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A correction has been made to this product

On August 11, 2021, a correction was made to the section “Residential sales activity is highest in British Columbia” for the share of non-market sales in Nova Scotia, from 29.0% to 29.1%, due to a rounding error. The interpretation of the results in the text does not change.

We regret any inconvenience this may have caused.

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Residential real estate sales in 2018: Characteristics of properties sold

by **Annik Gougeon** and **Oualid Moussouni**
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Overview

The Canadian Housing Statistics Program (CHSP) uses new sales data to explore property and buyer characteristics in a three-part series that focuses on Nova Scotia, New Brunswick and British Columbia. As the first part of this series, this article examines properties sold from January 1 to December 31, 2018, providing new information on the geographic distribution, the property type, the sale price and the living area of properties sold.

Key findings

- British Columbia had the most active housing market, compared with Nova Scotia and New Brunswick. Most of the real estate transactions in British Columbia occurred in census metropolitan areas.
- British Columbia had the most expensive homes sold – prices were over three times those of Nova Scotia, and almost four times those of New Brunswick. This was especially true for vacant land, where the sale price in British Columbia was almost fifteen times higher than in New Brunswick.
- In New Brunswick and Nova Scotia, properties sold had larger living areas relative to properties that were not sold in the reference period.

Introduction

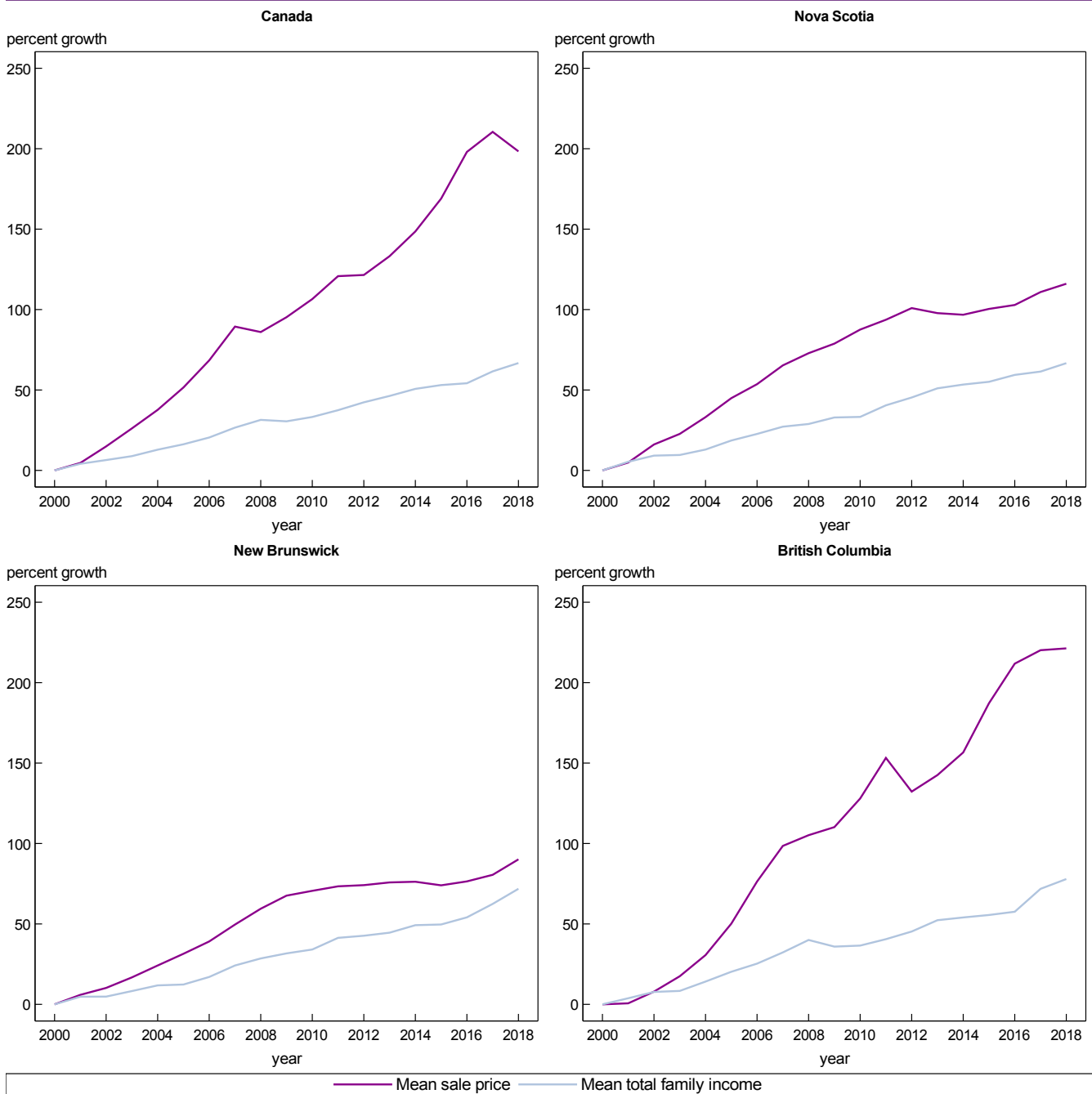
Buying a property is an important milestone for those who seek homeownership, providing both housing and an opportunity for investment. Using new sales data for Nova Scotia, New Brunswick and British Columbia,¹ the Canadian Housing Statistics Program (CHSP) is releasing a three-part series on the characteristics of properties sold from January 1 to December 31, 2018, along with the characteristics of their buyers. These findings will serve as a point of comparison to determine the effects of the COVID-19 pandemic and its aftermath on the real estate sector and consumer preferences.

A Canada Mortgage and Housing Corporation (CMHC) report highlighted that high demand and limited supply were responsible for escalating house prices across Canadian cities (Canada Mortgage and Housing Corporation, 2018). This trend was especially pronounced in British Columbia, where a 30-point plan was introduced by the provincial government in 2018 with the goal of stabilizing the market and increasing housing affordability (Province of British Columbia, 2018). To keep up with market prices, Canadians have leveraged an increasing amount of debt to purchase residential properties (Poloz, 2018). Using Statistics Canada data on income (Statistics Canada, 2015) and Canadian Real Estate Association (CREA) data on average sale prices, Chart 1 demonstrates that the rise in total family income (+66.7%) has not kept pace with appreciating house prices (+198.3%) since 2000 in Canada. This growth trend is similar for British Columbia, while for Nova Scotia and New Brunswick the gap is less pronounced.

1. Data for other provinces and more recent years are currently not available.

Chart 1

Mean total family income growth and mean sale price growth in Canada, Nova Scotia, New Brunswick and British Columbia from 2000 to 2018



Note: The income measure consists of the mean total family income for individuals 16 years and older. The income and sale prices are expressed in current dollars.

Source: Canadian Real Estate Association, Haver Analytics and Statistics Canada, Table 11-10-0190-01.

For the first time, data from the CHSP provide information on the buyers of residential real estate and the properties they purchased from January 1 to December 31, 2018, in Nova Scotia, New Brunswick and British Columbia. This article, the first of a three-part series, provides an overview of the characteristics of sold properties and compares them with the characteristics of all other residential properties, including the geographic distribution of sales, property type, sale price and living area. Part two of this series will focus on the characteristics of the buyers, including sex, family composition, first-time home buyers and immigration

status. Finally, part three will investigate the income of buyers relative to the sale price of the properties they purchased, with a focus on price-to-income ratios by geography, property type and income quintile.

This series will focus on properties transacted as part of market sales. Market sales are transactions where properties are sold in an arm's length transfer of ownership, that is, by unrelated parties.

Residential sales activity is highest in British Columbia

British Columbia had the highest turnover rate² of its residential property stock among the three provinces examined, with more sales derived from market sales than the other provinces.³ A higher turnover rate was found in census metropolitan areas (CMA), with the Kelowna CMA in British Columbia having the highest share of properties sold in a market sale, while the Moncton CMA in New Brunswick and the Halifax CMA in Nova Scotia had the highest turnover rate in their respective provinces.

Non-market sales of residential properties include sales to related parties⁴ or sales of special interest,⁵ forfeitures and foreclosures. New Brunswick had the highest share of non-market sales, where 31.7% of properties sold in 2018 fell into that category, followed by Nova Scotia (29.1%) and British Columbia (24.5%). In British Columbia, about three quarters of non-market sales were among related parties, with the remaining share including sales of special interest and, to a smaller extent, sales of partial interest.⁶ The remainder of this article focuses on properties sold in market sales.

Table 1

Number of sales and purchased properties as a share of all properties by province

Province	All sales		Market sales		Non-market sales	
	number	percent of residential properties	number	percent of residential properties	number	percent of residential properties
Nova Scotia	25,390	5.7	18,015	4.1	7,375	1.7
New Brunswick	19,620	5.2	13,400	3.6	6,220	1.7
British Columbia	135,465	7.8	102,310	5.9	33,155	1.9

Source: Statistics Canada, Canadian Housing Statistics Program (CHSP), Tables 46-10-0053-01 and 46-10-0057-01.

Most residential sales occur in census metropolitan areas

There was higher market sales activity within CMAs relative to outside CMAs. While this was consistent across the three provinces, data in Chart 2 demonstrates that this was more pronounced in Nova Scotia and New Brunswick, where the share of properties sold within CMAs was almost two percentage points higher than the share of properties sold outside CMAs.

In the three provinces, semi-detached houses, row houses and condominium apartments that were typically located within CMAs had a higher turnover rate of property stock relative to single-detached houses. This was especially true in New Brunswick, where 9.6% of all condominium apartments were sold, compared with 3.4% of all single-detached houses.

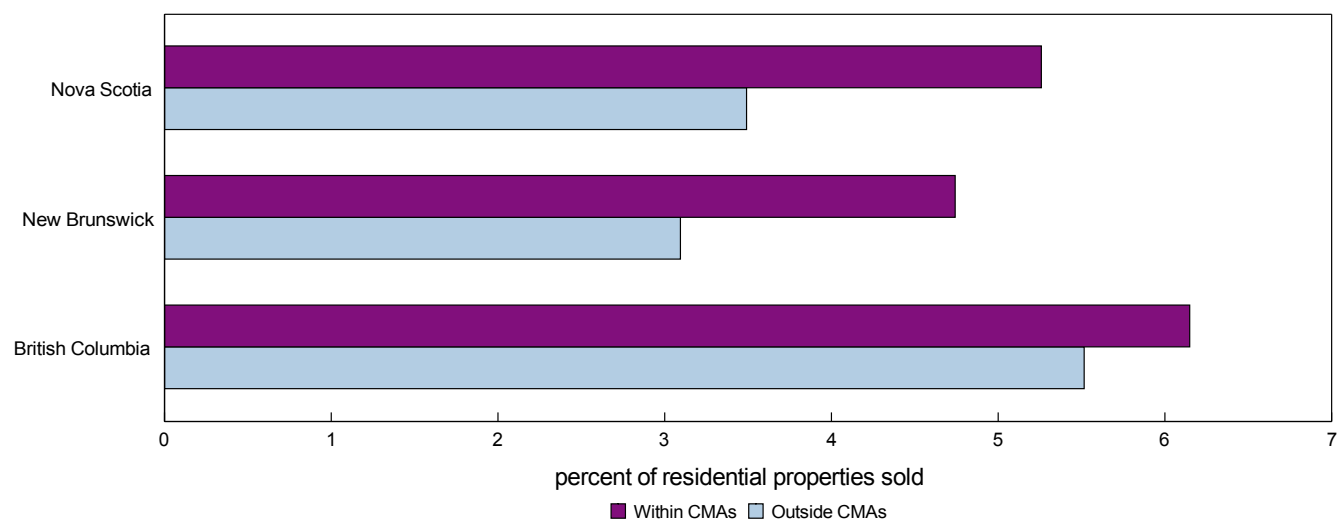
2. The turnover rate is calculated as a ratio of the number of properties sold to the total stock of residential properties.

3. Properties sold more than once during the reference period count as one.

4. This is a sale where the seller and the buyer are associated, such as related individuals or related companies.

5. This includes sales from the execution of an estate, sales to a trust company and bulk sales of strata units.

6. This is when the sale is less than 100% of the interest in the property.

Chart 2**Share of properties sold within census metropolitan areas (CMAs) and outside CMAs by province**

Source: Statistics Canada, Canadian Housing Statistics Program (CHSP), Tables 46-10-0053-01 and 46-10-0057-01.

Vacant land is nearly 15 times more expensive in British Columbia than in New Brunswick

The median price of properties sold was significantly higher in British Columbia, over three times that of Nova Scotia, and almost four times the price in New Brunswick. This was most pronounced in vacant land properties, which had a median price almost 9 times higher in British Columbia than in Nova Scotia and nearly 15 times higher than in New Brunswick.

The price of vacant land is an important consideration in the economics of housing supply, as one of the three components in the cost of developing a unit of housing⁷ (Glaeser & Gyourko, 2018). According to a report by the CMHC, land prices form at least 30% of the value of a new building sold in Montreal, Toronto and Vancouver, meaning that as land becomes scarcer and thus more expensive, developers will tend to build either more expensive homes or denser housing types (Canada Mortgage and Housing Corporation, 2018). This highlights the importance of land costs in explaining varying housing supply responses and affordability challenges across the country.

7. The other two components are the construction costs and the rate of entrepreneurial profit necessary to compensate the home builder.

Table 2
Number of sales and median price by province and property type

Property type	Number of sales	Median price
	number	dollars
Nova Scotia	18,015	167,000
Single-detached house	11,720	192,000
Condominium apartment	870	215,000
Vacant land	2,910	25,000
Other ¹	2,515	187,000
New Brunswick	13,400	134,000
Single-detached house	8,160	160,000
Condominium apartment	195	147,000
Vacant land	2,195	15,000
Other ¹	2,850	130,000
British Columbia	102,310	535,000
Single-detached house	32,980	600,000
Condominium apartment	32,475	455,000
Vacant land	5,645	220,000
Other ¹	31,210	615,000

1. This category includes semi-detached houses, row houses, multi-unit properties, mobile homes and other property types.

Source: Statistics Canada, Canadian Housing Statistics Program (CHSP), Table 46-10-0057-01.

Price per square foot is nearly 50% higher in Halifax than in the rest of the province

Table 3 shows that the properties sold in New Brunswick and Nova Scotia had a larger living area relative to properties that were not sold. Of note, properties sold in the Saint John CMA had a median living area that was 10.7% larger than the living area of properties in that CMA which were not sold. These findings suggest that market activity was higher for larger properties in Nova Scotia and New Brunswick.

Table 3 also shows that the price per square foot of properties sold in Nova Scotia varied, depending on geographical location. Properties sold within the Halifax CMA had a median price per square foot that was 48.0% higher than properties sold outside the CMA, reaching a price of \$151 per square foot. In New Brunswick, the median price per square foot of properties sold was relatively uniform, with a difference of 3.9% between properties sold within the Saint John CMA and properties sold outside CMAs.

Table 3
Median living area and price per square foot by census metropolitan area (CMA)

Census metropolitan area (CMA)	Median living area of sold properties	Median living area of properties that were not sold	Difference	Median price per square foot
	square foot	square foot	percent	dollars per square foot
Nova Scotia	1,510	1,350	11.9	125
Halifax	1,810	1,670	8.4	151
Outside the CMA	1,300	1,210	7.4	102
New Brunswick	1,420	1,310	8.4	106
Moncton	1,590	1,520	4.6	103
Saint John	1,660	1,500	10.7	107
Outside the CMAs	1,300	1,230	5.7	103

Source: Statistics Canada, Canadian Housing Statistics Program (CHSP).

Note to readers

The data used in this study are compiled from the Canadian Housing Statistics Program (CHSP) and include data on properties sold from January 1 to December 31, 2018, which are linked to CHSP data for the reference year 2019. References to the stock of properties are from the reference year 2019.

The analysis in this article focuses on properties sold in market sales, which involve unrelated and independent parties. Non-market sales, such as sales by related parties, sales of special interest, sales of part interest, forfeitures and foreclosures, are not included unless otherwise stated. A property may be sold multiple times from January 1 to December 31, 2018, but is only counted once.

Multiple properties may be included in the same sale, where one price was paid for multiple properties. A price adjustment is applied to these properties to estimate the price paid for each individual property.

Geographical boundaries

The CHSP disseminates data based on the geographical boundaries from the Standard Geographical Classification 2016.

Definitions

Sale of property refers to whether a property had a transfer of ownership from one party to another party through a contractual agreement. A property is considered to have been sold on the date that the property was transferred to, recorded in, registered in or otherwise carried in the name of the party who purchased the property.

Market sale refers to an arm's length transaction where all parties act independently with no influence over the other.

Non-market sale refers to non-arm's length transactions, which includes distressed sales, foreclosures, trade and forfeitures, redemptions, sales of part interest, and special interest sales.

Property refers to land with legally defined boundaries and the constructions, works and improvements of a permanent nature located on, above or below its surface for which the rights to use and dispose can be assigned.

Sale price of property refers to the dollar amount set forth during the sale of the property as per the contractual agreement.

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