

Canada: Home sales decline for a fourth consecutive month in March

By Daren King

Home sales fell by 4.8% between February and March, the fourth consecutive monthly drop in a row for this indicator (chart 1). Following this decline, the number of transactions was 20% below the level in November last year, reversing last year's rebound following the central bank's interest rate cuts. Milder weather in March, particularly in the eastern provinces, failed to stimulate the housing market, as sales declined in 8 of the country's 10 provinces, with P.E.I. (+2.7%) and Saskatchewan (+0.3%) being the exceptions (chart 2). Newfoundland (-12.9%), New Brunswick (-8.7%), Ontario (-7.1%), B.C. (-7.0%), and Manitoba (-5.2%) experienced above-average declines in sales, while Nova Scotia (-4.5%), Quebec (-3.1%), and Alberta (-0.6%) experienced smaller drops. There is no doubt that the ongoing trade war with the U.S. has weighed on consumer confidence and the housing market across the country, with potential buyers waiting for more economic visibility before acting.

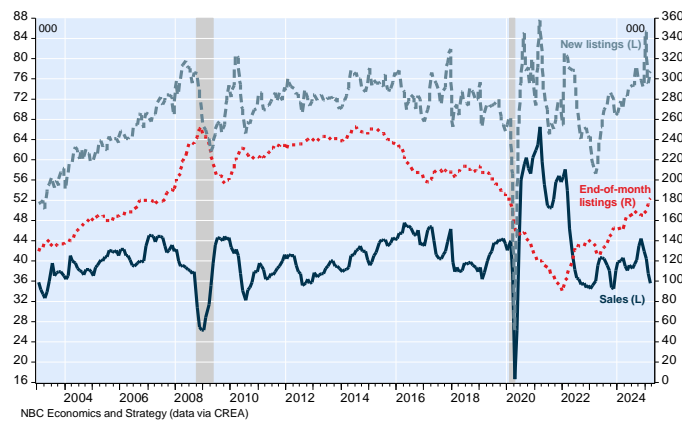
On the supply side, new listings rebounded 3.0% from February to March following an 11.9% decrease the previous month. Combined with the decrease in sales, active listings increased by 3.3% during the month, the third monthly advance in a row despite still elevated cancelled listings in March (chart 3). Overall, the number of months of

inventory (active listings-to-sales) increased for the fourth consecutive month, jumping from 4.7 in February to 5.1 in March, its highest level since April 2019 (excluding Covid, chart 4). Meanwhile, market conditions loosened sharply during the month and moved from slightly tighter than their historical average to looser than average for the first time since June 2019 (excluding Covid). This was mainly due to a sharp softening in market conditions in Ontario and B.C., which are now deep into "favourable to buyers" territory (chart 5). All other provinces are still showing tighter than average market conditions. These supplier market conditions have had an impact on prices, with the MLS Home Price Index declining by 1.0% month-over-month and by 2.1% year-over-year.

On an annual basis, home sales dropped by 9.3% compared to March 2024, thus reaching their lowest level for that period of the year since 2009 (chart 6). Sales were down in four of the ten provinces, with the biggest decreases in Ontario (-24.6%) and B.C. (-9.6%), while the sharpest increases were observed in P.E.I. (+13.5%), Newfoundland (+9.7%), and Quebec (+9.1%, chart 7). For the first quarter of 2025, cumulative home sales were down 6.3% compared to the same period in 2024 (chart 8).

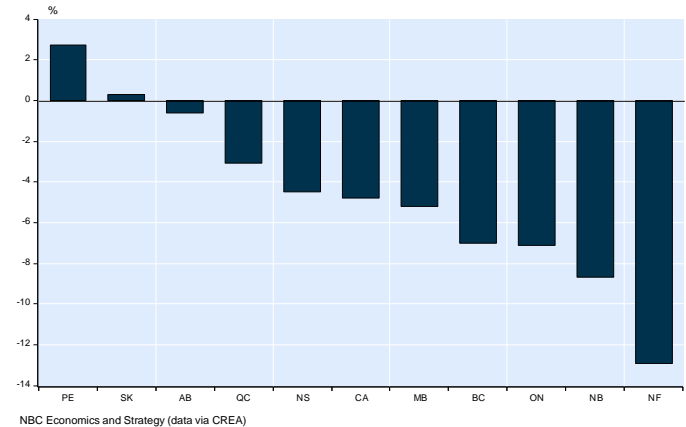
1. Canada: Home sales and listings

Seasonally adjusted. Last observation: March 2025



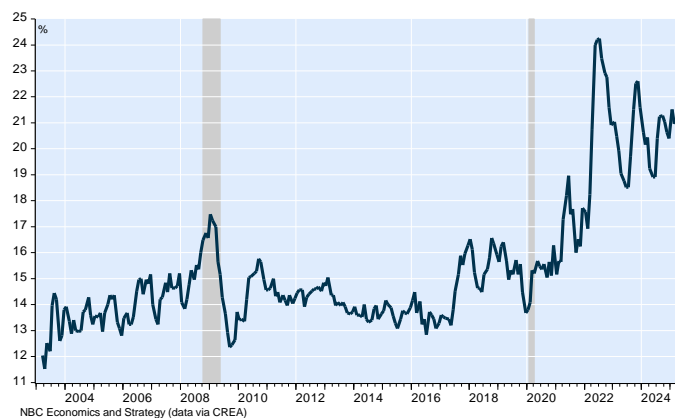
2. Canada: Monthly home sales variation in March

Monthly variation (%), seasonally adjusted data



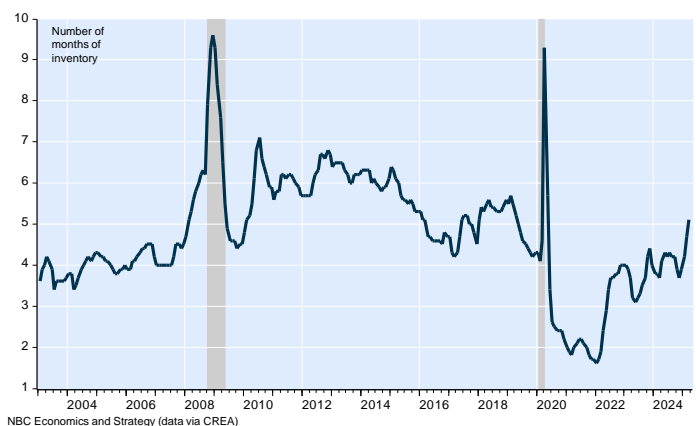
3. Canada: Proportion of active listings cancelled

3-month moving average. Seasonally adjusted. Last observation: March 2025



4. Canada: Home resale market conditions

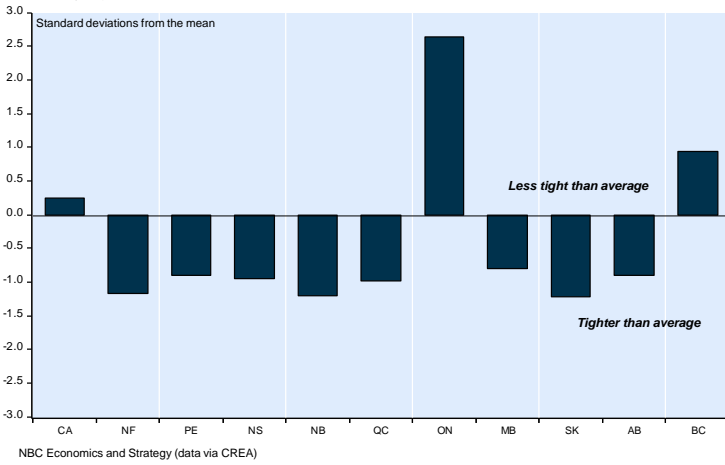
Months of inventory (active listings to sales ratio). Last observation: March 2025





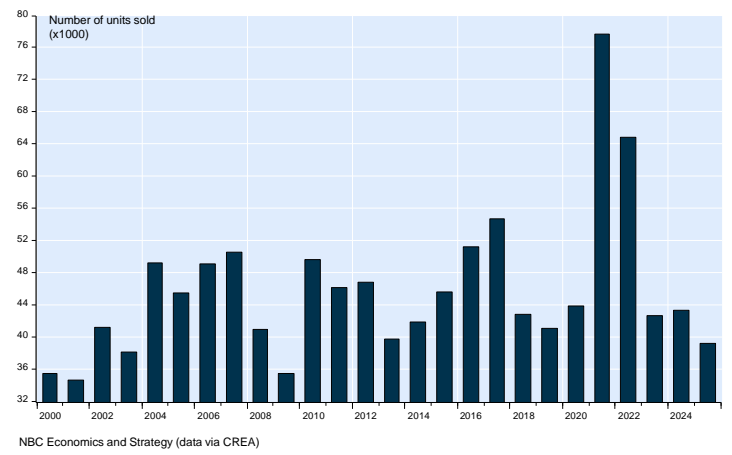
5. Canada: Active-listings-to-sales ratio

Seasonally adjusted data



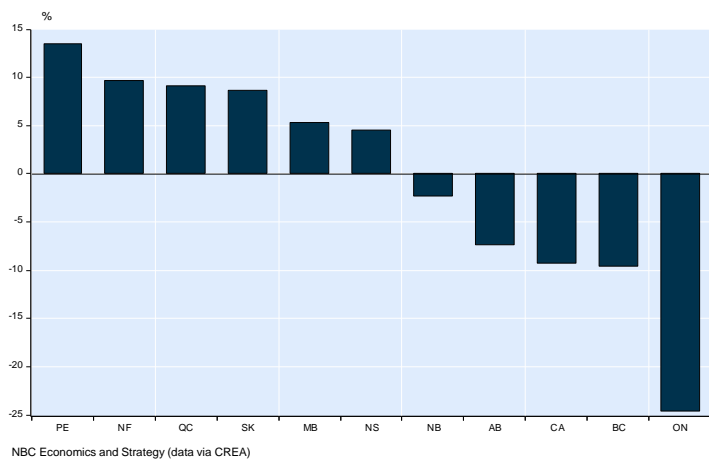
6. Canada: Home sales in March

Non seasonally adjusted

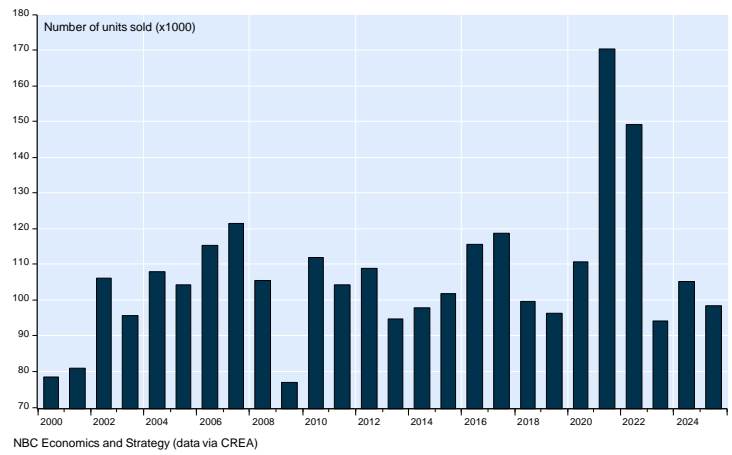


7. Canada: Annual home sales variation in March

Annual variation (%)



8. Canada: Year-to-date home sales





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