BMO Capital Markets®

Canada's Housing Market

October 15, 2020

BMO Capital Markets
Economic Research
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Contents

Summary

- \+ National sales rose 46% y/y in September to record highs; year-to-date sales are up 5.8%
- \+ Pent-up demand, record low borrowing costs, and a shift toward affordable living space due to telework are supporting demand
- − But sales growth is expected to moderate due to high unemployment, less immigration and economic uncertainty related to the virus
- \+ National inventories at record low relative to sales
- \+ Substantial income-support and mortgage-deferral programs limiting distressed sales
- \+ National benchmark prices accelerated 10.3% y/y, fastest since 2017
- \+ Ottawa is nation's hot-spot, prices up 22% y/y, benefiting from fewer job losses in public sector

Housing Market Scorecard

	(monthly : as of September 2020)					(quarterly : as of 2020:Q3)	
	Average Prices	Existing Sales	Sales vs. 10-year Average	Sales vs. New Listings	Market Balance[1]	Price vs. Family Income[2]	Mortgage Service Costs[3]
	(n.s.a. : 3-mth m.a. : y/y % chng)		(s.a. : 3-mth m.a.[5] : % chng from avg.)	(s.a. : 3-mth m.a.[5] : %)		(n.s.a. : ratio to annual family income)	(n.s.a. : % of family income)
Canada	**16.7**	**37.0**	**36.1**	**72.9**	**Sellers'**	**6.4**	**29**
Vancouver	5.2	39.7	20.6	58.6	Balanced	11.1	52
Victoria	3.5	49.1	44.9	75.9	Sellers'	7.0	32
Calgary	-0.9	18.9	3.5	60.2	Balanced	3.9	17
Edmonton[4]	3.5	23.5	15.0	56.7	Balanced	3.6	15
Regina	2.9	46.9	33.6	65.7	Balanced	2.6	11
Saskatoon	3.4	52.1	32.3	58.4	Balanced	3.0	12
Winnipeg[4]	9.3	29.6	31.3	75.6	Sellers'	3.5	15
Toronto	10.9	36.5	27.0	61.2	Balanced	9.8	46
Ottawa	20.1	27.8	45.7	85.8	Sellers'	4.4	19
Montreal	15.3	41.8	21.1	84.8	Sellers'	4.5	20
Halifax[4]	18.4	29.3	45.7	83.3	Sellers'	3.9	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 2018 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 September 2020)
Sources: Bank of Canada, Statistics Canada, Haver Analytics, CREA, FCIQ, BMO Capital Markets Economics estimates

Demand

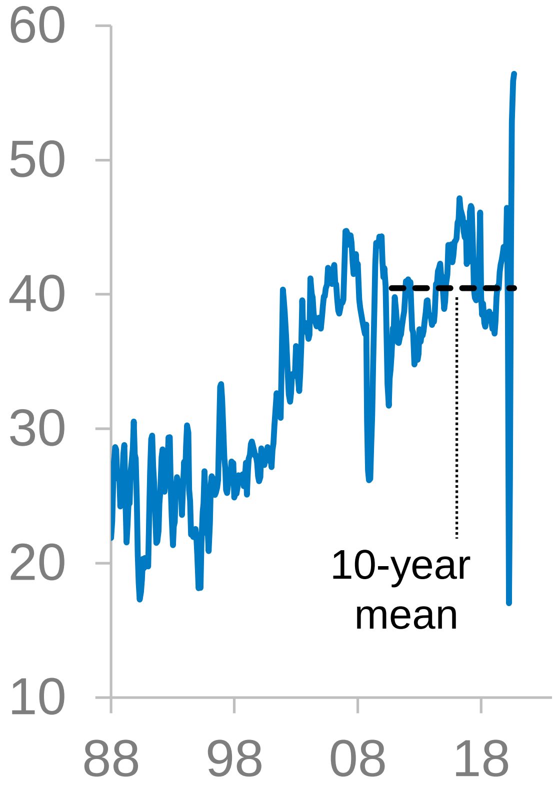
+ National sales up 46% y/y to record high
+ Greater Toronto home sales up 42% y/y. Detached home sales stronger than condo sales, as buyers looking for more space to work remotely. Shift away from City of Toronto to suburbs reflects health concerns and telework
+ Greater Vancouver home sales up 58% y/y
+ Ottawa sales up 51% y/y
+ Sales basically soaring right across the country
+ Alberta and Saskatchewan sales strengthening amid firmer oil prices

Existing Home Sales

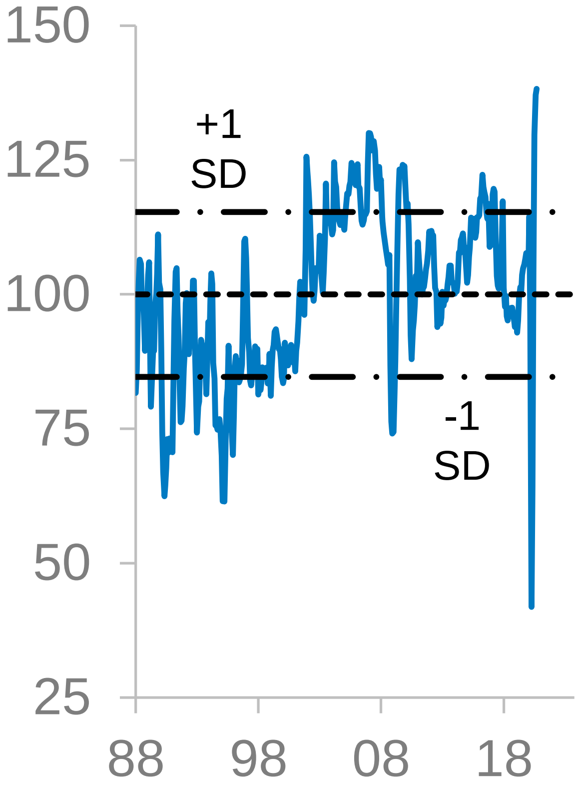
Canada

(monthly : as of September 2020)

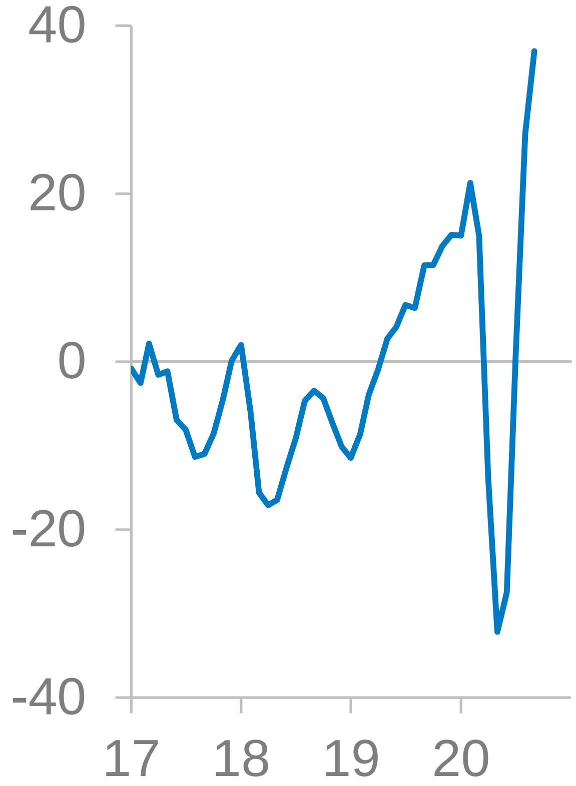
(000s of units : s.a.)



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



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

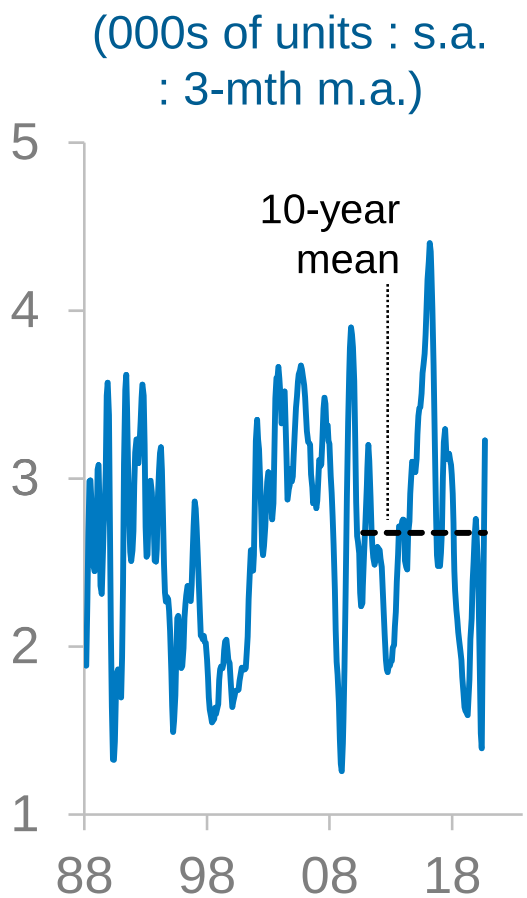


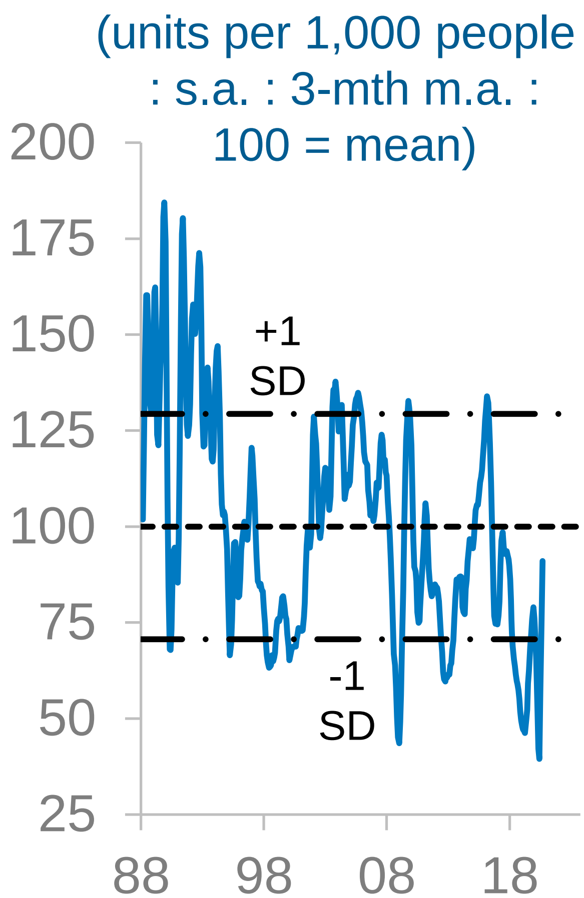
[1] age 15 and above SD = standard deviation
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

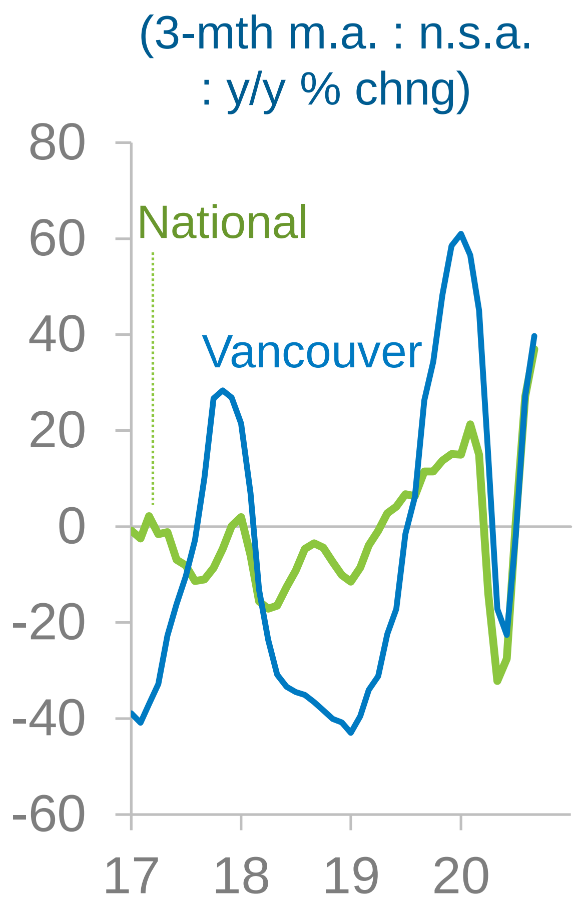
Existing Home Sales

Vancouver

(monthly : as of September 2020)





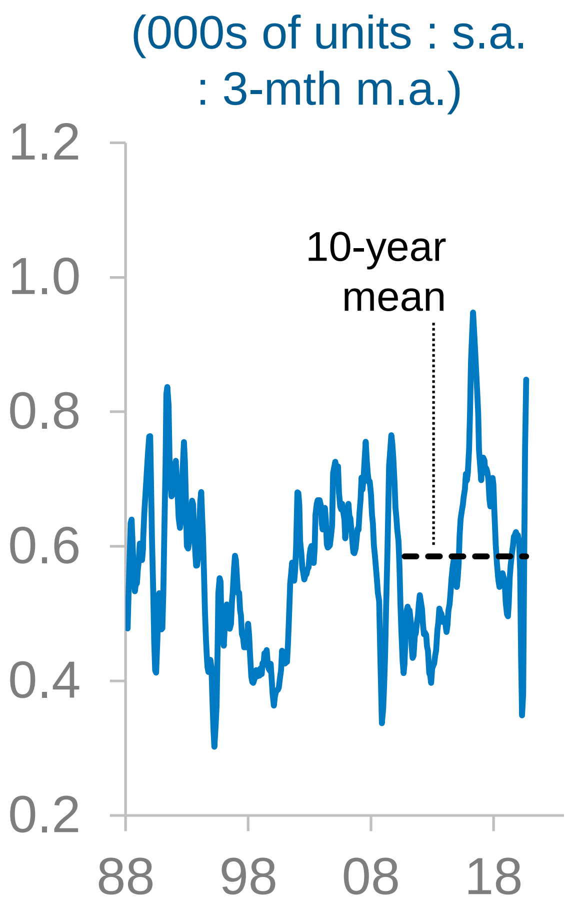


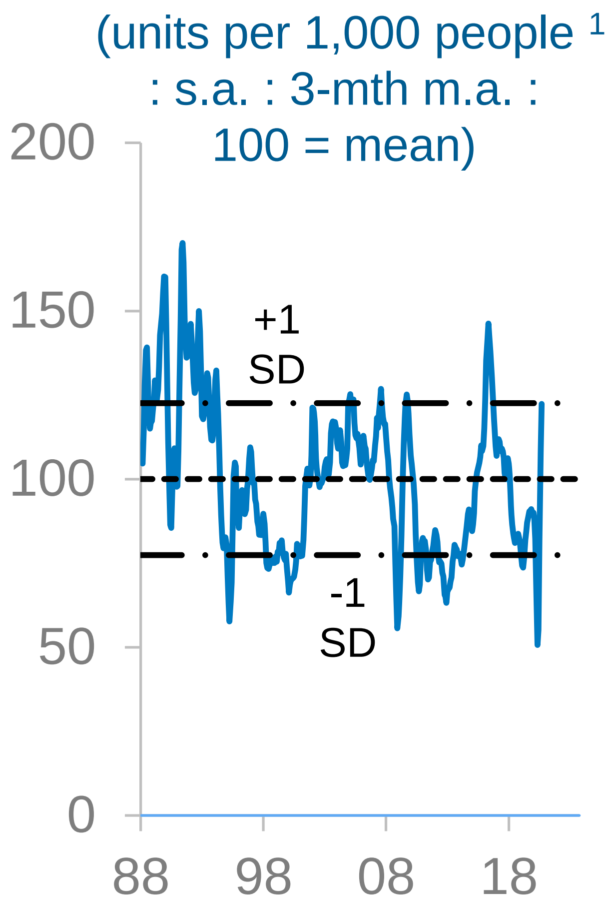
[1] age 15 and above SD = standard deviation
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

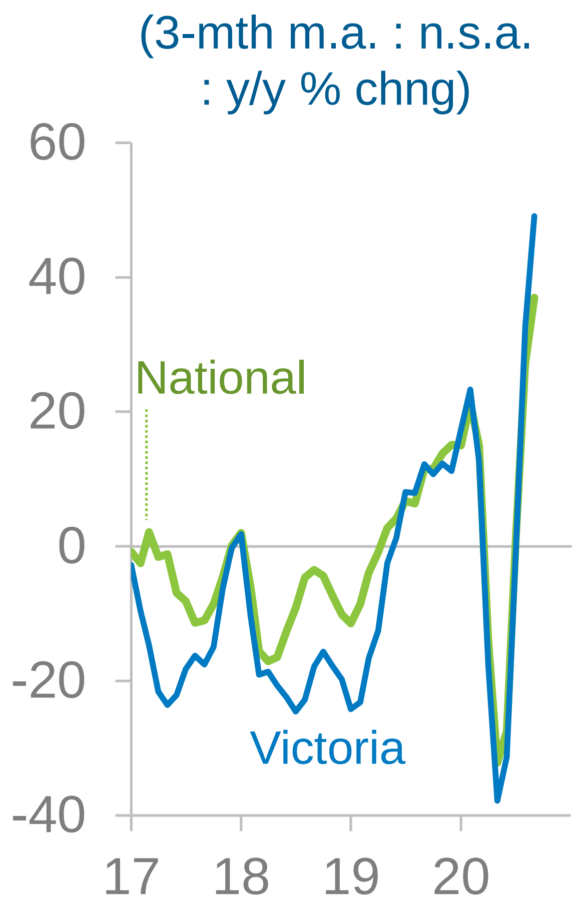
Existing Home Sales

Victoria

(monthly : as of September 2020)







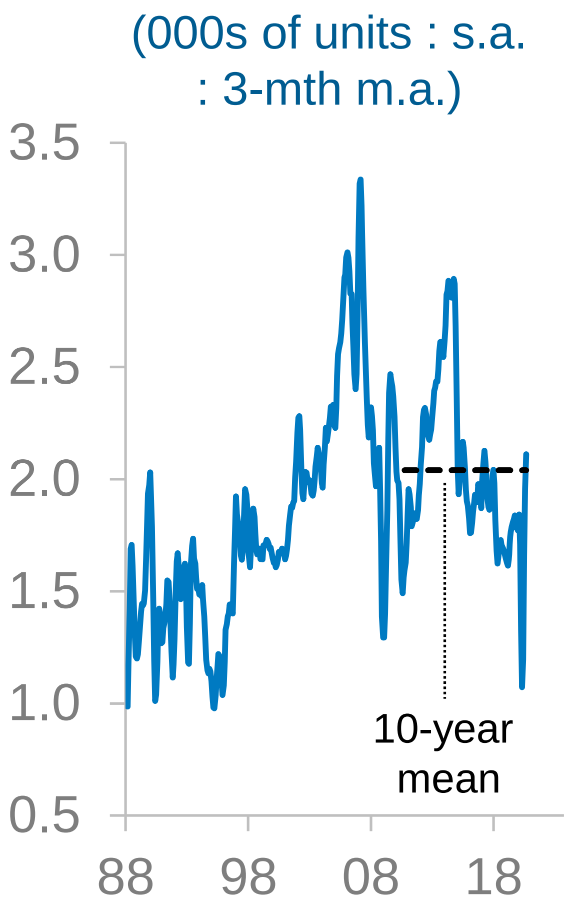
[1] age 15 and above SD = standard deviation

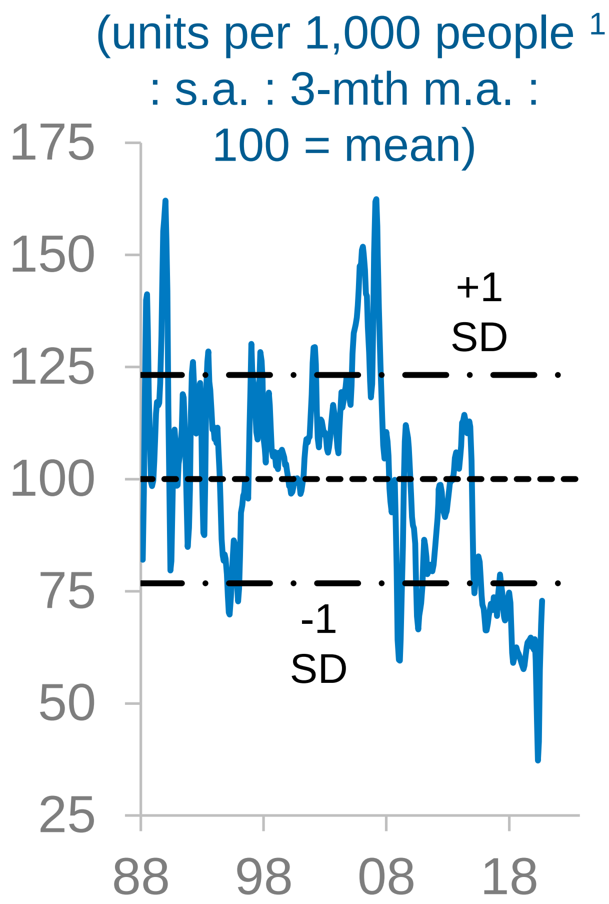
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

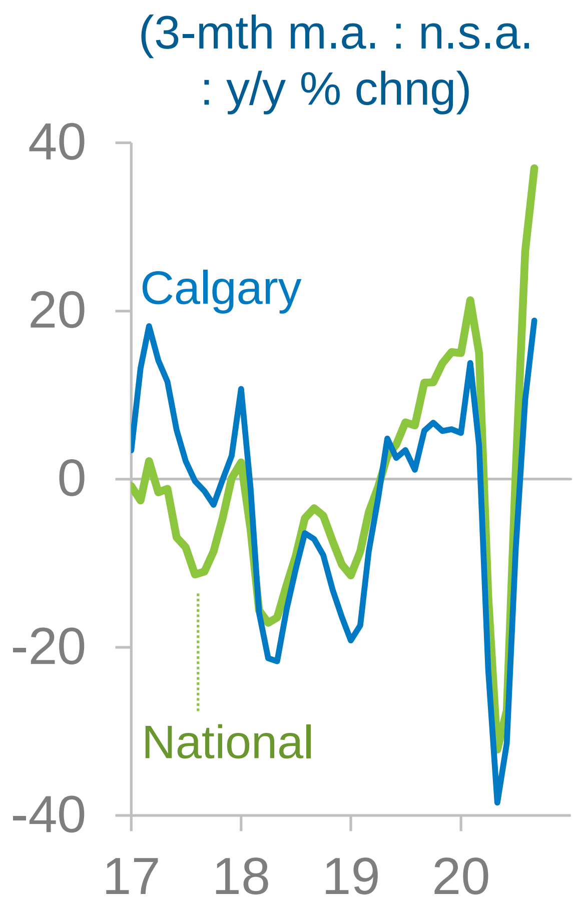
Existing Home Sales

Calgary

(monthly : as of September 2020)





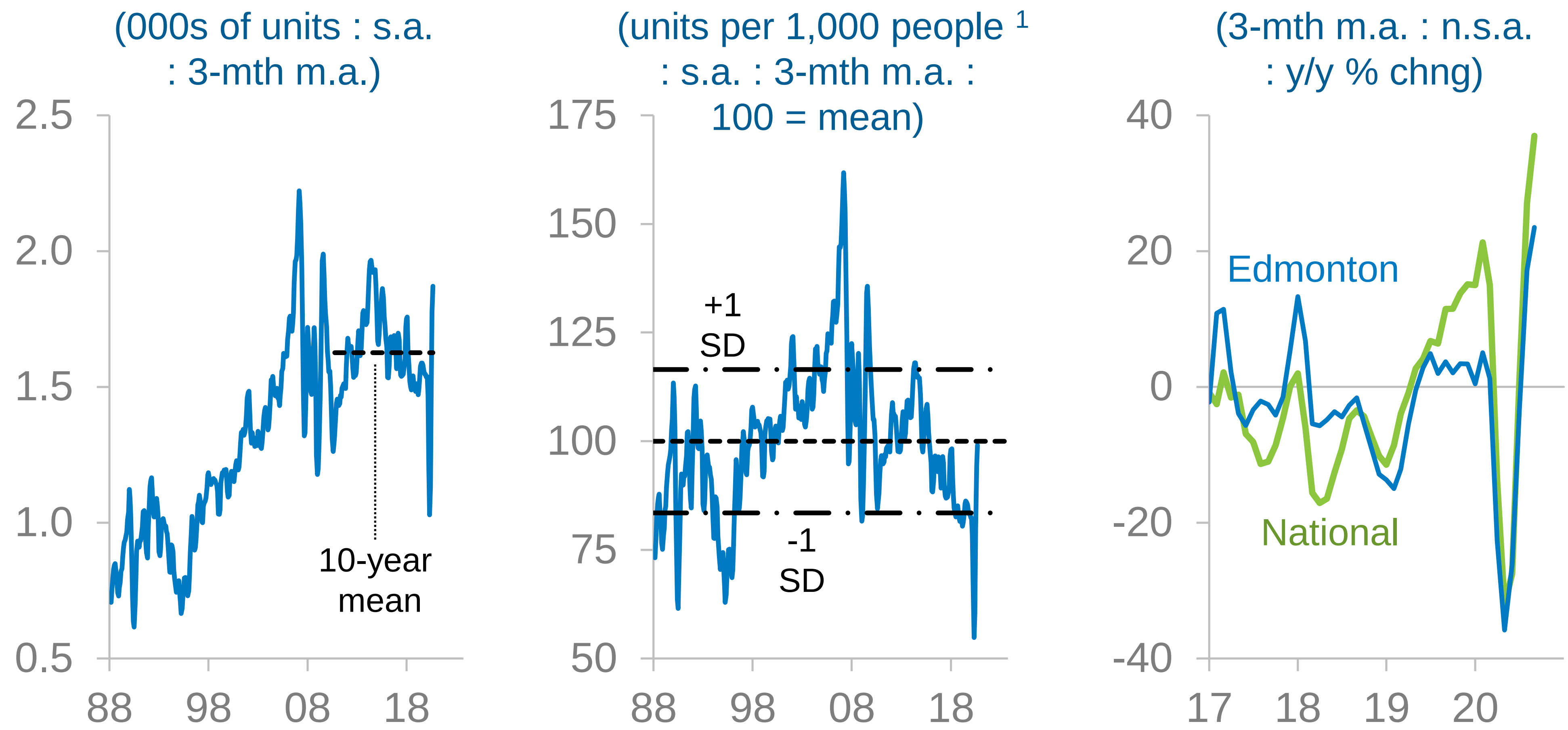


[1] age 15 and above SD = standard deviation
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales

Edmonton

(monthly : as of September 2020)



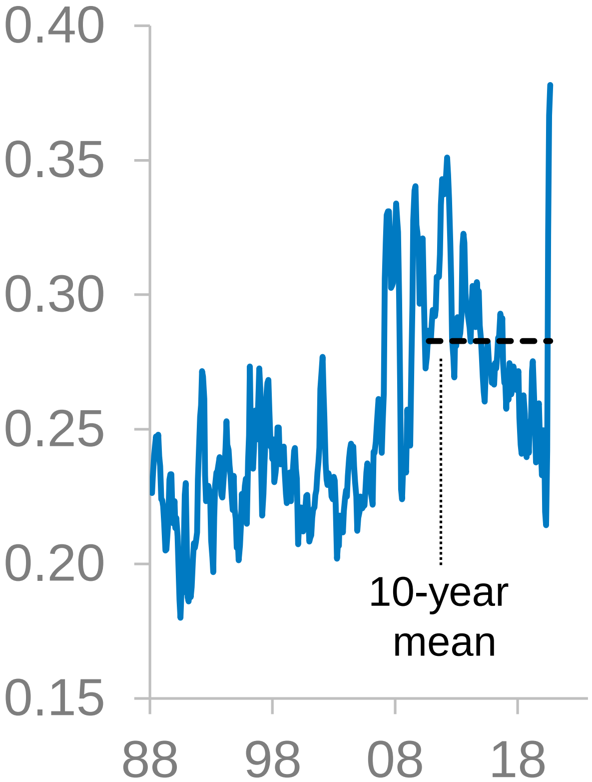
[1] age 15 and above SD = standard deviation
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales

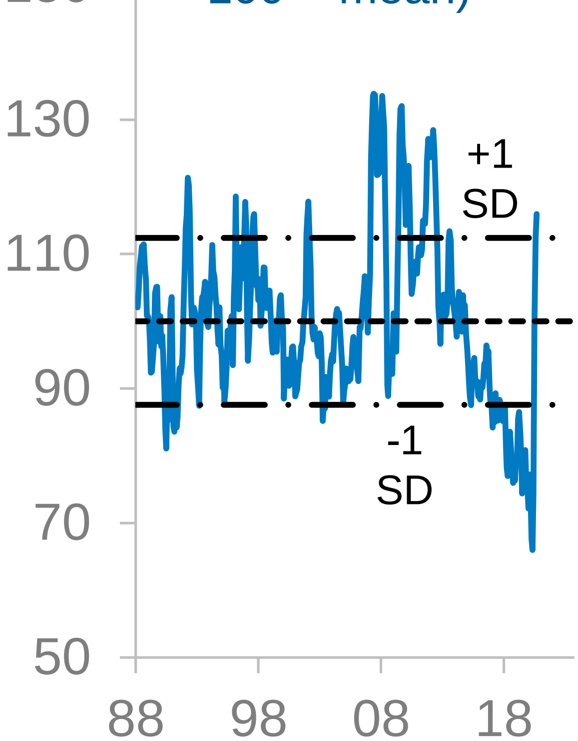
Regina

(monthly : as of September 2020)

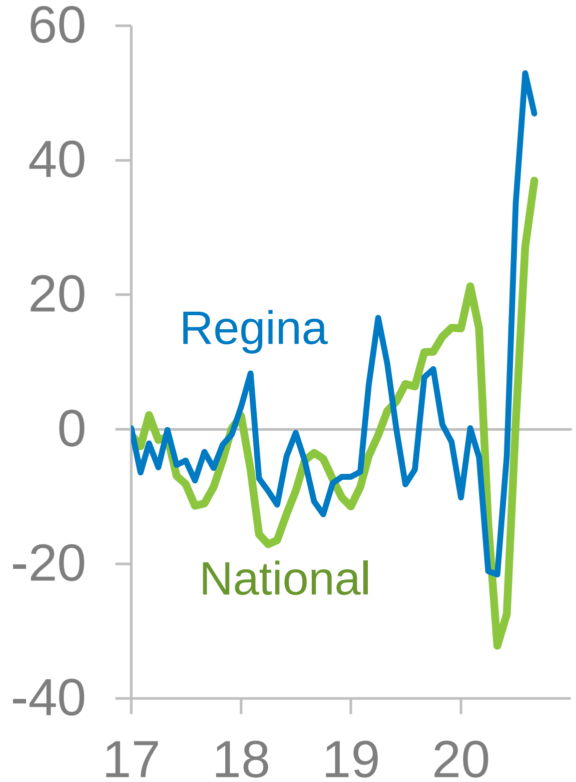
(000s of units : s.a. : 3-mth m.a.)



(units per 1,000 people [1] : s.a. : 3-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, Canadian Real Estate Association

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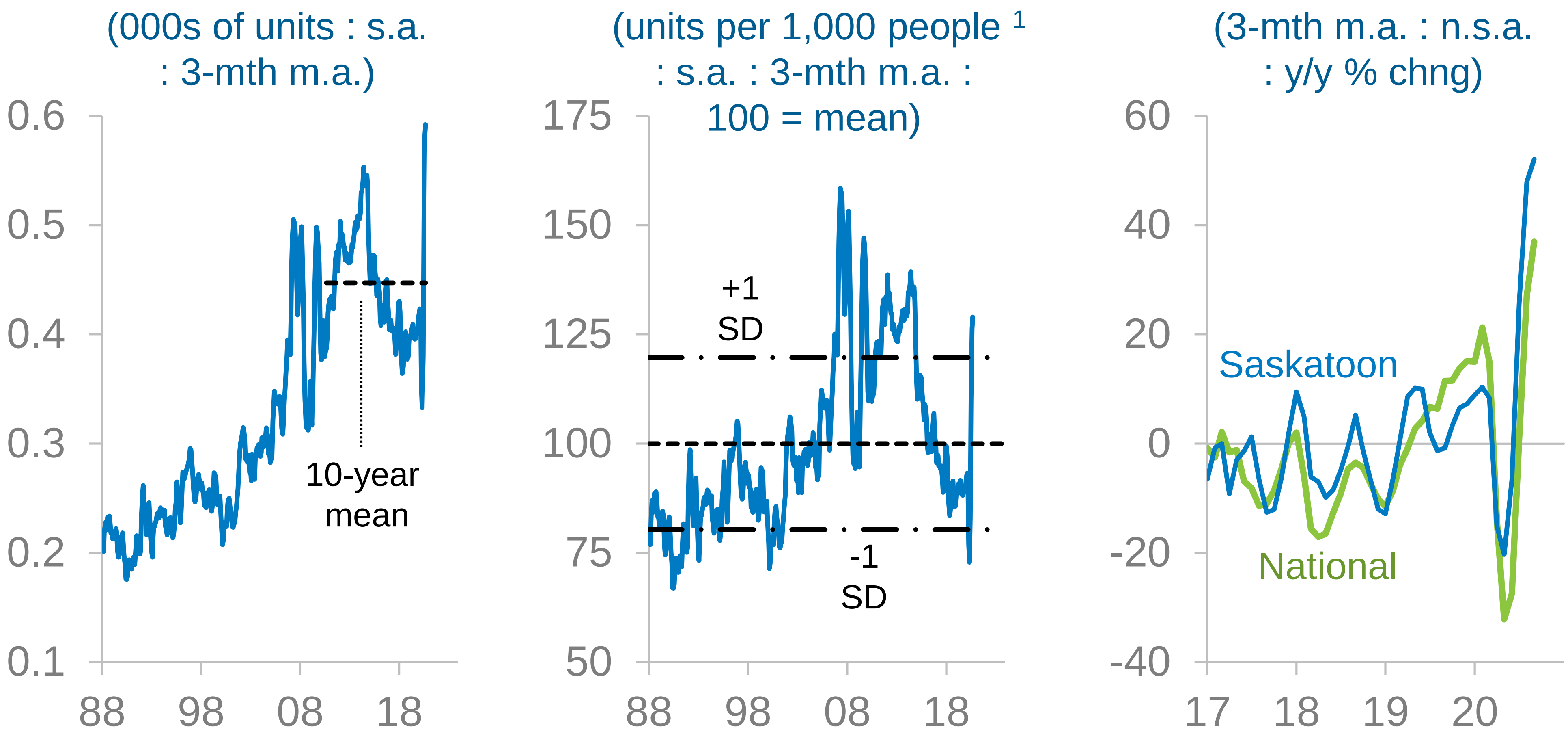
Existing Home Sales

Saskatoon

(monthly : as of September 2020)



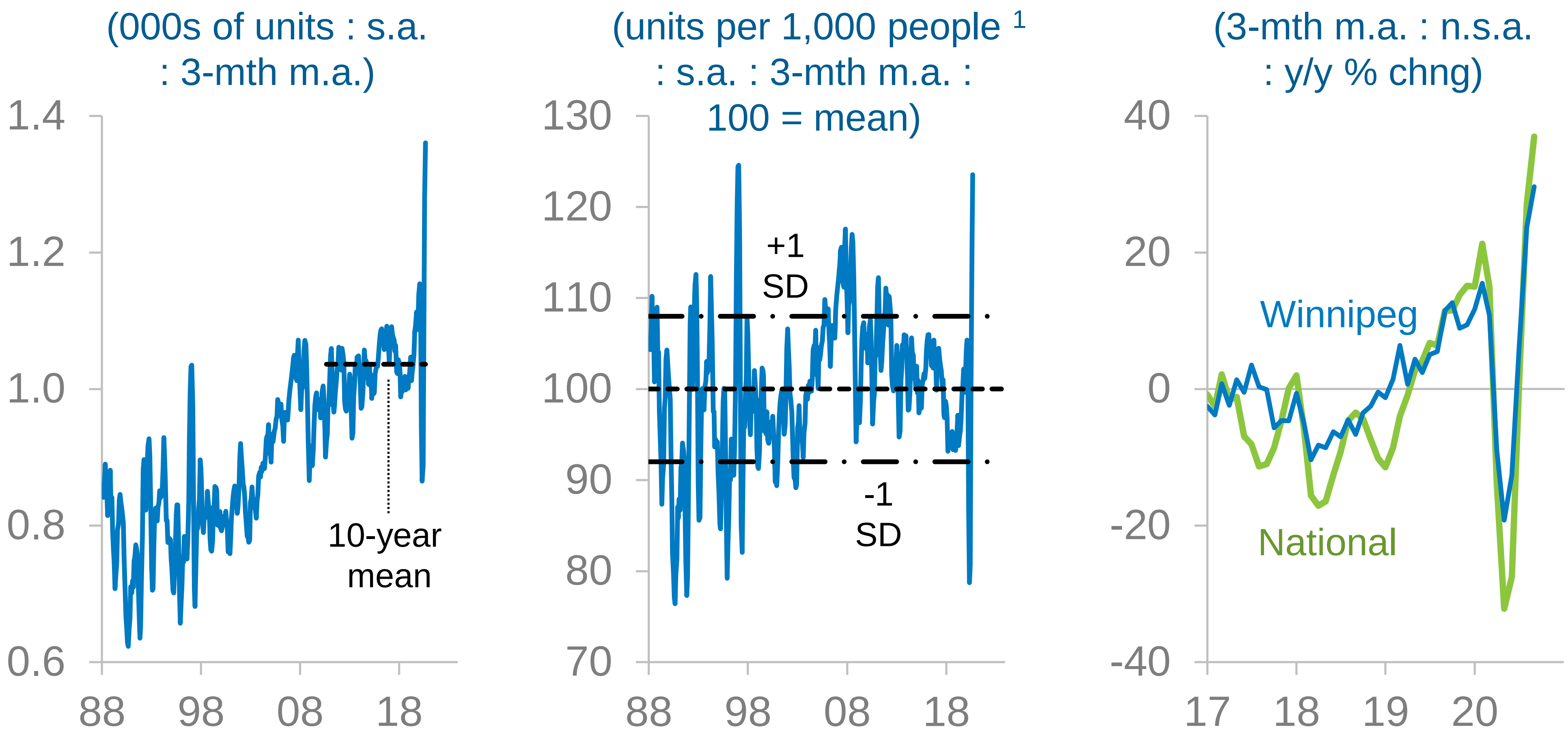
[1] age 15 and above SD = standard deviation

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

Existing Home Sales

Winnipeg

(monthly : as of September 2020)



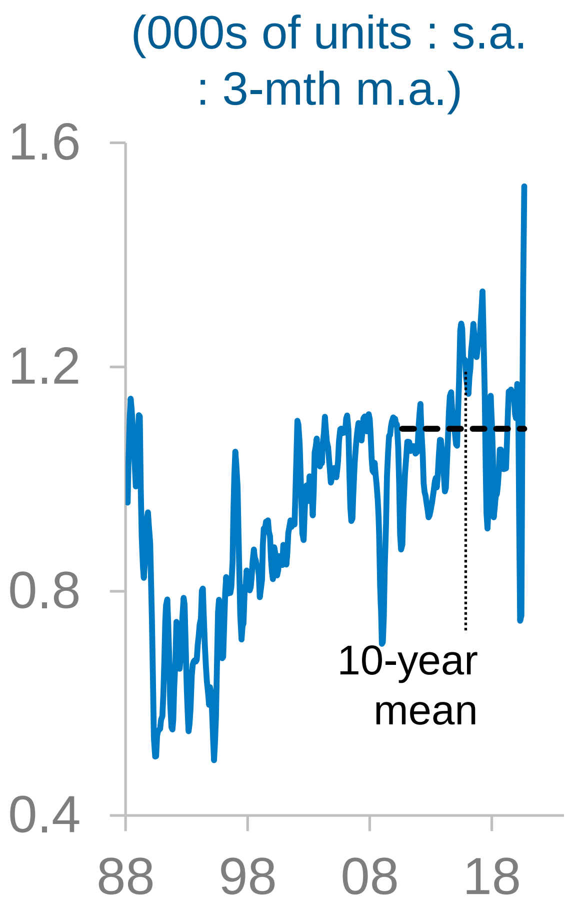
[1] age 15 and above   SD = standard deviation

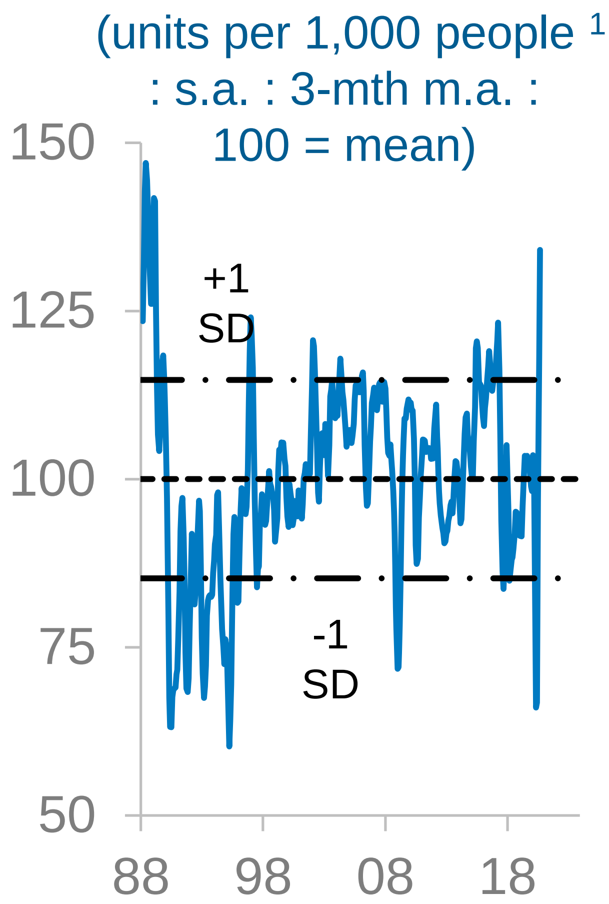
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

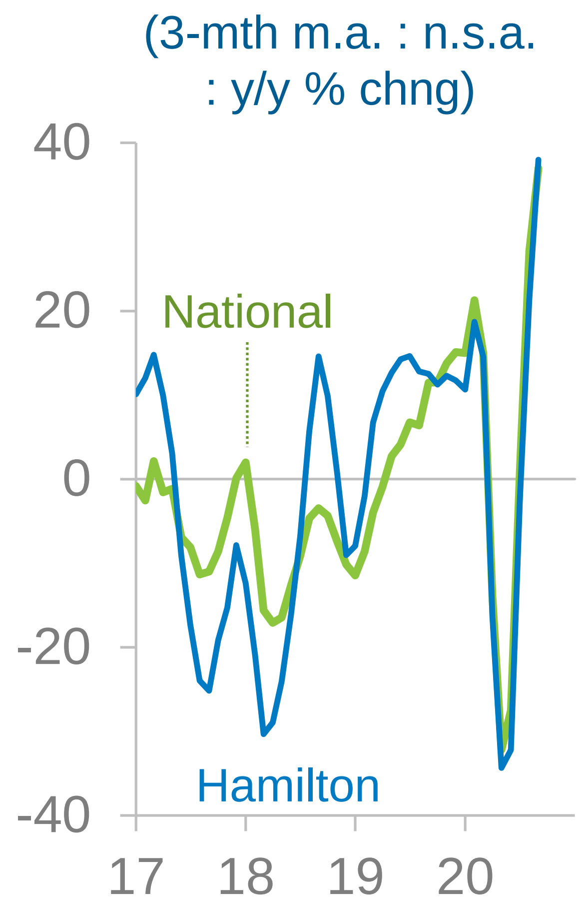
Existing Home Sales

Hamilton

(monthly : as of September 2020)







[1] age 15 and above SD = standard deviation

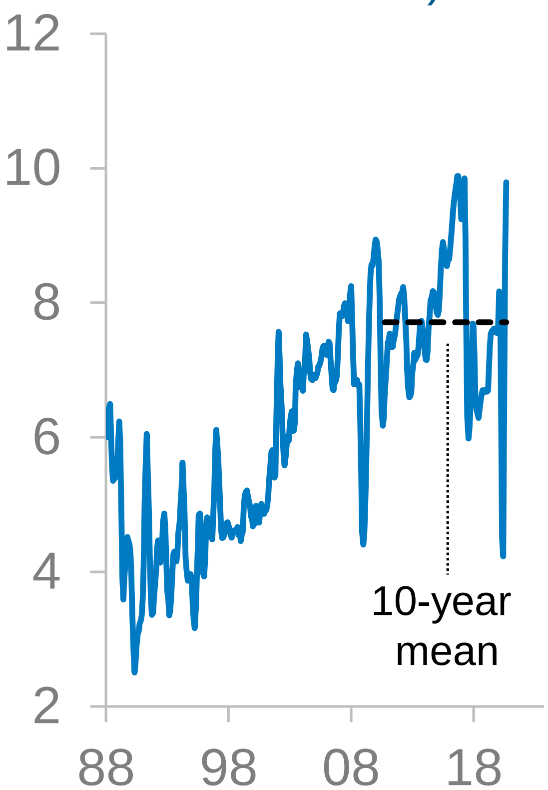
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales

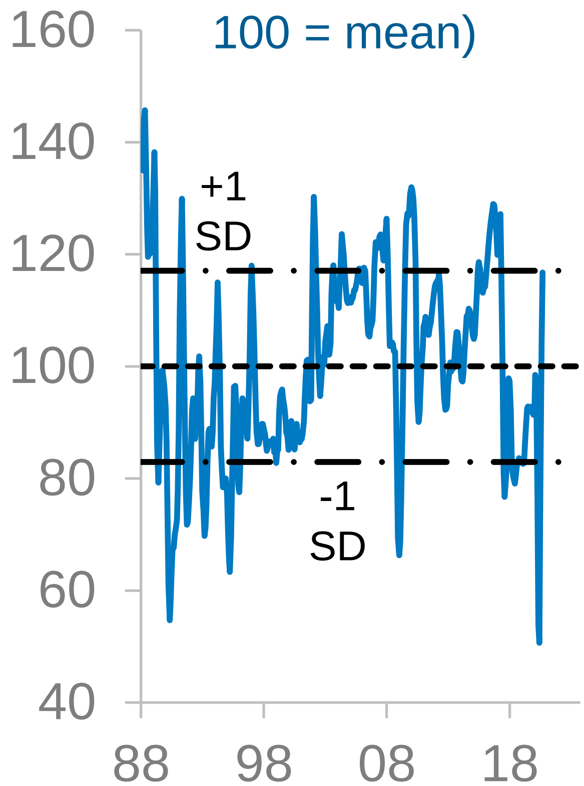
Toronto

(monthly : as of September 2020)

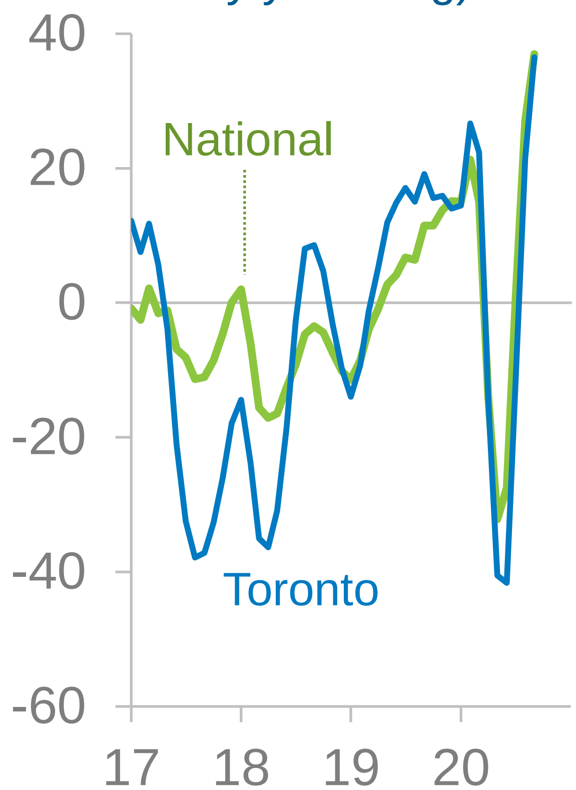
(000s of units : s.a.
: 3-mth m.a.)



(units per 1,000 people [1]
: s.a. : 3-mth m.a. :
100 = mean)



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

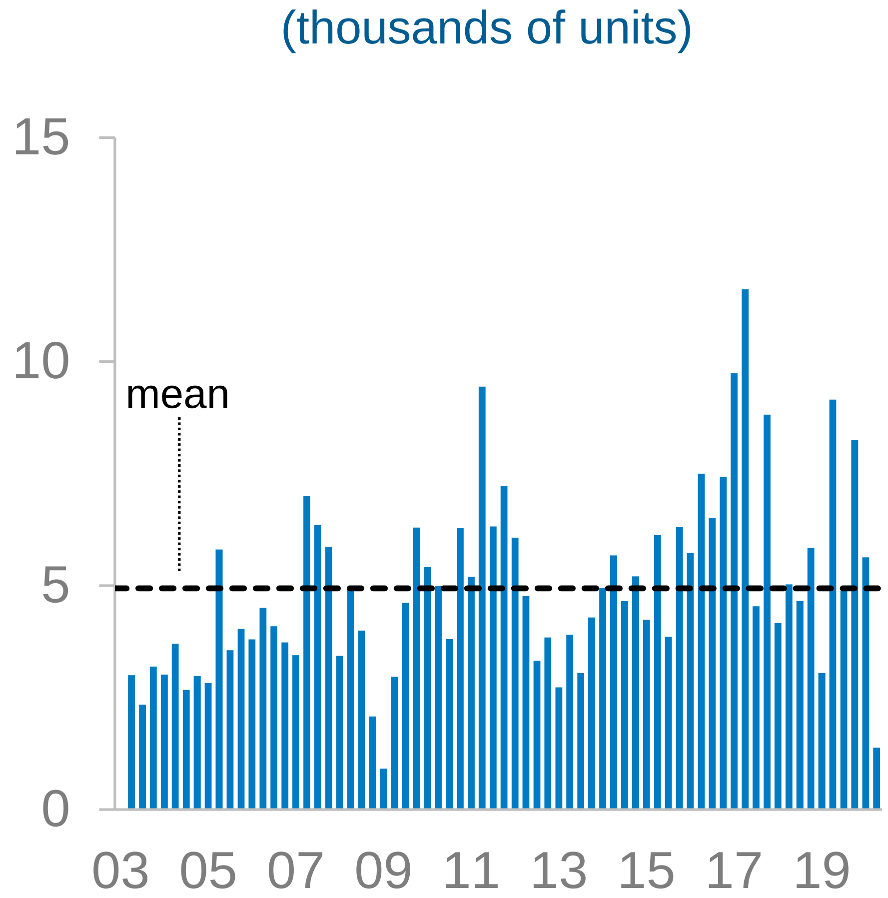


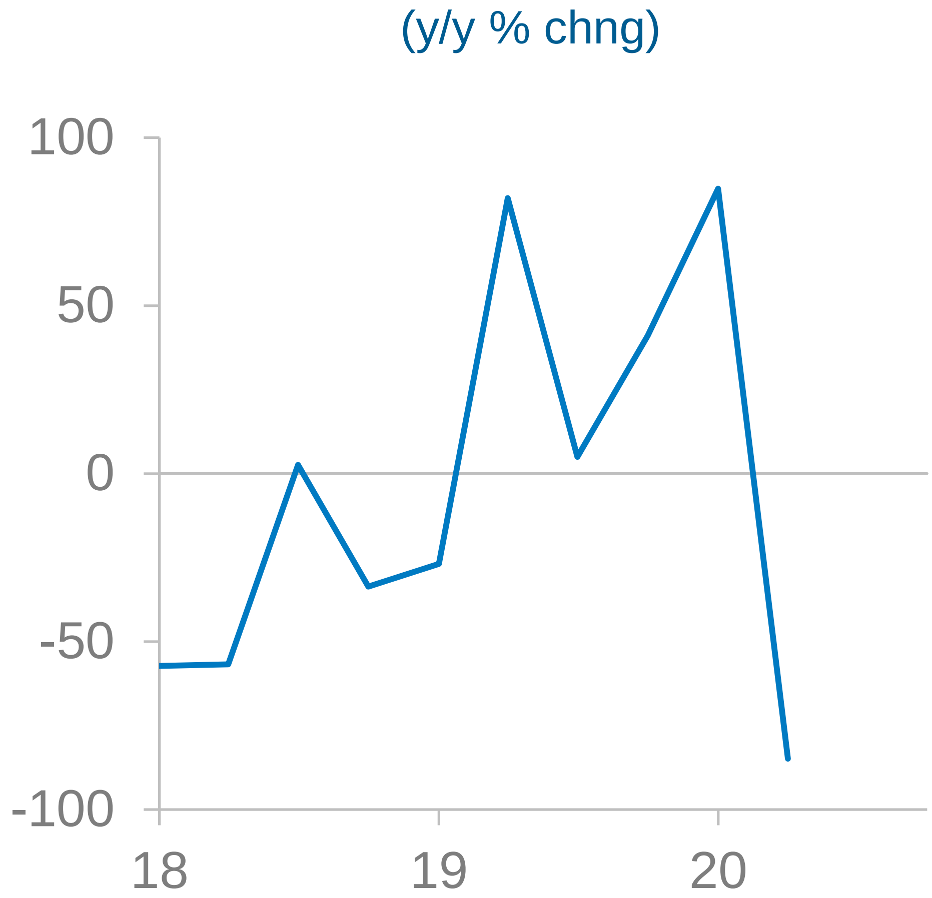
[1] age 15 and above   SD = standard deviation

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

New Condominium Sales
Toronto

(quarterly : as of 2020:Q2)



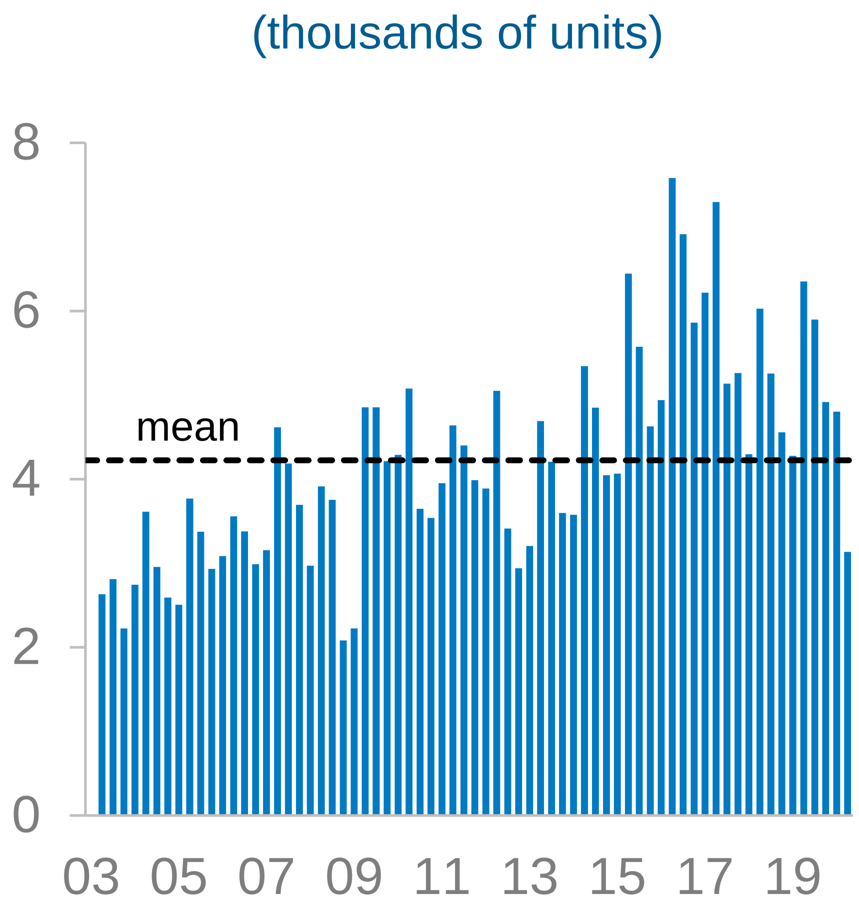


Source: Urbanation Inc.

Existing Condominium Sales

Toronto

(quarterly : as of 2020:Q2)

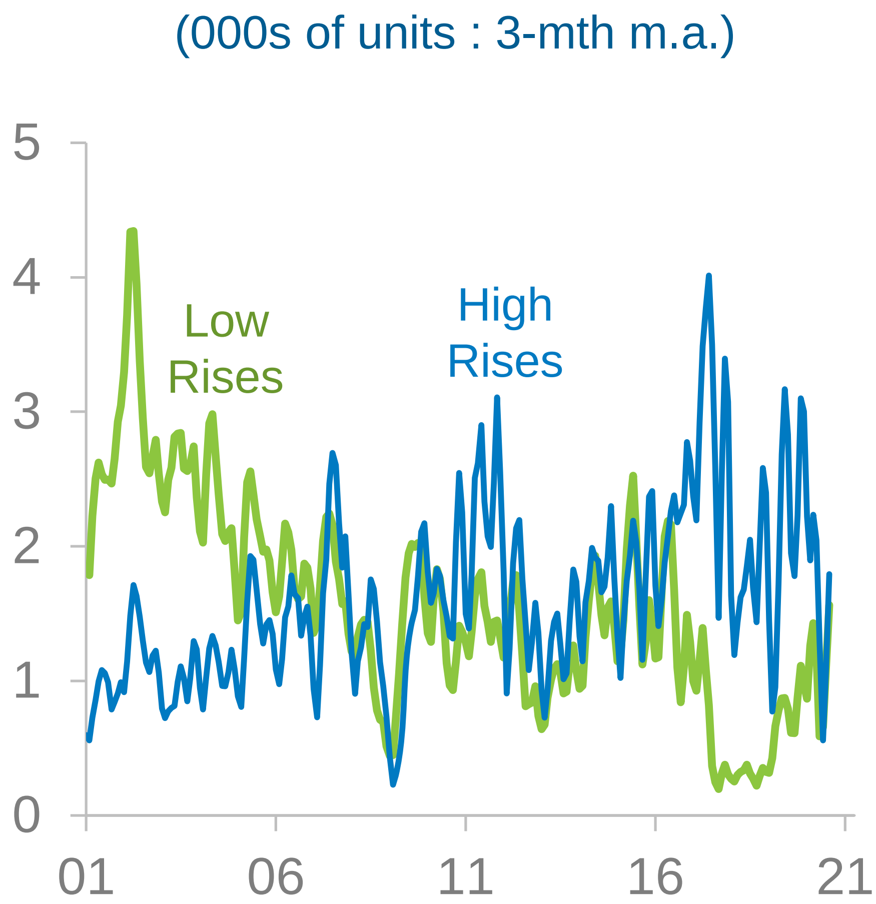


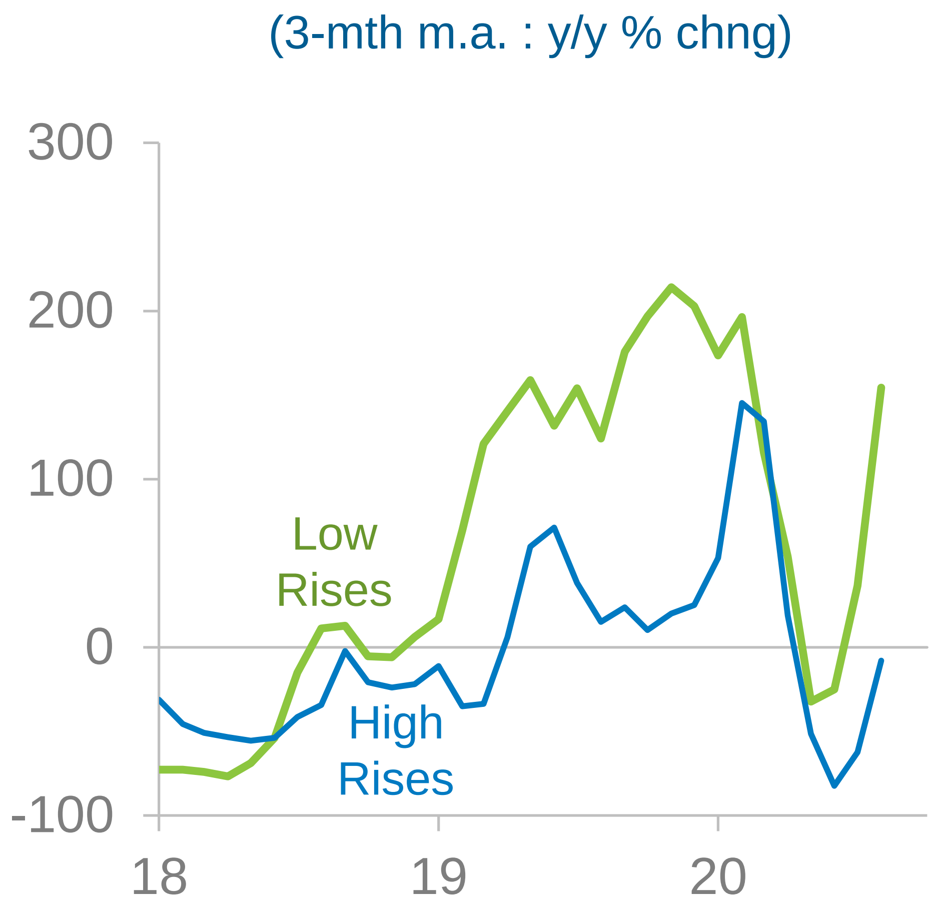
Source: Urbanation Inc.

New Home Sales

Toronto

(monthly : as of August 2020)





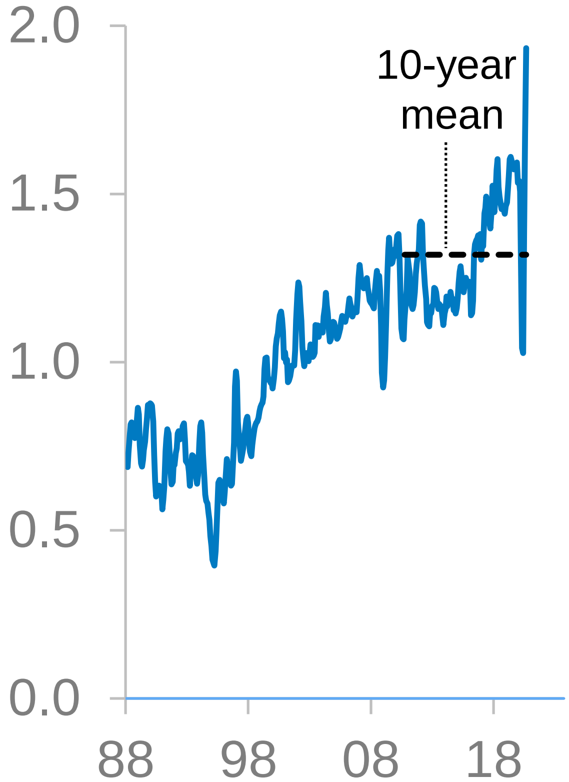
Source: Altus Group

Existing Home Sales

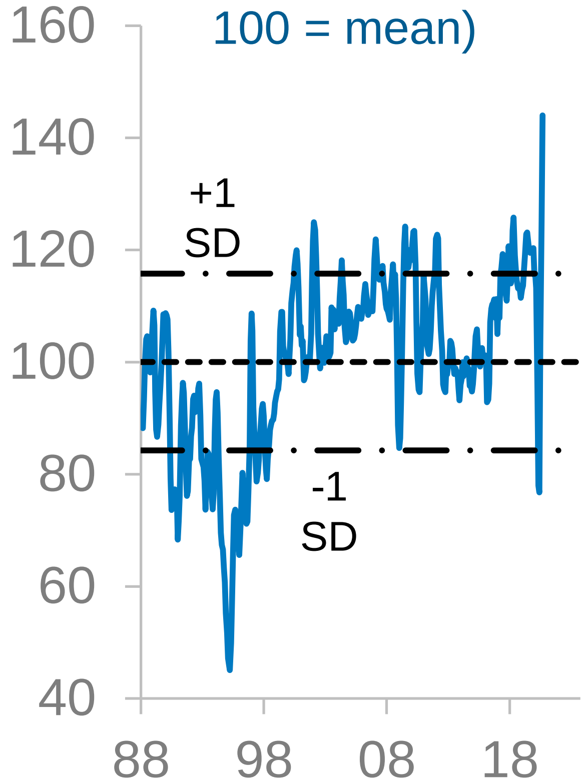
Ottawa

(monthly : as of September 2020)

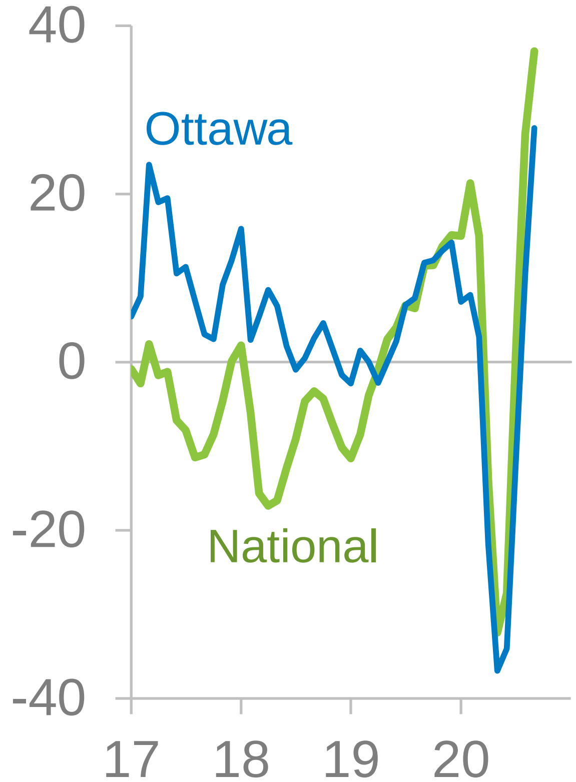
(000s of units : s.a. : 3-mth m.a.)



(units per 1,000 people [1] : s.a. : 3-mth m.a. : 100 = mean)



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



[1] age 15 and above SD = standard deviation

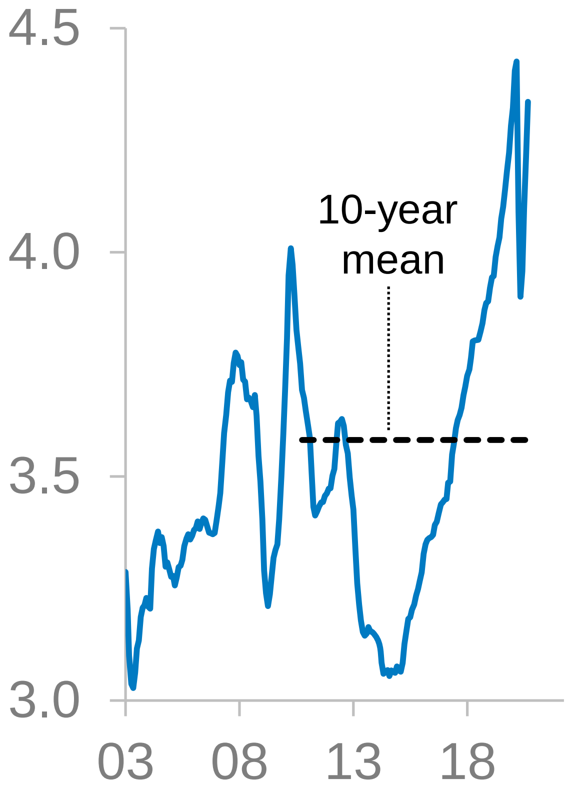
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Home Sales

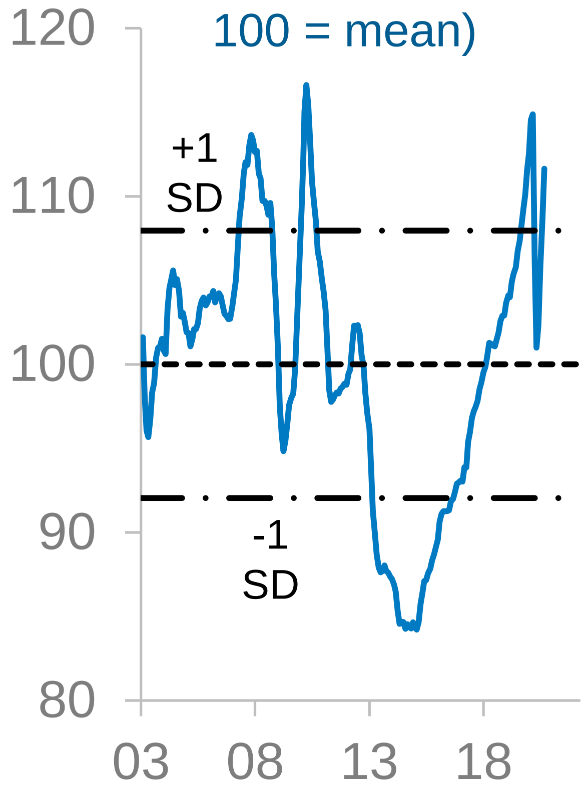
Montreal

(monthly : as of September 2020)

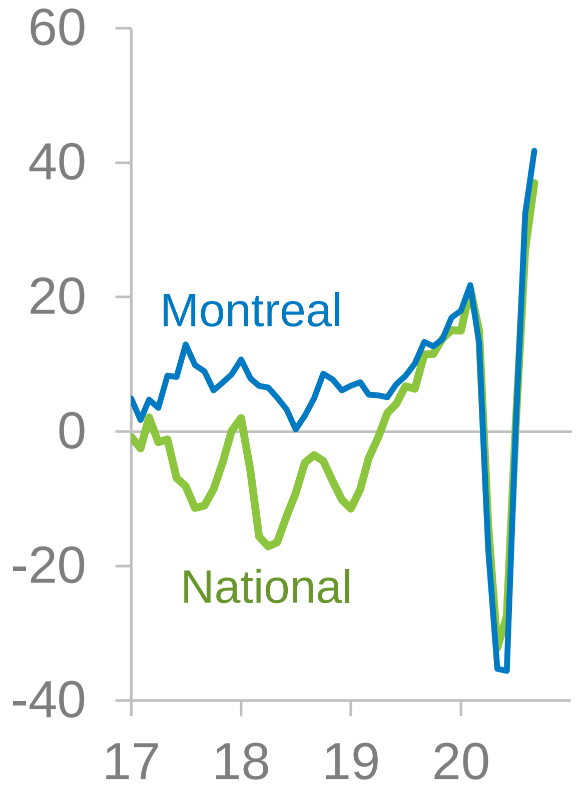
(000s of units : n.s.a. : 12-mth m.a.)



(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

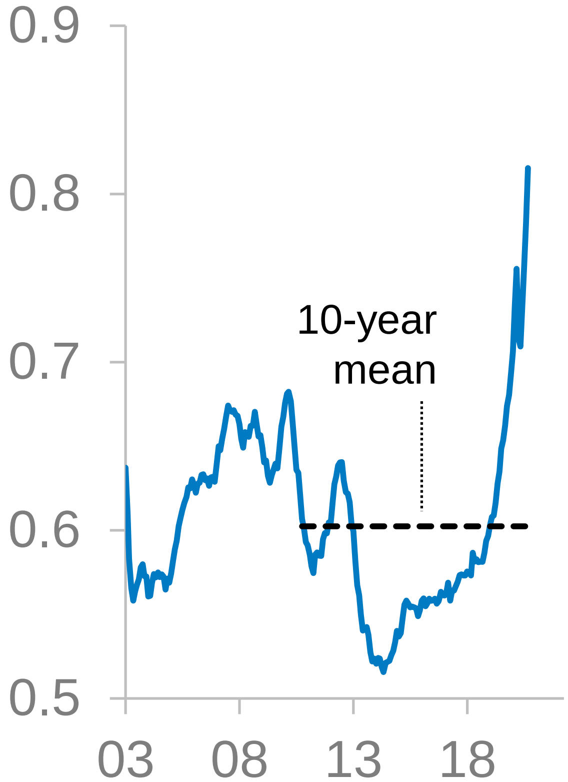
Sources: Statistics Canada, Haver Analytics, Fédération des chambres immobilières du Québec

Existing Home Sales

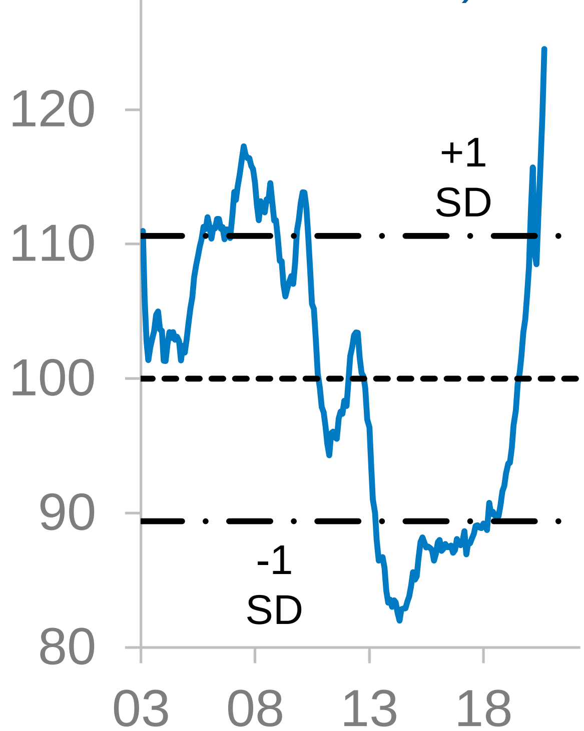
Quebec City

(monthly : as of September 2020)

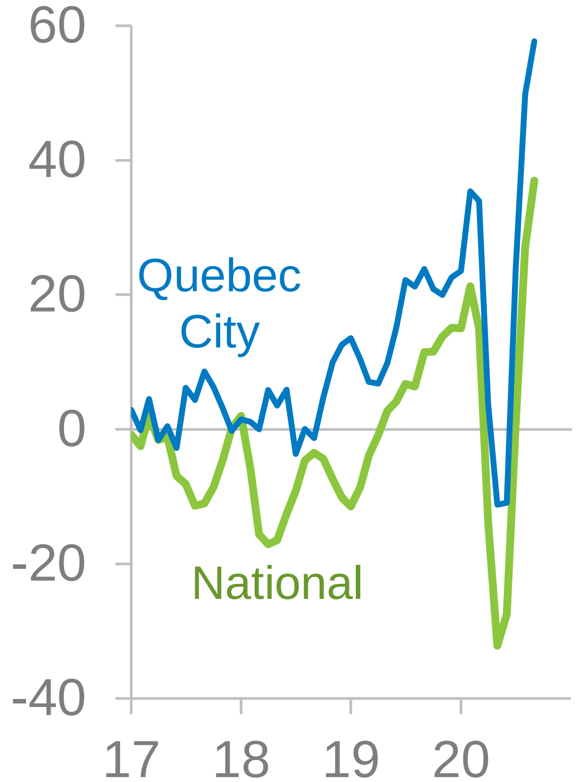
(000s of units : n.s.a. : 12-mth m.a.)



(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)



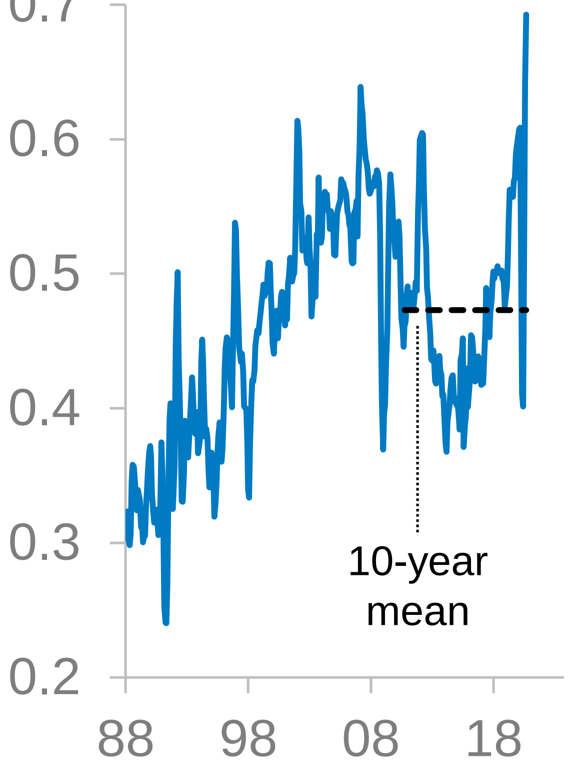
[1] age 15 and above SD = standard deviation

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

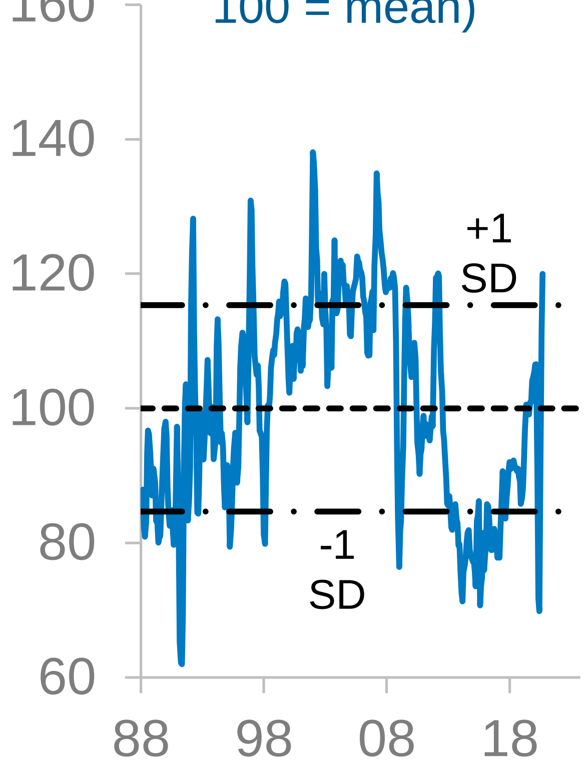
Halifax

(monthly : as of September 2020)

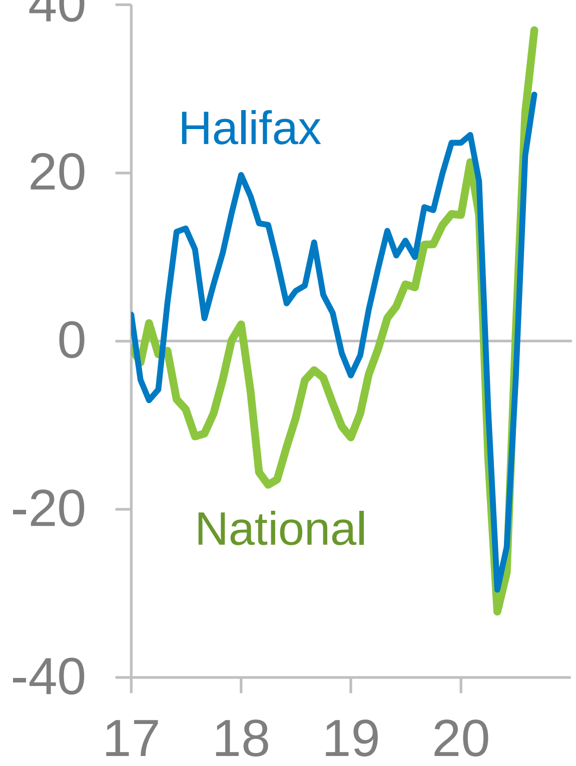
(000s of units : s.a. : 3-mth m.a.)



(units per 1,000 people [1] : s.a. : 3-mth m.a. : 100 = mean)



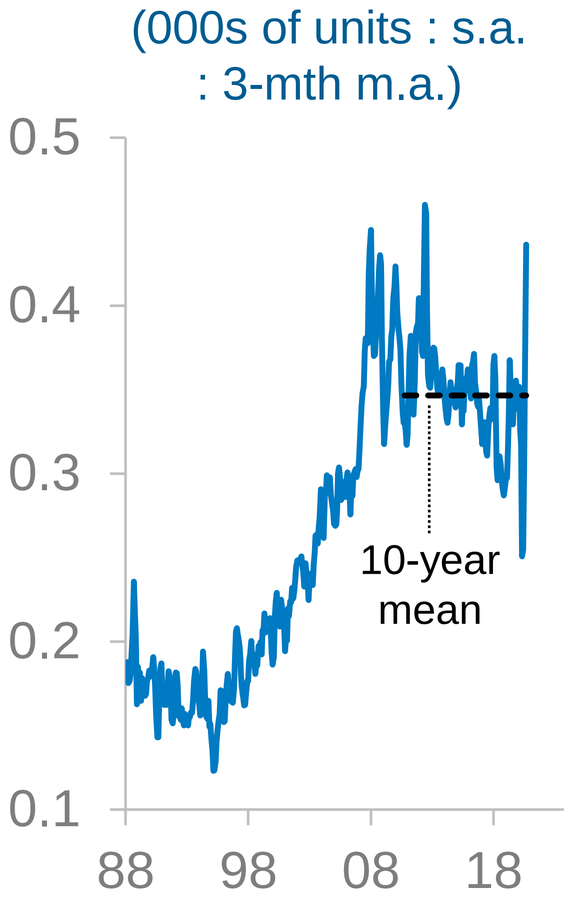
(3-mth m.a. : n.s.a. : y/y % chng)

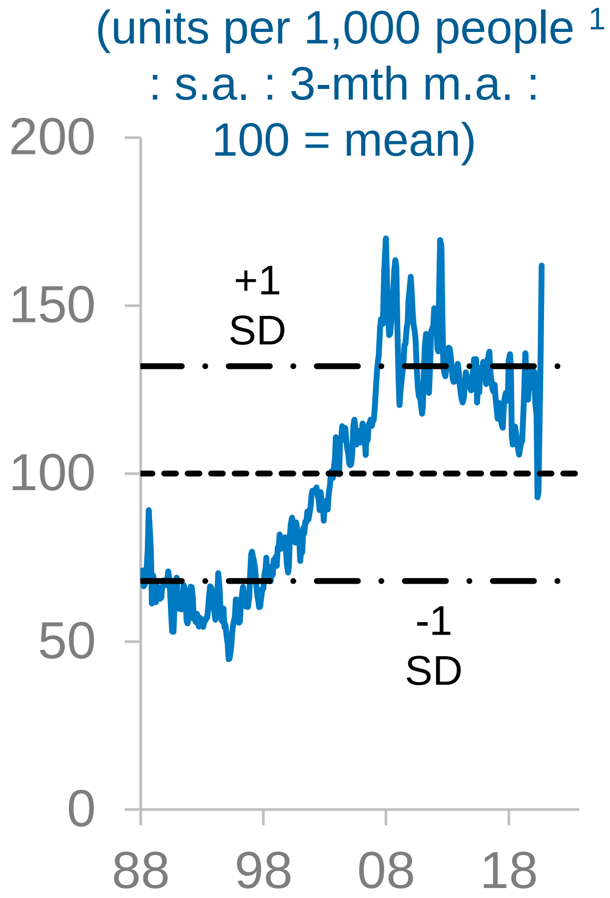


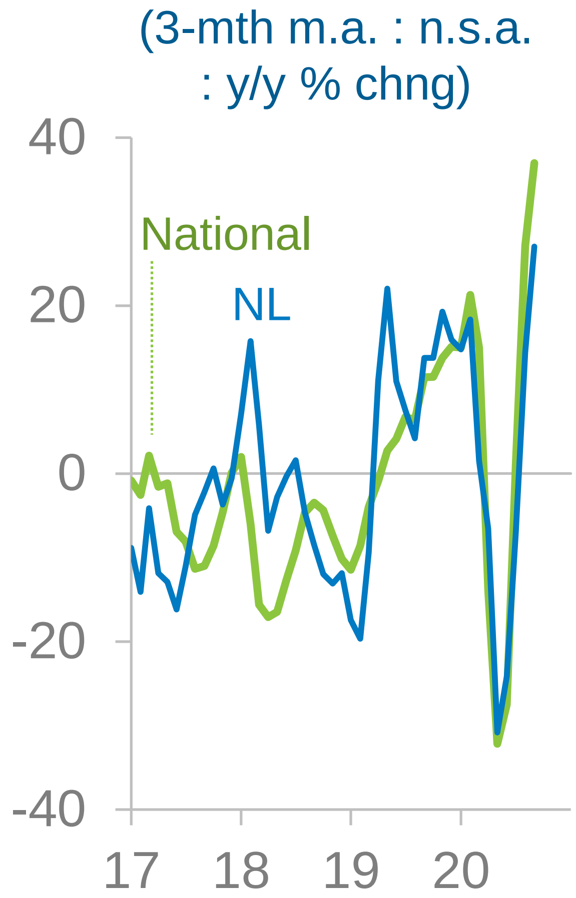
[1] age 15 and above SD = standard deviation
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Newfoundland & Labrador

(monthly : as of September 2020)







[1] age 15 and above SD = standard deviation

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

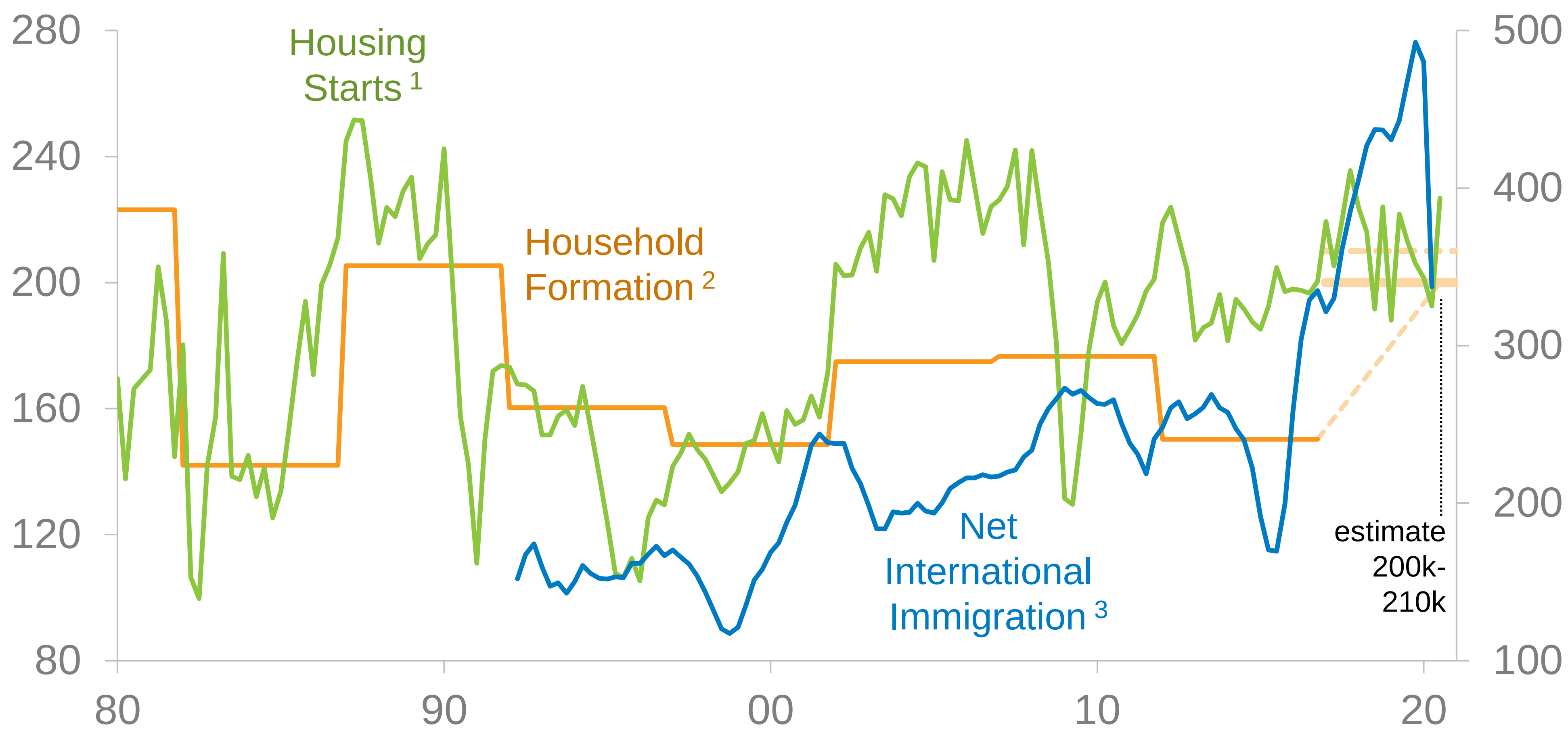
Demand Drivers

+ Prime-age 30-34 olds growing faster than population
+ 2019 Federal budget measures: interest-free govt. loan and higher tax-free RRSP withdrawal limit
+ Low mortgage rates
+ Mortgage growth strengthens
– High unemployment
– Slower immigration
– Less pent-up demand
– Poor affordability in Vancouver and Toronto
– Tougher mortgage rules
– Sales tax on foreign buyers in parts of BC and ON

Demand Drivers

Household Formation

Canada (quarterly : 000s)



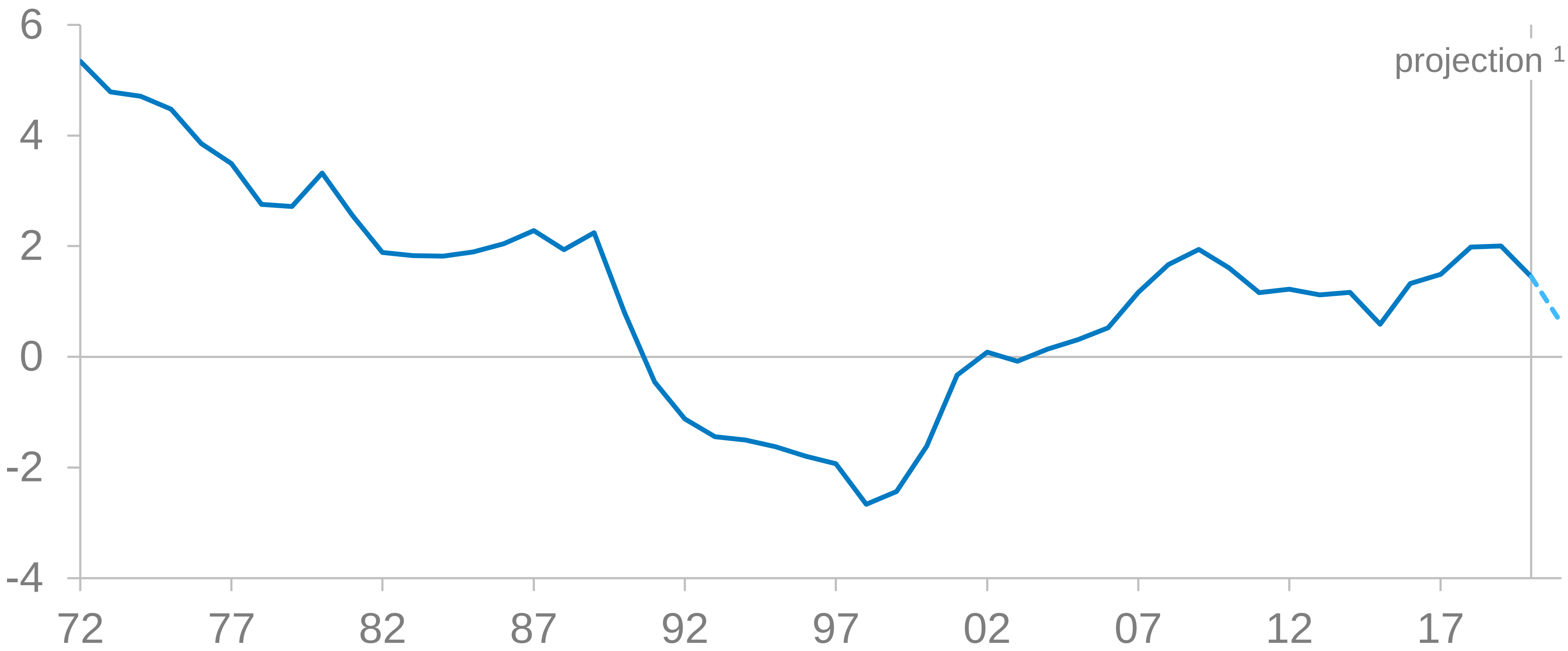
[1] (lhs : s.a. : ann. : as of 2020:Q3) [2] (lhs : ann. avg. of 5-yr chng in Census number of households : to 2016) [3] (rhs : 4-qtr m.s. : as of 2020:Q2)
Source: Statistics Canada, CMHC, Haver Analytics

Demand Drivers

+ More potential first-time buyers

Canada (annual : y/y % chng : as of 2020)

Population – Age 25 to 34



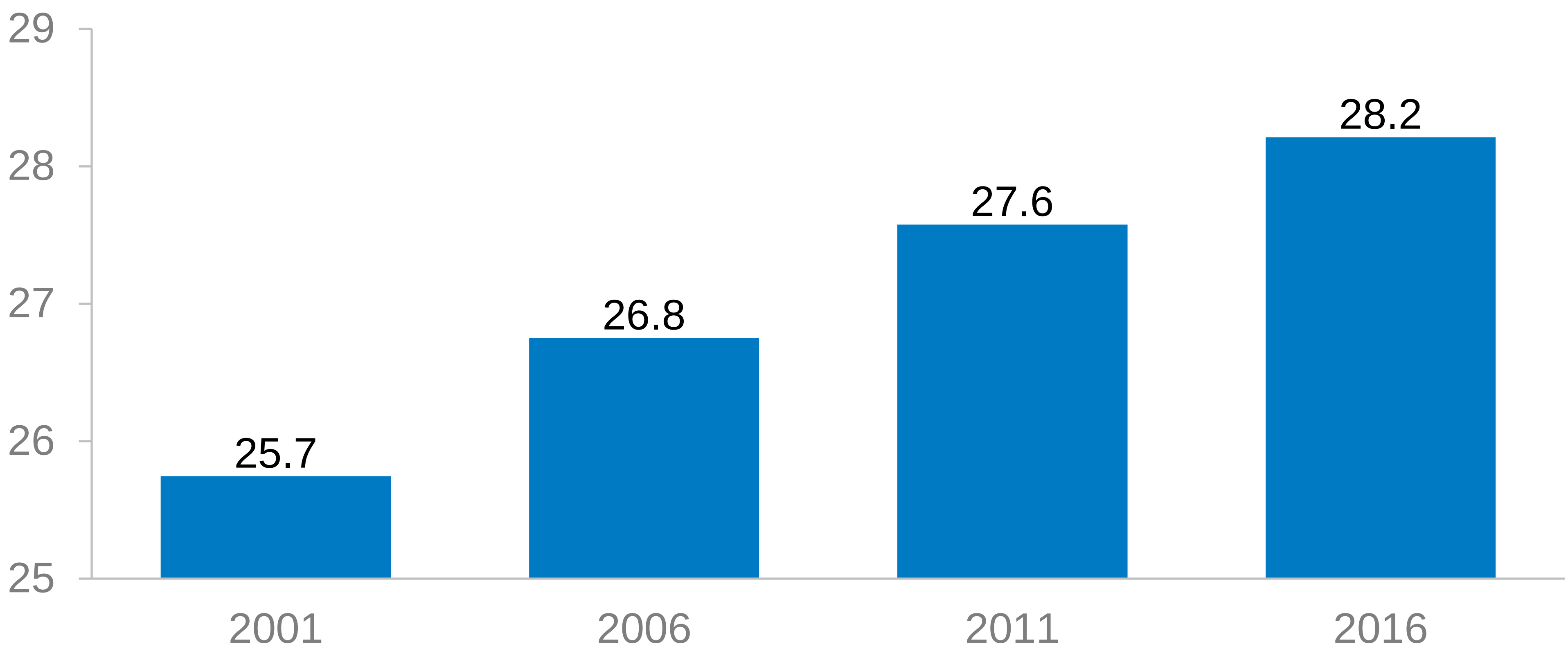
[1] Statistics Canada Scenario M3, medium-growth, historical trends (1999/2000-2002/2003)
Sources: Statistics Canada, Haver Analytics

Demand Drivers

+ More single-person households

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

Single-Person Households

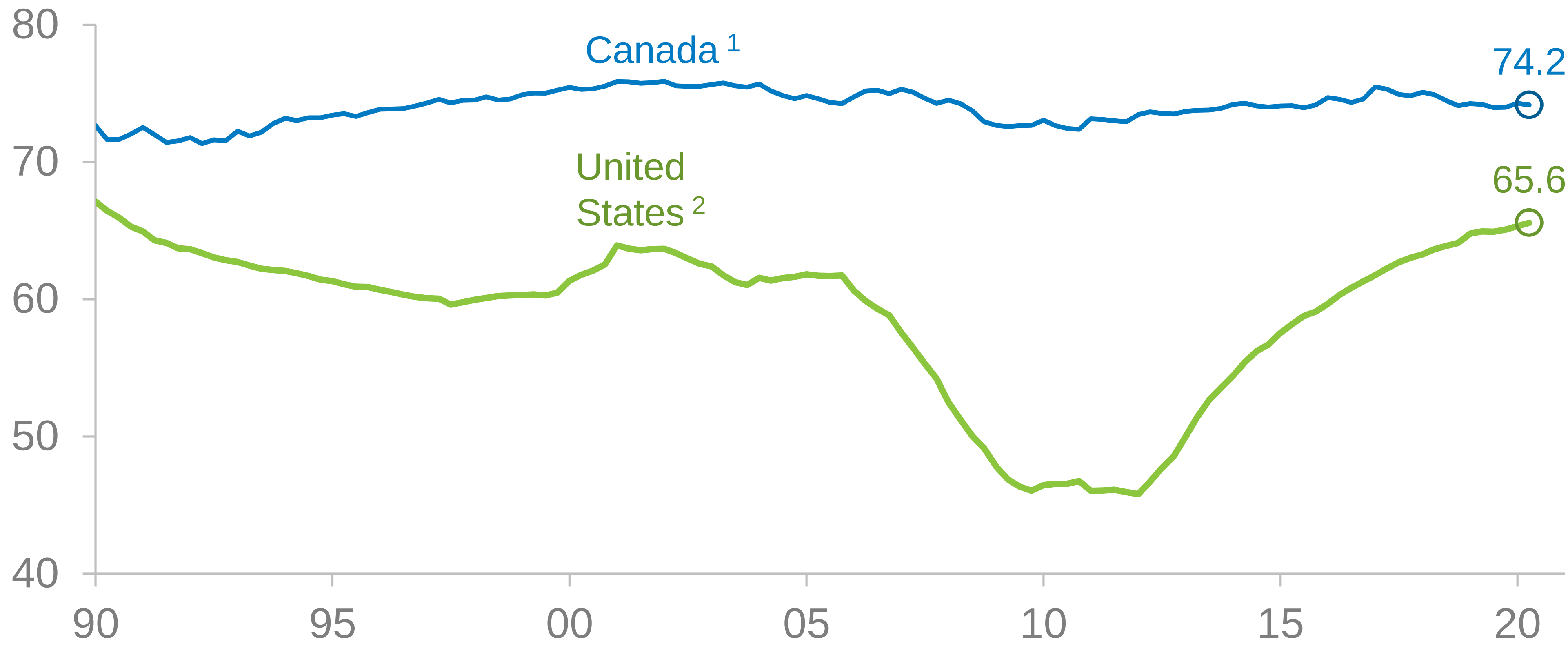


Sources: Statistics Canada, Haver Analytics

+ Equity for second-home purchases

(quarterly : percent)

Owner's Equity as a Percent of Real Estate



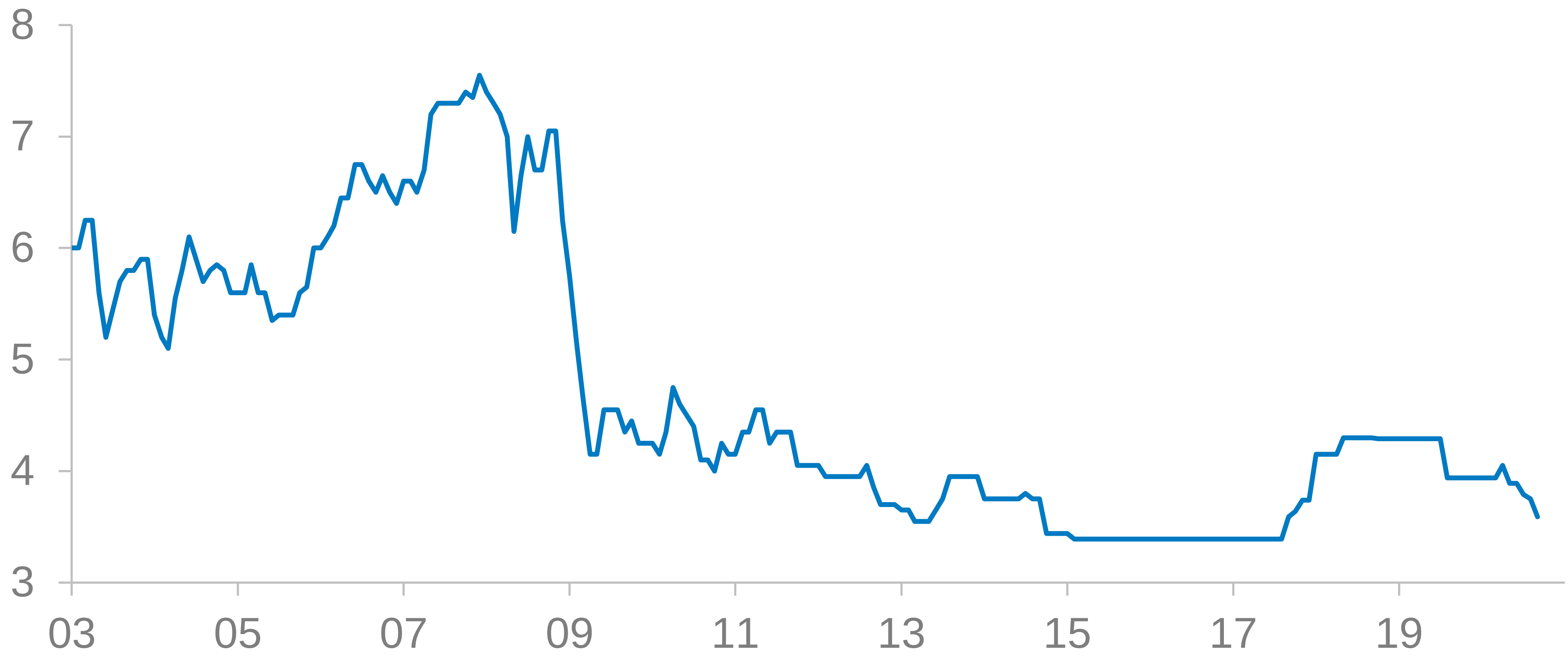
[1] (as of 2020:Q2) [2] (as of 2020:Q2)
Source: Statistics Canada, U.S. Federal Reserve Board, Haver Analytics

Demand Drivers

+ Low mortgage rates

Canada (monthly : percent : as of September 2020)

3-Year Conventional Mortgage Rate



Sources: Bank of Canada, Haver Analytics

+ Mortgage growth has picked up

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

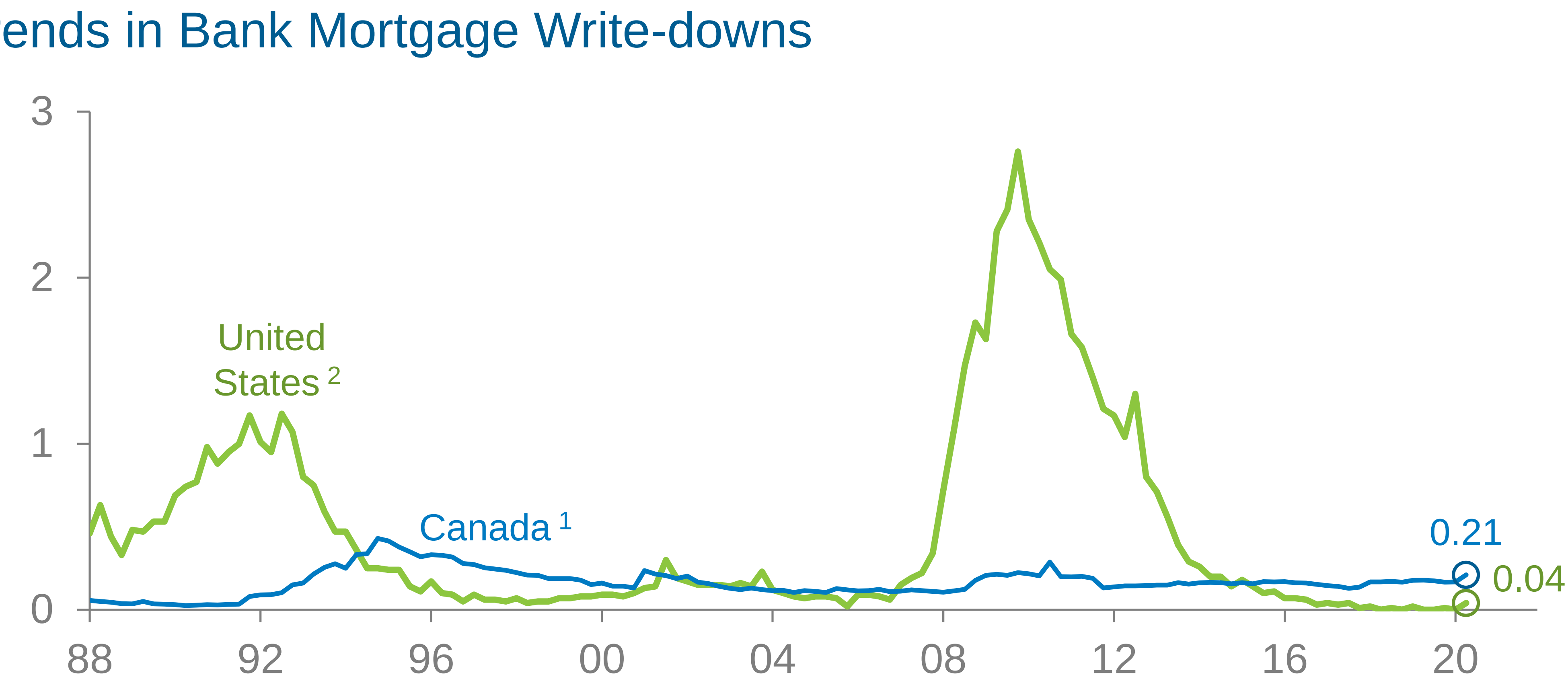
Residential Mortgages

Sources: Bank of Canada, Haver Analytics

Demand Drivers

+ Mortgage Losses Remain Low

(quarterly : percent)



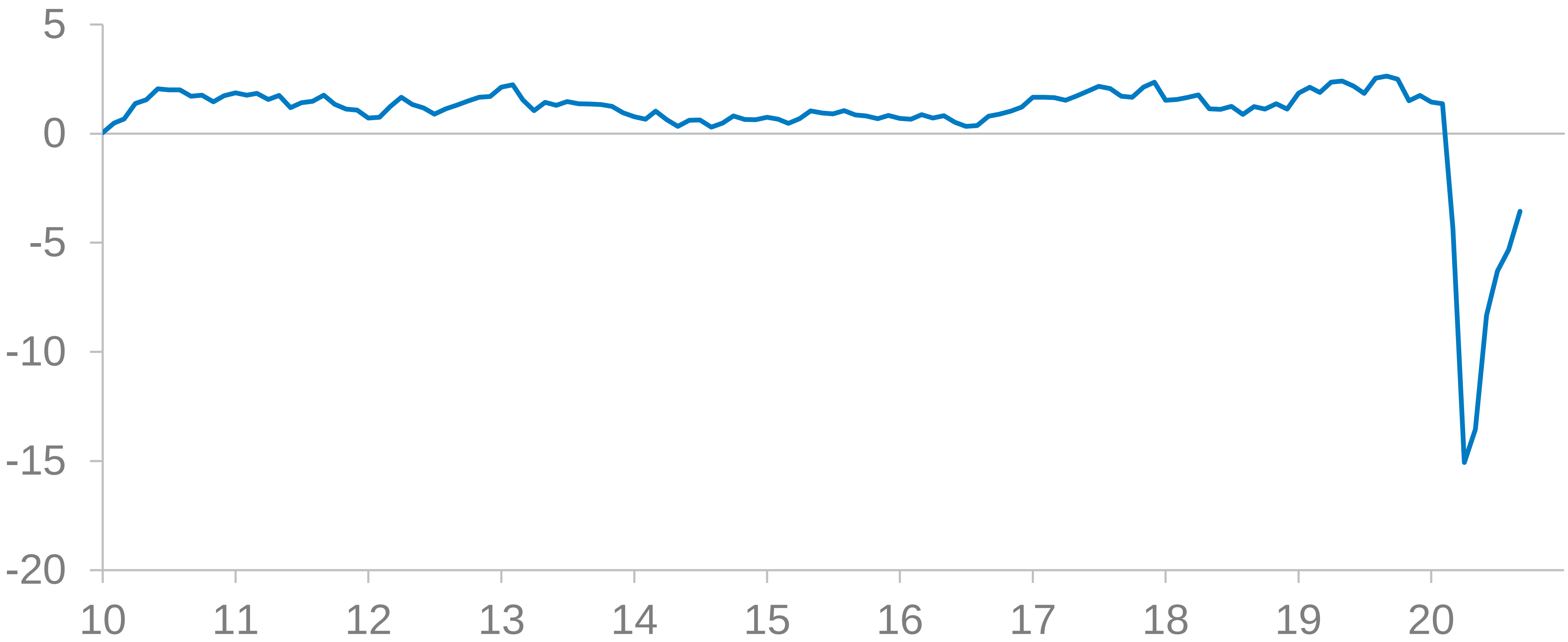
[1] Provisions For Credit Losses Ratio (% of all mortgages : as of 2020:Q2) [2] Loan Charge-off (% of all RE loans : as of 2020:Q2)
Data on write-downs are unavailable for Canada. Note that provisions for credit losses, which are net of recoveries, will tend to track higher than write-downs.
Sources: Bank of Canada, U.S. Federal Reserve Board, Haver Analytics

Demand Drivers

– Elevated unemployment

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

Employment



Sources: Statistics Canada, Haver Analytics

Demand Drivers

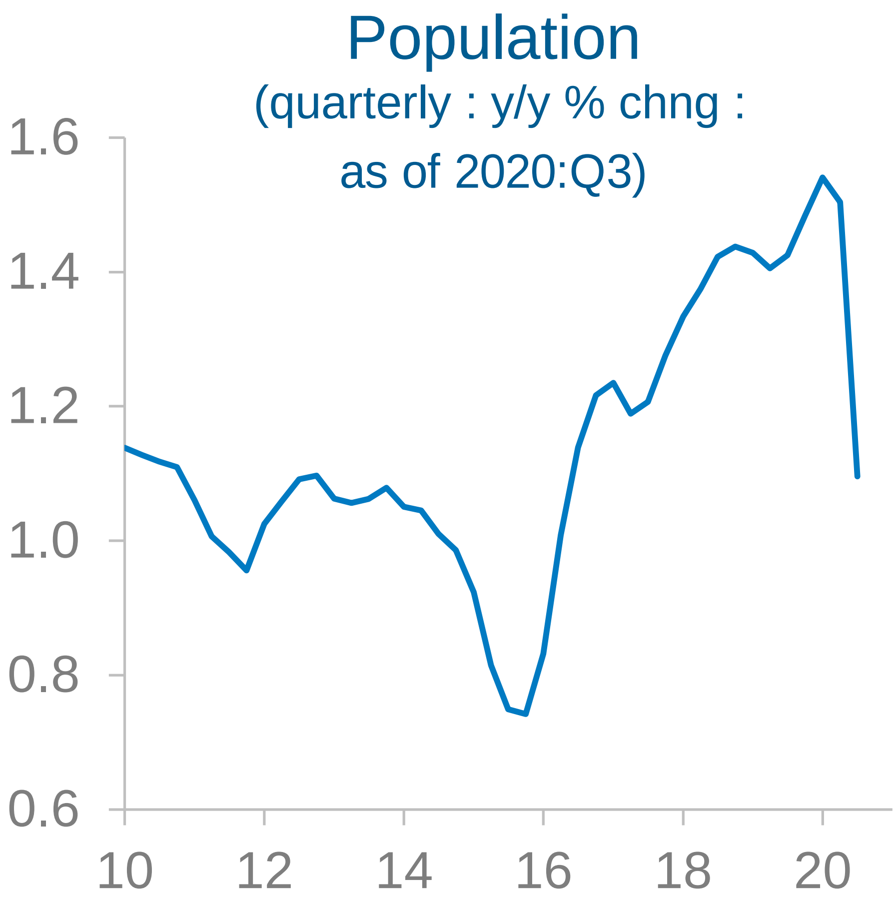
– Tougher mortgage rules

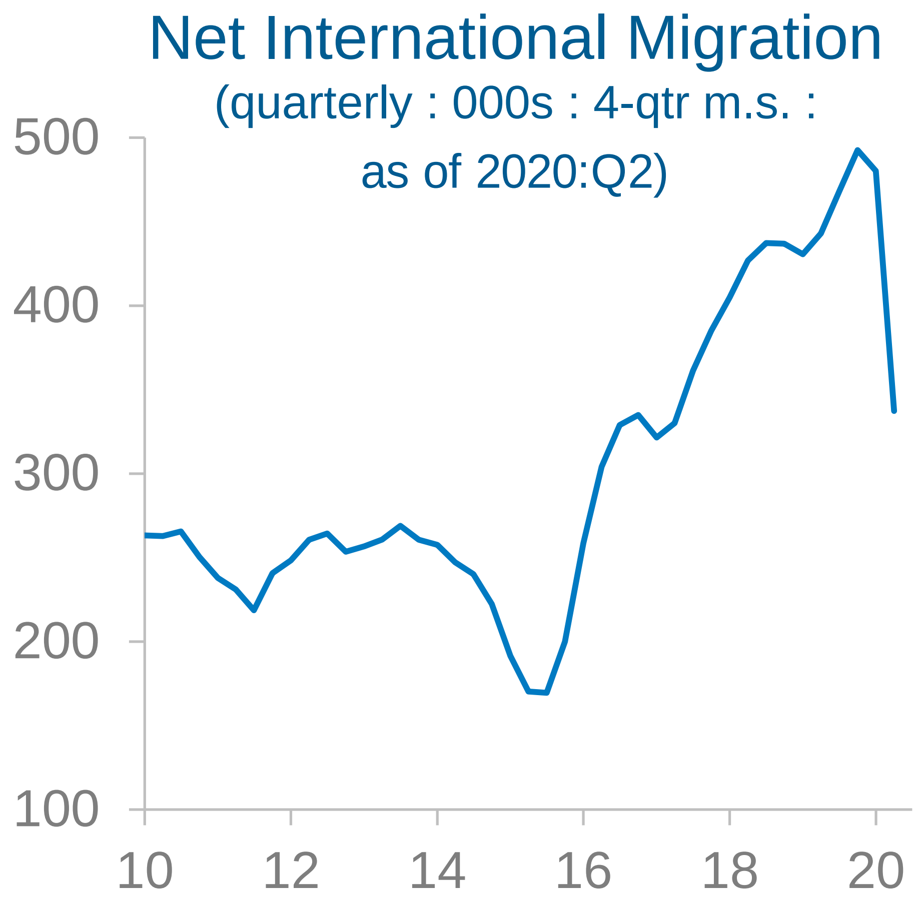
- 2010/12: Insured mortgage no longer available for:
  - Terms longer than 25 years
  - Homes priced above $1 million
  - If housing costs exceed 39% of gross income
- Eff. Feb. 15/2016: Minimum down payment rises from 5% to 10% on portion of home price above $500k; higher capital requirements for lenders; 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

– Immigration turning lower

Canada





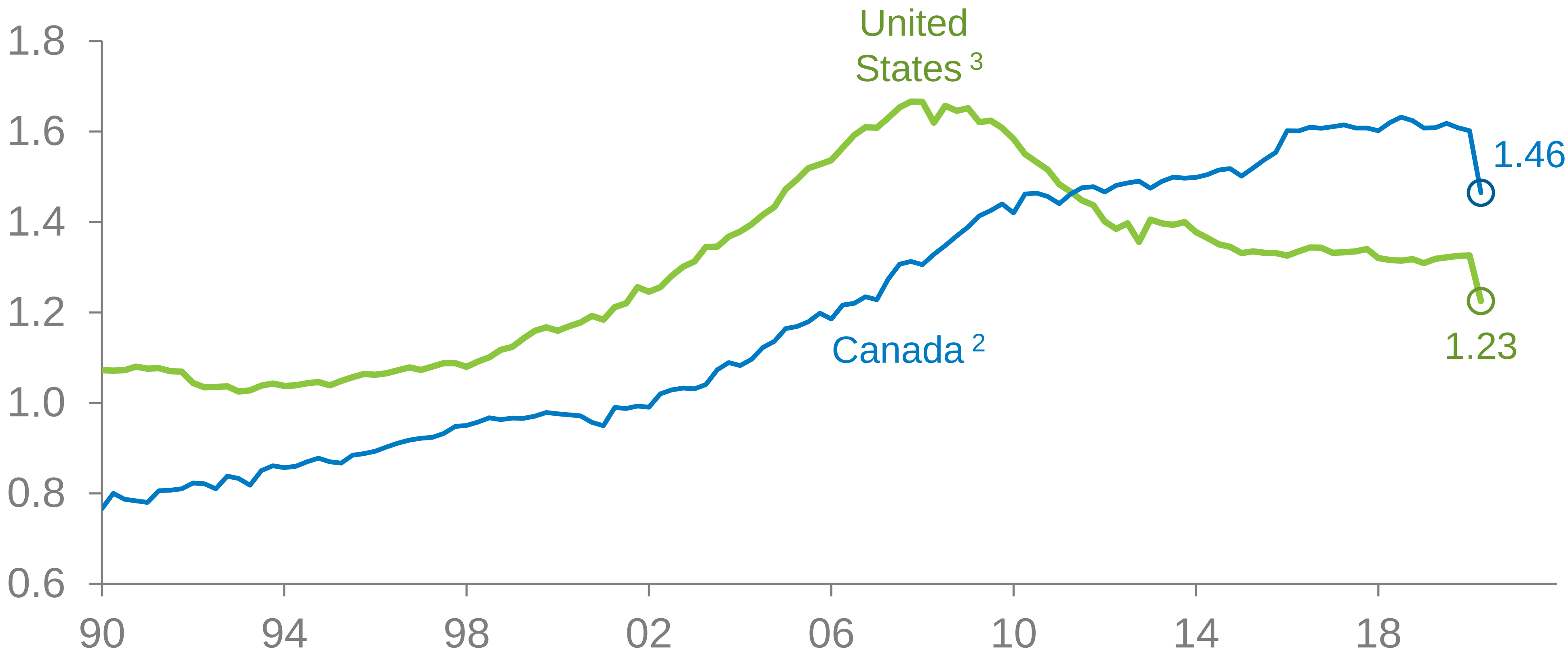
Sources: Statistics Canada, Haver Analytics

Demand Drivers

Elevated debt (despite Q2 spike in government transfer income)

(quarterly : ratio to personal disposable income)

Household Debt [1]



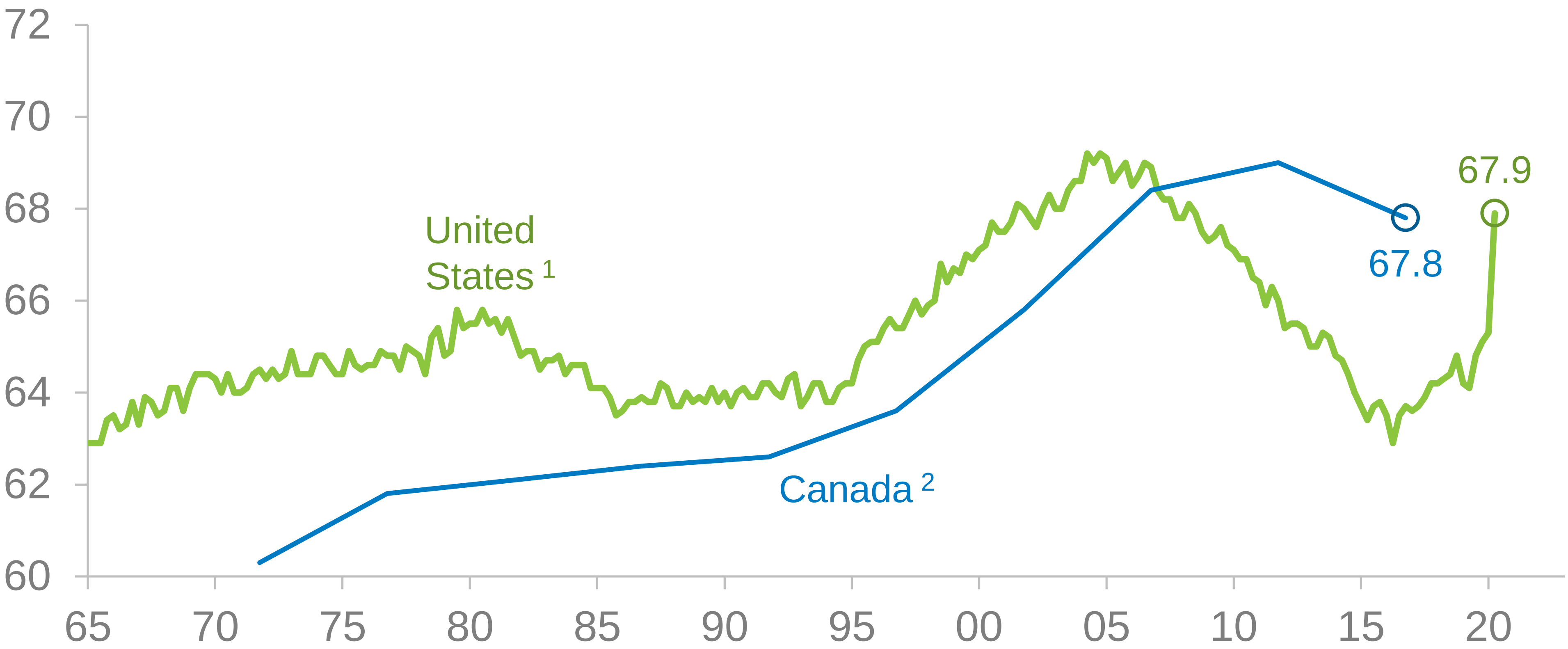
[1] includes household and unincorporated business debt [2] Uses the Bank of Canada's comparable-to-the-U.S. measure;(as of 2020:Q2) [3] (as of 2020:Q2)
Sources: Statistics Canada, U.S. Federal Reserve Board, U.S. Bureau of Economic Analysis, Haver Analytics

Demand Drivers

– Less pent-up demand

(quarterly : percent)

Homeownership Rate



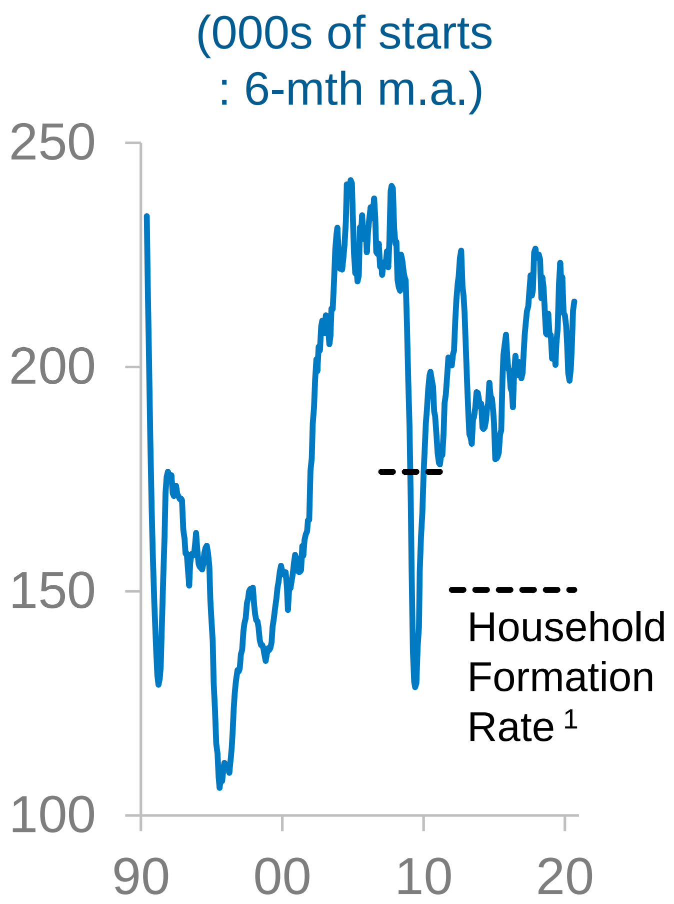
[1] (n.s.a. : as of 2020:Q2) [2] (as of 2016)
Sources: U.S. Census Bureau, Haver Analytics, Statistics Canada, BMO Capital Market Economics estimate

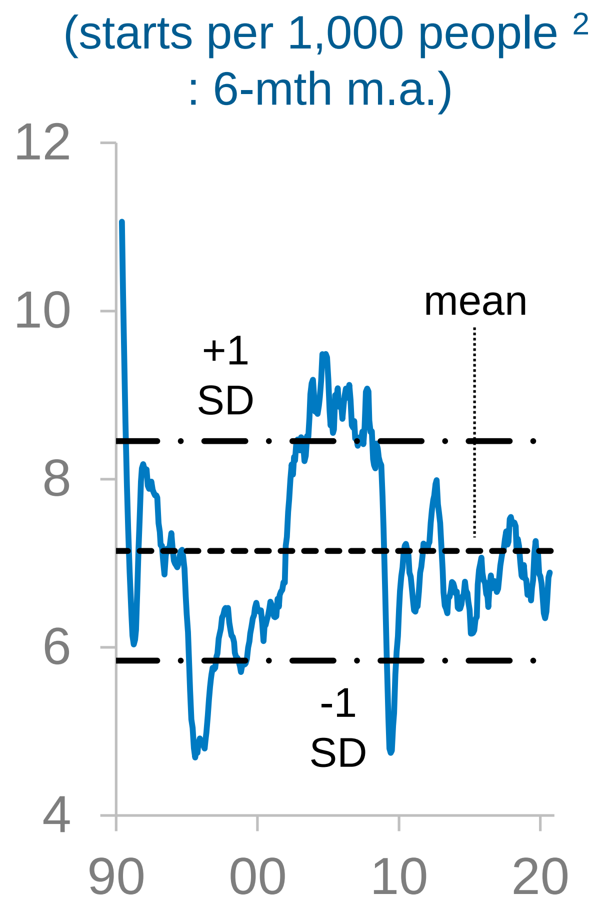
New Supply

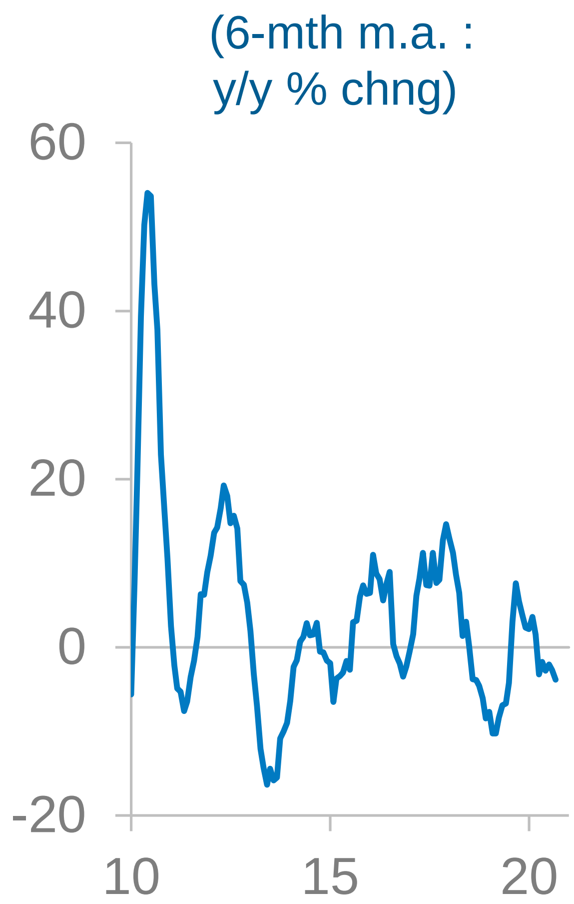
+ Housing starts rose sharply in recent months to hold above 200,000 annualized, and look to exceed 2019's level.
+ Builders struggling to keep up with demand, notably of detached homes
+ We expect starts to moderate but remain above 200,000 in 2021

Canada

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





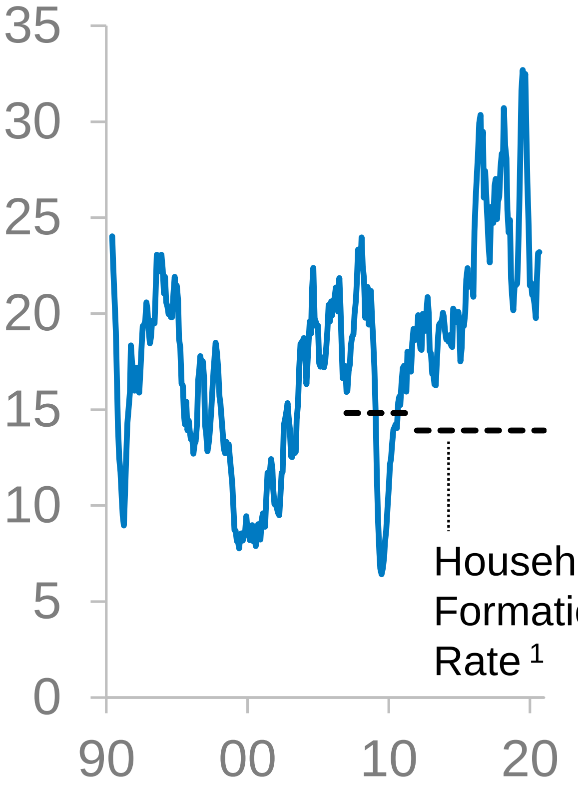


[1] annual average change from prior census [2] age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

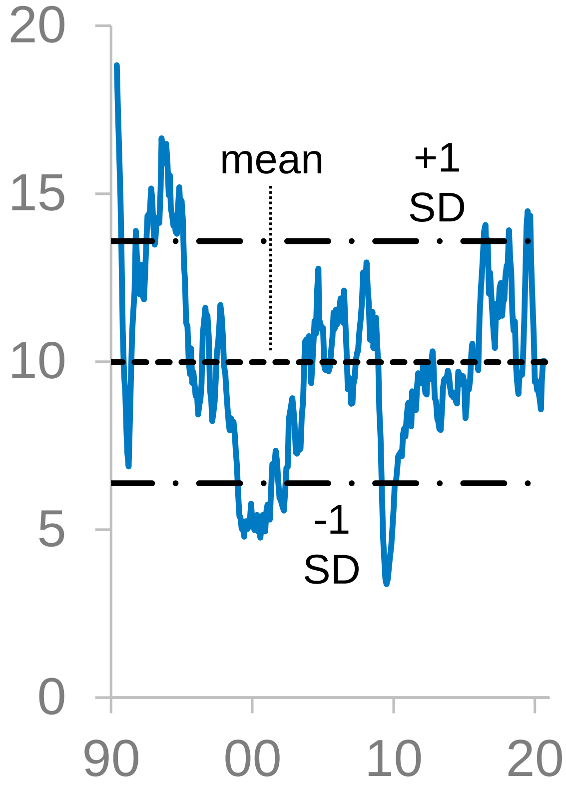
Vancouver

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

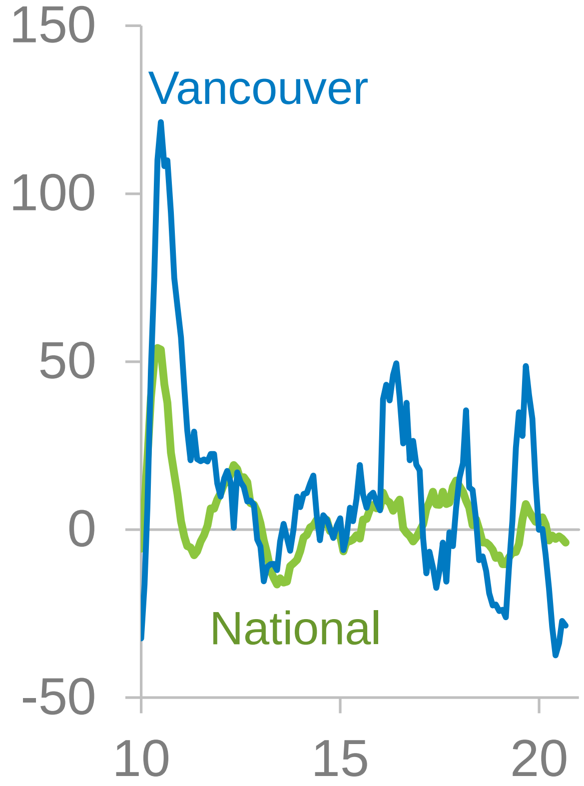
(000s of starts : 6-mth m.a.)



(starts per 1,000 people [2] : 6-mth m.a.)



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



[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

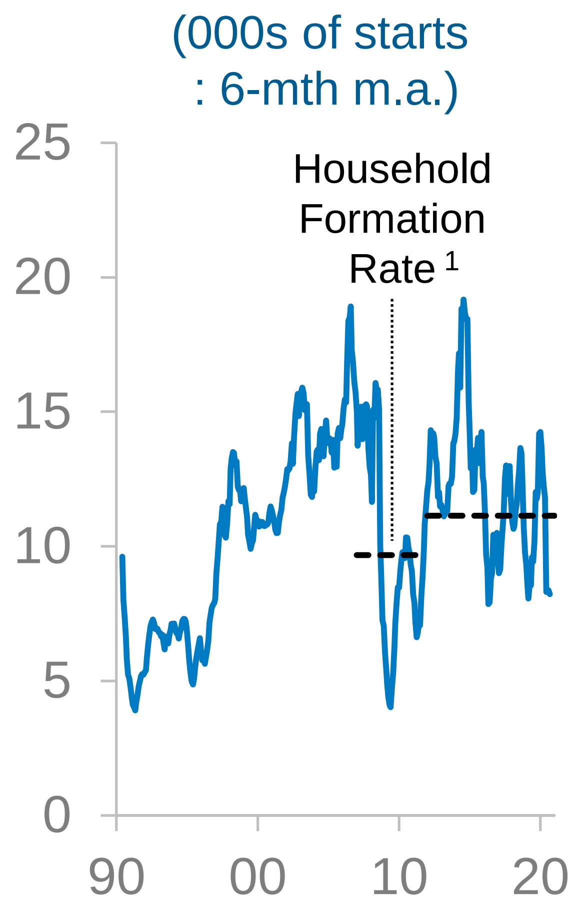
(monthly : 000s : as of August 2020)

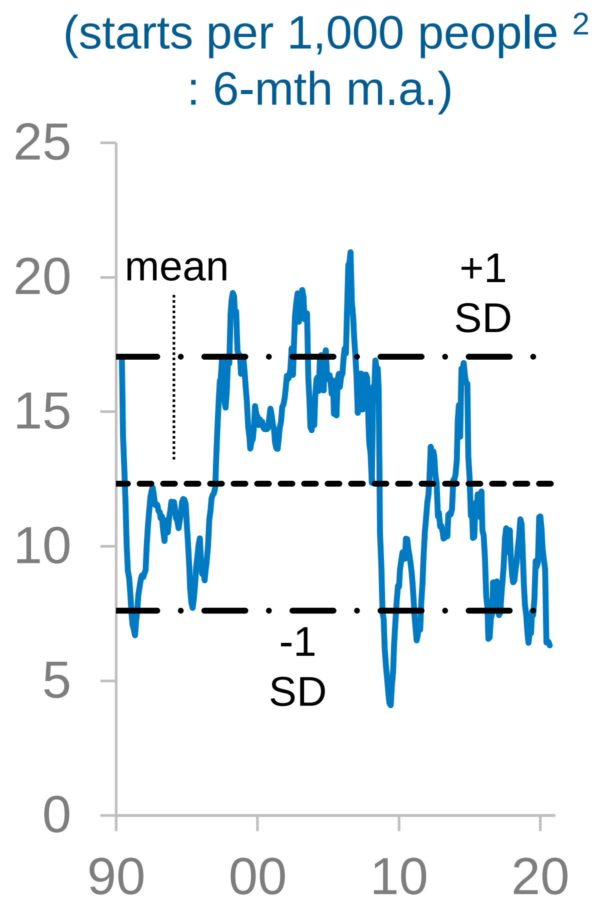
Housing Units under Construction

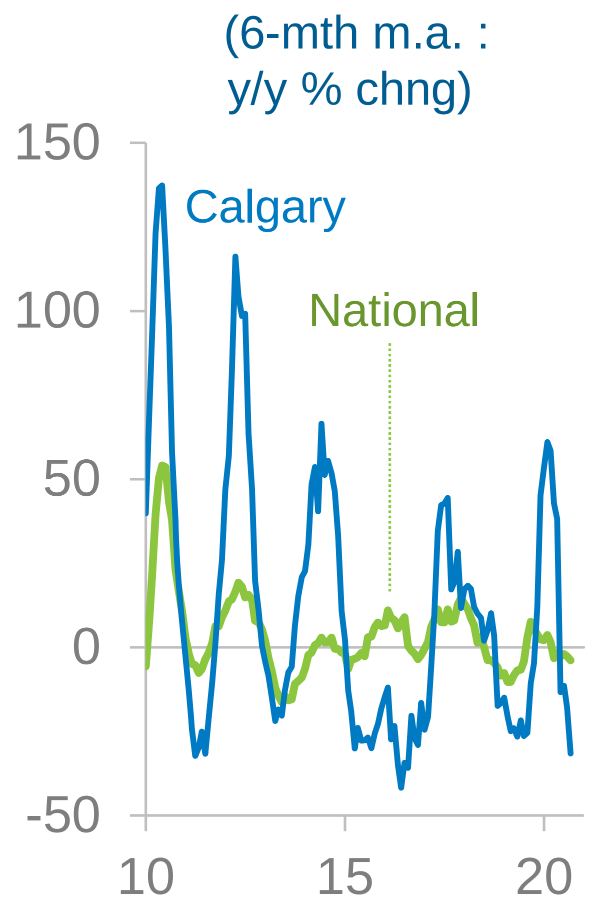
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Calgary

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







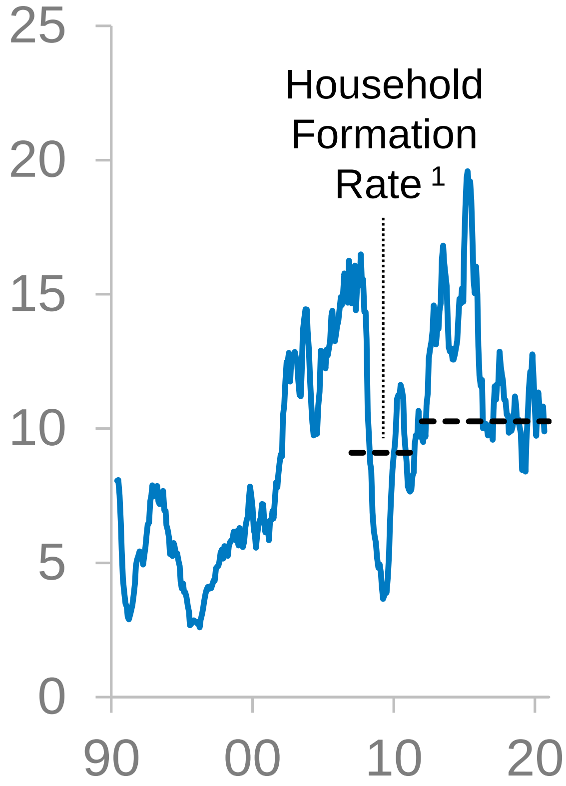
[1] annual average change from prior census [2] age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts

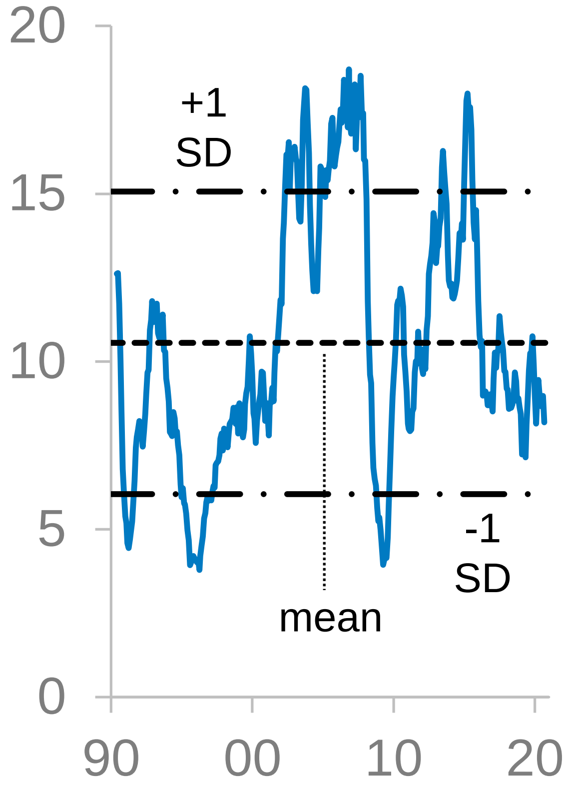
Edmonton

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

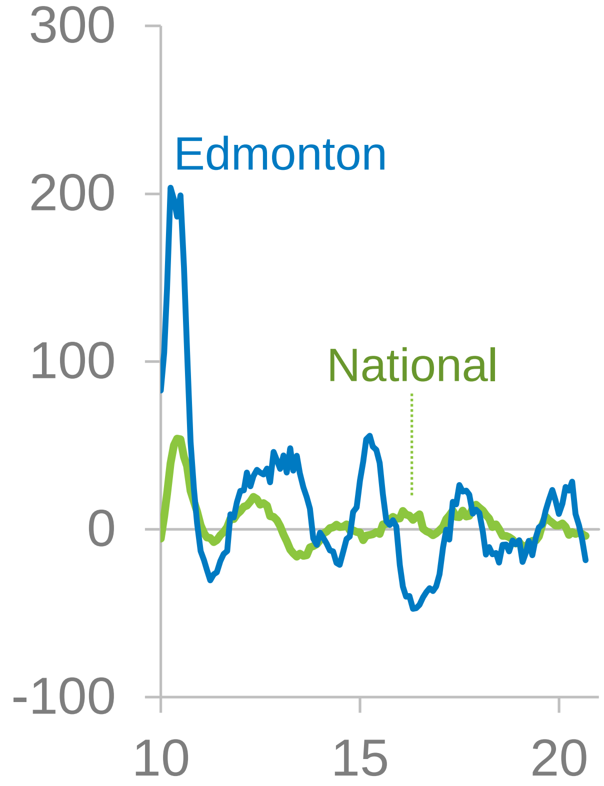
(000s of starts : 6-mth m.a.)



(starts per 1,000 people [2] : 6-mth m.a.)



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

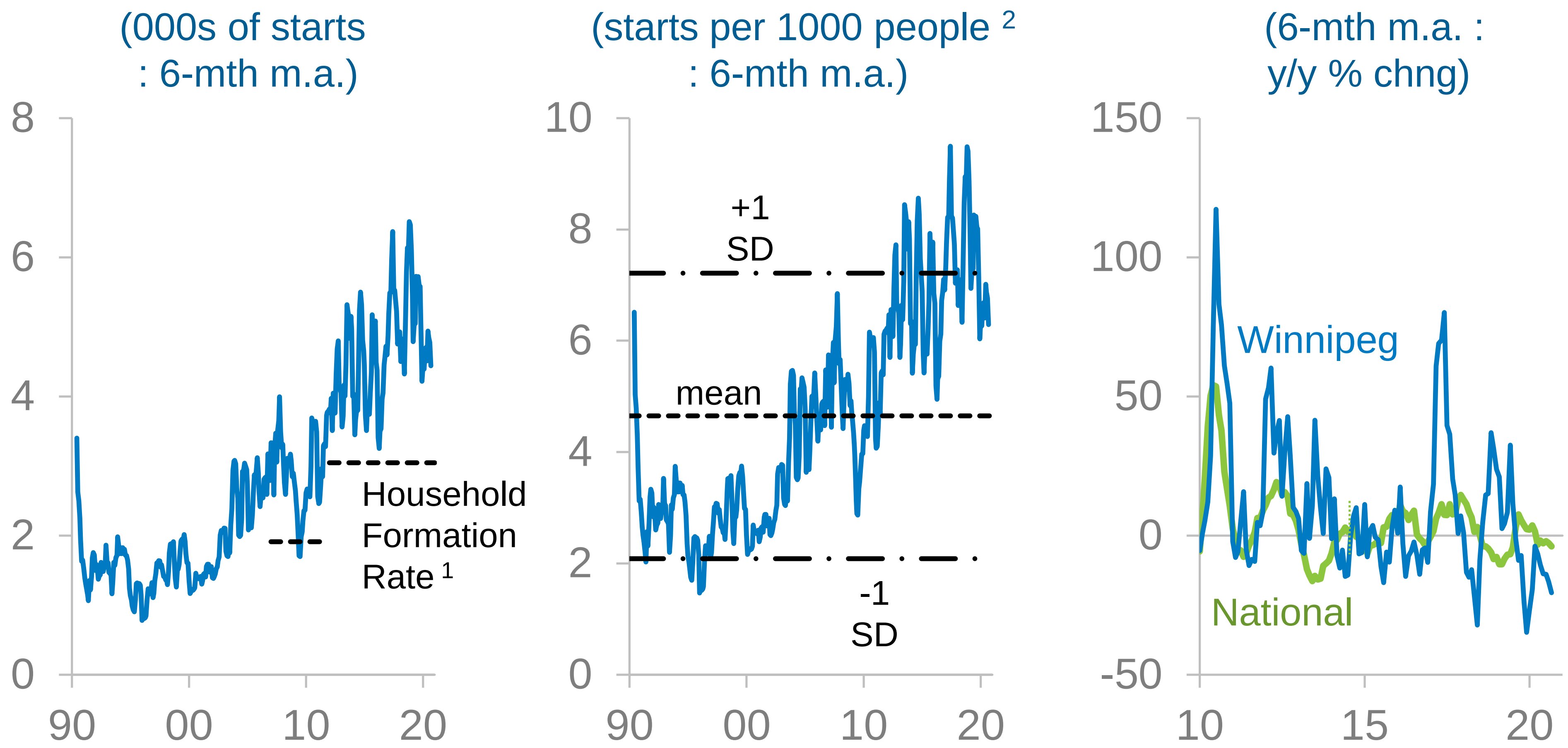


[1] annual average change from prior census [2] age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts

Winnipeg

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

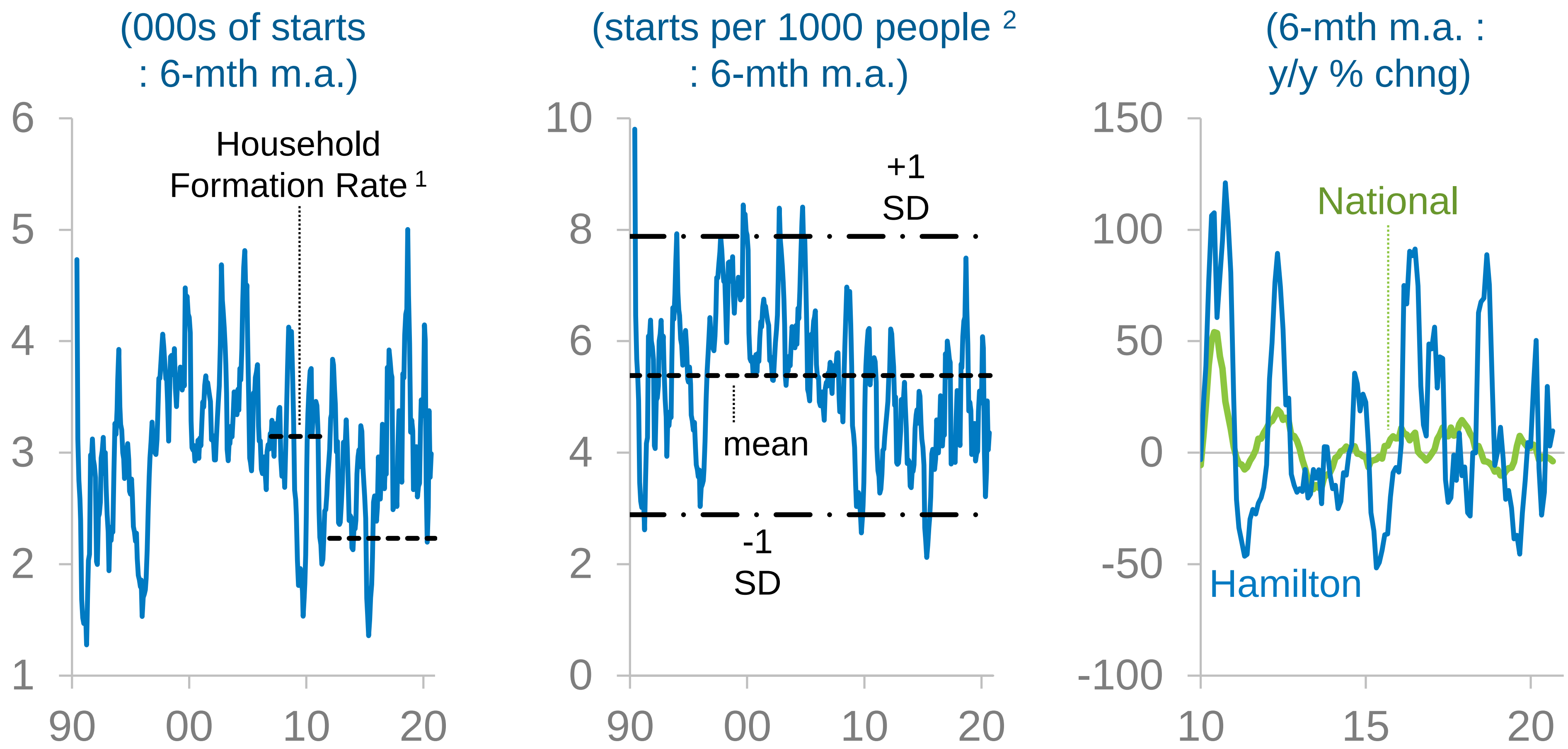


[1] annual average change from prior census [2] age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Housing Starts

Hamilton

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



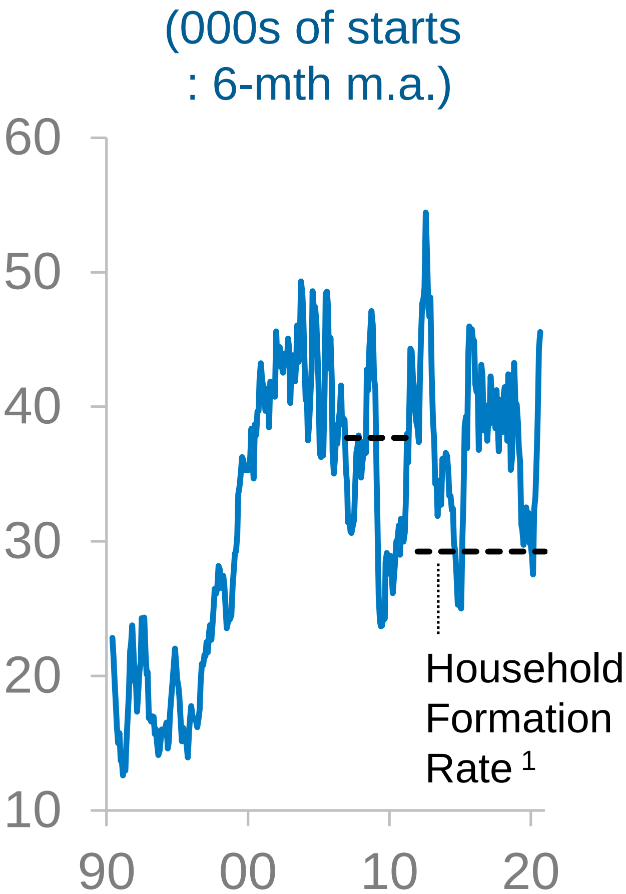
[1] annual average change from prior census [2] age 15 and above SD = standard deviation

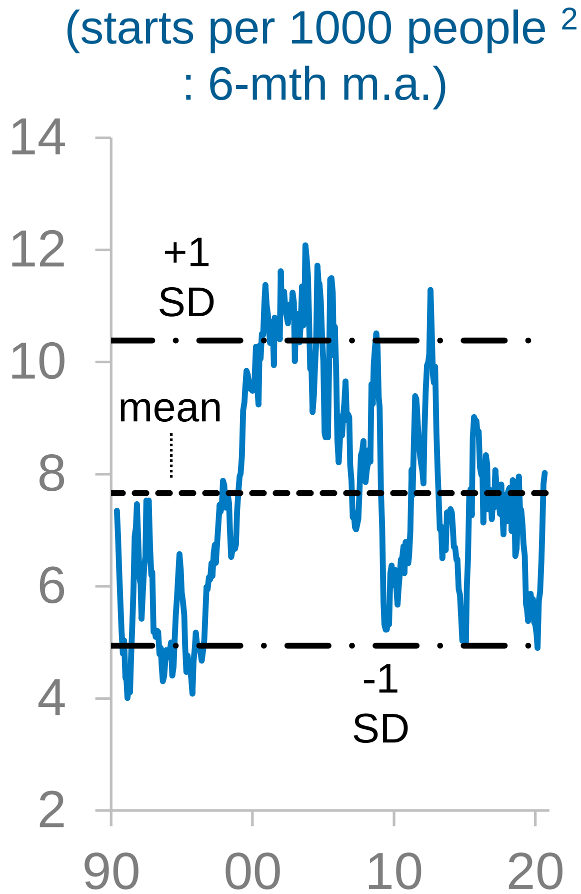
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

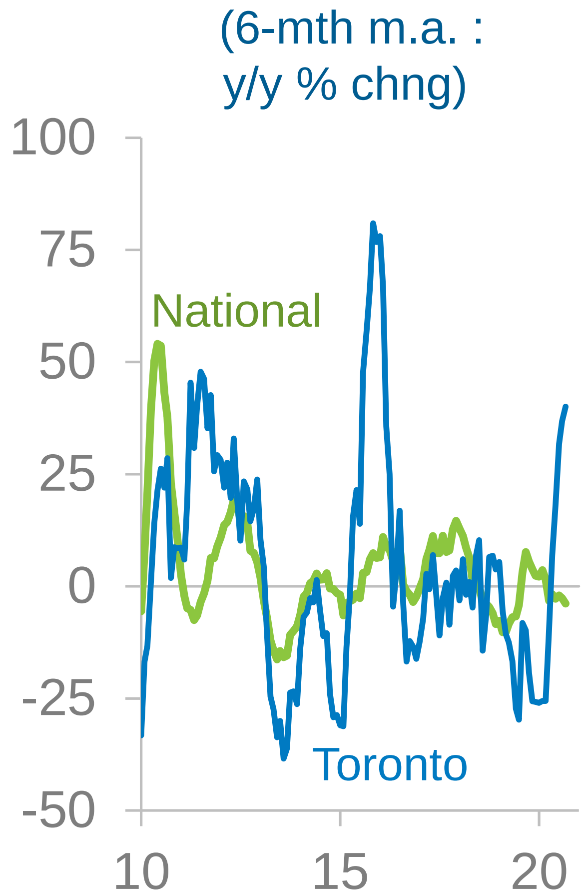
Housing Starts

Toronto

(monthly : s.a.a.r. : as of September 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

Toronto

(monthly : 000s : as of August 2020)

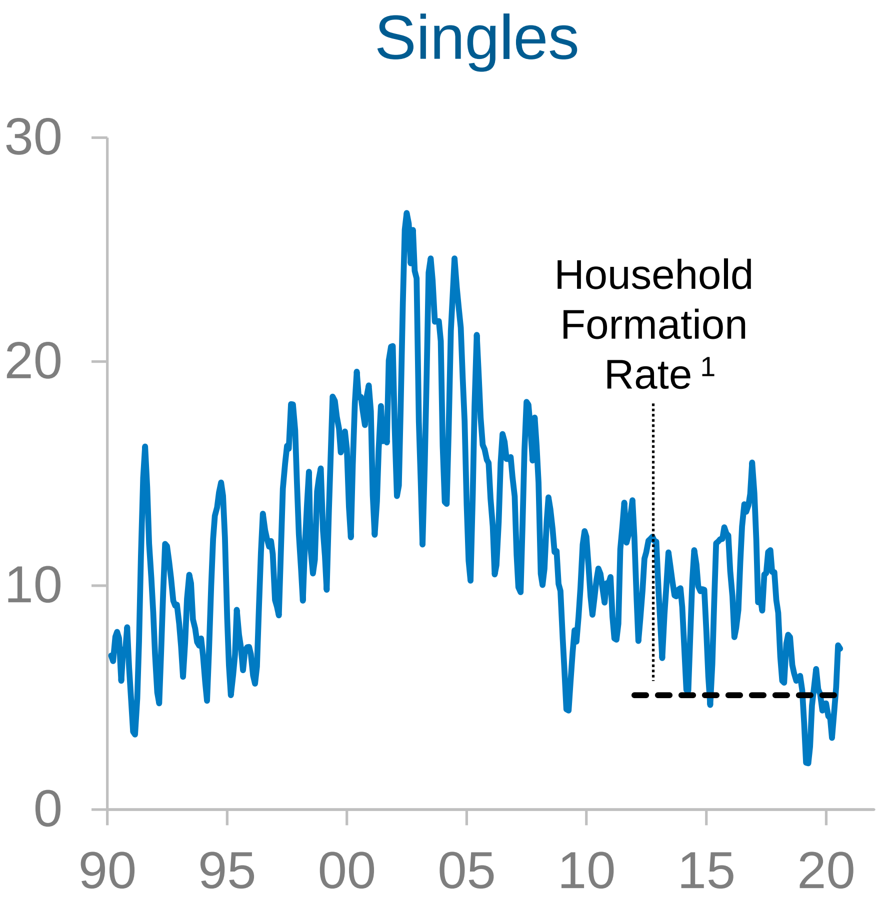
Housing Units under Construction

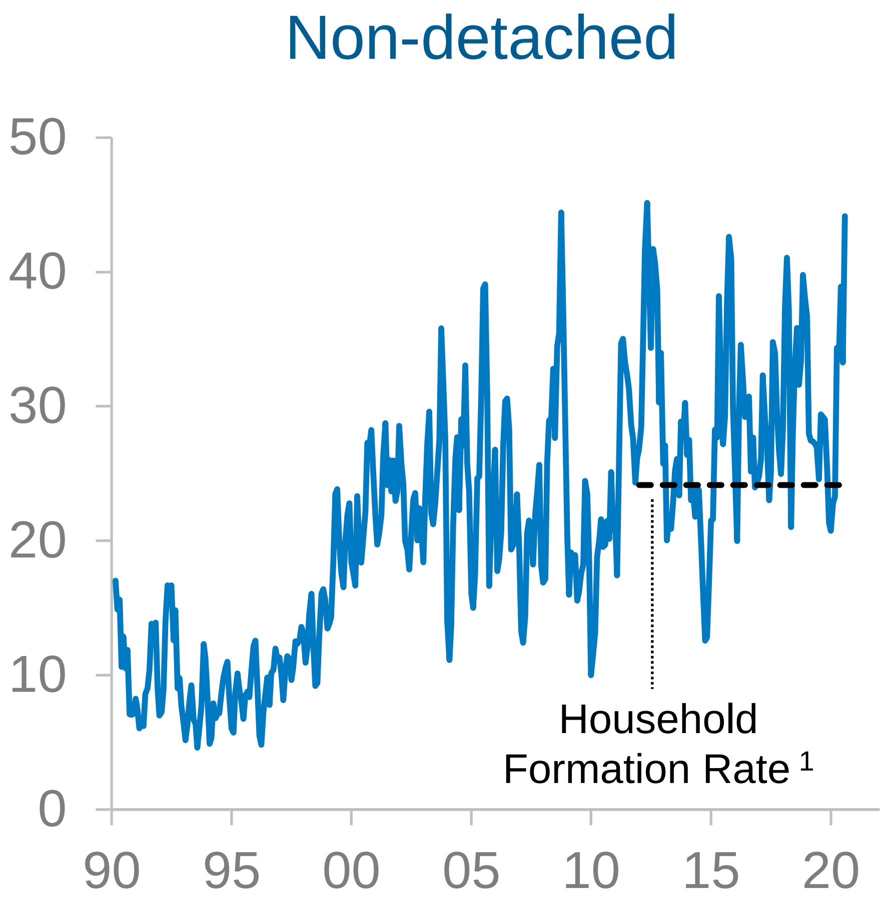
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Housing Starts: Singles versus Non-detached

Toronto

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





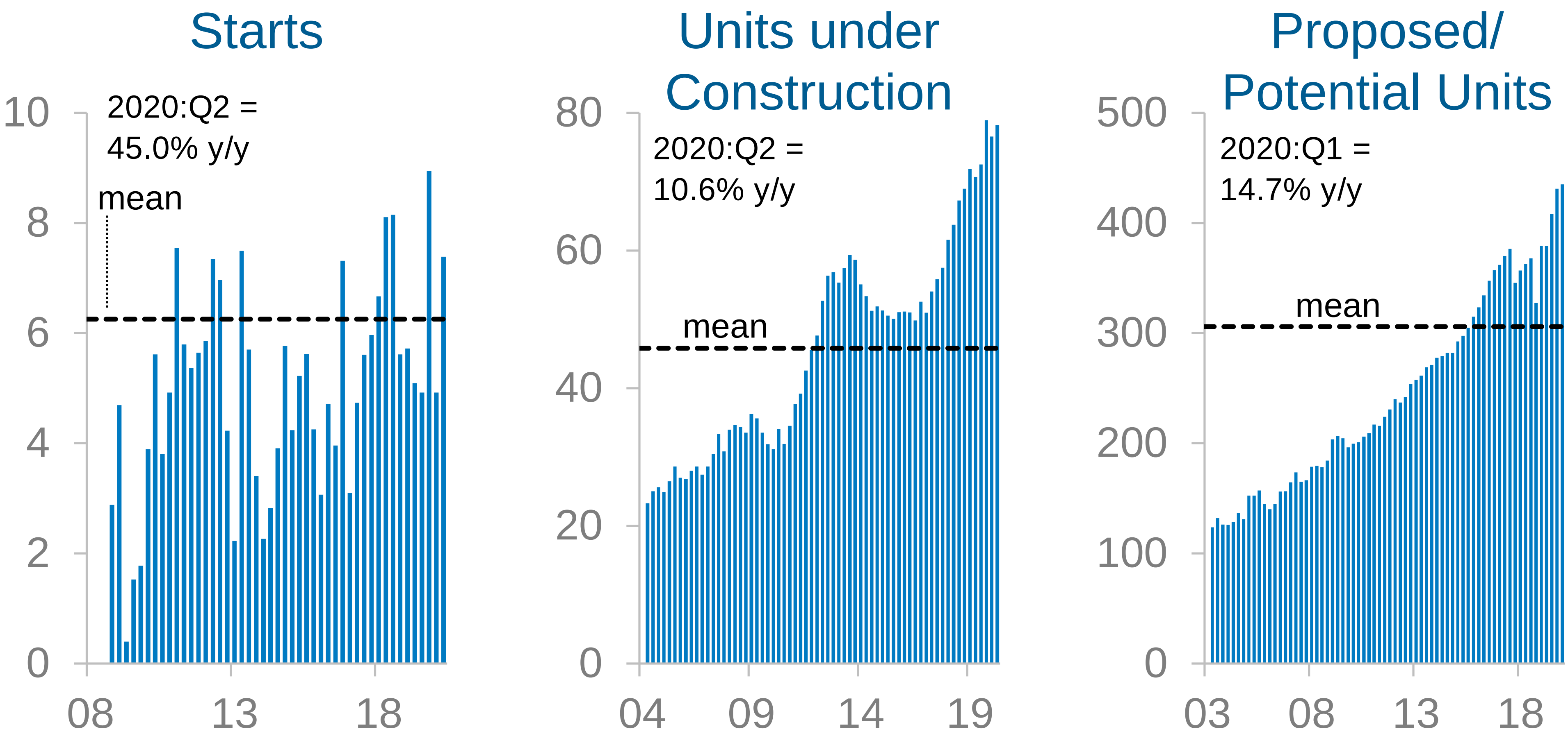
[1] annual average change from prior census

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

BMO Capital Markets®

Toronto

(quarterly : 000s of units : as of 2020:Q2)



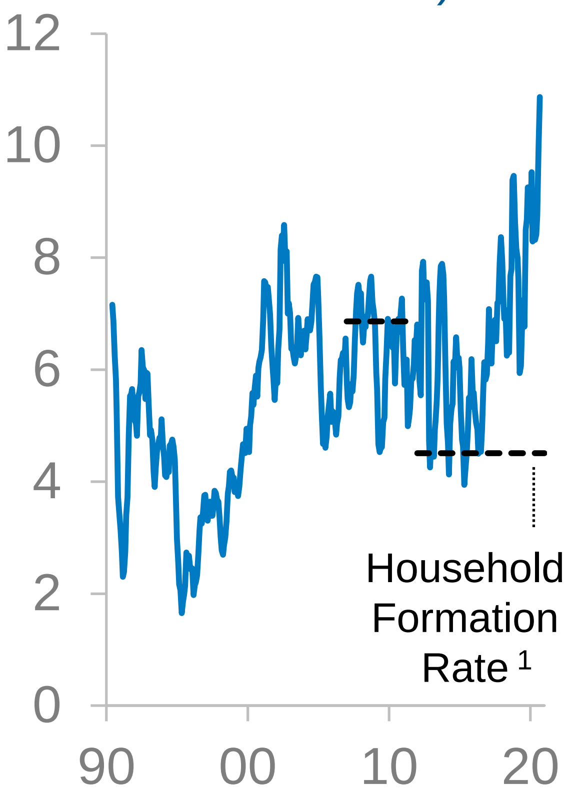
Source: Urbanation Inc.

Housing Starts

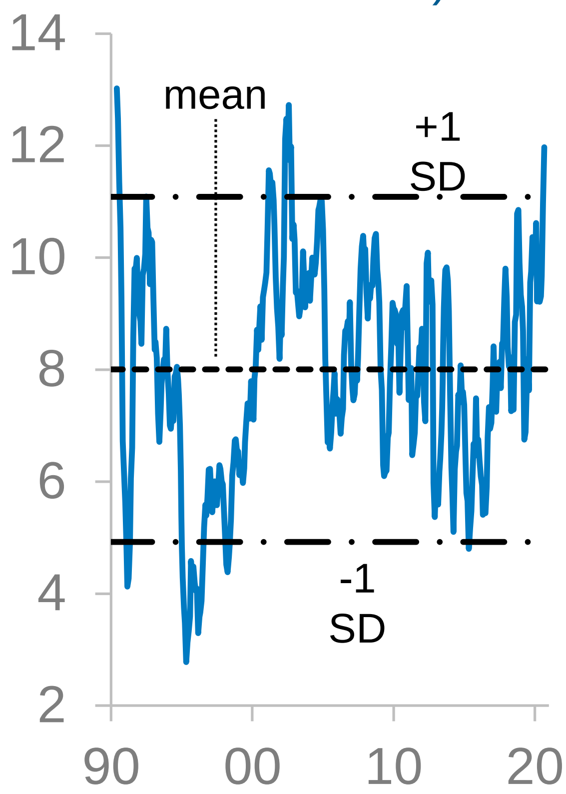
Ottawa

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

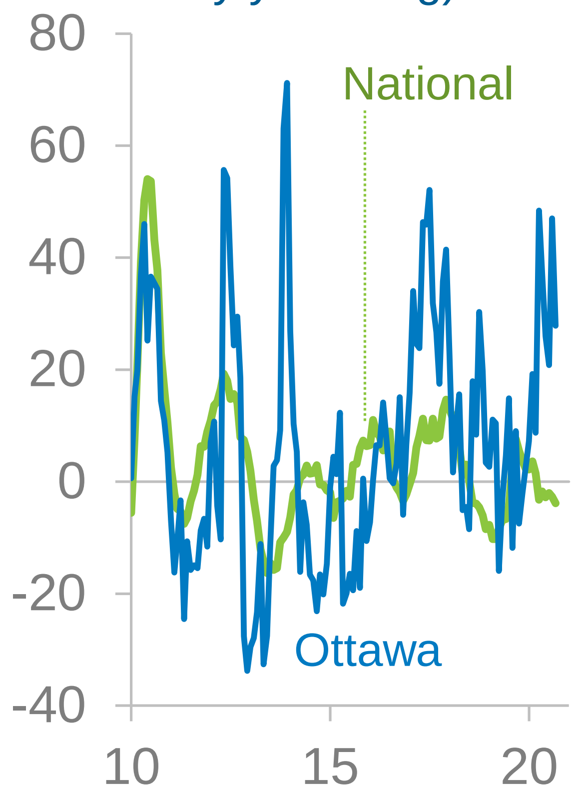
(000s of starts : 6-mth m.a.)



(starts per 1,000 people 2 : 6-mth m.a.)



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

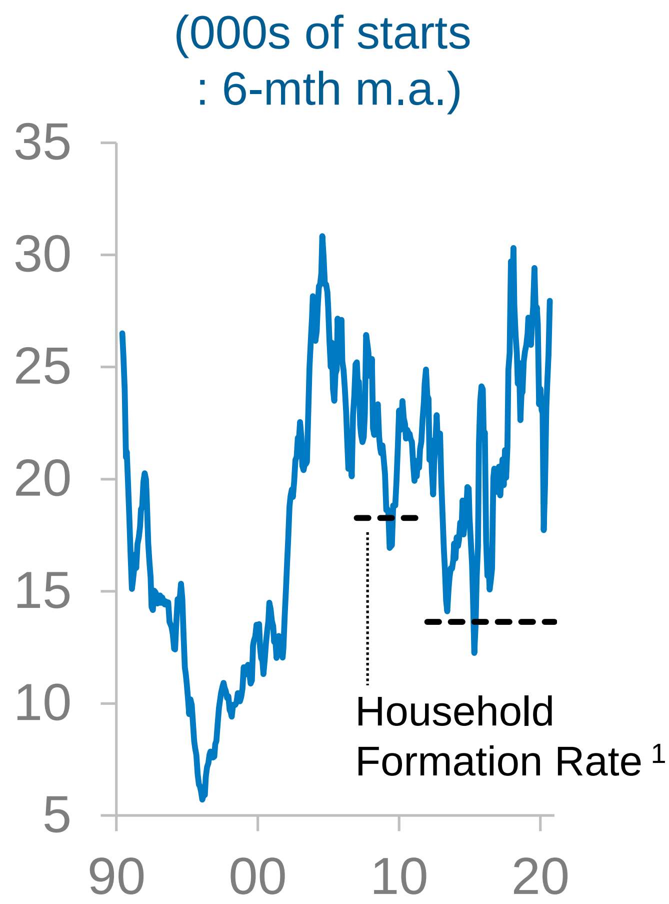


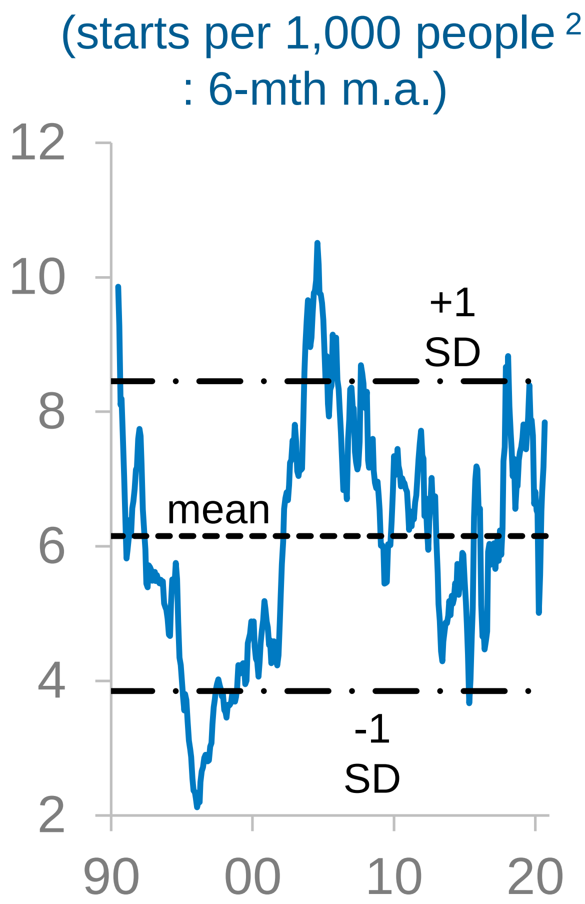
[1] annual average change from prior census [2] age 15 and above SD = standard deviation

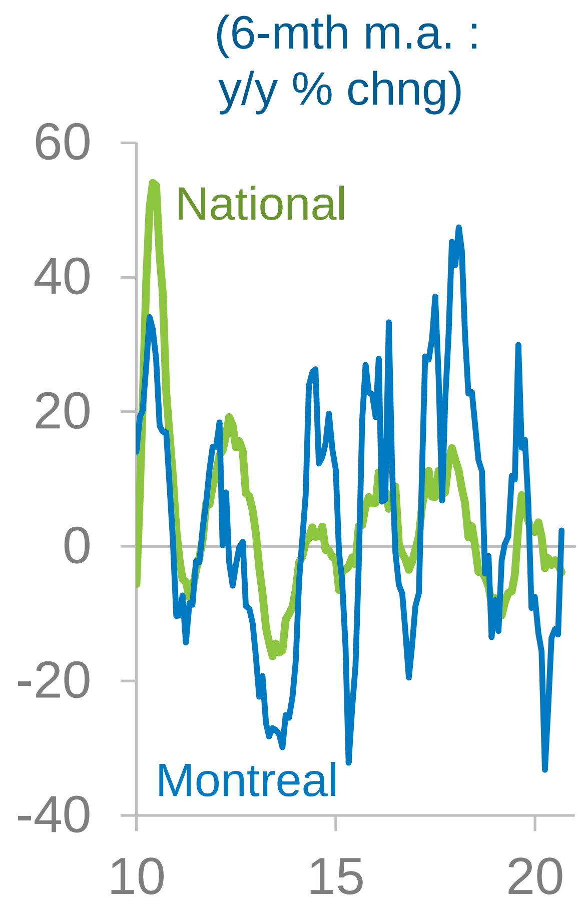
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Montreal

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



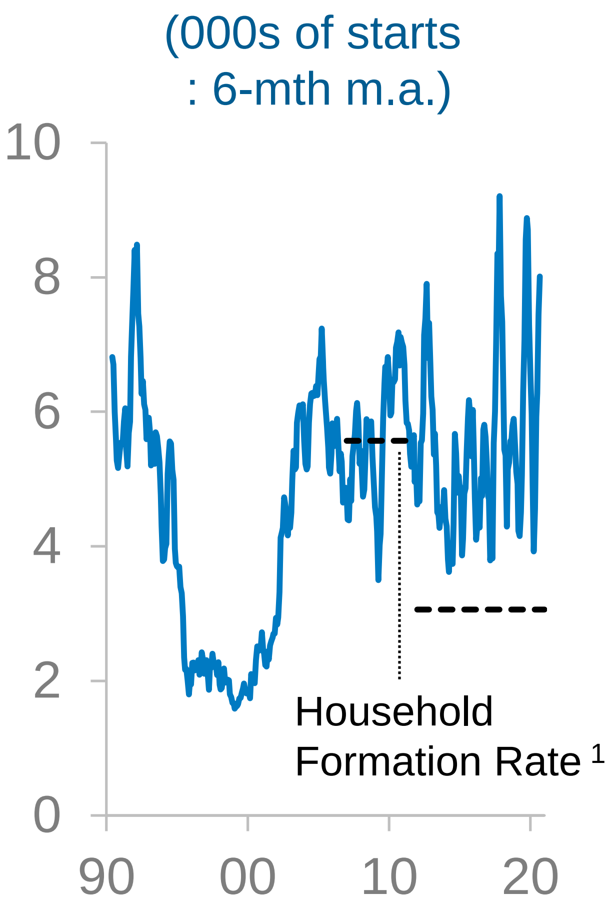


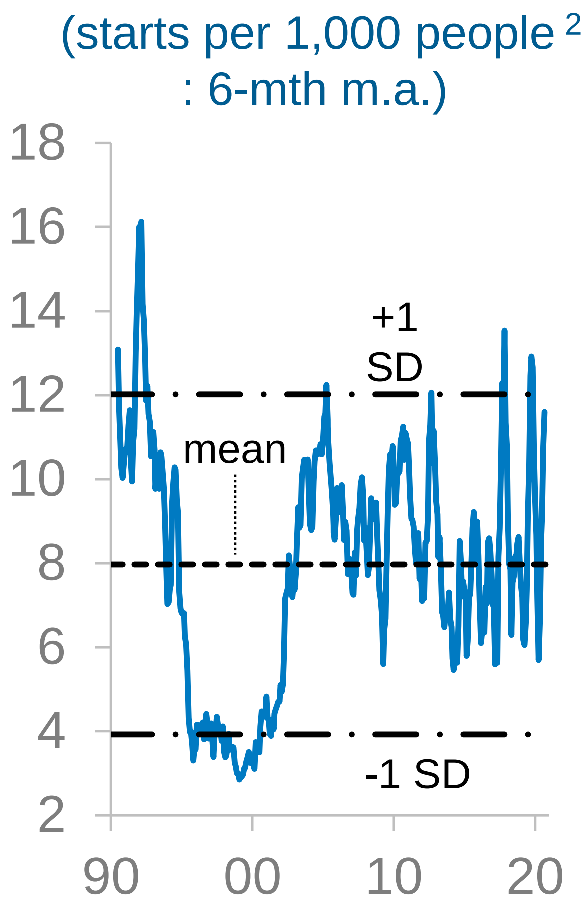


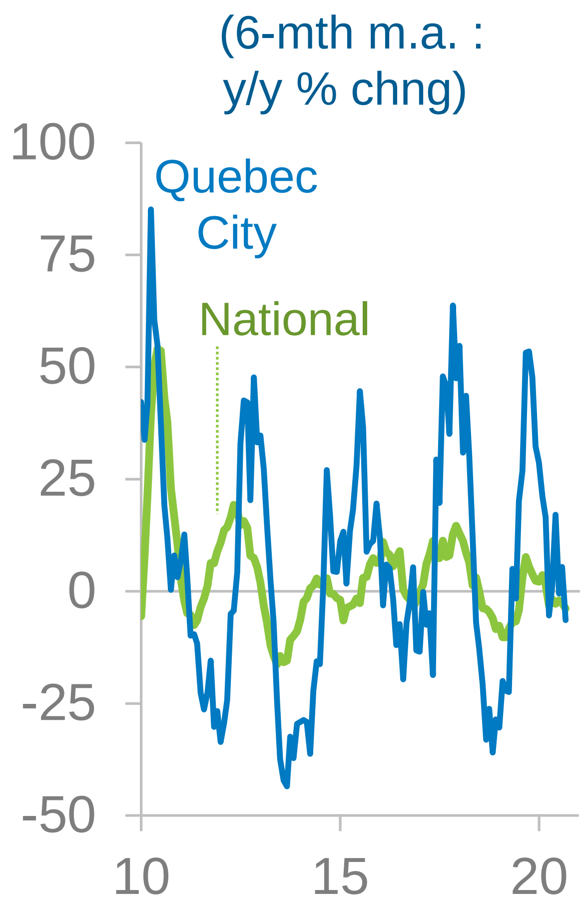
[1] annual average change from prior census [2] age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

Quebec City

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





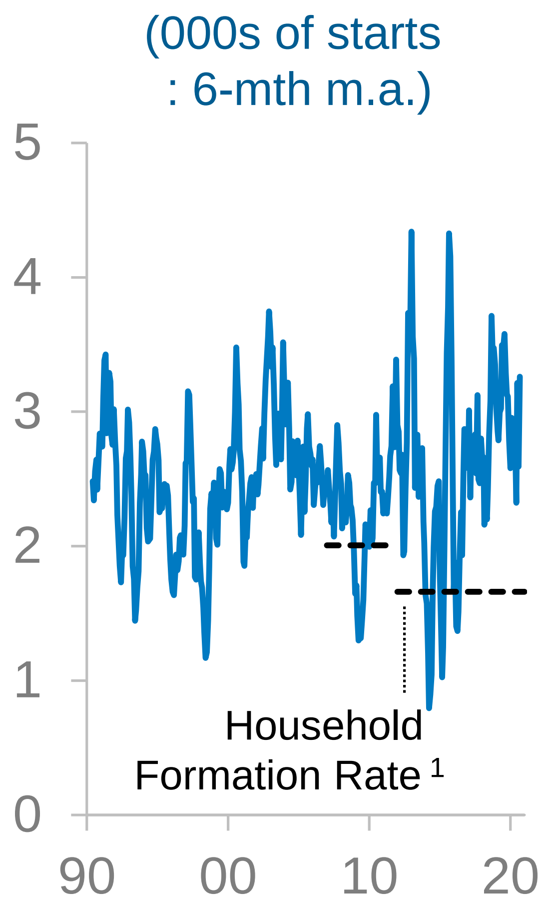


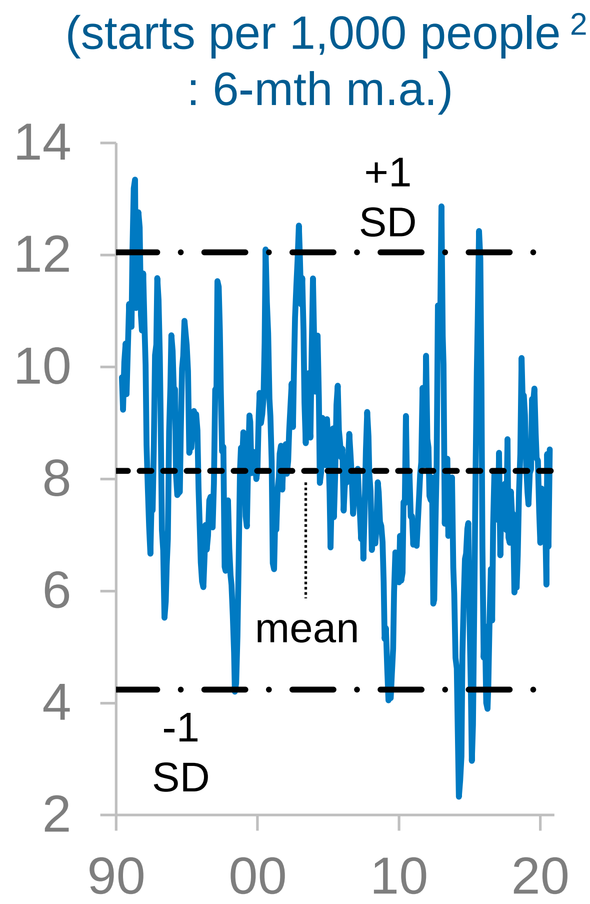
[1] annual average change from prior census [2] age 15 and above SD = standard deviation
Sources: Canada Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

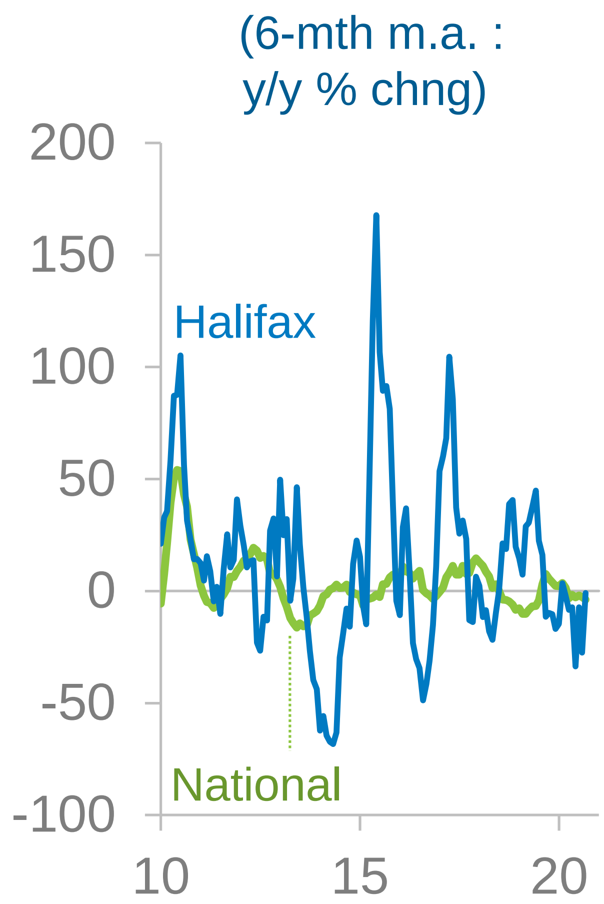
Housing Starts

Halifax

(monthly : s.a.a.r. : as of September 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

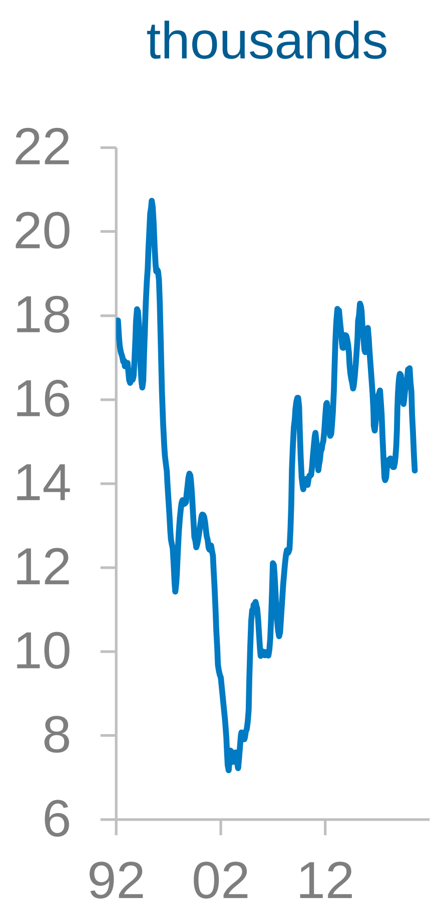
New Home Inventories

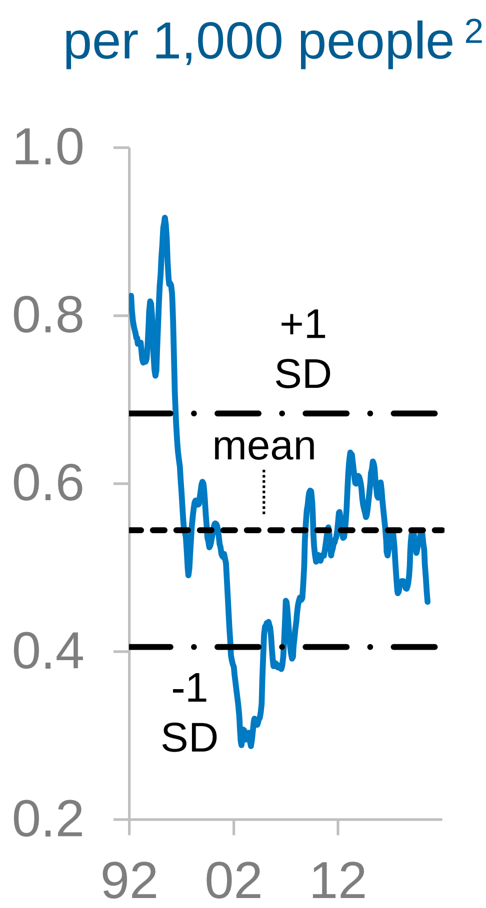
+ New home inventories normal on a per-capita basis
+ GVA and GTA detached and condo inventories were low prior to the pandemic, which will temper downward pressure on prices
+ Ottawa and Montreal condo inventories remain low, supporting prices
− Condo inventory was high in Edmonton and Calgary even before the pandemic and oil shock

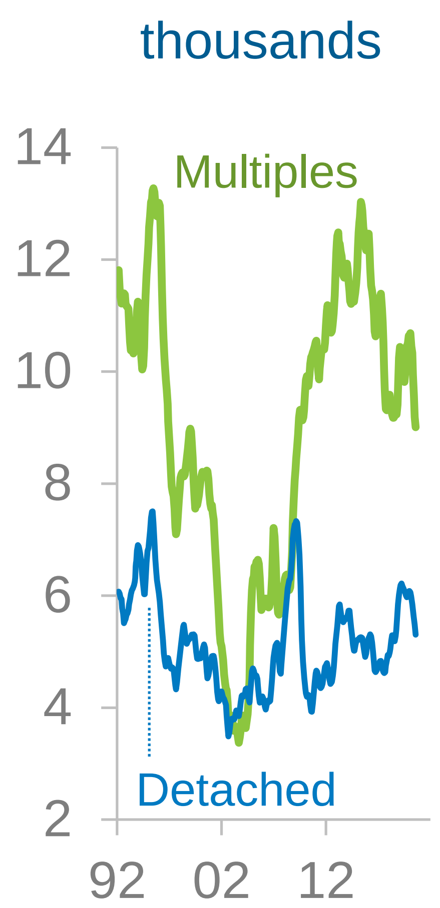
New Home Inventories

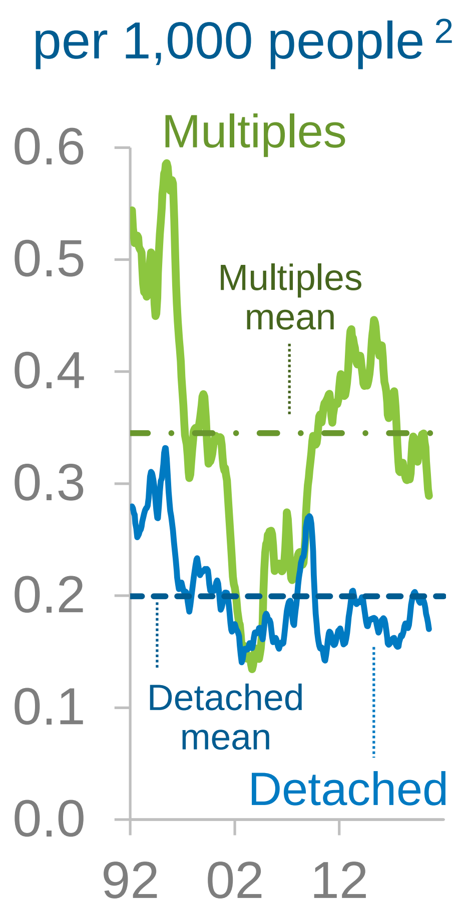
Canada

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







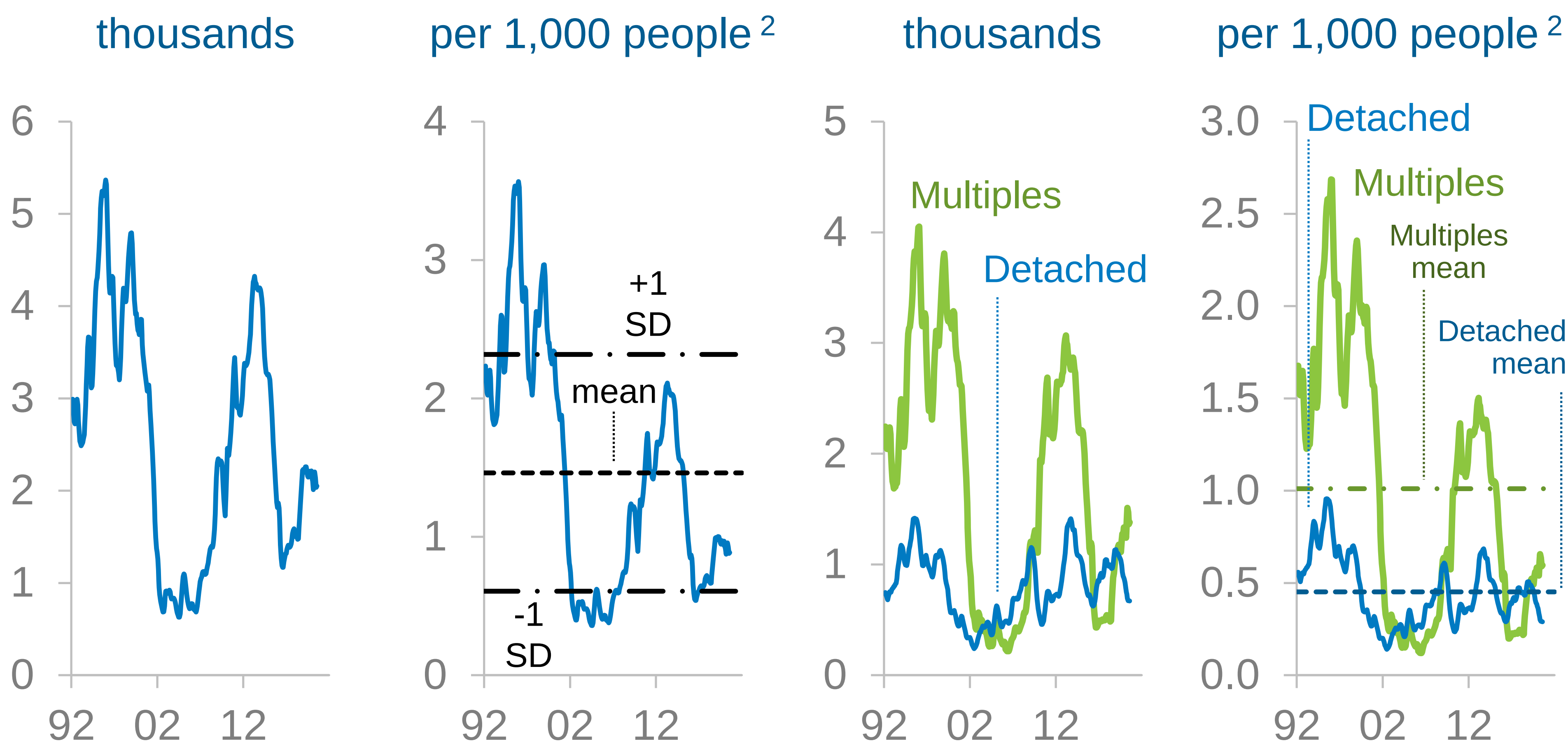


[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units

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

New Home Inventories
Vancouver

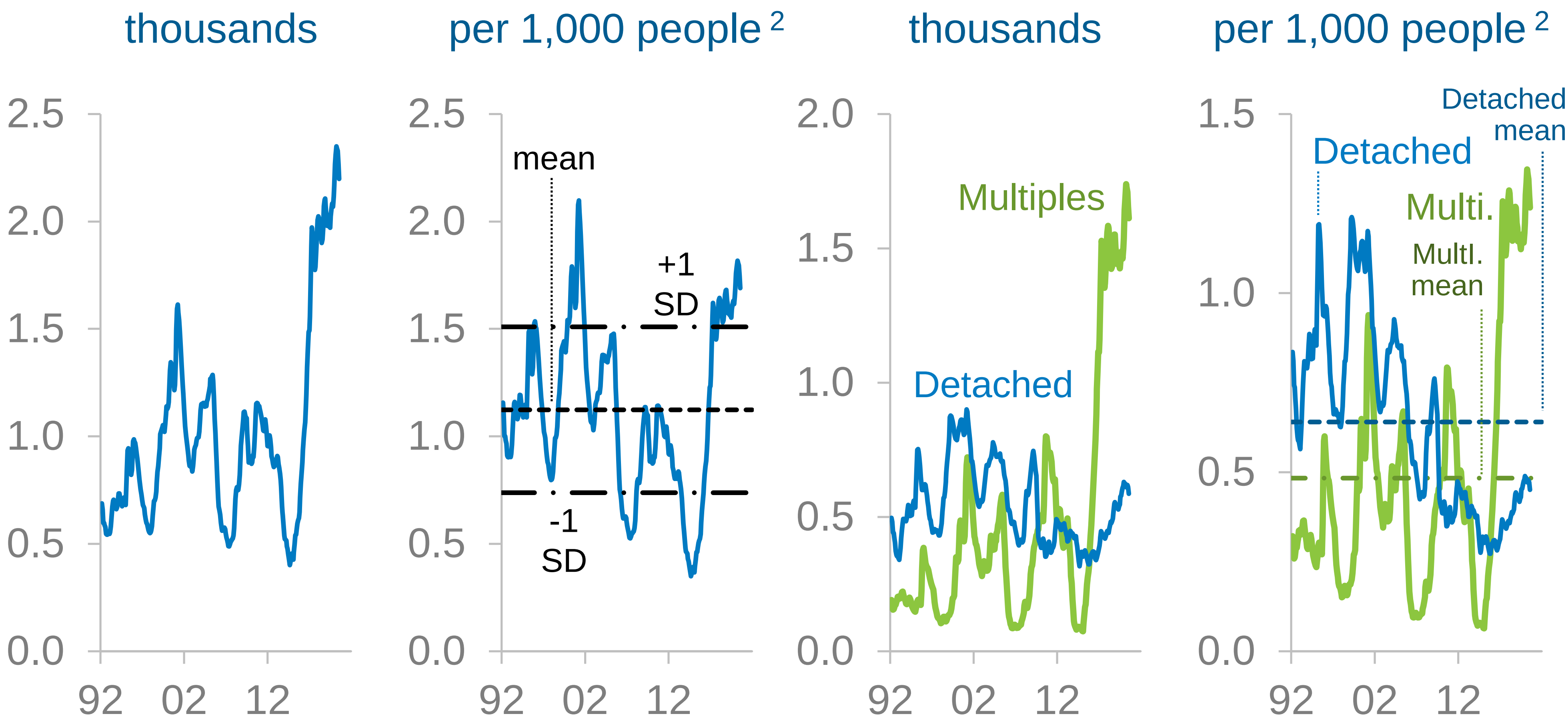
New Housing Units [1] (monthly : n.s.a. : 3-mth m.a. : as of August 2020)



[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 August 2020)

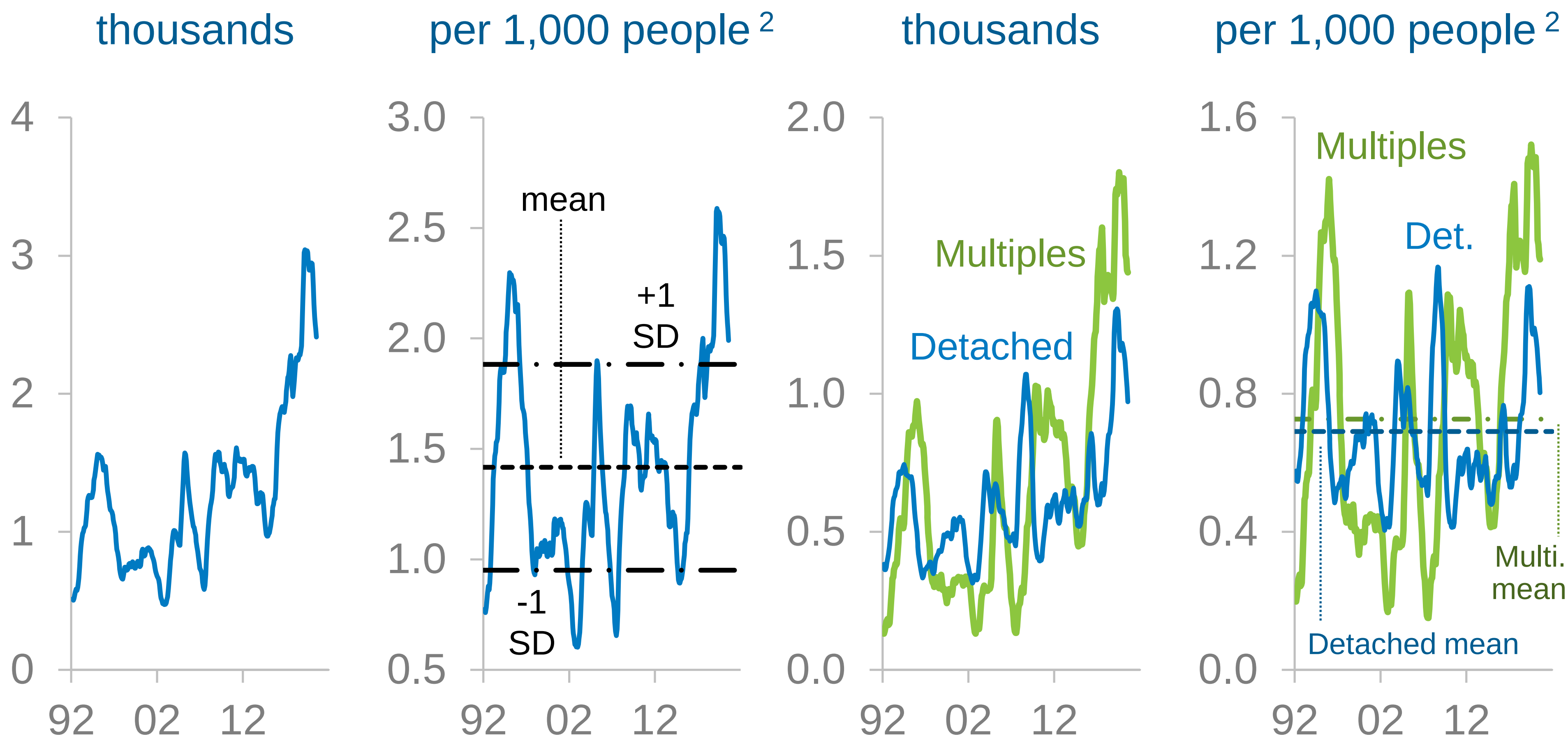


[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Edmonton

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



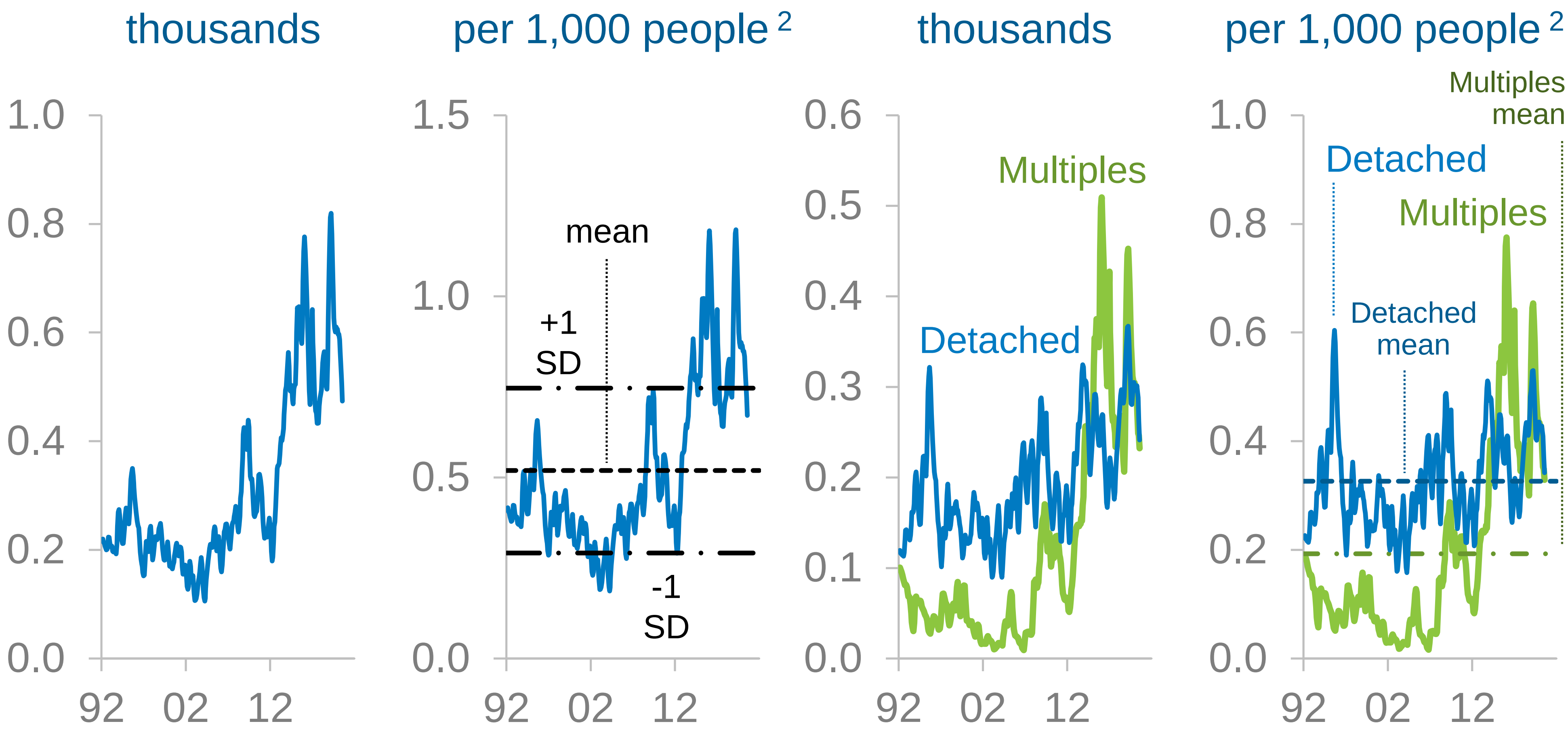
[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units

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 August 2020)



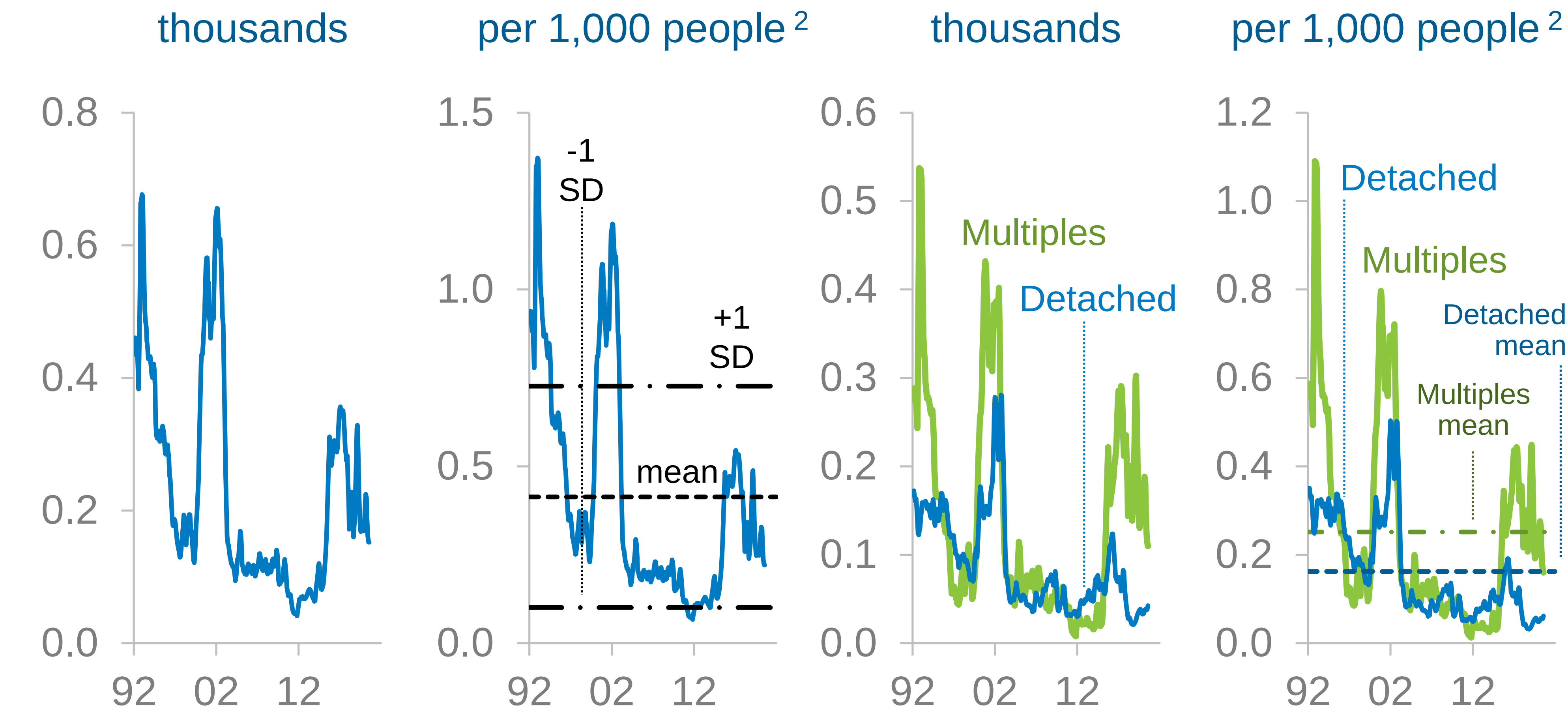
[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units

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 August 2020)

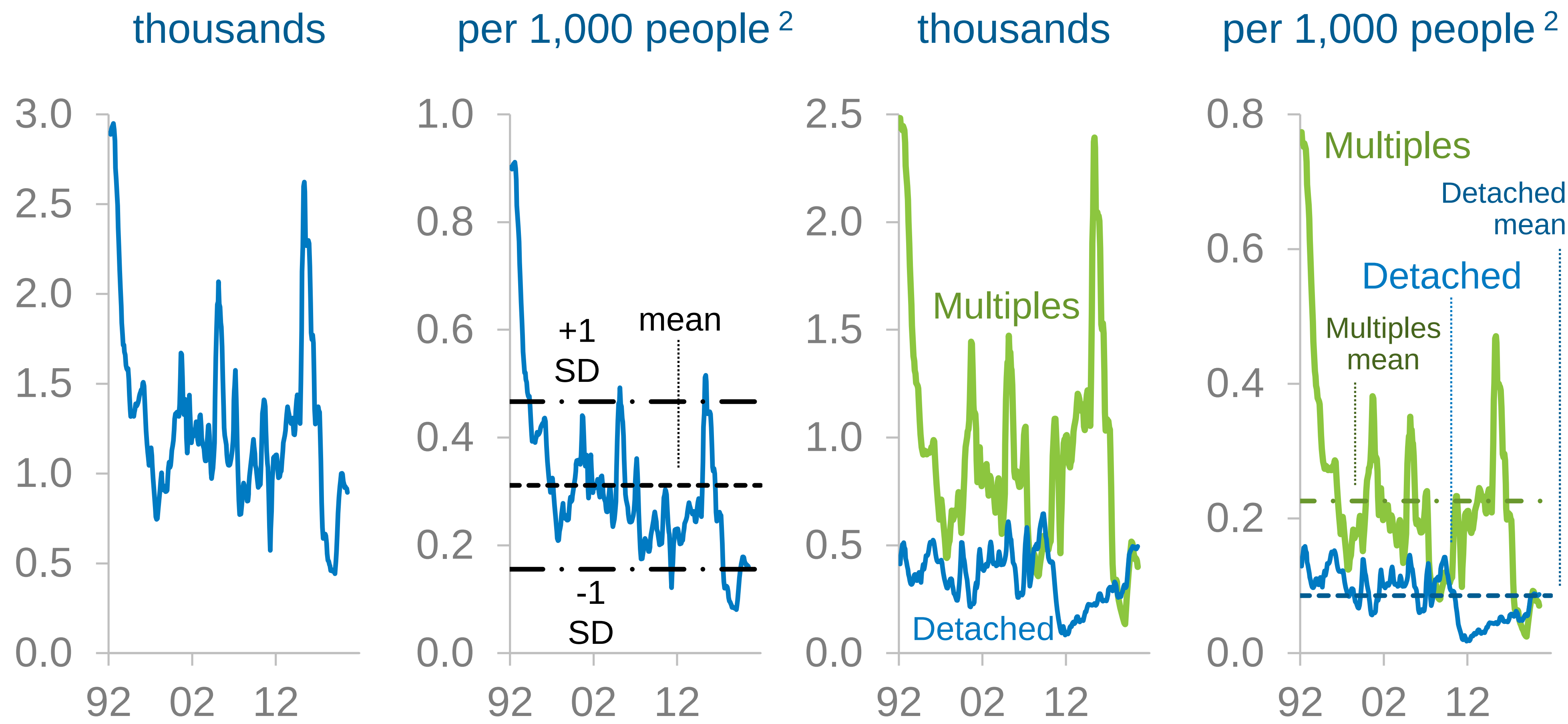


[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units

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

Toronto

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

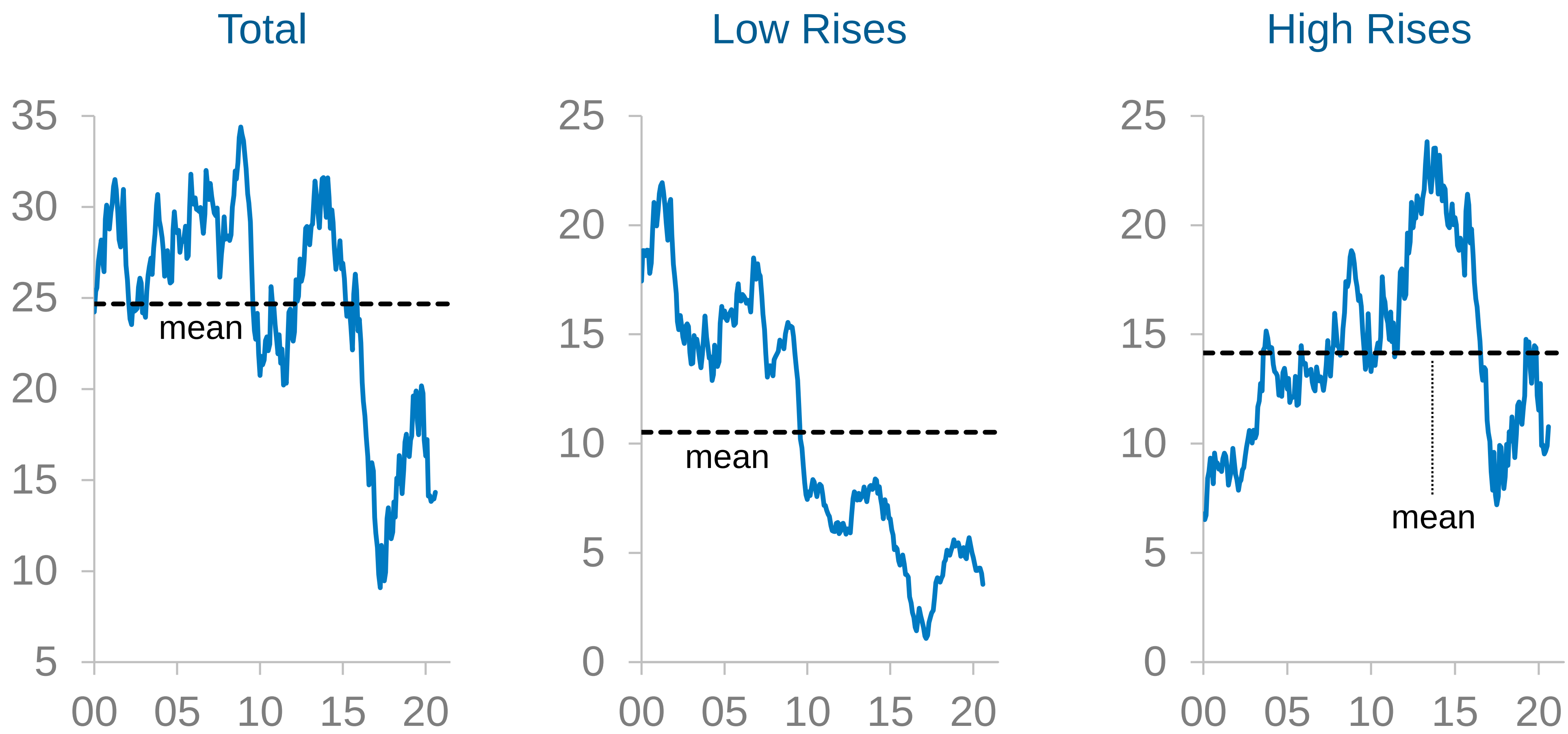


[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Toronto

Remaining Inventory[1] (monthly : 000s of units : as of August 2020)



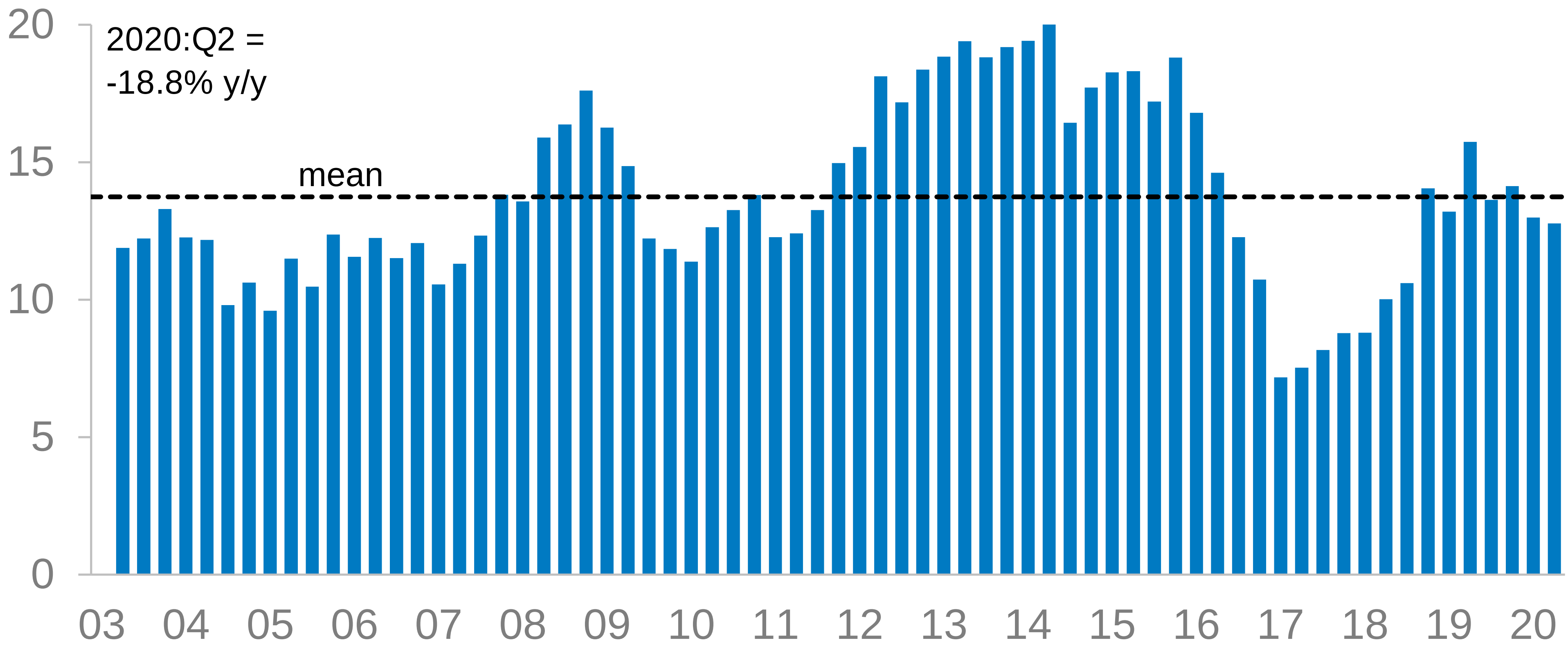
[1] includes all unsold units under construction, pre-construction, and completed
Source: Altus Group

New Condominium Inventories

Toronto

(quarterly : 000s of units : as of 2020:Q2)

Unsold Inventory of New Condos



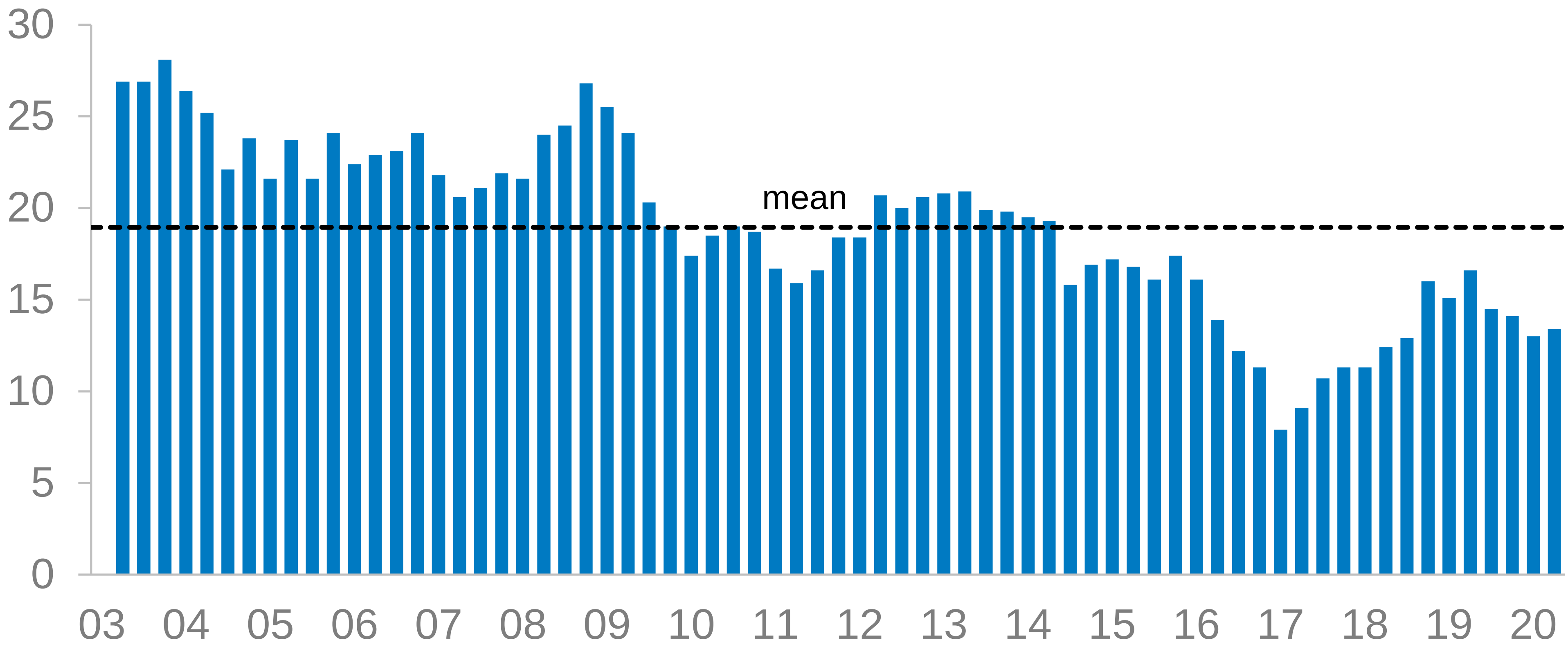
Source: Urbanation Inc.

New Condominium Vacancy Rate

Toronto

(quarterly : 000s of units : as of 2020:Q2)

Unsold Inventory as a Share of Total Active Units



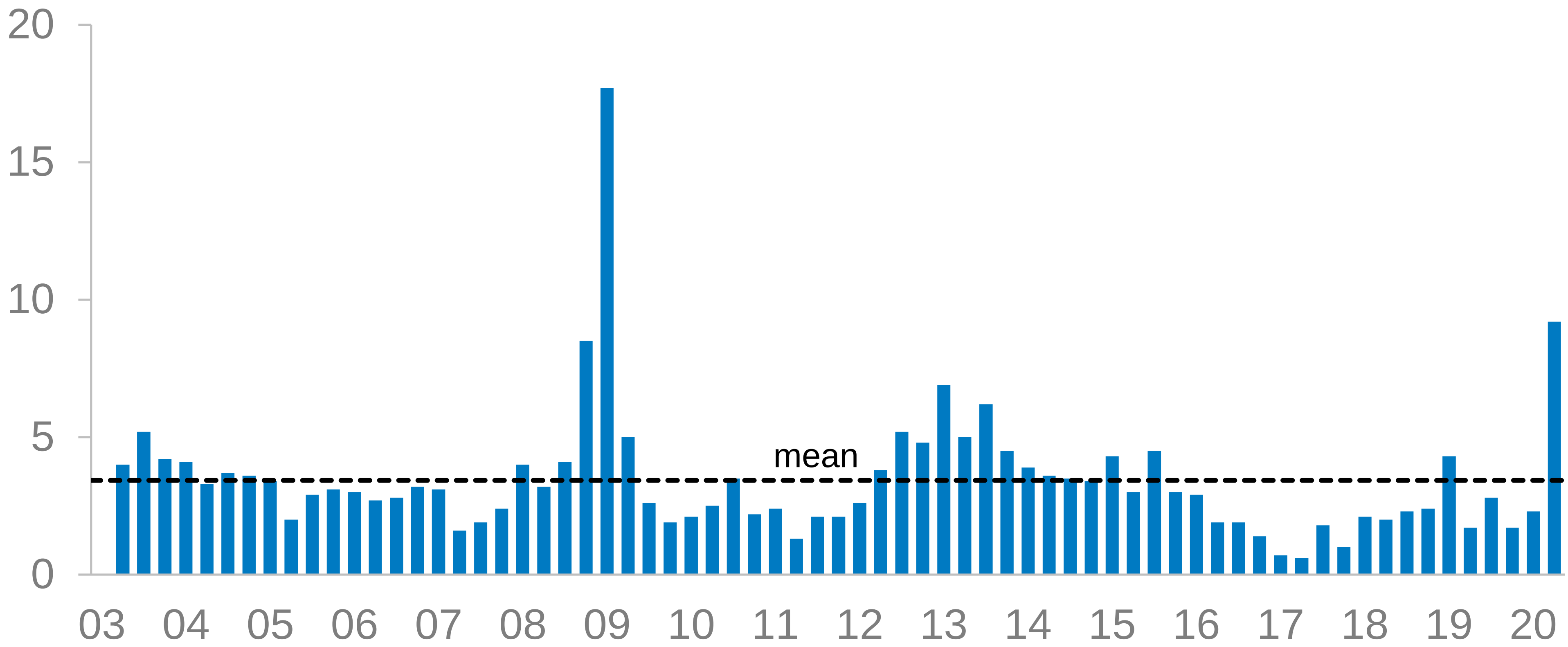
Source: Urbanation Inc.

New Condominium Quarterly Supply

Toronto

(quarterly : ratio : as of 2020:Q2)

Unsold Inventory as a Share of Sales [1]



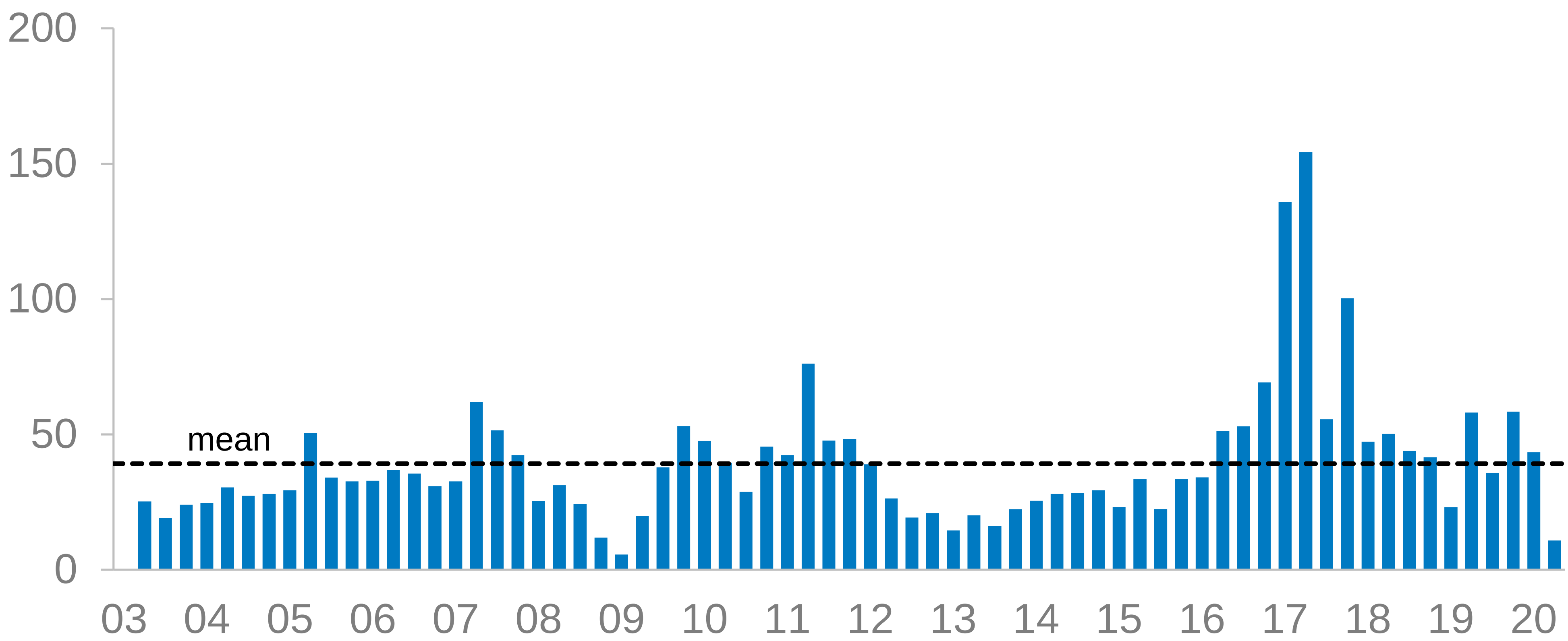
[1] quarters required to sell inventory at current sales rate
Source: Urbanation Inc.

New Condominium Sales-to-Supply Ratio

Toronto

(quarterly : percent : as of 2020:Q2)

Sales as a Share of Supply [1]

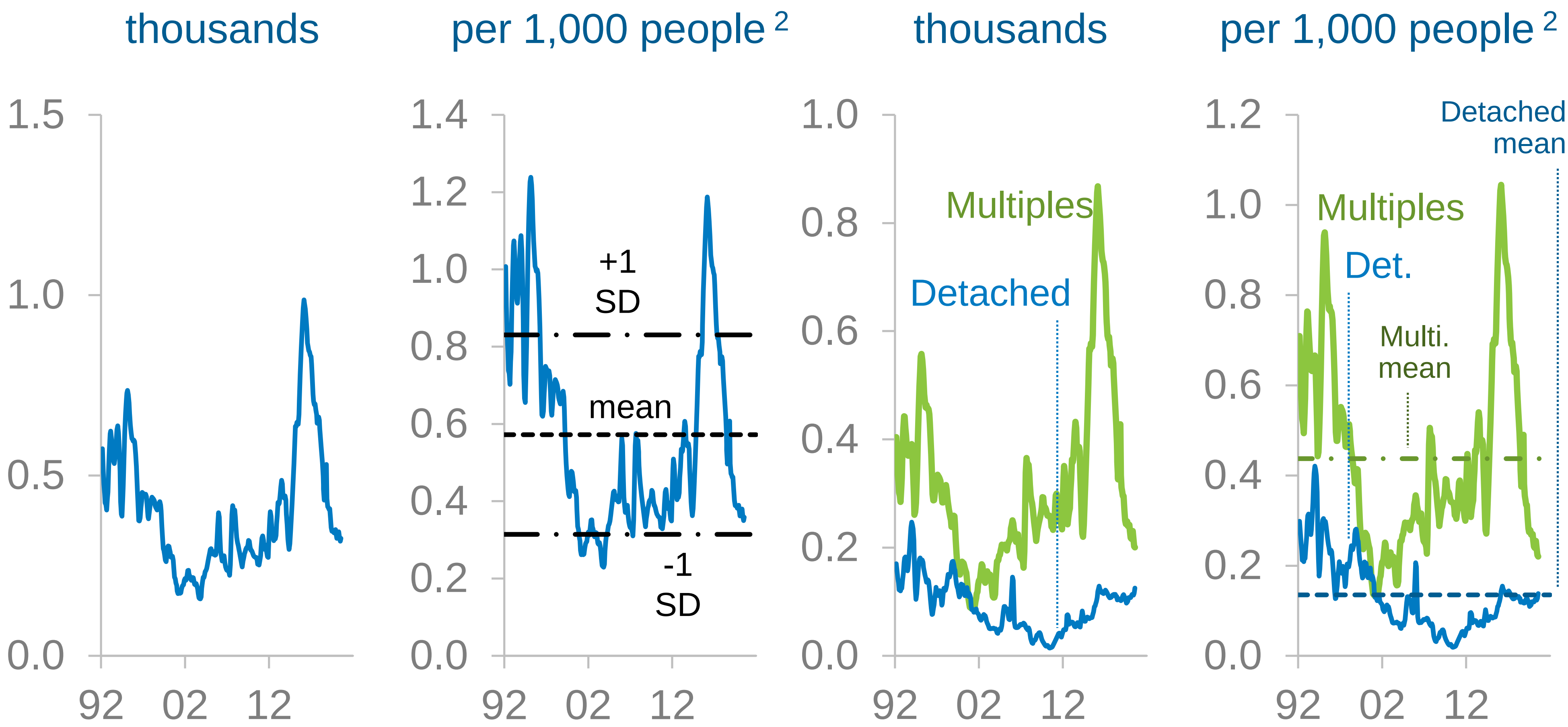


[1] supply is approximately unsold inventory plus sales
Source: Urbanation Inc.

New Home Inventories

Ottawa

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

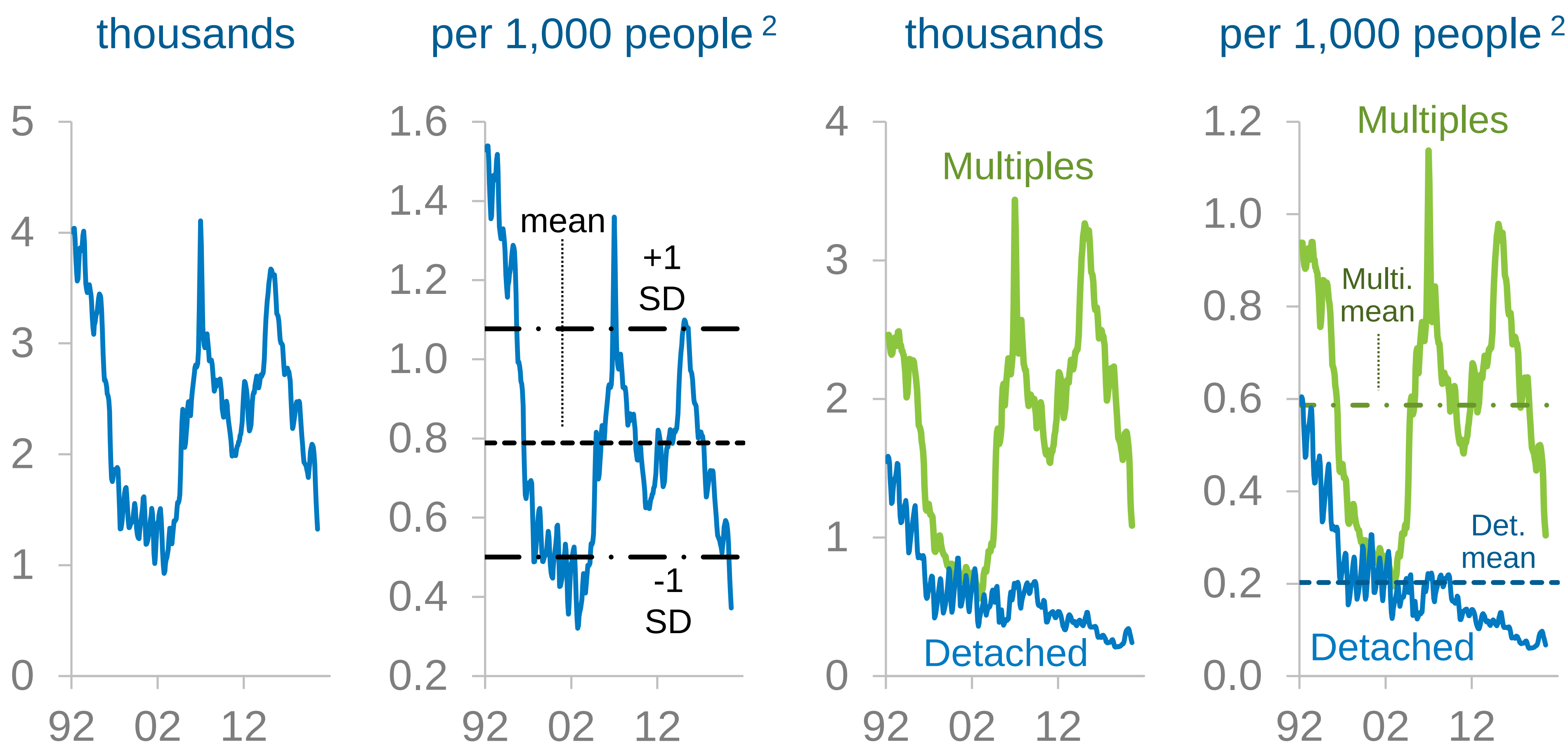


[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Montreal

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



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

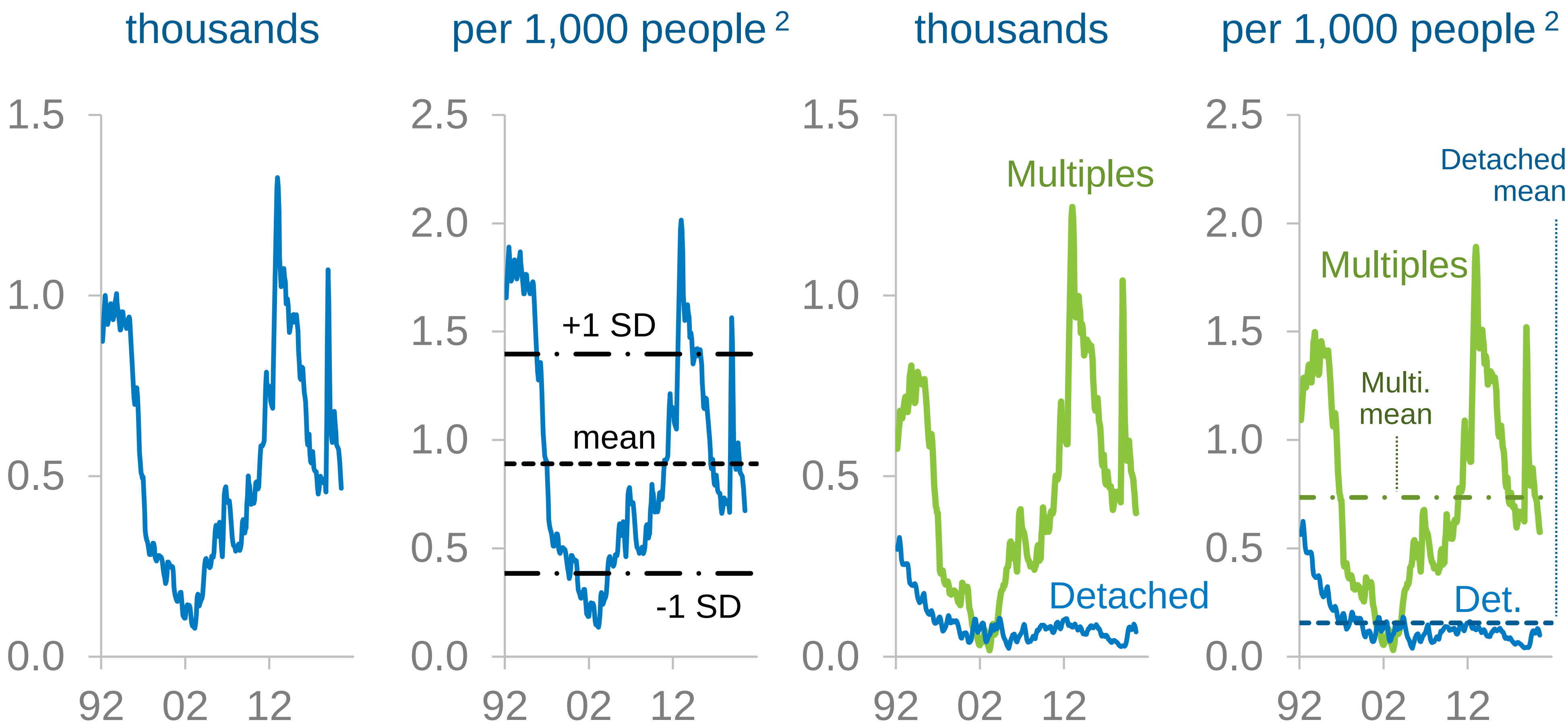
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

BMO Capital Markets®

New Home Inventories

Quebec City

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

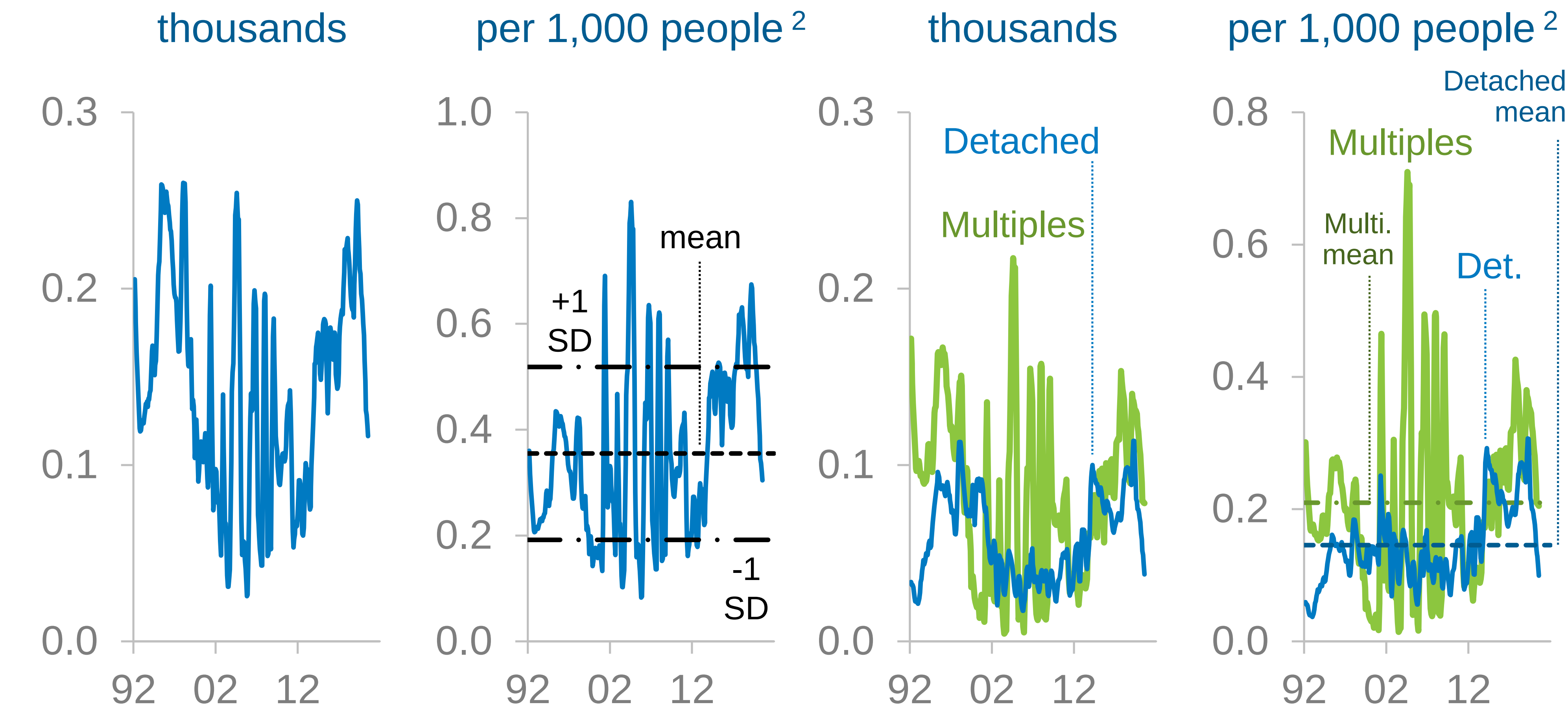


[1] completed and unabsorbed [2] age 15 and above SD = standard deviation Multiples = semi-detached, row, apartment and other units
Sources: Canadian Mortgage and Housing Corporation, Statistics Canada, Haver Analytics

New Home Inventories

Halifax

New Housing Units [1] (monthly : n.s.a. : 3-mth m.a. : as of August 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

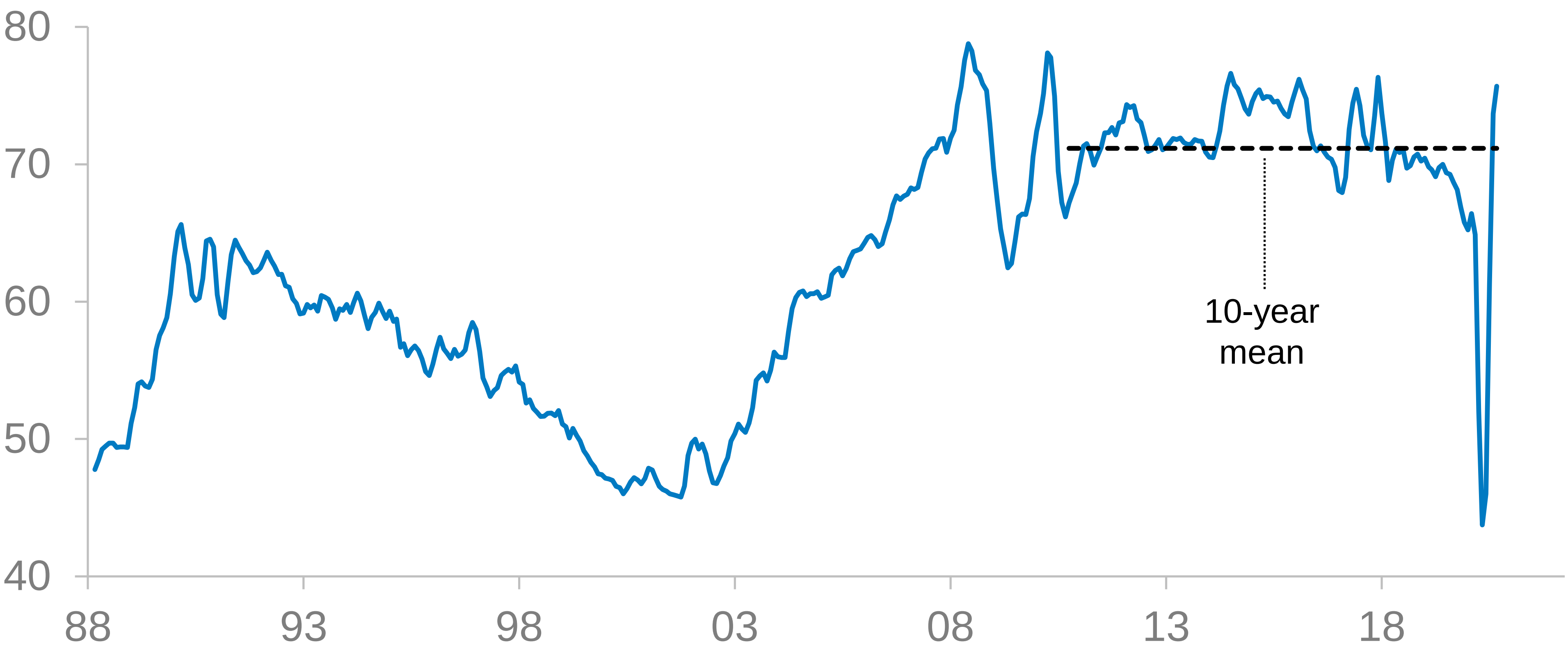
+ New listings rising but not keeping pace with sales
+ Quebec City, Montreal, Ottawa listings are very low

Resale Home Supply

Canada

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

New Listings



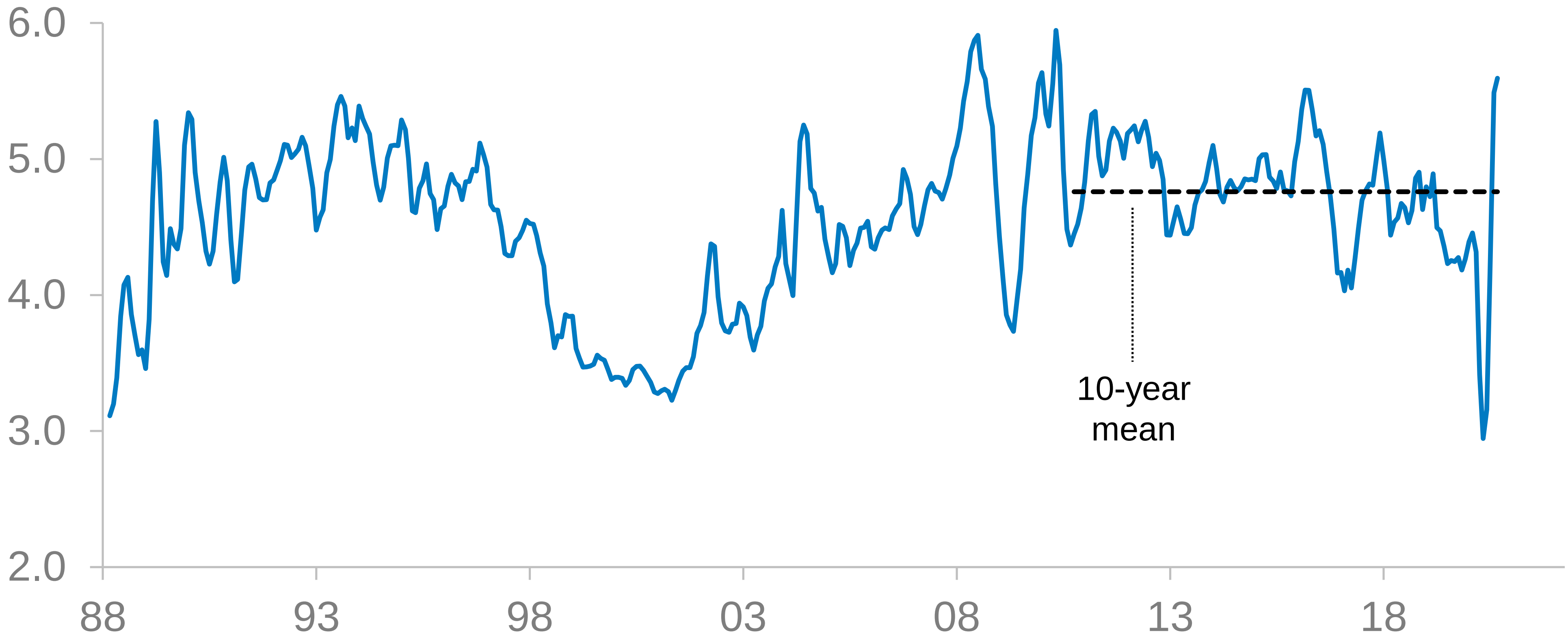
Source: Canadian Real Estate Association

Resale Home Supply

Vancouver

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

New Listings



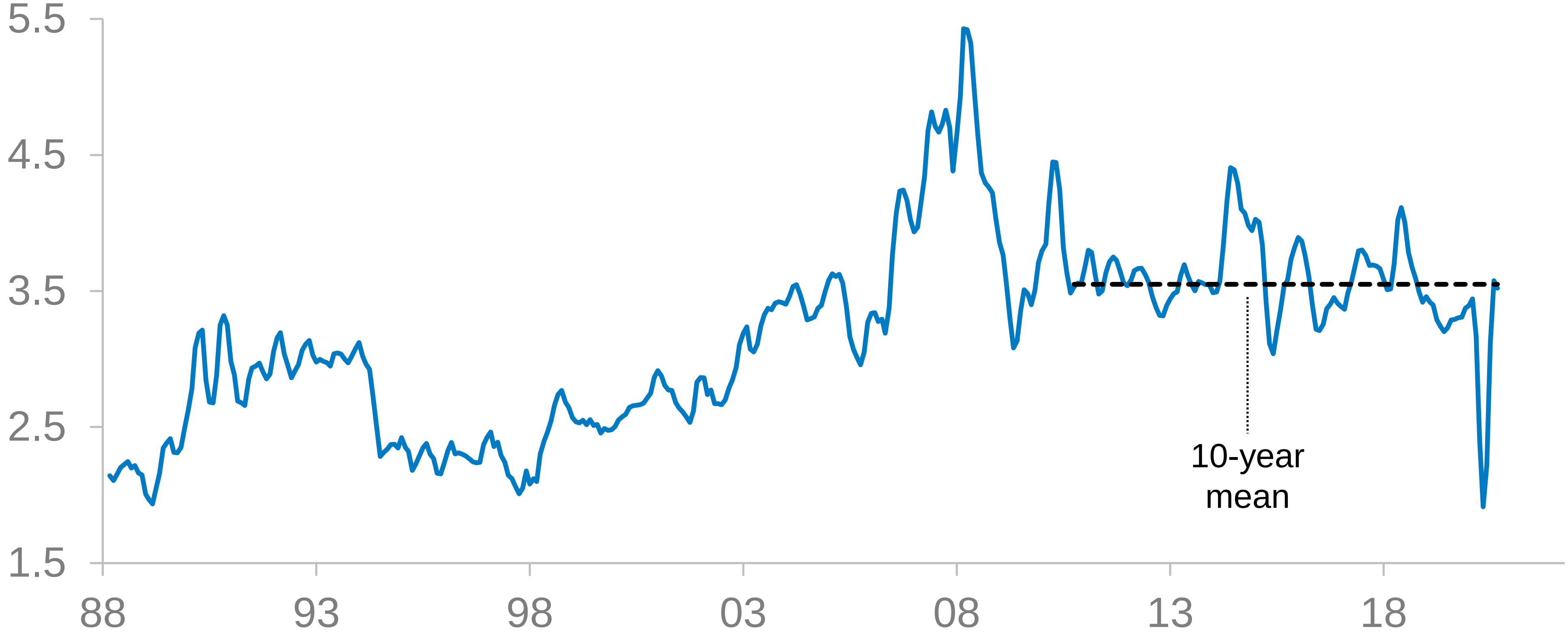
Source: Canadian Real Estate Association

Resale Home Supply

Calgary

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

New Listings



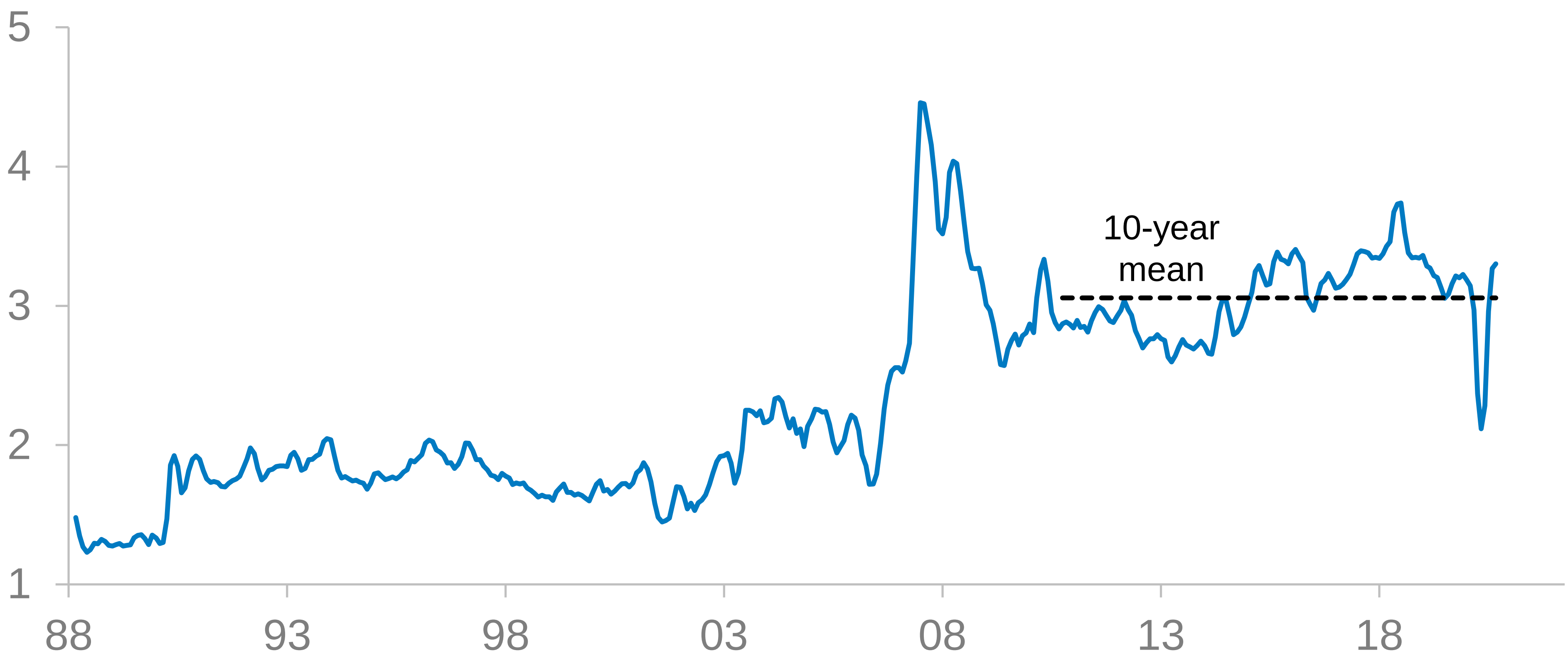
Source: Canadian Real Estate Association

Resale Home Supply

Edmonton

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

New Listings



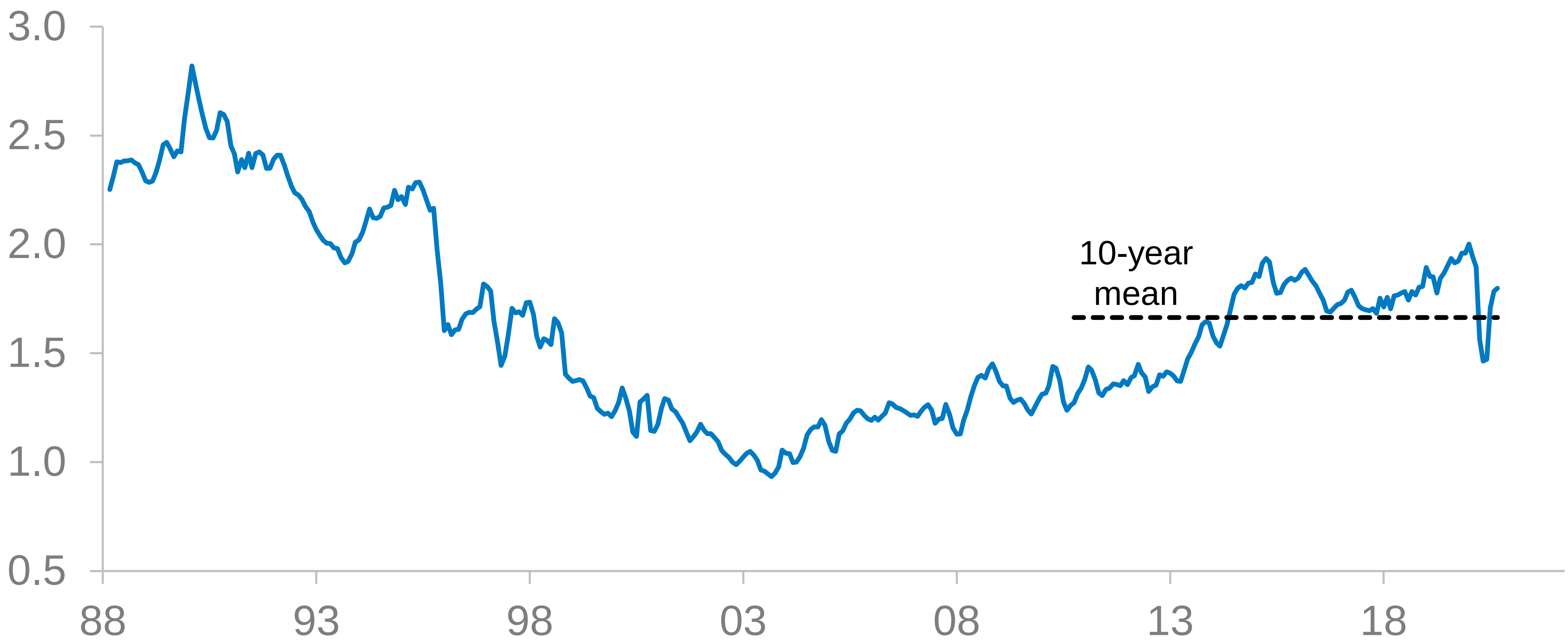
Source: Canadian Real Estate Association

Resale Home Supply

Winnipeg

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

New Listings

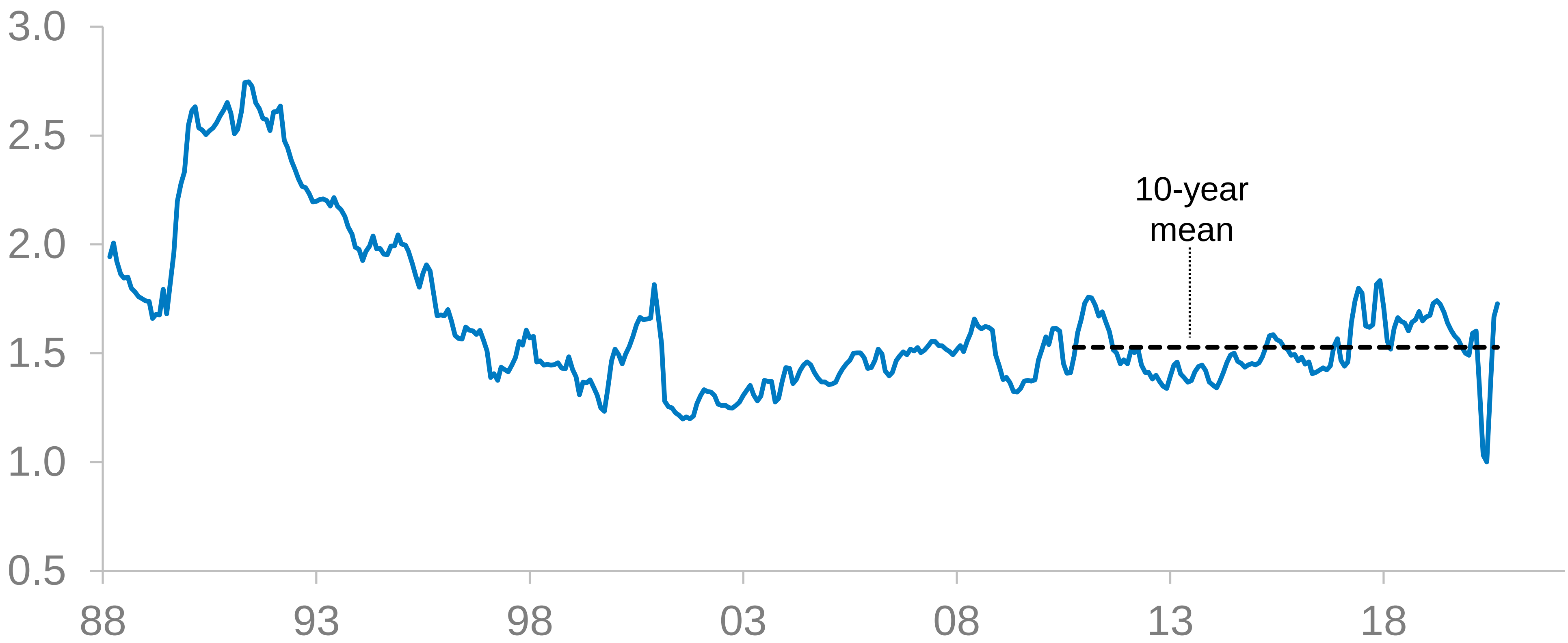


Source: Canadian Real Estate Association

Hamilton

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

New Listings

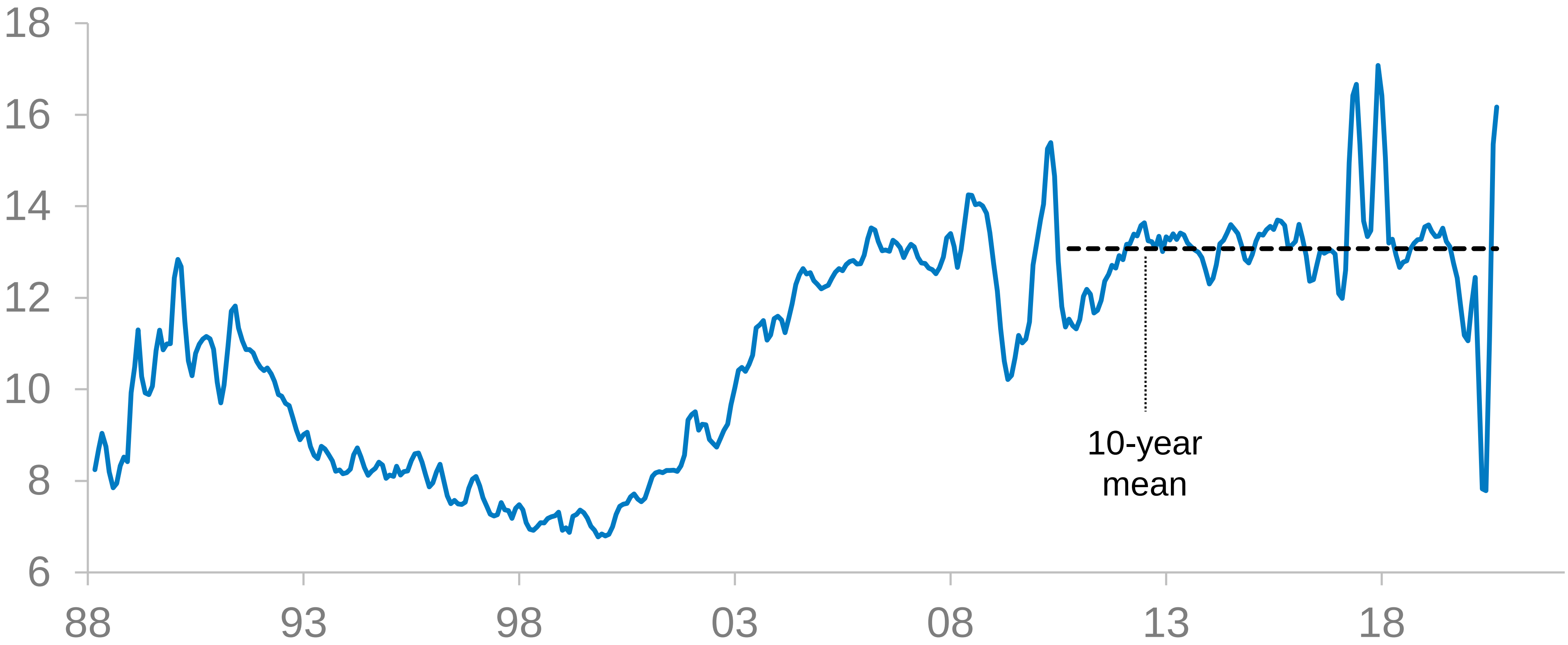


Source: Canadian Real Estate Association

Resale Home Supply
Toronto

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

New Listings



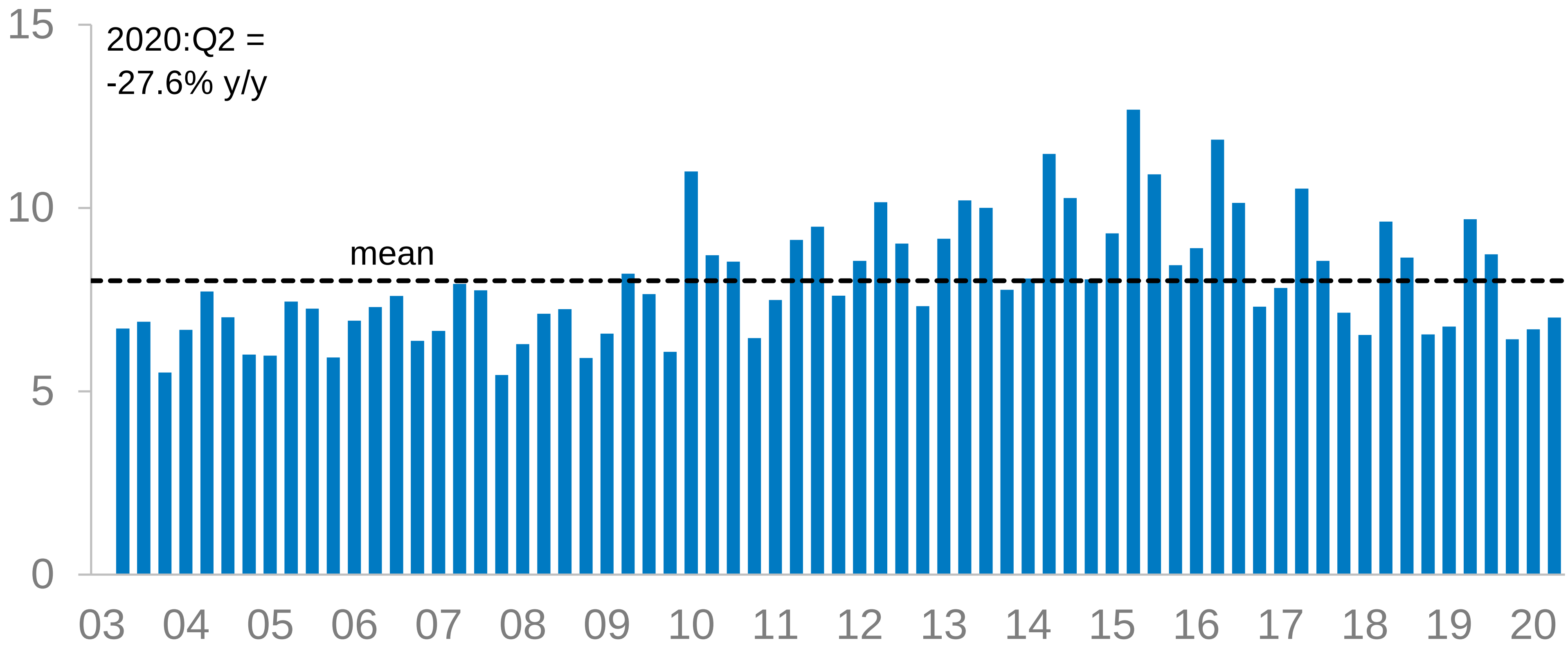
Source: Canadian Real Estate Association

Existing Condominium Listings

Toronto

(quarterly : 000s of units : as of 2020:Q2)

Total Listings of Resale Condos



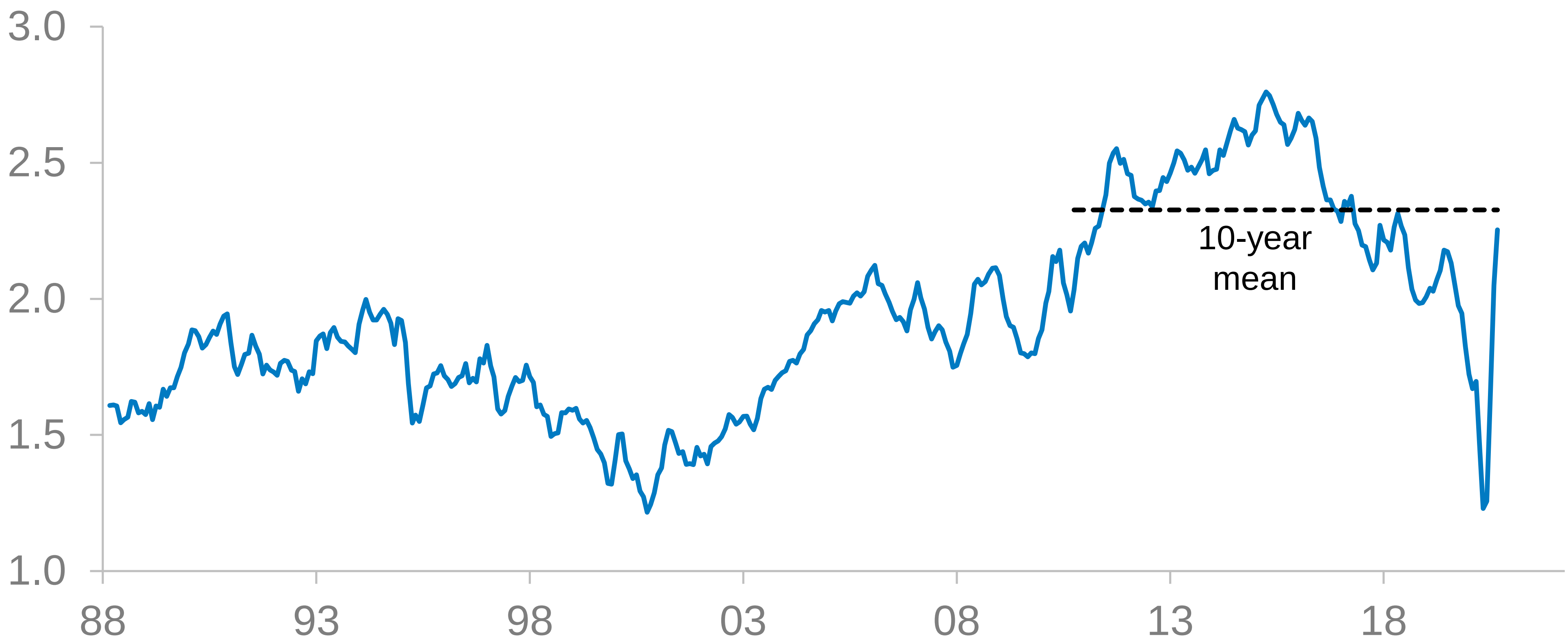
Source: Urbanation Inc.

Resale Home Supply

Ottawa

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

New Listings



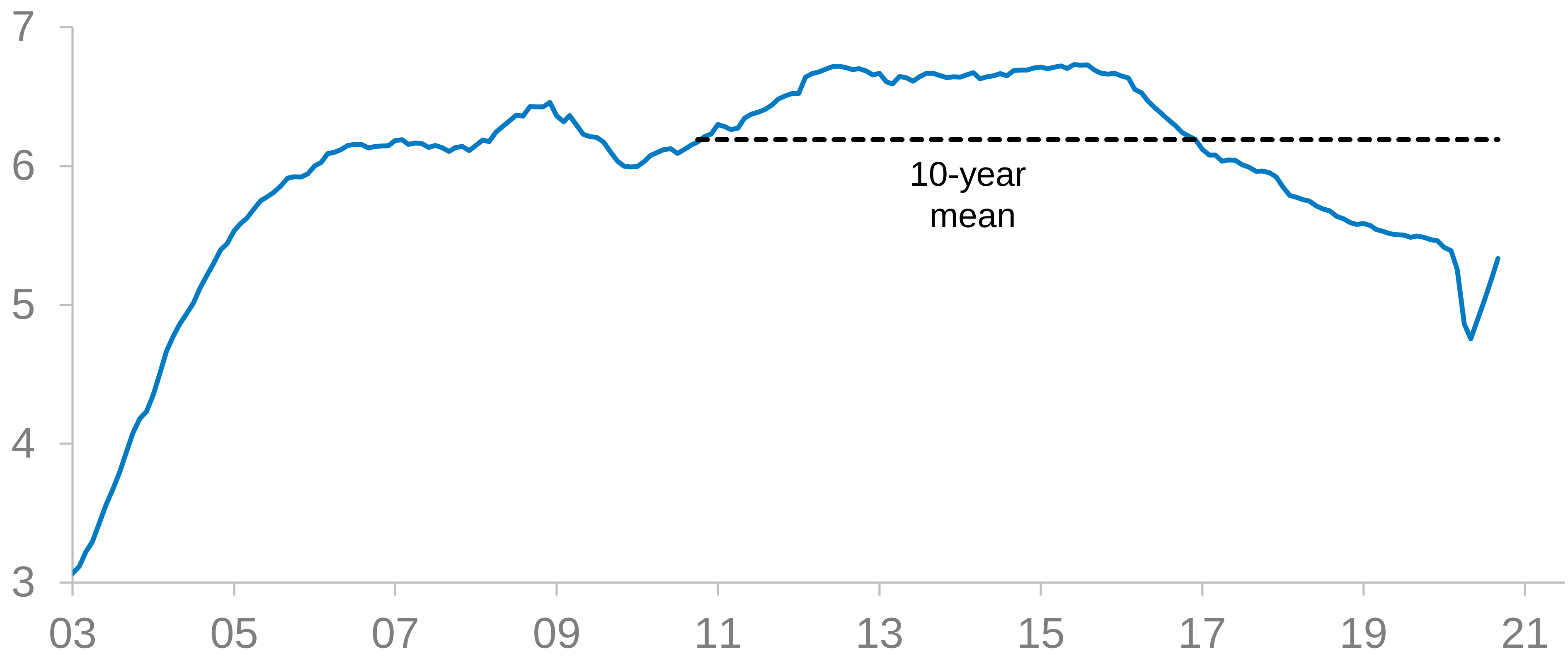
Source: Canadian Real Estate Association

Resale Home Supply

Montreal

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

New Listings



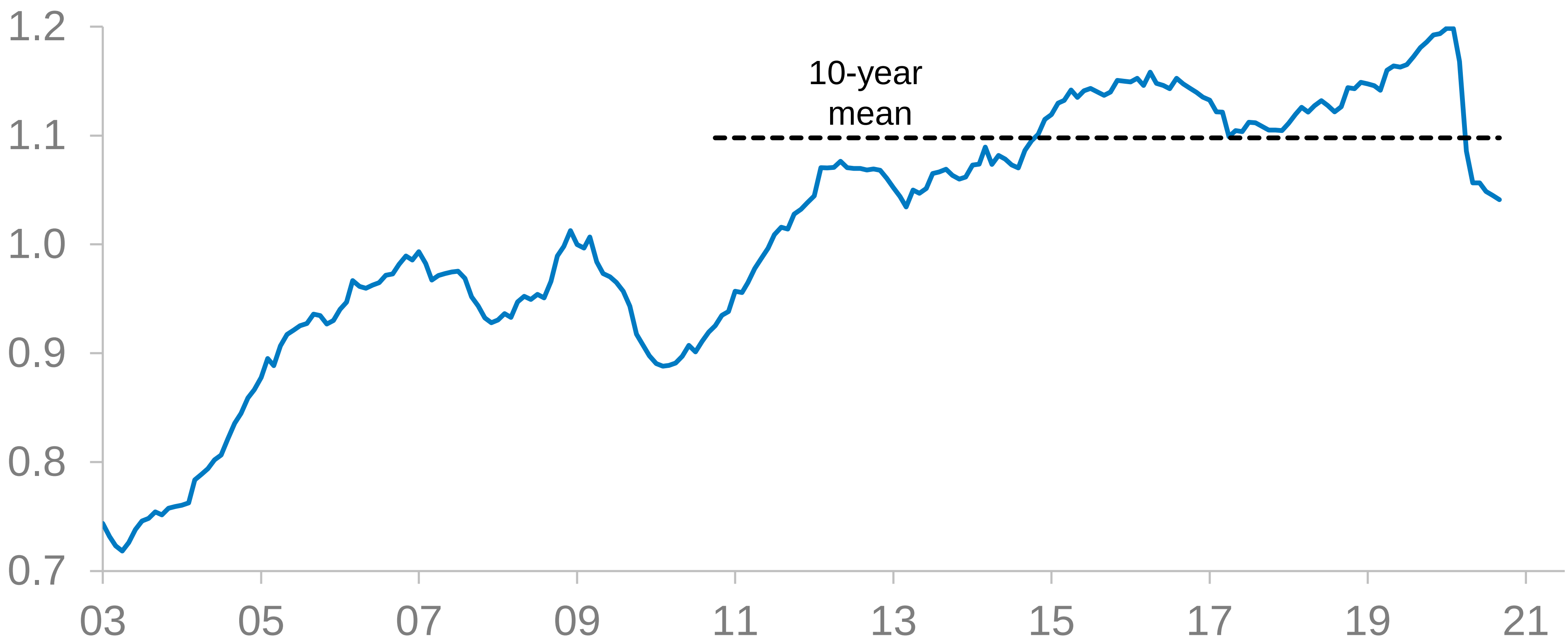
Source: Canadian Real Estate Association

Resale Home Supply

Quebec City

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

New Listings



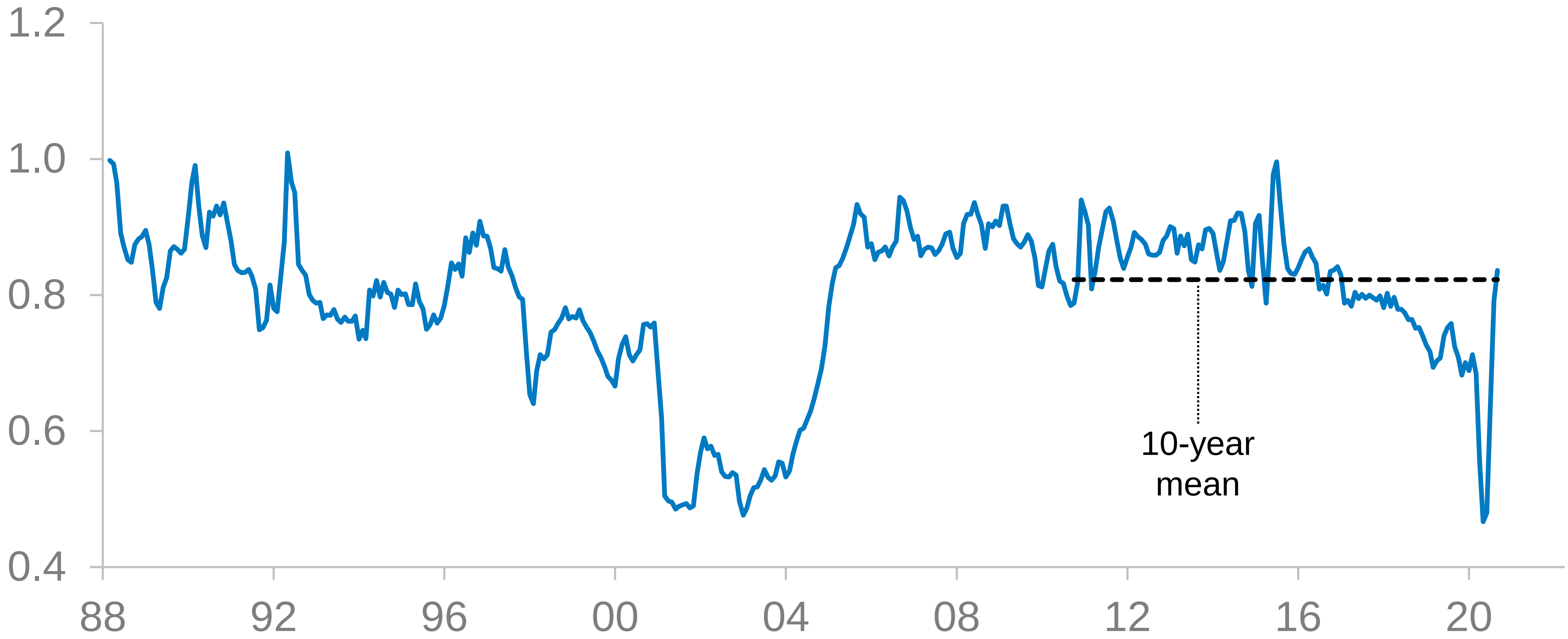
Source: Canadian Real Estate Association

Resale Home Supply

Halifax

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

New Listings

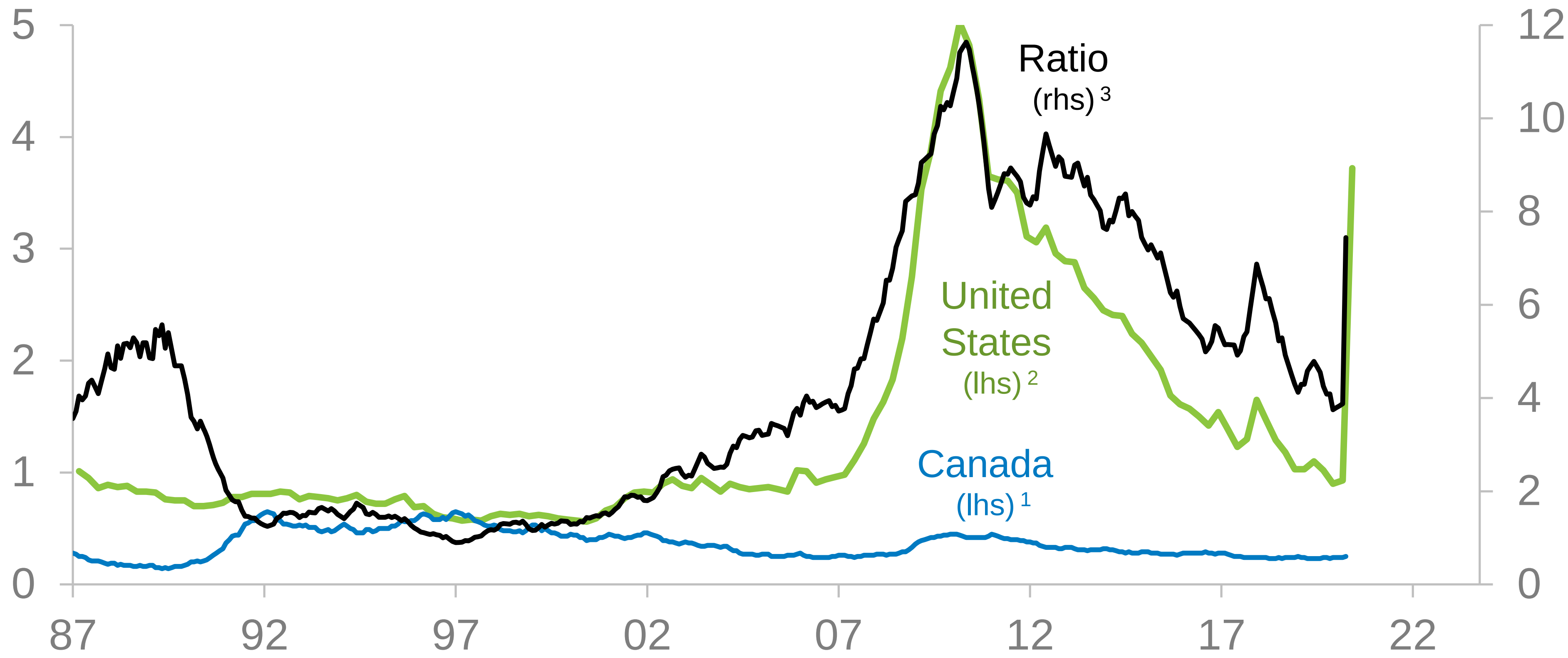


Source: Canadian Real Estate Association

Very Few Distressed Properties on the Market in Canada

(percent)

90-Day+ Mortgage Delinquency Rate



[1] (monthly : as of April 2020) [2] (quarterly : as of 2020:Q2) [3] (US / Canada)
Sources: Canadian Bankers Association, U.S. Mortgage Bankers Association

Resale Market Balance

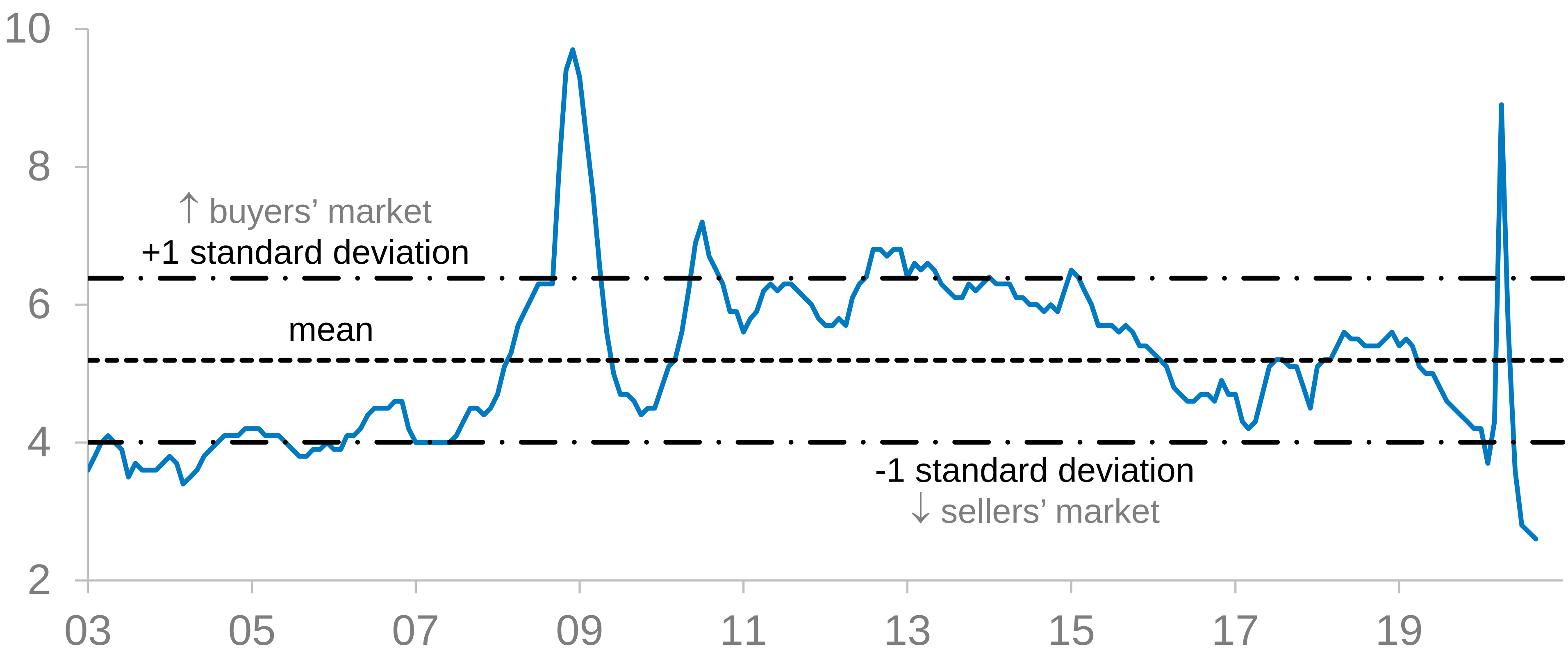
- Record low active supply of 2.6 months, indicating a very tight national market
- Sales/new listings ratio at two decade high of 77.2%, well above long-run norm (54%), indicating sellers' market
- Ottawa, Halifax, Hamilton, Montreal, Winnipeg, and Quebec City are sellers' markets based on sales/new listings ratio

Months' Supply

Canada

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

Active Listings as Ratio of Existing Home Sales



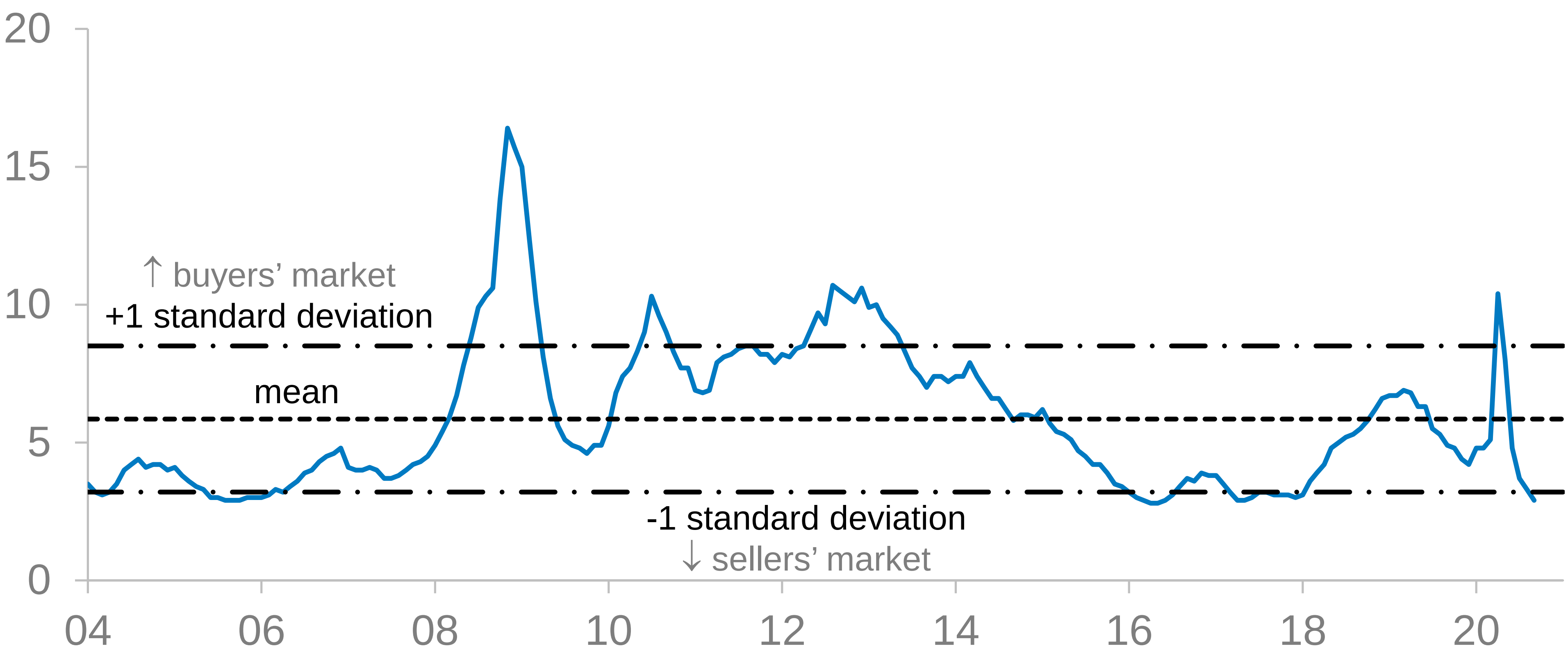
Source: Canadian Real Estate Association

Months' Supply

British Columbia

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

Active Listings as Ratio of Existing Home Sales



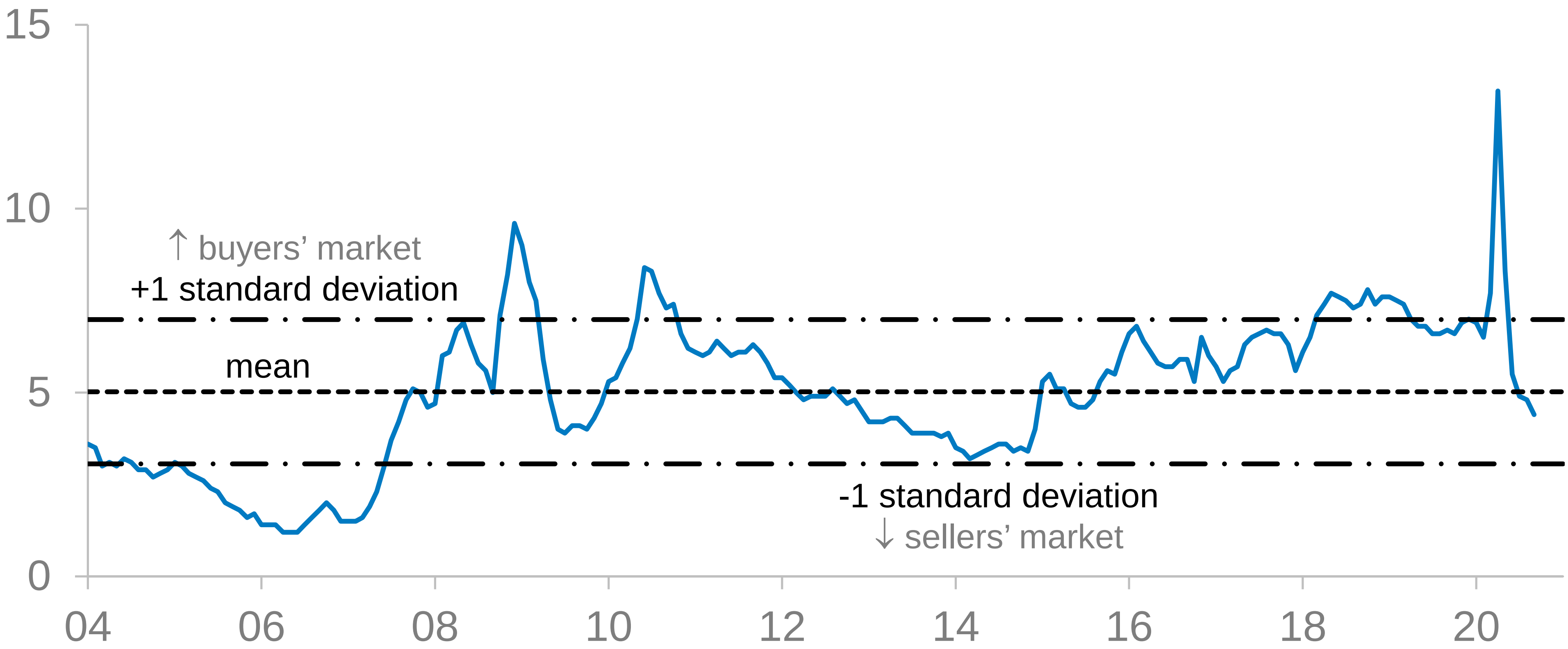
Source: Canadian Real Estate Association

Months' Supply

Alberta

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

Active Listings as Ratio of Existing Home Sales



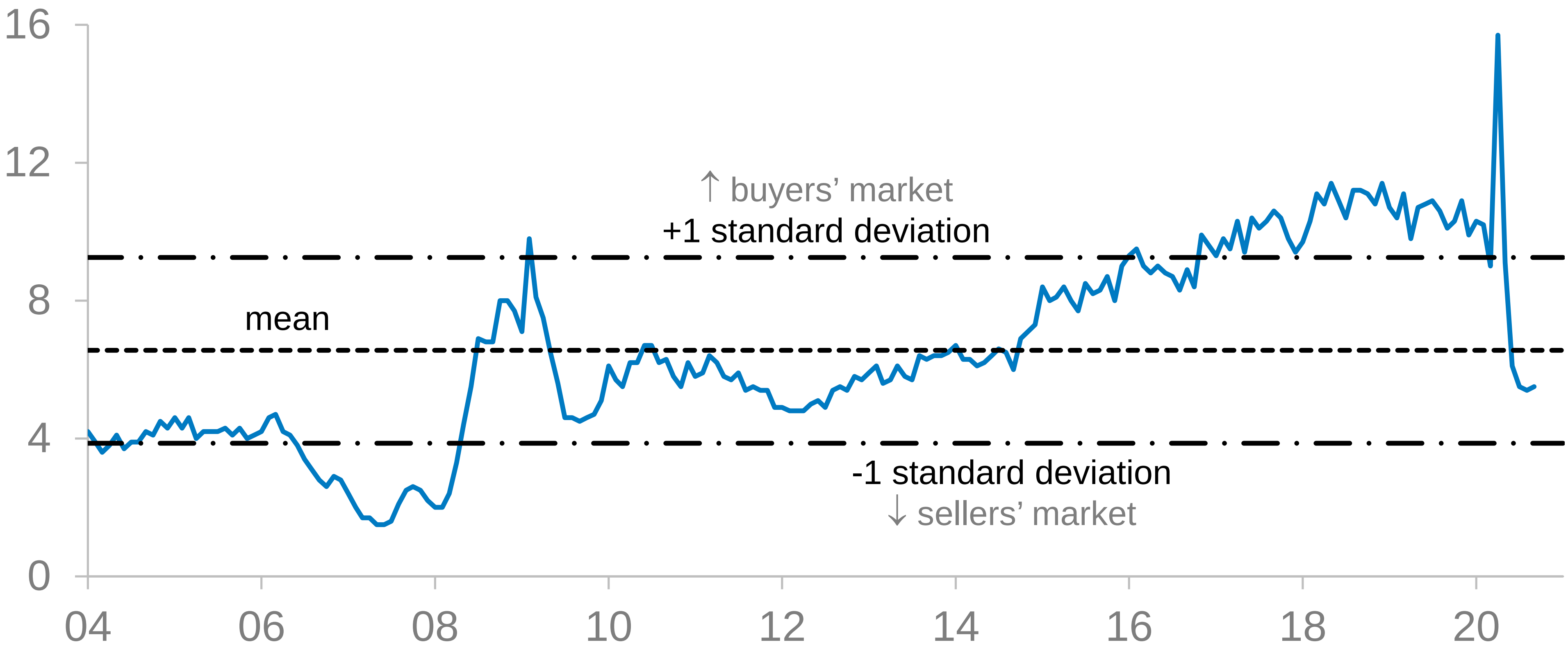
Source: Canadian Real Estate Association

Months' Supply

Saskatchewan

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

Active Listings as Ratio of Existing Home Sales



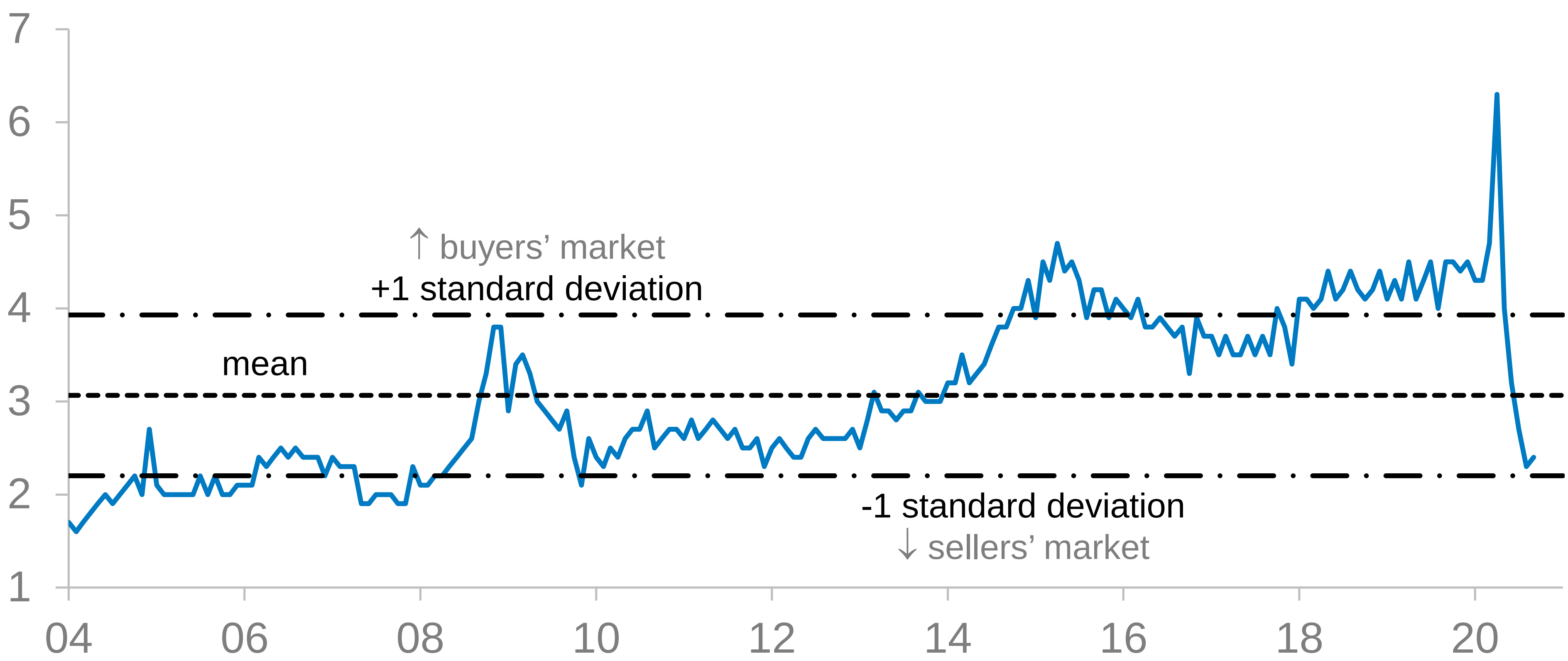
Source: Canadian Real Estate Association

Months' Supply

Manitoba

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

Active Listings as Ratio of Existing Home Sales



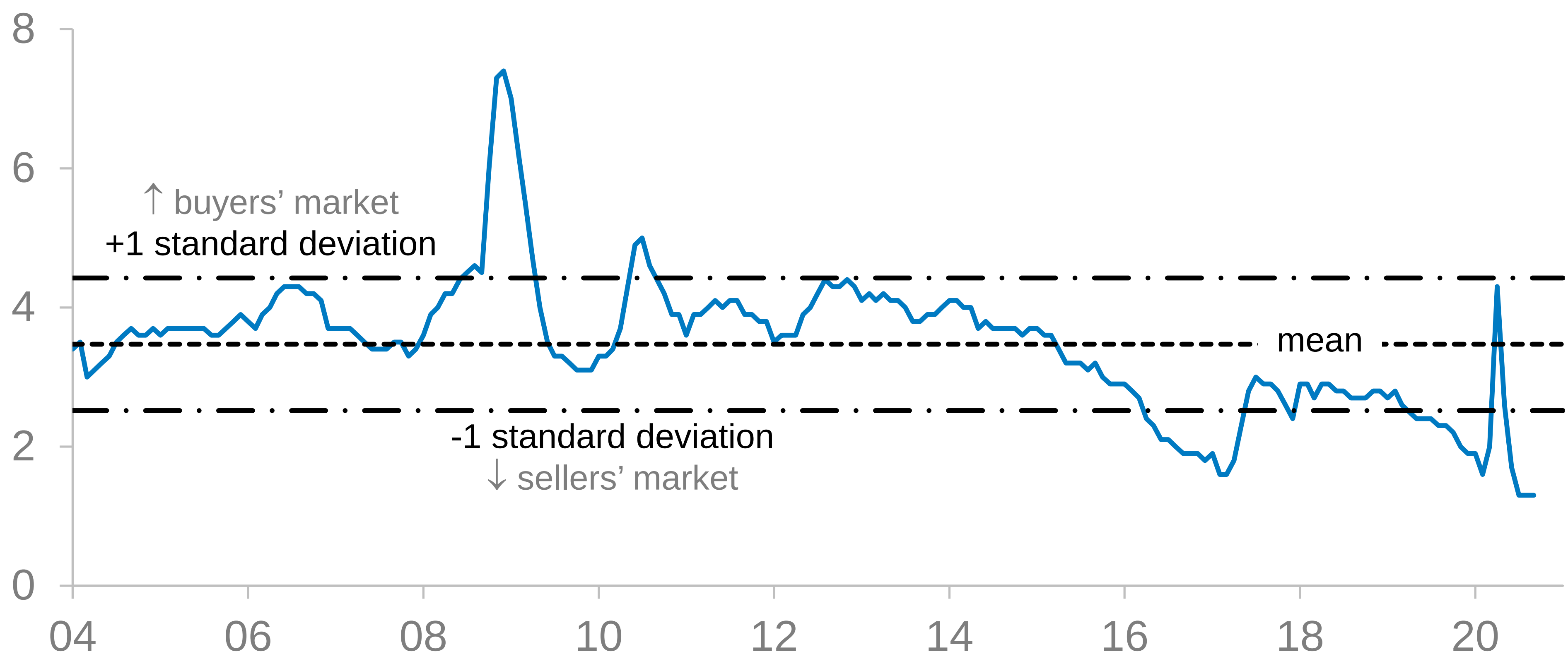
Source: Canadian Real Estate Association

Months' Supply

Ontario

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

Active Listings as Ratio of Existing Home Sales



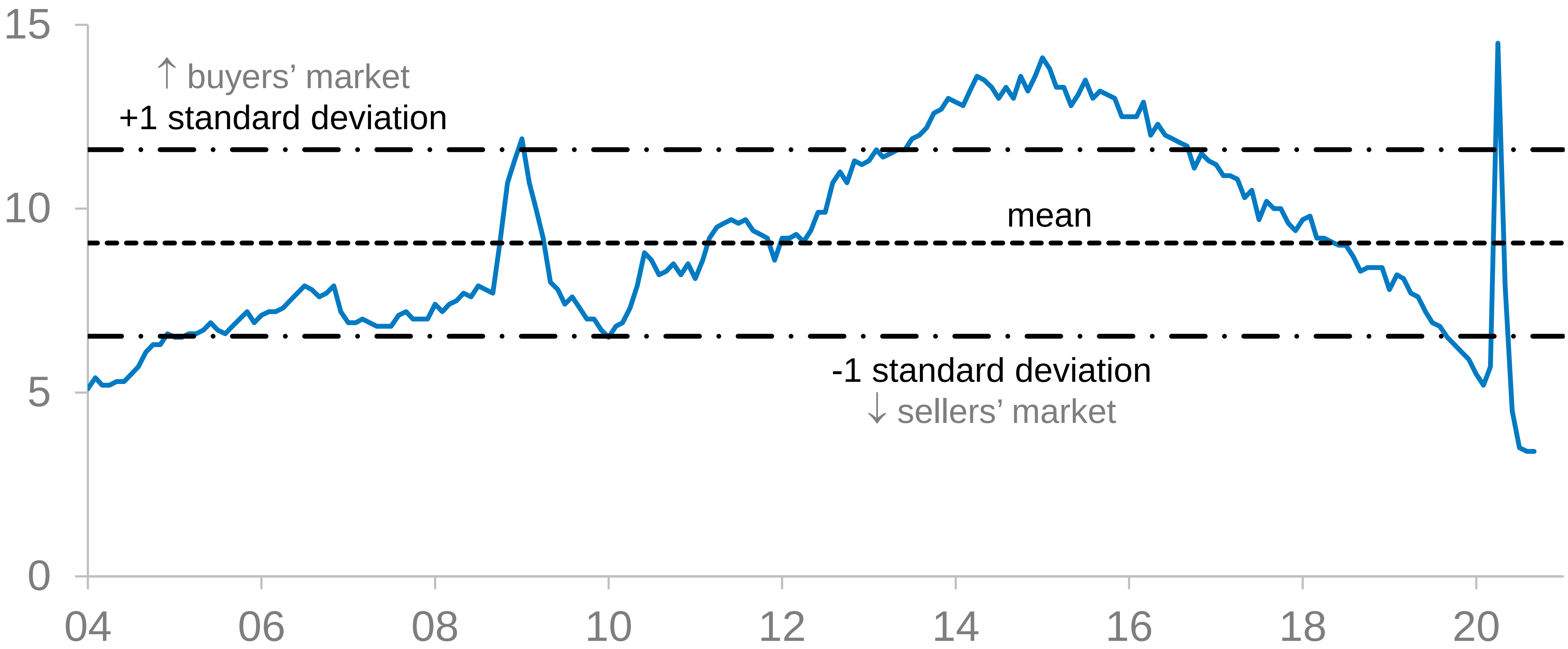
Source: Canadian Real Estate Association

Months' Supply

Quebec

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

Active Listings as Ratio of Existing Home Sales

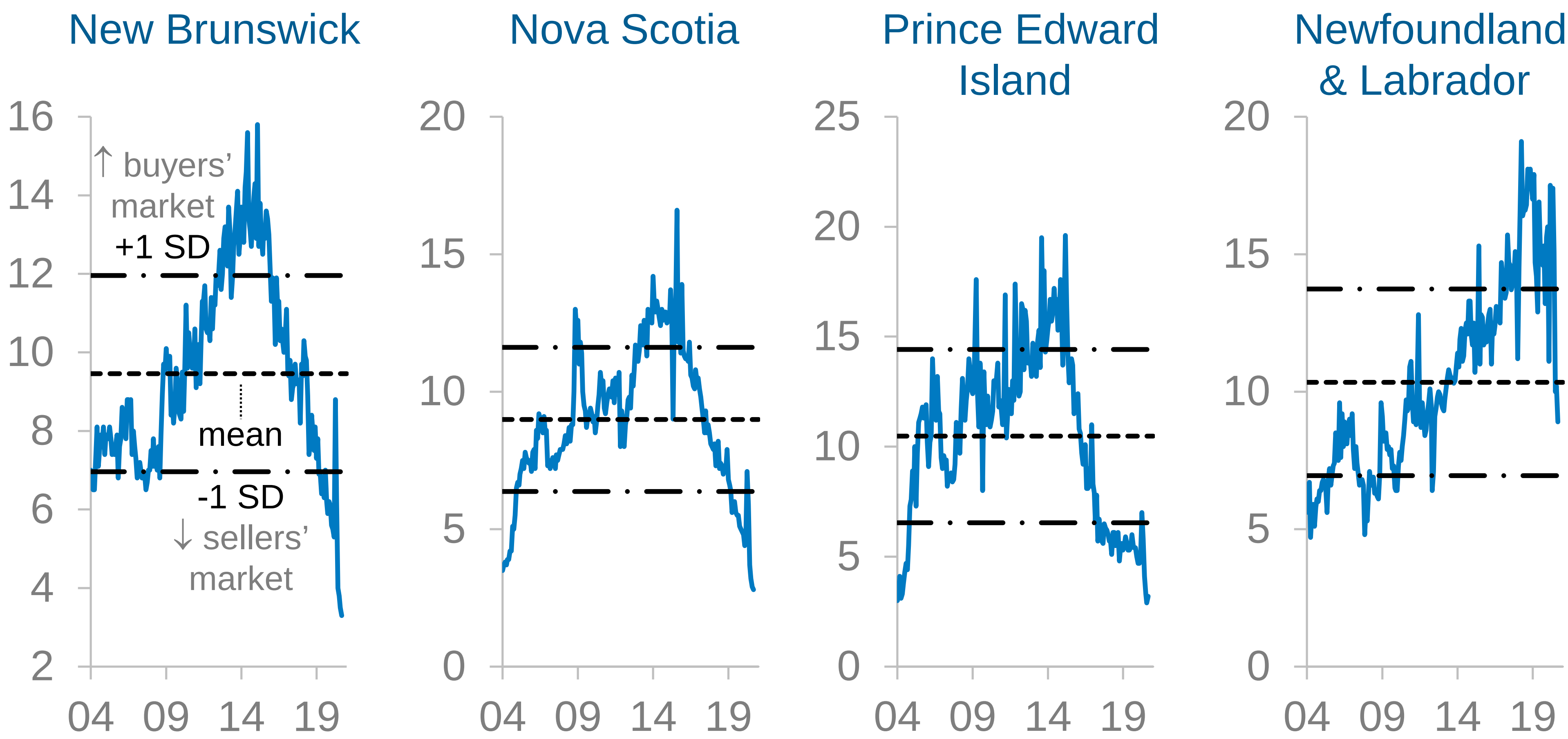


Source: Canadian Real Estate Association

Months’ Supply

The Atlantic Provinces

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



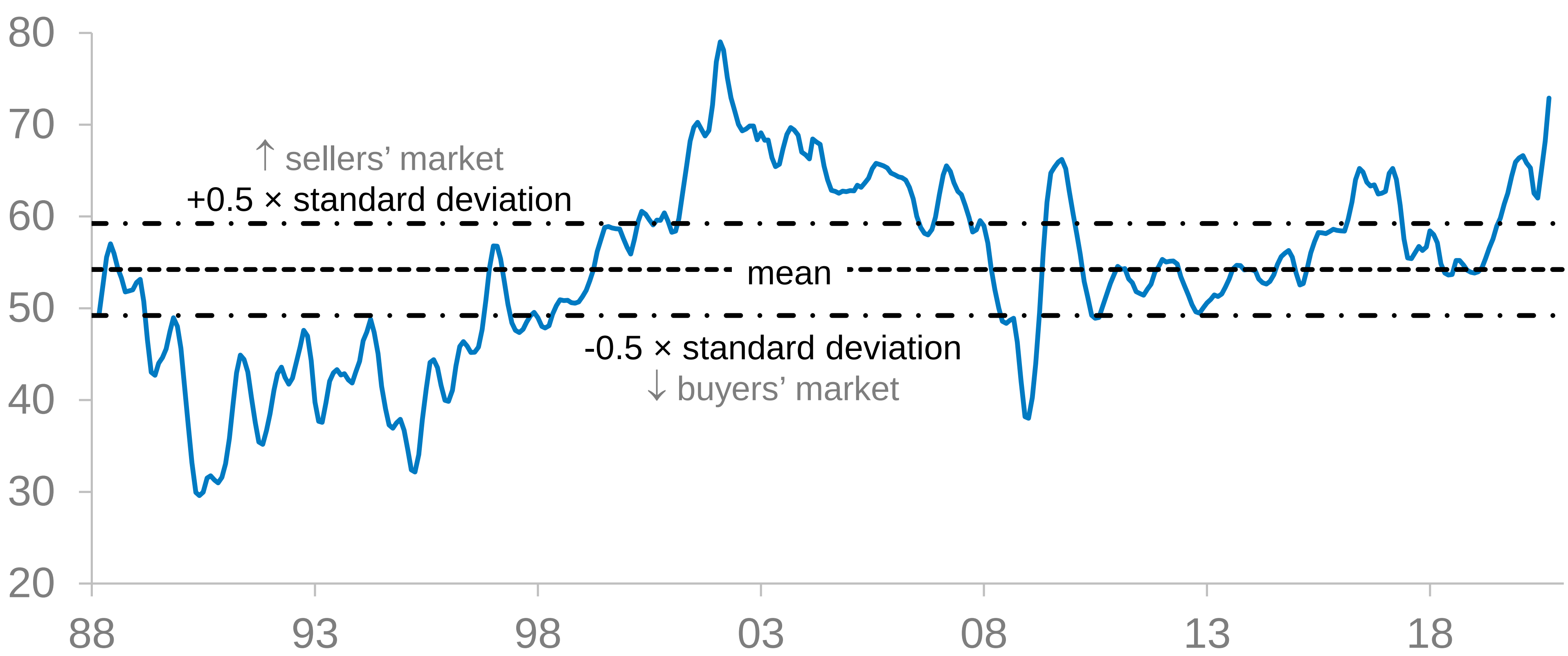
SD = standard deviation
Source: Canadian Real Estate Association

Sales-to-New Listings

Canada

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

Existing Home Sales as a % of New Listings



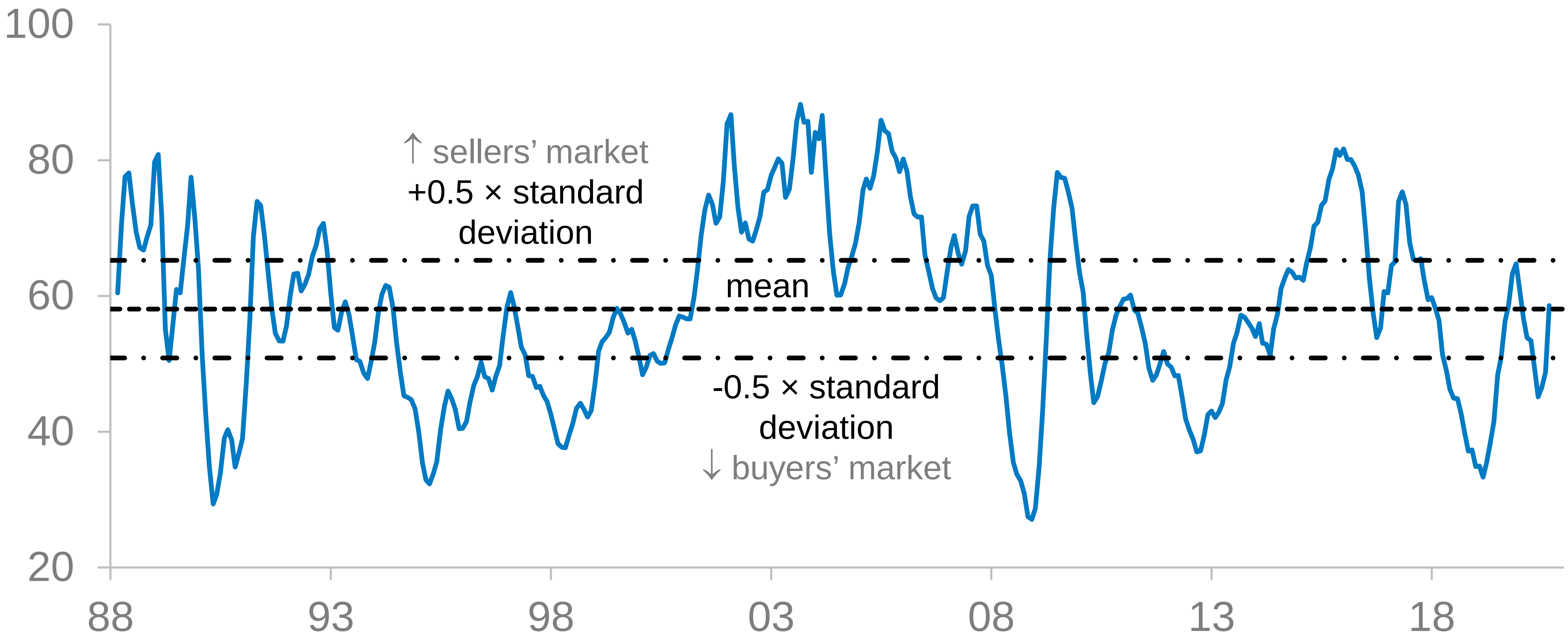
Source: Canadian Real Estate Association

Sales-to-New Listings

Vancouver

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

Existing Home Sales as a % of New Listings



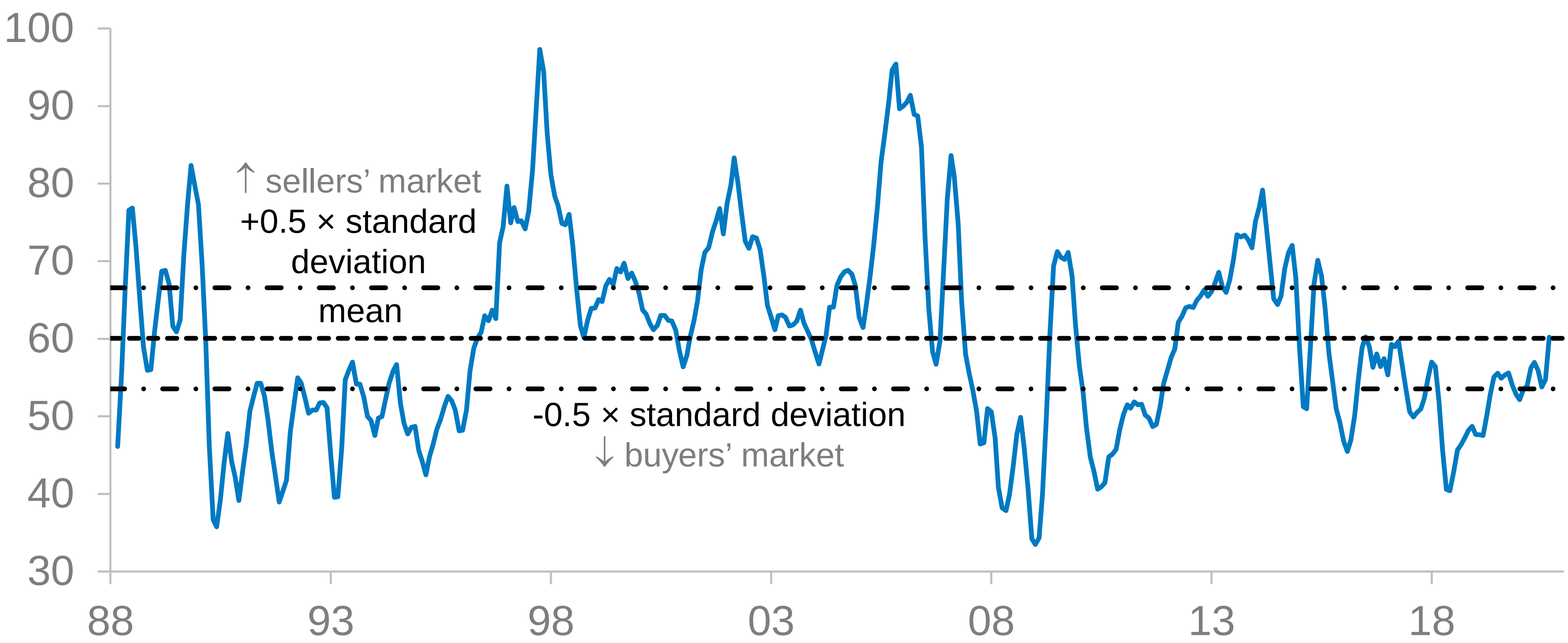
Source: Canadian Real Estate Association

Sales-to-New Listings

Calgary

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

Existing Home Sales as a % of New Listings



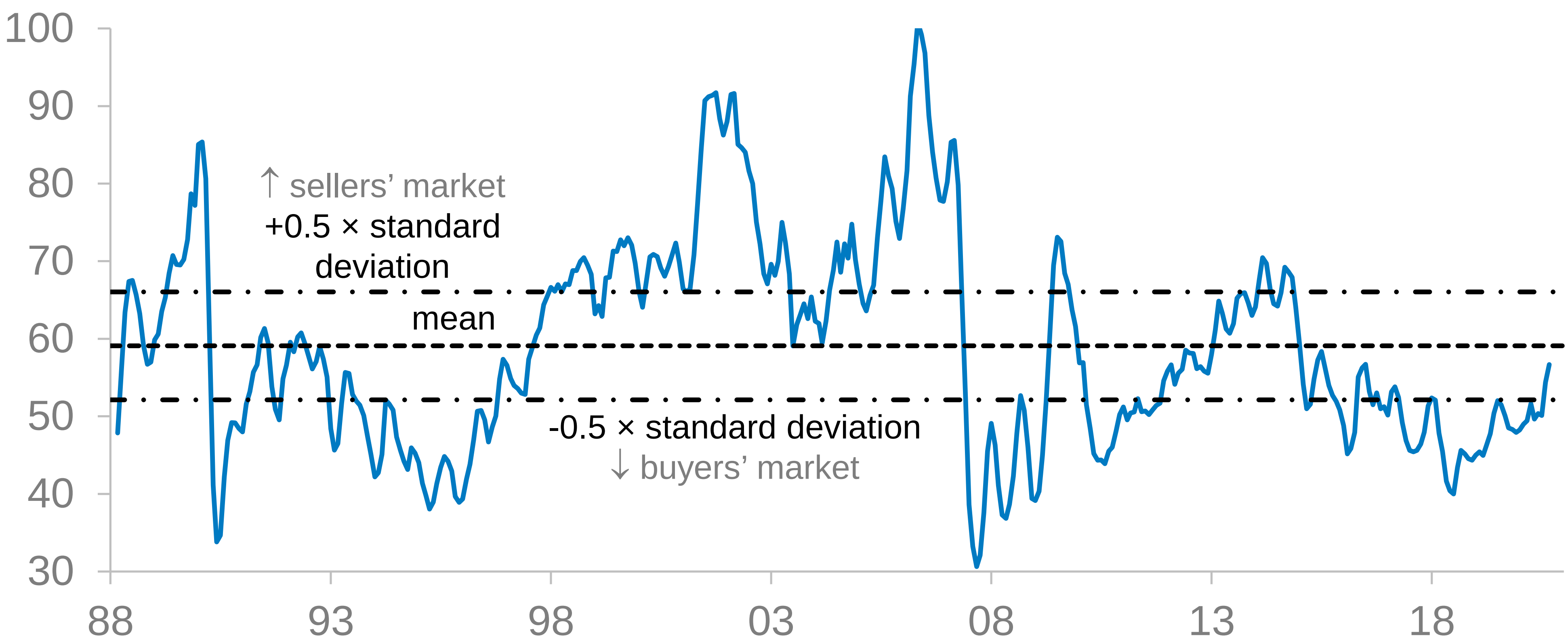
Source: Canadian Real Estate Association

Sales-to-New Listings

Edmonton

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

Existing Home Sales as a % of New Listings



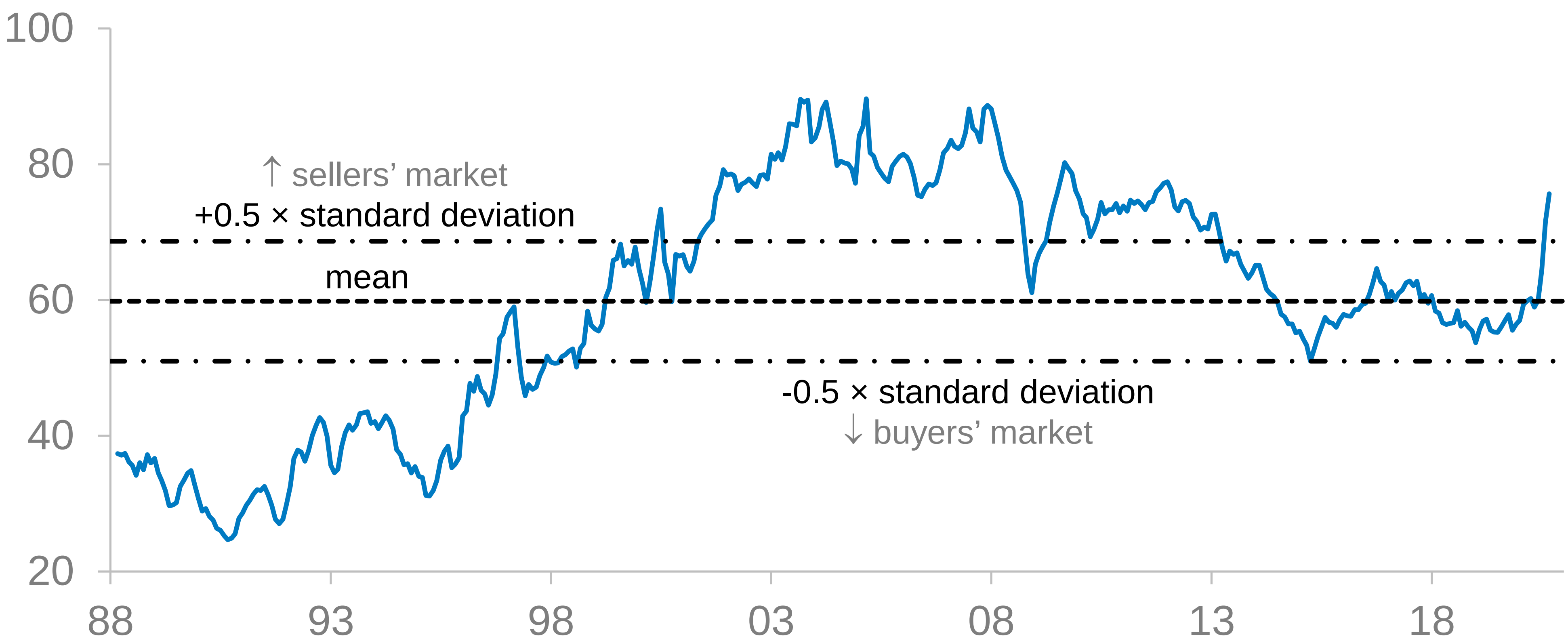
Source: Canadian Real Estate Association

Sales-to-New Listings

Winnipeg

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

Existing Home Sales as a % of New Listings



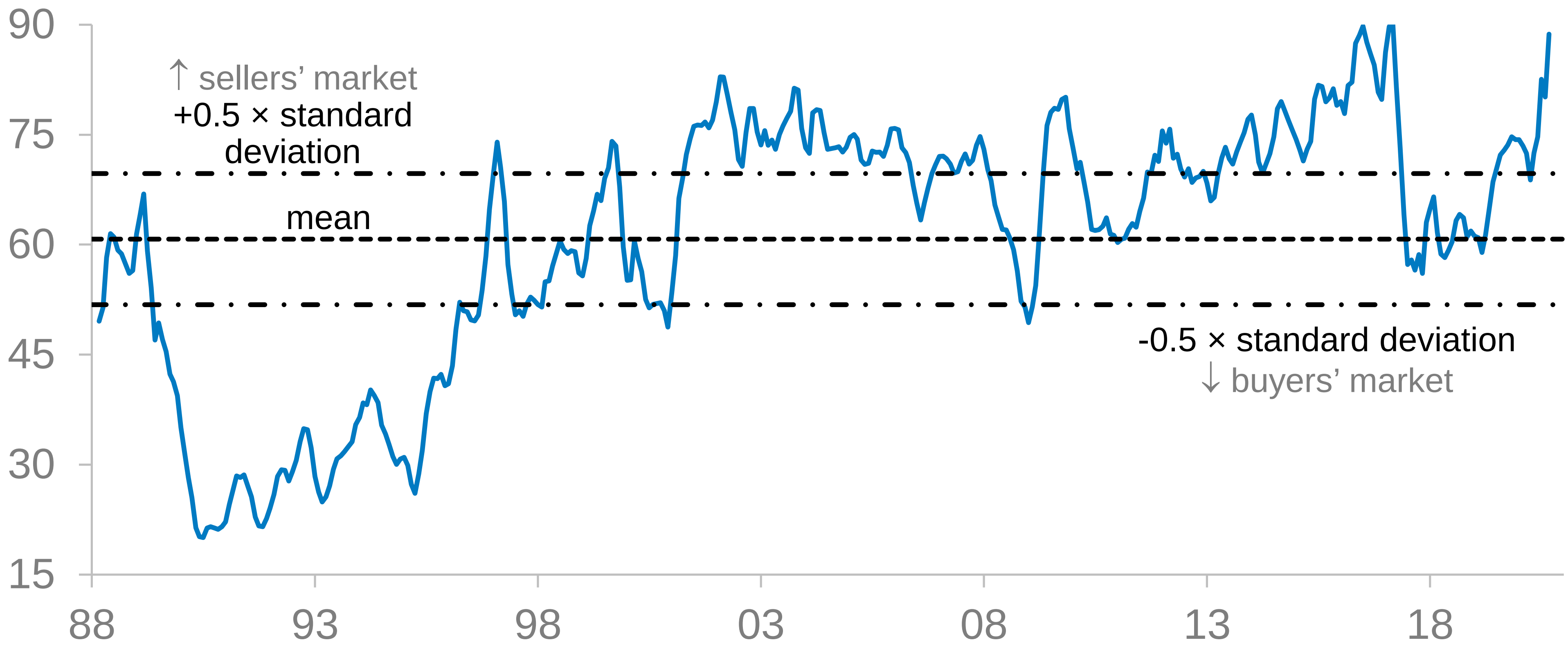
Source: Canadian Real Estate Association

Sales-to-New Listings

Hamilton

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

Existing Home Sales as a % of New Listings

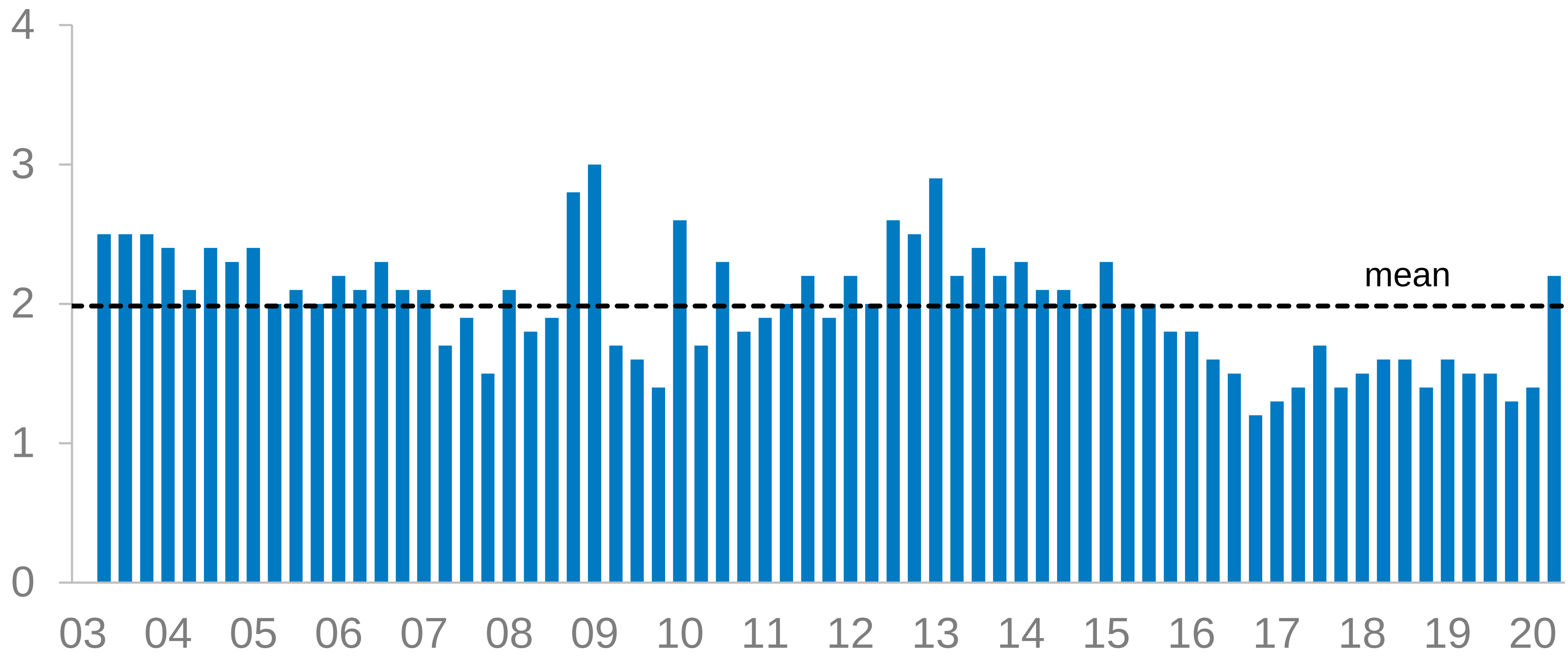
Source: Canadian Real Estate Association

Resale Condominium Quarterly Supply

Toronto

(quarterly : ratio : as of 2020:Q2)

Listed Units as a Share of Sales [1]



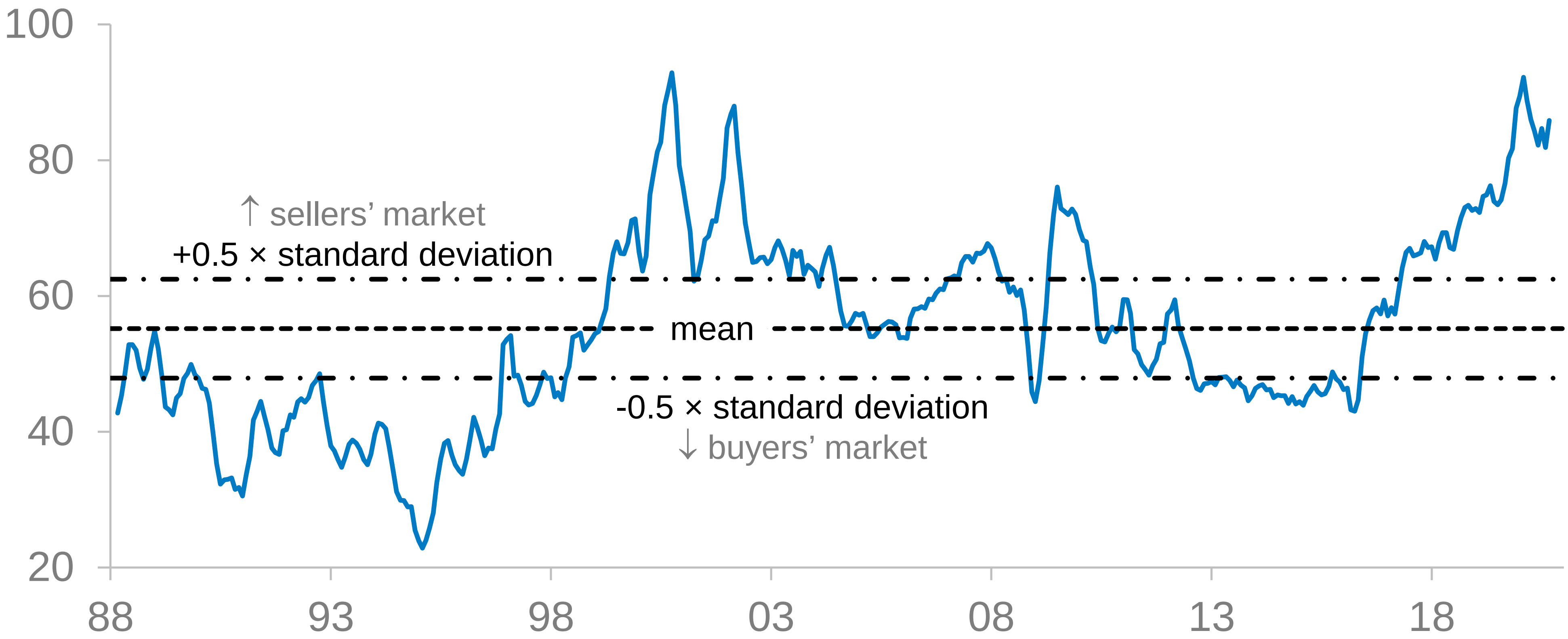
[1] quarters required to sell listed units at current sales rate
Source: Urbanation Inc.

Sales-to-New Listings

Ottawa

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

Existing Home Sales as a % of New Listings



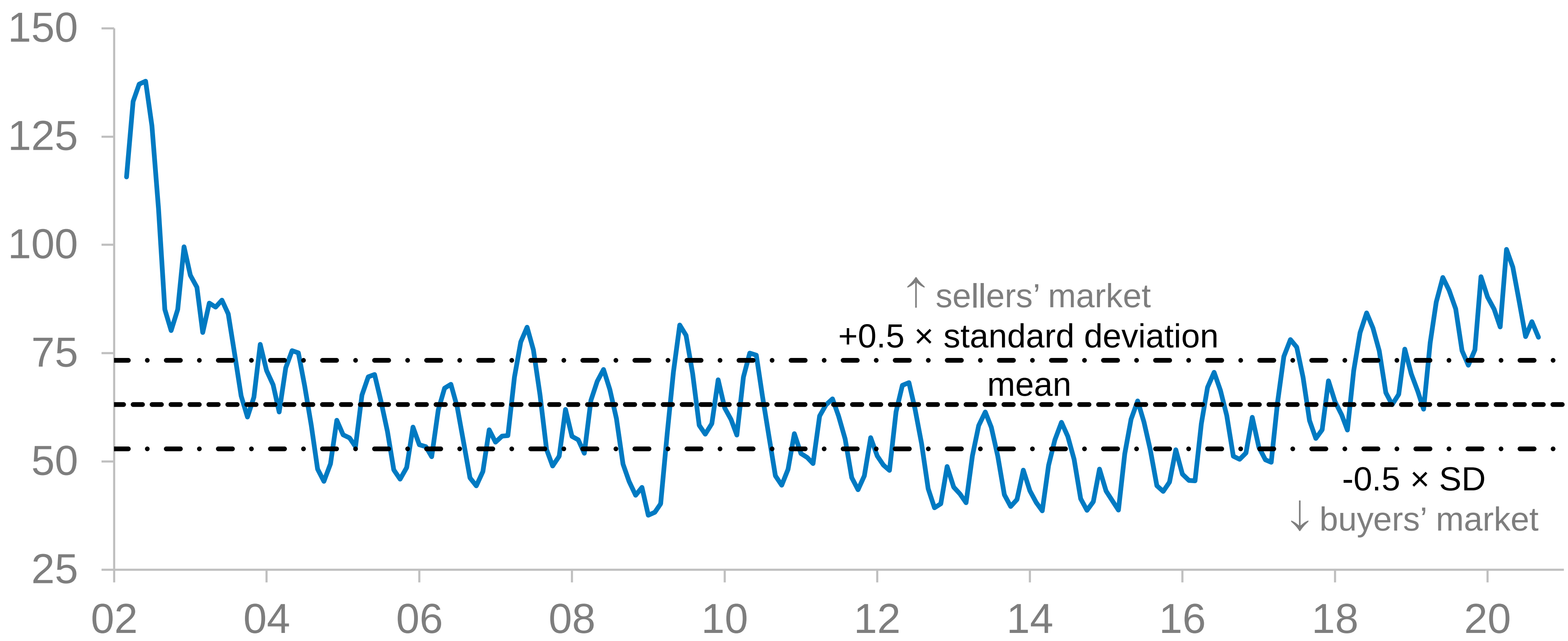
Source: Canadian Real Estate Association

Sales-to-New Listings

Montreal

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

Existing Home Sales as a % of New Listings



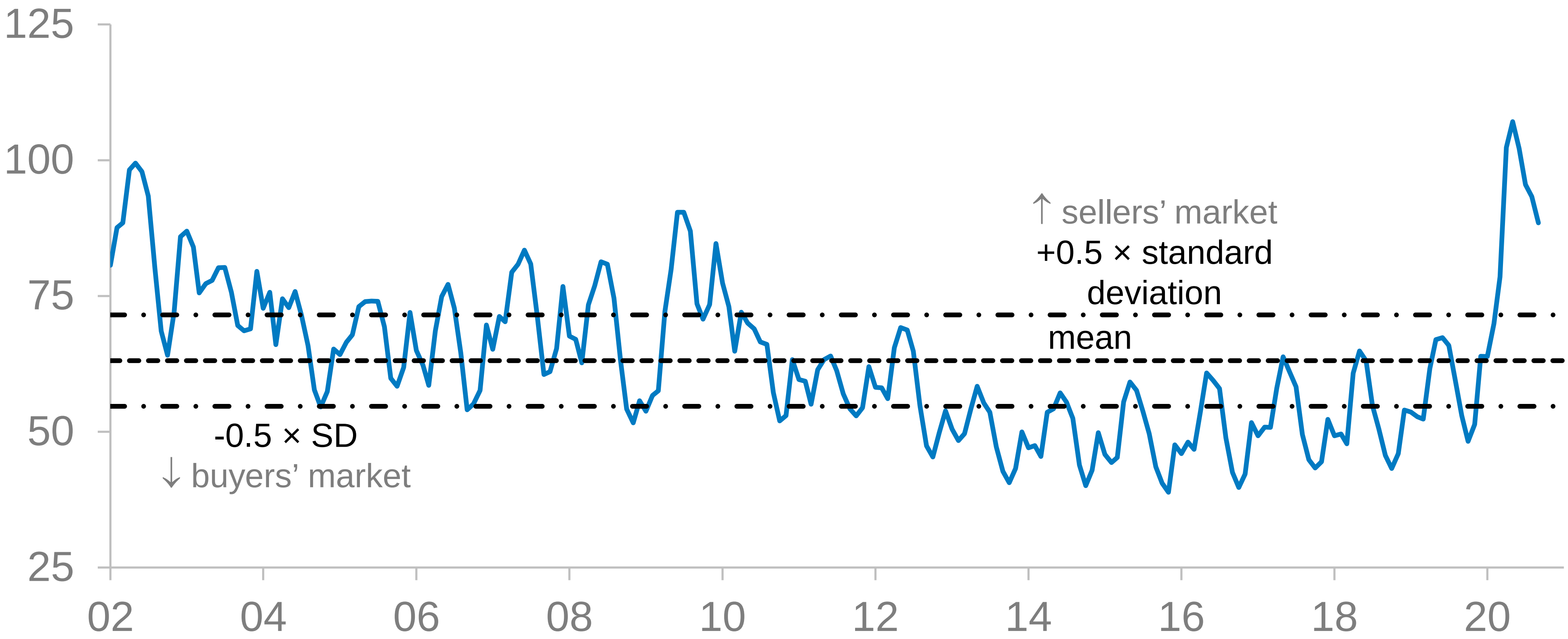
Source: Fédération des chambres immobilières du Québec

Sales-to-New Listings

Quebec City

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

Existing Home Sales as a % of New Listings



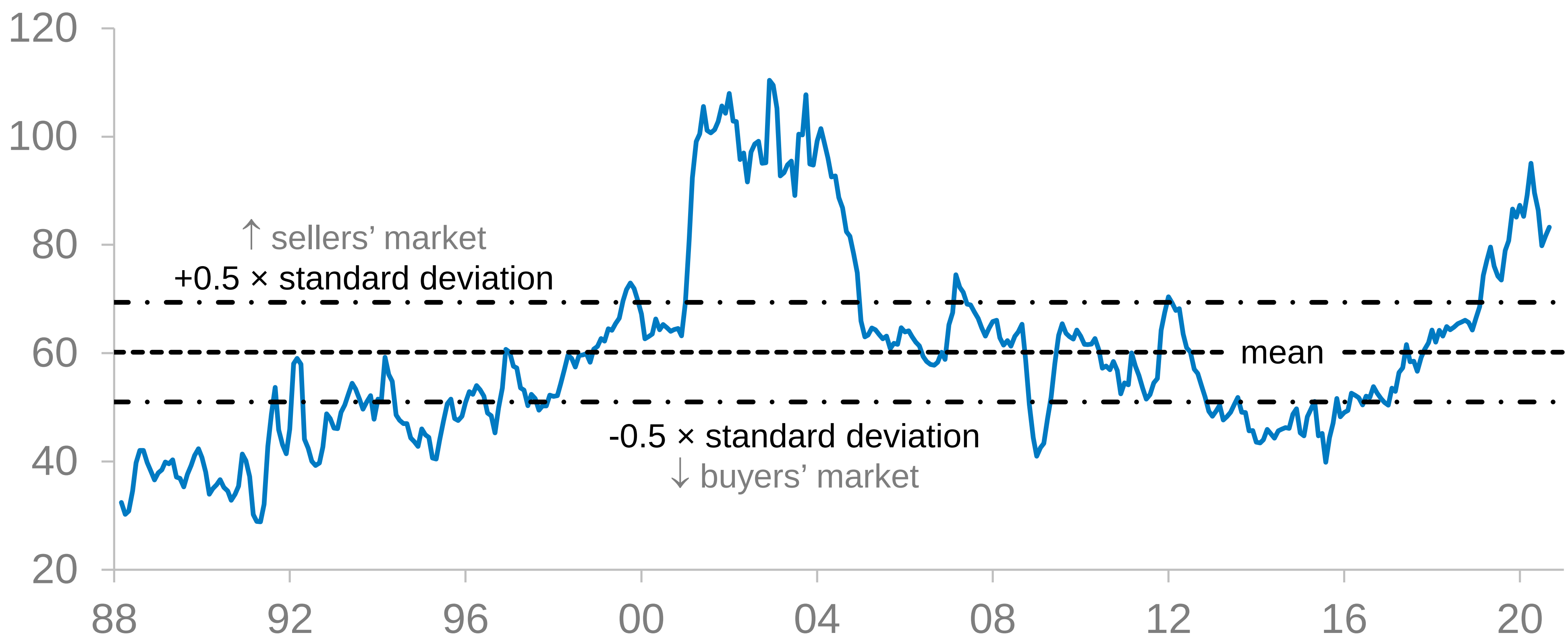
Source: Fédération des chambres immobilières du Québec

Sales-to-New Listings

Halifax

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

Existing Home Sales as a % of New Listings



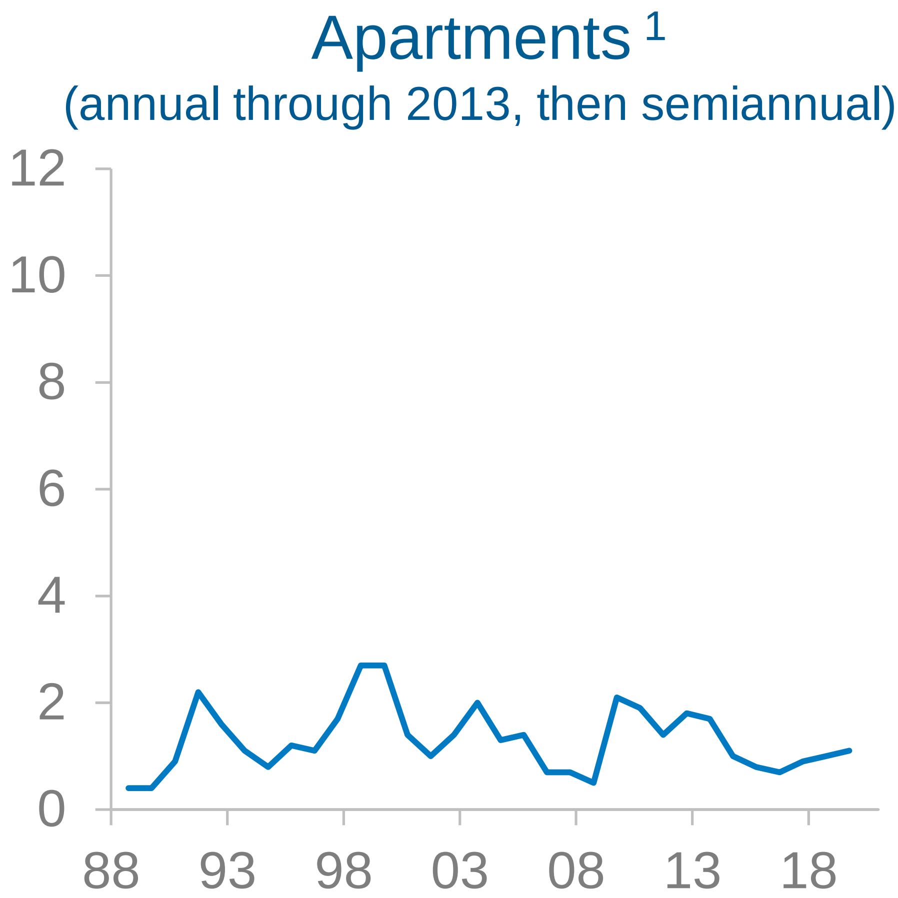
Source: Canadian Real Estate Association

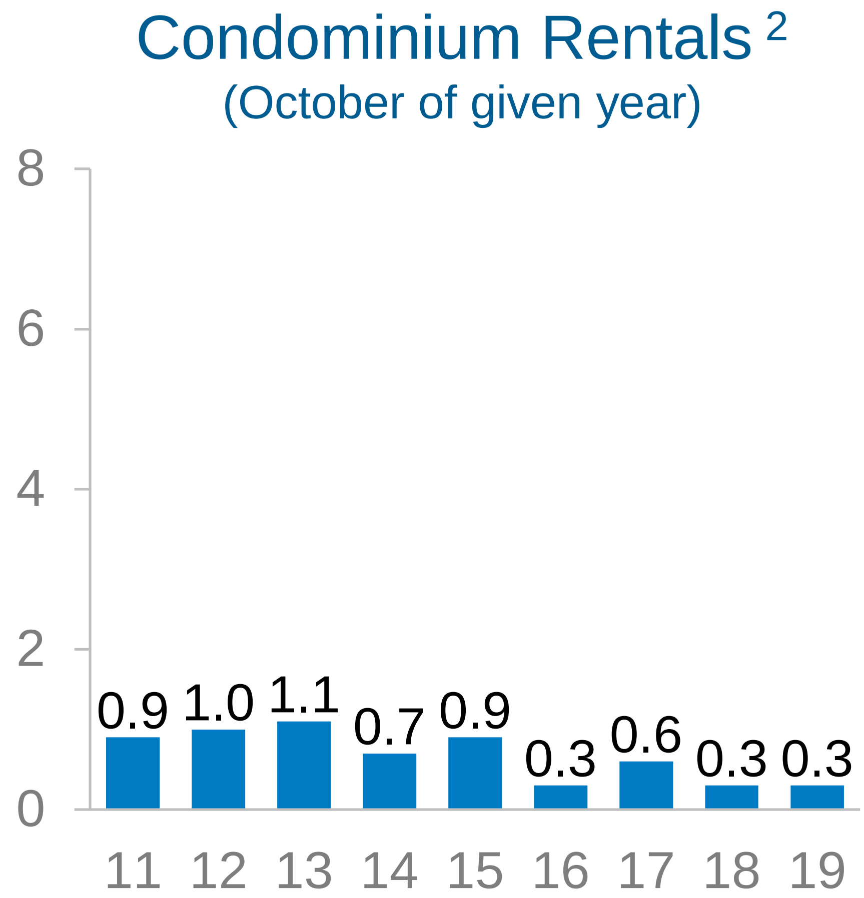
BMO Capital Markets®

Rental Vacancy Rates

Vancouver

(percent)



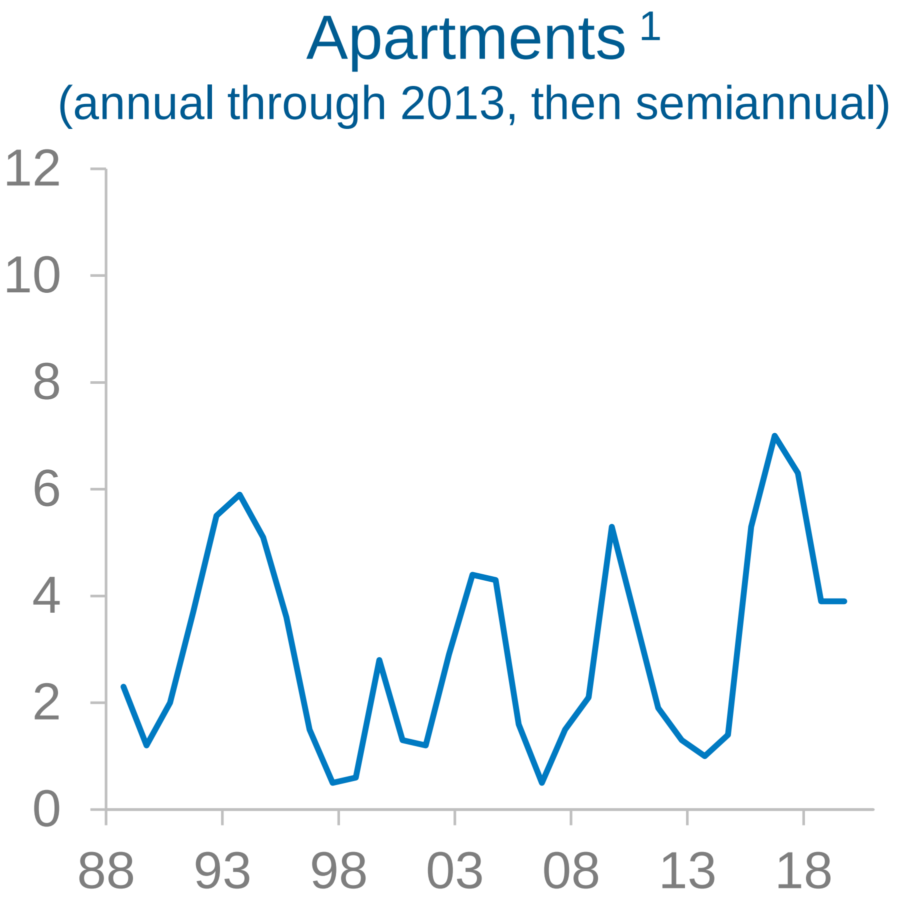


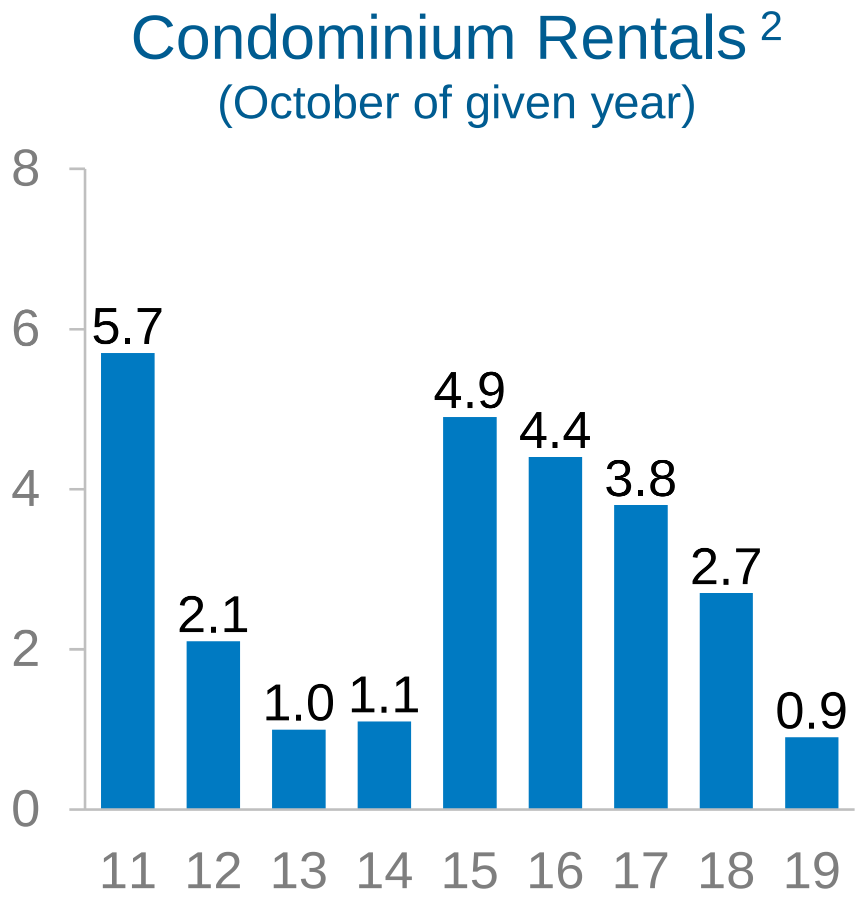
[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates

Calgary

(percent)

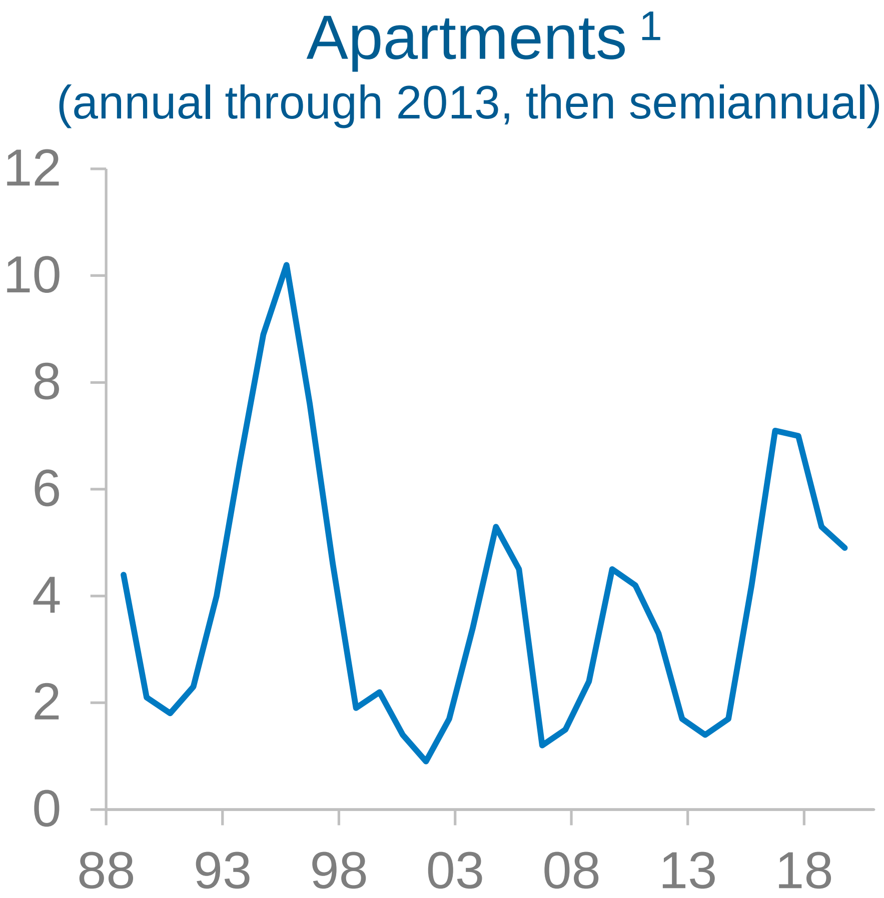


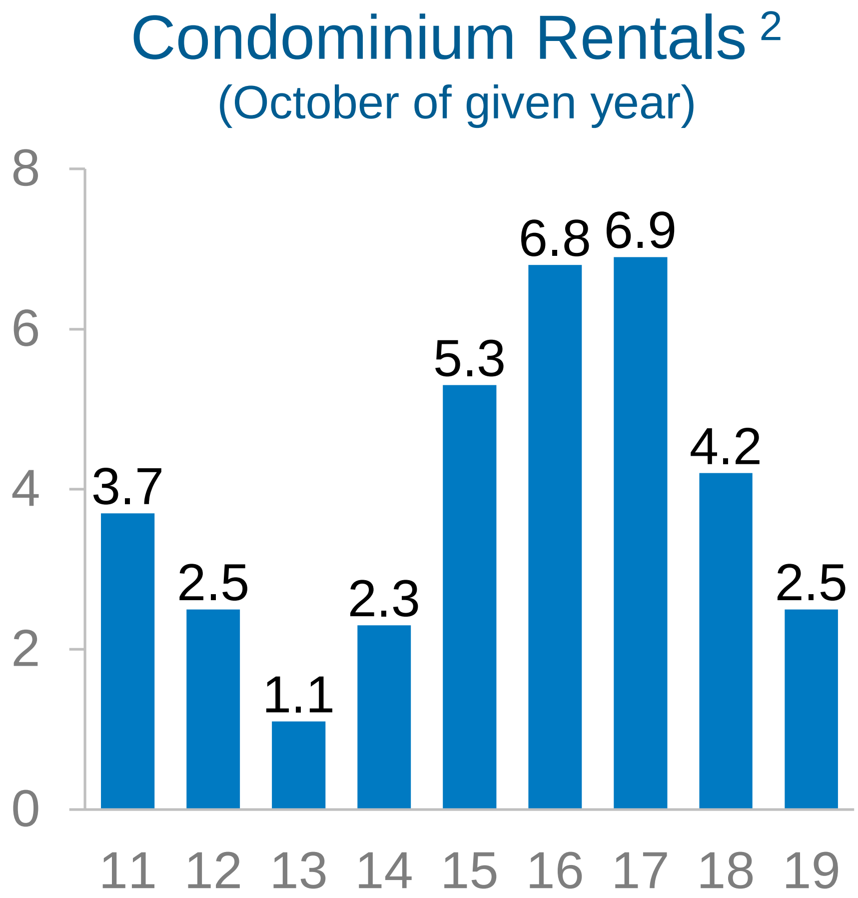


[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates
Edmonton

(percent)



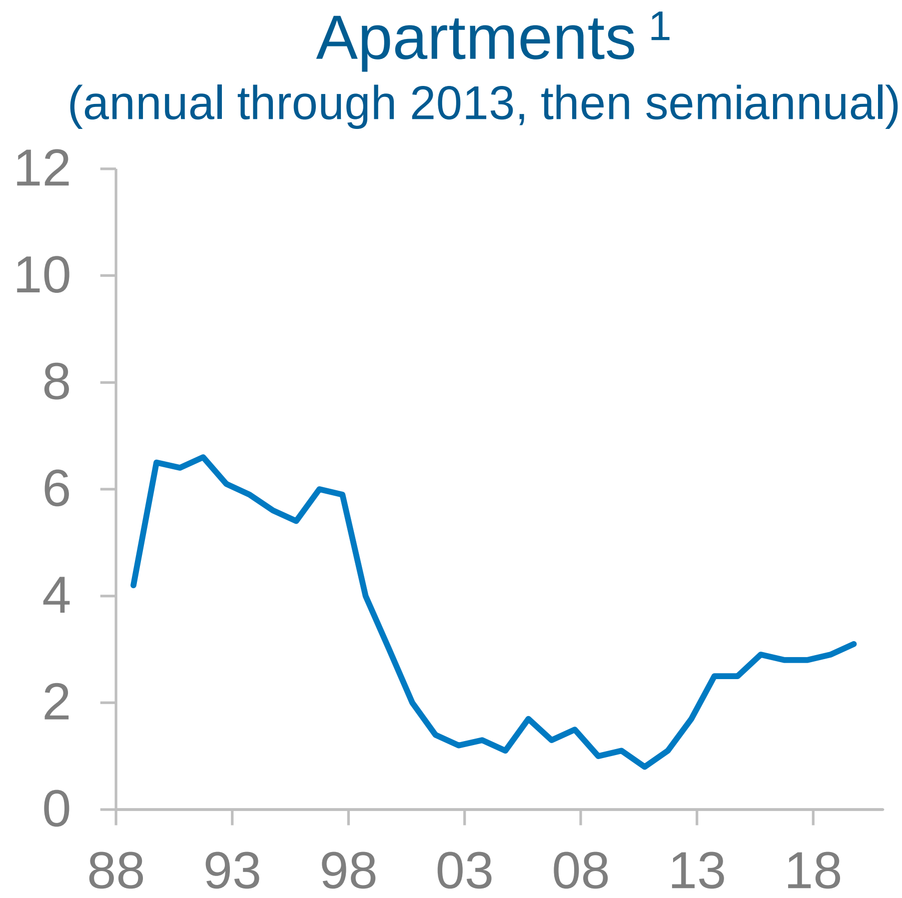


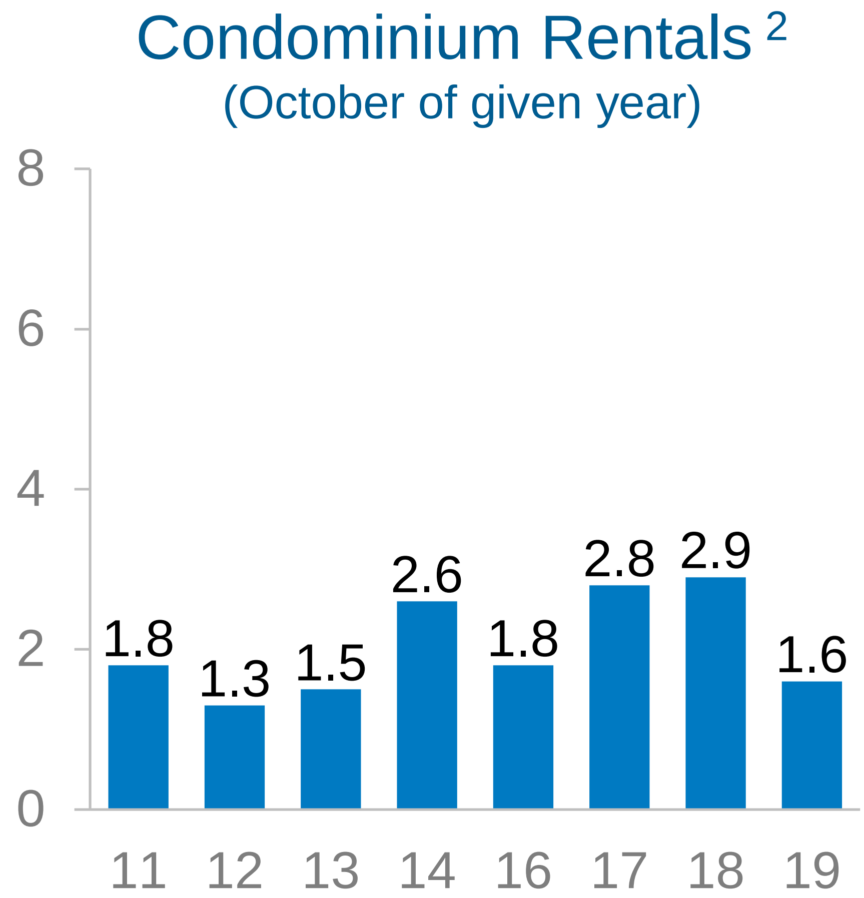
[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates

Winnipeg

(percent)





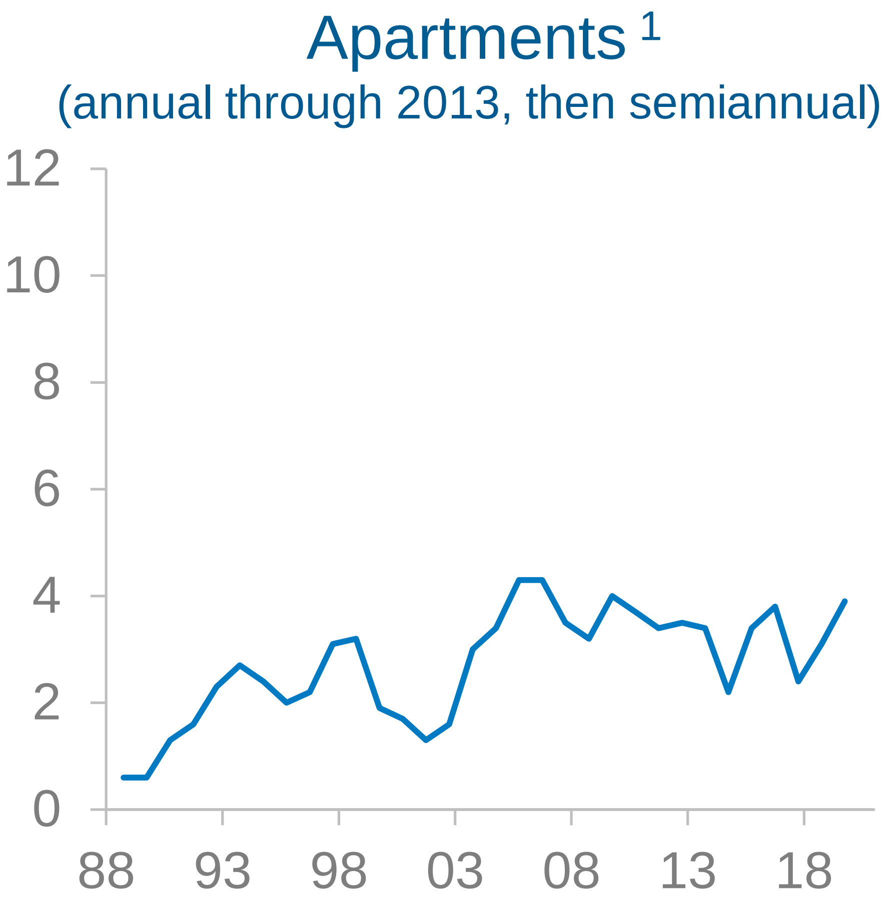
[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

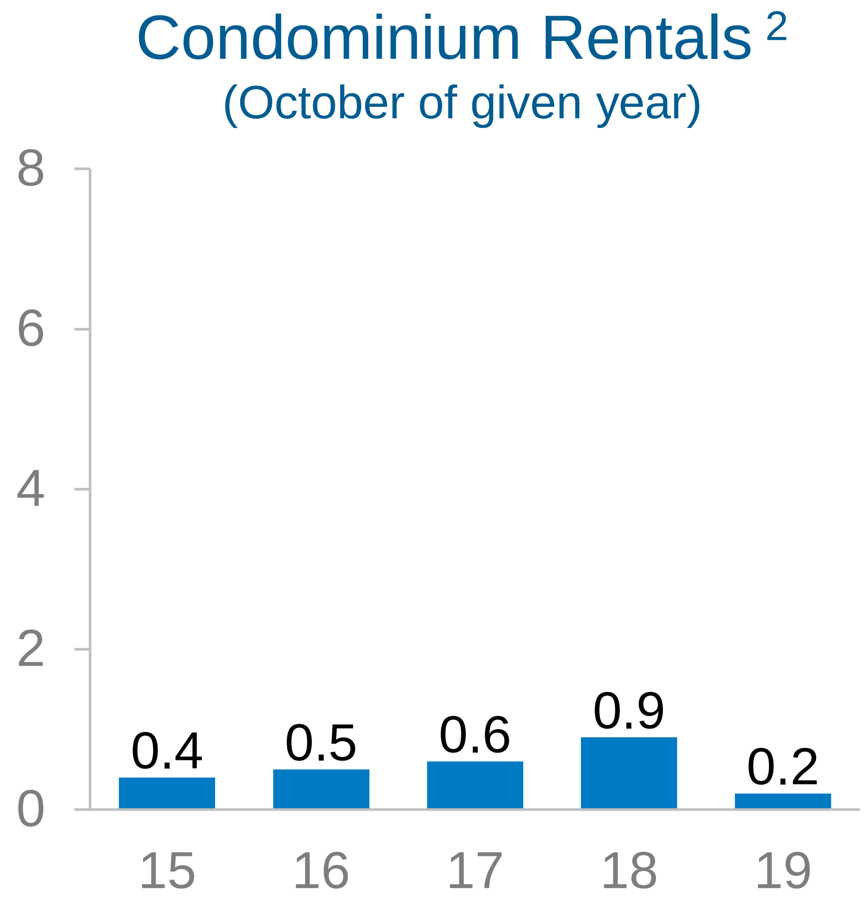
Note: Winnipeg condo rental data for October 2015 is not available.

Rental Vacancy Rates

Hamilton

(percent)





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

Sources: Canada Mortgage and Housing Corporation, Haver Analytics

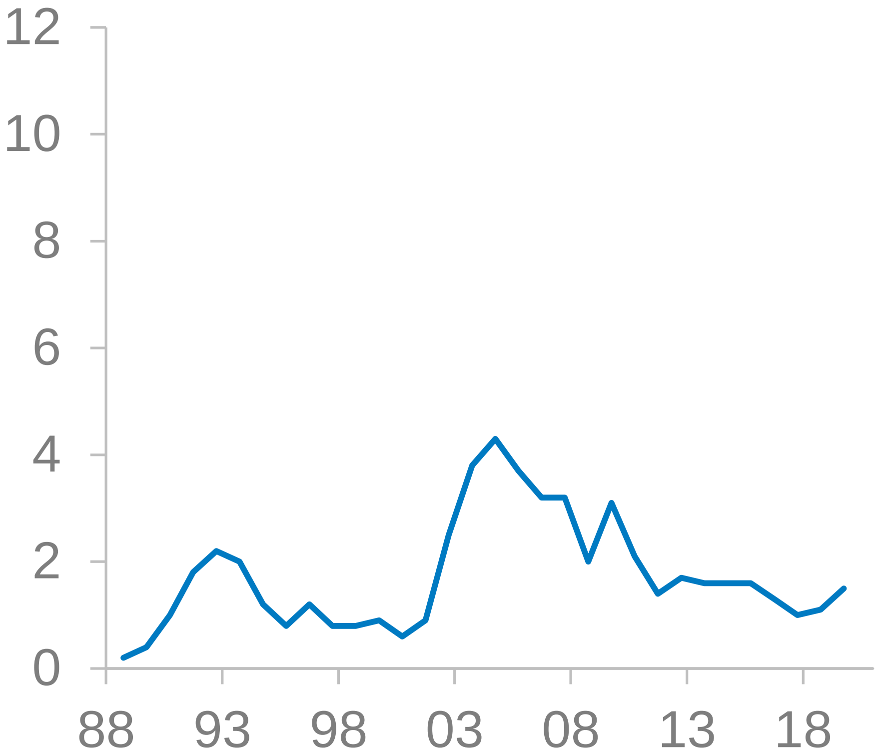
Note: Hamilton condo rental data begins in October 2015.

Toronto

(percent)

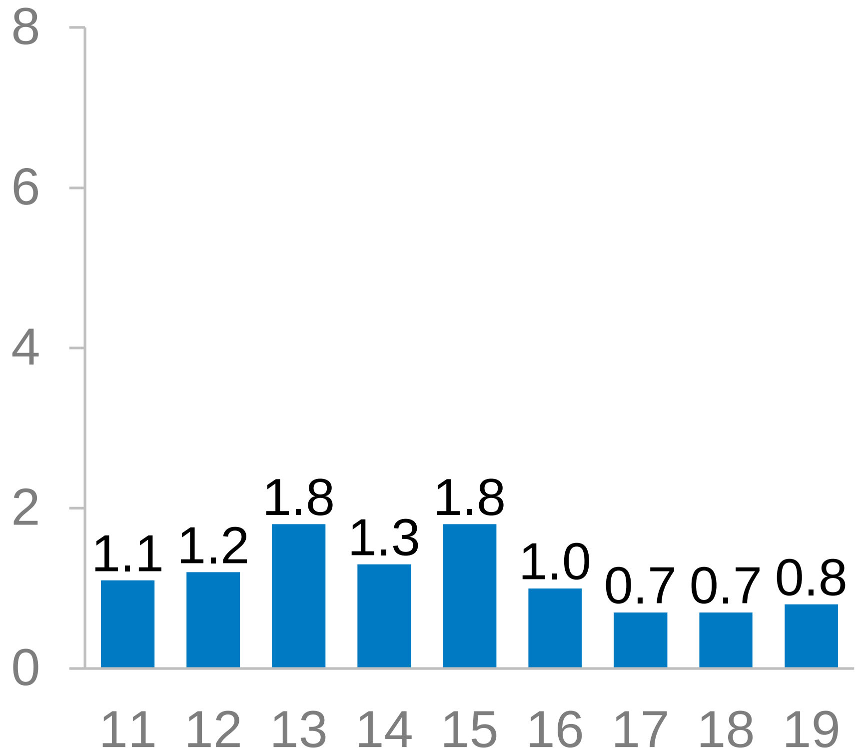
Apartments [1]

(annual through 2013, then semiannual)



Condominium Rentals [2]

(October of given year)



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

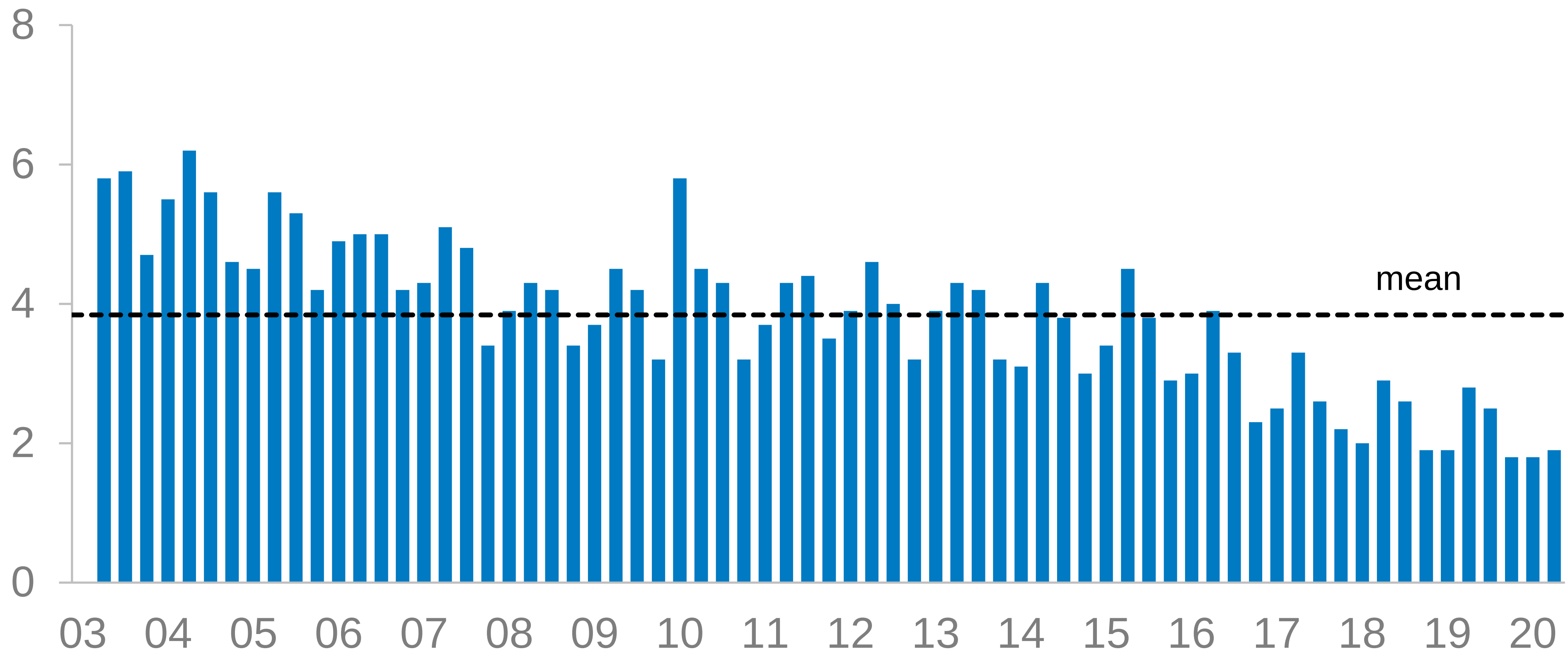
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Resale Condominium Vacancy Rate

Toronto

(quarterly : percent : as of 2020:Q2)

Listed Units as a Share of Total Units



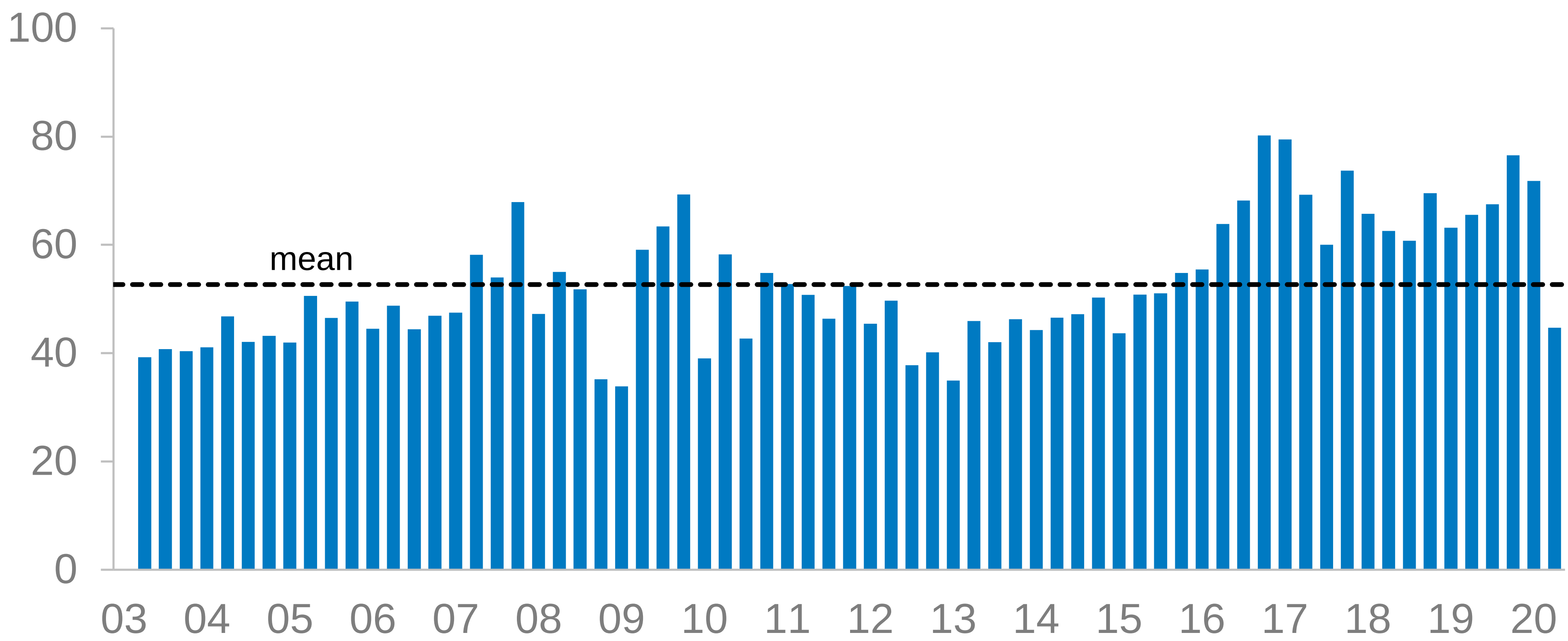
Source: Urbanation Inc.

Resale Condominium Sales-to-Listings Ratio

Toronto

(quarterly : percent : as of 2020:Q2)

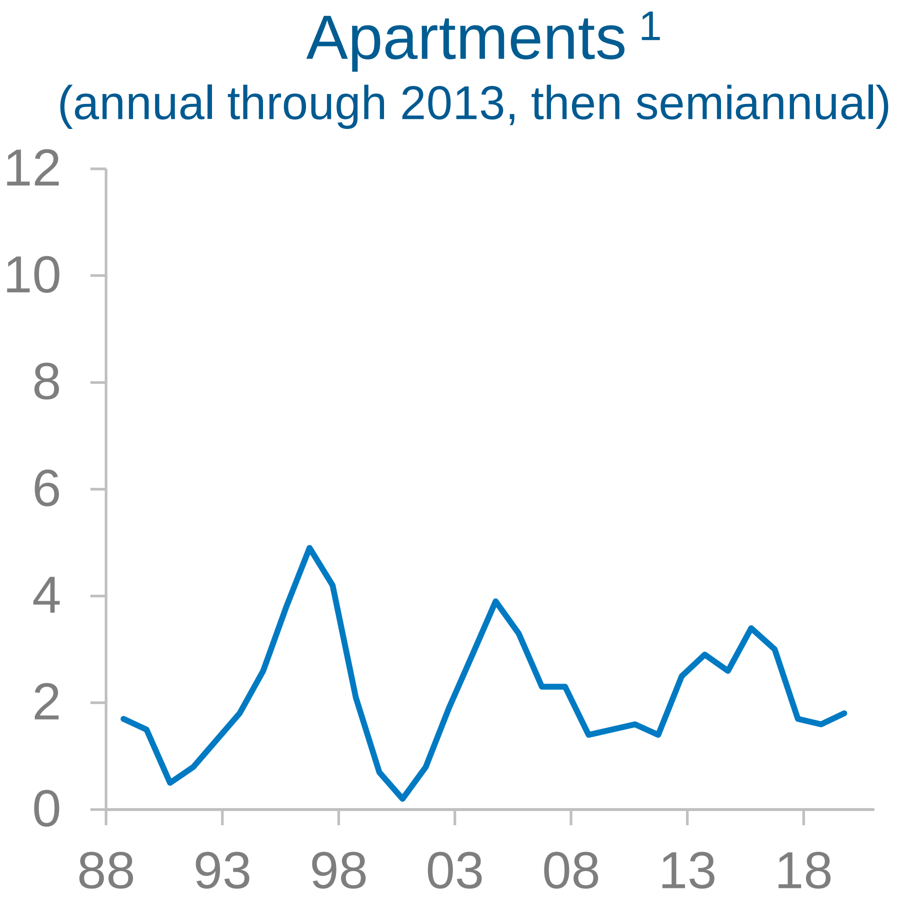
Sales as a Share of Listed Units

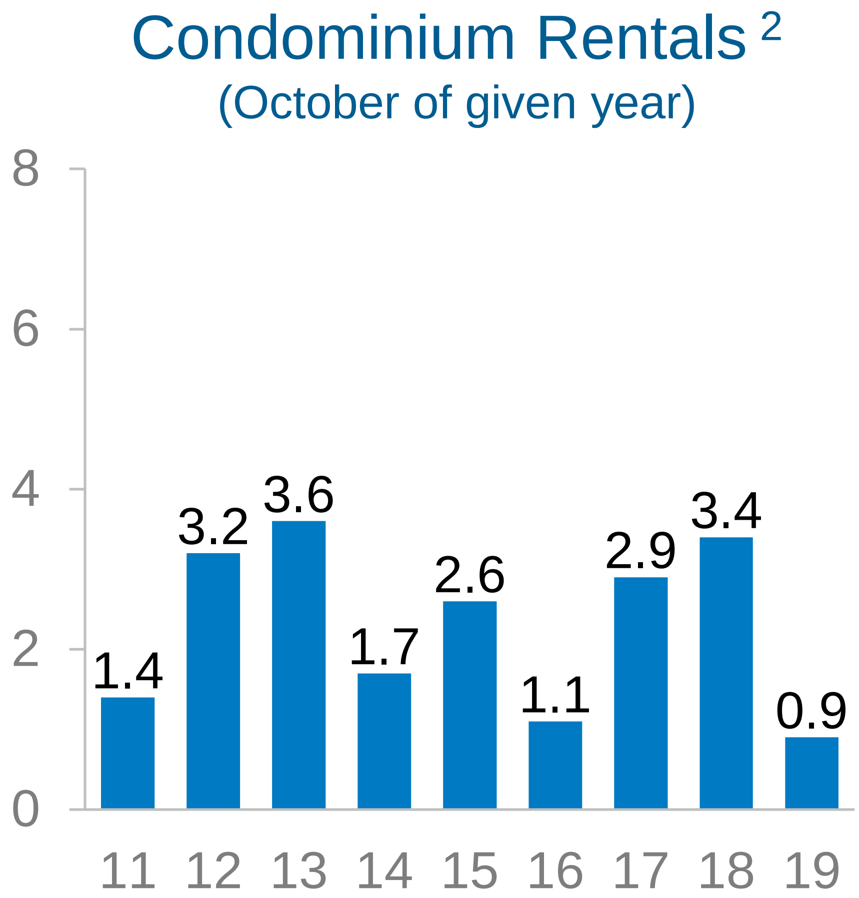


Source: Urbanation Inc.

Rental Vacancy Rates
Ottawa

(percent)

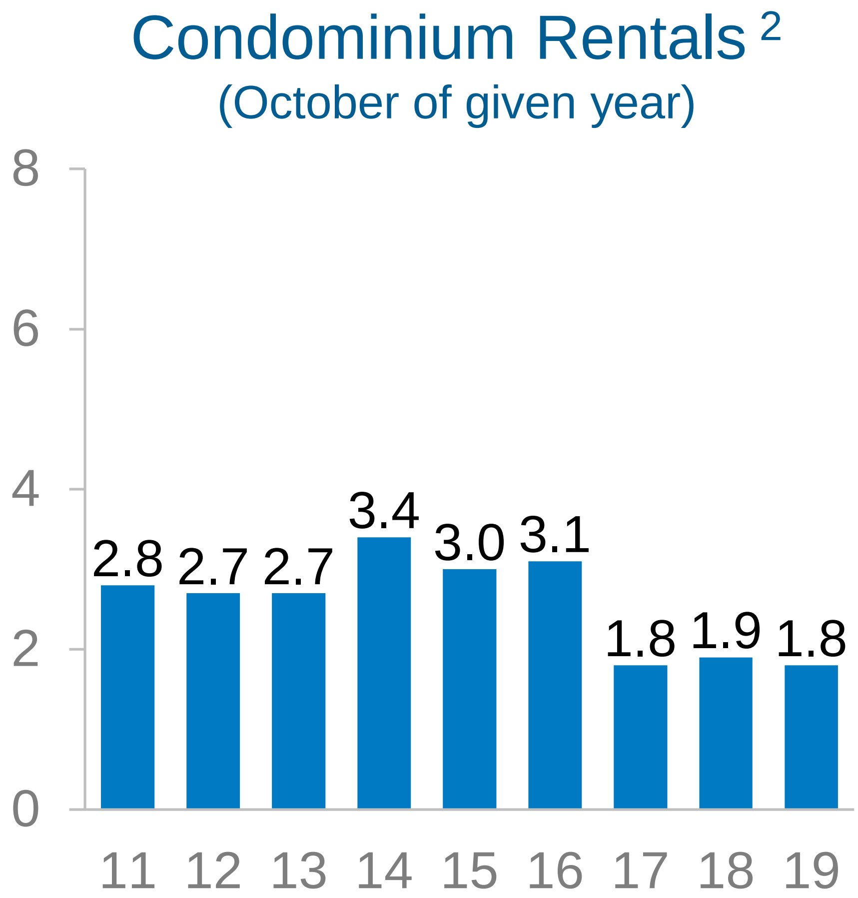




[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates
Montreal

(percent)

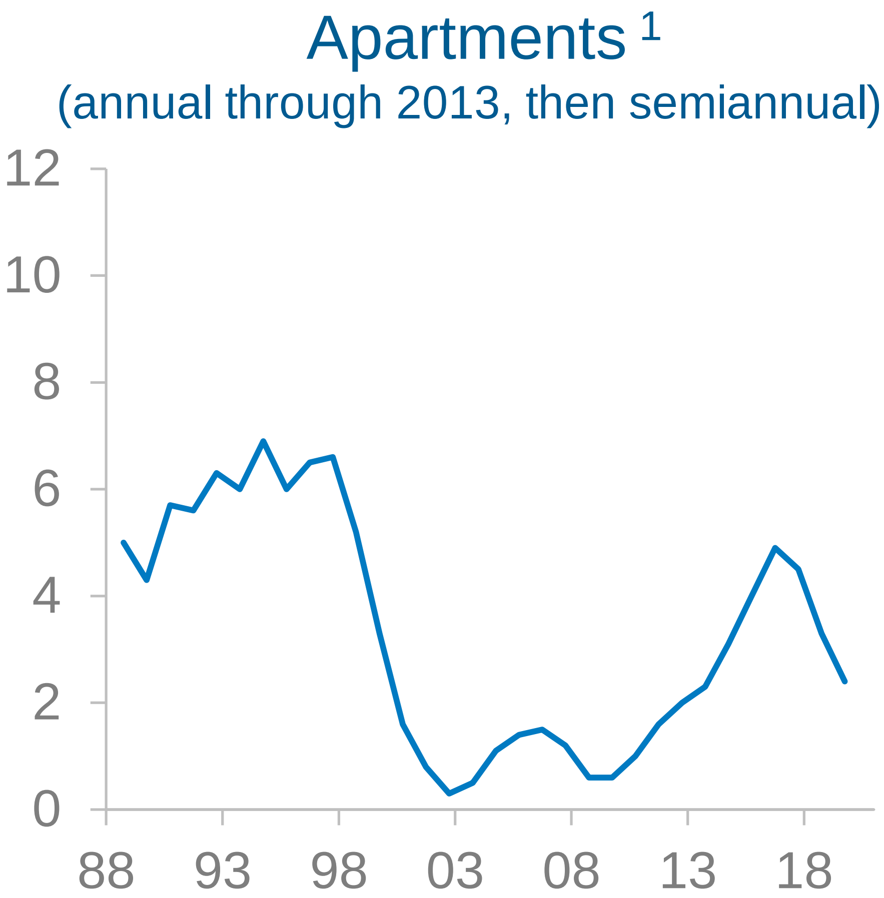


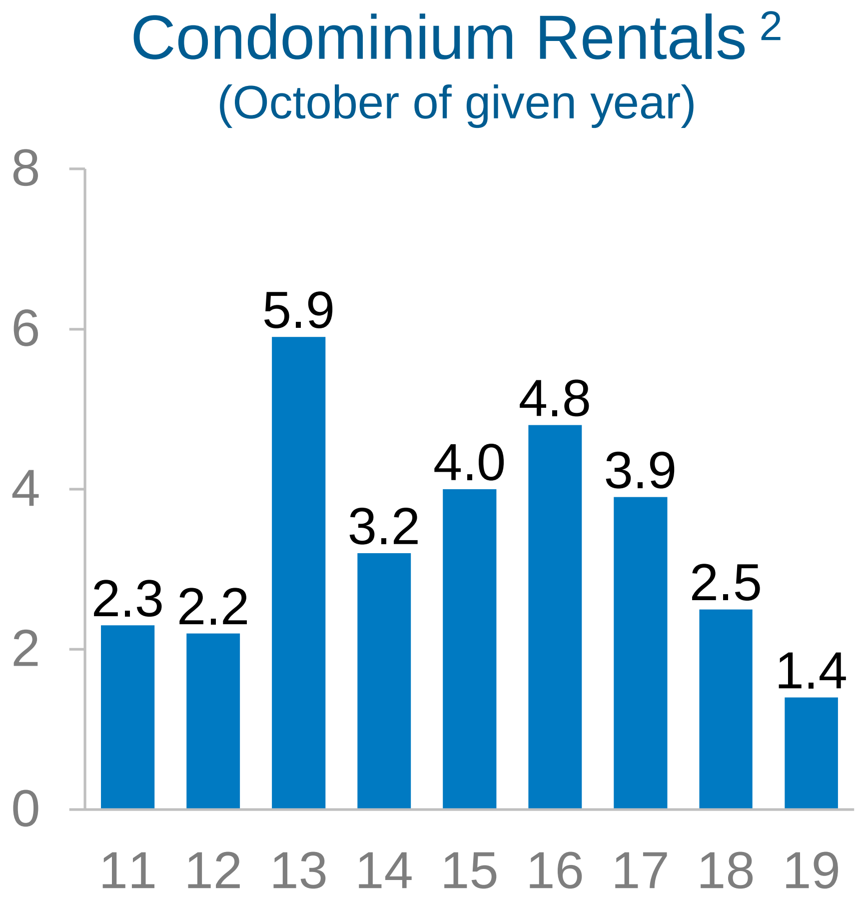
[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Rental Vacancy Rates

Quebec City

(percent)



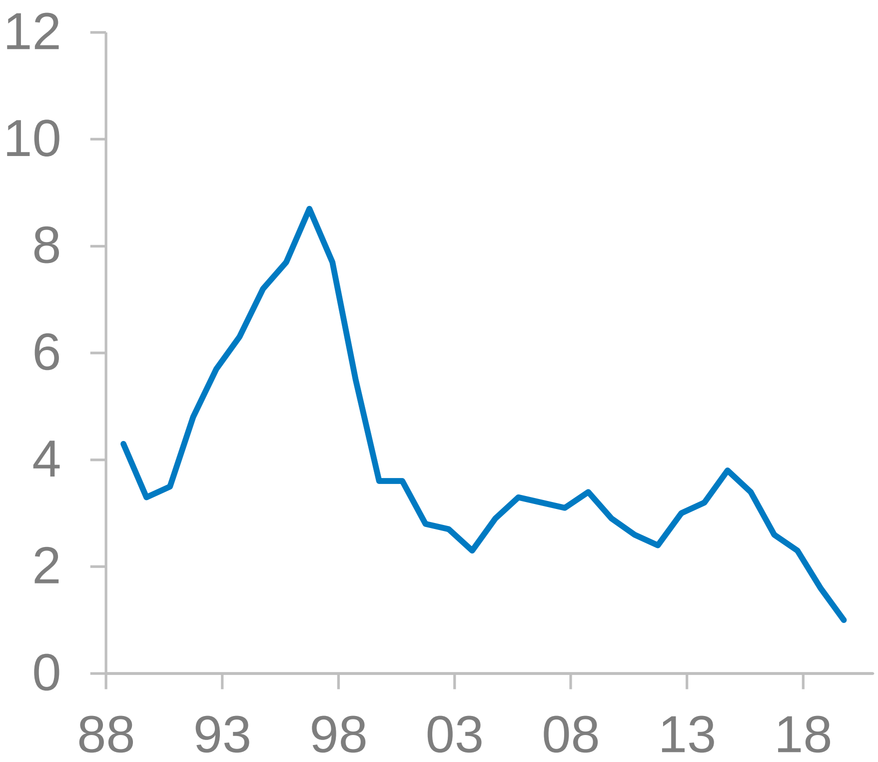


[1] (as of October 2019) [2] (as of October 2019)
Sources: Canada Mortgage and Housing Corporation, Haver Analytics

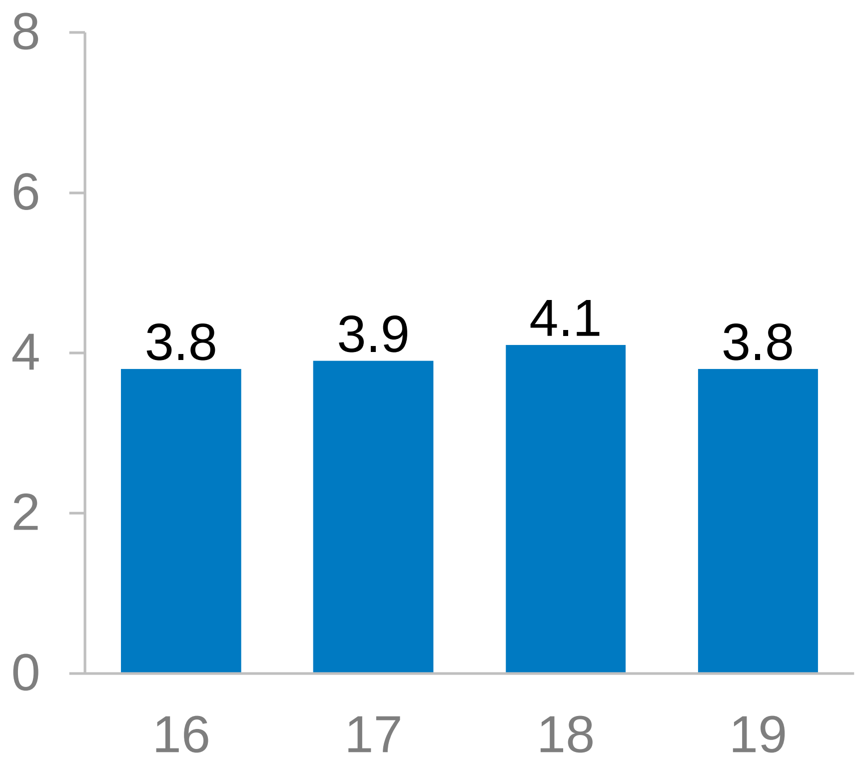
Rental Vacancy Rates
Halifax

(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.

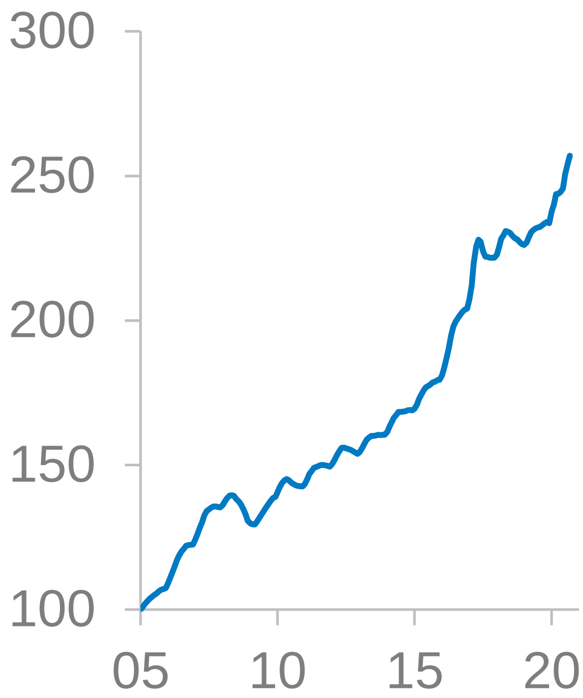
Prices

+ National benchmark price accelerating to 10.3% y/y
– We expect price growth to moderate once pent-up demand is exhausted
+ Ottawa prices up 22.0% y/y…nation's hot-spot
+ Montreal up 15.5%…still hot
+ Niagara Region up 15.7%...teleworkers from GTA
+ Toronto up 11.6%...even faster gains outside GTA
+ Vancouver up 5.8%...gaining strength
+ Edmonton up 0.9%...improving
– Calgary down 0.3% y/y…but up past 3 months

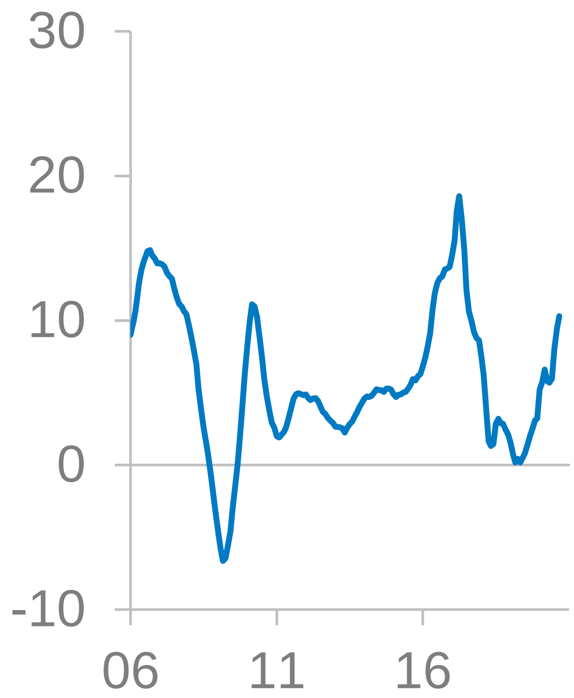
Canada

(monthly)

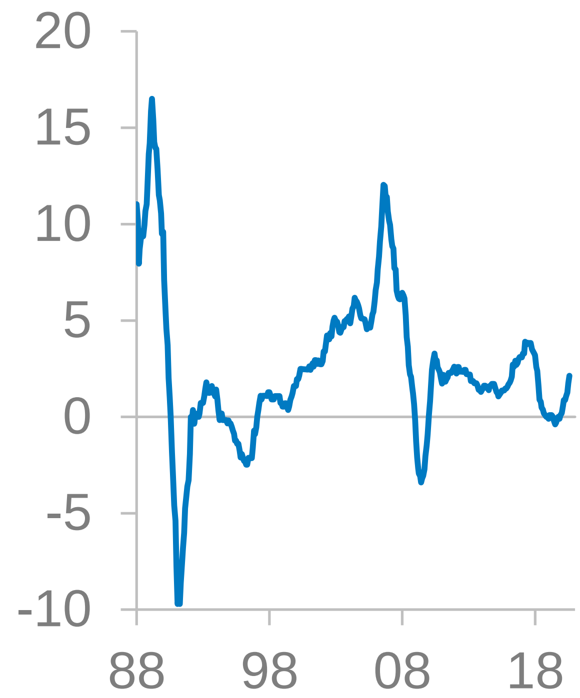
MLS Home Price Index [1] (January 2005 = 100)



MLS Home Price Index [1] (y/y % chng)



New Home Price Index [2] (y/y % chng)

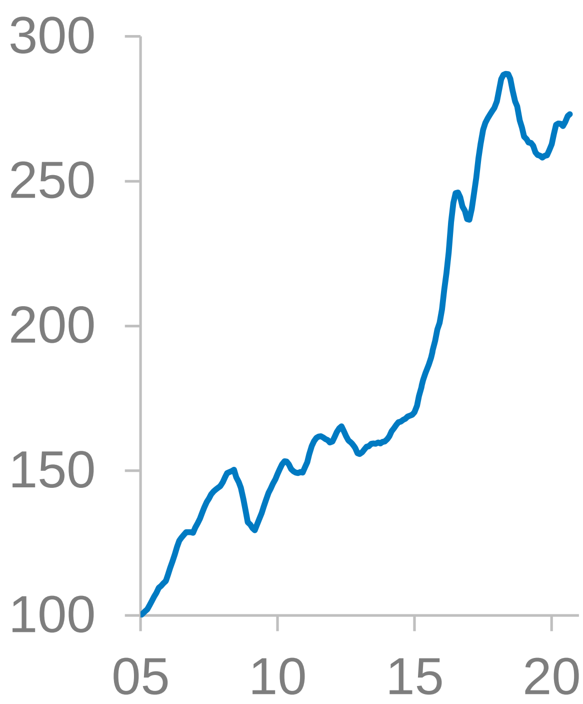


[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

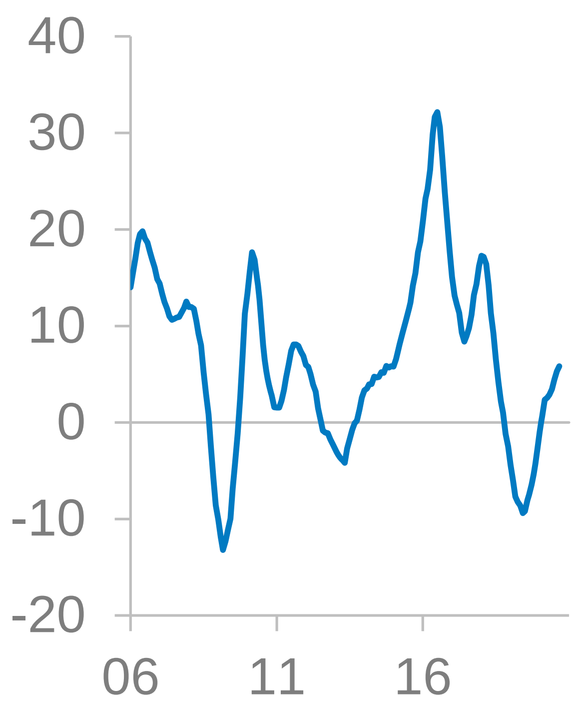
Vancouver

(monthly)

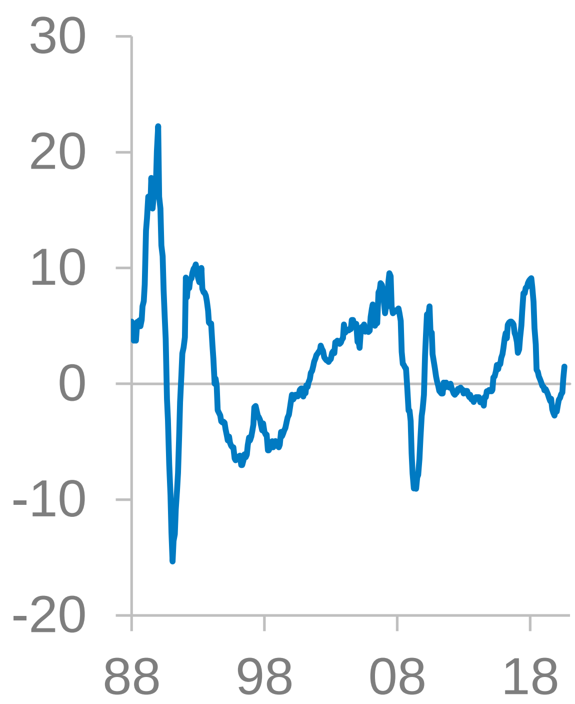
MLS Home Price Index [1] (January 2005 = 100)



MLS Home Price Index [1] (y/y % chng)



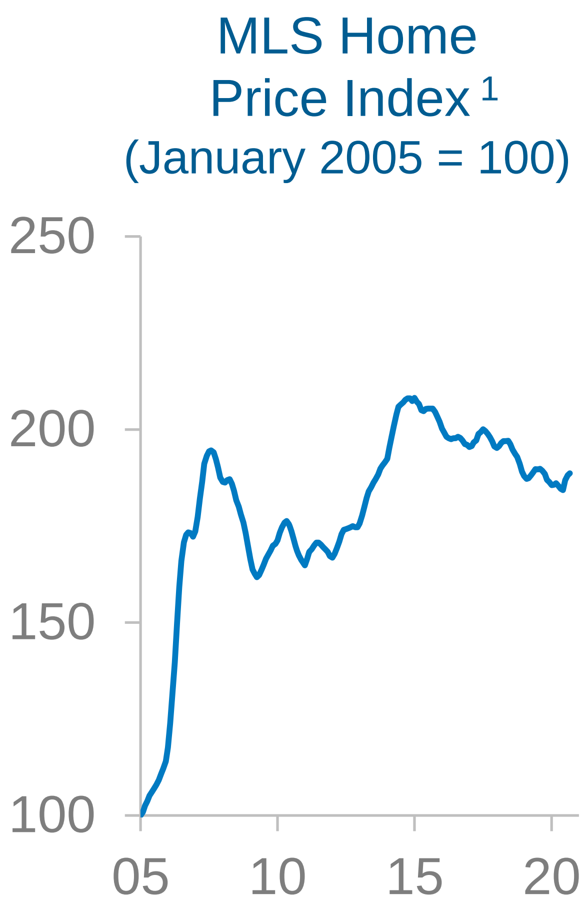
New Home Price Index [2] (y/y % chng)

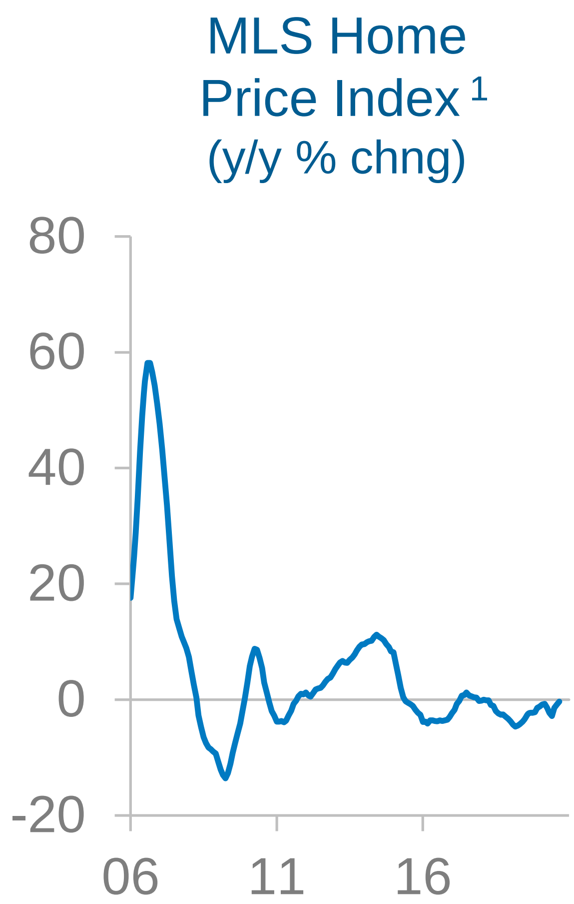


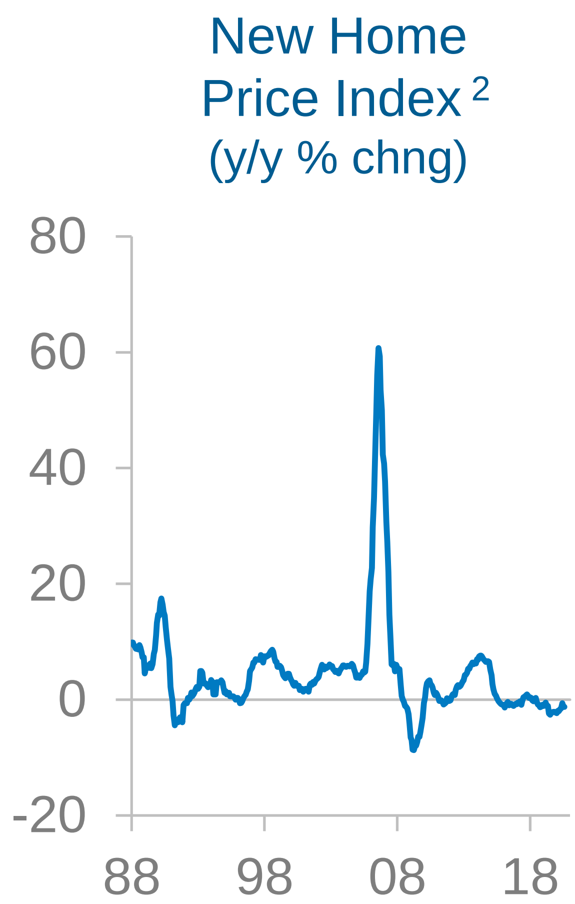
[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Calgary

(monthly)





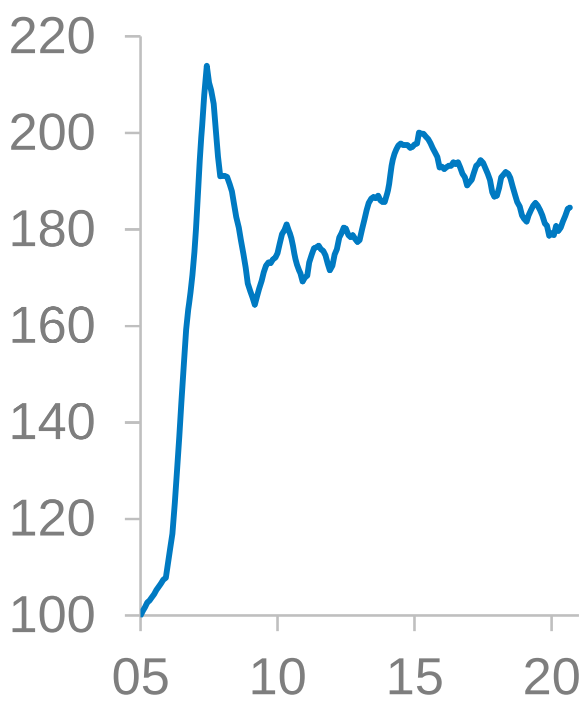


[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

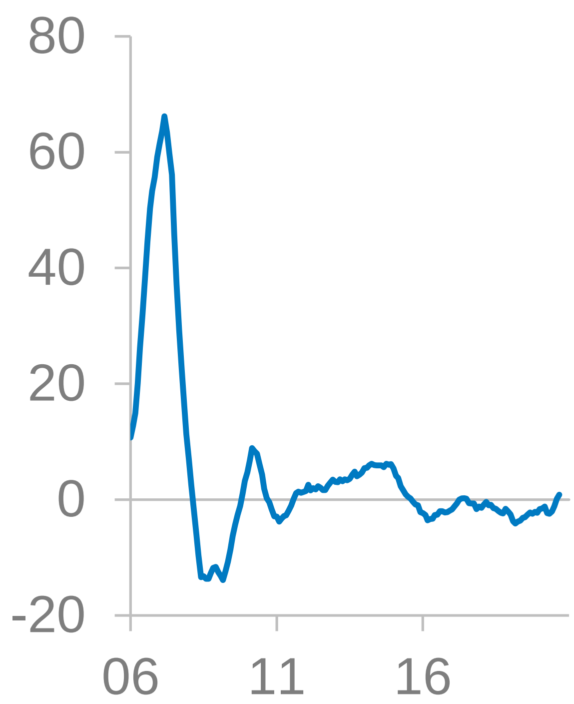
Edmonton

(monthly)

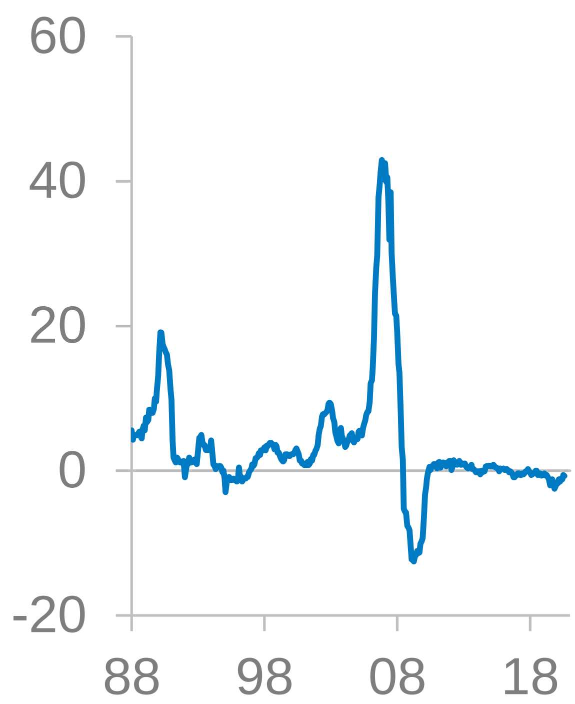
MLS Home Price Index[1] (June 2005 = 100)



MLS Home Price Index[1] (y/y % chng)



New Home Price Index[2] (y/y % chng)



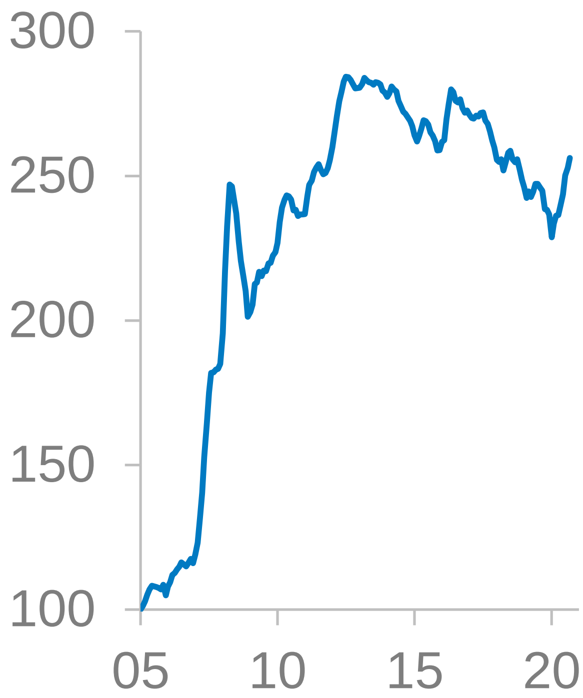
[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

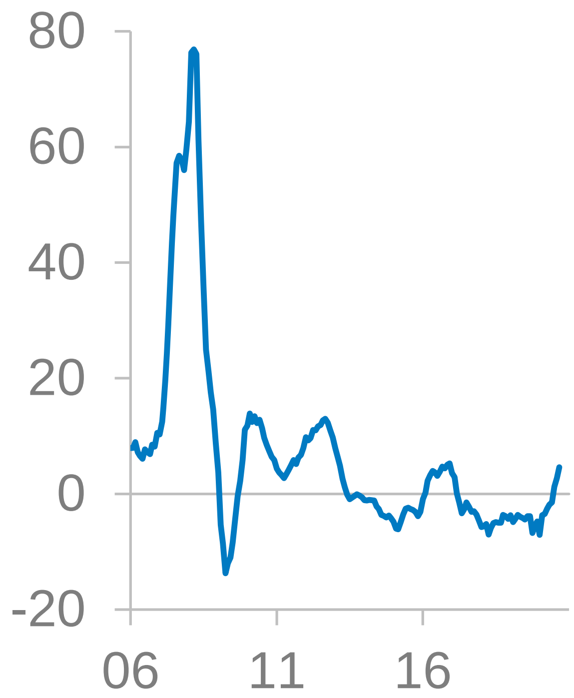
Regina

(monthly)

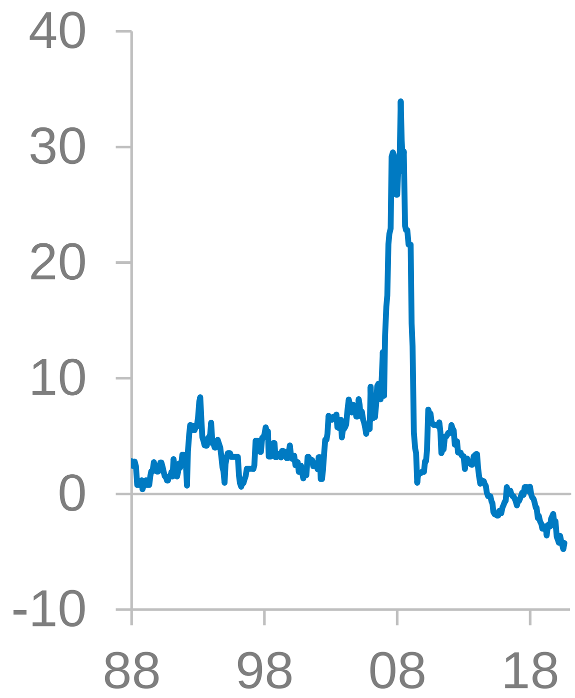
MLS Home
Price Index [1]
(January 2005 = 100)



MLS Home
Price Index [1]
(y/y % chng)



New Home
Price Index [2]
(y/y % chng)



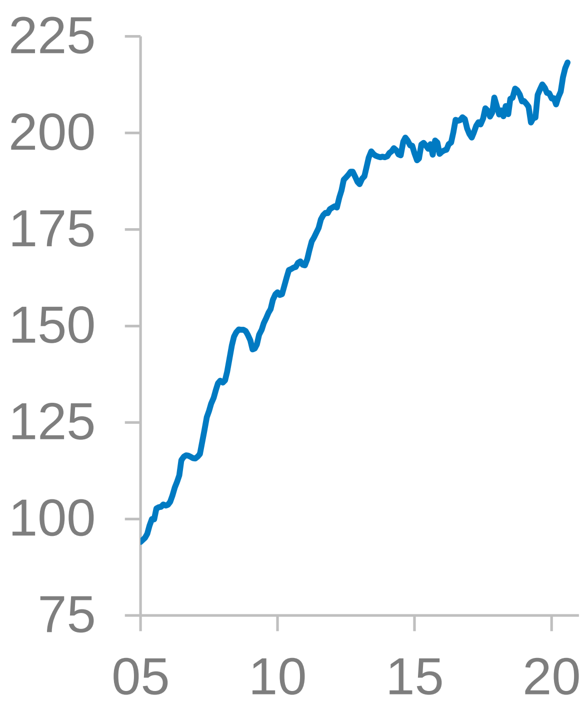
[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

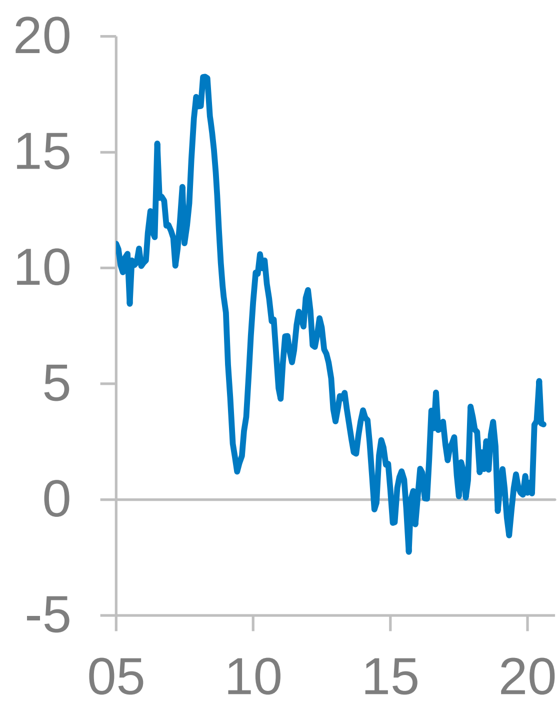
Winnipeg

(monthly)

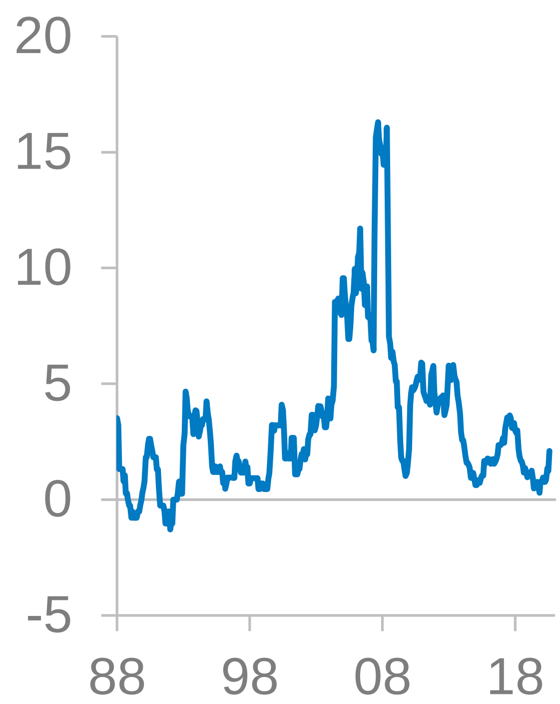
Teranet Home Price Index [1] (June 2005 = 100)



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



New Home Price Index [2] (y/y % chng)



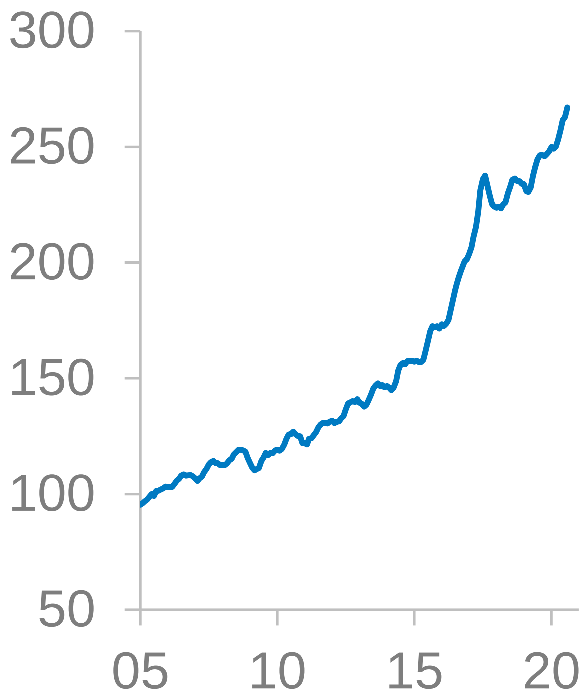
[1] (as of August 2020) [2] (as of August 2020)
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

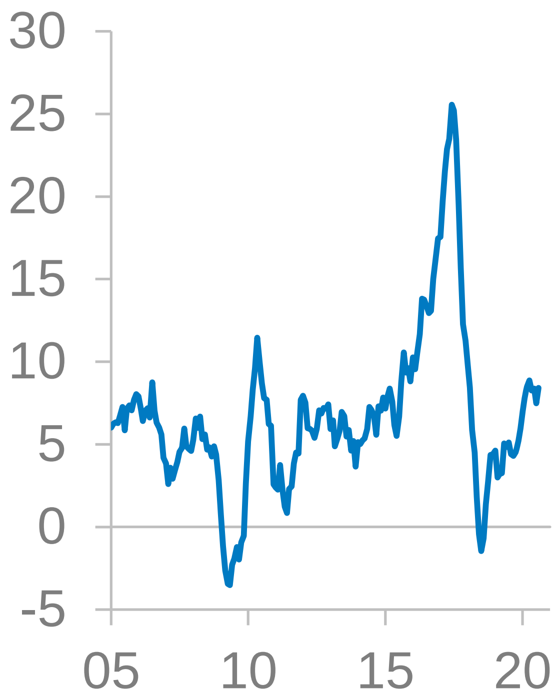
Hamilton

(monthly)

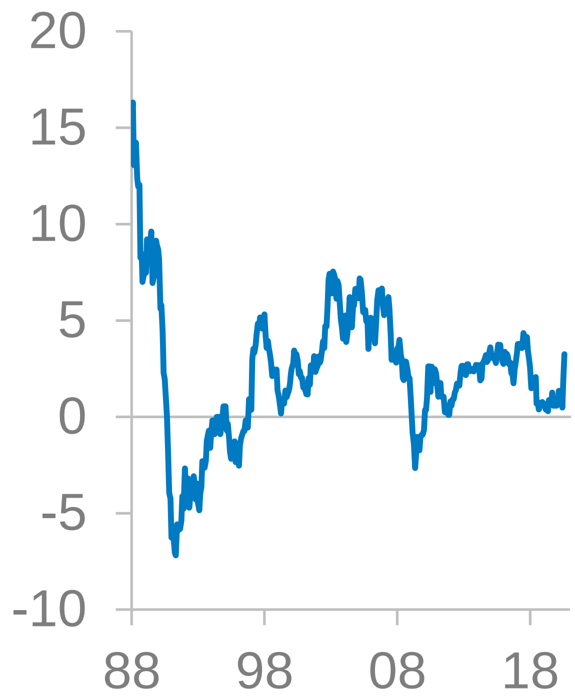
Teranet Home Price Index [1] (June 2005 = 100)



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



New Home Price Index [2] (y/y % chng)

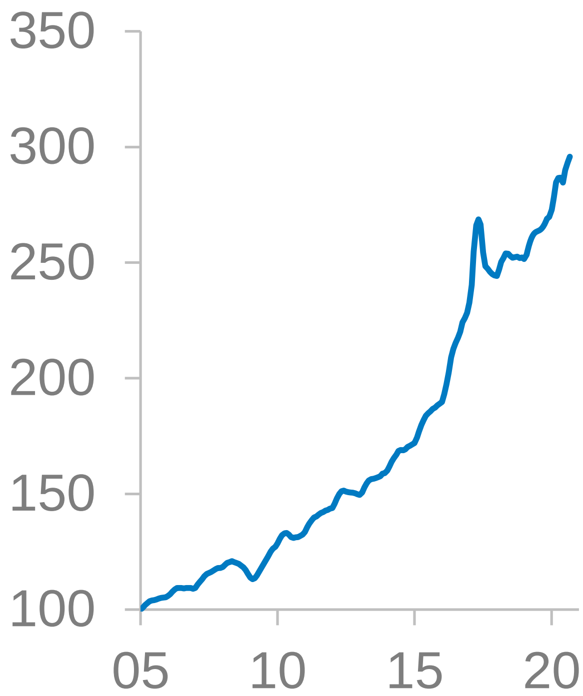


[1] (as of August 2020) [2] (as of August 2020)
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

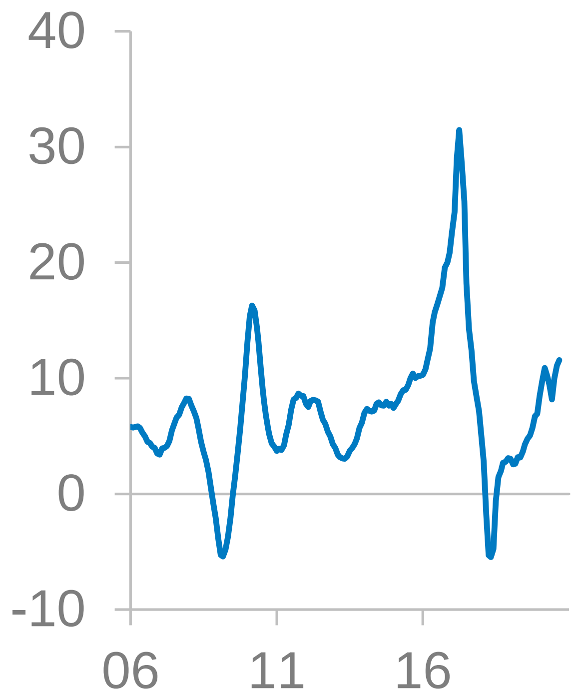
Toronto

(monthly)

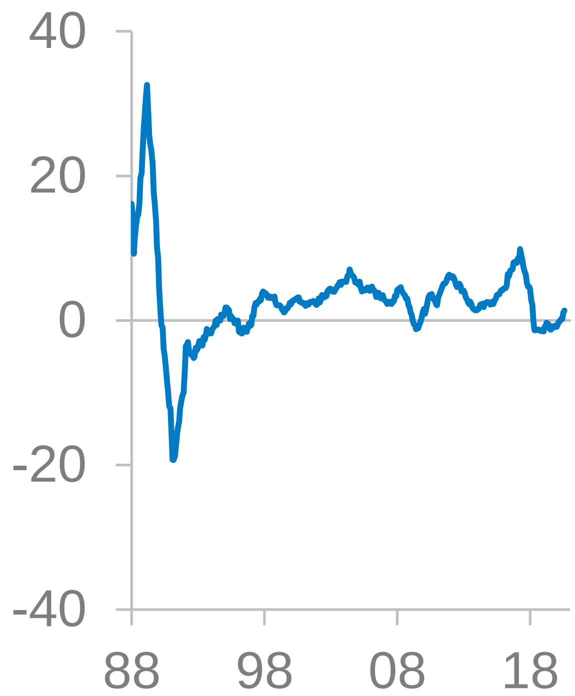
MLS Home Price Index [1] (January 2005 = 100)



MLS Home Price Index [1] (y/y % chng)



New Home Price Index [2] (y/y % chng)

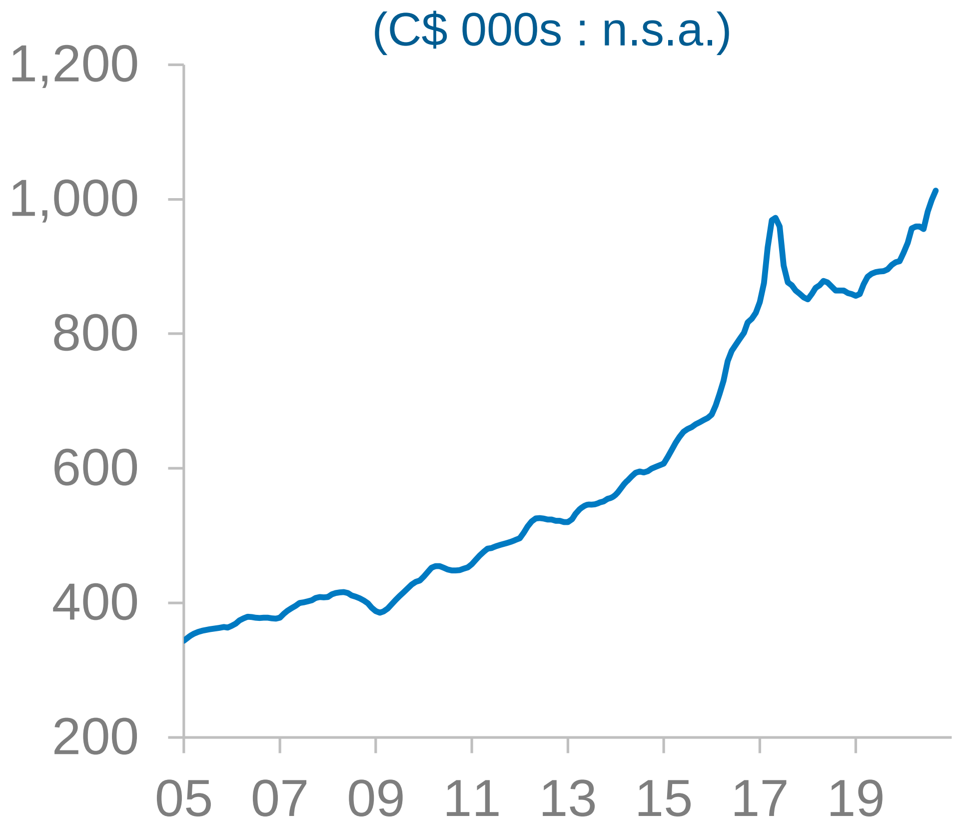


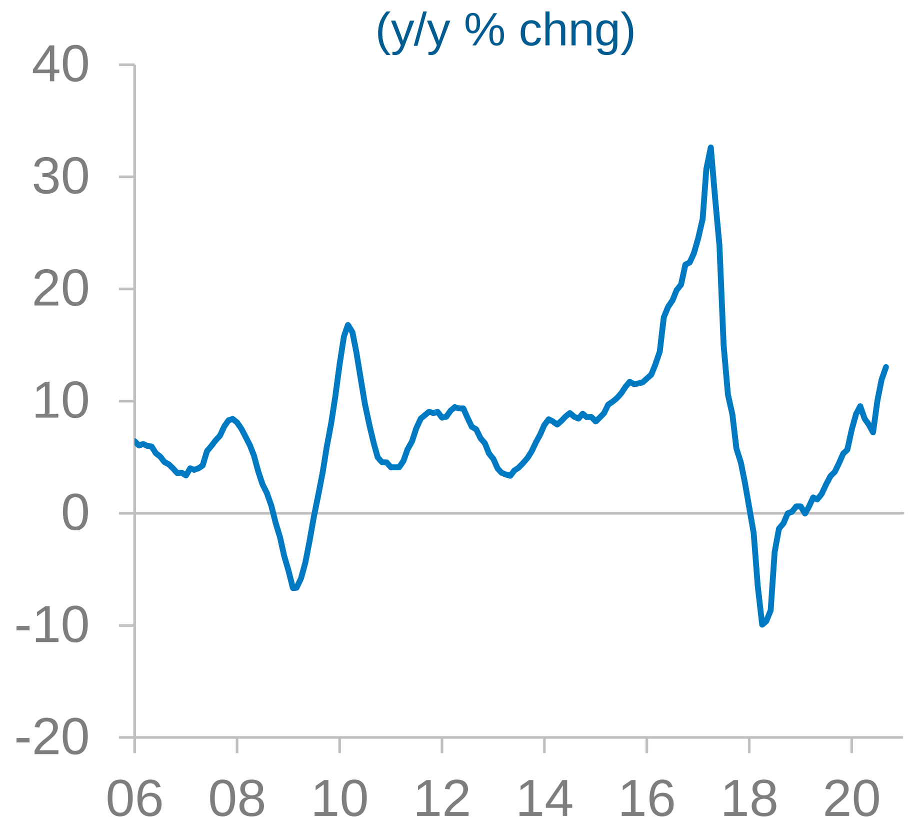
[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Existing Single Family Home Prices

Toronto

Home Price Index Benchmark – Existing Single Family
(monthly : as of September 2020)

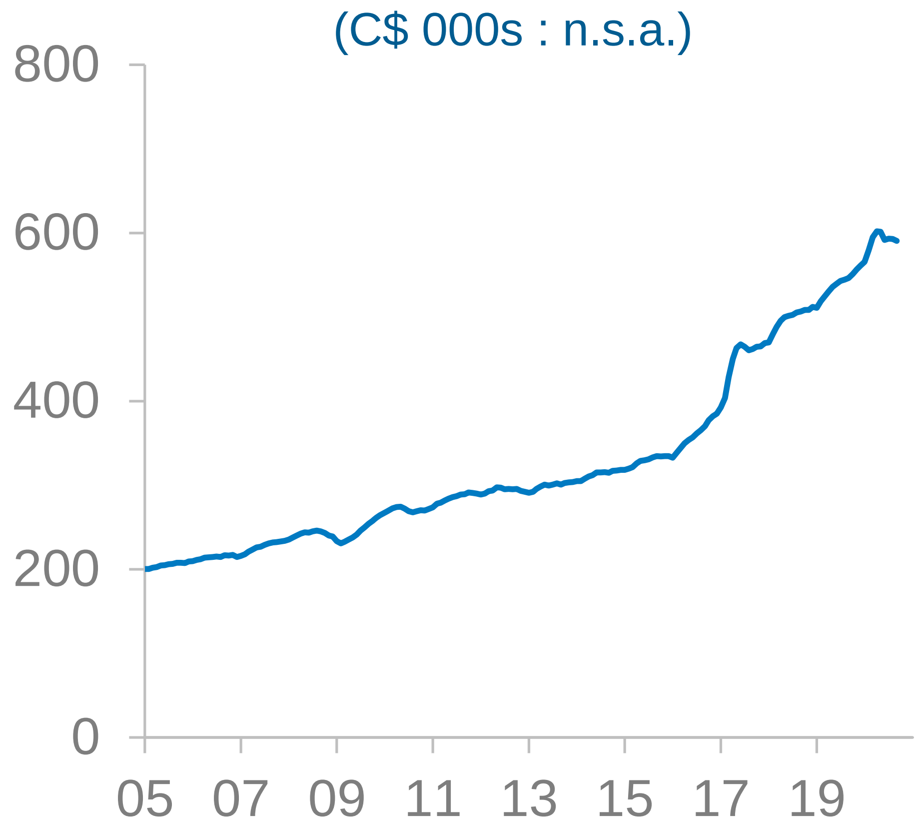




Source: Canadian Real Estate Association

Toronto

Home Price Index Benchmark – Existing Condominiums
(monthly : as of September 2020)



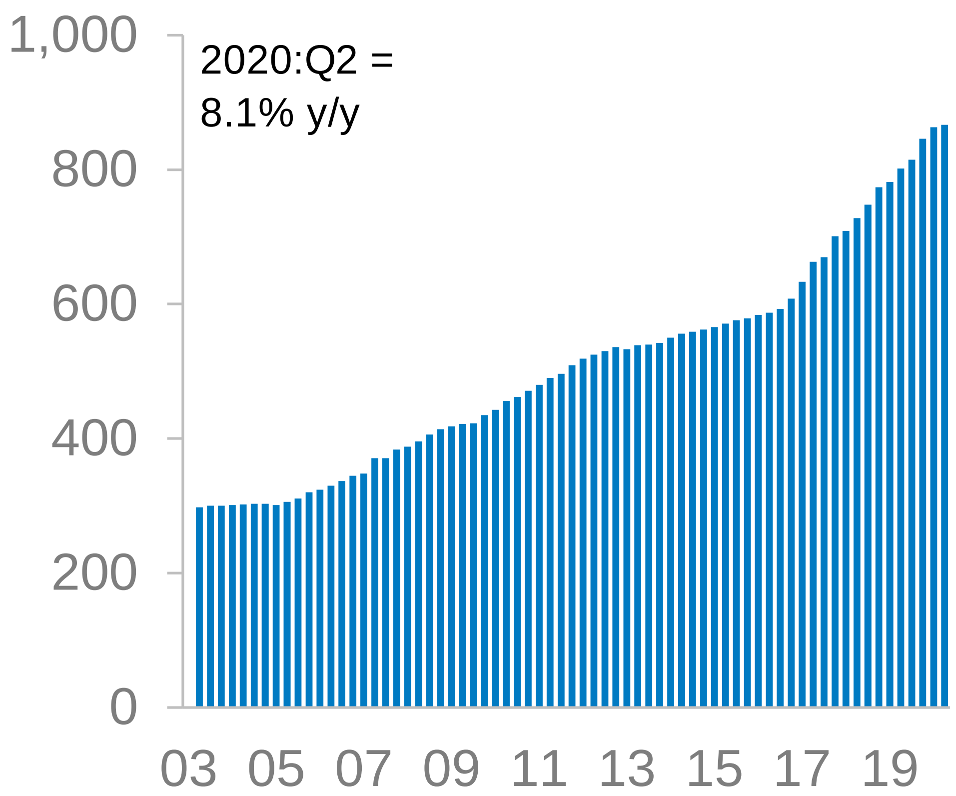
Source: Canadian Real Estate Association

New Condominium Prices

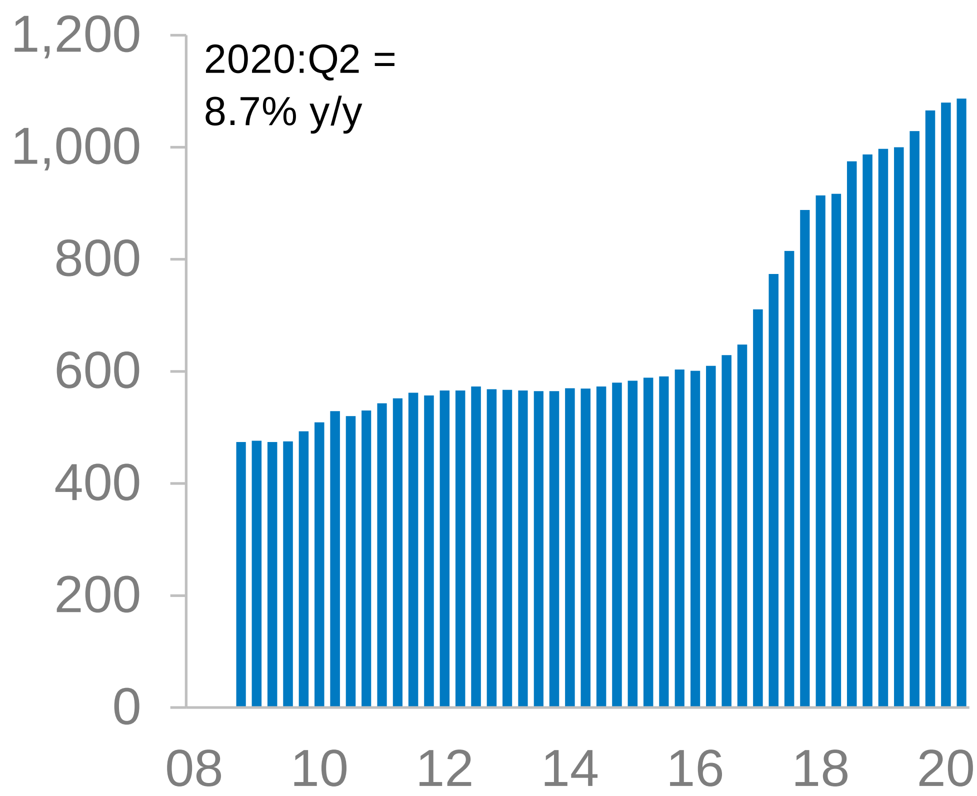
Toronto

Average Price per Square Foot (quarterly : C$: as of 2020:Q2)

Sold



Unsold

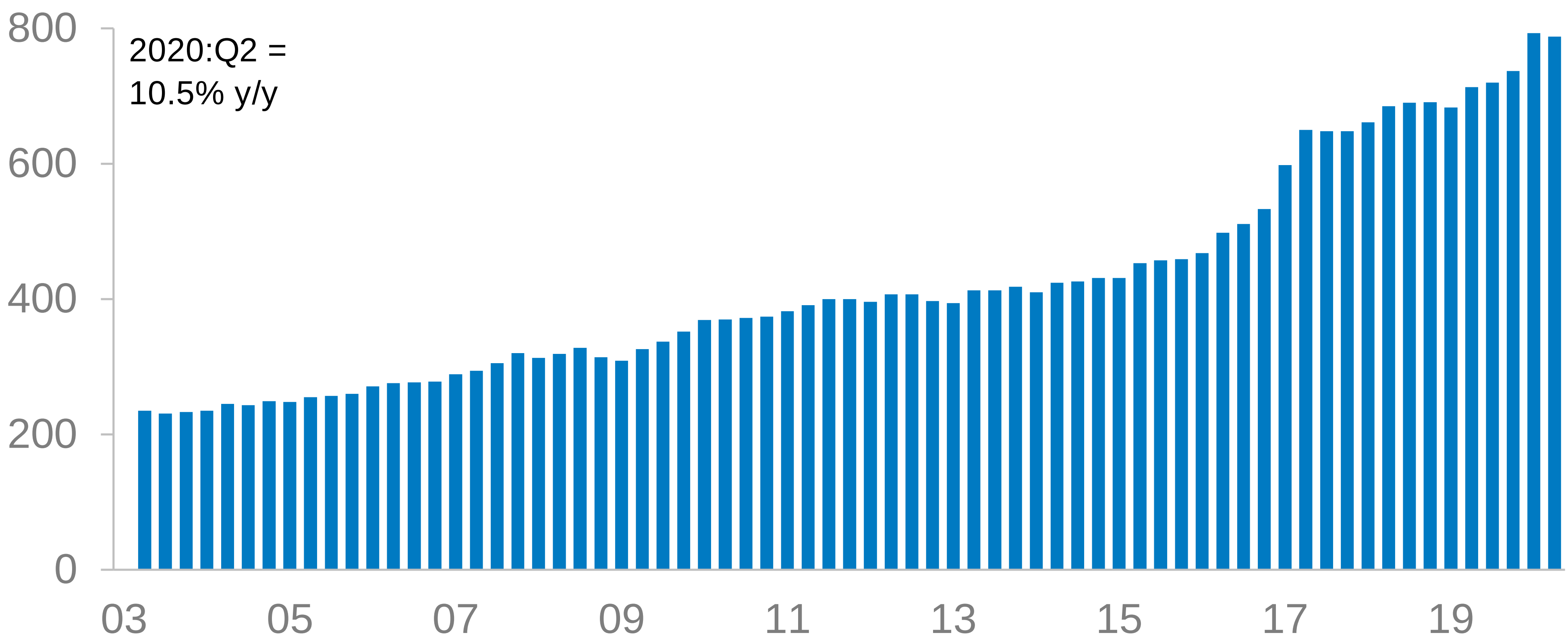


Source: Urbanation Inc.

Resale Condominium Prices

Toronto

Average PSF (quarterly : C$: as of 2020:Q2)



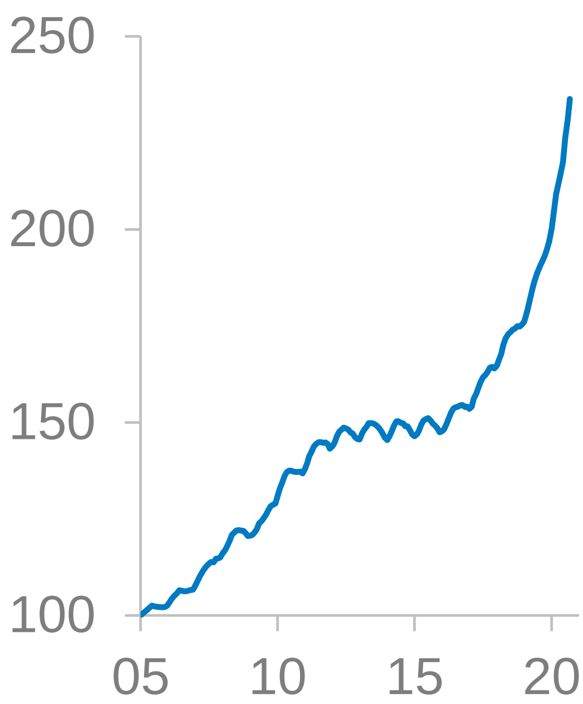
Source: Urbanation Inc.

Prices

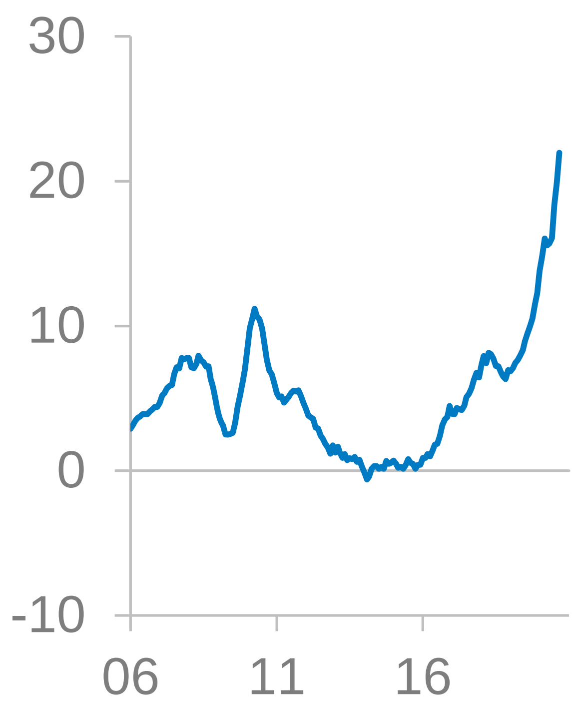
Ottawa

(monthly)

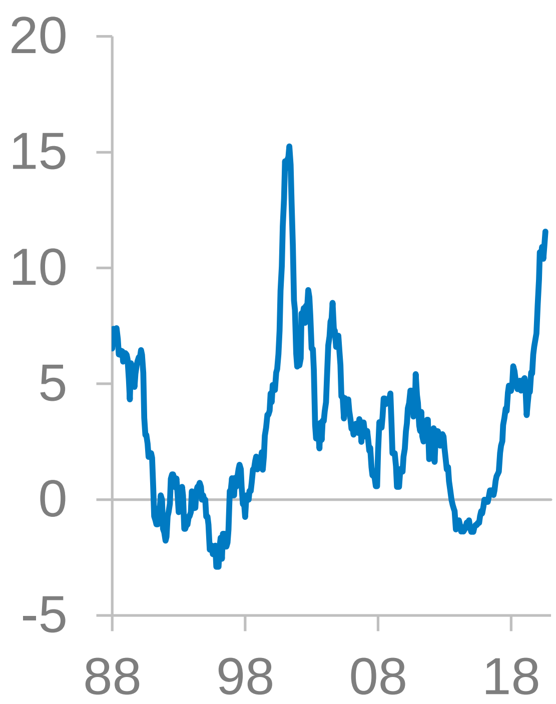
MLS Home Price Index[1] (January 2005 = 100)



MLS Home Price Index[1] (y/y % chng)



New Home Price Index[2] (y/y % chng)



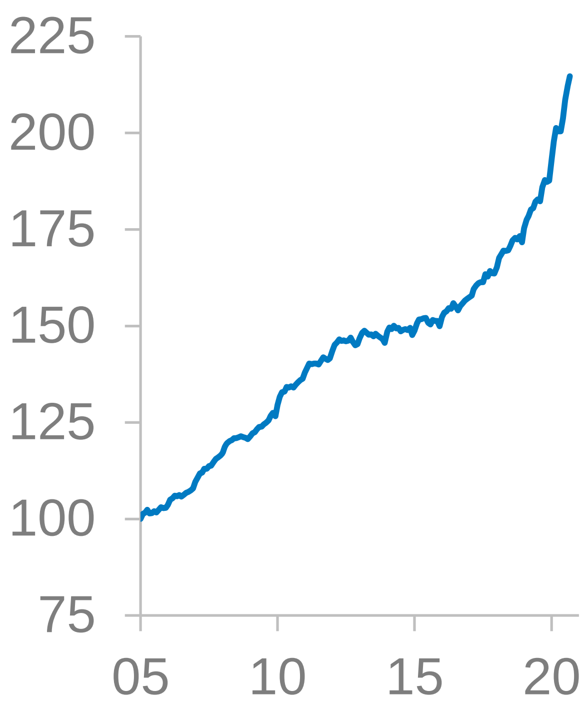
[1] (as of September 2020)   [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Prices

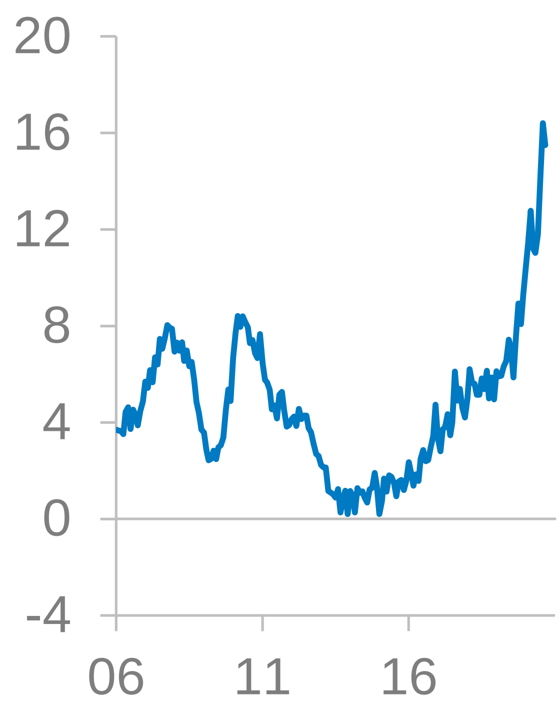
Montreal

(monthly)

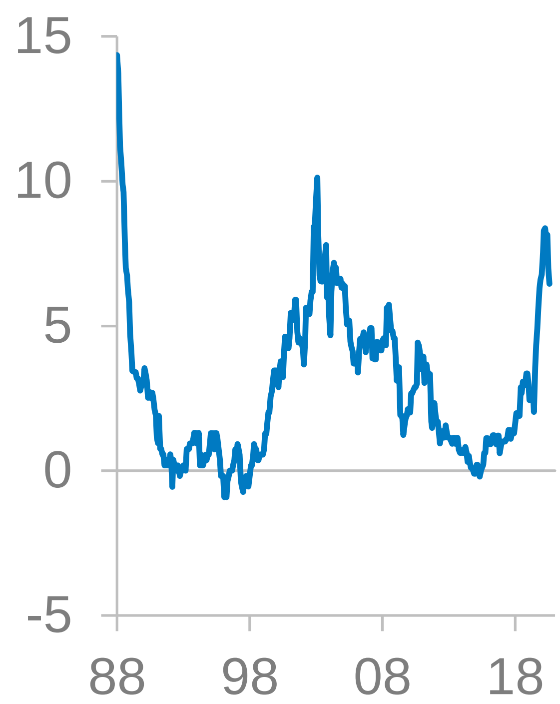
MLS Home
Price Index[1]
(January 2005 = 100)



MLS Home
Price Index[1]
(y/y % chng)



New Home
Price Index[2]
(y/y % chng)



[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

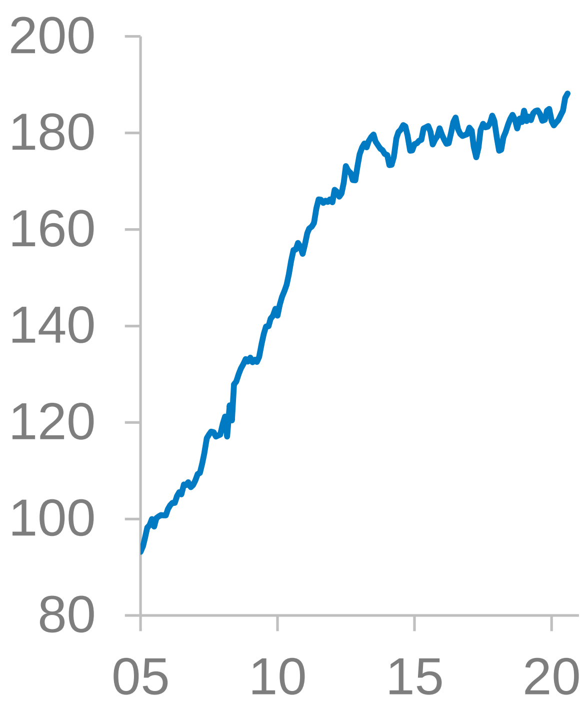
BMO Capital Markets®

Prices

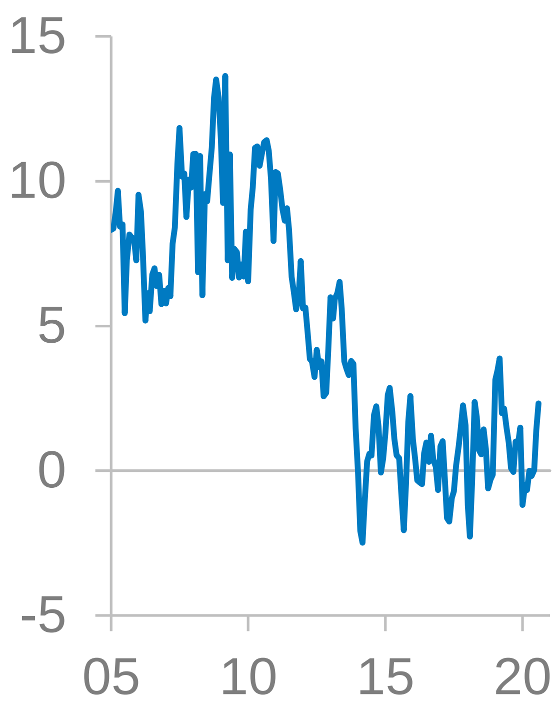
Quebec City

(monthly)

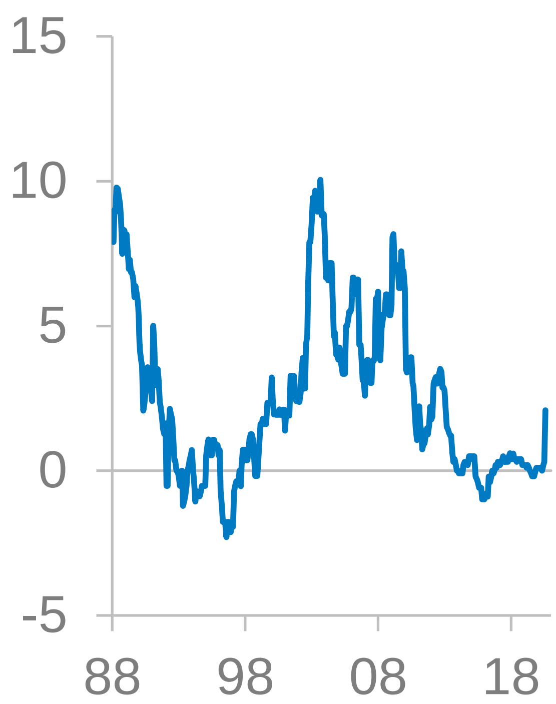
Teranet Home
Price Index [1]
(June 2005 = 100)



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



New Home
Price Index [2]
(y/y % chng)



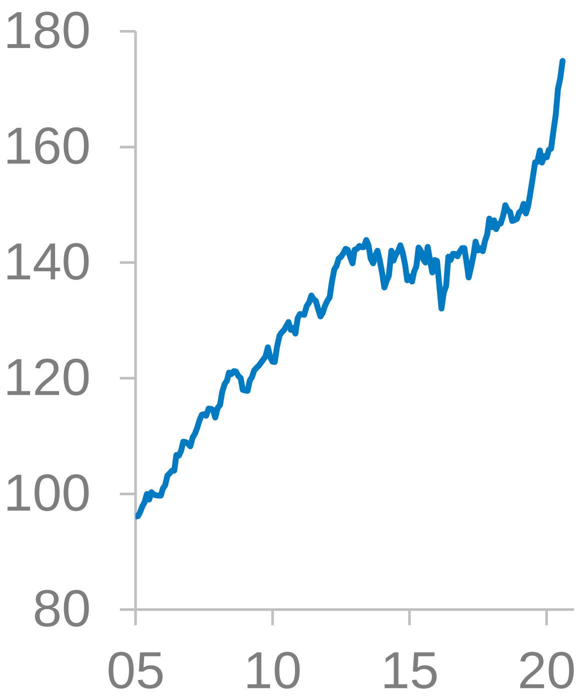
[1] (as of August 2020) [2] (as of August 2020)
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

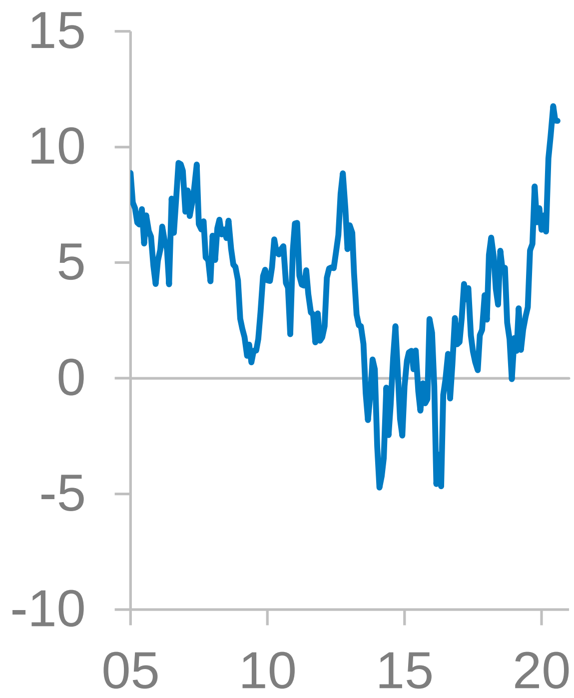
Halifax

(monthly)

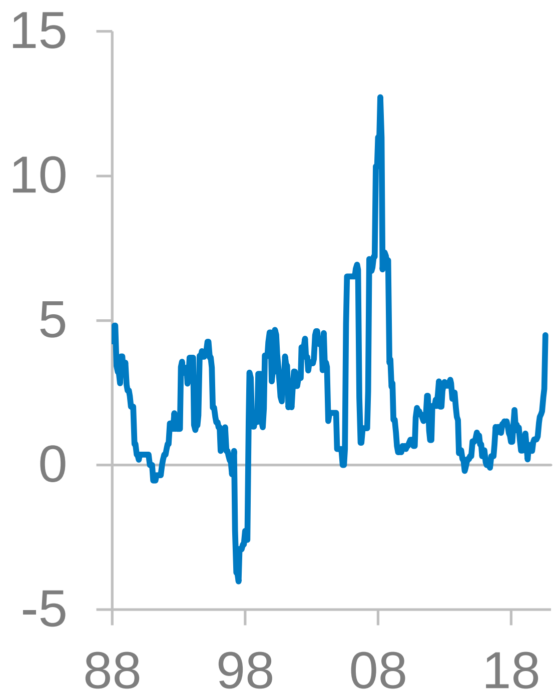
Teranet Home
Price Index [1]
(June 2005 = 100)



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



New Home
Price Index [2]
(y/y % chng)



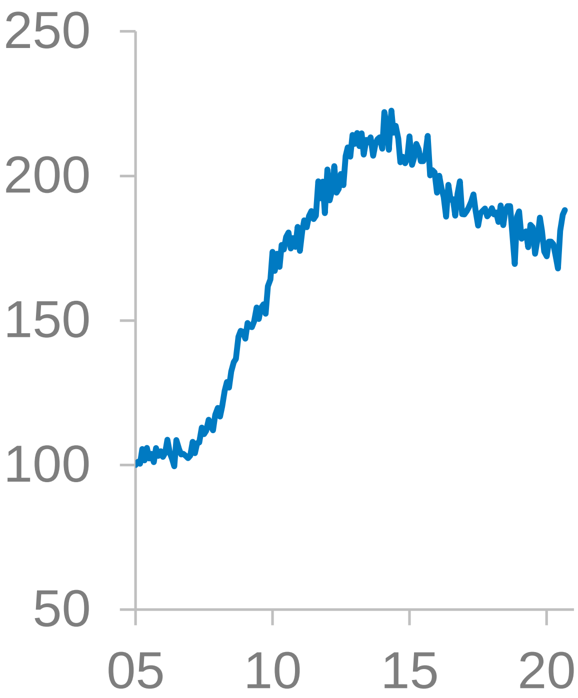
[1] (as of August 2020) [2] (as of August 2020)
Sources: Teranet/National Bank of Canada, Statistics Canada, Haver Analytics

Prices

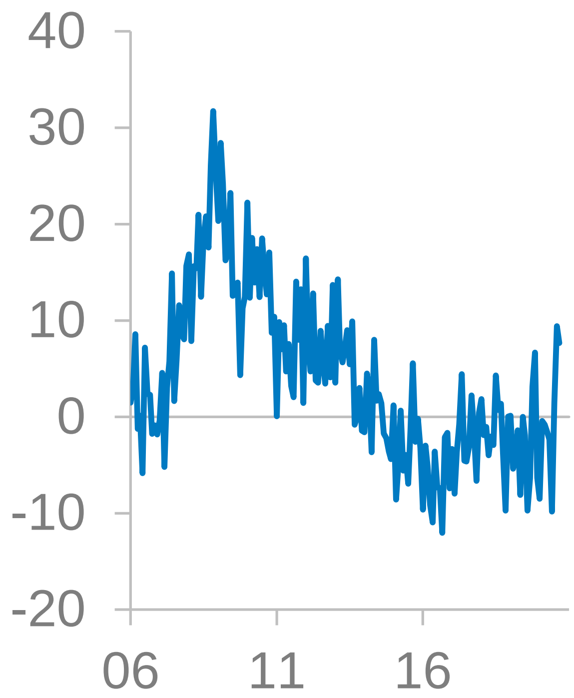
Newfoundland & Labrador

(monthly)

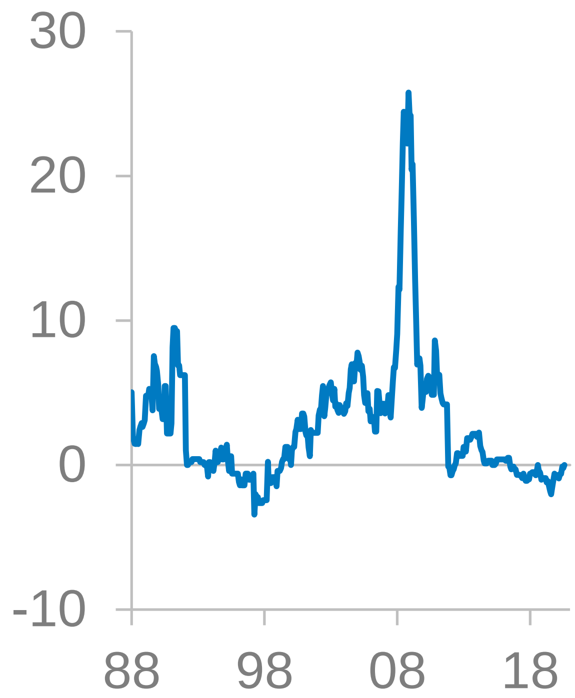
Average
Home Price [1]
(s.a. : January 2005 = 100)



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



New Home
Price Index [2]
(y/y % chng)



[1] (as of September 2020) [2] (as of August 2020)
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Valuation and Affordability

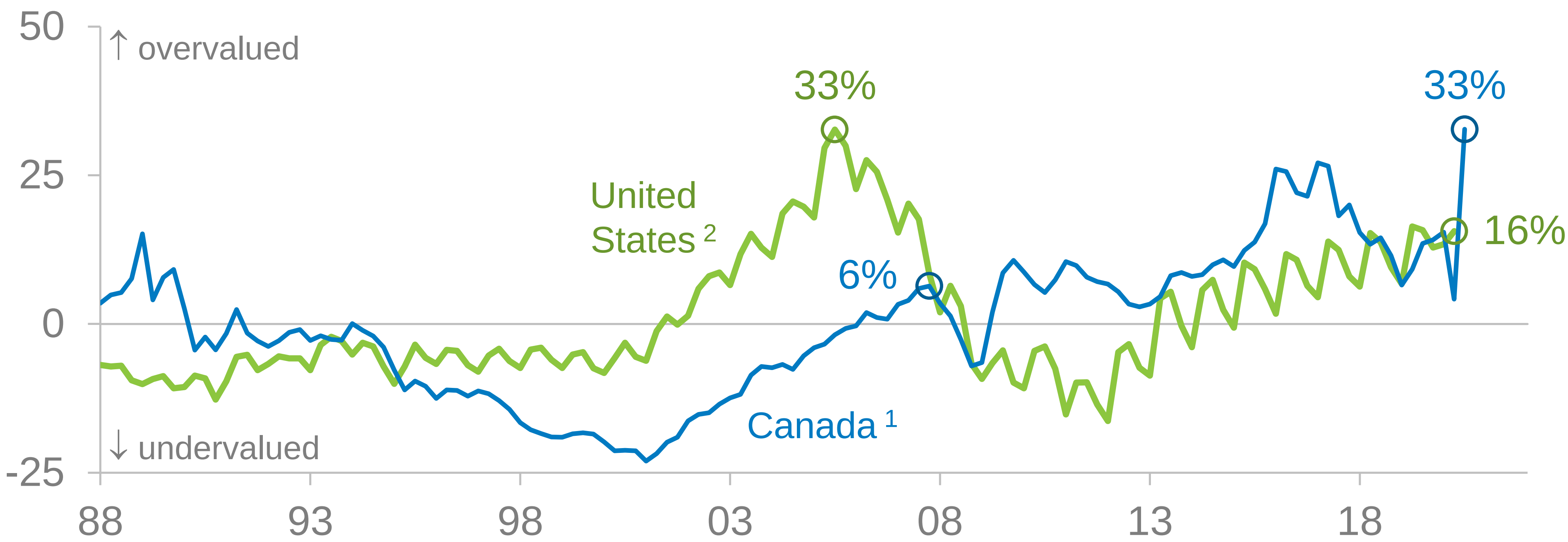
- + Affordability is healthy in most regions and has improved in the past year due to record low mortgage rates
- + National prices range between 3-to-4 times income outside Vancouver, Toronto, Victoria; quite normal
- + Outside Vancouver and Toronto, typical mortgage payment consumes less than one-fifth of median household income…very affordable
- – Vancouver and Toronto detached markets are well out-of-reach of typical family. But affordability has improved in Vancouver due to past lower prices
- – Toronto condo market became less affordable due to the earlier rampant rise in prices

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:Q3 [estimate])

[2] Ratio of median existing single-family house price to median family income, relative to long-term average; (as of 2020:Q2)

Sources: Statistics Canada, U.S. National Association of Realtors, Haver Analytics, CREA, BMO Capital Markets Economics estimates

Regional

(quarterly)

Price-to-Median Family Income Ratios [1]

	2001 Q4	2005 Q1	2019 Q3	2020 Q3	Trend [2]	% chg since 2005 Price
Vancouver	5.3	6.5	10.8	11.1	↑	175
Toronto	4.2	5.0	9.0	9.8	↑	189
Victoria	3.8	4.7	6.9	7.0	↑	132
Canada ex Vancouver, Toronto	2.7	3.3	4.4	5.1	↑	137
Montreal	2.4	3.3	4.0	4.5	↑	144
Ottawa	2.5	2.8	3.7	4.4	↑	125
Halifax [3]	2.5	2.8	3.4	3.9	↑	104
Calgary	2.8	3.0	3.9	3.9	▪	93
Winnipeg [3]	1.7	2.1	3.3	3.5	↑	156
Saskatoon	2.1	2.1	3.0	3.0	▪	152

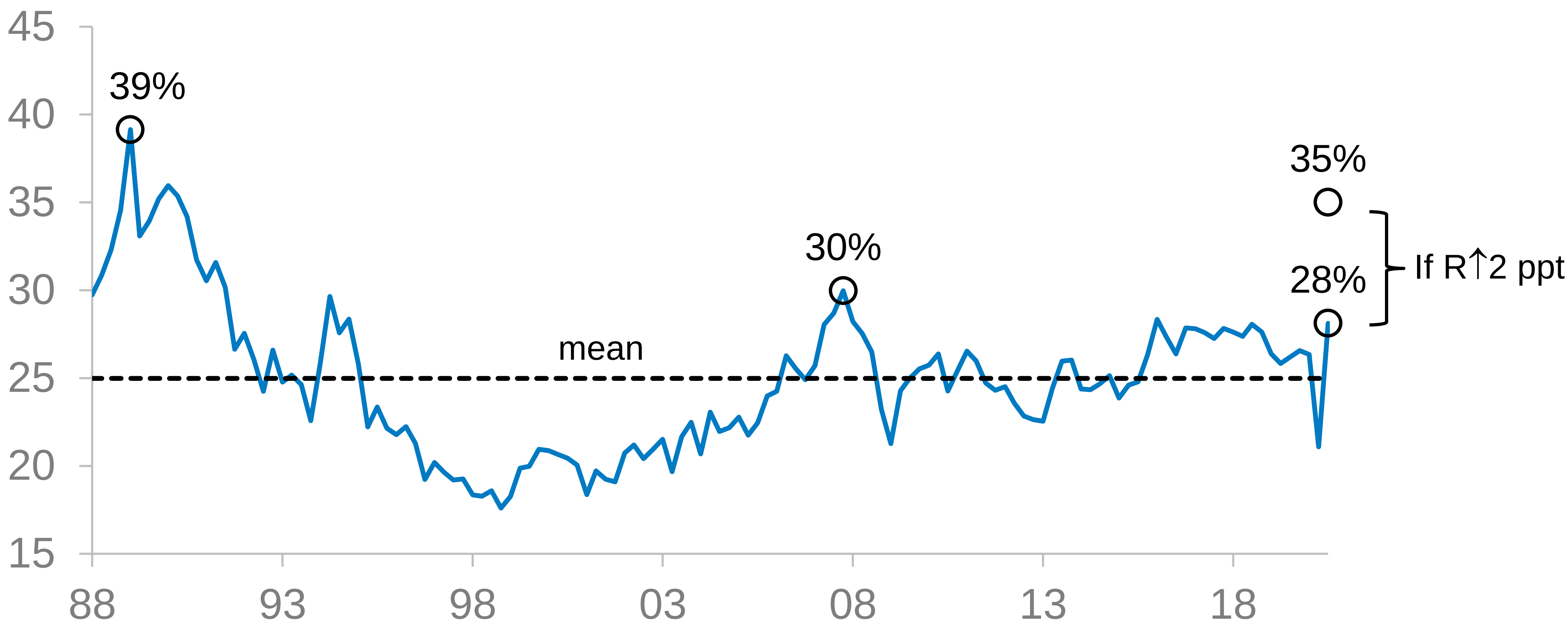
[1] = median family income is estimated after 2018 using average annual growth in previous 10 years (for a house of average home price in 2004 or earlier, and HPI benchmark price after 2004) [2] = based on y/y change of latest quarter (flat if < ±0.1) [3] = average home price used only
Sources: Statistics Canada, Haver Analytics, Canadian Real Estate Association

Canada

Note: distorted by jump in government transfer payments to households in Q2

(quarterly : % of household income : as of 2020:Q3)

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. 2020:Q3 = estimate
Sources: Statistics Canada, Bank of Canada, Haver Analytics, Canadian Real Estate Association, BMO Capital Markets Economics estimates

Affordability

Regional

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

	2001:Q4	2005:Q1	2019:Q3	2020:Q3	Trend [3]	2020:Q3
Mortgage Rate	5.9%	4.9%	2.7%	1.8%		If 3.8%
Vancouver	*37*	*41*	*56*	*52*	↓	*65*
Toronto	28	31	*47*	*46*	↓	*57*
Hamilton [2]	17	19	31	*33*	↑	*41*
Victoria	25	29	*35*	*32*	↓	*40*
Canada ex Vancouver, Toronto	16	19	21	23	↑	28
Montreal	14	19	19	20	↑	25
Ottawa	15	16	18	19	↑	24
Halifax [2]	15	16	16	17	↑	21
Calgary	17	17	19	17	↓	21
Winnipeg [2]	9	11	15	15	▪	19
Edmonton	14	13	14	13	↓	16
Quebec City [4]	10	12	13	13	▪	16
Saskatoon	12	11	13	12	↓	15

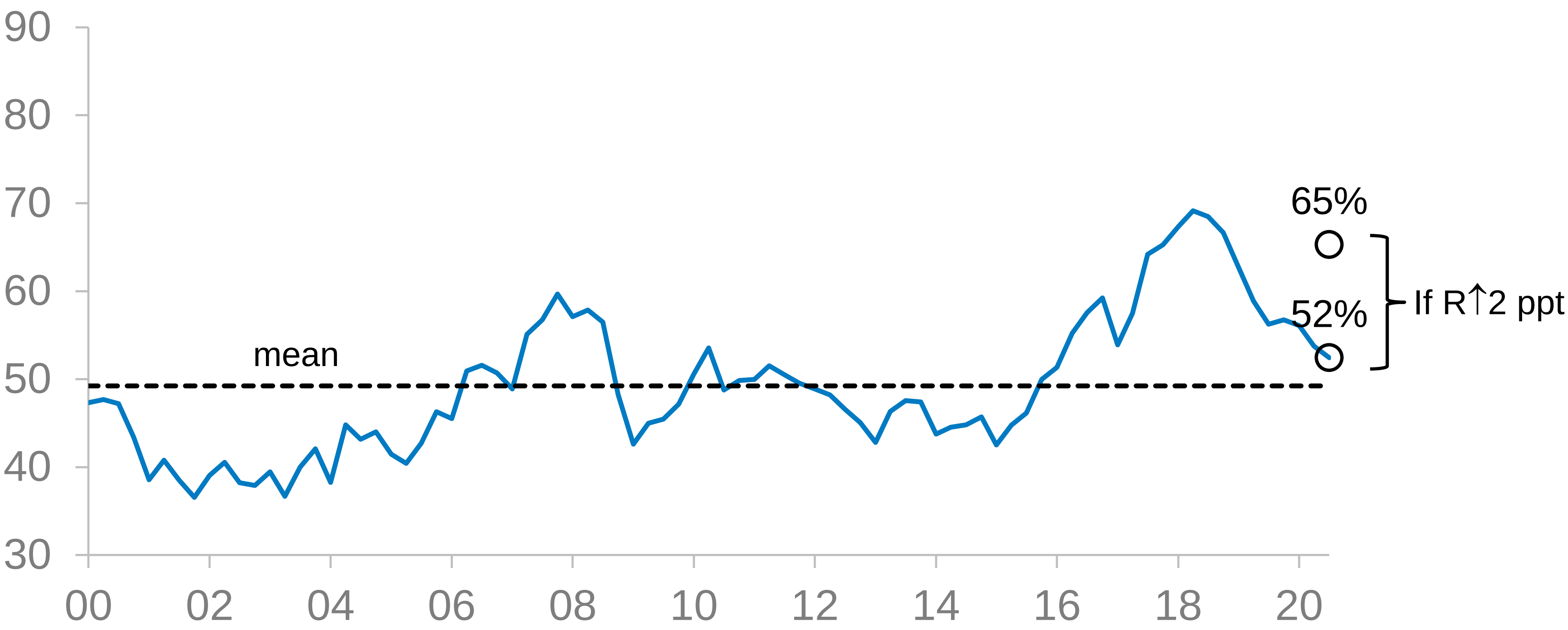
Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, down payment equal to half of annual income [1] (about 10% today) for a house of average home price in 2004 or earlier, and HPI benchmark price after 2004 [1] = median family income is estimated after 2018 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:Q3)

Average Mortgage Payments



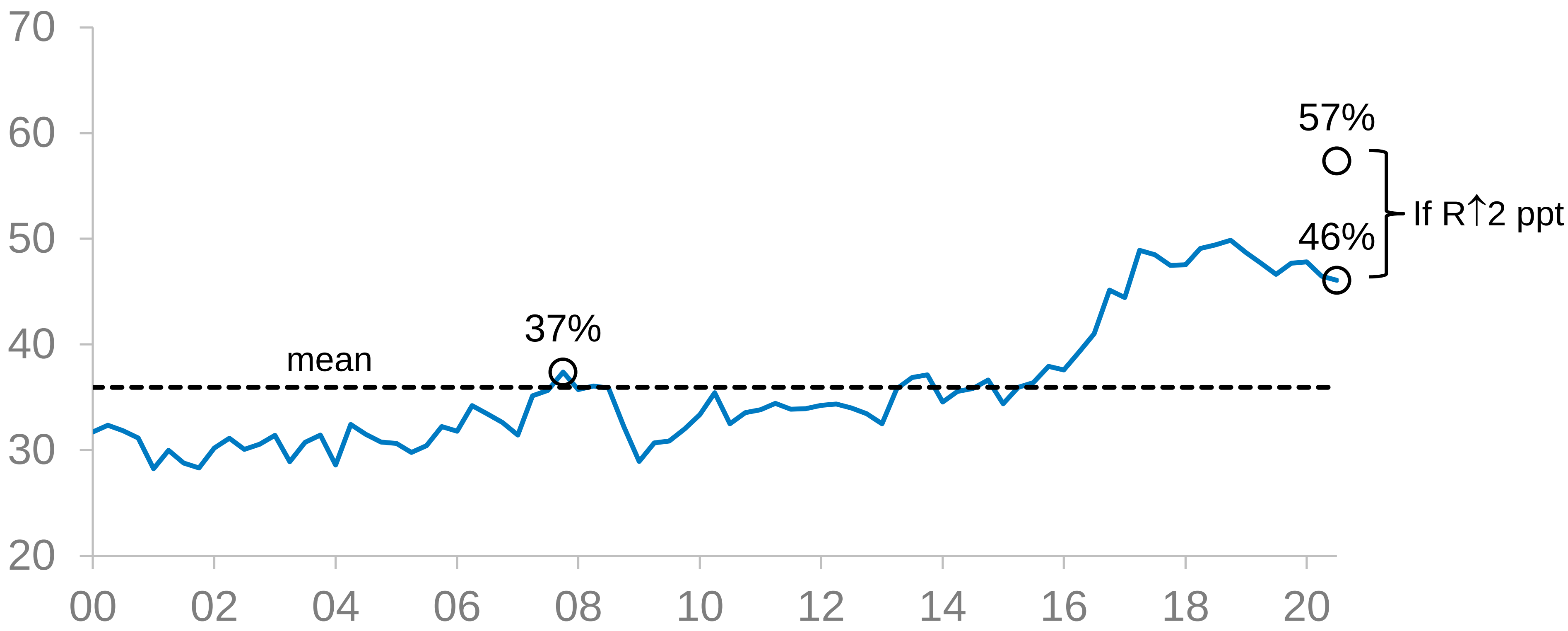
Based on 25-year amortization, 5-year fixed rate with assumption about discount versus posted rate, down payment equal to half of annual income (about 10% today) on a house of average price (before 2005) or benchmark price (2005 onwards). Median family income is estimated after 2018 using average annual 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:Q3)

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) and benchmark price (2005 onwards). Median family income is estimated after 2018 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:Q3 2.7%	2020:Q3 1.8%	Trend [2]	2020:Q3 If 3.8%
Vancouver – Single Family	*60*	*81*	*77*	↓	*96*
Vancouver – Single Family 1-Storey	*47*	*63*	*60*	↓	*75*
Toronto – Single Family	*35*	*52*	*52*	▪	*65*
Toronto – Single Family 1-Storey	31	*46*	*46*	▪	*57*
Vancouver – Condo	26	*36*	*34*	↓	*42*
Toronto – Condo	19	31	30	↓	*37*

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 2018 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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