



Housing and Mortgage Market Review: Quarterly Report – *October 2023*

Population boom fuels Atlantic Canada's housing demand in Q3

Highlights:

- Home sales rose strongly in Q3, but recent increases in mortgage rates will likely weigh on demand in coming months
- New listings and overall resale supply remain low across Atlantic Canada
- Population growth continues to set new records

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Atlantic Canada

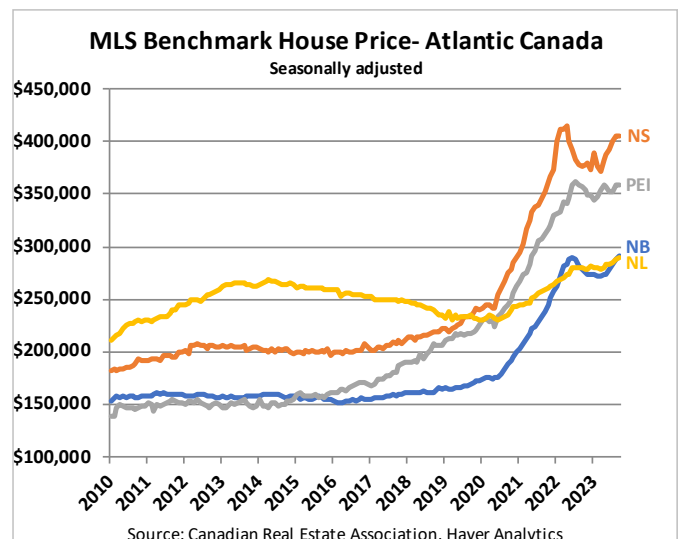
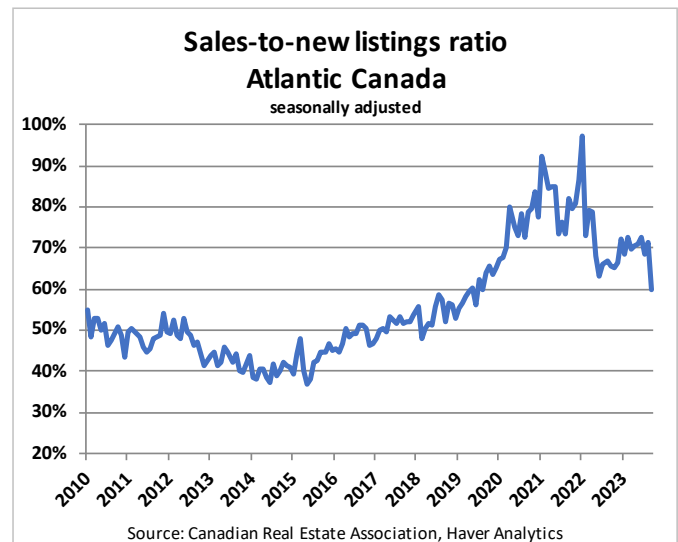
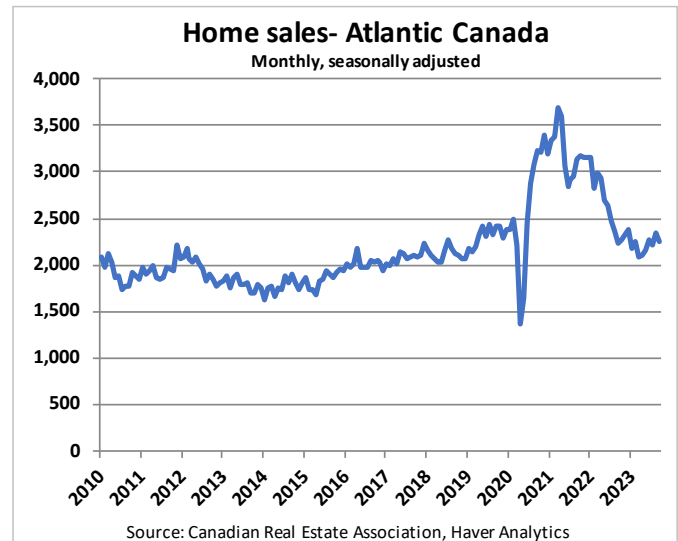
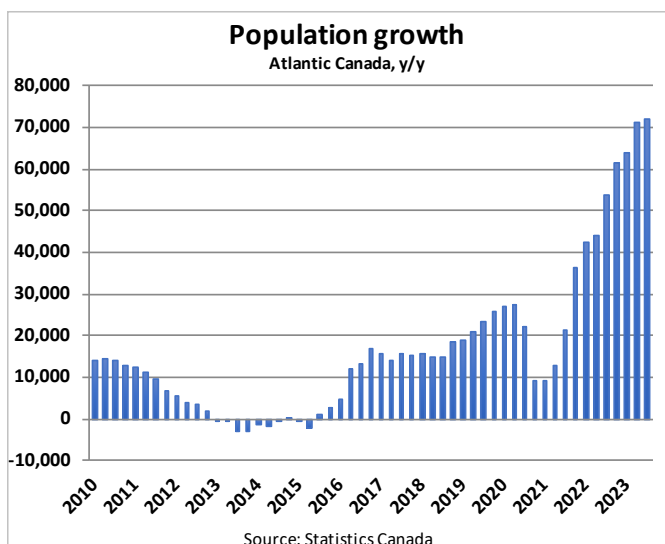
Even with the Bank of Canada's back-to-back interest rate hikes this summer, Atlantic Canada's homebuyers remained undeterred, pushing seasonally adjusted home sales up by 4.2% in the third quarter.

While homebuyers were active last quarter, so too were sellers. Seasonally adjusted new listings jumped 12.1% in Q3. That helped push the sales-to-new listings ratio below 60% for the first time since 2019.

The market is still well balanced overall, and seasonally adjusted house prices continue to grind higher across Atlantic Canada. All provinces saw price gains in Q3 led by New Brunswick (+4.4%) and Nova Scotia (+3.4%).

Population growth smashes records again

It should be no surprise that demand remains on solid footing when we look at population dynamics. In the past year, Atlantic Canada has grown by a record 72,000 people...more than quadruple the average growth over the past 20 years.



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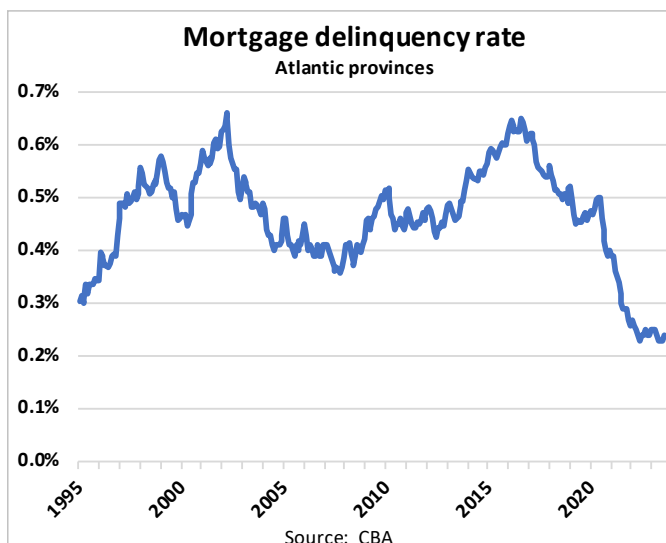
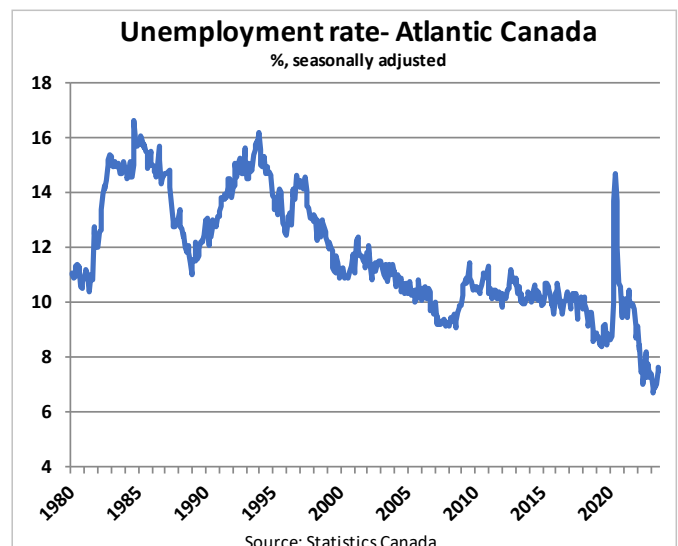
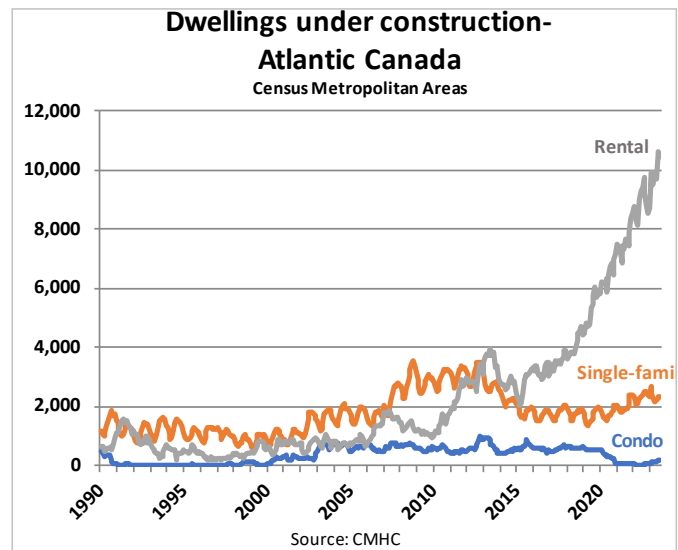
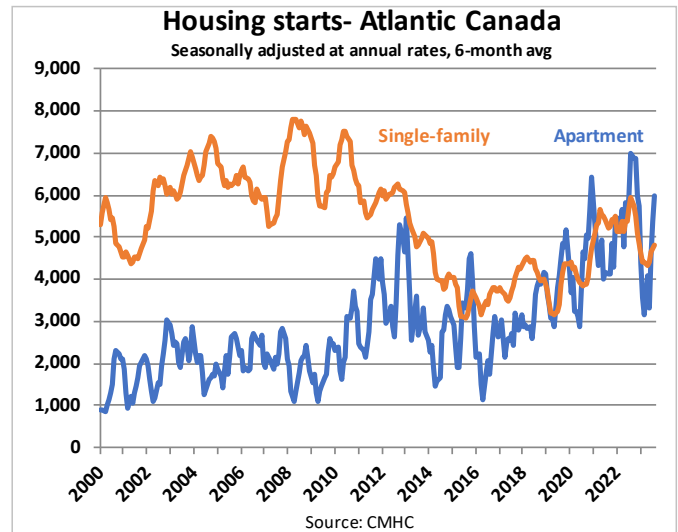
Even with record population growth, single-family housing starts are well below levels seen in the early 2000s. Apartment starts are still strong as developers shift focus towards purpose-built rentals to help alleviate the rental supply crisis.

Looking at dwellings under construction, we can see the pronounced shift towards rentals in recent years. That segment now accounts for over two thirds of all construction activity across Atlantic Canada.

Labour market shows signs of softening

The economy across Atlantic Canada created 9,000 new jobs in the third quarter. That's a solid showing, but it wasn't enough to keep up with the growth in the labour force. Consequently, the unemployment rate edged up 0.5% to hit 7.5% at the end of Q3.

The mortgage delinquency rate remains at effectively all-time lows of just 0.24%. Rising interest rates and a likely slowdown in economic activity later this year will keep delinquencies trending upwards, likely well into 2024.



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Summary:

The housing market in metros across Atlantic Canada remains on solid footing, driven by strong population growth and a robust labour market. Even with relatively affordable housing, at least compared to other parts of the country, we should expect rising mortgage rates to put some downward pressure on demand in coming months.



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