

Ontario housing market: June 2024 update

On June 17, 2024, the [Canadian Real Estate Association](#) (CREA) released the latest figures on the national housing market for the month of May, including sales activity, average price performance and overall supply and inventory.

The most recent numbers from CREA reveal that the Ontario housing market was relatively quiet in May, as buyers hold out for lower rates now that the Bank of Canada is in a rate cutting cycle. While the total of 17,871 homes sold was slightly above the previous month's total of 17,356, it marked a significant -16.3% decline when looked at year over year. Continuing a trend observed throughout 2024, the market was positively inundated with new listings, with some 43,467 residential properties newly listed for sale in May. This represents a notable annual increase of 18.9%, and is well above April's impressive total of 38,445.

The abundance of new listings, coupled with sluggish demand, has caused the average home price to drop in Ontario. The average home price in Ontario in May 2024 came in at \$890,634, slightly lower than April's figure of \$900,161. When looked at year over year, this represented a -3.7% decline.

The influx of new listings has finally helped push buying conditions in Ontario into buyers' market territory, with a sales-to-new-listings ratio (SNLR) of 41.1% (down from April's SNLR of 45.1%) To put this in perspective, according to CREA, a SNLR within 45 - 65% indicates a balanced market, with above and below that threshold representing sellers' and buyers' markets, respectively.

Read more: [National real estate market stagnates in May ahead of rate cut effect](#)

June 5, 2024: Bank of Canada announcement highlights

On June 5, 2024, the [Bank of Canada](#) lowered the target for the overnight rate by -0.25%, taking it from 5.00% to 4.75%. This marks the first time the Bank of Canada has cut its benchmark rate since March 2020.

- In its accompanying commentary, the Bank cited steadily declining inflation as the main driver of its decision to cut the overnight lending rate, noting that April's CPI of 2.7% was lower than expected (and the third month in a row where CPI had come in under 3%), while "core" trim and median inflation measures have fallen to 2.6% and 3.2%, respectively.
- Canadians with variable-rate mortgages and home equity lines of credit will no doubt be overjoyed to finally see their rates, and, therefore, their payments go down for the first time in years.
- While fixed mortgage rates are tied to the bond market rather than the Bank of Canada's policy rate, bond yields had fallen roughly 30 basis points in anticipation of a rate cut in the days leading up to the Bank's announcement. With the rate cut now having been implemented, lenders will begin reducing their fixed mortgage rates.
- It remains to be seen how much of an effect this announcement will have on the housing market, which has been rather sluggish this spring. Despite the fact that 0.25% is a relatively small cut and prices and rates remain elevated, the psychological aspect of entering a falling rate environment could be enough to bring buyers in off the sidelines.