



The Canadian Real Estate Association News Release

CREA Updates Resale Housing Market Forecast

Housing activity forecast to continue easing over the second half of 2021 and into 2022

Ottawa, ON June 15, 2021

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.

Over the past several years, record levels of international immigration (not including 2020), low interest rates, and an increasingly middle-aged Millennial cohort have combined to fuel very strong household formation and housing demand in Canada. Recall that prior to COVID-19, the number of available listings nationally was already at a 14-year low and the national number of months of inventory on the eve of the lockdowns had fallen to below 4 months (seller's market territory).

COVID-19 supercharged trends that were already present, with even stronger first-time home buying activity teaming up with a surge in existing owners choosing to pull up stakes and move to find the right place to ride out the pandemic. This served to drive prices sharply higher while supply fell further to reach all-time lows. That said, with vaccination now well underway, the urgency with which so many sought out housing over the last year appears to be fading and the market is settling down, albeit from a very high starting point.

The mass vaccination of society and reopening of our lives and economies along with the associated migration and international immigration introduce a considerable amount of uncertainty to the outlook over the balance of 2021 and into 2022. Still, it is hard to see how these factors will not act as tailwinds to both housing demand and prices, particularly as inventories are still stuck at record lows.

Current trends and the outlook for housing market fundamentals suggest activity will remain strong through 2021, resulting in a record number of sales this year despite the slowdown that began in April. Over time, activity is forecast to continue returning towards more typical levels. As a result, 2022 is expected to see significantly fewer MLS® transactions than in 2021 while nonetheless still marking the second-best year on record.

Some 682,900 properties are forecast to trade hands via Canadian MLS® systems in 2021. This would be a record-setting result, and an increase of 23.8% over 2020. The strength of demand in 2021 has been geographically broad-based and CREA anticipates double-digit sales growth in every province with the exception of Quebec, where the second half of 2020 was comparatively stronger than the first five months of 2021.

The national average home price is forecast to rise by 19.3% on an annual basis to just over \$677,775 in 2021. This reflects the current unprecedented imbalance of supply and demand, currently close to 2 months of inventory nationally. While market conditions have eased a little in recent months, they nonetheless continue to favour sellers to some extent in virtually all local markets.

On a monthly and quarterly basis, sales are forecast to continue trending back towards more typical levels through the latter half of 2021 and into 2022. Limited supply and higher prices are expected to tap the brakes on activity in 2022 compared to 2021, although increased churn in resale markets resulting from the COVID-related shake-up to so many people's lives may continue to boost activity above what was normal before COVID-19. Indeed, it is possible that many of the moves associated with changes related to remote work won't play out until further down the road when we have more certainty about what the future will look like post-COVID.

National home sales are forecast to fall by 13% to around 594,000 units in 2022. This easing trend is expected to play out across Canada with buyers facing both higher prices and a lack of available supply, while at the same time the urgency to purchase a home base to ride out the pandemic continues to fade alongside the virus itself.

Sales declines are forecast to be largest in B.C. and Ontario, resulting in a “Simpson’s Paradox” in the average price whereby every province is forecast to post a larger year-over-year increase than the one at the national level due to the compositional shift in sales away from the most expensive provincial markets. The national average price is forecast to edge up by just 0.6% to \$681,500 in 2022.

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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 135,000 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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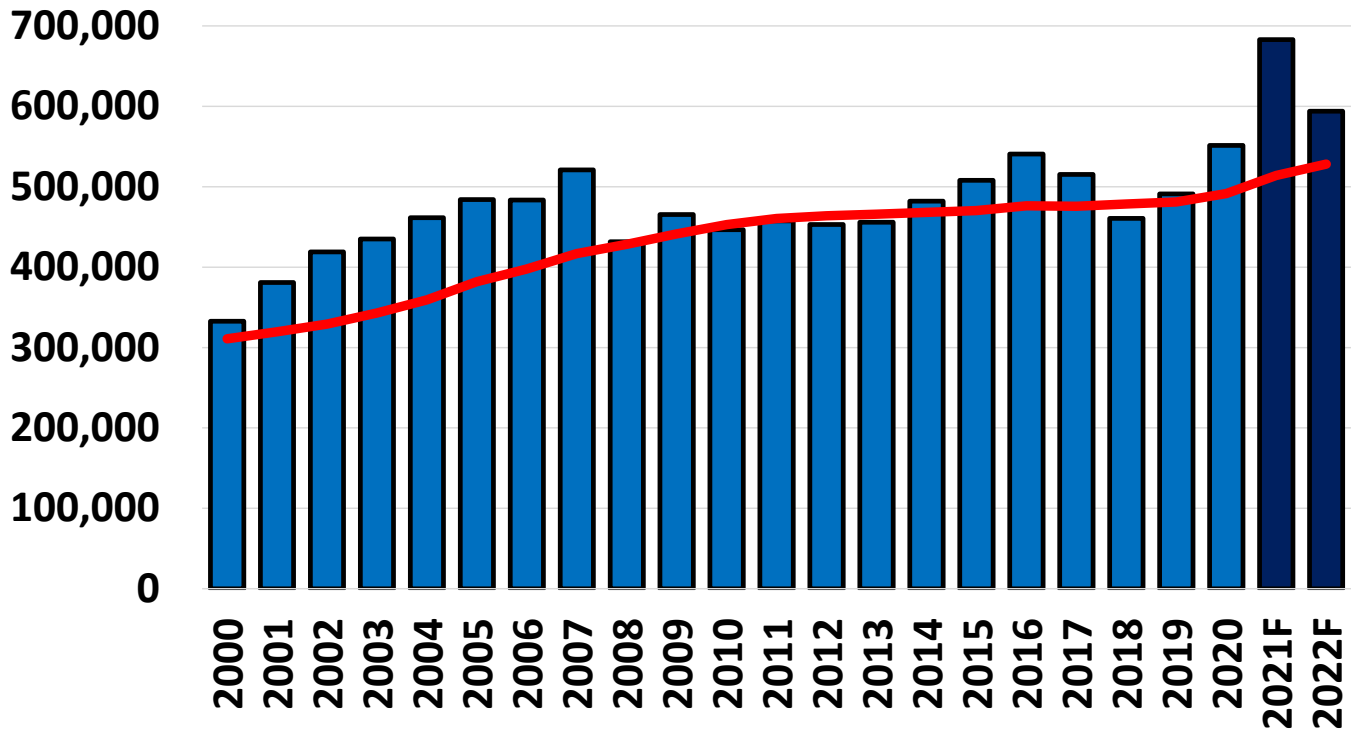
The Canadian Real Estate Association

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Sales Activity

Historical, forecast and **10-year average**



CREA Residential Market Forecast:

Sales activity forecast	2020	2020 annual percentage change	2021 Forecast	2021 annual percentage change	2022 forecast	2022 annual percentage change
Canada	551,404	12.3	682,867	23.8	593,994	-13.0
British Columbia	94,008	21.5	127,347	35.5	104,825	-17.7
Alberta	54,998	3.6	84,892	54.4	79,461	-6.4
Saskatchewan	13,848	25.1	17,551	26.7	15,859	-9.6
Manitoba	16,789	14.3	21,273	26.7	19,576	-8.0
Ontario	228,185	8.8	279,060	22.3	230,588	-17.4
Quebec	111,369	15.2	113,946	2.3	107,253	-5.9
New Brunswick	10,696	13.5	12,959	21.2	12,203	-5.8
Nova Scotia	13,990	13.6	16,414	17.3	15,508	-5.5
Prince Edward Island	2,109	9.6	2,363	12.0	2,256	-4.5
Newfoundland and Labrador	4,680	14.7	6,176	32.0	5,694	-7.8

Average price forecast	2020	2020 annual percentage change	2021 forecast	2021 annual percentage change	2022 forecast	2022 annual percentage change
Canada	567,907	13.0	677,774	19.3	681,515	0.6
British Columbia	781,770	11.6	883,781	13.0	896,304	1.4
Alberta	392,371	1.4	438,938	11.9	442,741	0.9
Saskatchewan	284,104	2.4	308,375	8.5	315,839	2.4
Manitoba	304,117	4.4	328,594	8.0	335,641	2.1
Ontario	705,649	16.0	859,533	21.8	887,031	3.2
Quebec	376,841	16.5	439,396	16.6	462,685	5.3
New Brunswick	197,750	10.5	243,648	23.2	262,085	7.6
Nova Scotia	291,418	13.8	349,929	20.1	359,944	2.9
Prince Edward Island	283,035	18.7	330,409	16.7	341,114	3.2
Newfoundland and Labrador	248,834	3.1	272,964	9.7	279,937	2.6