



Housing and Mortgage Market Review

Rising rates and deteriorating affordability weigh on housing demand

By Ben Rabidoux

Mortgage Professionals Canada is pleased to share the May issue of our monthly report on key market findings and analysis to help support Canada's mortgage broker channel.

We have partnered with analyst Ben Rabidoux, who each month provides MPC members with a review of the latest housing and economic data and rate trends. He breaks down what the data means and spells out the implications for Canadian consumers—your clients.

We look forward to arming our members with powerful insights into the housing and mortgage markets and hope you enjoy this latest report.

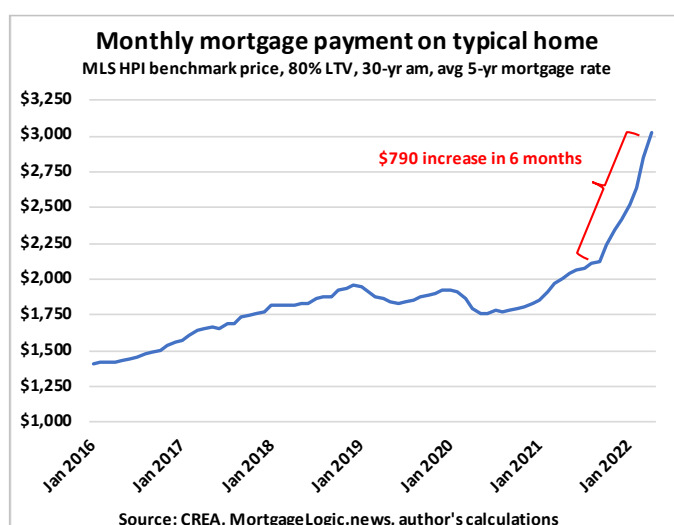
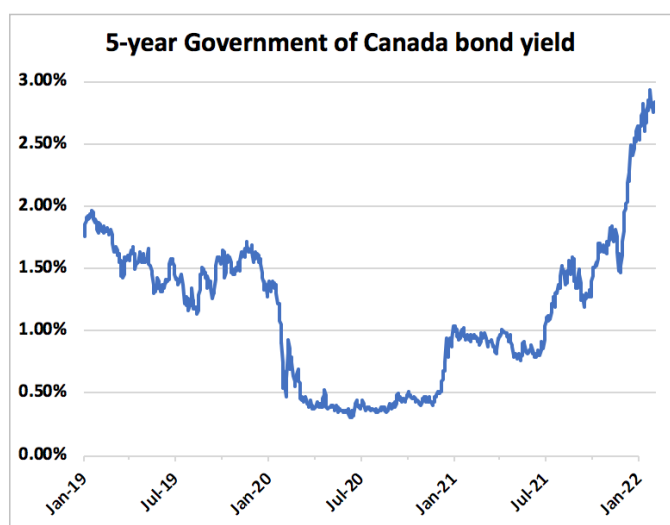


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Continued fear of rising inflation and expectations of more rate hikes from the Bank of Canada pushed government bond yields higher in April. The all-important 5-year bond yield is closing in on 3%, which in turn has pushed up 5-year fixed mortgage rates above 4% for the first time since 2010.

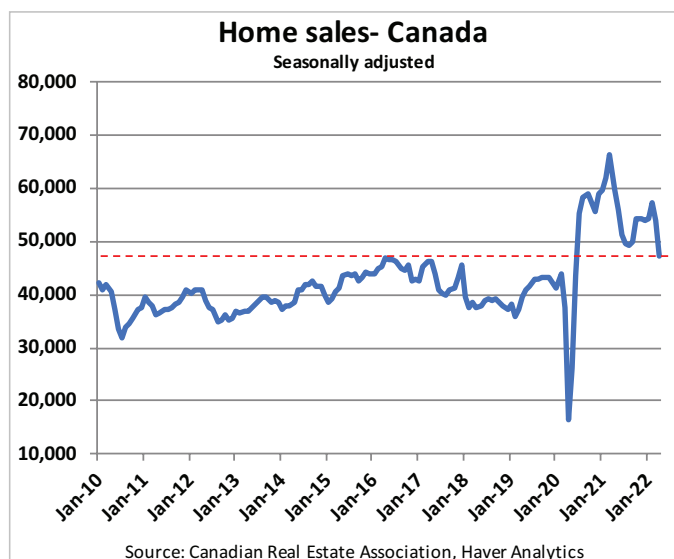
This rise in rates has meant that the monthly mortgage payment needed to purchase a typical home in Canada has surged by almost \$800/month in the past six months alone.



What it means: At this point, it doesn't really matter how strong the economy is...and it is very strong right now, with the unemployment rate hitting the lowest level on record in April. This dramatic deterioration in affordability will continue to weigh on demand until either rates decline or prices decline.

Sales fall, inventory rises, prices slide

Home sales nationally slipped 12.6% month-over-month in April. Setting aside the COVID lockdowns in early 2020, this was the largest monthly decline since the implementation of the B-20 mortgage regulations in January 2018.



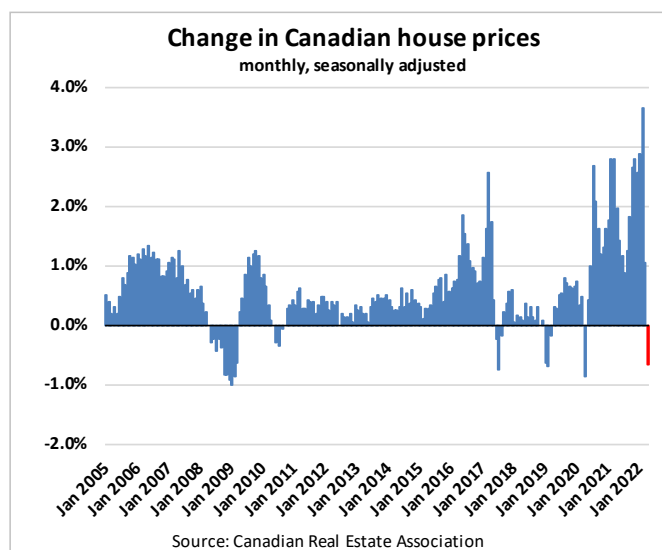
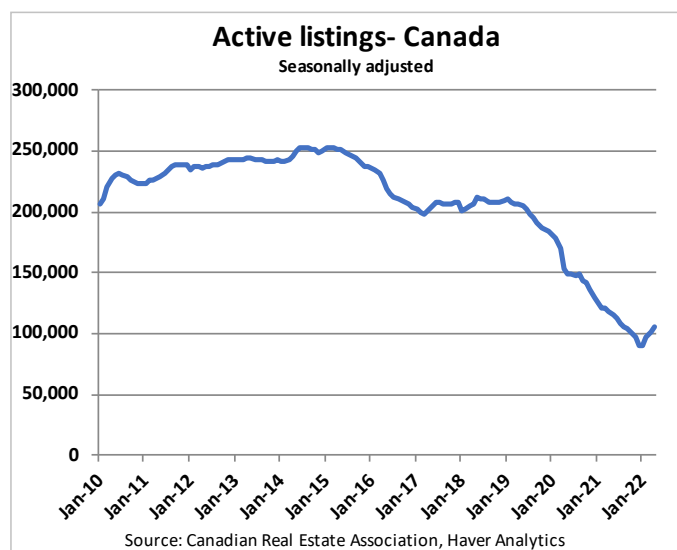


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Active listings across the country rose a seasonally adjusted 4.6% month-over-month in April. We're now seeing the fastest increase in inventory nationally since 2010.

The MLS House Price Index slipped 0.6% on a monthly basis nationally, primarily due to declines in Southern Ontario. Prices in the Greater Toronto Area slipped 1.8% month-over-month, the largest decline since early 2017.



What it means: Market dynamics are clearly turning. Even with very solid underlying fundamentals, housing markets across the country will likely continue to weaken as rising rates and deteriorating affordability weigh on demand.

**Any forecasts contained in this report are accurate as of the date indicated.*

Ben Rabidoux is the founder of Edge Realty Analytics (www.edgeanalytics.ca), which equips top real estate and mortgage professionals with timely research and insightful marketing infographics to help them stand apart from the competition and stay engaged with their clients and prospects.

He is also the founder and president of North Cove Advisors, a market research firm serving institutional and high net worth clients since 2013 that is consistently ranked top 5 for Canadian economic coverage by Brendan Wood International.

He is a frequent guest and contributor in major media outlets, including Bloomberg, The Wall Street Journal, Reuters, The Globe and Mail, The Toronto Star, Macleans, and many others.

