

Resale housing market solid in December

OTTAWA – January 14th, 2011 – National resale housing activity in December 2010 was slightly above average for the month of December, according to statistics released today by The Canadian Real Estate Association (CREA).

Actual (not seasonally adjusted) national sales activity via the Multiple Listing Service® (MLS®) Systems of Canadian real estate Boards was down 14.4 per cent on a year-over-year basis in December 2010, which reflects record level sales for the month of December in 2009. Activity in December 2010 ran slightly ahead of the ten year average for the month (Exhibit 1).

The national trend for monthly sales remained stable in December, with seasonally adjusted sales activity having edged down by less than a percentage point from the previous month. Led by Calgary, Winnipeg, and Hamilton-Burlington, seasonally adjusted sales activity was up month-to-month in half of local markets. Toronto, Vancouver, and Montreal were among the markets that posted a small month-over-month decline in December.

“Overall sales activity has improved in recent months, but the upturn has been uneven among local markets,” said Georges Pahud, CREA President. “Housing market trends often differ due to a number of local factors, so buyers and sellers should consult their local REALTOR® to understand how trends are shaping up in their market.”

National home sales activity improved steadily over the second half of 2010, with seasonally adjusted sales up 18.3 per cent in December compared to the recent low reached in July. As a result, seasonally adjusted activity in the fourth quarter of 2010 rose 12.1 per cent from third quarter levels, and was up less than a percentage point compared to second quarter activity.

“The hand off to 2011 for sales activity in the fourth quarter suggests that the continuation of low interest rates will further support the housing market,” said Gregory Klump, CREA’s Chief Economist. “Sales may be starting to plateau in some of Canada’s most active and expensive housing markets. Combined with a pickup in new listings and further interest rate increases, the stage is being set for smaller price gains and a further deceleration in the growth of mortgage debt.”

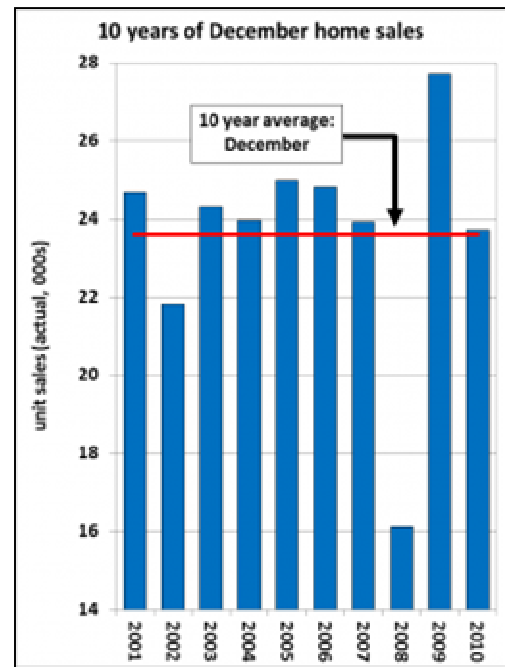
Some 447,010 homes traded hands over Canadian MLS® Systems in 2010, down 3.9 per cent from 2009. Annual sales activity was higher than CREA had forecast previously due to stronger than projected sales activity in the fourth quarter.

The number of new residential listings on Canadian MLS® Systems held steady in December, rising by less than one percentage point on a seasonally adjusted basis. New listings remain 14.2 per cent below the recent peak reached in April 2010.

The housing market remained in balanced territory on a national basis in December, with sales as a percentage of new listings amounting to 55.2 per cent. Just over half of local markets in Canada were in balanced territory in December.

Three-quarters of the remaining local markets are sellers’ markets. “With activity having returned to healthy levels and a firm floor under prices, many sellers who shied away from the market heading into the summer are expected to list their properties heading into the spring,” said Klump. “Sales in the months ahead are not expected to continue trending upward as steeply as they have in recent months, so an increase in new listings may return many sellers markets to balanced territory.”

The number of months of inventory represents the number of months it would take to sell current inventories at the current rate of sales activity, and can be used to gauge the balance between housing supply and demand. The seasonally adjusted number of months of inventory stood at 5.8 months at the end of December on a national basis. This was unchanged from November, and remains 1.4 months below where it was in July. The number of months of inventory in December rose compared to November levels in British Columbia, Saskatchewan, Quebec, New Brunswick and Nova Scotia, and was down from the previous month in Alberta, Manitoba, Ontario and Prince Edward Island.



The annual average price for homes sold via Canadian MLS[®] Systems rose 5.8 per cent to \$339,030. Much of the increase reflects compositional factors within and across housing markets that caused average price to be skewed downward in 2009.

PLEASE NOTE: The information contained in this news release combines both major market and national MLS[®] sales information from the previous month.

CREA cautions that average price information can be useful in establishing trends over time, but does not indicate actual prices in centres comprised of widely divergent neighborhoods or account for price differential between geographic areas. Statistical information contained in this report includes all housing types.

MLS[®] is a co-operative marketing system used only by Canada's real estate Boards to ensure maximum exposure of properties listed for sale.

The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations, representing more than 100,000 REALTORS[®] working through more than 100 real estate Boards and Associations.

Further information can be found at:
http://www.crea.ca/public/news_stats/media.htm

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