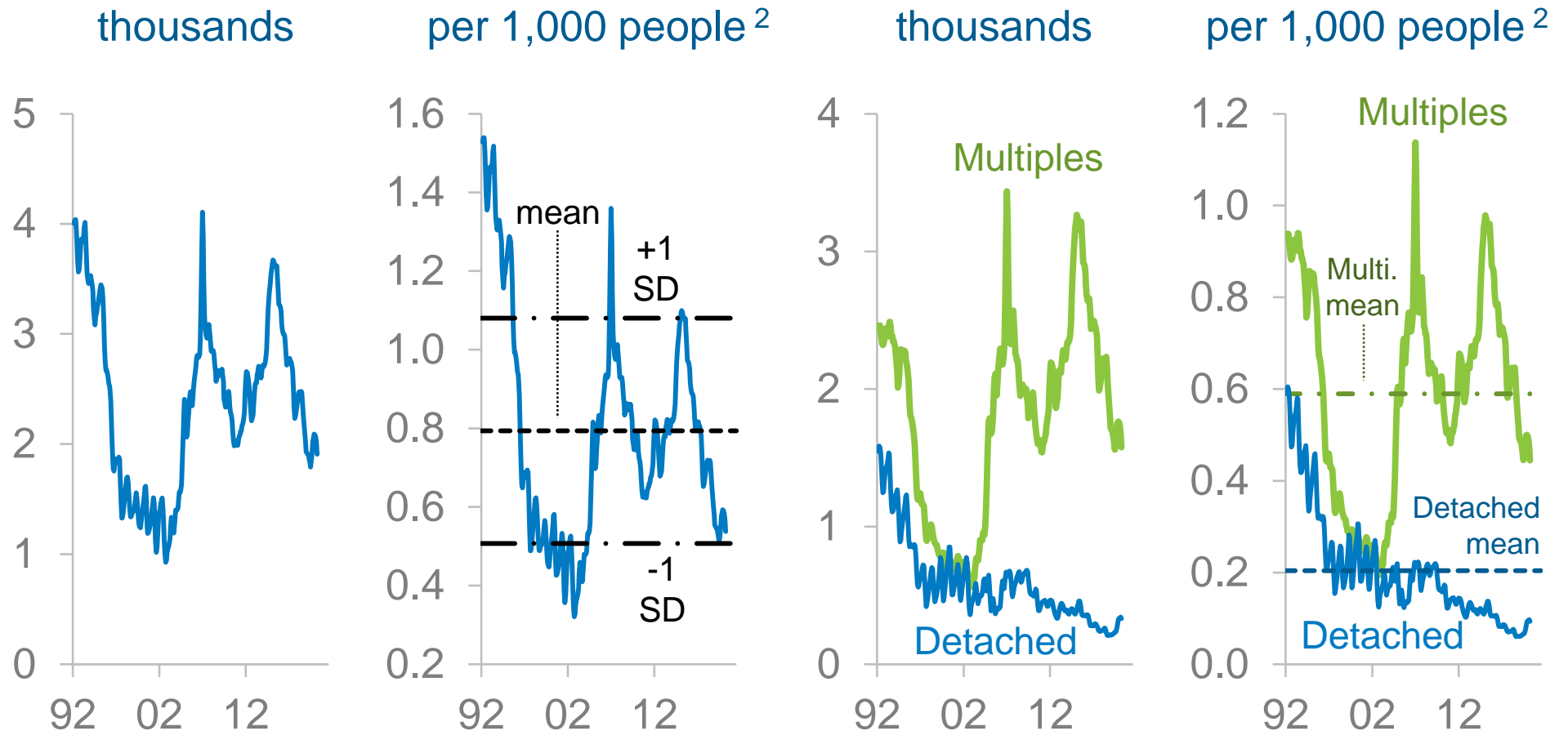


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Montreal

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)



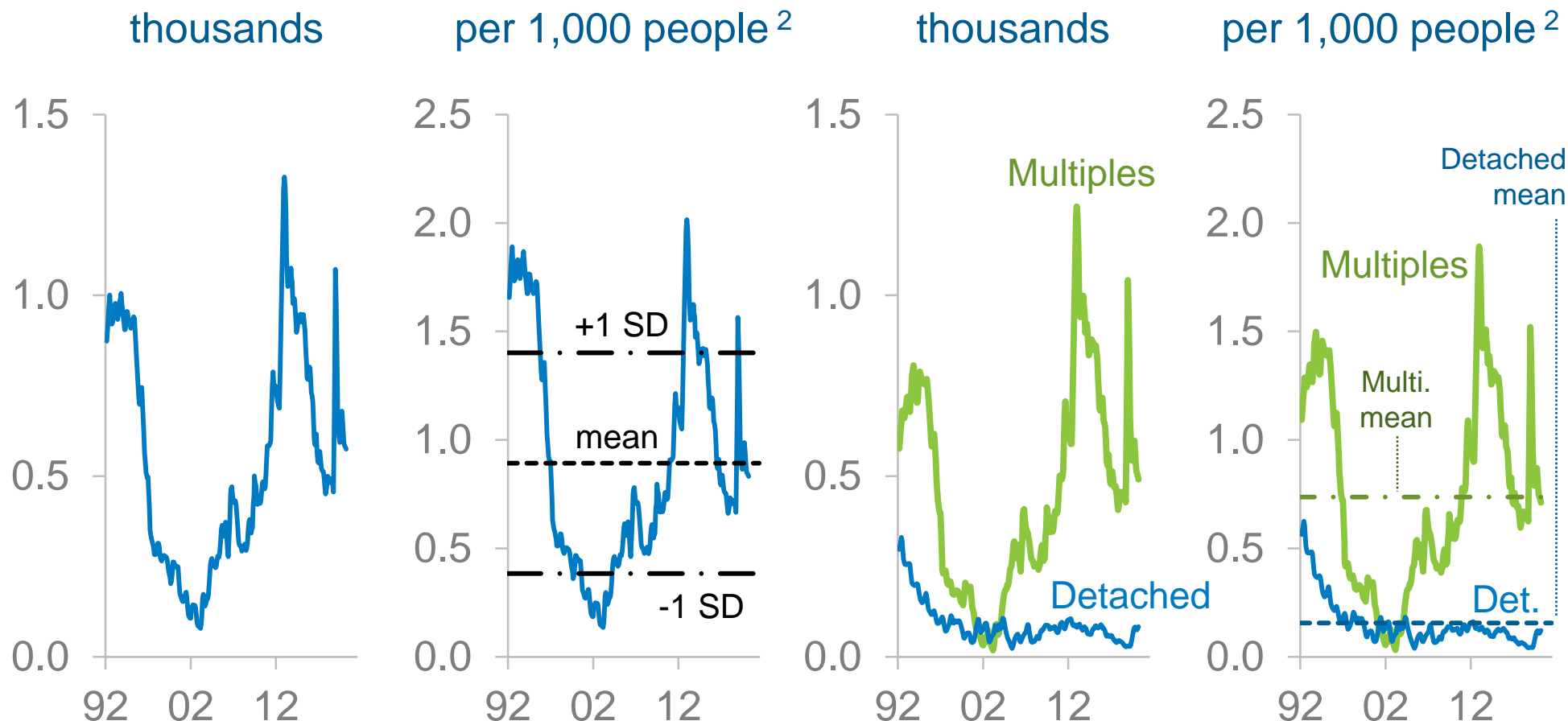
¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units

Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Quebec City

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)

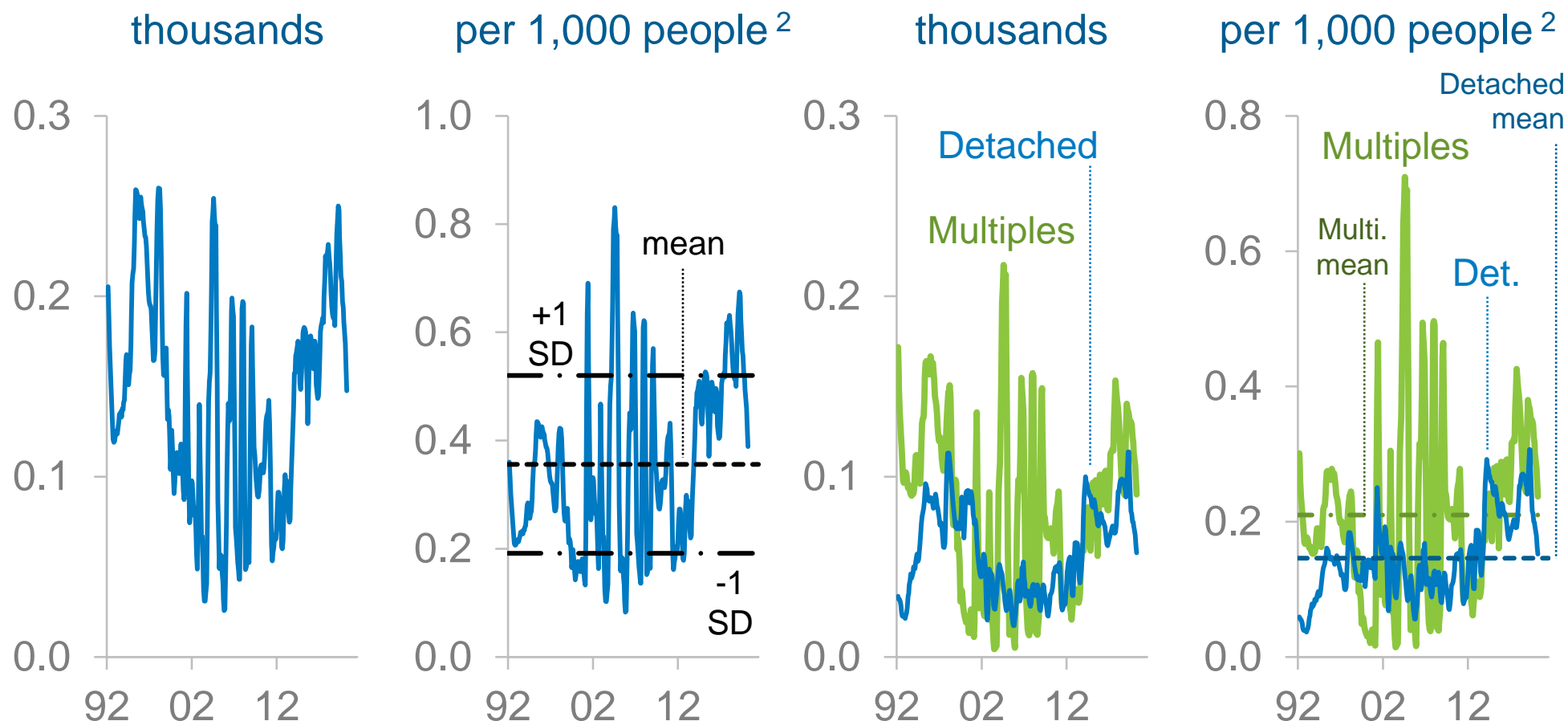


¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Halifax

New Housing Units ¹ (monthly : n.s.a. : 3-mth m.a. : as of April 2020)



¹ completed and unabsorbed ² age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Resale Supply

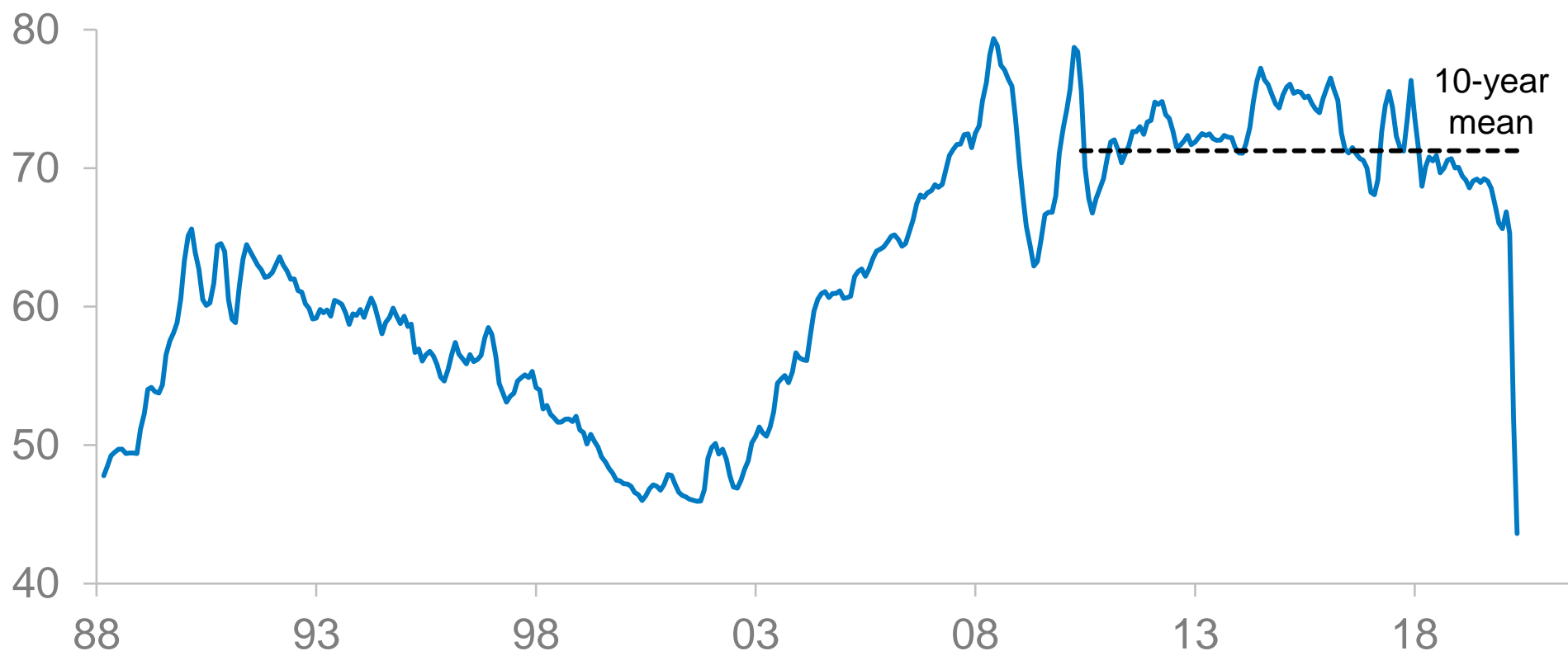


- + New listings have fallen nearly as much as demand, alleviating downward pressure on prices
- + Halifax, Montreal, Ottawa listings are very low
- + Winnipeg and Quebec City new listings were elevated, but have fallen sharply of late

Resale Home Supply Canada

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings



Source: Canadian Real Estate Association

Resale Home Supply Vancouver

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings

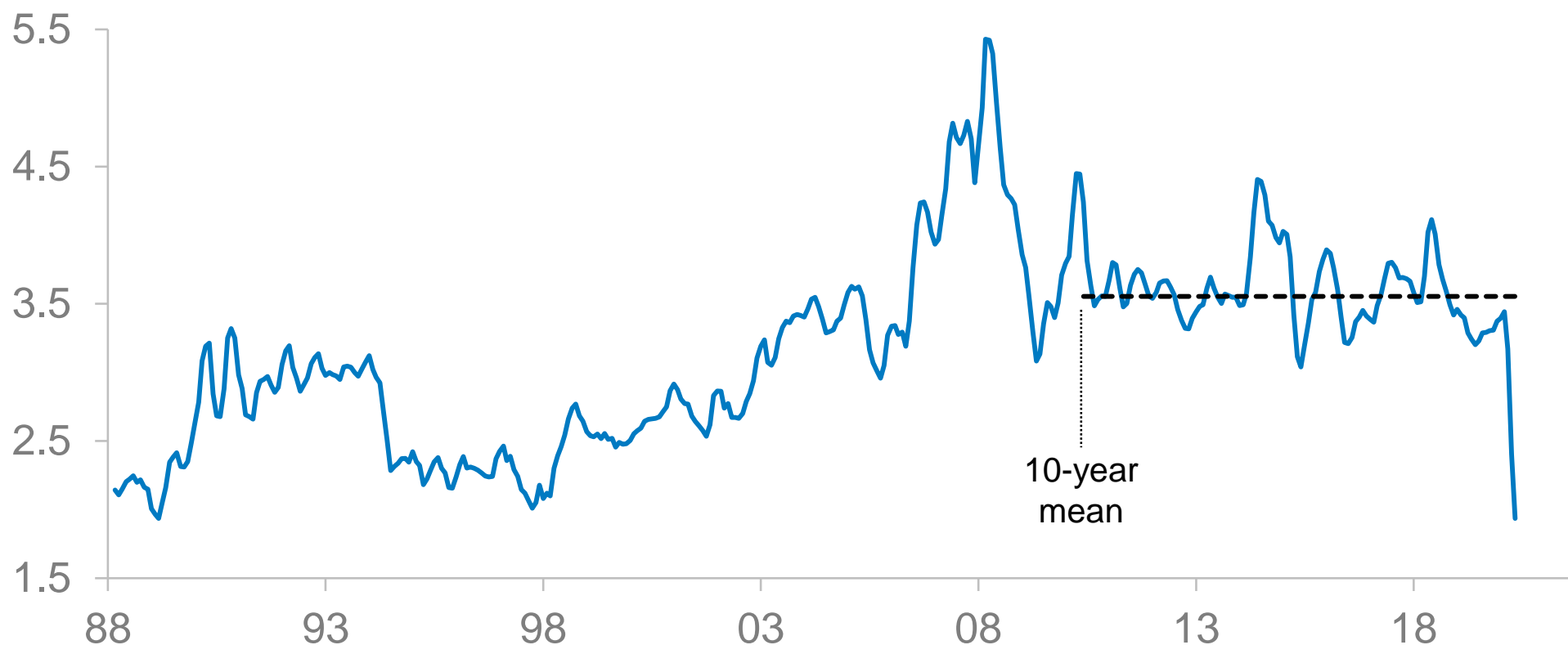


Source: Canadian Real Estate Association

Resale Home Supply Calgary

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings

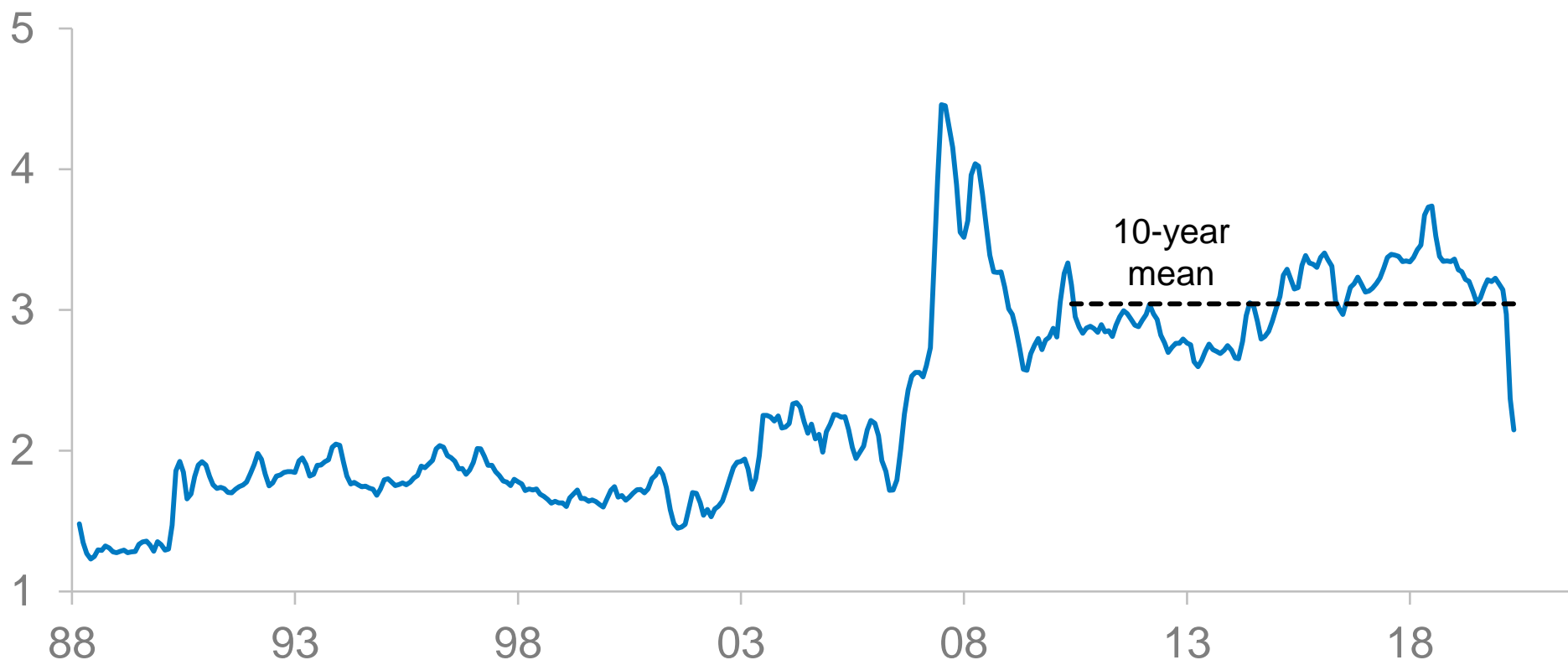


Source: Canadian Real Estate Association

Resale Home Supply Edmonton

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings

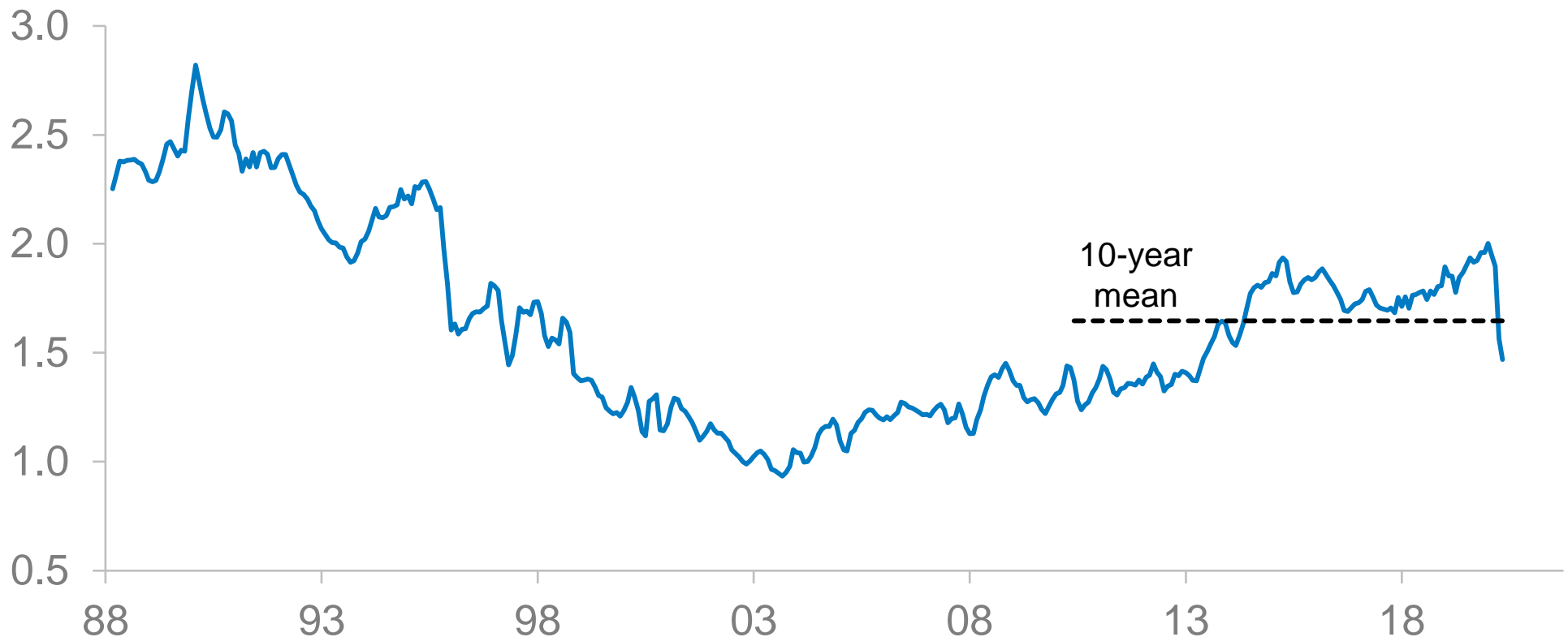


Source: Canadian Real Estate Association

Resale Home Supply Winnipeg

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings



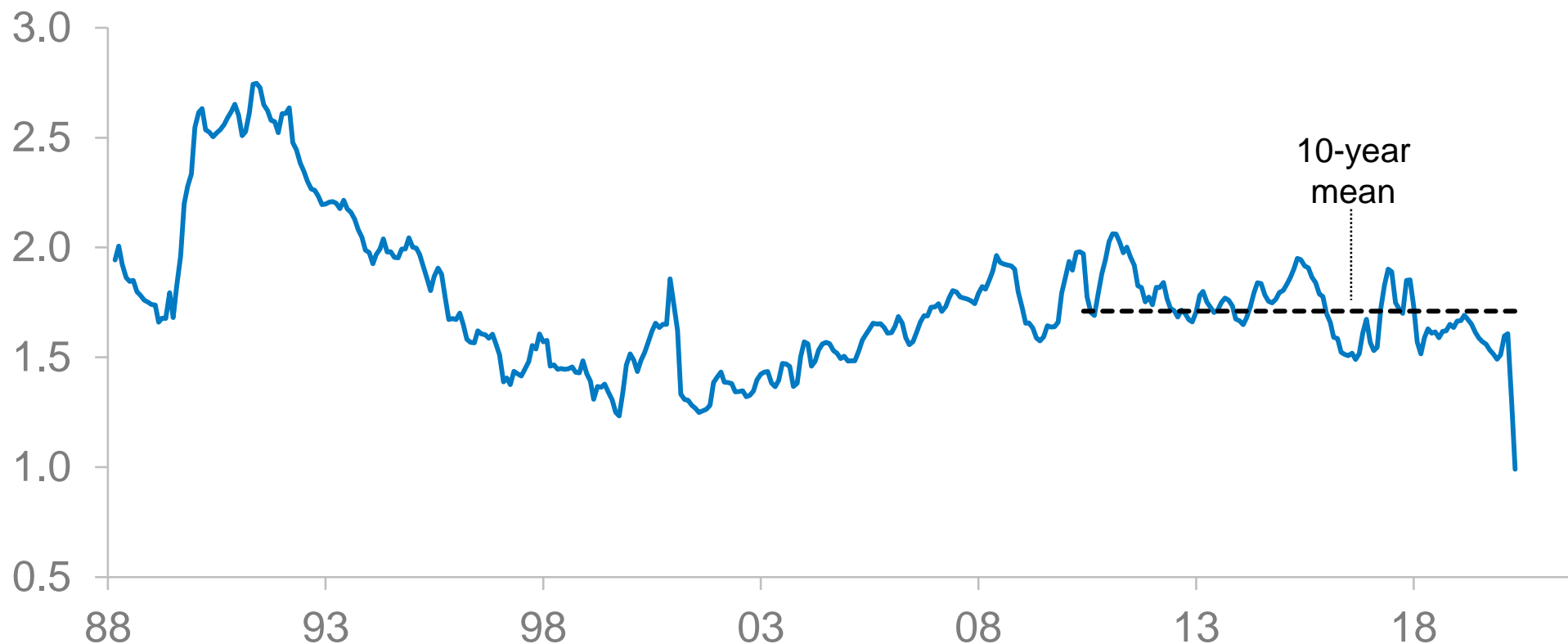
Source: Canadian Real Estate Association

Resale Home Supply

Hamilton

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings



Source: Canadian Real Estate Association

Resale Home Supply Toronto

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings

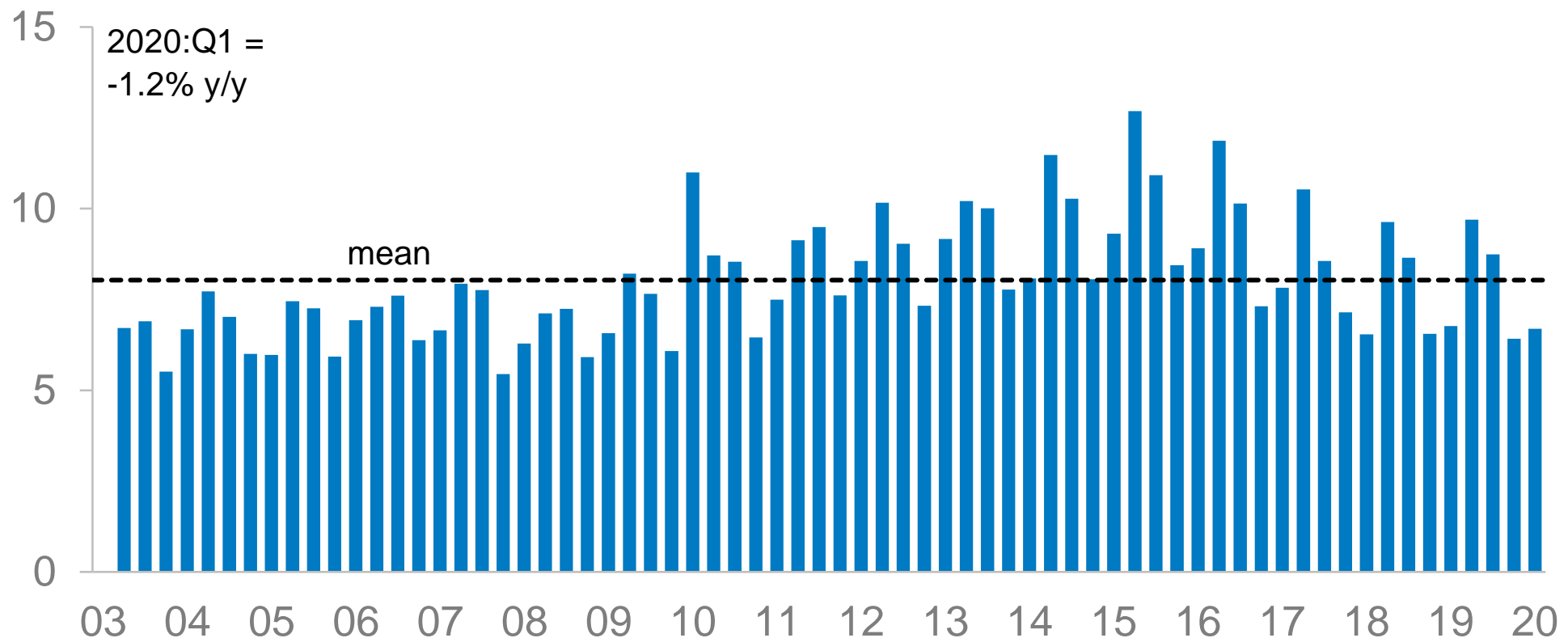


Source: Canadian Real Estate Association

Existing Condominium Listings Toronto

(quarterly : 000s of units : as of 2020:Q1)

Total Listings of Resale Condos

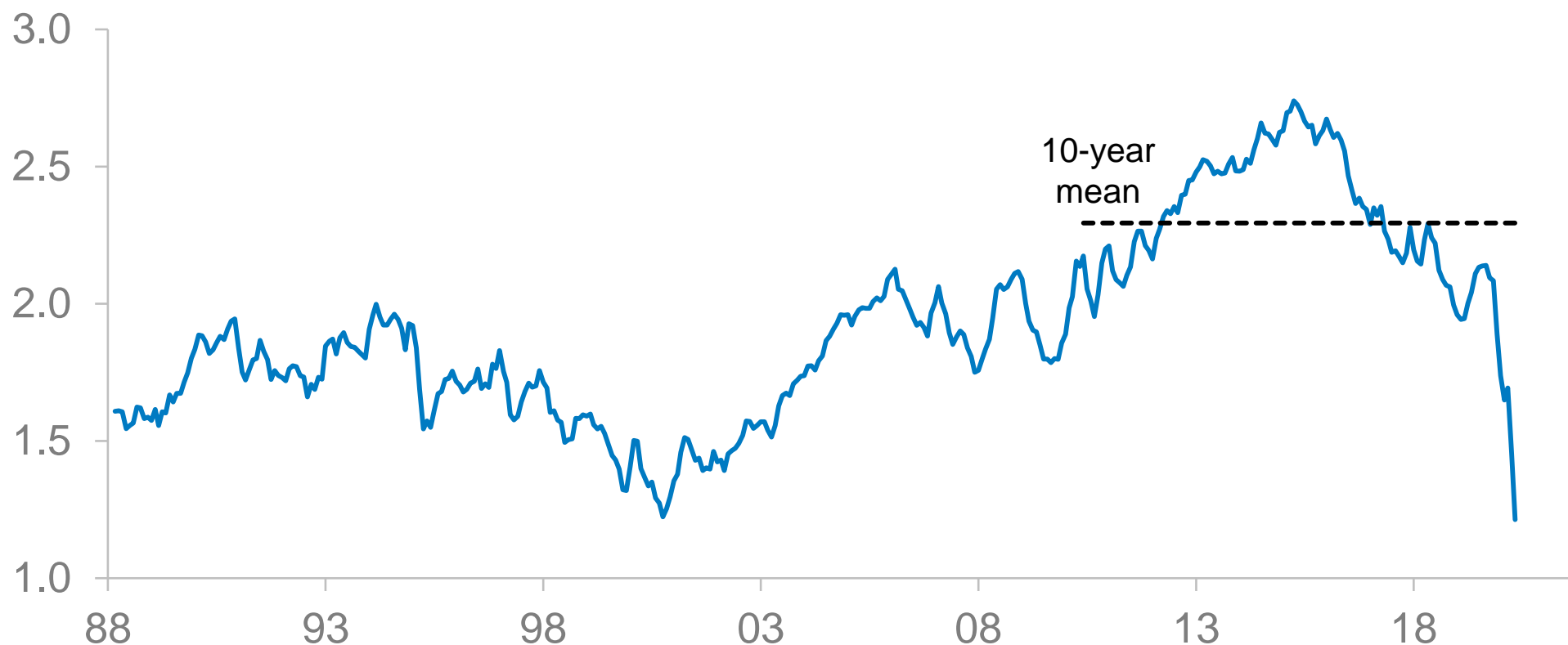


Source: Urbanation Inc.

Resale Home Supply Ottawa

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings

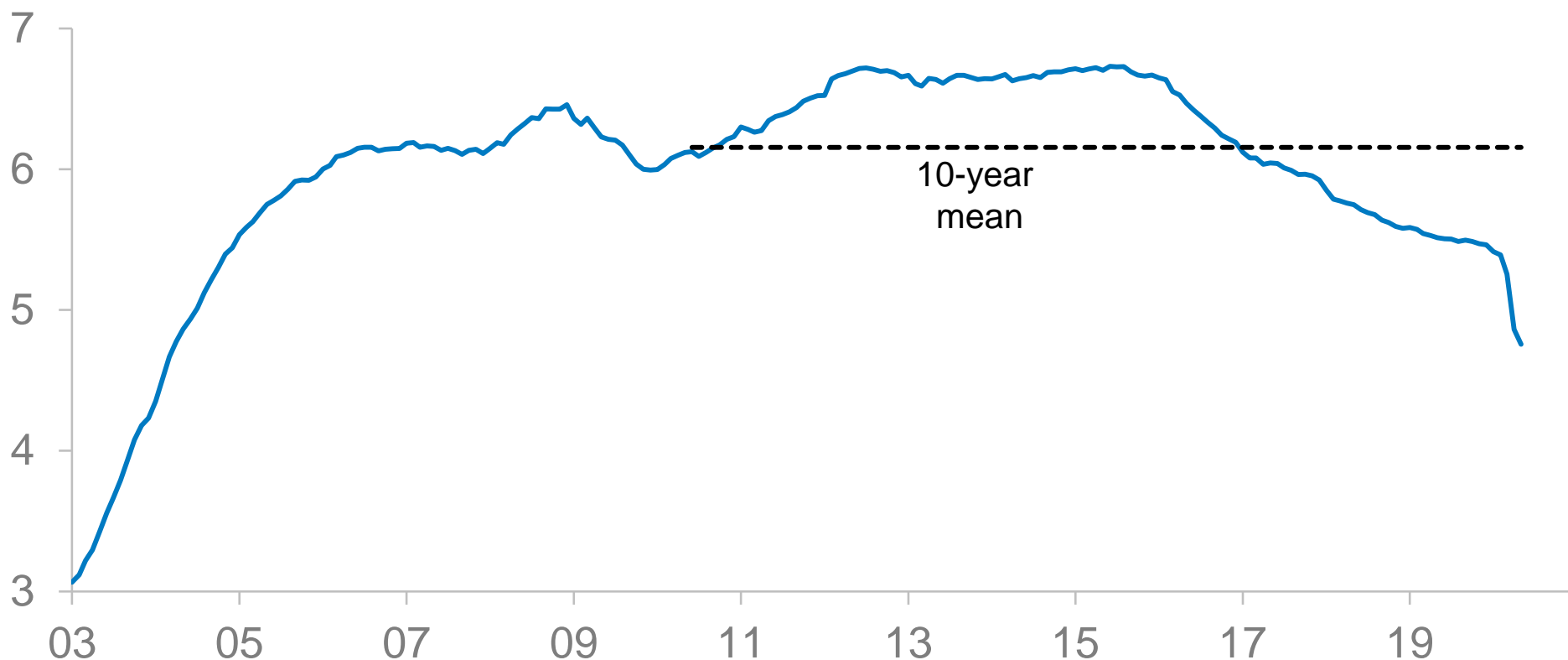


Source: Canadian Real Estate Association

Resale Home Supply Montreal

(monthly : 000s of units : n.s.a. : 12-mth m.a. : as of May 2020)

New Listings



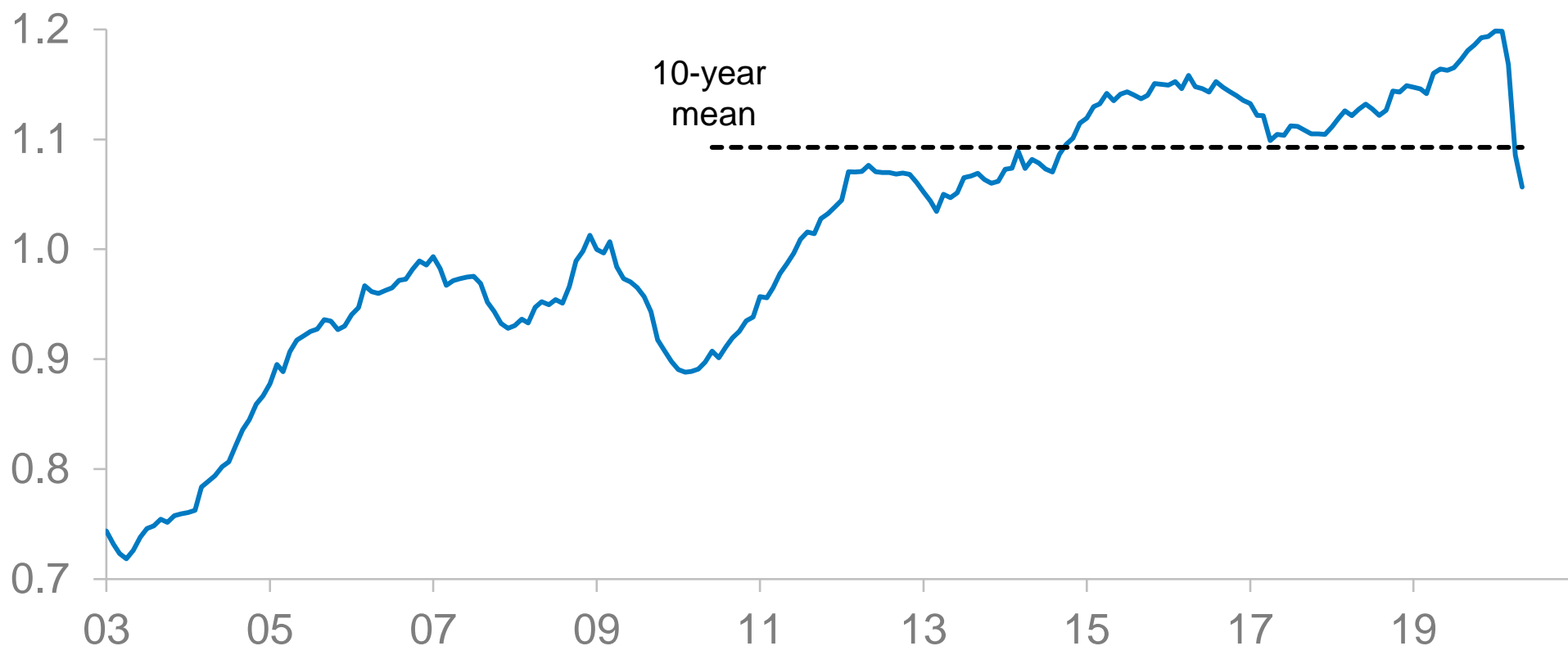
Source: Canadian Real Estate Association

Resale Home Supply

Quebec City

(monthly : 000s of units : n.s.a. : 12-mth m.a. : as of May 2020)

New Listings



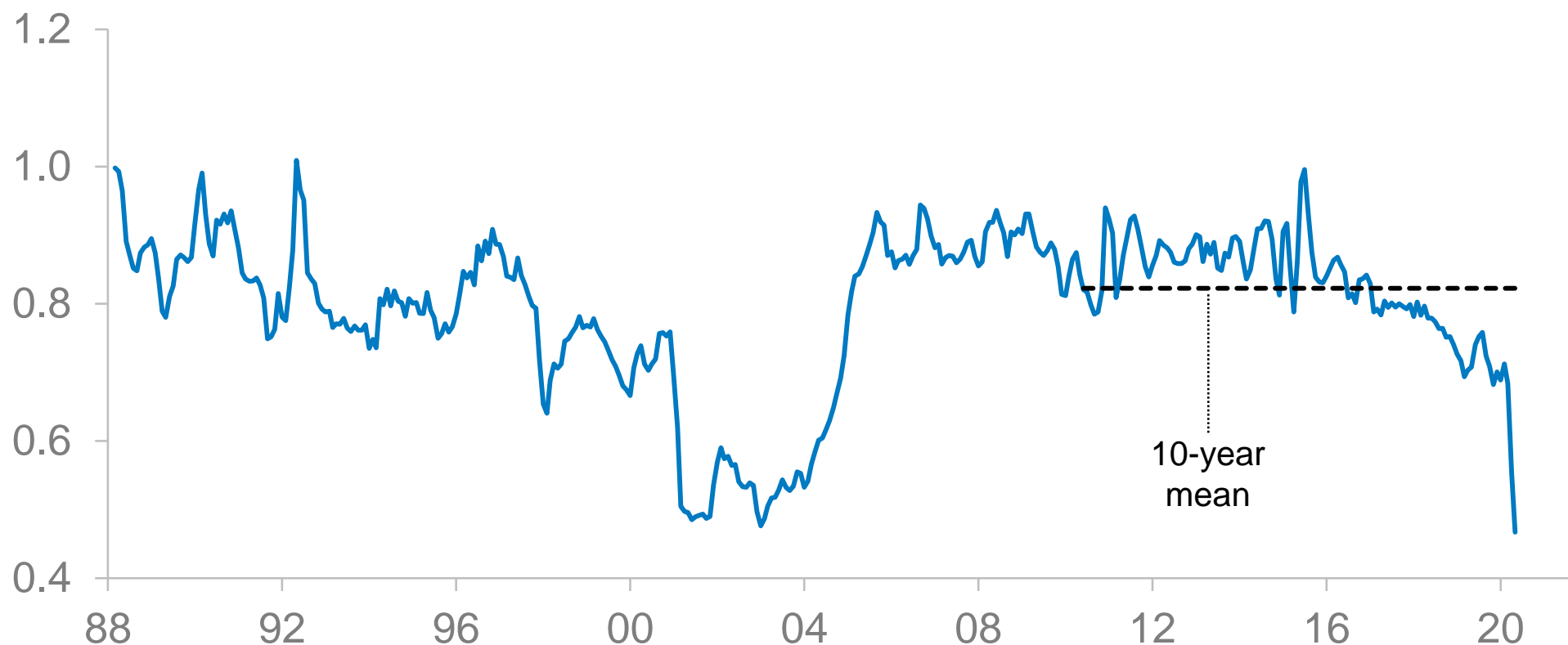
Source: Canadian Real Estate Association

Resale Home Supply

Halifax

(monthly : 000s of units : s.a. : 3-mth m.a. : as of May 2020)

New Listings



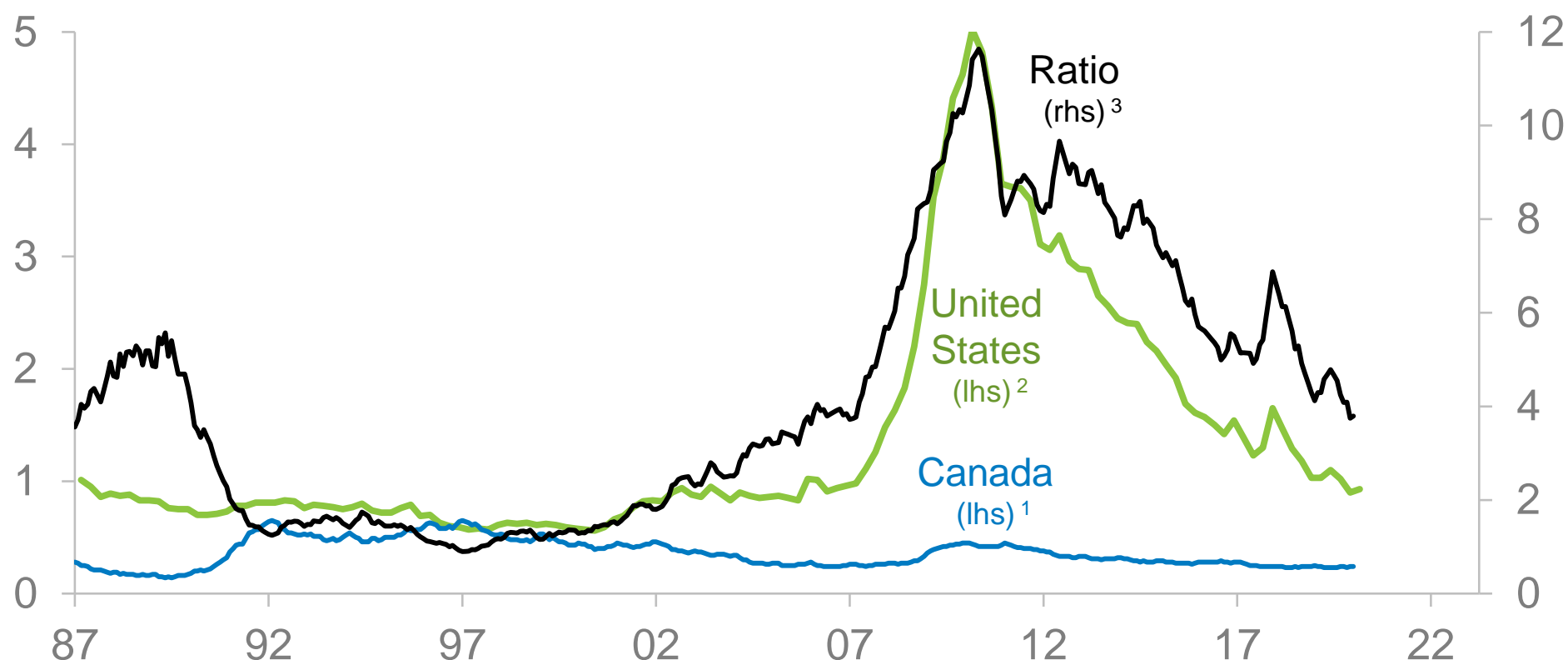
Source: Canadian Real Estate Association

Resale Home Supply

Very Few Distressed Properties on the Market in Canada

(percent)

90-Day+ Mortgage Delinquency Rate



¹ (monthly : as of January 2020)

² (quarterly : as of 2020:Q1)

³ (US / Canada)

Sources: Canadian Bankers Association, U.S. Mortgage Bankers Association

Resale Market Balance

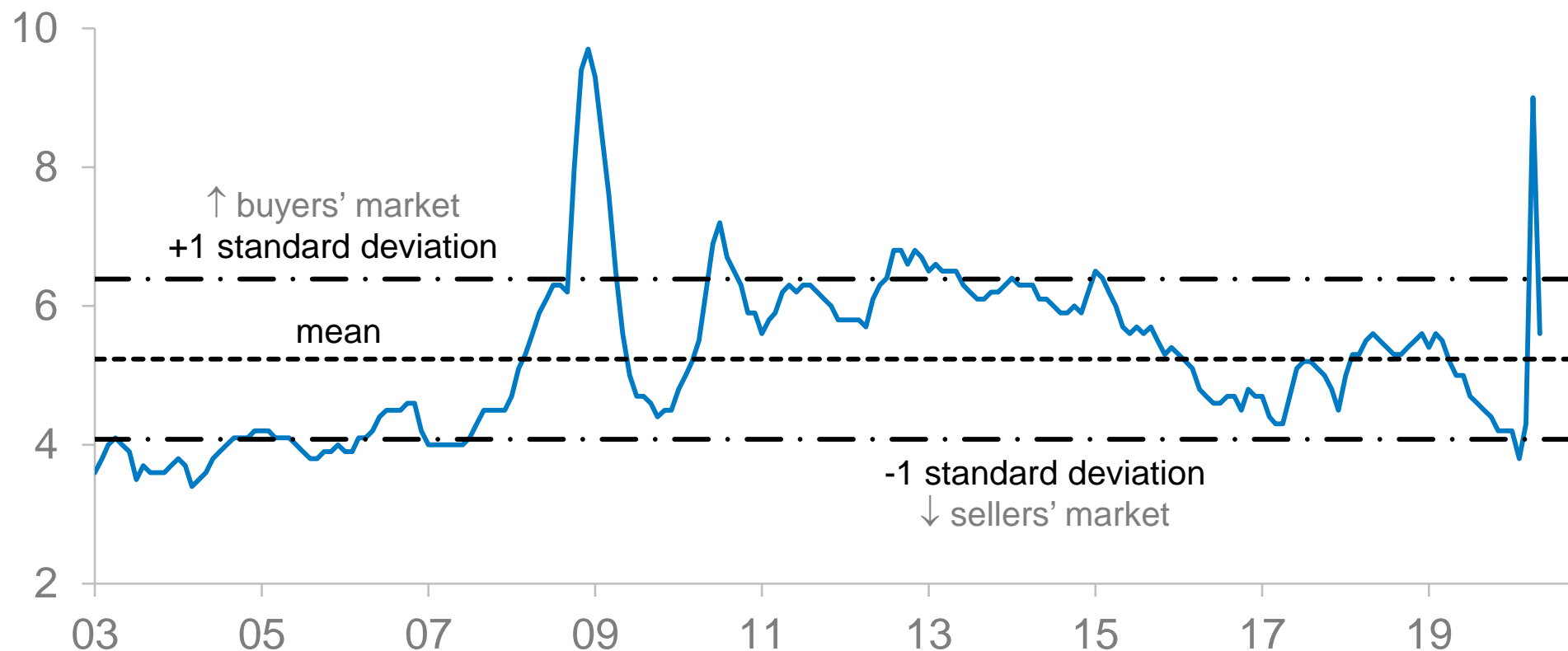


- + National market was tight before the pandemic, but the active supply of homes of 5.6 months (at the current sales rate) indicates a balanced market
- + Sales/new listings ratio of 58.8% is still above the long-run norm (54%), indicating a slight sellers' market
- + Ottawa, Halifax, Montreal, and Quebec City are sellers' markets based on sales/new listings ratio

Months' Supply Canada

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

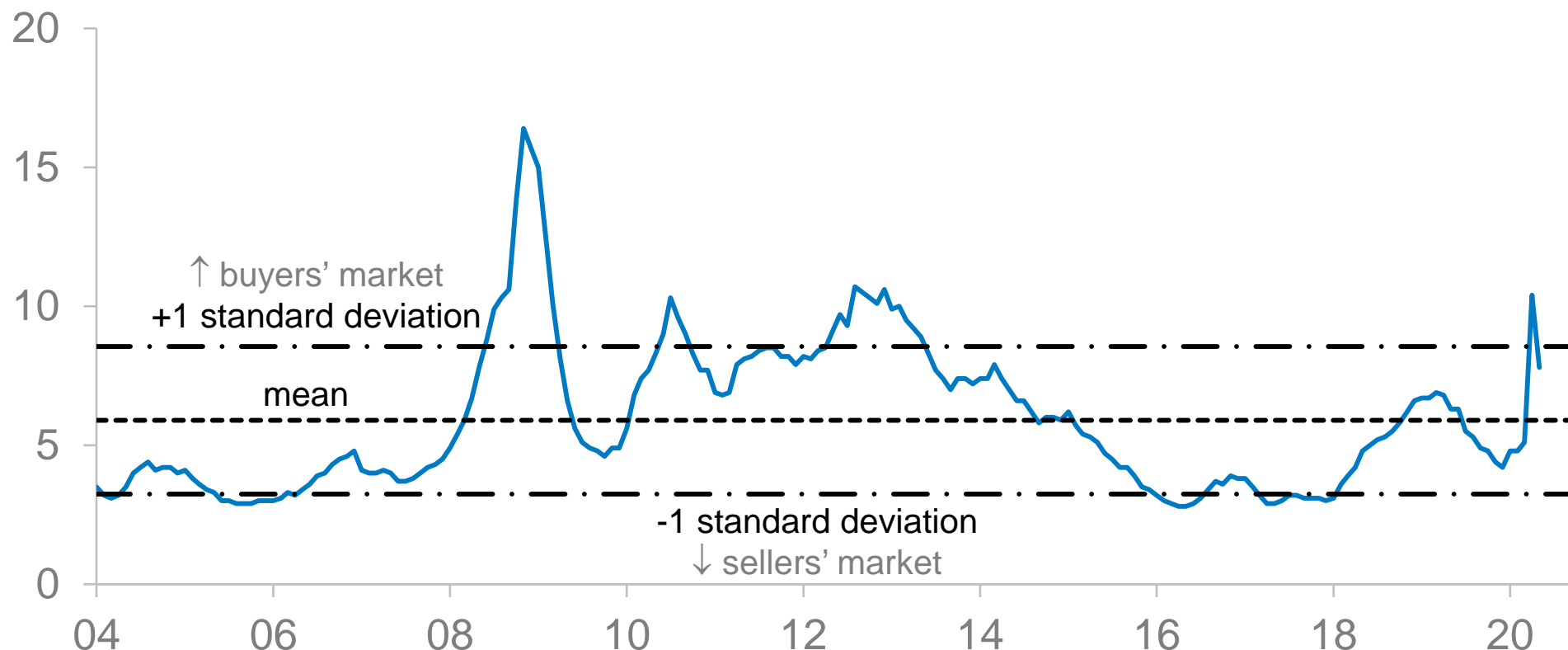


Source: Canadian Real Estate Association

Months' Supply British Columbia

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

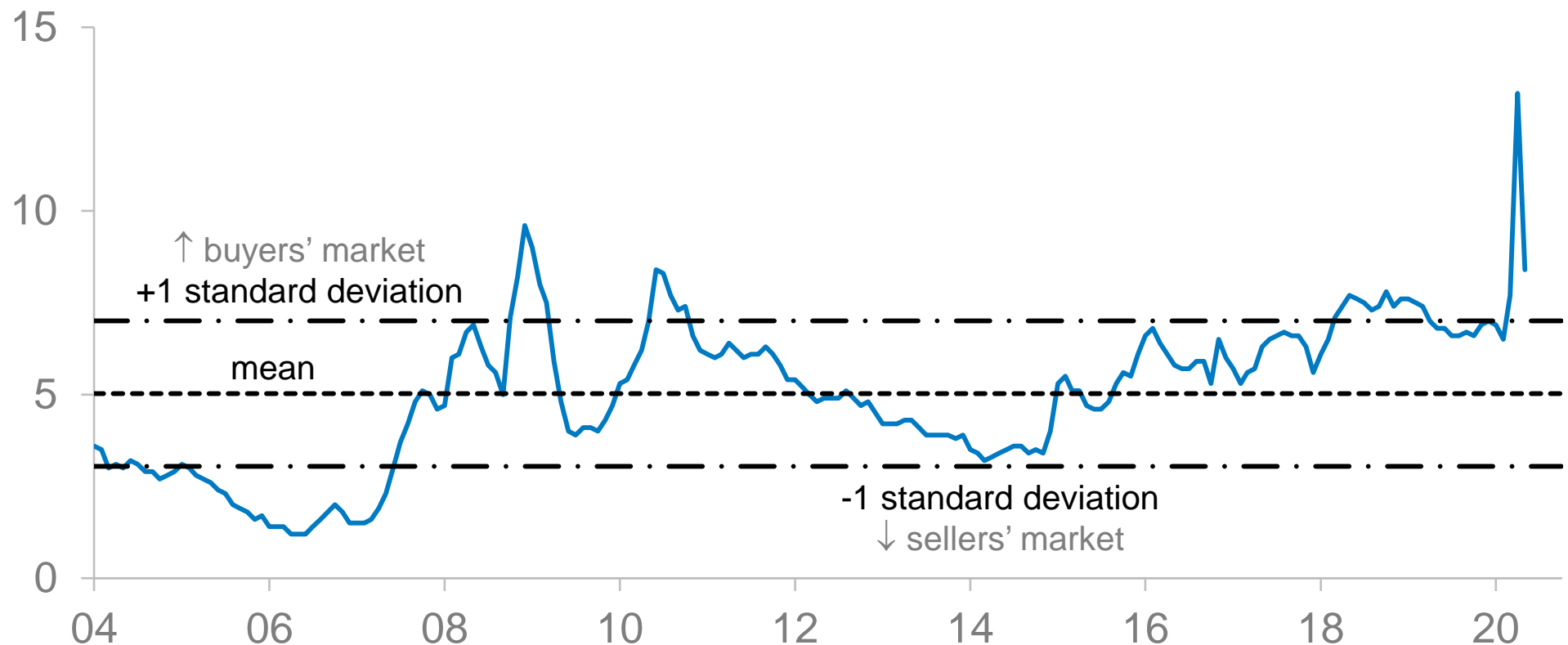


Source: Canadian Real Estate Association

Months' Supply Alberta

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

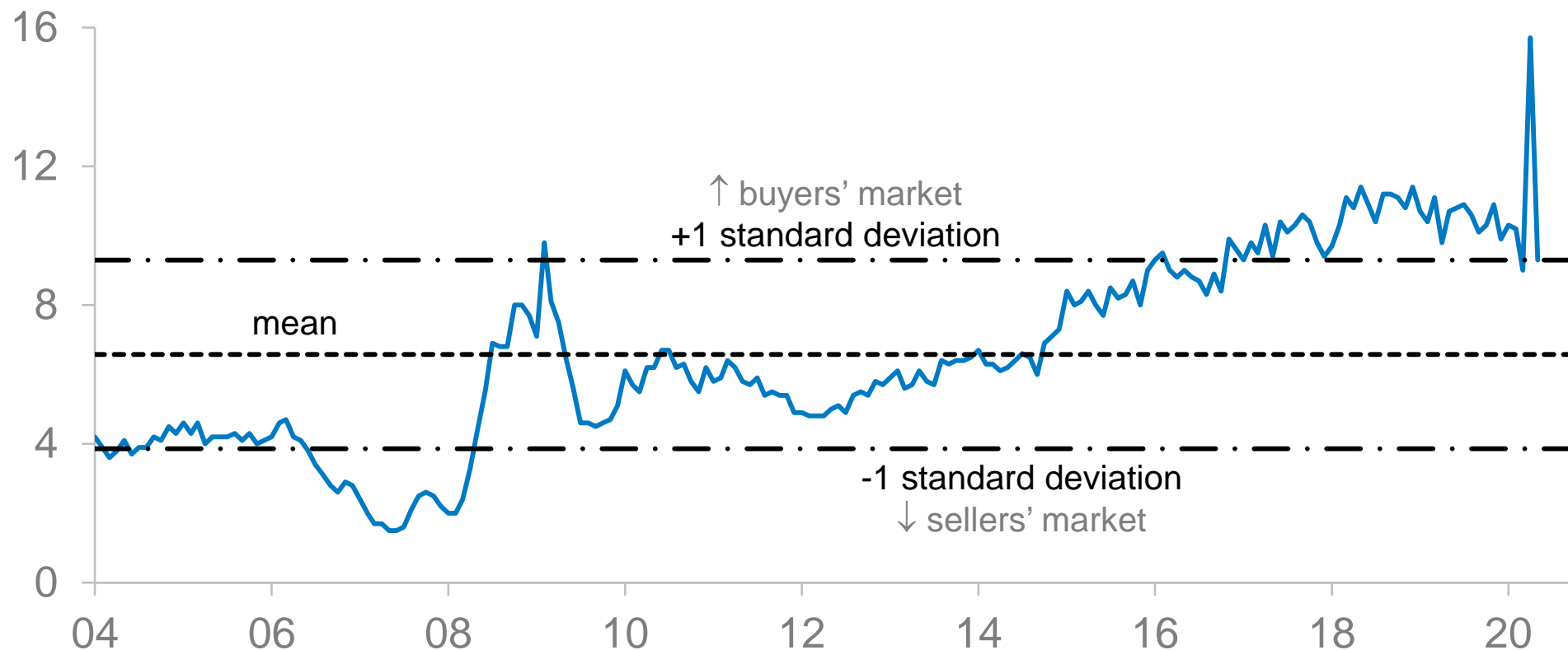


Source: Canadian Real Estate Association

Months' Supply Saskatchewan

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

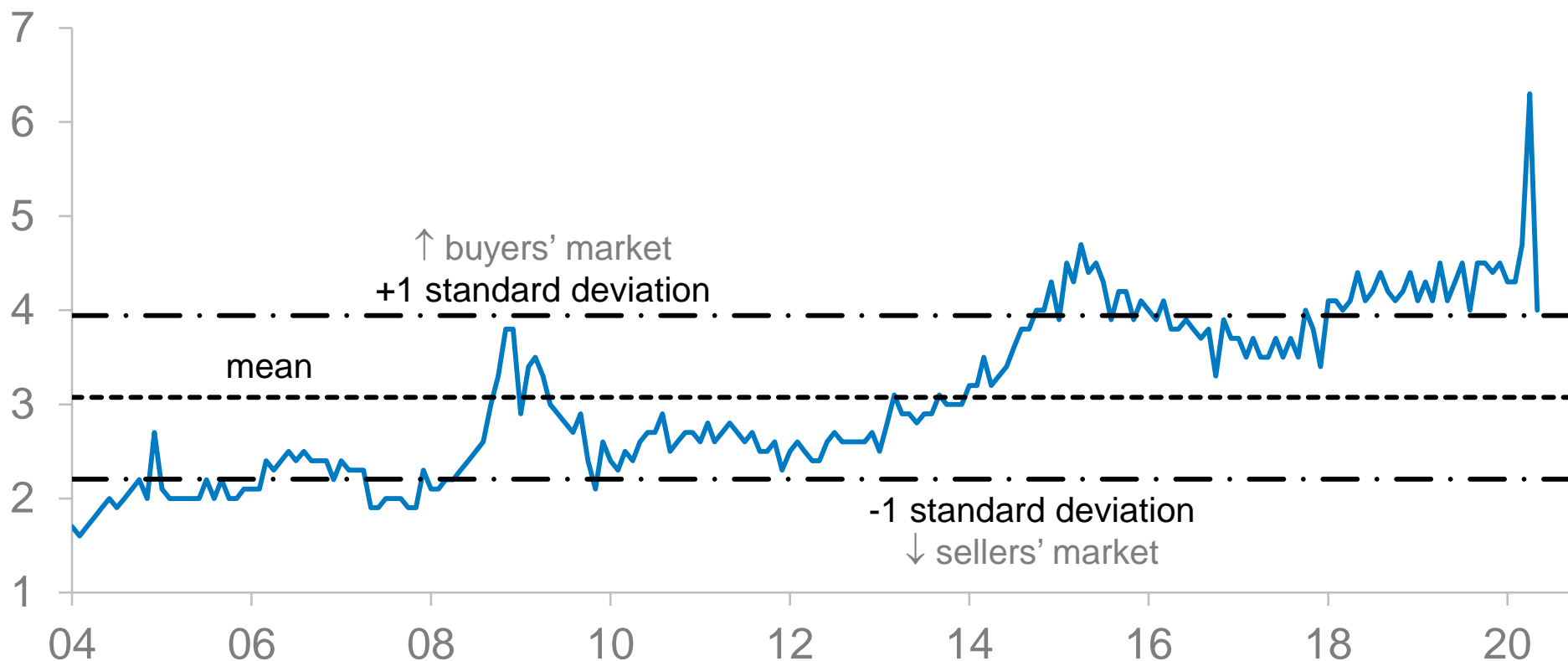


Source: Canadian Real Estate Association

Months' Supply Manitoba

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

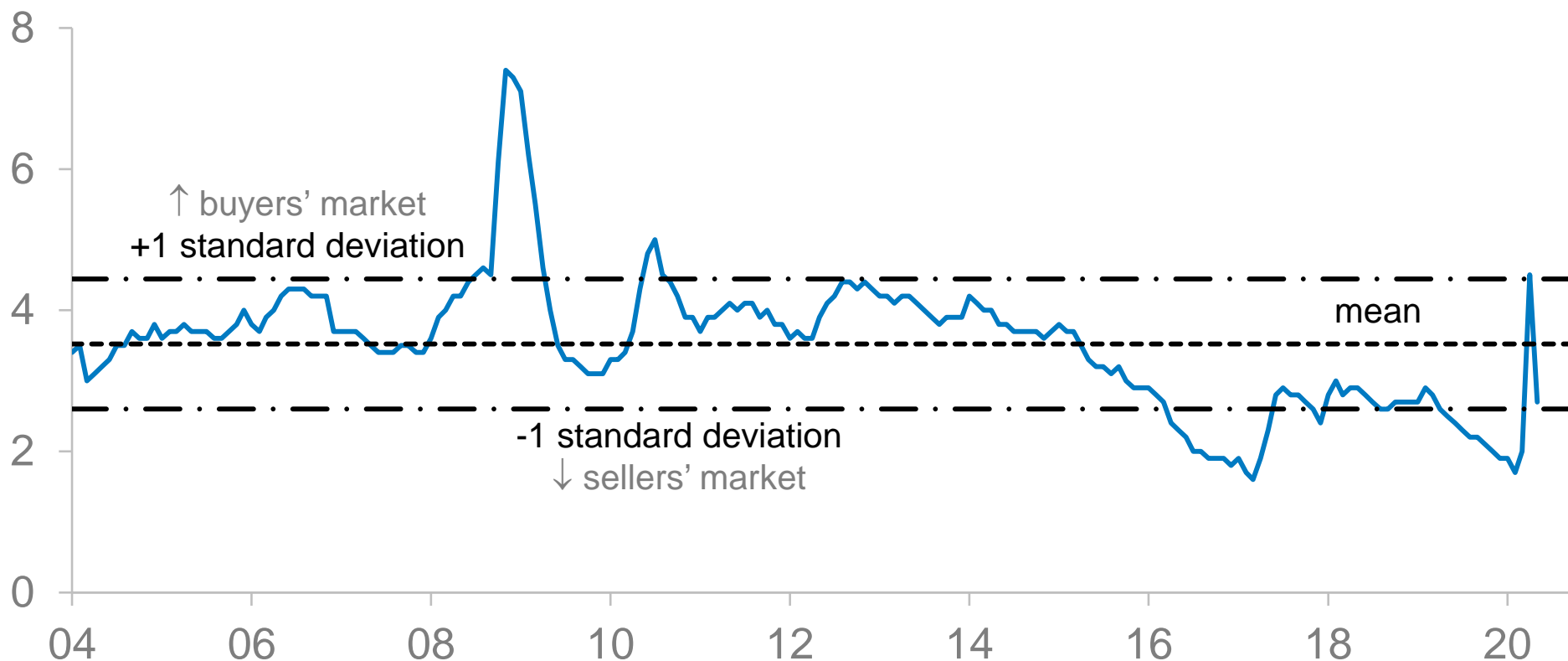


Source: Canadian Real Estate Association

Months' Supply Ontario

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

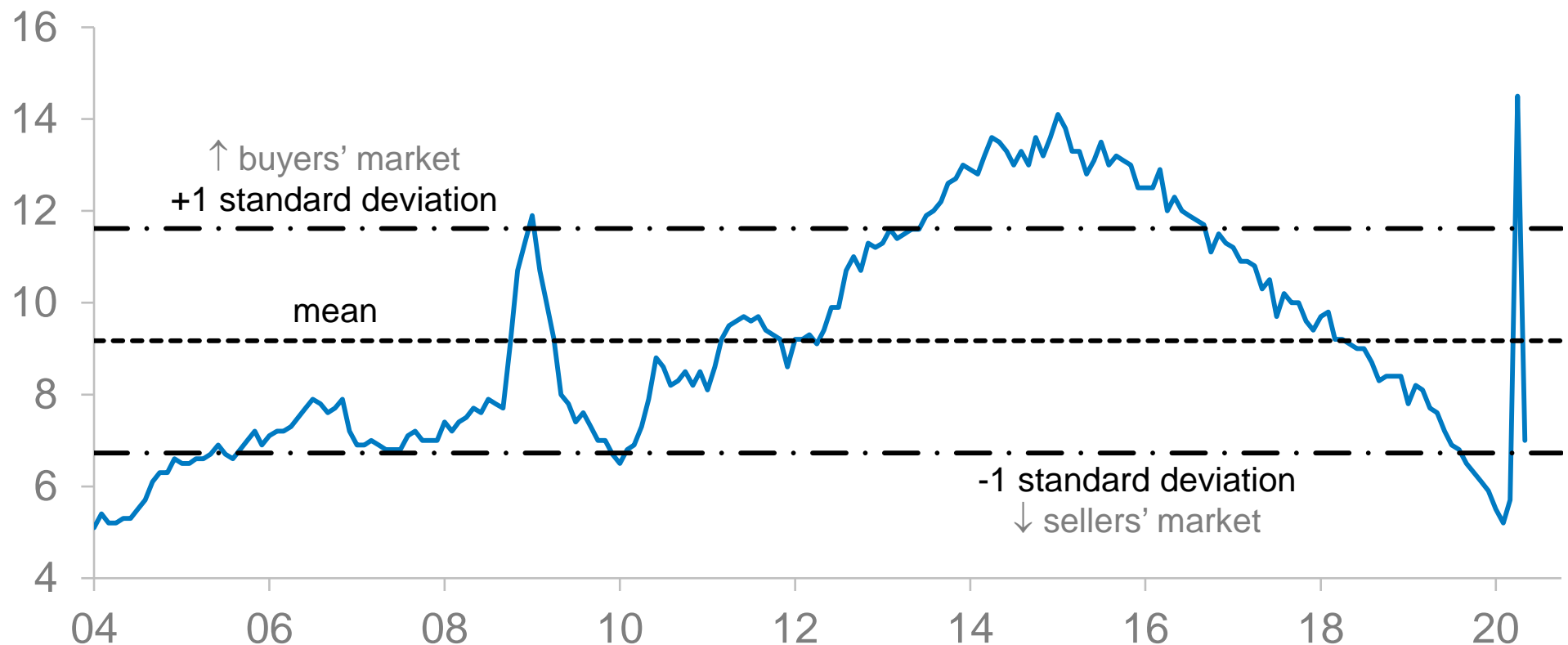


Source: Canadian Real Estate Association

Months' Supply Quebec

(monthly : s.a. : as of May 2020)

Active Listings as Ratio of Existing Home Sales

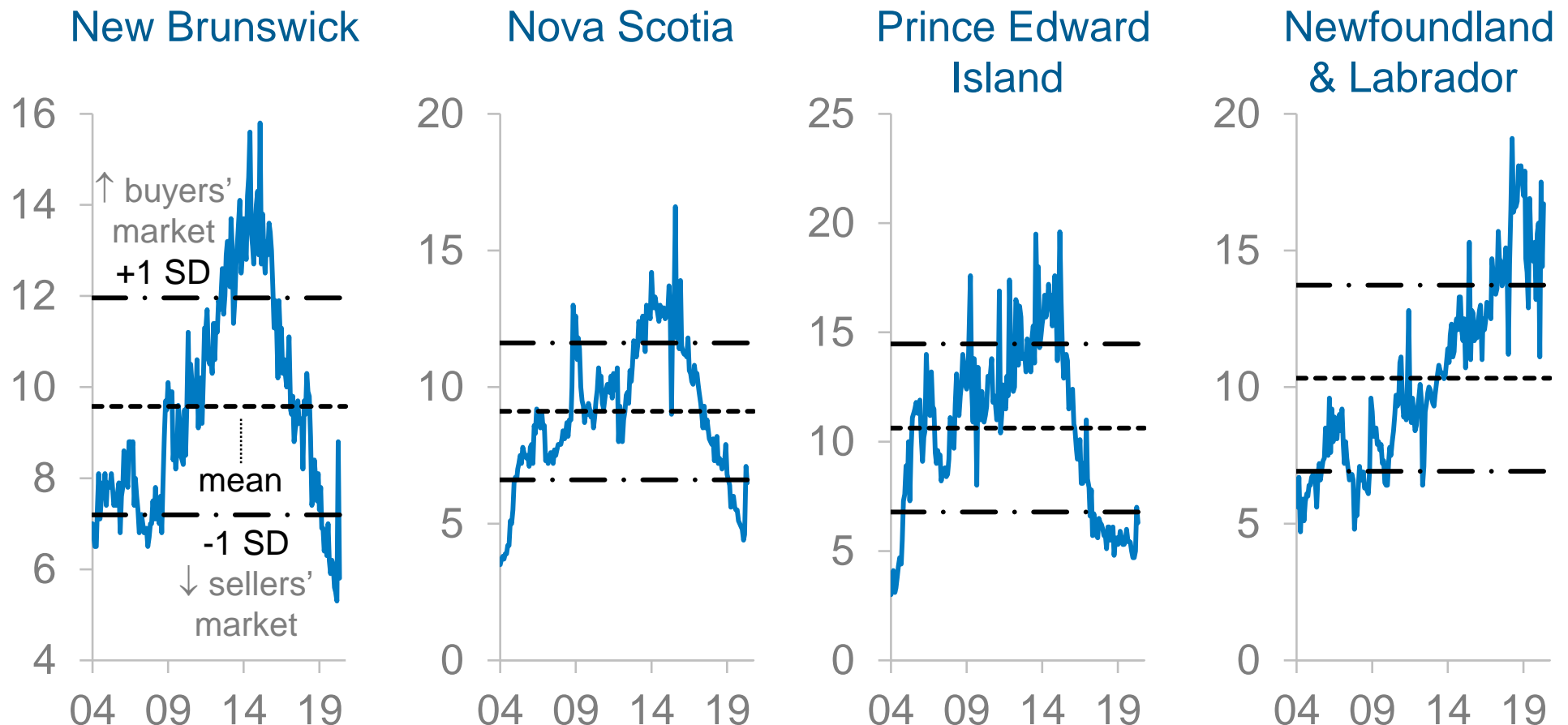


Source: Canadian Real Estate Association

Months' Supply

The Atlantic Provinces

Active Listings as Ratio of Existing Home Sales (mon. : s.a. : as of May '20)



SD = standard deviation

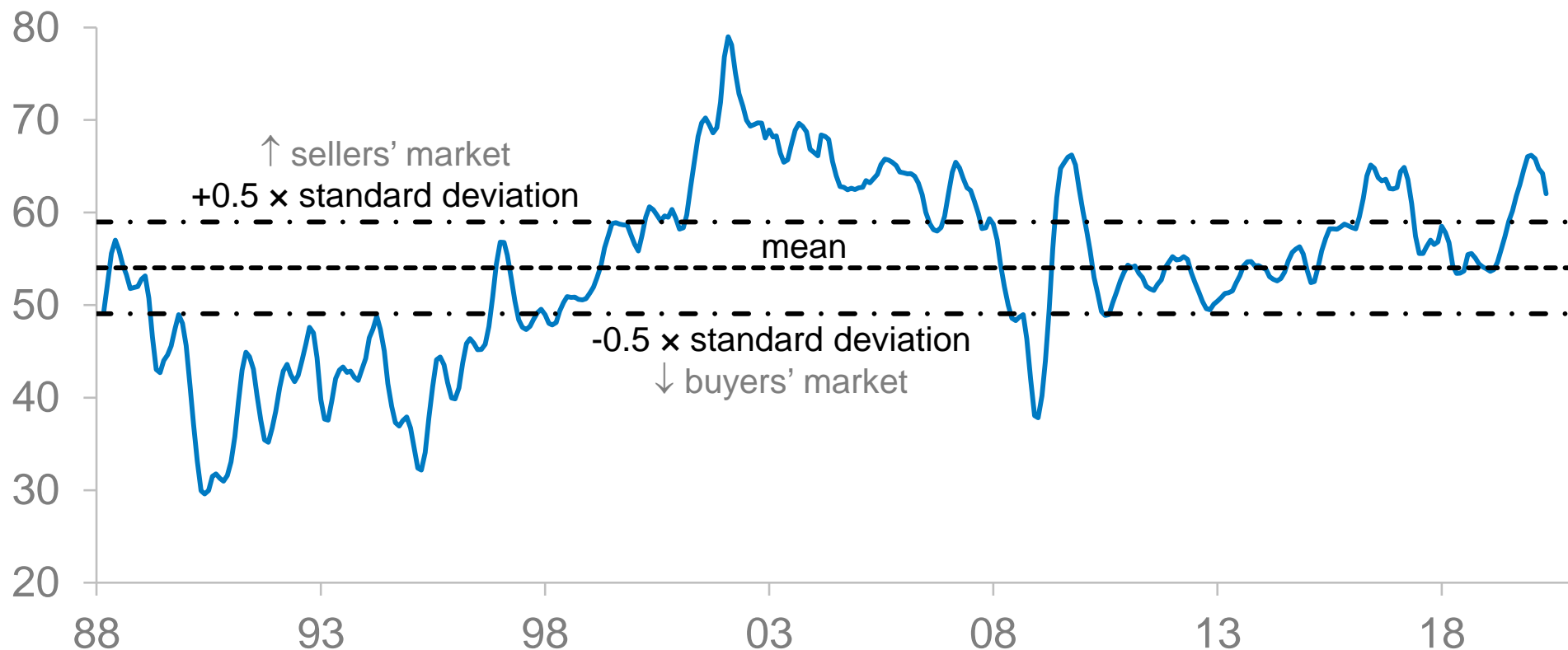
Source: Canadian Real Estate Association

Sales-to-New Listings

Canada

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



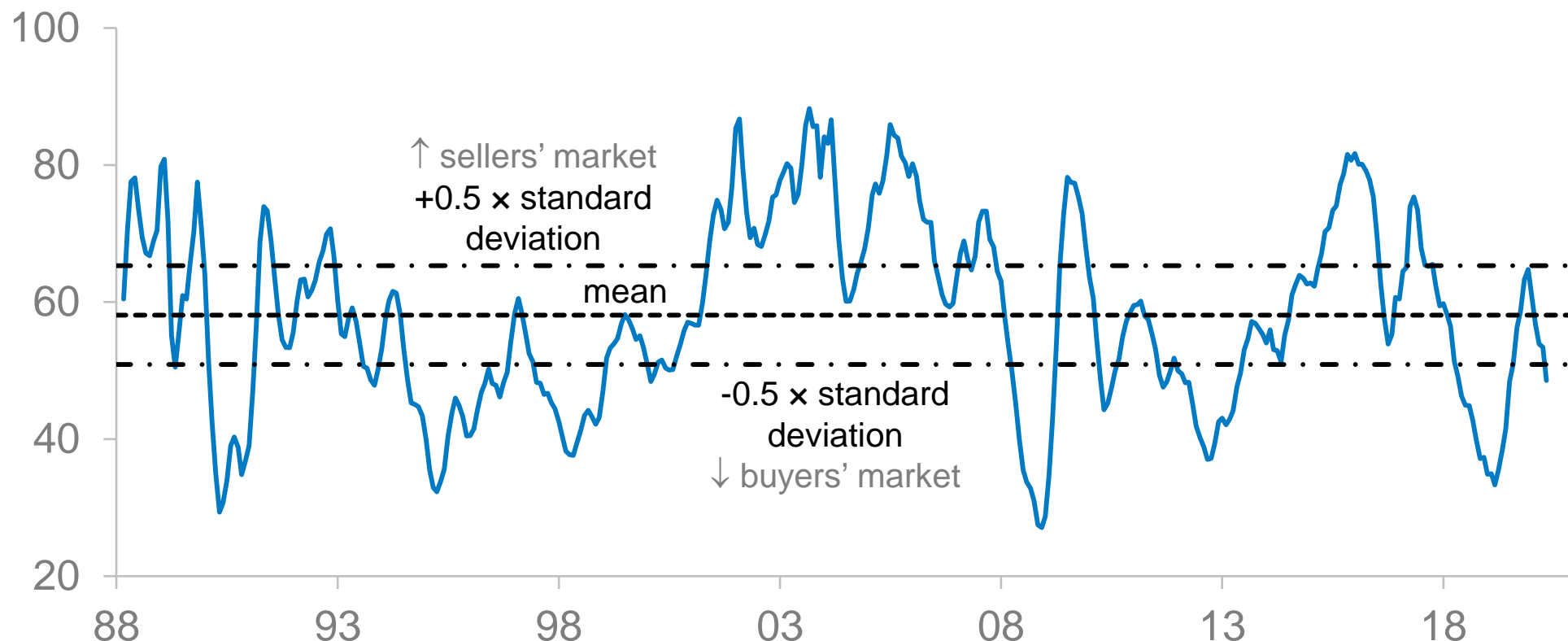
Source: Canadian Real Estate Association

Sales-to-New Listings

Vancouver

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



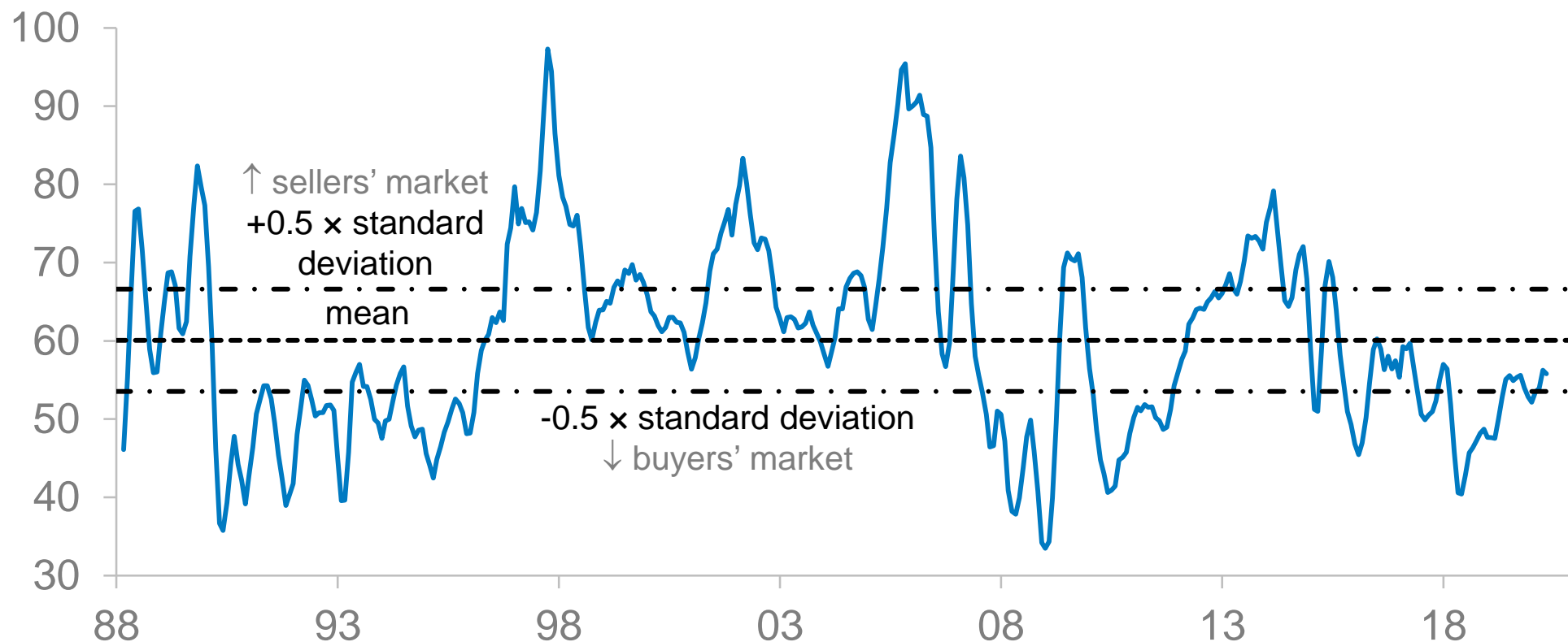
Source: Canadian Real Estate Association

Sales-to-New Listings

Calgary

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



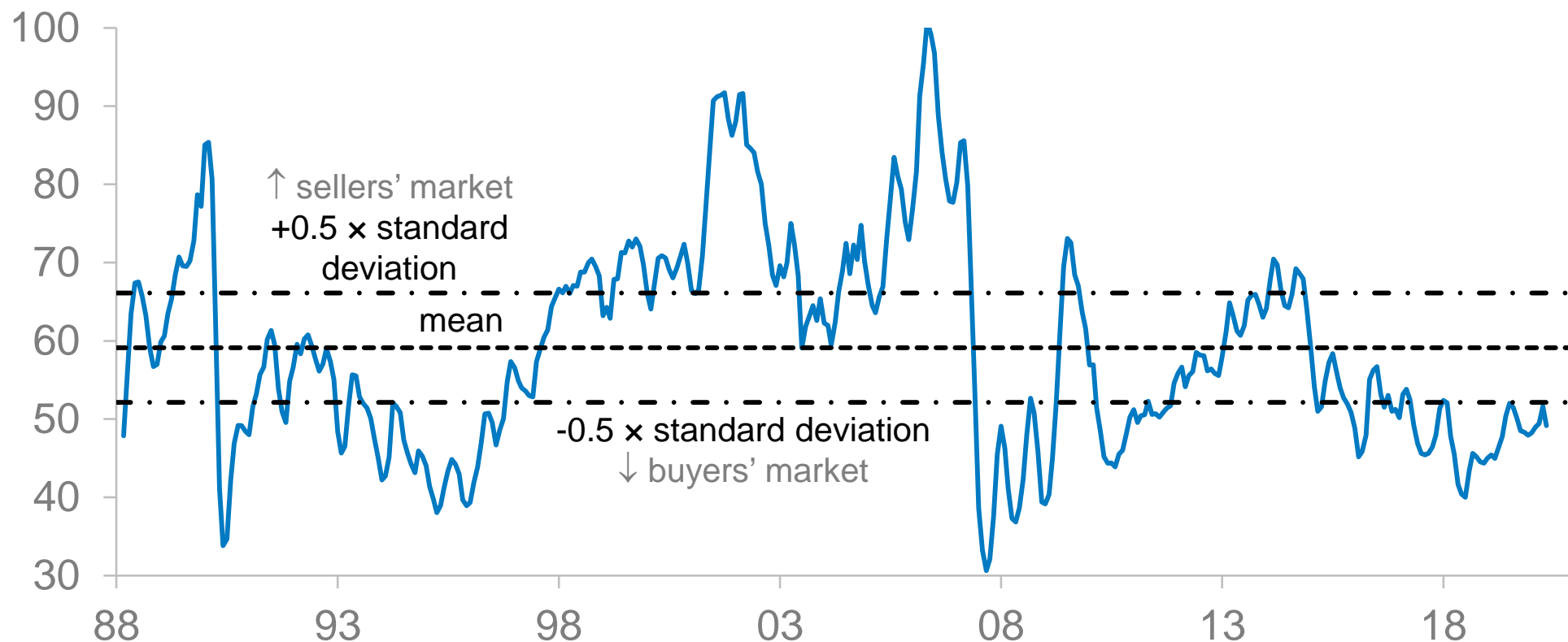
Source: Canadian Real Estate Association

Sales-to-New Listings

Edmonton

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



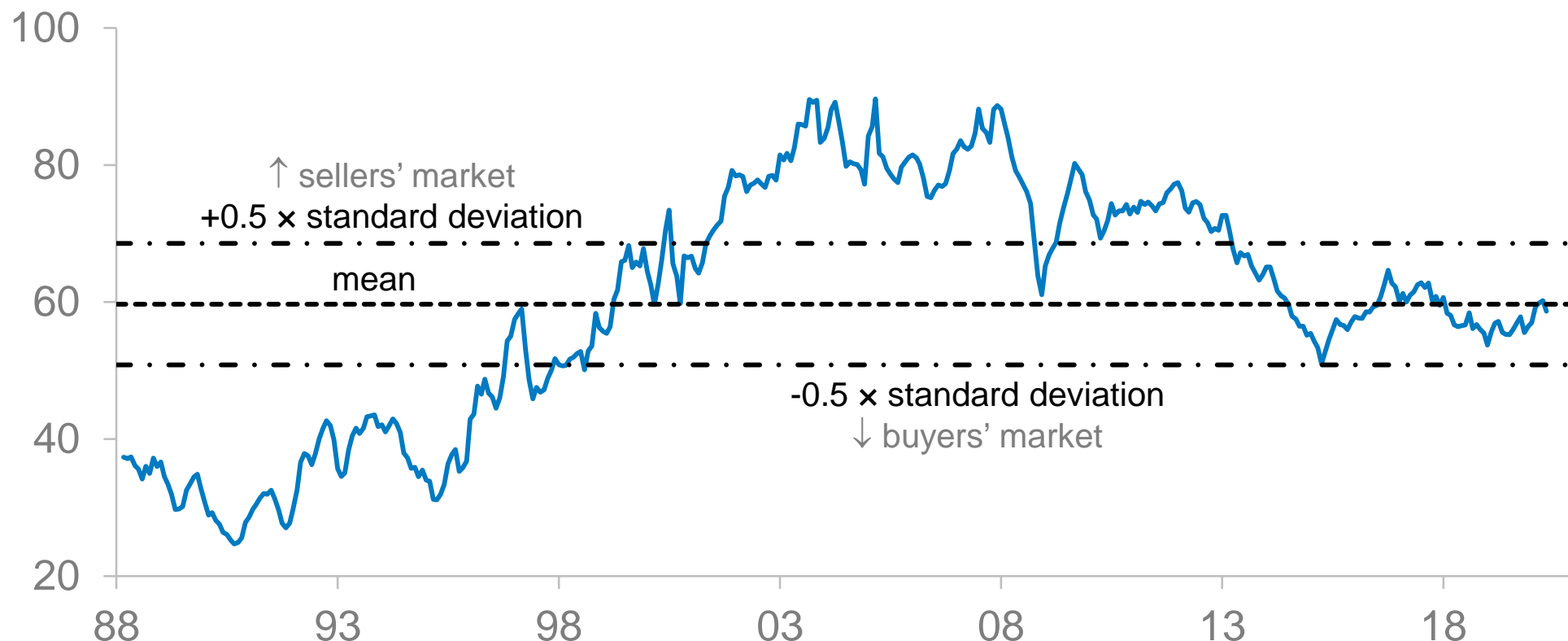
Source: Canadian Real Estate Association

Sales-to-New Listings

Winnipeg

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



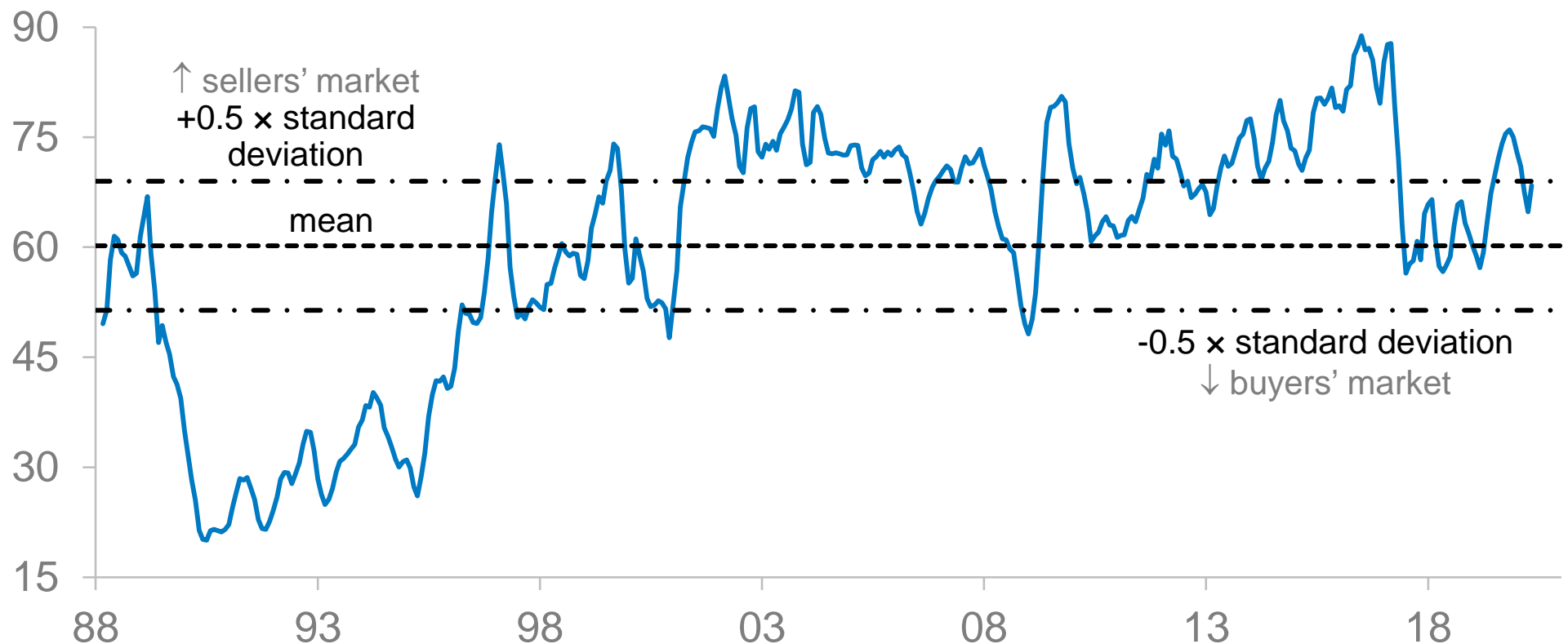
Source: Canadian Real Estate Association

Sales-to-New Listings

Hamilton

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



Source: Canadian Real Estate Association

Sales-to-New Listings

Toronto

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings

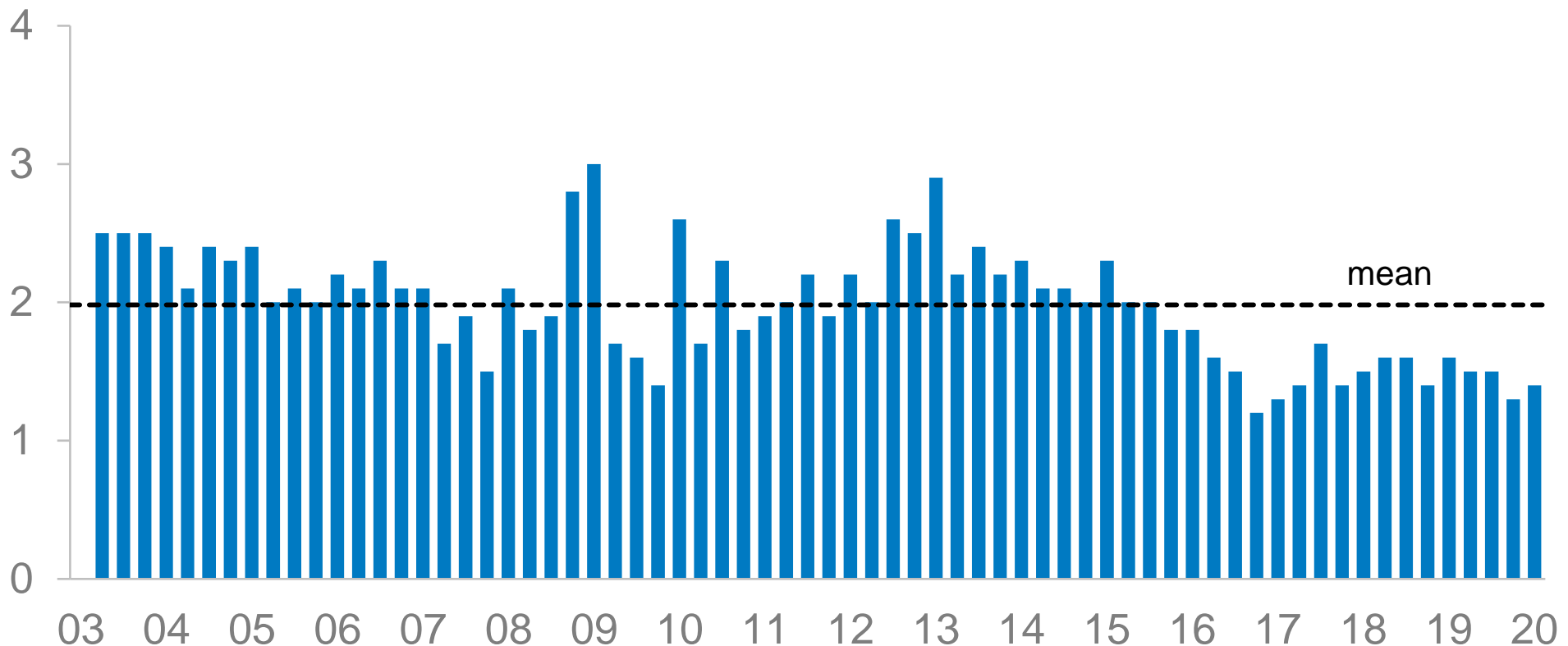


Source: Canadian Real Estate Association

Resale Condominium Quarterly Supply Toronto

(quarterly : ratio : as of 2020:Q1)

Listed Units as a Share of Sales ¹



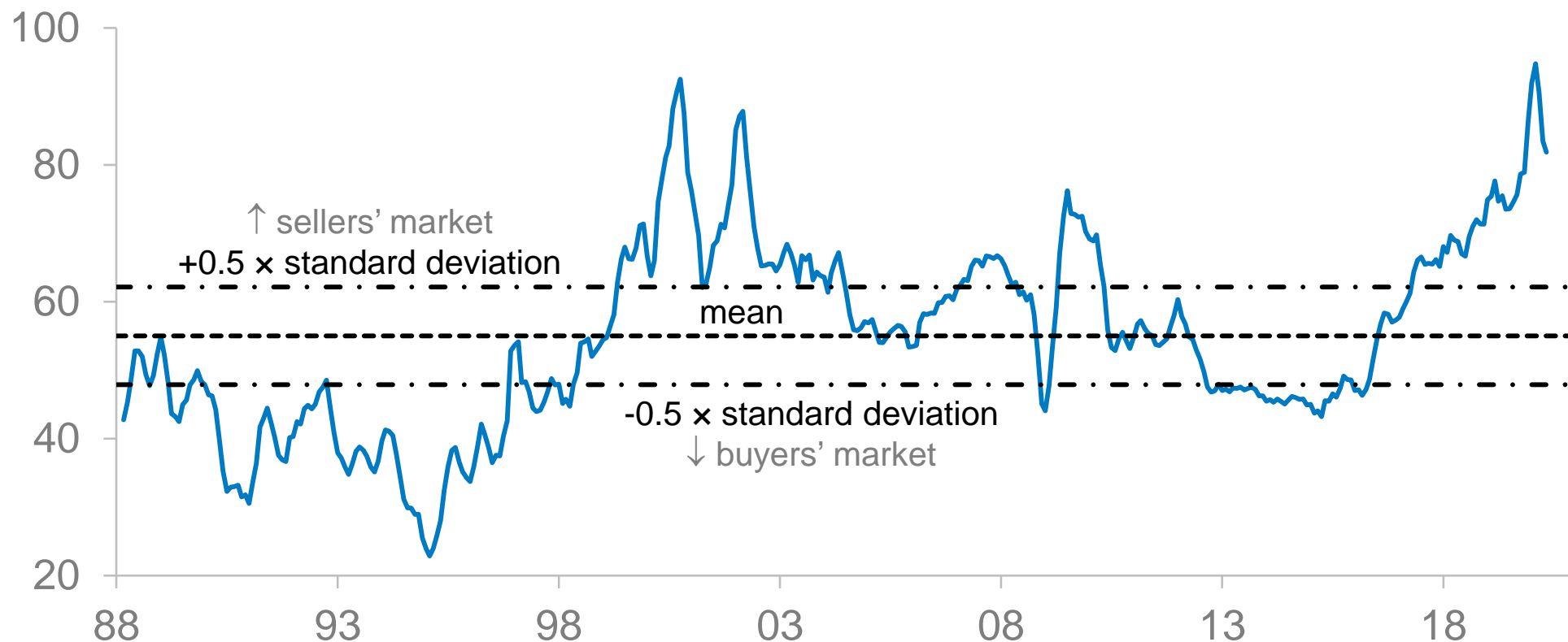
¹ quarters required to sell listed units at current sales rate
Source: Urbanation Inc.

Sales-to-New Listings

Ottawa

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



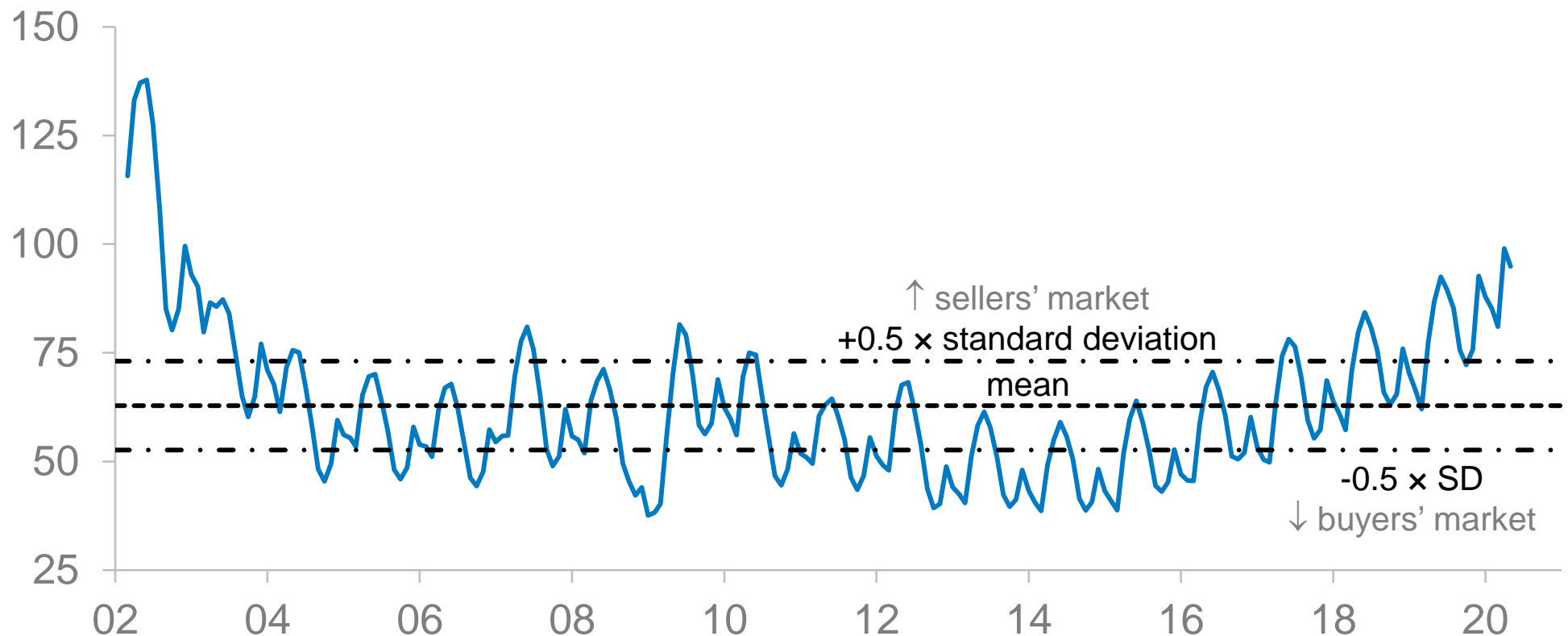
Source: Canadian Real Estate Association

Sales-to-New Listings

Montreal

(monthly : n.s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



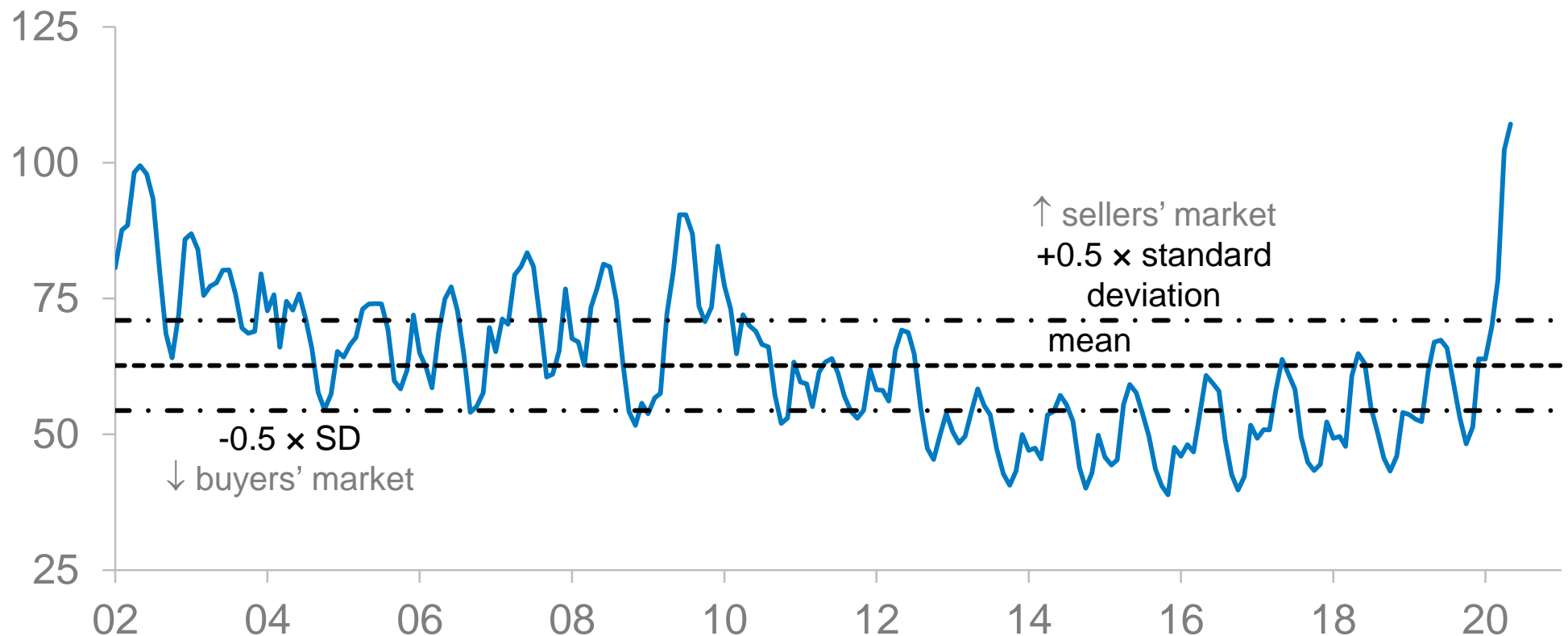
Source: Fédération des chambres immobilières du Québec

Sales-to-New Listings

Quebec City

(monthly : n.s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



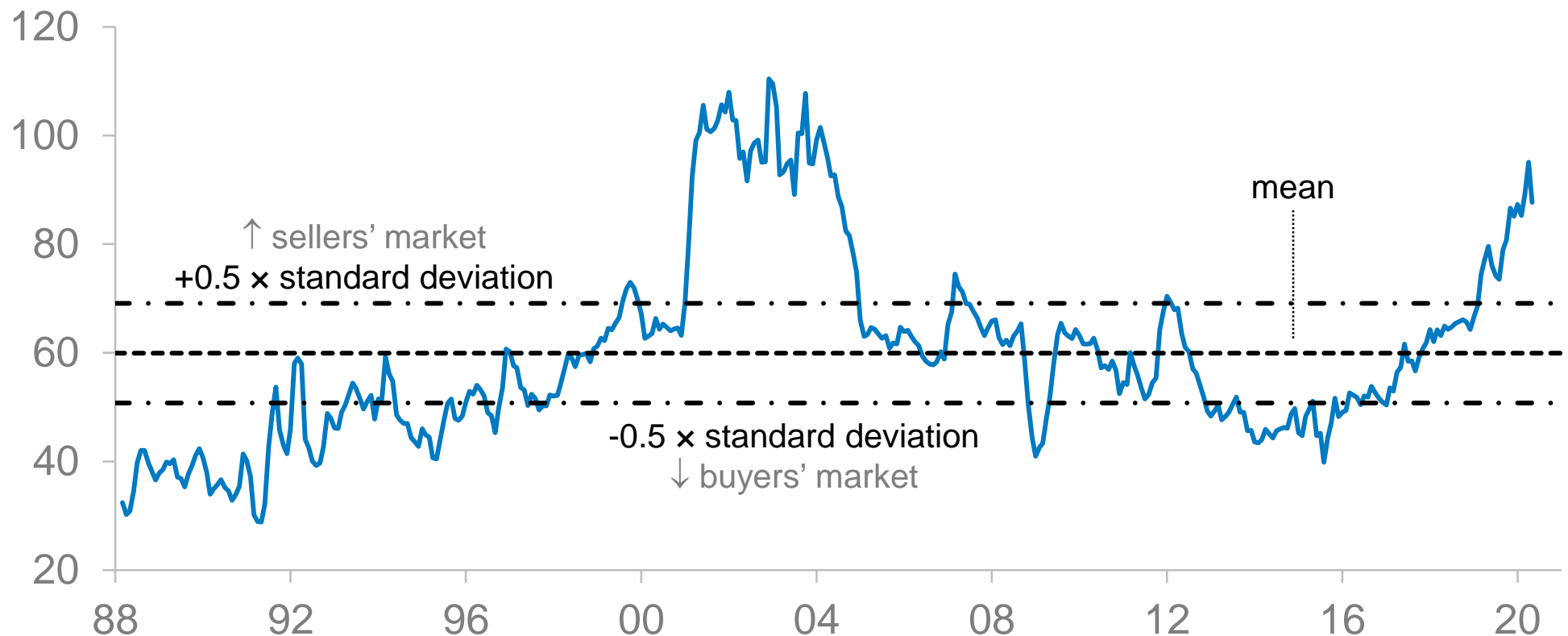
Source: Fédération des chambres immobilières du Québec

Sales-to-New Listings

Halifax

(monthly : s.a. : 3-mth m.a. : as of May 2020)

Existing Home Sales as a % of New Listings



Source: Canadian Real Estate Association

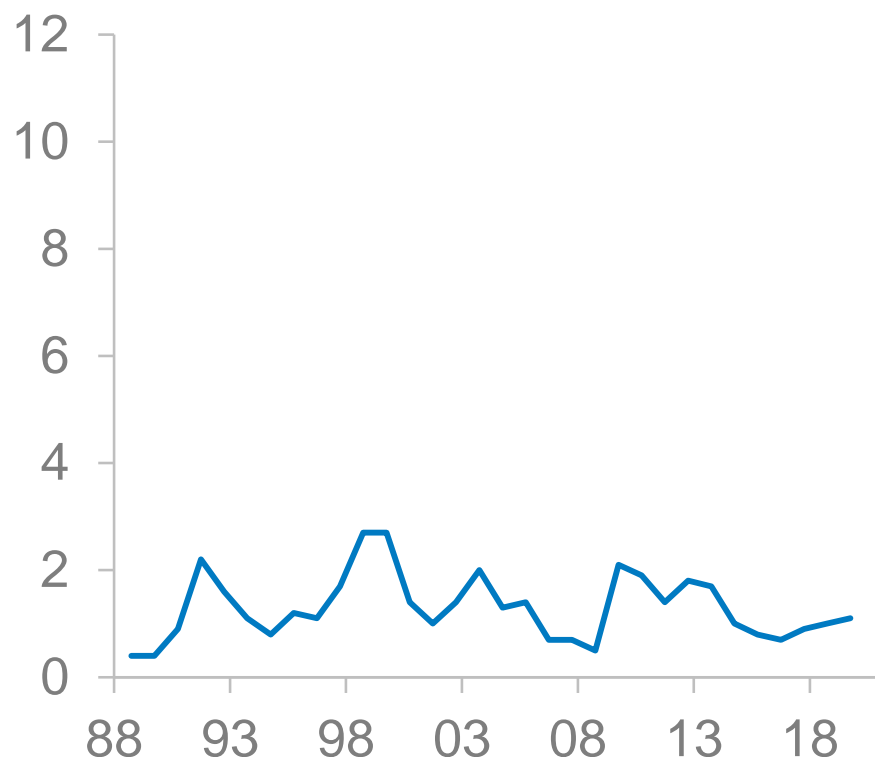
Rental Vacancy Rates

Vancouver

(percent)

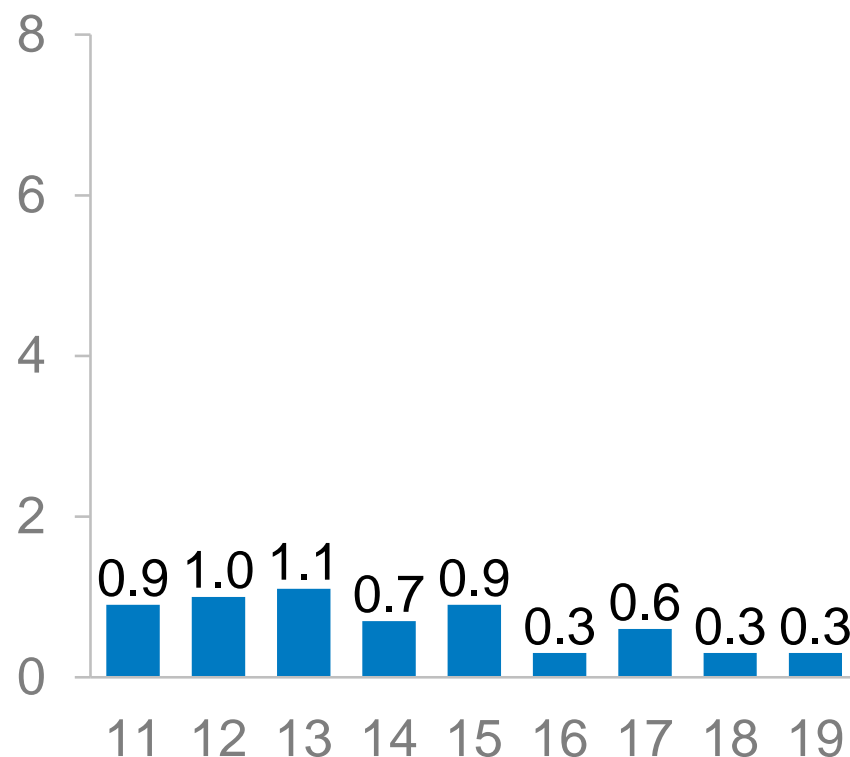
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

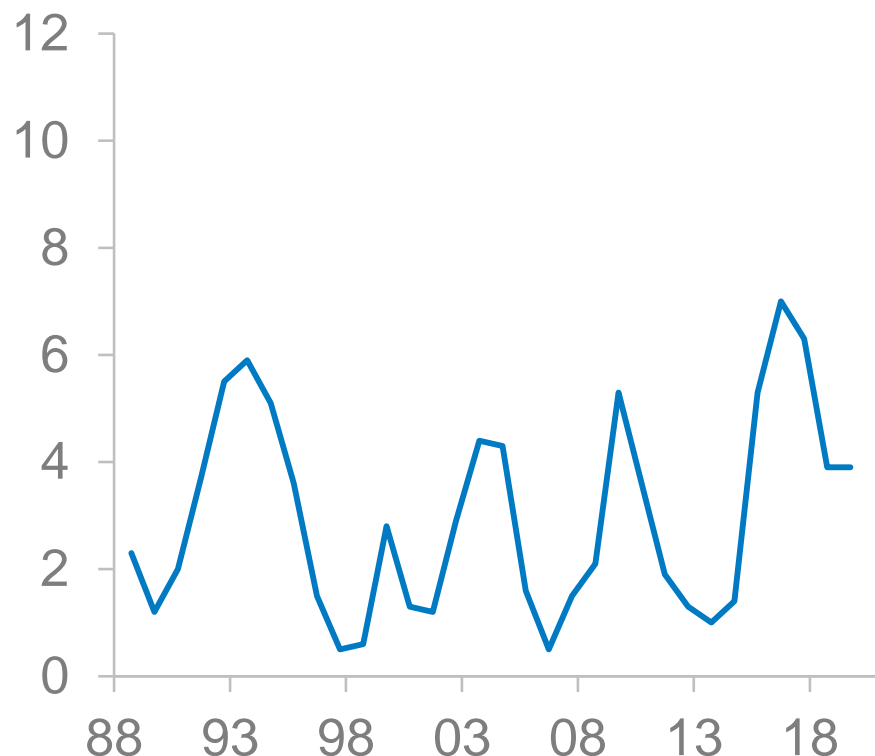
Rental Vacancy Rates

Calgary

(percent)

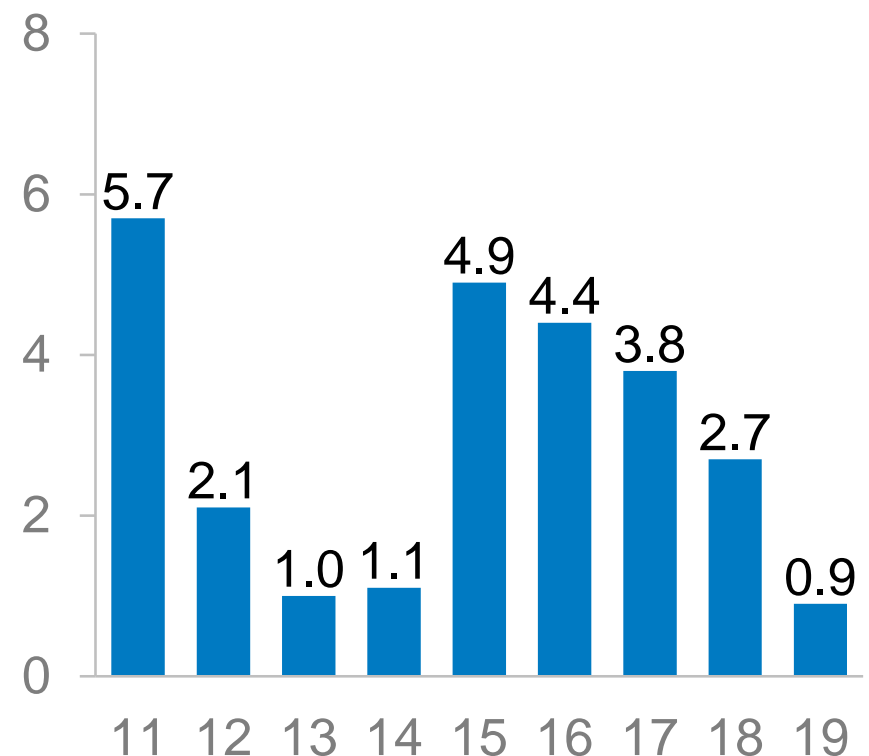
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

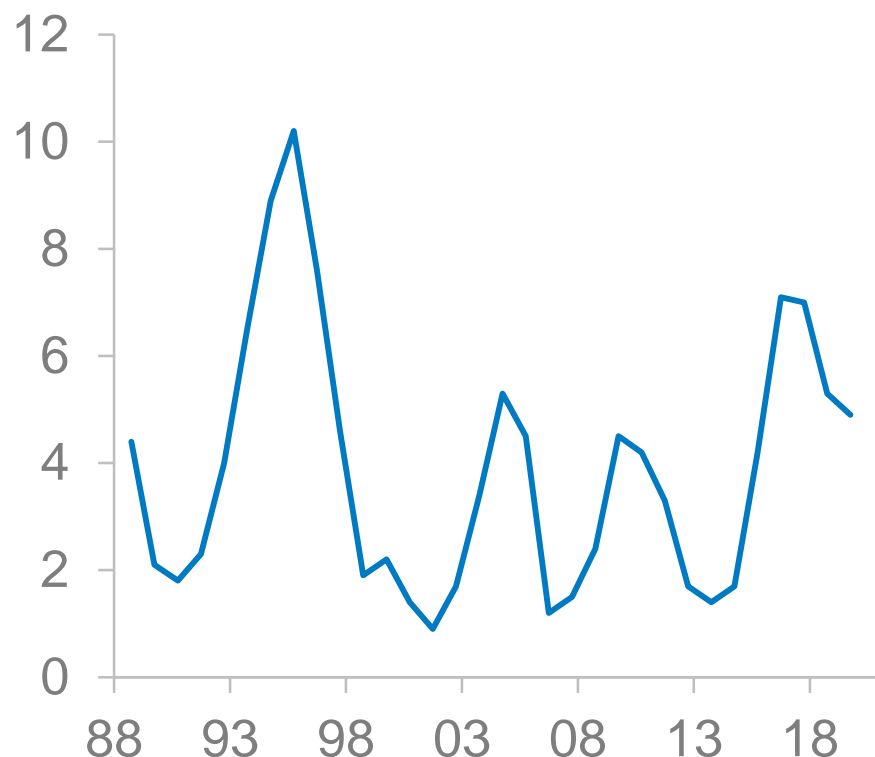
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates Edmonton

(percent)

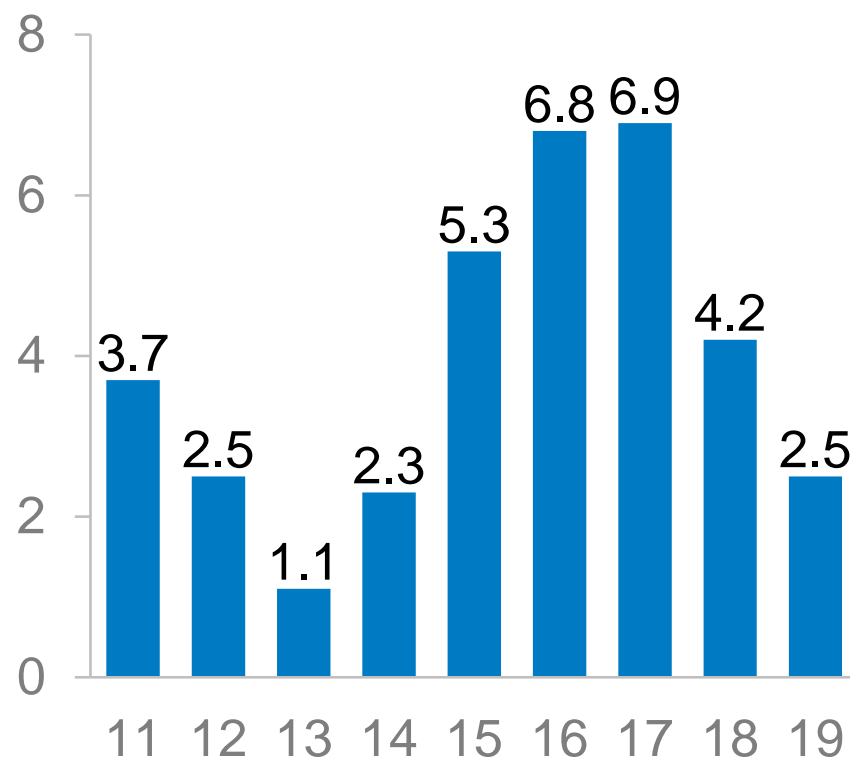
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

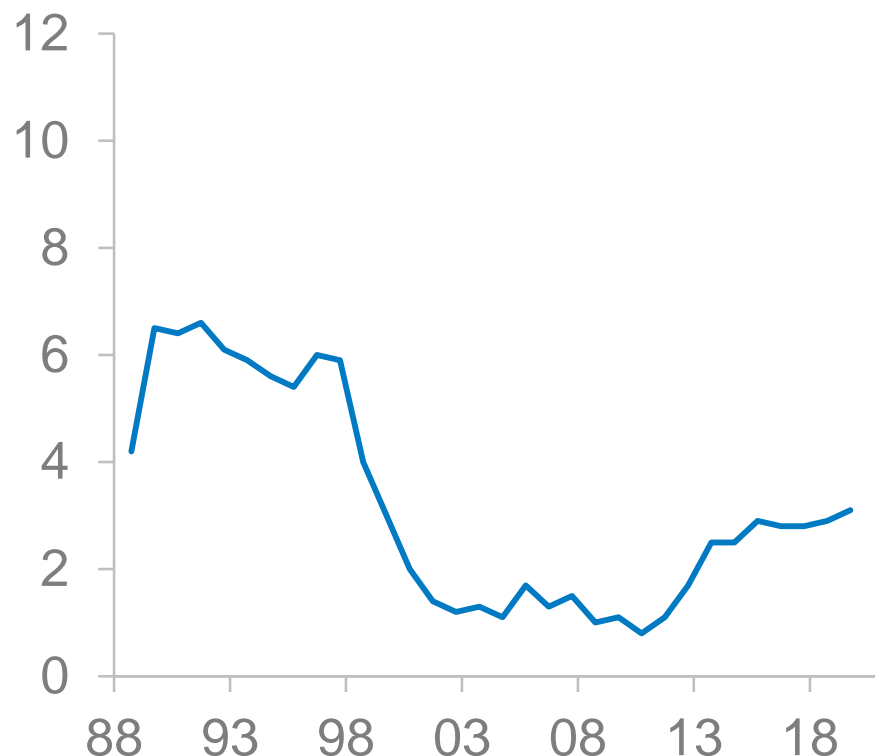
Rental Vacancy Rates

Winnipeg

(percent)

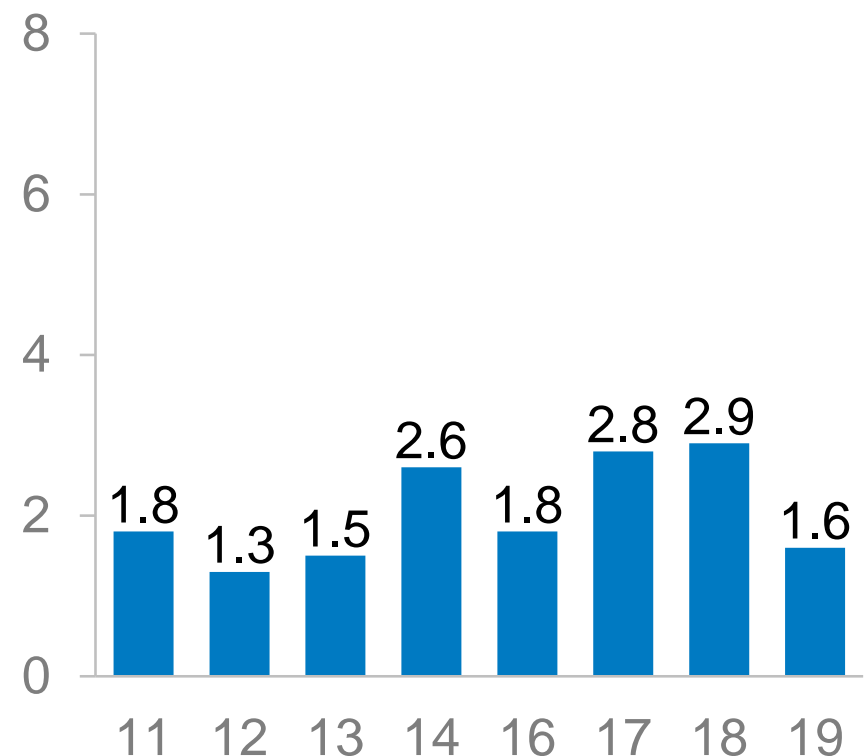
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Note: Winnipeg condo rental data for October 2015 is not available.

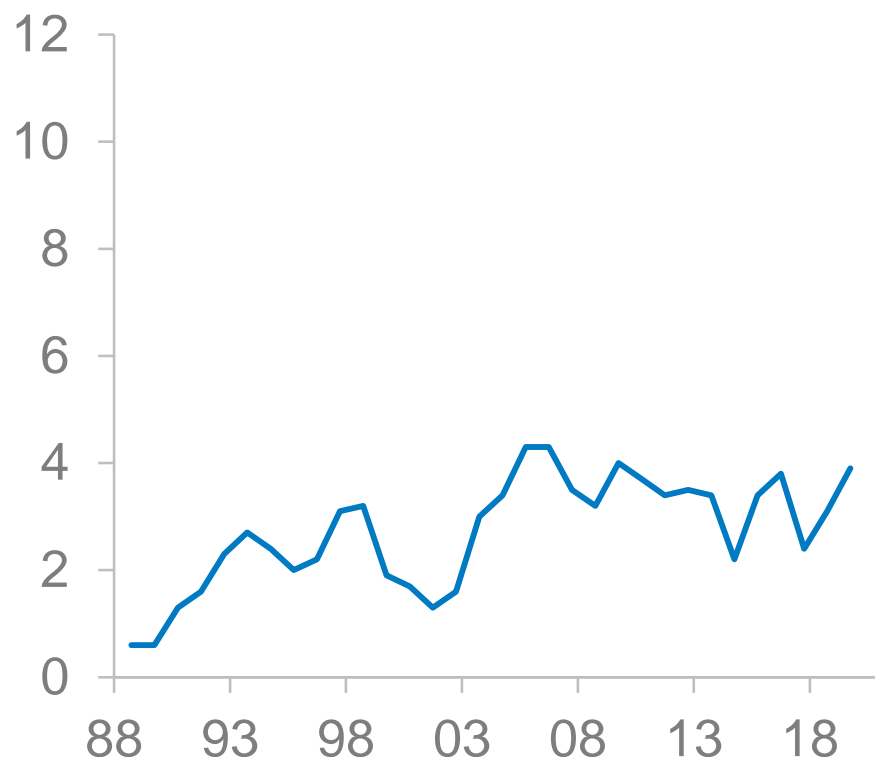
Rental Vacancy Rates

Hamilton

(percent)

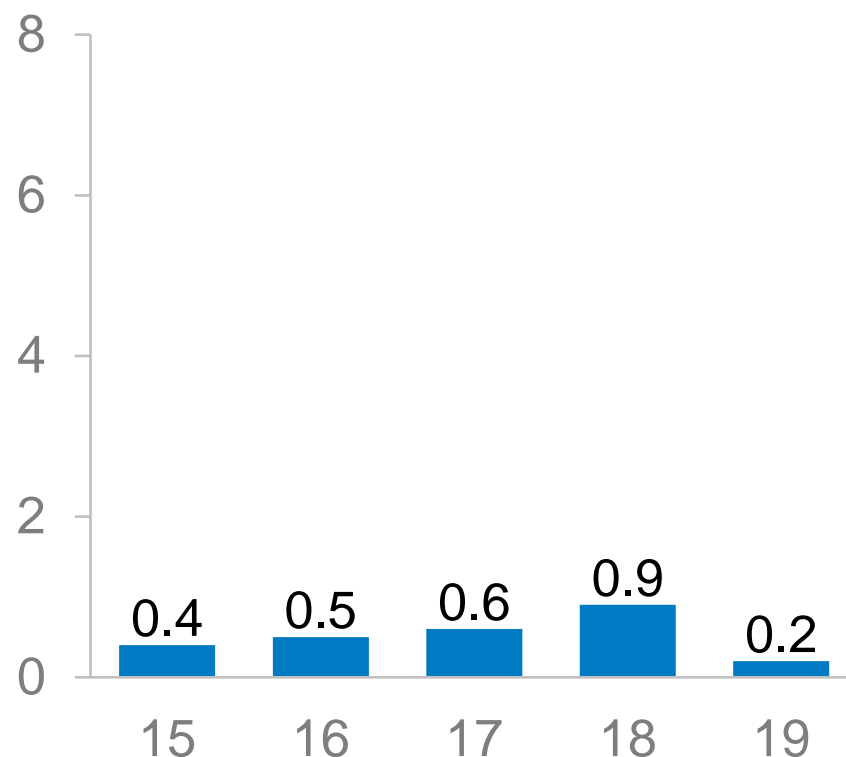
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Note: Hamilton condo rental data begins in October 2015.

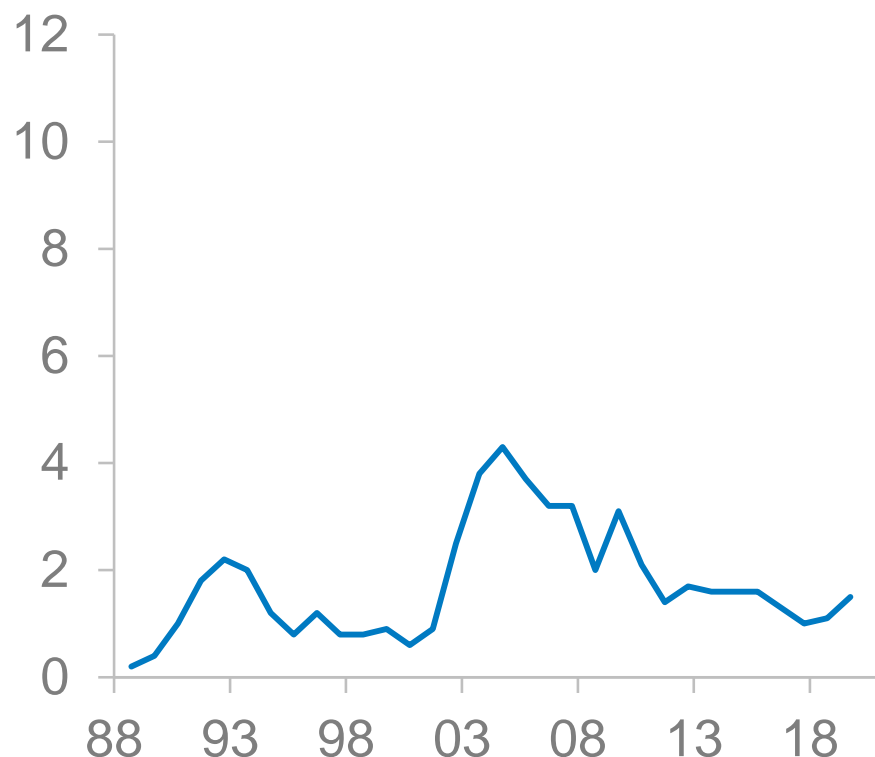
Rental Vacancy Rates

Toronto

(percent)

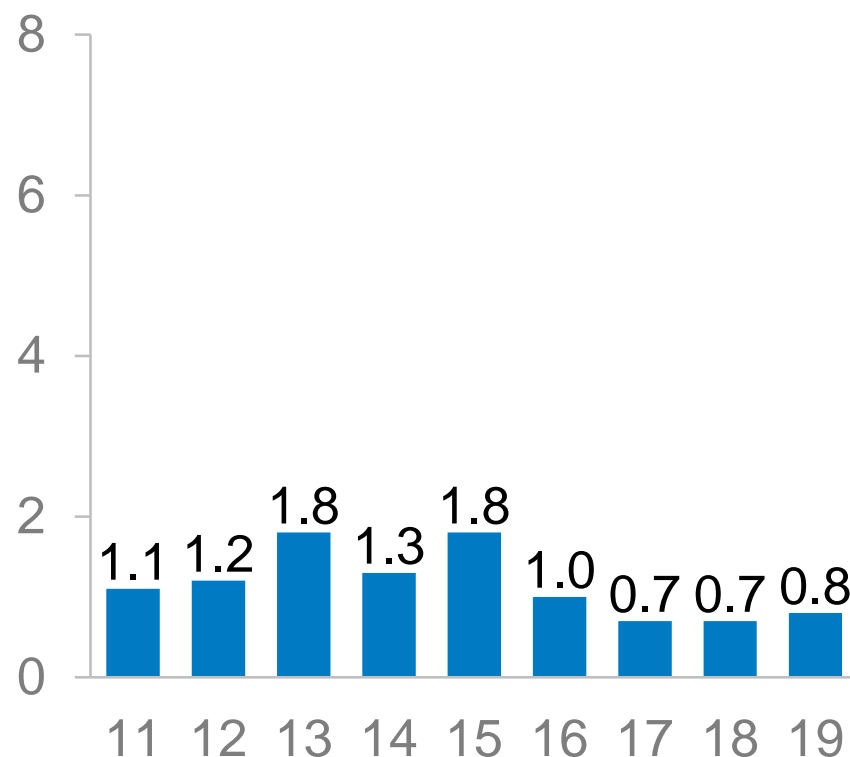
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



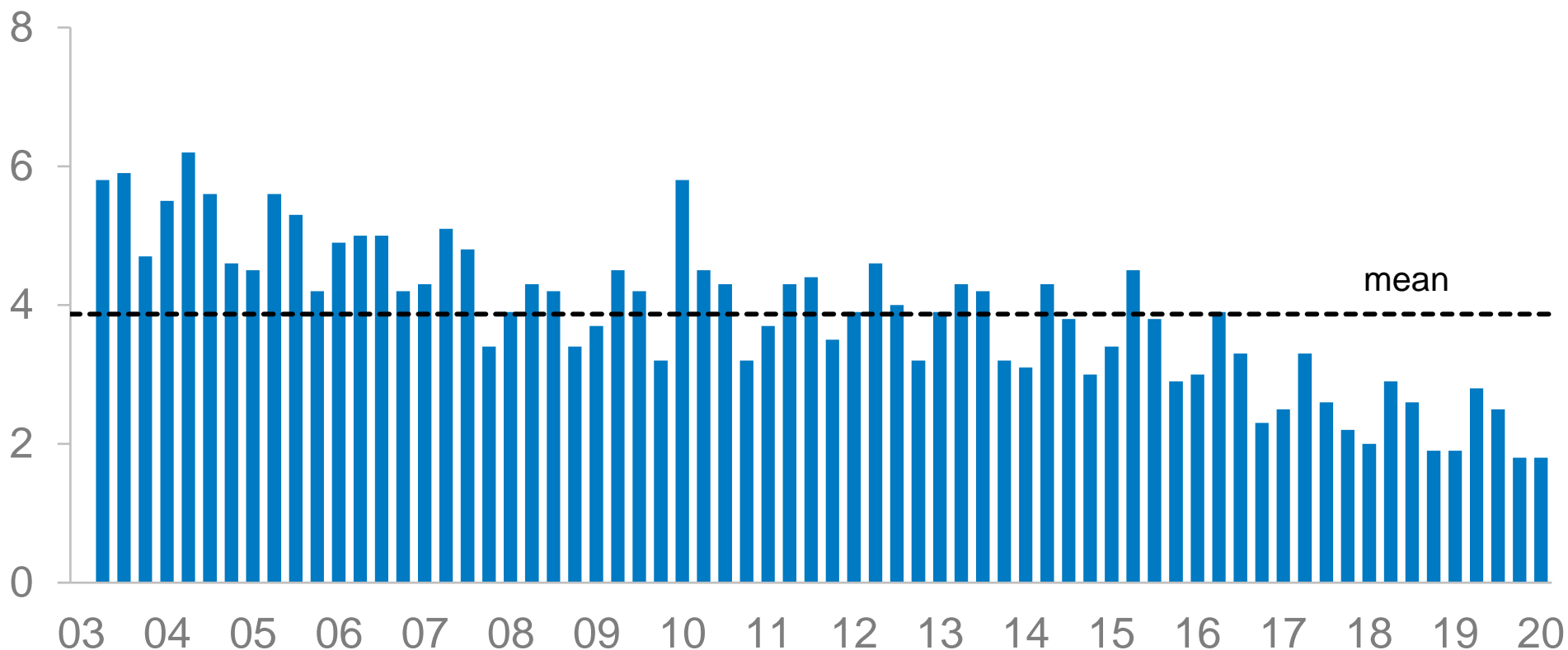
¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Resale Condominium Vacancy Rate Toronto

(quarterly : percent : as of 2020:Q1)

Listed Units as a Share of Total Units

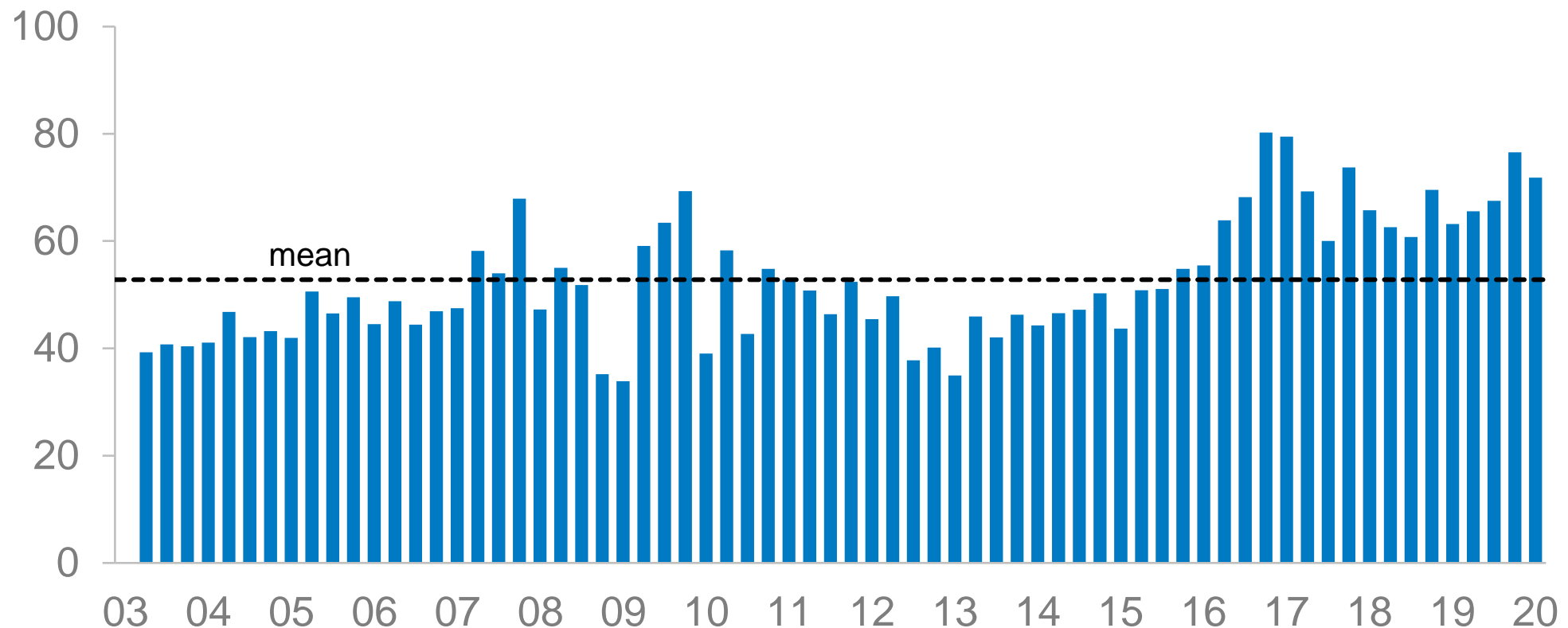


Source: Urbanation Inc.

Resale Condominium Sales-to-Listings Ratio Toronto

(quarterly : percent : as of 2020:Q1)

Sales as a Share of Listed Units



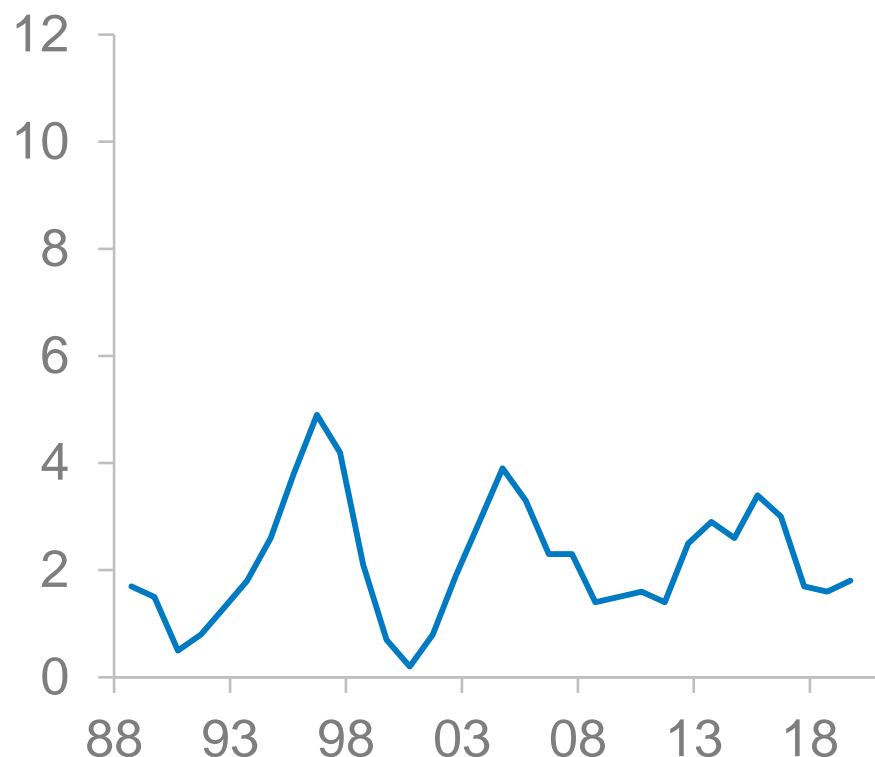
Source: Urbanation Inc.

Rental Vacancy Rates Ottawa

(percent)

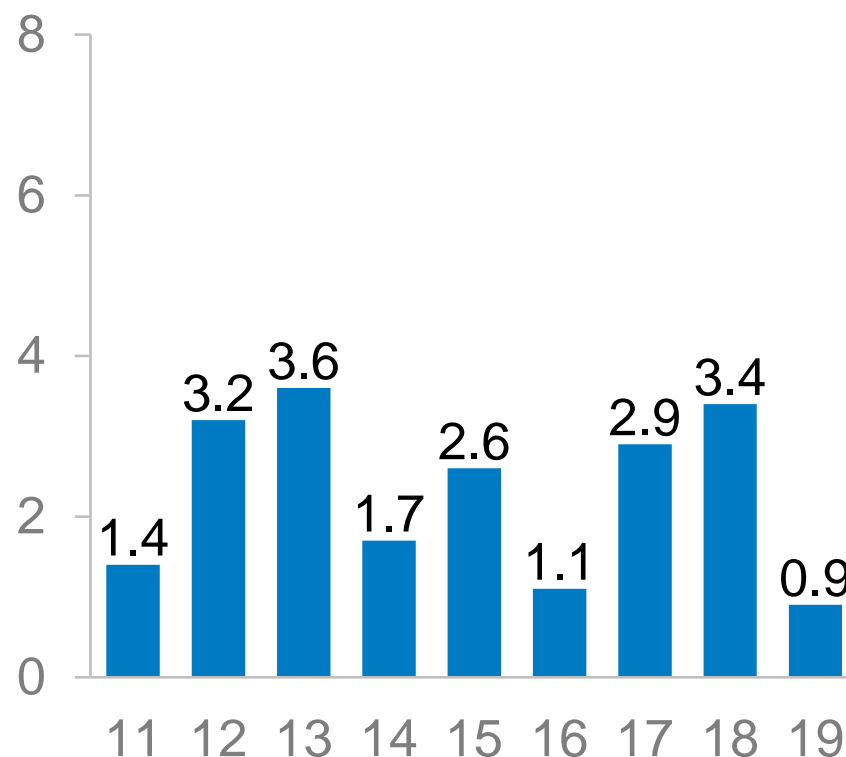
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

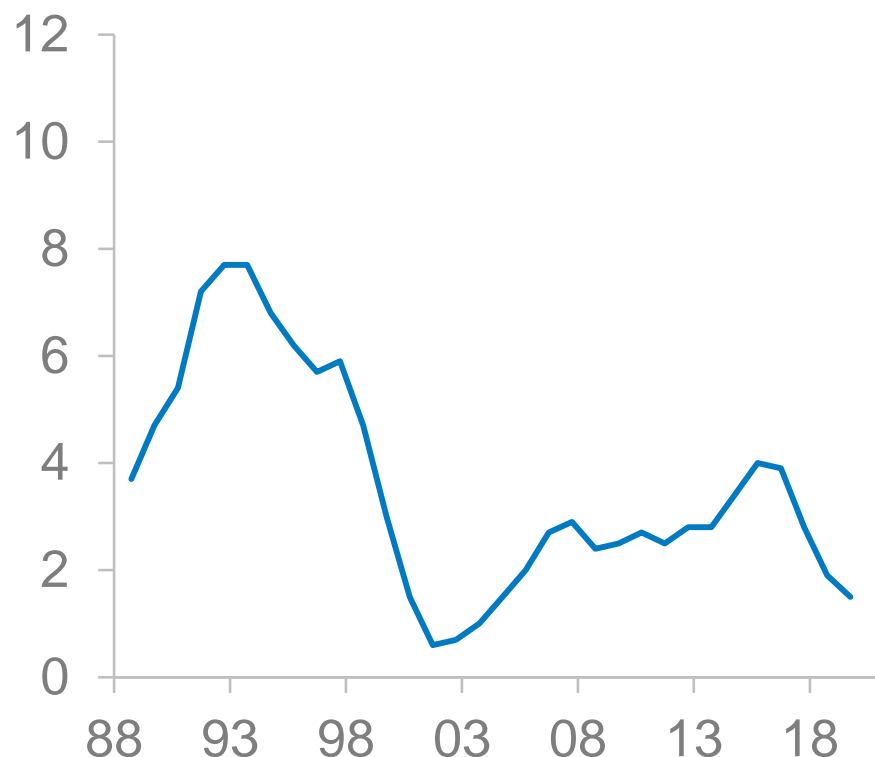
Rental Vacancy Rates

Montreal

(percent)

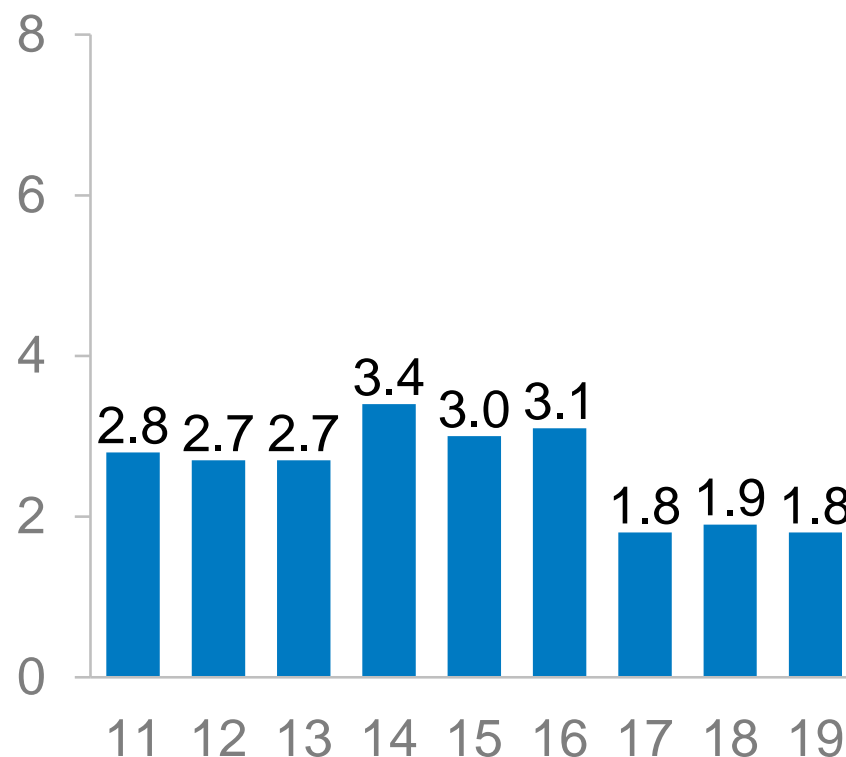
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

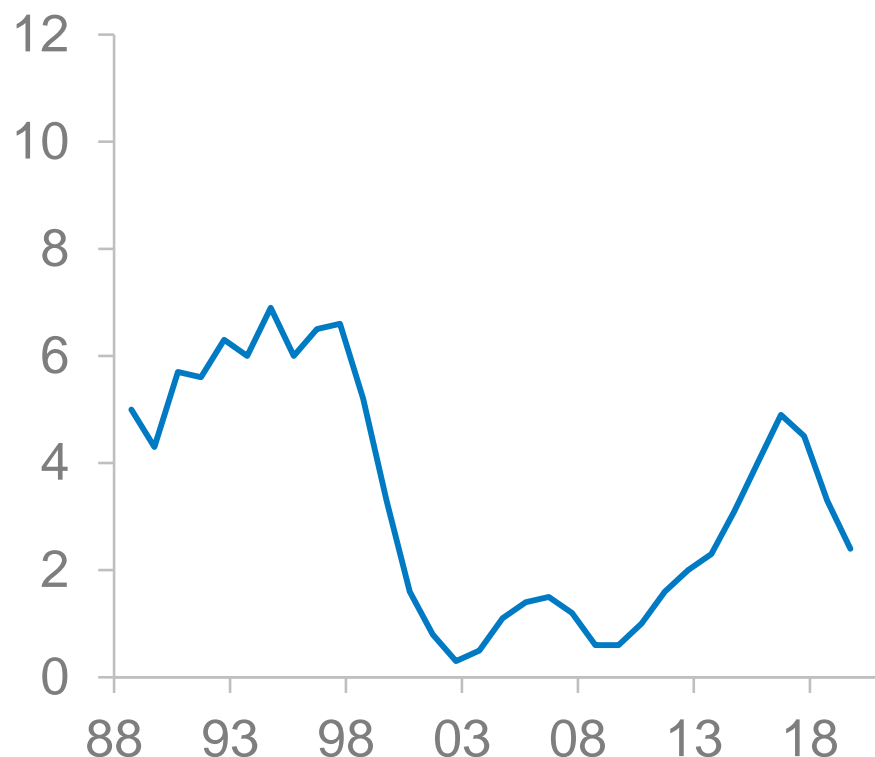
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates Quebec City

(percent)

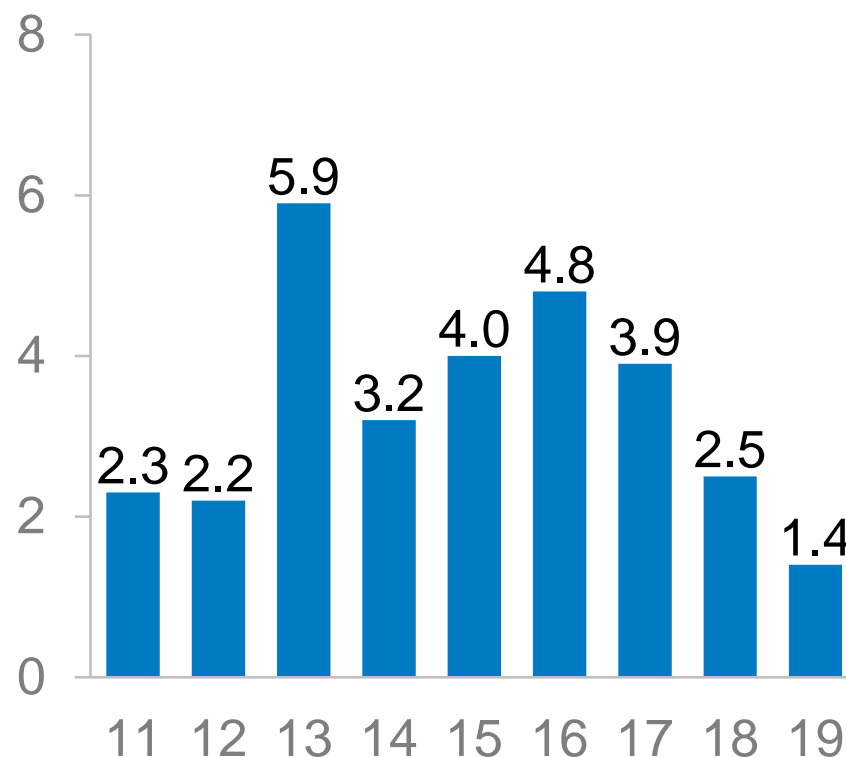
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

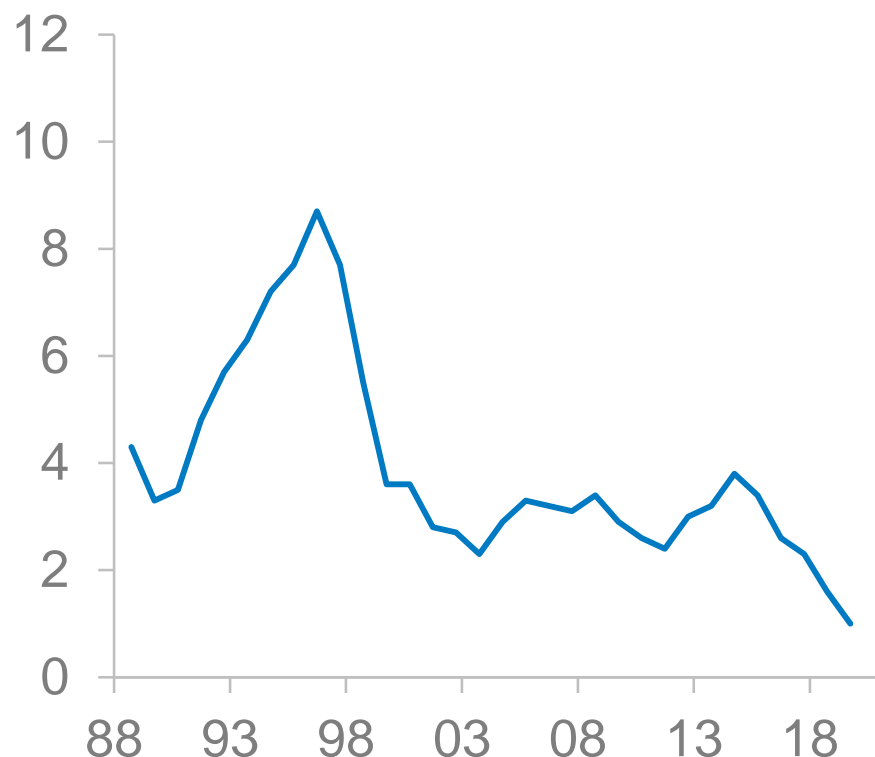
Rental Vacancy Rates

Halifax

(percent)

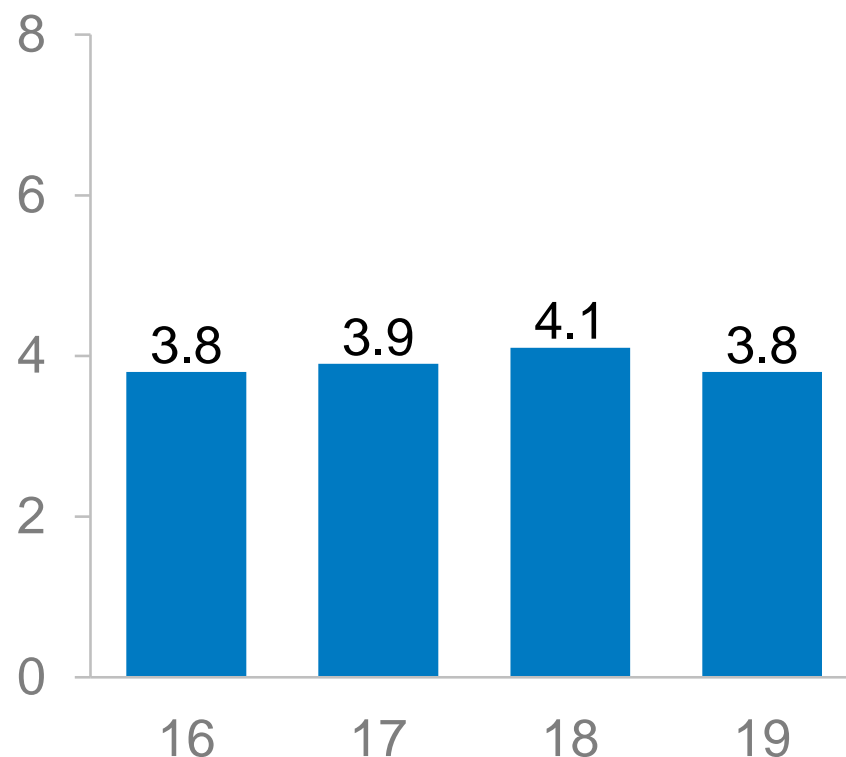
Apartments ¹

(annual through 2013, then semiannual)



Condominium Rentals ²

(October of given year)



¹ (as of October 2019) ² (as of October 2019)

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Note: Halifax condo rental data begins in October 2016.

Prices



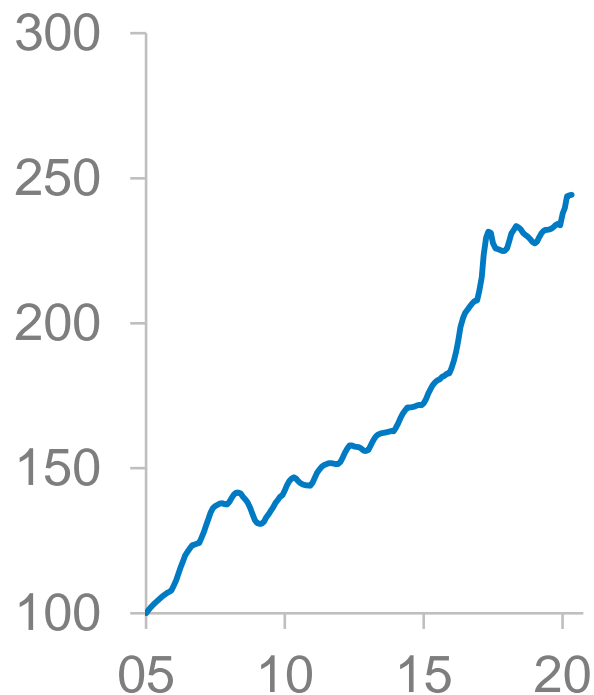
- Prices were rising in most regions prior to the pandemic, but fell 0.1% in May and 0.6% in April. The national benchmark is up 5.3% y/y. We expect prices to decline moderately in coming months due to the sharp decline in sales. Fewer listings and government income-support measures will provide some offsetting support
- + Ottawa prices up 15.7% y/y after rising 1.0% m/m
- + Montreal prices up 11.1% y/y
- + Toronto prices up 9.5% y/y
- + Vancouver prices up 2.9 % y/y
- Calgary prices down 2.3% y/y

Prices

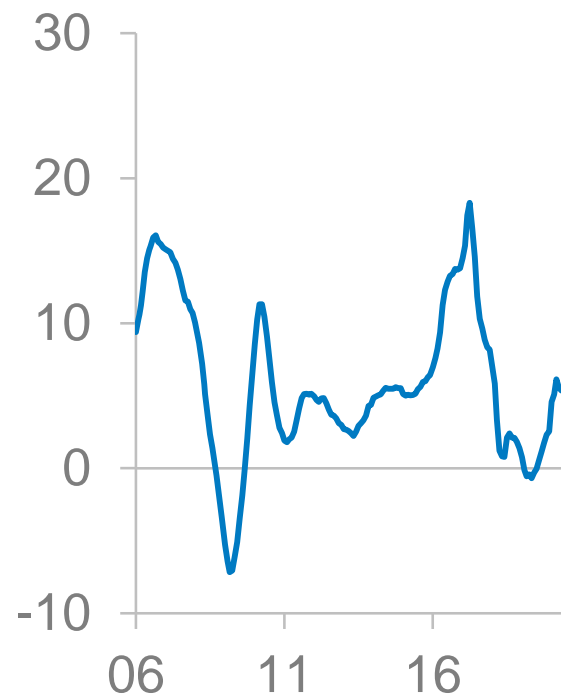
Canada

(monthly)

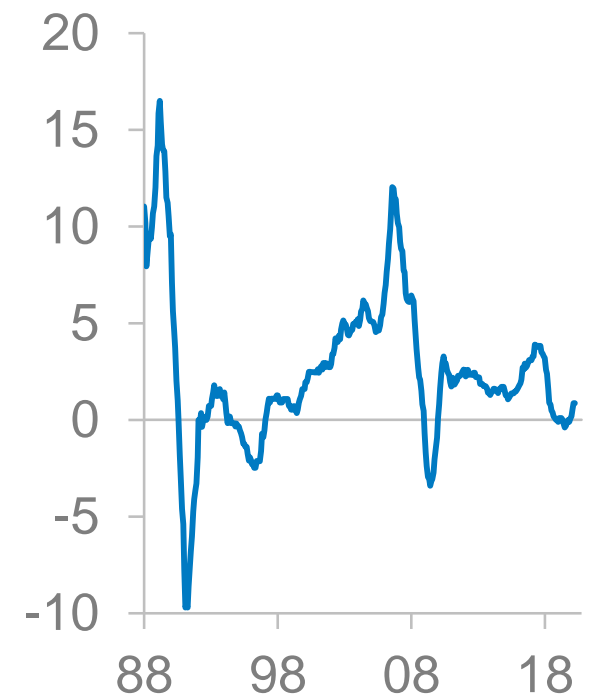
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

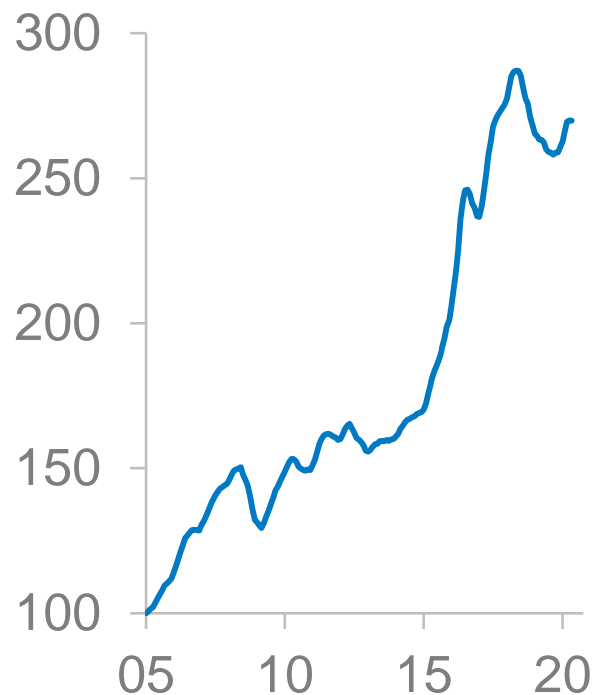
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

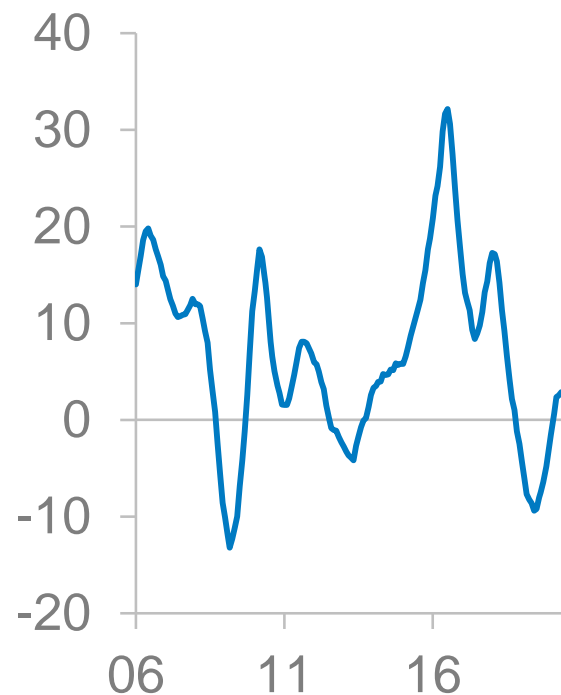
Vancouver

(monthly)

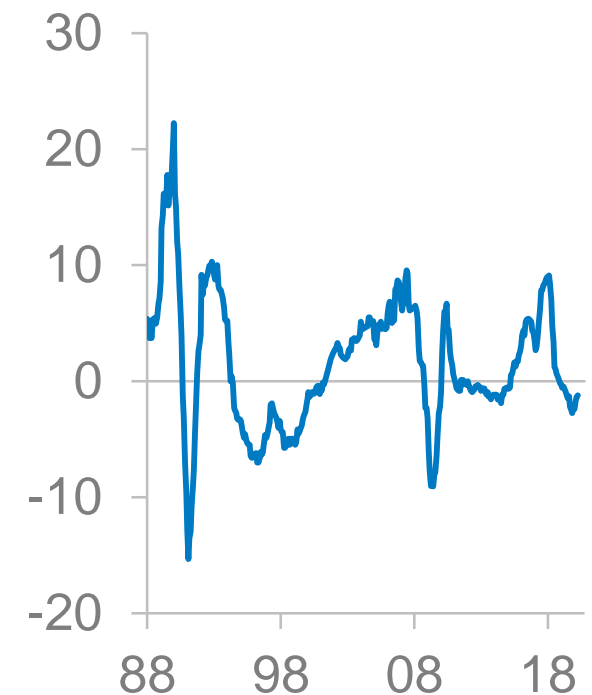
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

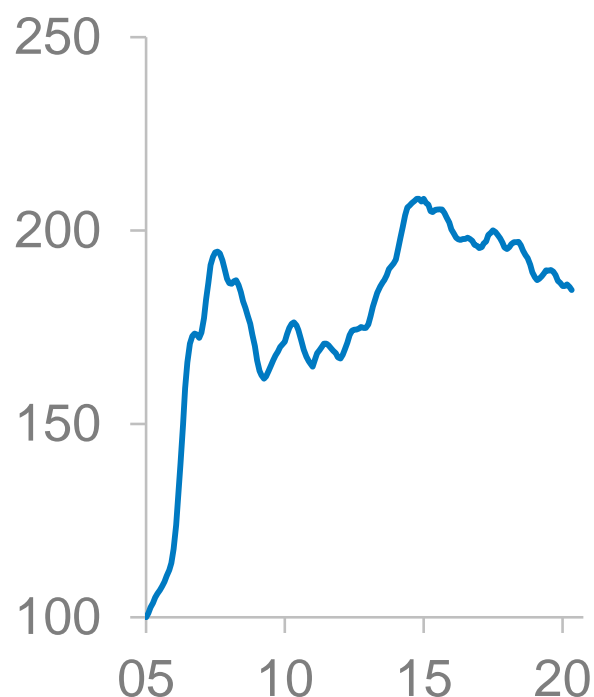
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

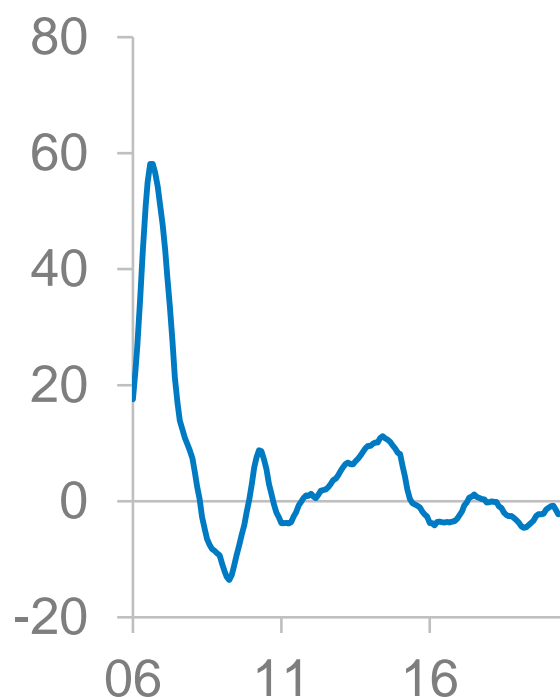
Calgary

(monthly)

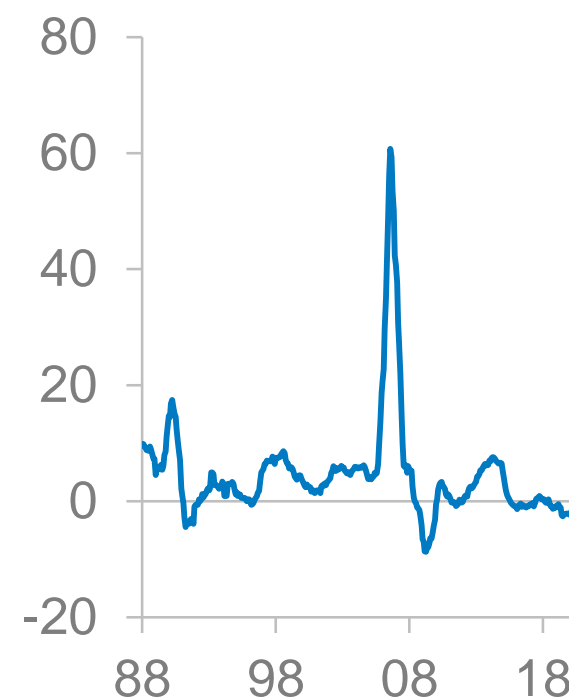
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

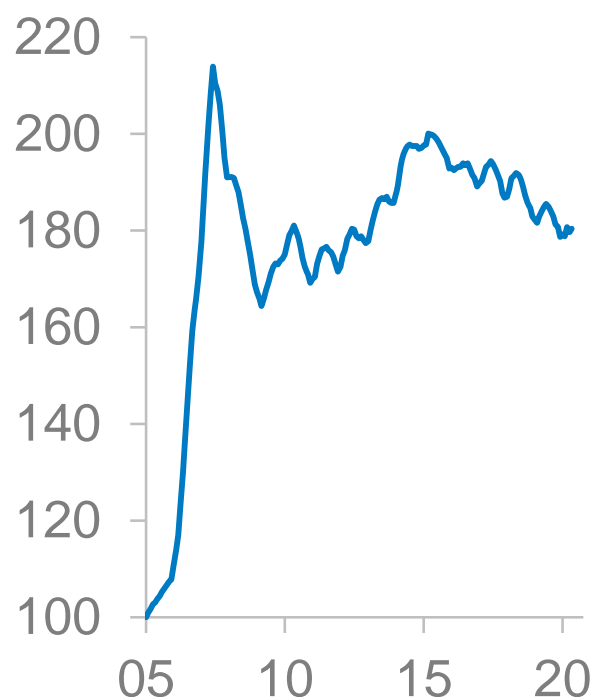
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

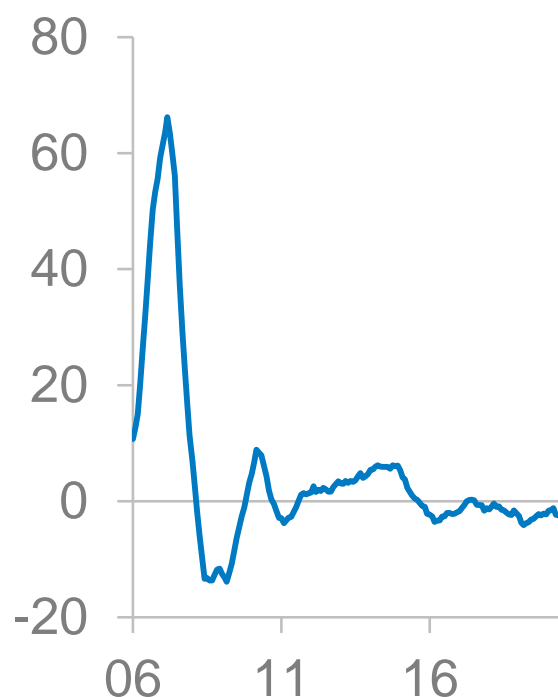
Edmonton

(monthly)

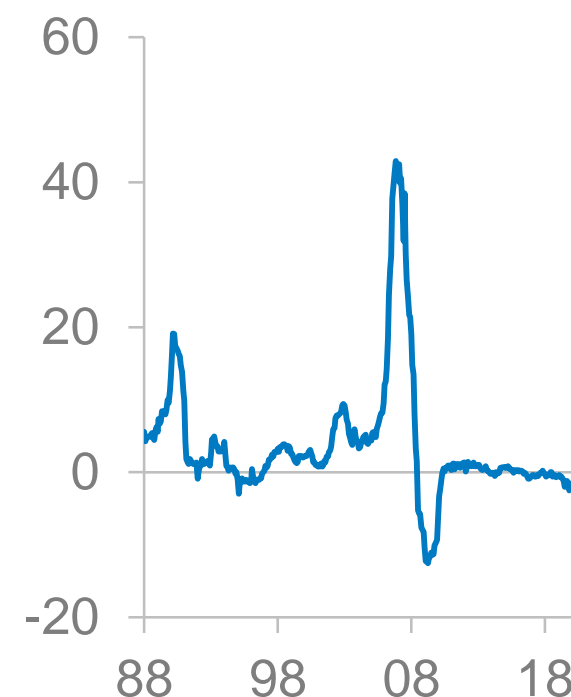
MLS Home
Price Index¹
(June 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

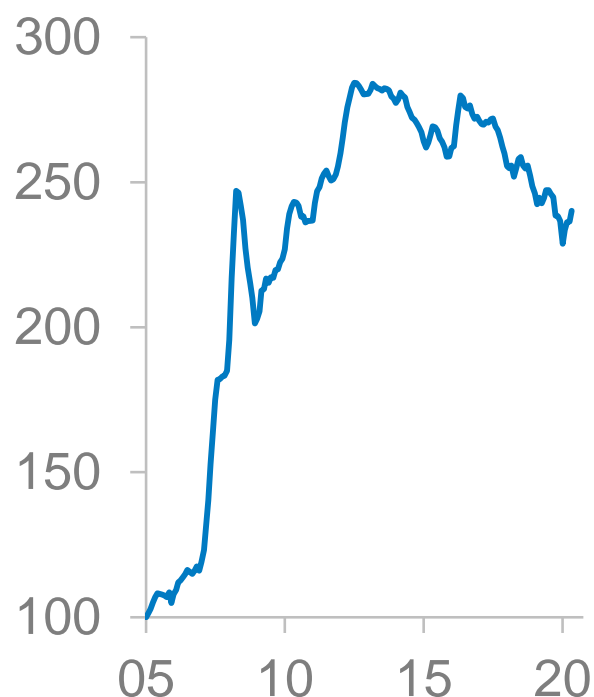
² (as of April 2020)

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

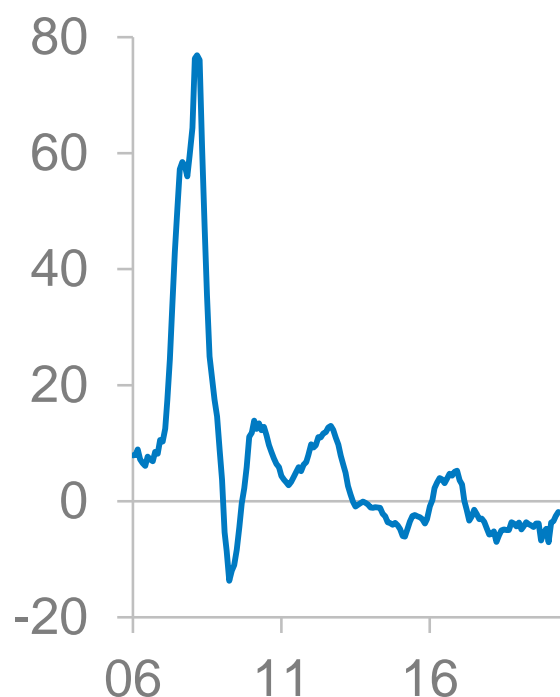
Prices Regina

(monthly)

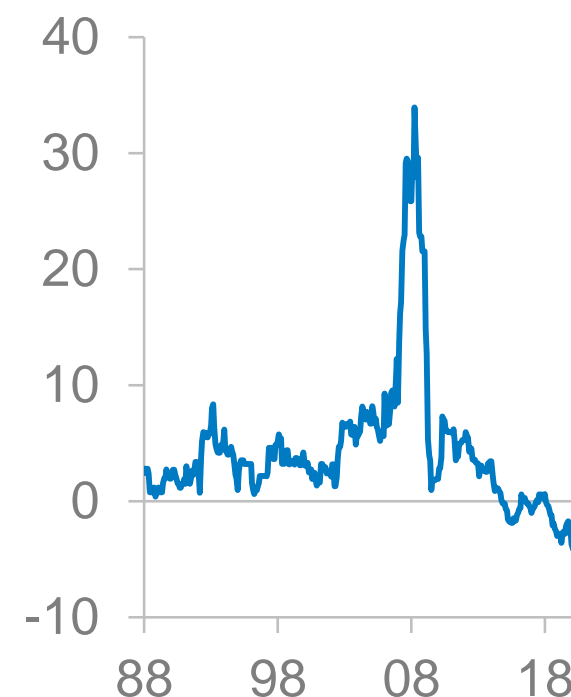
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

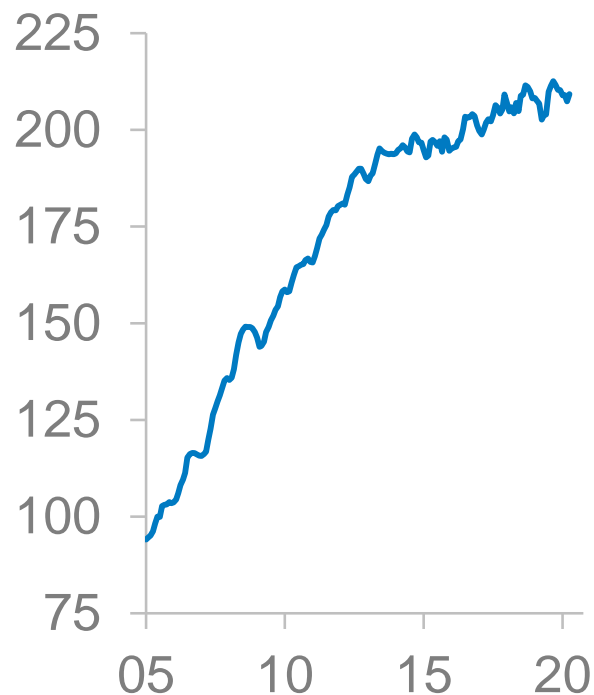
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

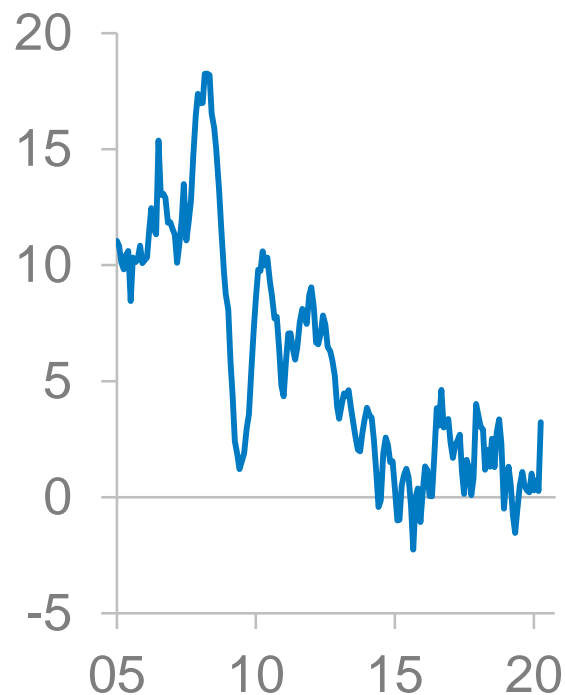
Winnipeg

(monthly)

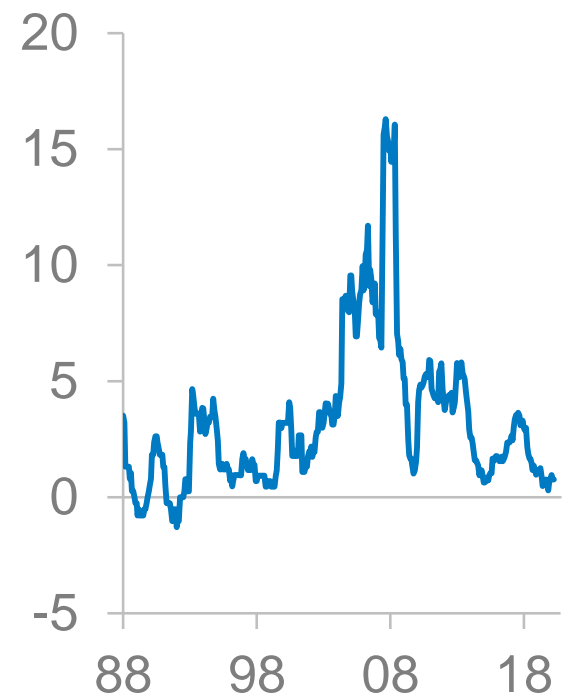
Teranet Home
Price Index ¹
(June 2005 = 100)



Teranet Home
Price Index ¹
(y/y % chng)



New Home
Price Index ²
(y/y % chng)



¹ (as of April 2020)

² (as of April 2020)

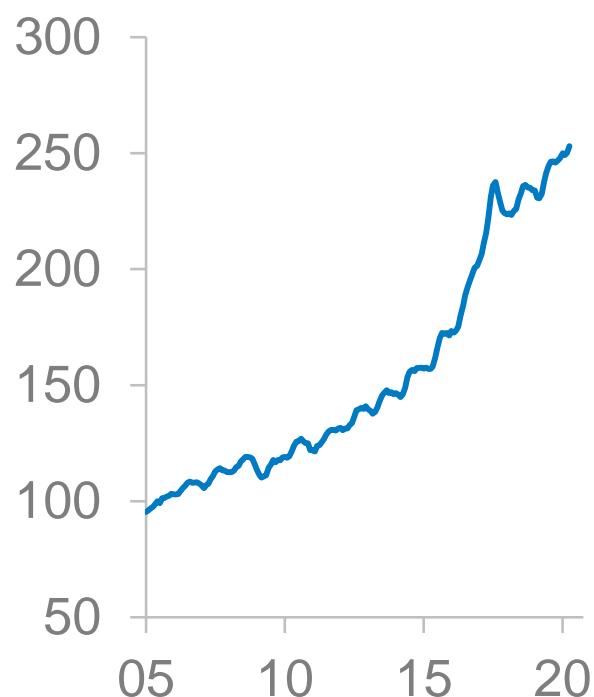
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

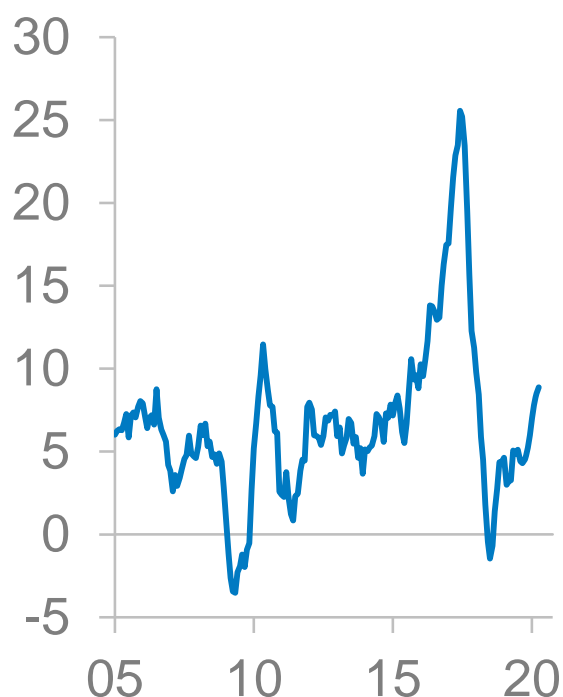
Hamilton

(monthly)

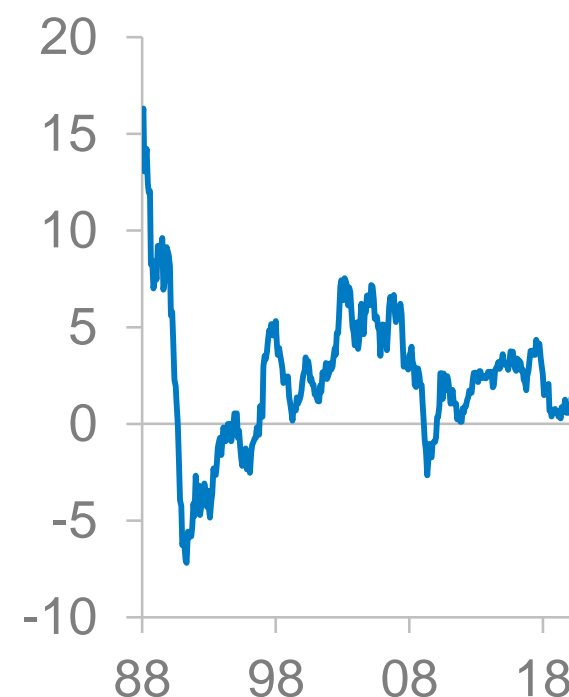
Teranet Home
Price Index ¹
(June 2005 = 100)



Teranet Home
Price Index ¹
(y/y % chng)



New Home
Price Index ²
(y/y % chng)



¹ (as of April 2020)

² (as of April 2020)

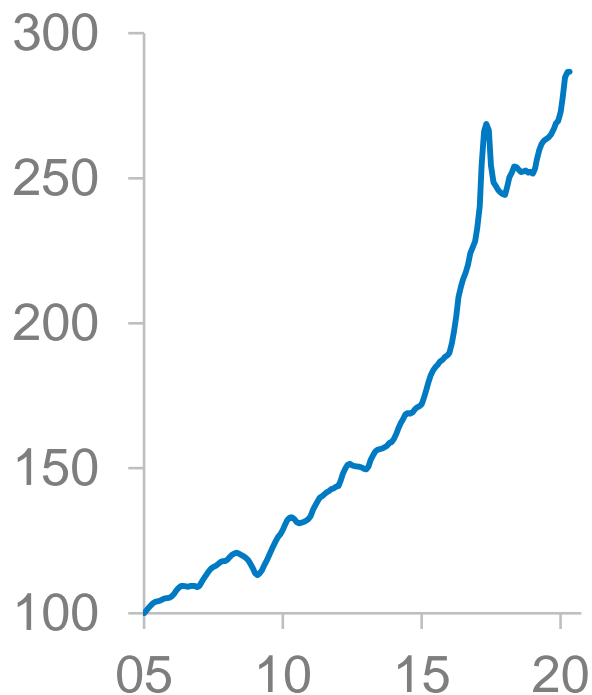
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

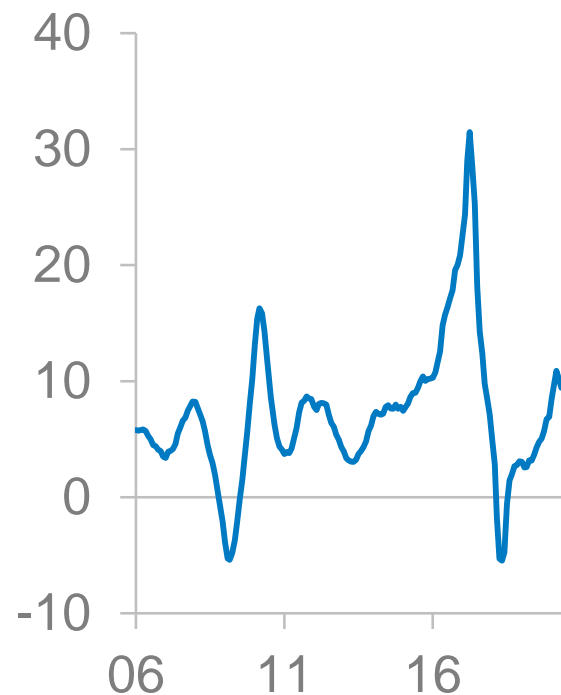
Toronto

(monthly)

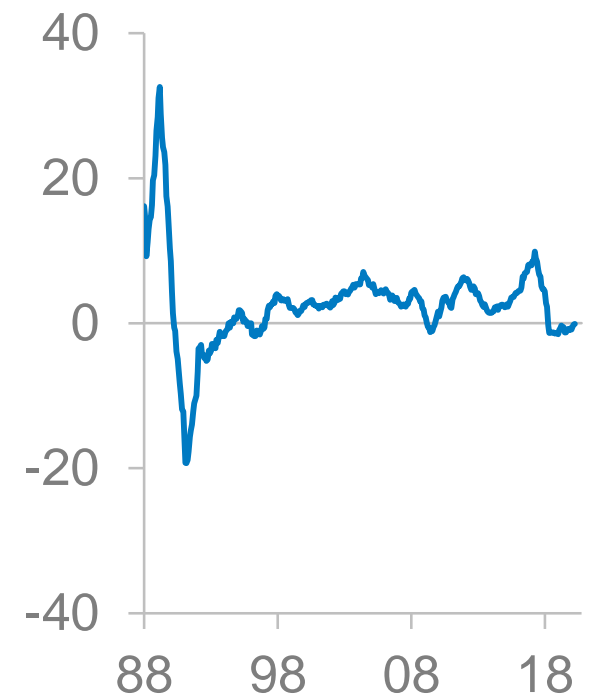
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

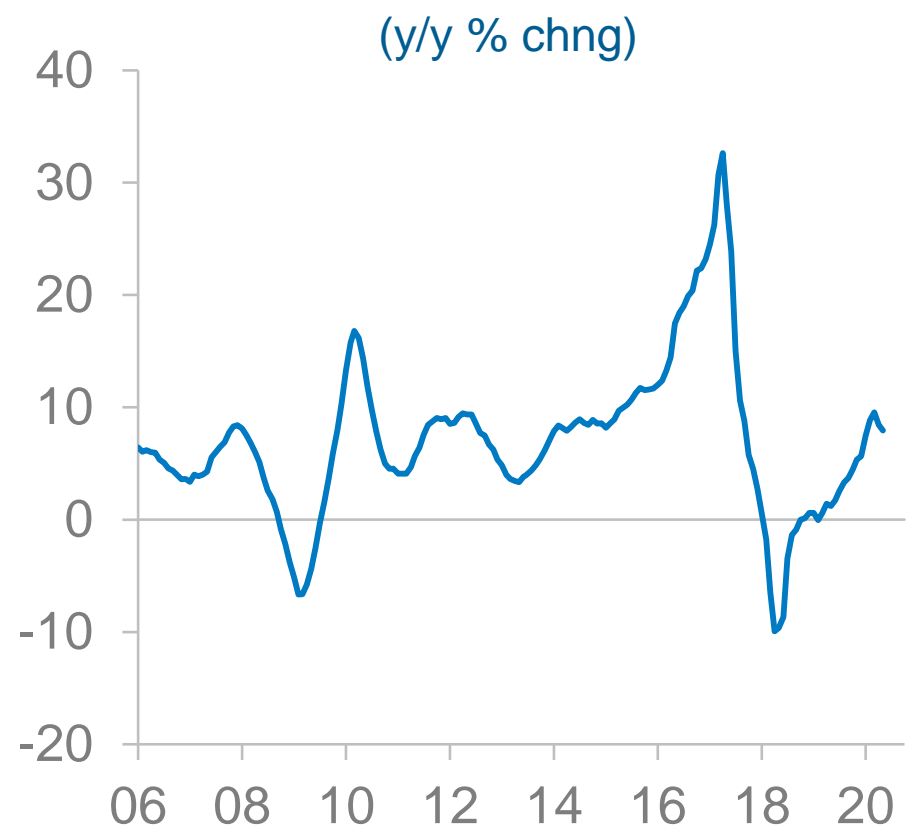
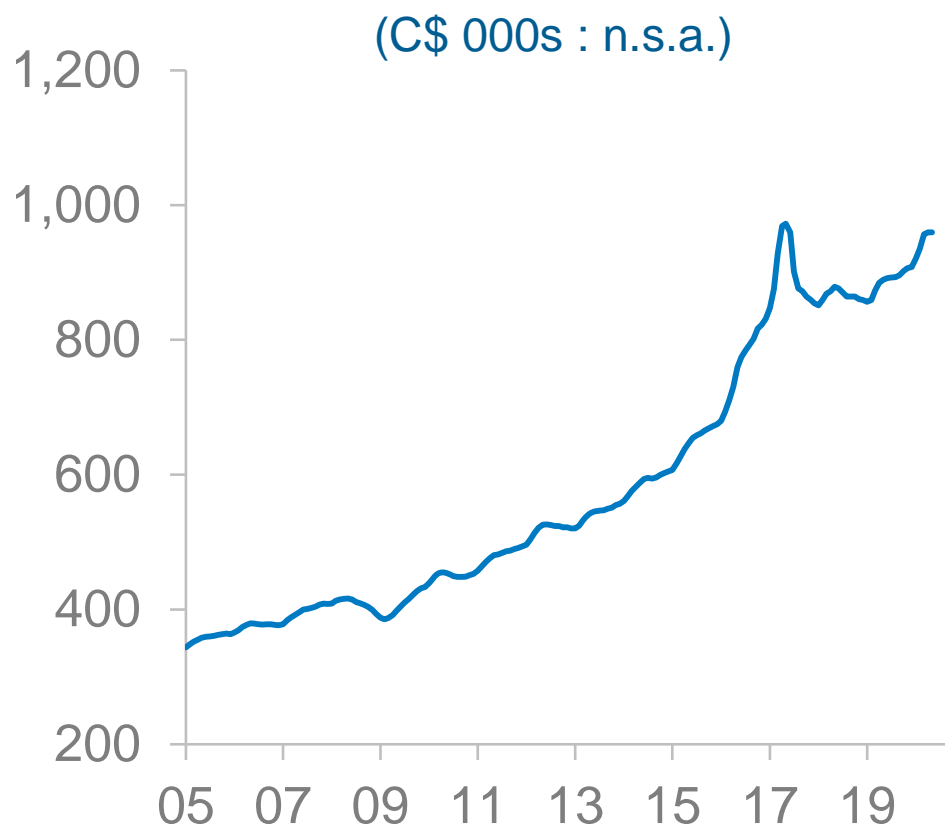
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Single Family Home Prices

Toronto

Home Price Index Benchmark – Existing Single Family

(monthly : as of May 2020)



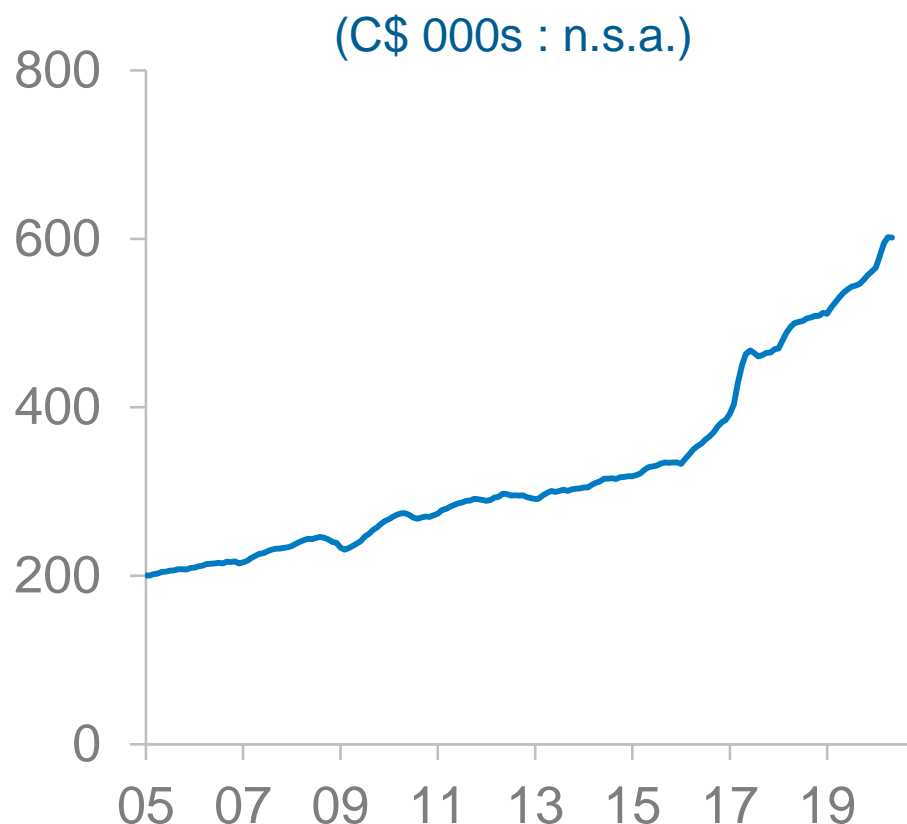
Source: Canadian Real Estate Association

Existing Condominium Prices

Toronto

Home Price Index Benchmark – Existing Condominiums

(monthly : as of May 2020)

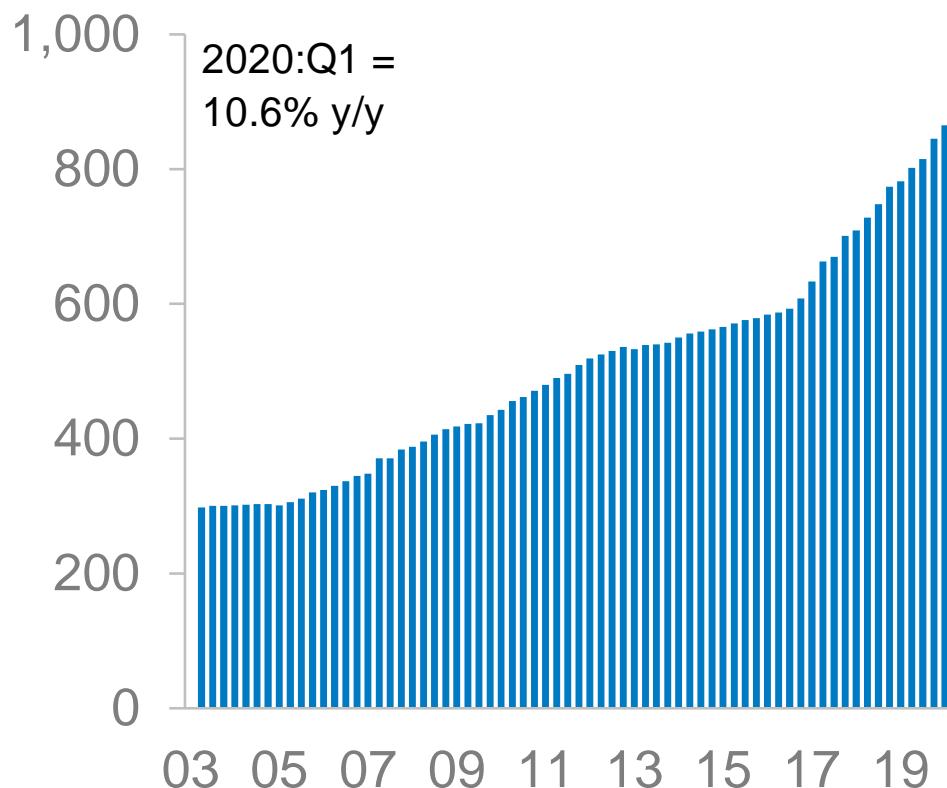


Source: Canadian Real Estate Association

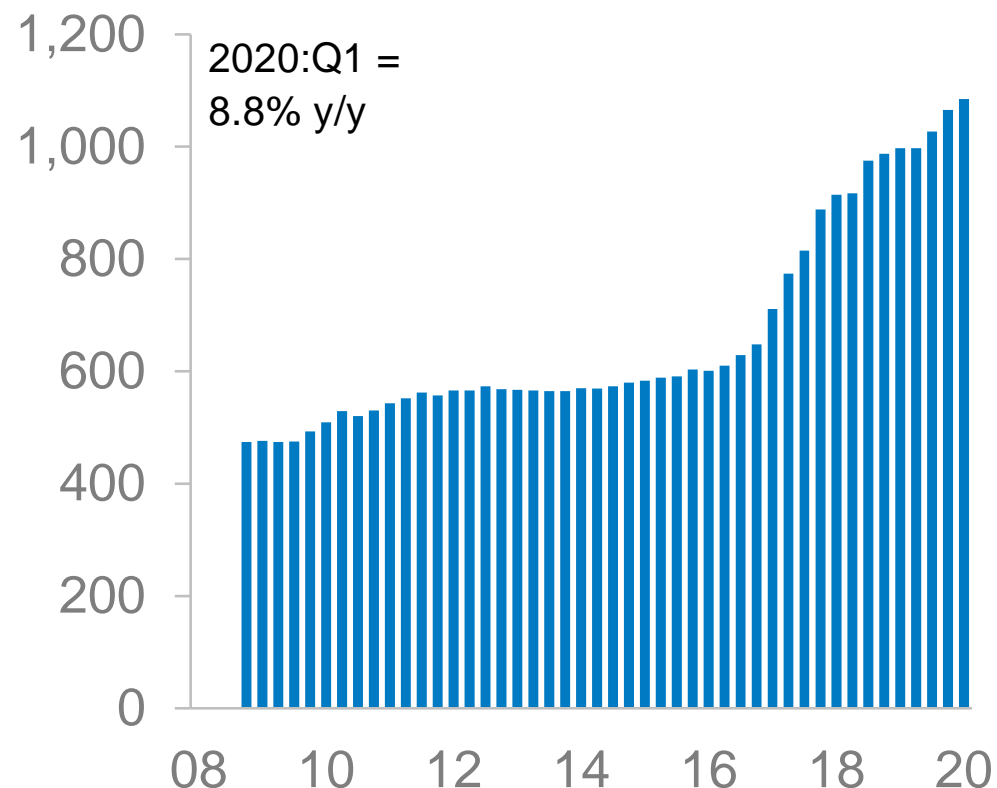
New Condominium Prices Toronto

Average Price per Square Foot (quarterly : C\$: as of 2020:Q1)

Sold



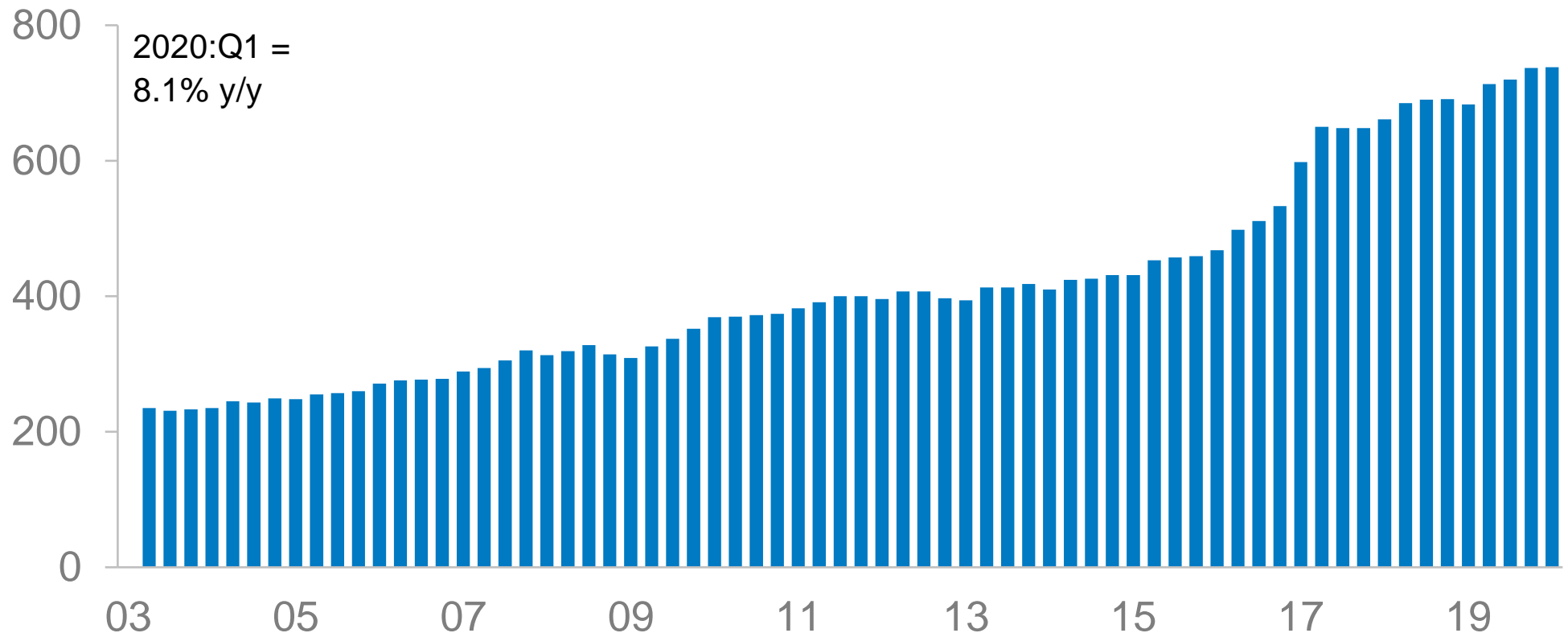
Unsold



Source: Urbanation Inc.

Resale Condominium Prices Toronto

Average PSF (quarterly : C\$: as of 2020:Q1)



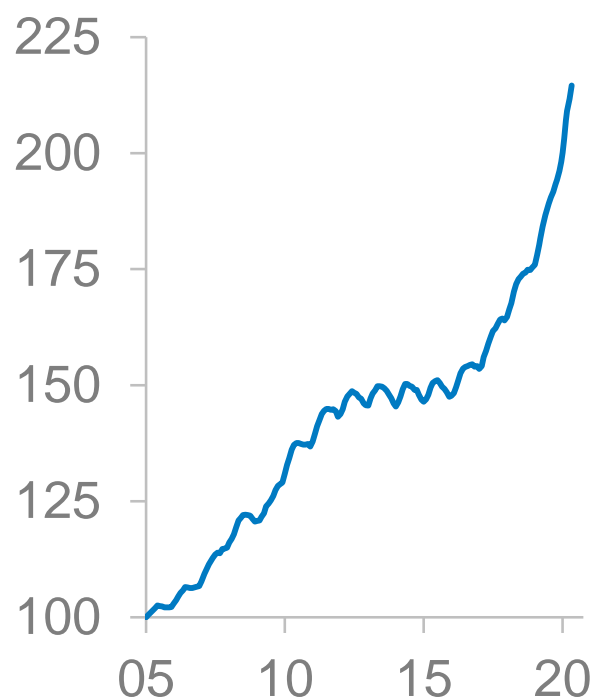
Source: Urbanation Inc.

Prices

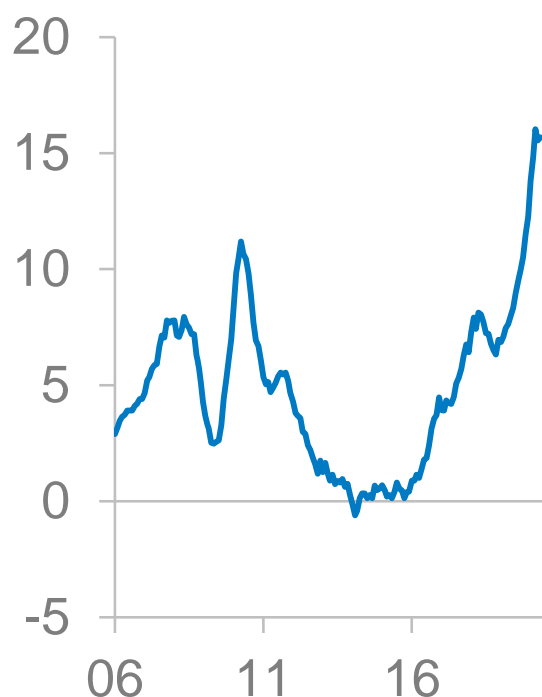
Ottawa

(monthly)

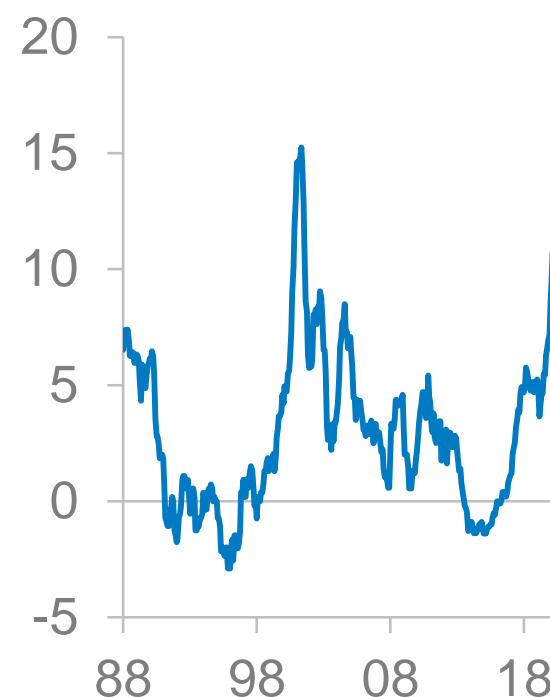
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

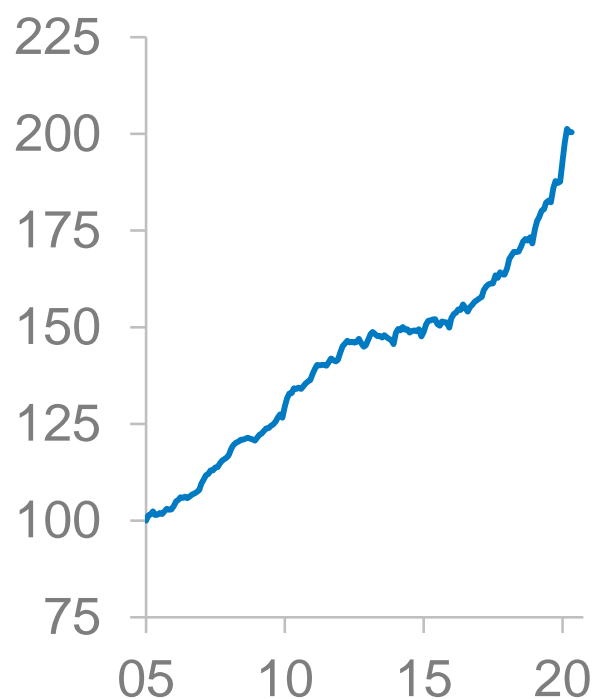
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

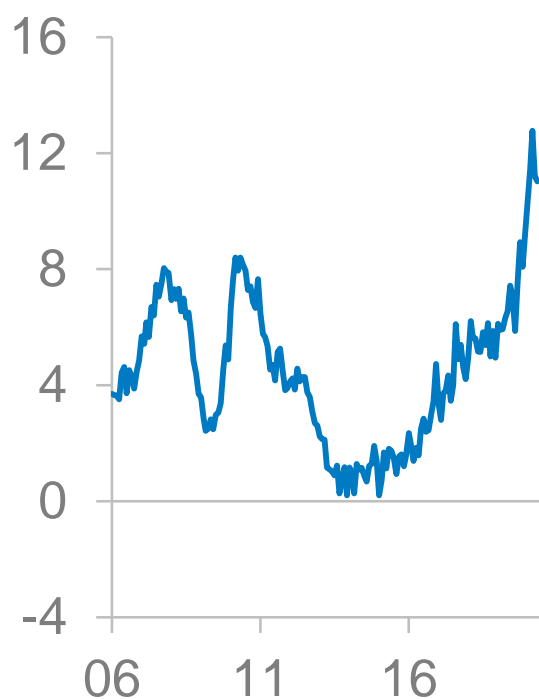
Montreal

(monthly)

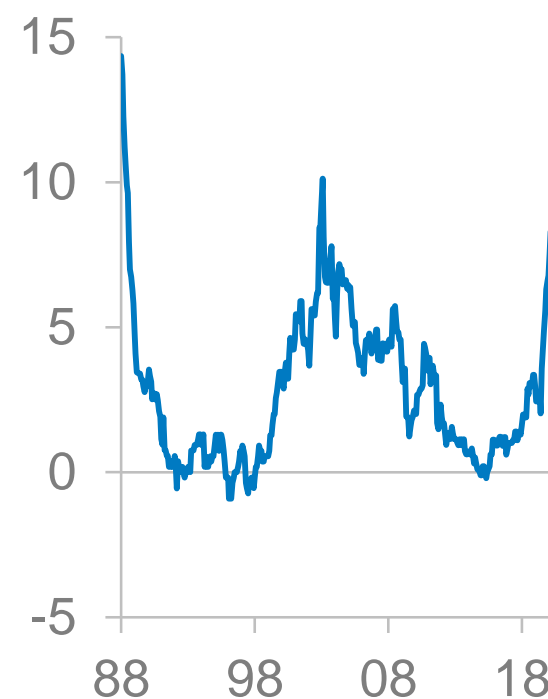
MLS Home
Price Index¹
(January 2005 = 100)



MLS Home
Price Index¹
(y/y % chng)



New Home
Price Index²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

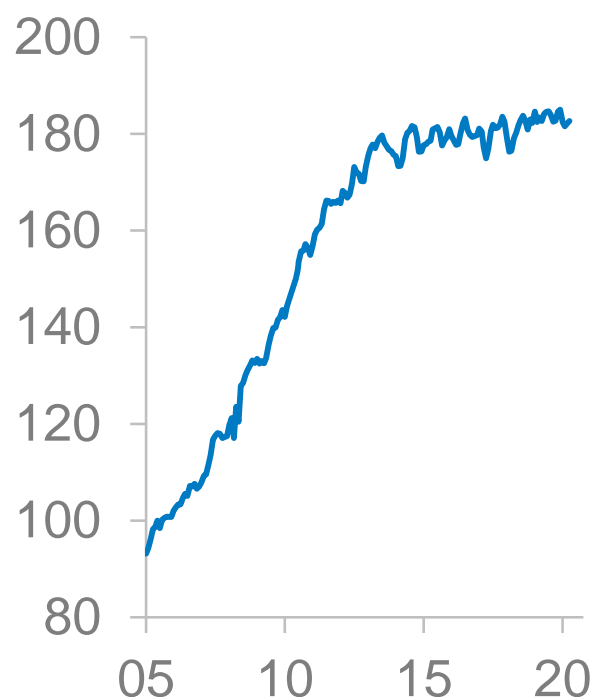
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

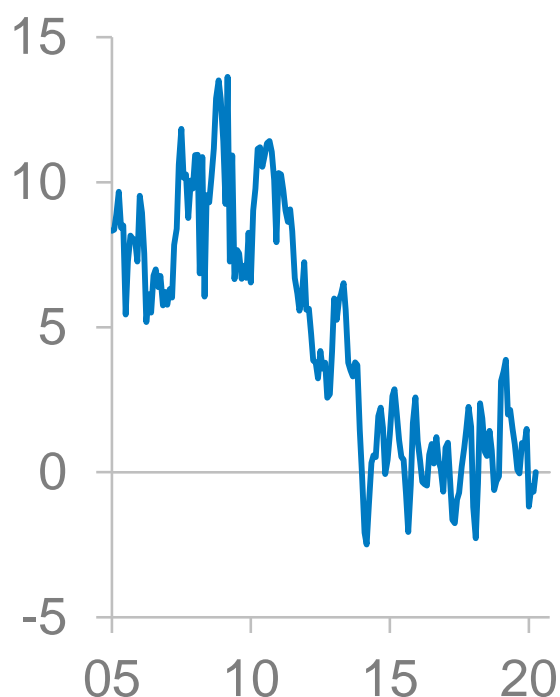
Quebec City

(monthly)

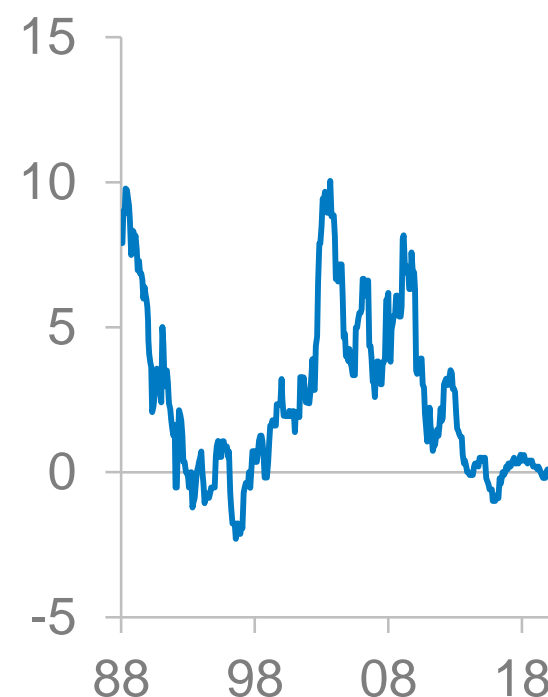
Teranet Home
Price Index ¹
(June 2005 = 100)



Teranet Home
Price Index ¹
(y/y % chng)



New Home
Price Index ²
(y/y % chng)



¹ (as of April 2020)

² (as of April 2020)

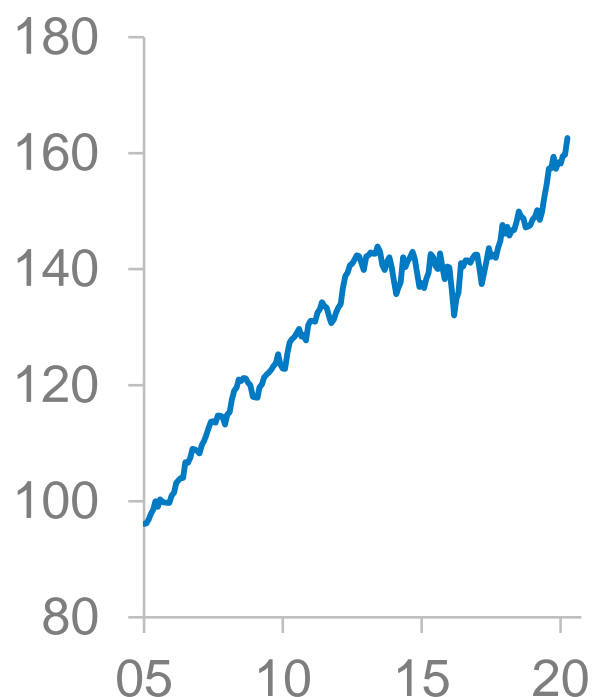
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

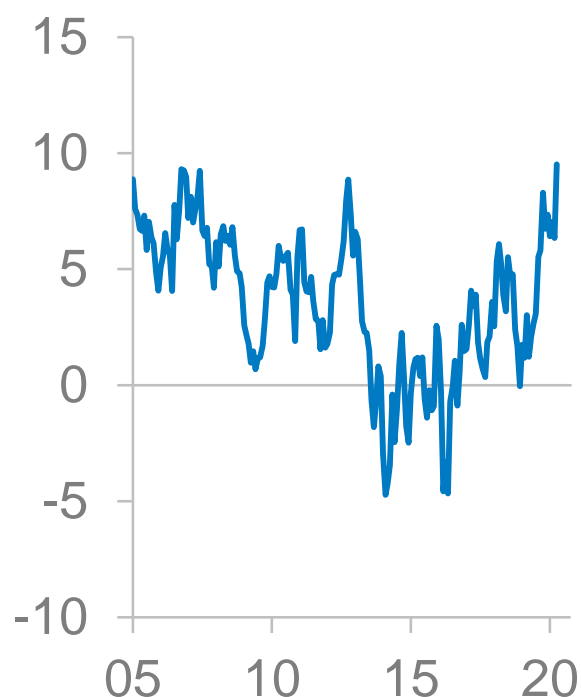
Halifax

(monthly)

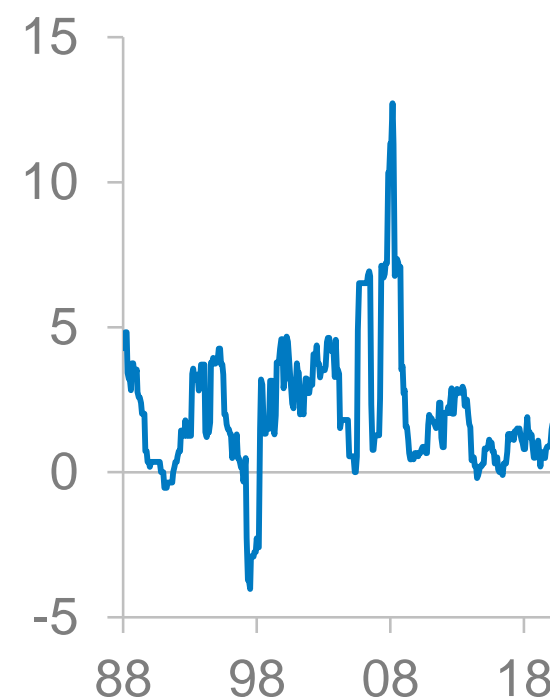
Teranet Home
Price Index ¹
(June 2005 = 100)



Teranet Home
Price Index ¹
(y/y % chng)



New Home
Price Index ²
(y/y % chng)



¹ (as of April 2020)

² (as of April 2020)

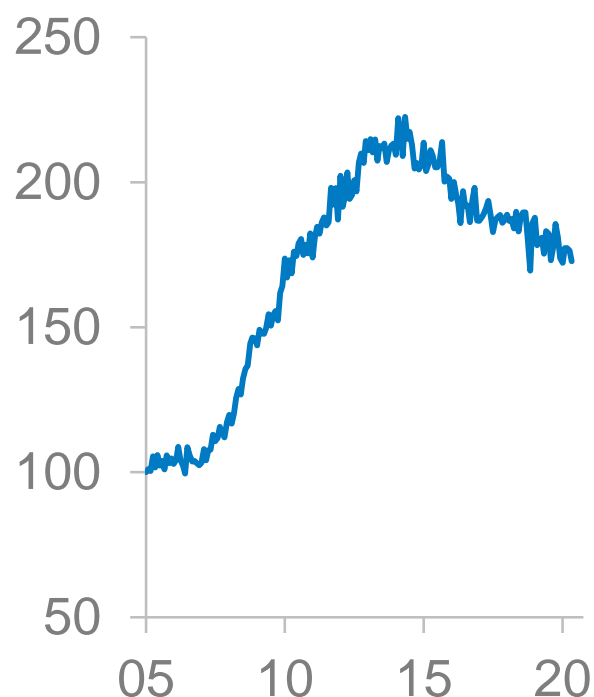
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

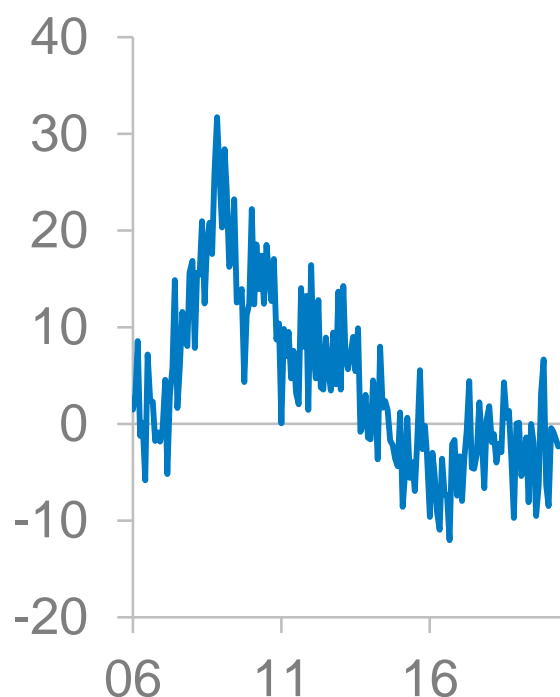
Newfoundland & Labrador

(monthly)

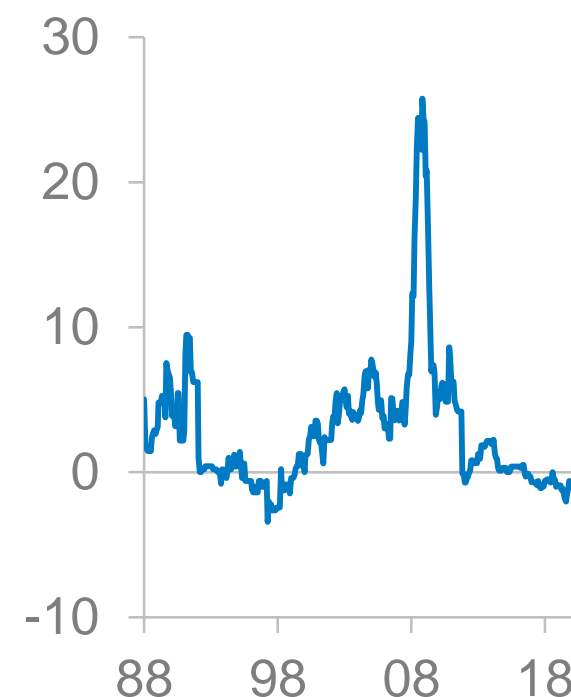
Average
Home Price ¹
(s.a. : January 2005 = 100)



Average
Home Price ¹
(n.s.a. : y/y % chng)



New Home
Price Index ²
(y/y % chng)



¹ (as of May 2020)

² (as of April 2020)

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Valuation and Affordability

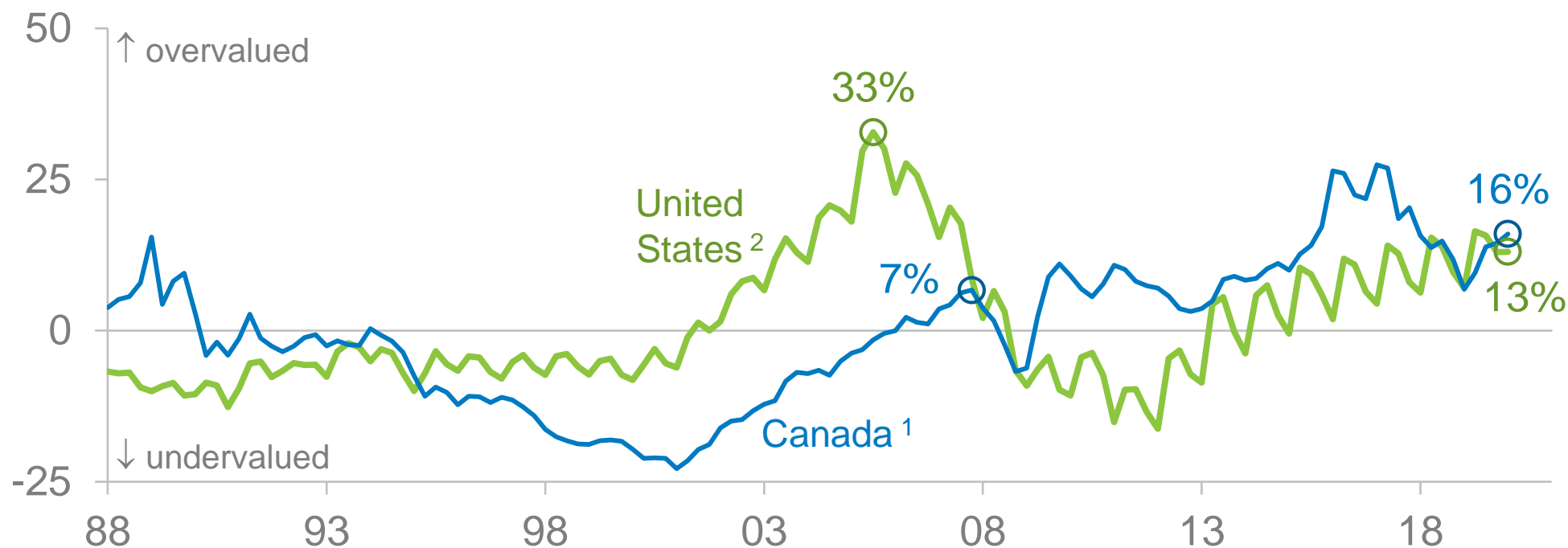


- + Valuations and affordability were healthy in most regions, and some expected weakness in prices and low interest rates should provide further support
- + National prices between 3-to-4 times income outside Vancouver, Toronto, Victoria; normal
- + Outside Vancouver and Toronto, typical mortgage payment consumes less than one-fifth of median household income
- Vancouver and Toronto detached markets are well out-of-reach of typical family. But affordability was improving in Vancouver due to lower prices
- Toronto condo market becoming less affordable, offset by some improvement in detached segment

Valuation Canada

(quarterly : ratio : s.a.)

House Price-to-Income Ratio relative to long-term Average



¹ Ratio of average existing home price to per-capita personal income (adjusted to make it more comparable to U.S. income; as a sum of household income, property income and current transfers received, then divided by population age 15+), relative to long-term average; (as of 2020:Q1)

² Ratio of median existing single-family house price to median family income, relative to long-term average; (as of 2020:Q1)

Sources: Statistics Canada, U.S. National Association of Realtors, Haver Analytics, CREA

Valuation

Regional

(quarterly)

Price-to-Median Family Income Ratios ¹

	2001 Q4	2005 Q1	2019 Q2	2020 Apr.- May	Trend ²	% chg since 2005 Price
Vancouver	5.3	6.5	11.0	11.0	■	165
Toronto	4.2	5.0	9.2	9.8	↑	156
Victoria	3.8	4.7	6.9	7.0	↑	100
Montreal	2.4	3.3	4.0	4.4	↑	110
Canada ex Vancouver, Toronto	2.7	3.3	4.4	4.3	↓	101
Ottawa	2.5	2.8	3.7	4.1	↑	102
Calgary	2.8	2.9	3.9	3.8	↓	71
Halifax ³	2.5	2.8	3.5	3.6	↑	89
Winnipeg ³	1.7	2.1	3.5	3.4	↓	145
Saskatoon	2.1	2.1	2.9	2.8	↓	144

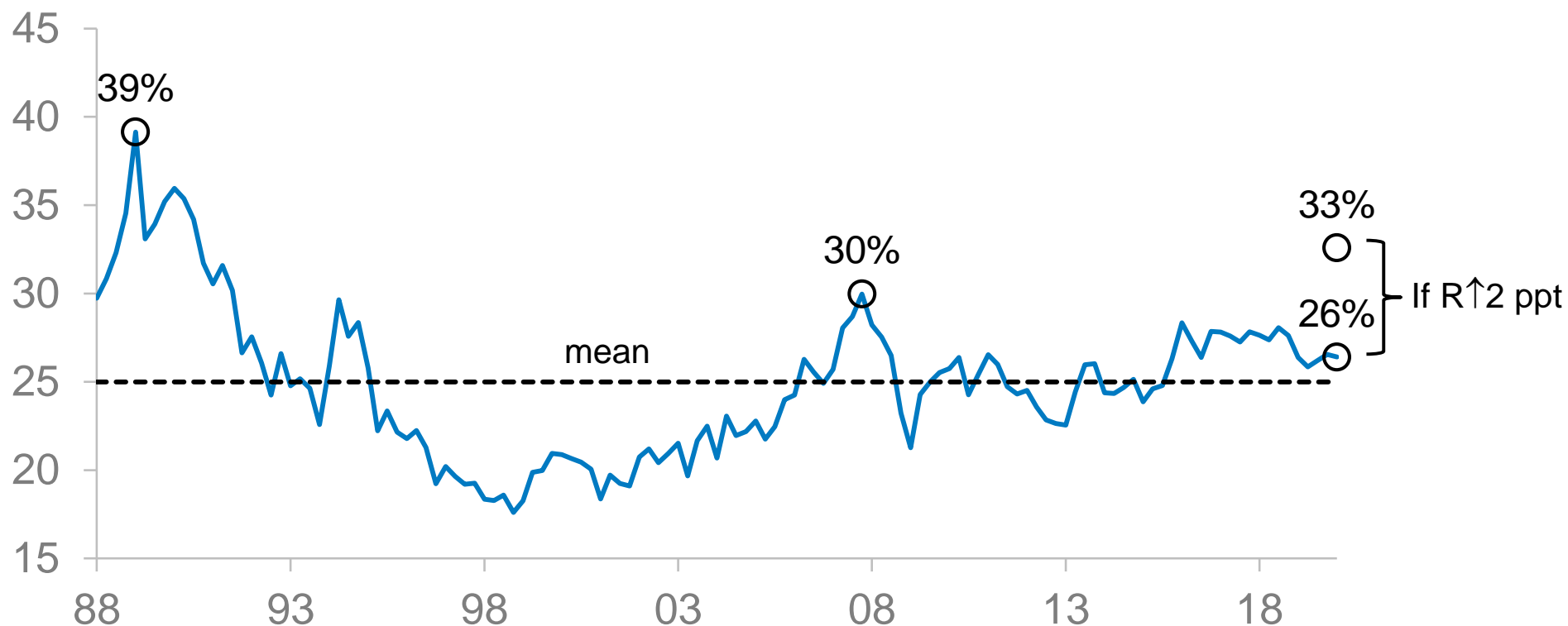
¹ = median family income is estimated after 2017 using average annual growth in previous 10 years (for a house of average home price in 2004 or earlier, and HPI benchmark price after 2004) ² = based on y/y change of latest quarter (flat if < ±0.1) ³ = average home price used only

Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Affordability Canada

(quarterly : % of household income : as of 2020:Q1)

Average Mortgage Payments



Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, average-priced house, down payment equal to half of annual income (about 10% today). Household income measured as personal income per labour force member.

Sources: Statistics Canada, Bank of Canada, Haver Analytics, Canadian Real Estate Association

Affordability

Regional

Mortgage Payments as a % of Median Family Income ¹ (quarterly)

	<u>2001:Q4</u>	<u>2005:Q1</u>	<u>2019:Q2</u>	<u>Apr.-May 2020</u>	<u>Trend ³</u>	<u>Apr.-May 2020</u>
Mortgage Rate	5.9%	4.9%	3.0%	2.6%		If 4.6%
Vancouver	37	41	59	57	↓	71
Toronto	28	31	49	51	↑	62
Victoria	25	29	36	35	↓	44
Hamilton ²	17	20	32	32	■	40
Montreal	14	19	20	21	↑	26
Canada ex Vancouver, Toronto	17	19	22	21	↓	26
Ottawa	15	16	18	20	↑	24
Calgary	17	17	19	18	↓	22
Halifax ²	15	16	17	17	■	21
Winnipeg ²	9	11	17	16	↓	19
Edmonton	14	13	15	13	↓	16
Saskatoon	12	11	14	13	↓	15
Quebec City ⁴	10	12	14	12	↓	15

Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, down payment equal to half of annual income ¹ (about 10% today) for a house of average home price in 2004 or earlier, and HPI benchmark price after 2004 ¹ = median family income is estimated after 2017 using average annual growth in previous 10 years ² = average home price used only ³ = based on y/y change of latest quarter (flat if < ±1) ⁴ = weighted average house price used only
 Shading denotes that housing costs consume more than 39% of income, assuming that 8% of income is needed to pay for property taxes, heating and condo fees. After July 2012, banks generally cannot provide an insured mortgage to potential buyers who breach this threshold.

Sources: Bank of Canada, Statistics Canada, Haver Analytics, Canadian Real Estate Association, FCIQ, BMO Capital Markets Economics estimates

Affordability

Vancouver

(quarterly : % of household income : as of 2020:Q1)

Average Mortgage Payments



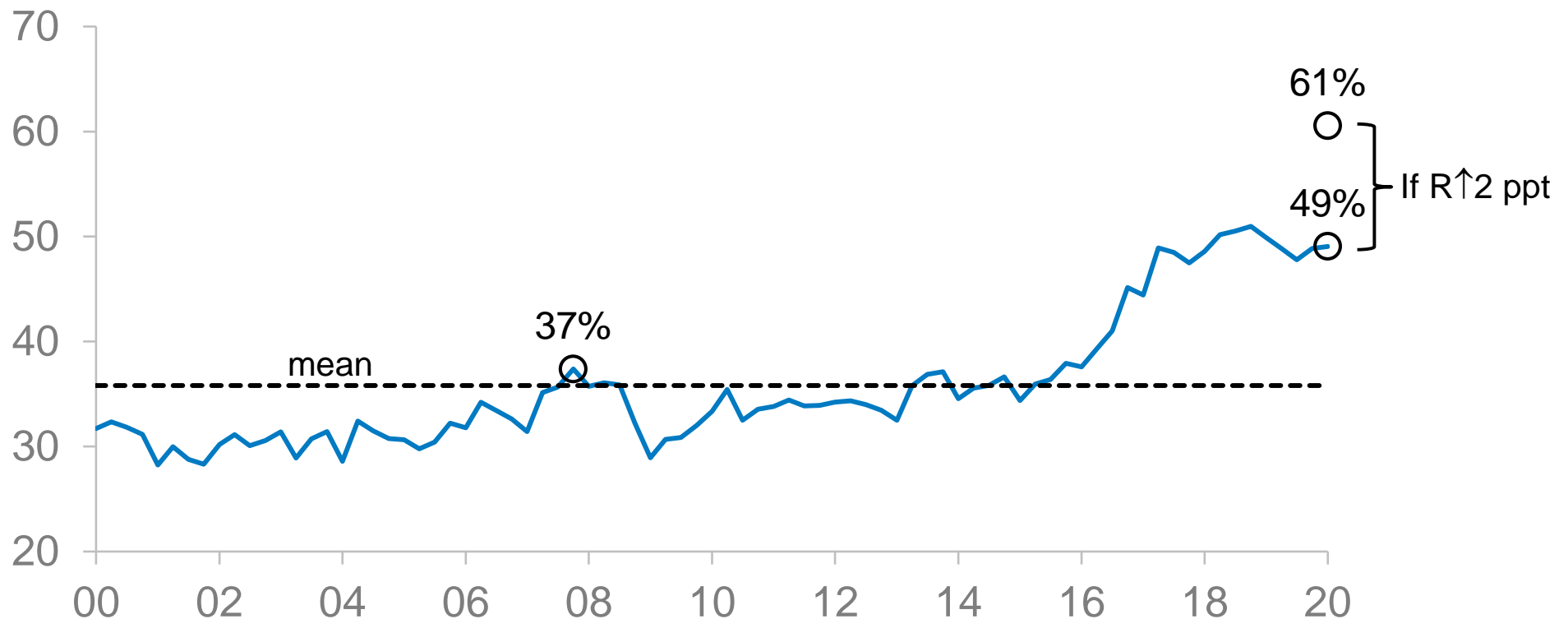
Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, down payment equal to half of annual income (about 10% today) on a house of average price (before 2005) or benchmark price (2005 onwards). Median family income is estimated after 2017 using average annual growth in previous 10 years.

Sources: Bank of Canada, Statistics Canada, Haver Analytics, Canadian Real Estate Association, BMO Capital Markets Economics estimates

Affordability Toronto

(quarterly : % of household income : as of 2020:Q1)

Average Mortgage Payments



Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, down payment equal to half of annual income (about 10% today) on a house of average price (before 2005) or benchmark price (2005 onwards). Median family income is estimated after 2017 using average annual growth in previous 10 years.
Sources: Bank of Canada, Statistics Canada, Haver Analytics, Canadian Real Estate Association, BMO Capital Markets Economics estimates

Vancouver and Toronto

(quarterly)

Mortgage Payments as a % of Median Family Income ¹

Mortgage Rate	2005:Q1 4.9%	2019:Q2 3.0%	Apr.-May 2020 2.6%	Trend ²	Apr.-May 2020 If 4.6%
Vancouver – Single Family	60	86	83	↓	102
Vancouver – Single Family 1-Storey	47	66	64	↓	79
Toronto – Single Family	35	55	56	↑	69
Toronto – Single Family 1-Storey	31	48	49	↑	60
Vancouver – Condo	26	39	37	↓	46
Toronto – Condo	19	32	34	↑	42

Worth noting is that the median income of families owning detached properties is well above that of the median income of all households, according to the 2011 National Household Survey, suggesting that the detached market is more affordable than implied by our measure.

Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, benchmark house price, down payment equal to half of annual income ¹ (about 10% today); MLS benchmark home price used after 2004, average price used otherwise.

¹ = median family income is estimated after 2017 using average annual growth in previous 10 years ² = based on y/y change of latest quarter (flat if < ±1)

Shading denotes that housing costs consume more than 39% of income, assuming that 8% of income is needed to pay for property taxes, heating and condo fees. After July 2012, banks generally cannot provide an insured mortgage to potential buyers who breach this threshold.

Sources: Bank of Canada, Statistics Canada, Haver Analytics, Canadian Real Estate Association, BMO Capital Markets Economics estimates

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