

ECONOMIC NEWS

Canada: Housing Trends Still Strong despite April's Slowdown

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HIGHLIGHTS

- ▶ After hitting the historic high of 334,759 units in March, housing starts slowed more than anticipated in April, dropping back to 268,631 units.
- ▶ Existing home sales followed a similar trend. After reaching a historic high of 69,702 units in March, existing home sales slumped 12.5% in April, falling to 60,967 units.

COMMENTS

The decline in housing starts and existing home sales in April came as no surprise, since some pullback seemed inevitable after March's historic highs.

That being said, housing starts are still very lively. On the one hand, April's level is still historically high despite the decline. On the other hand, the trend for housing starts based on a 6-month moving average continued to follow an upward trajectory. New-home construction is accelerating, a clear sign that supply is increasingly adjusting to the strong demand.

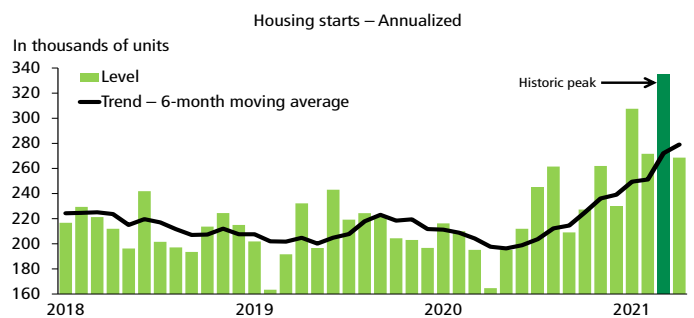
The same can be said of existing home sales. One indication that they're still strong is that the existing-home price index continued to climb in April (+2.4%) to reach \$723,500, a new all-time high.

IMPLICATIONS

The housing market remains extremely tense, however, there are faint signs that the situation is improving. The number of months of inventory of homes for sale edged up in April for the first time in almost a year. If this trend were to continue in the coming months, the upward pressure on prices could eventually ease. Stay tuned!

GRAPH 1

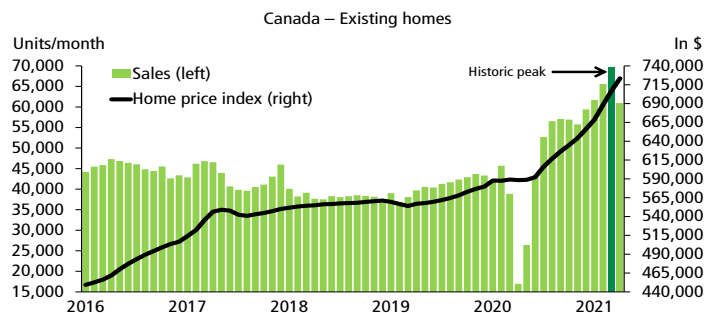
Housing starts' trend continue to rise despite April's drop



Sources: Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

GRAPH 2

The existing homes market remains lively



Sources: Canadian Real Estate Association and Desjardins, Economic Studies