

Study: Price trends and outlook in key Canadian housing markets

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Demand outpaced supply in most key housing markets until mid-March 2020, spurred by economic growth, a low unemployment rate and population increase largely from immigration.

Then, COVID-19 changed everything. The economy contracted, unemployment soared, and immigration and travel came to a virtual standstill. All of these factors spilled over into the housing market.

From mid-March through April, housing sales were down about 70% on average from the same period a year earlier in all key real estate markets in Canada. Physical distancing measures also changed the way homes are sold.

A new study, "[Price trends and outlook in key Canadian housing markets](#)," looks at where the housing market was at the onset of the pandemic, sheds light on what has happened since then, and explores the challenges facing the Canadian market going forward.

Ottawa had the hottest housing market nationally at the onset of the pandemic

Housing prices in Ottawa were up 13.2% year over year in the first quarter of 2020, led by new (+22.6%) and resale (+15.0%) condominium apartments.

While employment fell by 7.3 percentage points nationally from February to May, the decline was less pronounced in Ottawa (-6.0 percentage points), and home prices rose in April and May.

Strong condo apartment market in Montréal, Toronto and Victoria

Montréal, Toronto and Victoria all had low vacancy rates at the onset of the pandemic and strong condominium apartment markets, partially spurred by investors.

Home prices in Montréal were up 8.0% year over year in the first quarter of 2020. Prices increased in every sector, led by the resale (+9.8%) and new (+8.2%) condominium apartment market. Prices for new (+7.5%) and resale (+6.8%) houses also rose.

In Toronto, one of fastest-growing cities in North America, home prices rose 6.5% year over year, led by new (+14.6%) and resale (+8.5%) condominium apartments, as well as resale houses (+5.9%). New house prices declined 0.5%.

Home prices were 4.3% higher in Victoria year over year in the first quarter, with new (+13.8%) and resale (+5.7%) condominium apartment prices rising the most.

Vancouver housing prices edge up and remain among the least affordable globally

Home prices in Vancouver rose 0.3% year over year in the first quarter of 2020 on the strength of higher prices for resale houses (+2.3%). Conversely, prices were down for new houses (-1.8%), resale condominium apartments (-1.4%) and new condominium apartments (-0.7%). New mortgage lending rules introduced in 2018, coupled with higher interest rates, have cooled housing prices in the second-least affordable home market in the world.



Home prices falling in Calgary before the pandemic

Housing prices in Calgary were down 2.0% year over year in the first quarter of 2020, with new condominium apartment prices falling the most (-7.5%). Prices for new houses (-2.0%), resale condominium apartments (-1.9%) and resale houses (-1.5%) were also down. Home prices in Calgary have been falling since the oil price crash in 2014 and with the recent uncertainty surrounding the energy sector.

Housing prices in Calgary continued their downward trajectory in May, in the wake of falling oil prices and physical distancing measures. Inventory levels for single-family homes and condominium apartments continued to climb as sales decreased more than new listings. Prices for new homes were down slightly in May compared with March.

COVID-19 shakes up the rental market

Physical distancing measures and travel restrictions also transformed the rental market. Before the pandemic, there was an influx of investors purchasing properties to rent them on the short-term rental market.

However, with travel restrictions in place, many short-term rental owners have had to find alternative and less lucrative rental options. There is already evidence of this happening in Toronto, where average rental prices have begun decreasing as new landlords try to attract clients from a diminished pool of potential renters.

Note to readers

First-quarter data on new home and condominium apartment prices were gathered by March 14, two days before physical distancing measures were implemented on March 16. Since resale data are based on closing dates of a home, the resale data for the first quarter reflect transactions completed before the pandemic.

Products

Statistics Canada has a [Residential Property Price Index Data Visualization Tool](#). This interactive dashboard provides access to current and historical data for the Residential Property Price Index and its sub-components (new and resale houses and condominium apartments) for the census metropolitan areas (CMAs) of Montréal, Ottawa, Toronto, Calgary, Vancouver and Victoria, and for a composite of these six CMAs, in a dynamic and customizable format.

The [Methodology of the Residential Property Price Index \(RPPI\)](#) is available. This document provides details on the methodology used to calculate the New Housing Price Index, the New Condominium Apartment Price Index and the Resale Residential Property Price Index, and how these indexes are compiled to form the RPPI.

For more information on the topic of housing, visit the [Housing statistics](#) portal.

Statistics Canada has launched the [Producer price indexes](#) portal as part of a suite of portals for prices and price indexes. This web page provides users with a single point of access to a wide variety of statistics and measures related to producer prices.

A new study, titled [Price trends and outlook in key Canadian housing markets](#), looks at where the housing market was at the onset of the COVID-19 pandemic, sheds light on what has happened since then, and explores the challenges facing the Canadian market going forward.

The infographic [Impact of COVID-19 on Key Housing Markets](#), part of *Statistics Canada – Infographics (11-627-M)*, is now available. It provides an outlook of the housing market before, during and after COVID-19.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).