



Housing and Mortgage Market Review: Quarterly Report - *July 2023*

Manitoba saw home sales surge in Q2, but demand could wane due to rate hikes

Highlights on what is driving the housing and mortgage market:

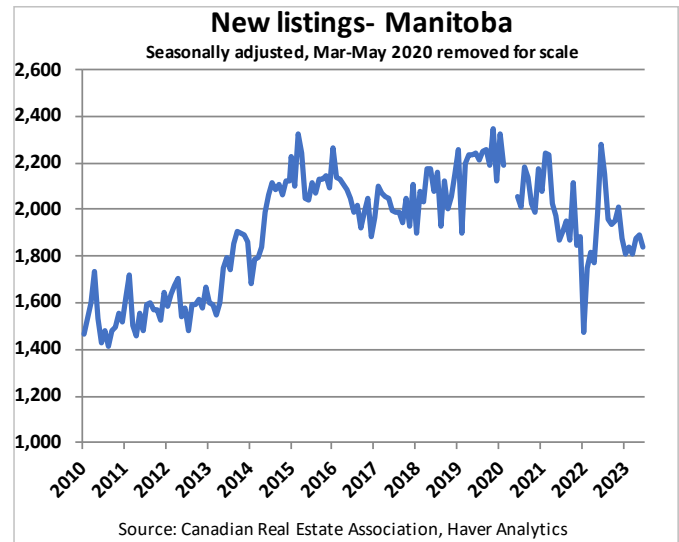
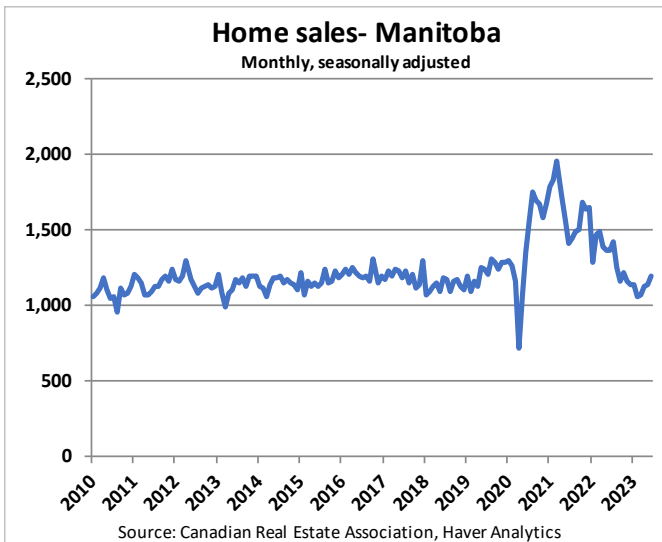
- Home sales rose strongly in the second quarter, but recent rate hikes could weigh on demand in the near term
- New listings remain very low relative to long-term norms, which is helping keep the market tight
- Record population growth and slowing single-family housing starts point to a potential supply crunch down the road

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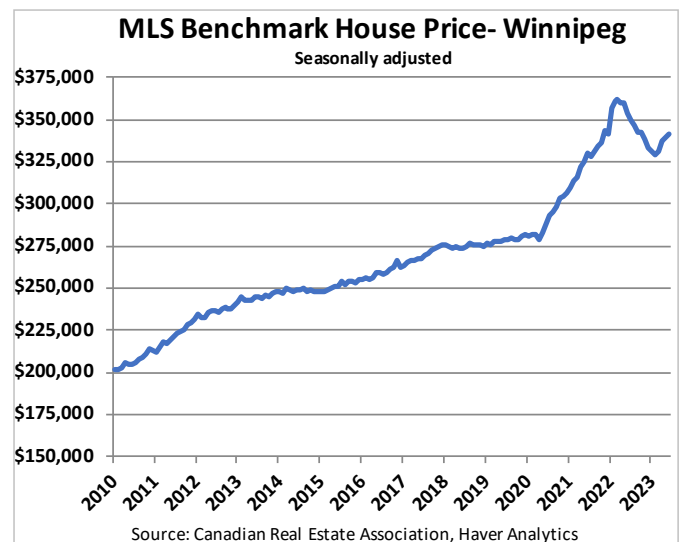
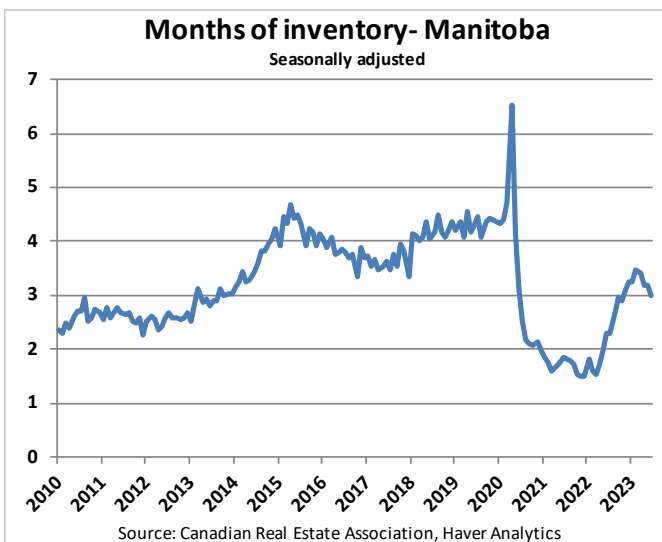
Seasonally adjusted home sales across Manitoba jumped 6.1% in the second quarter but remain well below the peak levels seen in 2021.

New listings remain very low and were down 3% on a monthly basis in June.



With sales improving and supply still depressed, the market balance has tilted towards sellers. There is now only three months of housing inventory for sale on the market compared to a long-term average of closer to four months.

The seasonally adjusted House Price Index for Manitoba rose 0.4% in June, marking the third consecutive monthly increase. Prices are still 5.7% below peak levels, however.



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Population growth smashes records

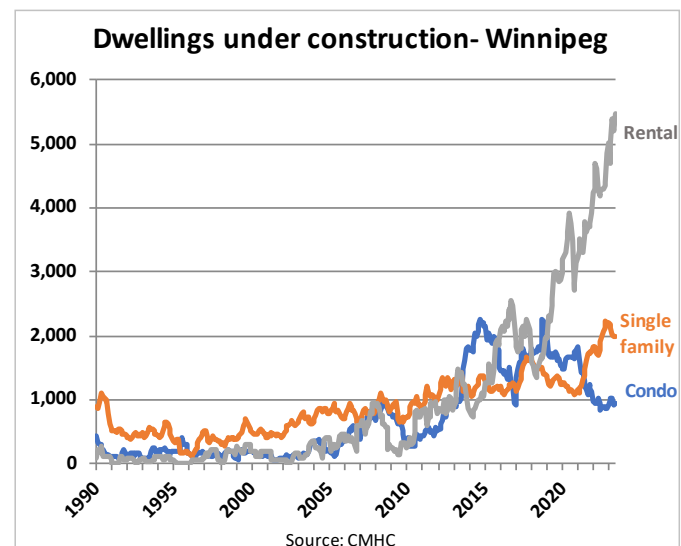
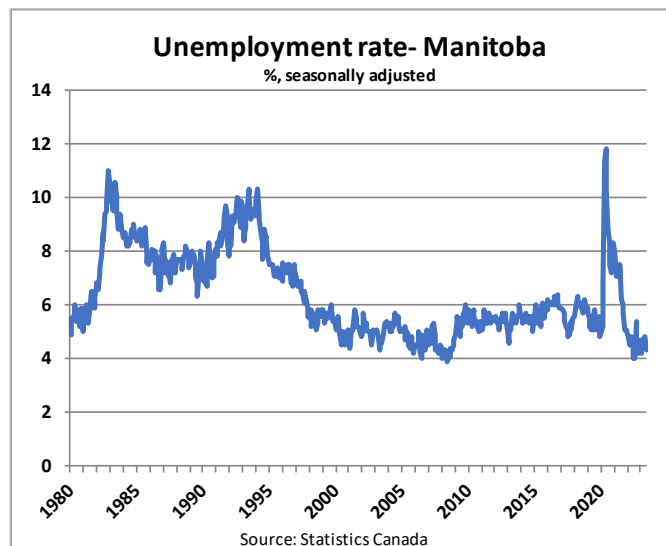
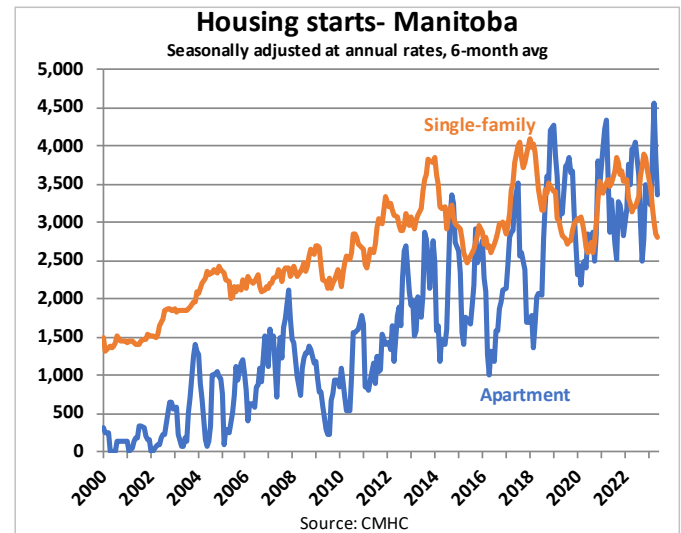
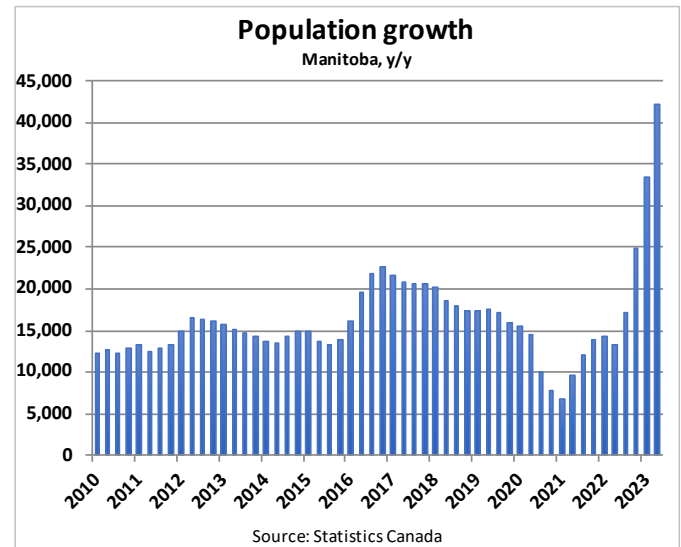
Annual population growth in Manitoba surged to over 42,000 in the second quarter, a record by a substantial margin.

While population growth is strong, the same is not true of new supply. Housing starts have fallen in recent months, notably in the single-family segment where we are now closing in on the COVID lows.

Dwellings currently under construction across the province slipped 0.3% from the end of Q1, driven by a decline in single-family activity.

Strong economic momentum continues

The economy across Manitoba continues to perform well. Total employment rose by 5,000 in the second quarter while the unemployment rate fell by 0.4% to sit near record lows just above 4%. Manitoba was the only Canadian province to see a decline in the unemployment rate in Q2.



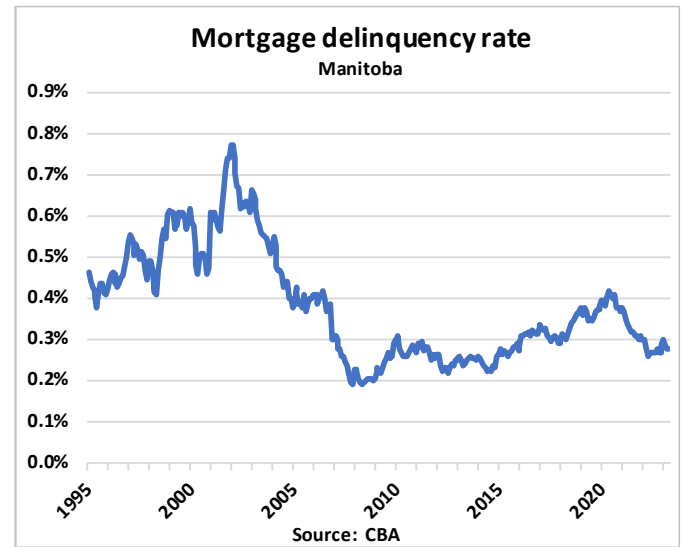
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The mortgage delinquency rate across the province remains below normal levels and has even ticked lower in recent months. The impact of higher interest rates and an expected slowdown in economic activity later this year will likely cause a reversal in this trend in the coming months.

Summary:

The housing market in metros across Manitoba remain on solid footing. Demand may come under pressure in the near term due to rising interest rates, but strong population growth and low supply point to solid long-term fundamentals.



**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.

