

## ECONOMIC NEWS

# Canada: A Huge Year for Home Sales

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### HIGHLIGHTS

- ▶ Existing home sales inched up 0.2% in December.
- ▶ They rose in just four provinces, including Ontario (+1.1%).
- ▶ Inventory remains very tight. At the current sales pace, there were just 1.6 months of inventory in December—the lowest level since data collection began in 2003.
- ▶ The existing home price index climbed 2.5% on the month and 26.6% for the year.
- ▶ Sales were up 21.0% in 2021, the biggest jump since 1996. The average existing home price index rose 22.2% in 2021.

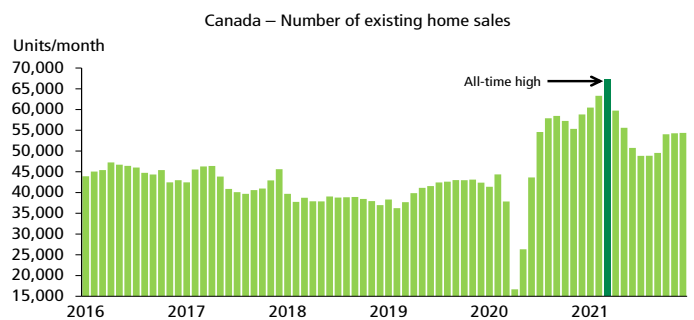
### COMMENTS

We saw three different phases of home sales activity in 2021. The year started out where 2020 left off, with huge sales growth. Transactions hit a record high of 67,219 in March. But with limited inventory and deteriorating affordability, the market couldn't sustain this red-hot pace. Sales slowed in April, then stabilized over the summer before edging up slightly in the fall. Despite the ups and downs, sales ended the year at a relatively high level historically. Strong demand continued to push prices higher, with the existing home price index hitting \$811,700 in December, an all-time high.

### IMPLICATIONS

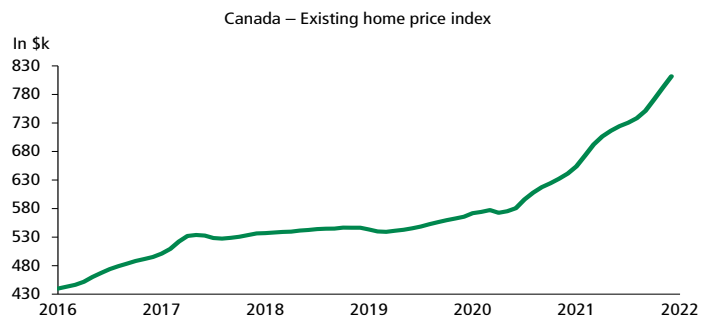
Interest rates are expected to creep up this year, which should cool the market some. But pent-up demand and buyers who want to get in before rates rise could continue to push prices higher over the coming months.

**GRAPH 1**  
Sales of existing homes have stabilized



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

**GRAPH 2**  
Prices of existing homes continued to soar



Sources: Canadian Real Estate Association and Desjardins, Economic Studies