



Housing News Flash

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Canadian Home Sales — November 2010

Canada's housing market has awakened from its summer slumber, with national MLS sales rising for a fourth consecutive month in November. However, monthly sales volumes are still running well below the near-record pace of a year-ago that was fuelled by pent-up demand, expectations of rising interest rates, and pending changes in taxation and mortgage lending criteria. Indeed, recent sales levels are essentially in line with the average of the past decade, suggesting a healthy, more sustainable trend. Two-thirds of local markets reported higher sales last month.

Housing demand in 2011 will be stoked by continued ultra-low borrowing costs, with the Bank of Canada likely on the sidelines for some time. Yet it should also be tempered somewhat by more moderate employment and income growth as government restraint efforts take hold. Public sector hiring has accounted for fully a third of the net new jobs created in Canada over the past year, something we do not expect to repeat next year.

With the pickup in demand, overall market conditions have shifted from favouring buyers over the summer to generally balanced and/or favouring sellers, which has contributed to recent price gains. The national average MLS price also increased for a fourth consecutive month in November, though was relatively flat on year-over-year basis. CREA reported that 60% of local markets were considered balanced last month, 30% were in sellers territory and only 10% favoured buyers.

Buyers typically lead sellers at turning points in sentiment. The recent strong pickup in sales has outpaced new supply. However, sellers in Canada have proven highly responsive to underlying conditions, and as such we expect more listings to come on the market in coming months, leading to relatively stable prices.

MLS Home Sales

| | Canada | | British Columbia | | Alberta | | Man.-Sask. | | Ontario | | Quebec | | Atlantic | |
|---------|------------|---------|------------------|---------|------------|--------|------------|--------|------------|---------|------------|--------|------------|--------|
| | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units |
| 2006 | 277,207 | 483,129 | 390,963 | 96,671 | 285,383 | 74,350 | 142,742 | 22,158 | 278,364 | 194,930 | 195,170 | 71,622 | 148,277 | 22,851 |
| 2007 | 307,094 | 521,051 | 439,119 | 102,805 | 356,235 | 71,430 | 171,609 | 25,982 | 299,544 | 213,379 | 207,530 | 80,649 | 158,589 | 26,258 |
| 2008 | 304,971 | 431,823 | 454,599 | 68,923 | 352,857 | 56,399 | 205,036 | 23,719 | 302,354 | 181,001 | 215,307 | 76,762 | 171,258 | 24,532 |
| 2009 | 320,333 | 465,251 | 465,725 | 85,028 | 341,201 | 57,786 | 216,012 | 23,942 | 318,366 | 195,840 | 225,412 | 79,290 | 182,640 | 22,844 |
| 2010ytd | 338,676 | 451,825 | 503,245 | 75,435 | 352,771 | 49,956 | 230,279 | 24,008 | 342,992 | 198,109 | 240,491 | 81,116 | 193,940 | 22,776 |

| | Vancouver | | Calgary | | Edmonton | | Toronto | | Ottawa | | Montreal | | Halifax | |
|---------|------------|--------|------------|--------|------------|--------|------------|--------|------------|--------|------------|--------|------------|-------|
| | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units | Avg. Price | Units |
| 2006 | 509,876 | 36,479 | 346,675 | 33,027 | 250,915 | 21,984 | 352,388 | 84,842 | 257,481 | 14,003 | 235,204 | 39,141 | 203,178 | 6,462 |
| 2007 | 570,795 | 38,978 | 414,066 | 32,176 | 338,636 | 20,427 | 377,029 | 95,164 | 273,058 | 14,739 | 251,423 | 43,667 | 216,339 | 7,261 |
| 2008 | 593,767 | 25,149 | 405,267 | 23,136 | 332,852 | 17,369 | 379,943 | 76,387 | 290,483 | 13,908 | 262,616 | 40,441 | 232,106 | 6,472 |
| 2009 | 592,441 | 36,257 | 385,882 | 24,880 | 320,378 | 19,139 | 396,154 | 89,255 | 304,801 | 14,923 | 274,835 | 41,802 | 239,158 | 6,062 |
| 2010ytd | 672,111 | 31,284 | 400,276 | 21,086 | 327,947 | 16,516 | 432,319 | 90,027 | 335,037 | 14,664 | 292,289 | 43,538 | 253,919 | 5,963 |

Source: Canadian Real Estate Association (CREA), Scotia Economics calculations. Year-to-date data are expressed at seasonally adjusted annual rates.

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