

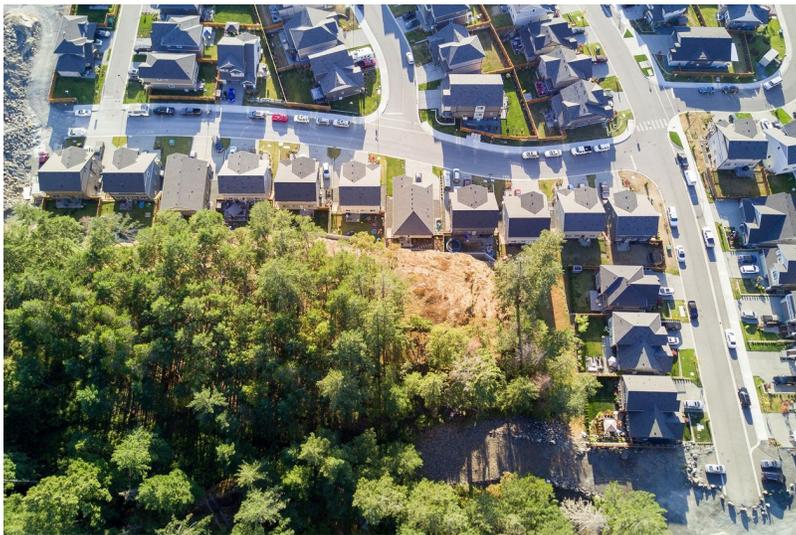
This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/canada-housing-market-begins-to-shake-off-slump-11560528663>

CANADA

# Canada Housing Market Begins to Shake Off Slump

Data for May indicates pickup in real-estate sales after slowdown fueled by policies to curb borrowing



Aerial photograph of newly built homes in Victoria, British Columbia. Real-estate sales in Canada are up 6.7% from May a year ago. PHOTO: JAMES MACDONALD/BLOOMBERG NEWS

*By Paul Vieira*

June 14, 2019 12:11 p.m. ET

OTTAWA—Canada’s real-estate market appears to be turning the corner after a yearlong-plus slump, fueled by government efforts to tamp down runaway housing prices and slow the pace of consumer borrowing.

The latest data from the Canadian Real Estate Association indicates sales rose 1.9% in May from the previous month, to reach the highest level since January of last year. Actual sales, or not seasonally adjusted, climbed 6.7% from May a year ago, the largest 12-month advance since the summer of 2016.

Sign In to read The WSJ

SIGN IN

In a separate release, the association, which represents real-estate agents across Canada, updated its forecast for this year and next, and now expects a recovery in home sales to gain momentum in the second half of 2019. It now projects national home sales to rise 1.2% in 2019, versus its previous call for a 1.6% decline. The forecast attributes the change to government measures aimed at helping younger people buy houses, and indications that Bank of Canada won't raise interest rates again this year.

Nonetheless, CREA said in its revised outlook, it expects the overall level of sales to remain well below activity from recent years, due to successive policy changes that continue to limit mortgage financing and damp housing-market sentiment.

Bank of Canada governor Stephen Poloz said last month he expected Canadian housing to return to growth in the latter half of 2019. He said tougher mortgage rules introduced by Canadian authorities at the start of 2018 have had their desired effect, in slowing down both runaway prices in markets such as Toronto and Vancouver, and the pace of borrowing. Canadian households are among the most highly indebted in the developed world.

Mr. Poloz added that Canadians are adapting to the new rules, which require all prospective home buyers to prove they can handle higher interest rates, by either delaying purchases or opting to buy cheaper residences.

Friday's real-estate data indicated a gauge measuring benchmark house prices in Canada fell slightly in May from a year ago, down 0.6%. On a three- and five-year basis, Canadian benchmark house prices increased by a healthy 17.7% and 38.7% pace, respectively.

Vancouver, which was the epicenter of housing-market frothiness prior to 2018, recorded a 7.8% year-over-year drop in house prices in May, the real-estate association said. Toronto, meanwhile, recorded a house-price increase of 3.1% in May, helping offset the sluggishness in Vancouver. Other notable markets posting strong house-price gains include Montreal, up 6.3%, and Ottawa, Canada's capital, up 8%.

**Write to Paul Vieira at [paul.vieira@wsj.com](mailto:paul.vieira@wsj.com)**

Copyright © 2019 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.