

CREA Updates Resale Housing Market Forecast

Ottawa, ON July 14, 2023 - The Canadian Real Estate Association (CREA) has updated its forecast for home sales activity and average home prices via Multiple Listing Service® (MLS®) Systems of Canadian real estate boards and associations for 2023 and 2024.

As expected, national home sales came flying out of the gates in April 2023. Buyers who had been sitting on the fence responded to the twin signals of interest rates looking like they were at a top and property values hitting bottom.

With the Bank of Canada unexpectedly ending its pause on rate hikes in June and hiking again in July, a major source of uncertainty has returned to the housing market.

That said, even before the resumption of rate hikes, the recent sales rally had already shown signs of losing steam. The biggest month-over-month increase in sales activity was back in April, followed by an increase only half as big in May, then by a small 1.5% gain in June. This was likely because new listings had fallen to a 20-year low, which was reflected in month-over-month price gains in April, May, and June that were only bested by those seen during the COVID-19 pandemic.

New listings are now catching up to sales, although this isn't expected to translate into further big gains in activity as some buyers will likely be moving back to the sidelines, as they did in 2022, to wait for additional signals from the Bank of Canada and the data it bases policy on. Looking further out, there's also a growing consensus that rates will not just be higher, but likely for longer – well into 2024.

As a result, CREA has downgraded its forecast for home sales in 2023 and 2024 compared to its April 2023 outlook, along with the trajectory for prices. That's not to say either are necessarily expected to return to declines on a month-to-month basis, but rather to stabilize or rise at a slower pace than they have in recent months.



increases in borrowing costs and the uncertainty those summer rate hikes will create going forward into the fall.

The national average home price is forecast to edge down just 0.2% on an annual basis to \$702,409 in 2023. This is up from CREA's previous forecast, owing both to compositional gains from additional sales in the pricey regions of British Columbia's Lower Mainland and the Greater Toronto Area, plus stronger than expected price growth across the country in the second quarter of 2023. That said, while the annual forecast figure has been raised, the trajectory for prices going forward from here is expected to be less steep.

National home sales are forecast to rebound by 11.2% to 516,072 units in 2024 as housing markets steadily return towards trend, and monetary policy starts to move back in the direction of a more neutral stance. This forecast would place activity in line with its 10-year average, below 2007, 2016, 2020, and 2021.

The national average home price is forecast to rise a further 3% from 2023 to 2024 to around \$723,250. This is only close to where it was in the second quarter of 2023. So the forecast, in general, is for prices to mostly stabilize until interest rates start to come down.

The Quarterly Forecast data is available to download in Excel (.xlsx) format.

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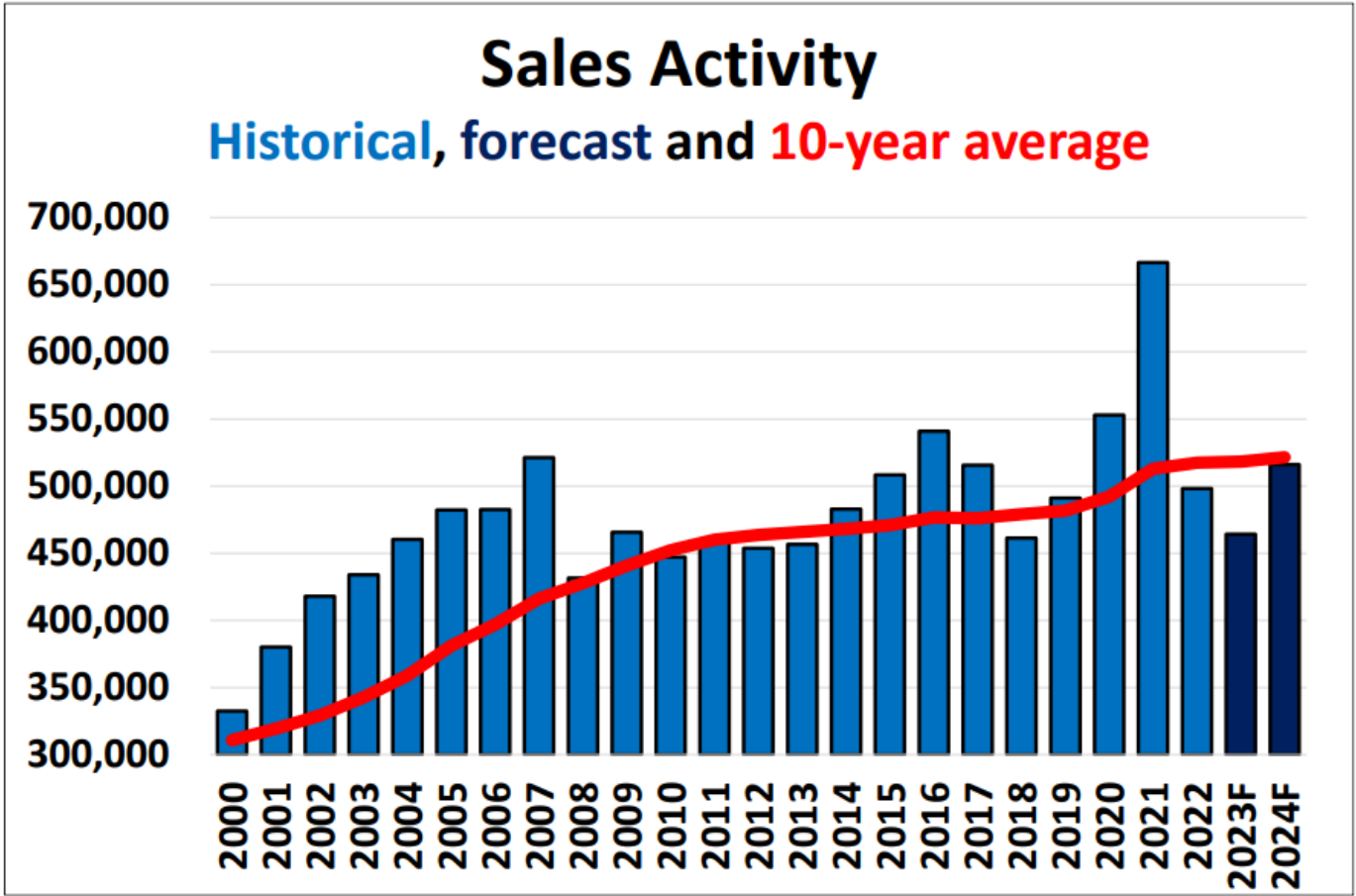
About the Canadian Real Estate Association

The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry associations. CREA works on behalf of more than 160,000 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 forecast	2022	2022 Annual percentage change	2023	2023 Annual percentage change	2024	2024 Annual percentage change
Canada	498,127	-25.2	464,239	-6.8	516,043	11.2
British Columbia	80,852	-35.2	82,221	1.7	92,830	12.9
Alberta	84,028	-1.9	73,122	-13.0	79,856	9.2
Saskatchewan	15,426	-11.7	14,408	-6.6	15,636	8.5
Manitoba	15,723	-20.1	14,037	-10.7	14,866	5.9
Ontario	182,866	-32.3	175,646	-3.9	199,082	13.3
Quebec	87,090	-20.4	77,128	-11.4	84,191	9.2
New Brunswick	10,519	-20.5	9,054	-13.9	9,548	5.5
Nova Scotia	12,483	-21.7	10,688	-14.4	11,751	9.9
Prince Edward Island	1,984	-18.1	1,910	-3.7	2,022	5.9
Newfoundland	6,324	-7.1	5,368	-15.1	5,530	3.0

Average price forecast	2022	2022 Annual percentage change	2023	2023 Annual percentage change	2024	2024 Annual percentage change
Canada	703,818	2.4	702,409	-0.2	723,243	3.0
British Columbia	996,460	7.4	968,145	-2.8	997,391	3.0
Alberta	447,445	5.3	448,015	0.1	478,485	6.8
Saskatchewan	303,261	0.6	296,940	-2.1	303,426	2.2
Manitoba	360,373	7.9	338,924	-6.0	348,165	2.7
Ontario	931,870	6.8	903,719	-3.0	910,205	0.7
Quebec	483,573	10.3	475,686	-1.6	484,952	1.9
New Brunswick	289,786	17.6	289,679	0.0	300,077	3.6
Nova Scotia	411,784	14.9	420,906	2.2	454,825	8.1
Prince Edward Island	388,844	13.8	384,823	-1.0	402,958	4.7
Newfoundland	291,807	6.8	283,226	-2.9	284,986	0.6



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