

# ECONOMIC NEWS

## Canada: A Year of Recovery for the Housing Market

### HIGHLIGHTS

- ▶ Existing property sales closed out 2019 on a slightly negative note with a 0.9% dip in December, ending a nine-month run of increases.
- ▶ Nevertheless, the existing home price index continued to climb, posting a 0.8% gain in December.
- ▶ Overall, sales grew 6.5% for 2019 as a whole, following two years of declines. With the exception of Alberta, British Columbia and Prince Edward Island, all the provinces benefited from an increase in sales in 2019.
- ▶ On average, the home price index rose 0.7% in 2019, with results varying somewhat from one region to the next.

### COMMENTS

With December's figures in, we can now paint a complete picture of the existing home market in 2019. After the market's struggles in 2017 and 2018 to adjust to tighter mortgage rules and higher interest rates, 2019 was marked by a recovery in most markets. However, demand remained strong due to demographics and the fact that mortgage rates started to drop again.

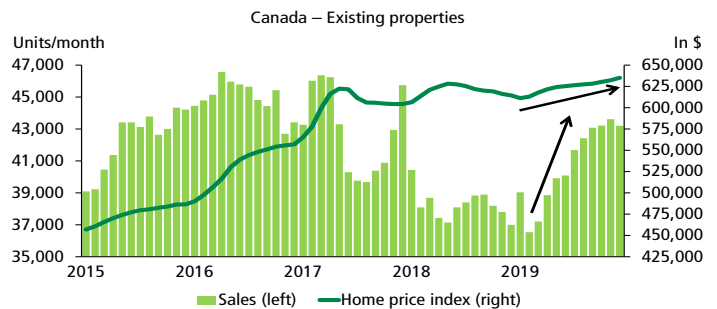
From December 2018 to December 2019, the number of transactions jumped 22.7% thanks to an extremely favourable spring and summer. This renewed sales frenzy impacted home prices, and the index began to climb again in 2019, ending a period of stagnation.

### IMPLICATIONS

Although we should keep a close eye on the housing market in the coming months, the situation isn't nearly as worrisome as in early 2017. For one, sales are still lower than they were before the 2017–2018 correction and price increases are still moderate in most regions. For another, the quality of mortgage credit is now better due to the numerous measures implemented in recent years.

### GRAPH 1

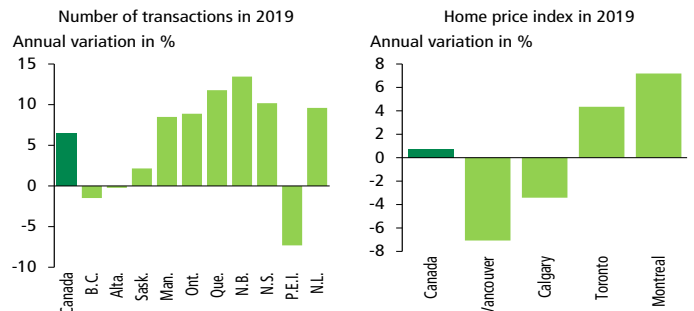
The Canadian housing market bounced back in 2019



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

### GRAPH 2

Developments in the existing housing market in 2019 varied somewhat from one region to another



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

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