



The Canadian Real Estate Association

News Release

CREA Updates Resale Housing Market Forecast

Ottawa, ON, September 16, 2019

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 – for the rest of 2019 and looking ahead to 2020.

Economic fundamentals underpinning housing activity remain strong outside of the Prairies and Newfoundland and Labrador. Population and employment growth have both remained supportive and the unemployment rate remains low. At the same time, expectations have become widespread that the Bank of Canada is unlikely to raise interest rates over the rest of the year and into next.

More importantly for home buyers and housing markets, longer-term mortgage rates have been declining. Among those that have declined is the Bank of Canada's benchmark five-year rate used by banks to qualify mortgage applicants.

Additionally, the Federal Government has recently launched its First-Time Home Buyer Incentive, a shared equity program in which the federal government finances a portion of a home purchase in exchange for an equity share of the home's value.

Of these factors supporting Canadian housing activity, the decline in mortgage rates is arguably the most important development since the release in June of CREA's most recent forecast. The decline in the benchmark five-year mortgage rate has marginally relaxed the B-20 mortgage stress-test, which has dampened housing activity more than other policy changes made in recent years.

Home sales have improved by more than expected in recent months and there are early signs that home price declines in the Lower Mainland of British Columbia and across the Prairies may be abating. Meanwhile, home prices are re-accelerating across Ontario's Greater Golden Horseshoe region.

Strong economic fundamentals, previously unexpected declines in mortgage interest rates and stronger than previously expected housing market trends in British Columbia and Ontario have resulted in CREA upwardly revising forecast home sales in 2019 and 2020. Nonetheless, the overall level of national sales activity this year and next is anticipated to remain below levels recorded prior to the implementation of the B-20 stress test.

National home sales are now projected to recover to 482,000 units in 2019, representing a 5% increase from the five-year low recorded in 2018. While this is an upward revision of 19,000 transactions compared to CREA's previous forecast (85% of which is due to upgraded British Columbia and Ontario forecasts), it represents a return of activity to its 10-year annual average. It also remains well below the annual record set in 2016, when almost 540,000 homes traded hands. Notwithstanding the upward revision, the forecast for 2019 on a per capita basis remains the second weakest since 2001.

British Columbia is expected to continue to weigh on national figures in 2019, with a decline of 5.4% compared to 2018. This is expected to be more than offset by gains in Ontario (+8.3%) and Quebec (+9.7%).

British Columbia, Alberta, Saskatchewan and Newfoundland and Labrador are all forecast to come in at or near multi-year lows in 2019. By contrast, Manitoba, Quebec and New Brunswick are expected to set new annual sales records. Activity in Ontario is forecast to be in line with the 10-year average for the province.

The national average price is still projected to stabilize in 2019, though with a small 0.5% increase compared to the previously forecast 0.6% decline. The national average home price is projected to come in at \$491,000 amid diverging trends in eastern and western provinces. In line with the balance between supply and demand across the country, average prices in 2019 are expected to fall in British Columbia, Alberta, Saskatchewan while rising in Ontario, Quebec and the Maritimes. In keeping with an elevated inventory of listings relative to sales, the average price in Newfoundland and Labrador is anticipated to fall for the fifth consecutive year.

Sales are forecast to continue to improve through 2020, albeit slowly. National home sales are forecast to rise by 7.5% to 518,100 units next year, with most of this increase reflecting a weak start to 2019 rather than a significant change in sales trends out to the end of next year. Indeed, an anticipated increase of 14.3% in British Columbia's sales returns activity in line with the province's 10-year average.

Ontario and Quebec are predicted to see sales rise by about 7% in 2020, while activity in Alberta will recover by about 5% compared to 2019. The number of homes trading hands in other provinces is predicted to edge up or down only marginally.

The national average price is forecast to advance by 2.1% in 2020 to \$501,400, remaining below its 2017 level. Average price trends across Canada in 2020 are generally expected to be more moderate versions of those in 2019, with small declines in Alberta, Saskatchewan and Newfoundland and Labrador, and modest gains in Ontario, Quebec and the Maritimes. In British Columbia, the average home price is expected to stabilize next year following this year's decline.

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About The Canadian Real Estate Association

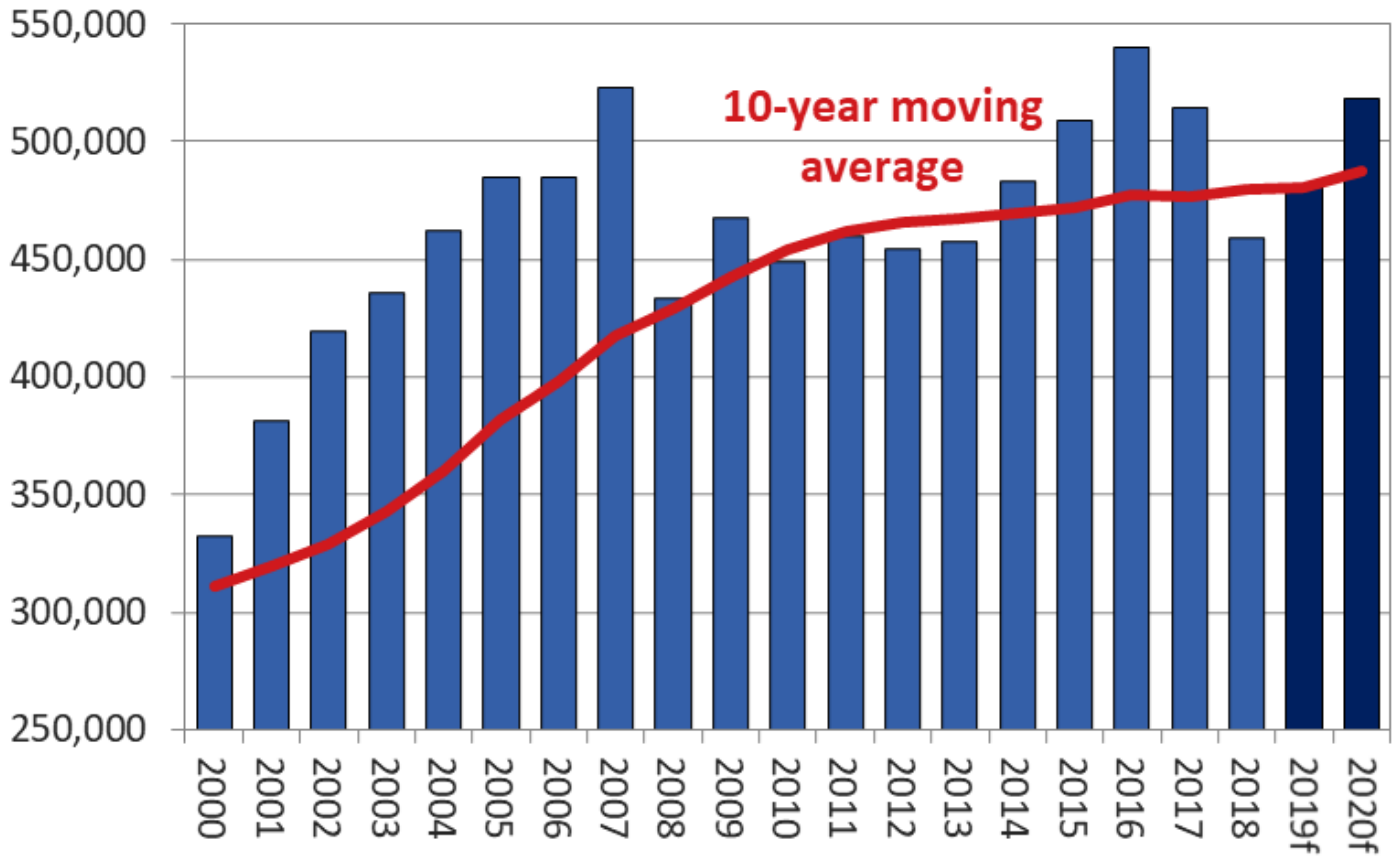
The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry associations. CREA works on behalf of more than 130,000 REALTORS® who contribute to the economic and social well-being of communities across Canada. Together they advocate for property owners, buyers and sellers.

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Sales Activity

Historical and Forecast



CREA Residential Market Forecast:

Sales activity forecast	2018	2018 Annual percentage change	2019 Forecast	2019 Annual percentage change	2020 Forecast	2020 Annual percentage change
Canada	459,157	-10.8	482,000	5.0	518,100	7.5
British Columbia	78,505	-24.5	74,300	-5.4	84,900	14.3
Alberta	53,290	-7.2	53,500	0.4	56,400	5.4
Saskatchewan	10,281	-7.1	10,400	1.2	10,320	-0.8
Manitoba	13,542	-5.9	14,520	7.2	14,920	2.8
Ontario	191,030	-12.9	206,900	8.3	222,500	7.5
Quebec	86,455	4.7	94,800	9.7	101,250	6.8
New Brunswick	8,520	1.5	9,370	10.0	9,550	1.9
Nova Scotia	11,134	5.3	11,670	4.8	11,680	0.1
Prince Edward Island	2,066	-4.6	1,850	-10.5	1,790	-3.2
Newfoundland	3,728	-5.1	4,000	7.3	3,990	-0.2

Average price forecast	2018	2018 Annual percentage change	2019 Forecast	2019 Annual percentage change	2020 Forecast	2020 Annual percentage change
Canada	488,668	-3.9	491,000	0.5	501,400	2.1
British Columbia	711,600	0.4	687,000	-3.5	693,900	1.0
Alberta	387,200	-2.6	378,400	-2.3	373,700	-1.2
Saskatchewan	286,700	-2.5	280,100	-2.3	275,200	-1.7
Manitoba	291,500	1.4	293,000	0.5	295,000	0.7
Ontario	570,200	-2.4	592,900	4.0	602,500	1.6
Quebec*	307,700	5.2	318,700	3.6	326,700	2.5
New Brunswick	171,400	5.2	175,700	2.5	180,100	2.5
Nova Scotia	237,200	2.5	247,700	4.4	251,900	1.7
Prince Edward Island	212,100	4.4	224,100	5.7	225,500	0.6
Newfoundland	249,100	-1.3	241,000	-3.3	238,600	-1.0

* 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>