



# The Canadian Real Estate Association

## News Release

### ***CREA Updates Resale Housing Market Forecast***

**Ottawa, ON, December 17, 2018**

The Canadian Real Estate Association (CREA) has updated its forecast for home sales activity via the Multiple Listing Service® (MLS®) Systems of Canadian real estate Boards and Associations in 2018 and 2019.

While economic and demographic fundamentals remain supportive for housing demand in many parts of the country, policy headwinds together with rising interest rates are limiting access to mortgage financing and negatively impacting homebuyer sentiment. At the same time, growth in home prices has slowed sharply in some regions. Indeed, home prices are declining in parts of the country where the supply of homes available for purchase is elevated relative to sales.

National home sales are projected to post a double-digit decline in 2018, falling to the lowest level in five years despite supportive population and job growth. In 2019, home sales activity and prices are expected to be held in check by recent policy changes from different levels of government, in addition to additional interest rate increases.

The national forecast has been revised lower since CREA's September forecast as an anticipated rebound in sales in British Columbia has so far failed to materialize, the recovery in Ontario sales this summer has now run its course and sales activity in Alberta has edged lower. These developments were partially offset by stronger than expected sales activity in Quebec. National sales are now projected to decline by 11.2% to 458,200 units in 2018.

British Columbia and Ontario will account for the lion's share of the national sales decline in 2018. Alberta, Saskatchewan, Manitoba and Newfoundland and Labrador will also fall to multi-year lows. By contrast, activity remains historically strong in Quebec and in the Maritimes, particularly in New Brunswick.

The national average price is projected to ease to \$488,600 this year, down 4.2% from 2017. The decline in the national average home price in 2018 has been mostly compositional, reflecting fewer sales in British Columbia and Ontario, Canada's two most expensive provinces by a substantial margin. The projected decline in the weighted national average price (weighted by annual sales by province over the past 10 years) amounts to one percent.

More than half of all provinces including British Columbia are projected to post average price gains in 2018. The average price decline forecast for Ontario (-2.6%) largely reflects fewer higher-priced home sales in Toronto, particularly during the spring market, which normally sees a seasonal jump in the average price but failed to materialize this year. By contrast, the seasonal jump in Toronto's average prices during the spring of 2017 was unusually strong, which contributed to the annual decline in Ontario's average home price this year.

Meanwhile, home prices in Eastern Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island are expected to continue rising with market balance steadily becoming firmer in recent years.

Home prices are projected to edge down by about 2.5% in Alberta and Saskatchewan and by about 2% in Newfoundland & Labrador. In these provinces, particularly in the latter two, the supply of homes available for sale is elevated relative to sales activity. The imbalance between the two has deteriorated over the past year.

National sales are forecast to remain little changed in 2019 (456,200 units; -0.5%), as rising interest rates combined with the mortgage stress-test offsets continuing population, job and income growth. This forecast would mark a nine-

year low for Canadian MLS® Systems home sales. Further activity declines in British Columbia and Alberta are expected to offset a small rebound in Ontario sales and continuing gains in Quebec.

The national average price is forecast to rebound by 1.7% to \$496,800 in 2019, reflecting average price growth ahead of consumer price inflation in Ontario, Quebec, New Brunswick and Nova Scotia along with a rebound in Ontario sales activity as a share of overall national sales. More modest gains are forecast for British Columbia, Manitoba and Prince Edward Island. By contrast, prices are forecast to continue to fall in 2019 in Alberta, Saskatchewan and Newfoundland & Labrador.

- 30 -

### **About The Canadian Real Estate Association**

The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations. CREA works on behalf of more than 125,000 REALTORS® who contribute to the economic and social well-being of communities across Canada. Together they advocate for property owners, buyers and sellers.

### **For more information, please contact:**

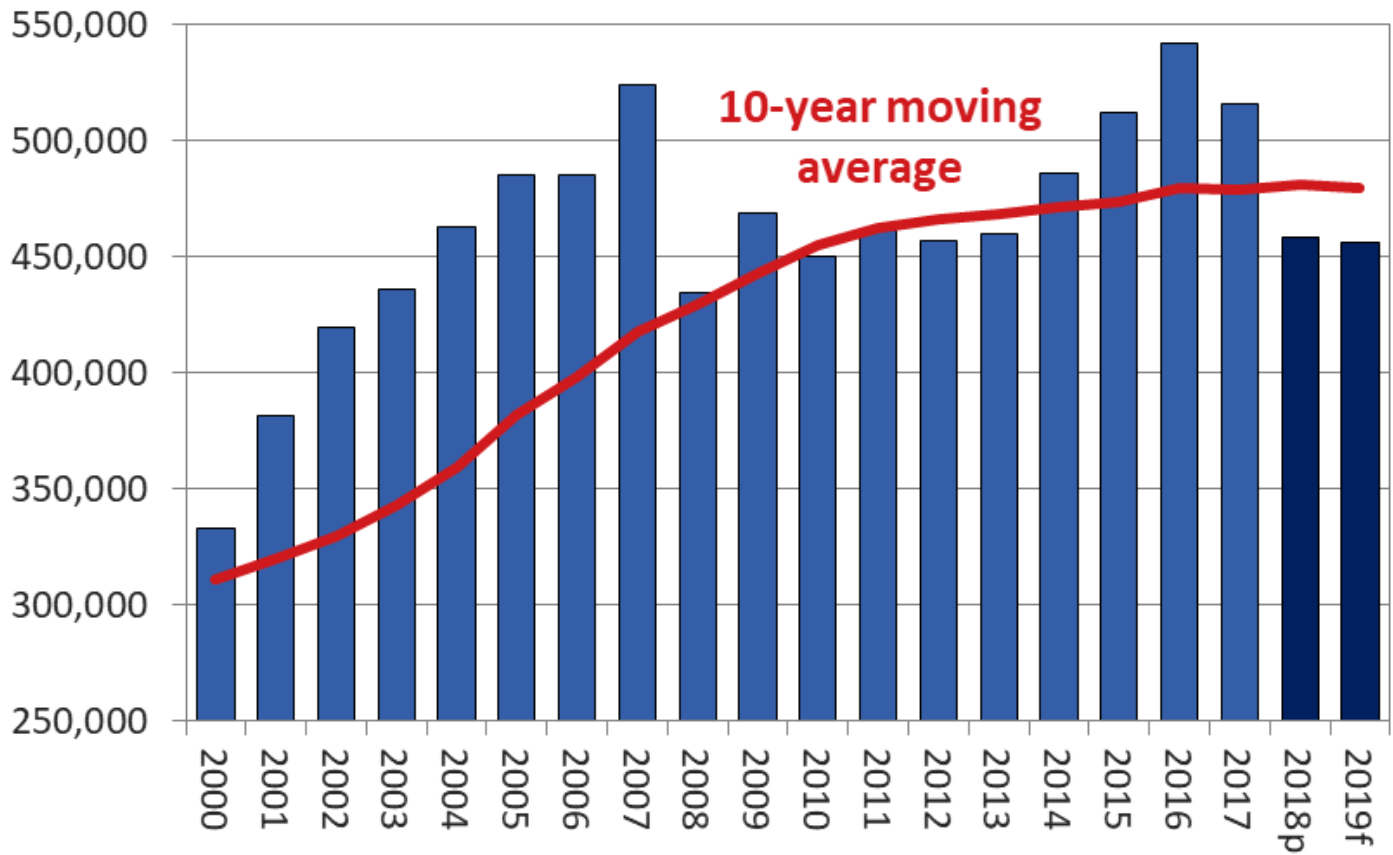
**Pierre Leduc**, Media Relations

The Canadian Real Estate Association

Tel.: 613-237-7111 or 613-884-1460

E-mail: [pleduc@crea.ca](mailto:pleduc@crea.ca)

## Sales Activity Historical and Forecast



### CREA Residential Market Forecast:



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Sales activity forecast	2017	2017 Annual percentage change	2018 Forecast	2018 Annual percentage change	2019 Forecast	2019 Annual percentage change
Canada	515,941	-4.7	458,200	-11.2	456,000	-0.5
British Columbia	103,758	-7.5	78,600	-24.2	74,500	-5.2
Alberta	57,325	4.4	53,000	-7.5	51,300	-3.2
Saskatchewan	11,059	-2.5	10,300	-6.9	10,040	-2.5
Manitoba	14,428	-0.8	13,620	-5.6	13,520	-0.7
Ontario	221,374	-9.9	190,500	-13.9	193,100	1.4
Quebec	82,541	5.6	86,500	4.8	88,400	2.2
New Brunswick	8,093	6.4	8,310	2.7	8,580	3.2
Nova Scotia	10,605	4.7	11,010	3.8	10,540	-4.3
Prince Edward Island	2,148	4.2	2,030	-5.5	1,990	-2.0
Newfoundland	3,934	-6.2	3,680	-6.5	3,420	-7.1

Average price forecast	2017	2017 Annual percentage change	2018 Forecast	2018 Annual percentage change	2019 Forecast	2019 Annual percentage change
Canada	509,764	4.2	488,600	-4.2	496,800	1.7
British Columbia	709,601	2.7	713,700	0.6	720,000	0.9
Alberta	397,854	0.4	387,300	-2.7	377,600	-2.5
Saskatchewan	293,818	-2.2	286,900	-2.4	276,900	-3.5
Manitoba	287,330	3.5	290,800	1.2	293,300	0.9
Ontario	585,198	9.6	569,900	-2.6	588,900	3.3
Quebec*	292,545	4.5	307,800	5.2	316,700	2.9
New Brunswick	167,292	2.4	177,200	5.9	182,500	3.0
Nova Scotia	231,539	3.8	237,400	2.5	243,100	2.4
Prince Edward Island	203,300	12.5	211,700	4.1	215,000	1.6
Newfoundland	252,148	-2.1	247,700	-1.8	239,300	-3.4

\* Provincial weighted average price for Quebec does not affect unweighted national average price calculations. Information on Quebec's weighted average price calculation can be found at: <http://www.fcq.ca/immobilier-statistiques-definitions.php>