

December 2021 Housing Report

CREA December 2021

Sales forecast to moderate somewhat in 2022 but tight supply conditions are expected to continue to push prices higher

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.

Monthly home sales over Canadian MLS® Systems were not as volatile in 2021 as they were in 2020. That said, they were nonetheless still very unstable – similar to what was seen during the 2008-2009 financial crisis – but at a much higher level.

This volatility, ranging from a seasonally adjusted annualized high of 807,250 sales in March 2021 to a low of 585,250 sales in August 2021, then back up to around 650,000 at the time of this writing, was not the result of lockdowns or any major fluctuations in demand.

Rather, with the end-of-month supply of homes for sale setting new record-lows every month this year, it would seem the ups and downs of sales in 2021 had more to do with where and how many properties came up for sale. When they did, the demand was there to scoop them up.

The number of months of inventory has only dipped below 2 months four times in history – in February and March of 2021, and then again in October and November – so it is not surprising that prices nationally rose by more than 20% in 2021 compared to 2020. While price growth is not expected to be as extreme in 2022, many of the conditions that supported it right up until the end of 2021 will still be there on New Year's Day.

Along with an unprecedented supply crunch, there are quite a few other factors that will play important roles in Canadian housing markets in 2022. Ongoing strong demand from an unobservable but no doubt large number of households waiting for new listings to show up will be one tailwind.

Many of those listings will likely show up as existing owners continue to move around in record numbers in response to the changes to our lives since the emergence of the COVID-19

pandemic. Demand should be further turbocharged by, and buyers will face increased competition from, the return of very strong or perhaps even all-time record levels of international immigration, depending on the evolution of the pandemic.

There will also be headwinds, chief among them higher interest rates. While the Bank of Canada has set the stage for a tightening cycle of still indeterminant size to begin as early as April of next year, mortgage rates have already started to move higher, first this past spring, and again in the last few months.

Those are the rates borrowers are actually getting, but in Canada they must qualify for their mortgage loans at the stress test rate, currently set at 5.25%, which is somewhere in the range of 275-basis points above the typical discounted 5-year rate. While that is less of a spread than earlier this year, it is nonetheless still in “emergency mode”.

At the moment, increases in mortgage rates are only affecting monthly payments, though with a 275-basis point stress test, these are still affordable. It is the level of the stress test, due soon for a re-evaluation by the Office of the Superintendent of Financial Institutions, that governs not what people can afford, but what they are allowed to borrow. As such, this re-assessment is a major wildcard. The fact that it is still quite high means it could be left alone for now to act as a kind of cushion against rising rates for young and/or first-time buyers. After all, the original intent of the policy was a 200-basis point buffer.

And lastly, another wildcard are the promises made around housing in the recent federal election. Which of these will become policy in 2022 and how will they affect housing markets across Canada? Unfortunately, a major increase in new supply (the most needed but also most long-term of all of these interventions) is unlikely to make a major difference within the space of a year.

With all of that said, some 668,000 properties are projected to trade hands via Canadian MLS® systems in 2021 — a record-setting number by a margin of about 21% over 2020. This projection is a small upward revision from the September forecast, owing to an unexpected rebound in sales activity in the final quarter of the year.

The national average home price is projected to rise by 21.2% on an annual basis to \$687,500 in 2021, again, a little higher than in CREA’s previous forecast. This historically large increase reflects the unprecedented imbalance of housing supply and demand, with the number of months of inventory nationally remaining close to 2 throughout 2021. The long-term average for that measure is more than 5 months.

On a monthly and quarterly basis, sales are forecast to remain historically strong in 2022 while at the same time trending slowly back in the direction of more typical levels. Limited supply, higher prices and higher interest rates are expected to tap the brakes on activity in 2022 compared to 2021; although, increased churn in resale markets resulting from the COVID-19-related shake-up is expected to 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-19. National home sales are forecast to fall by 8.6% to around 610,700 units in 2022 – still the second-best year on record. This easing trend is expected to play out across most of the country with buyers facing both supply and affordability constraints, while at the same time, the urgency to purchase a home base to ride out the pandemic continues to fade.

Still, with supply continuing to hit fresh lows every day, the national average home price is forecast to rise by a further 7.6% on an annual basis to around \$739,500 in 2022; although, for context, it should be noted that as of November 2021, the national average price was almost \$721,000, making this a somewhat conservative forecast given what the handoff from 2021 to 2022 is looking like.

[Click Here to View Charts and Statistics for December 2021](#)

Mississauga December 2021

Mississauga MLS® home sales remain strong as 2021 comes to an end

The number of homes sold through the MLS® System of the Mississauga Real Estate Board totalled 516 units in January 2022. This was a substantial decrease of 18.7% from January 2021.

Home sales were 8.2% above the five-year average and 5% above the 10-year average for the month of January.

The number of homes sold through the MLS® System of the Mississauga Real Estate Board totaled 539 units in December 2021. This was a large decline of 19.9% from December 2020.

Home sales were 9.8% above the five-year average and 12.8% above the 10-year average for the month of December.

On an annual basis, home sales totaled 11,334 units over the course of 2021. This increased by 29.9% from the same period in 2020.

"December MLS® home sales were above average for this time of year." said Nelson Goulart, President of the Mississauga Real Estate Board. "New listings were in line with historical norms but were still outpaced by the number of sales during the month. Continuous strong demand throughout the year has gradually depleted overall inventory, which now stands at the lowest level on record. As a result, our local market continues to be imbalanced towards sellers. Consequently, prices remain elevated, with both average price and the HPI Benchmark Composite price consistently posting double digit year over year gains. Without a new supply of listings in the near future, it would be reasonable to conclude that current market conditions will persist well into the first few months of 2022."

The MLS® Home Price Index (HPI) tracks price trends far more accurately than is possible using average or median price measures. The overall MLS® HPI composite benchmark price was \$1,202,300 in December 2021, increasing by 25.4% compared to December 2020.

The benchmark price for single-family homes was \$1,450,300, a gain of 29.1% on a year-over-year basis in December. By comparison, the benchmark price for townhouse/row units was \$981,800, up by 28% compared to a year earlier, while the benchmark apartment price rose by 13.4% to \$649,600, from year-ago levels. The average price of homes sold in December 2021 was a record \$1,092,827, a gain of 25.2% from December 2020.

The more comprehensive annual average price was \$1,015,660, up by 15.2% from all of 2020.

The dollar value of all home sales in December 2021 was \$589 million, essentially unchanged, up just 0.3% from the same month in 2020. This was also a new record for the month of December.

The number of new listings saw a big reduction of 21.2% from December 2020. There were 453 new residential listings in December 2021.

New listings were 1% below the five-year average and 3.5% below the 10-year average for the month of December.

Active residential listings numbered 223 units on the market at the end of December, a substantial reduction of 67% from the end of December 2020. Active listings have not been this low in the month of December in more than 25 years.

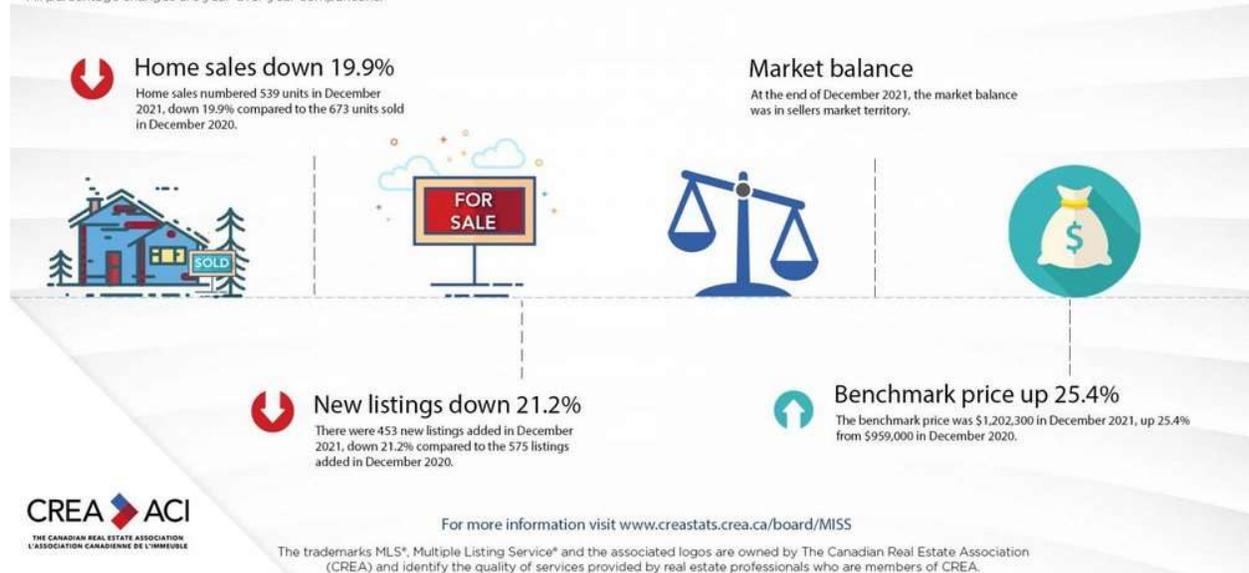
Active listings were 66.5% below the five-year average and 74% below the 10-year average for the month of December.

Months of inventory numbered 0.4 at the end of December 2021, down from the 1 month recorded at the end of December 2020 and below the long-run average of 1.9 months for this time of year. The number of months of inventory is the number of months it would take to sell current inventories at the current rate of sales activity.

Mississauga Real Estate Board Housing Market Update for December 2021*



*Based on residential data from the Mississauga Real Estate Board MLS® System.
All percentage changes are year-over-year comparisons.



Residential housing activity
Mississauga
December 2021

Seasonally Adjusted ¹		Percentage change compared to					
		1 month ago	2 months ago	3 months ago	4 months ago	5 months ago	6 months ago
		November 2021	October 2021	September 2021	August 2021	July 2021	June 2021
Sales Activity	879	0.1	-7.1	6.8	8.7	3.0	4.9
Average Price	\$1,152,606	7.7	14.6	11.0	12.9	18.6	16.4
Dollar Volume*	\$1,013.1	7.8	6.4	18.6	22.7	22.2	22.1
New Listings	1,271	9.9	19.3	28.4	23.3	14.6	4.4
Active Listings	689	32.8	66.4	40.9	12.2	4.2	-8.3

Actual ²		Percentage change compared to					
		1 year ago	2 years ago	3 years ago	5 years ago	7 years ago	10 years ago
		December 2020	December 2019	December 2018	December 2016	December 2014	December 2011
Sales Activity	539	-19.9	37.5	49.7	9.3	17.9	-2.0
Average Price	\$1,092,827	25.2	36.7	62.2	68.7	129.0	154.0
Dollar Volume*	\$589.0	0.3	87.9	142.8	84.5	170.1	148.9
New Listings	453	-21.2	35.2	34.8	6.8	-6.4	-17.2
Active Listings	223	-67.0	-59.7	-71.8	-50.3	-80.2	-82.8

Year-to-date ³		Percentage change compared to					
		1 year ago	2 years ago	3 years ago	5 years ago	7 years ago	10 years ago
		December 2020 YTD	December 2019 YTD	December 2018 YTD	December 2016 YTD	December 2014 YTD	December 2011 YTD
Sales Activity	11,334	29.9	30.1	44.5	-2.7	10.7	5.0
Average Price	\$1,015,660	15.2	33.6	43.7	61.7	100.5	139.5
Dollar Volume*	\$11,511.5	49.7	73.9	107.7	57.3	121.9	151.5
New Listings	14,902	4.5	8.7	5.9	-4.1	-16.4	-11.8
Active Listings**	738	-31.8	-37.4	-45.9	-28.3	-60.7	-56.3

Market Balance ⁴		Compared to					
		1 month ago	3 months ago	6 months ago	1 year ago	2 years ago	5 years ago
		November 2021	September 2021	June 2021	December 2020	December 2019	December 2016
Sales to New Listings Ratio	69.2	76.0	83.1	68.8	68.2	69.2	72.2
Months of Inventory	0.8	0.6	0.6	0.9	1.1	1.6	1.1

¹ Seasonal adjustment removes normal seasonal variations, enabling analysis of monthly changes and fundamental trends in the data.

² Actual (not seasonally adjusted) data as processed through the MLS® System of the Mississauga Real Estate Board.

³ Sum of actual data from January to present month of any given year.

⁴ Seasonally adjusted; sales to new listings ratio=sales/new listings*100; months of inventory=active listings at the end of the month/sales for the month.

* In millions of dollars.

** The year-to-date active listings figure is a monthly average of the number of homes on the market at the end of each month so far this year.