

Dear clients,

Canada's housing market is cooling, but it's not cause to panic, suggests a new report by a leading Canadian financial institution.

Desjardins Economics recently issued its Canadian Residential Real Estate Outlook, noting that pandemic fuelled demand that saw the nation have world-leading price gains has begun to abate amid high prices in large markets like Toronto and increasing borrowing costs.

Nationally, the market's average home price could fall more than 15 per cent from February this year by December 2023.

Still, even by then, average home prices will remain 30 per cent above average prices at the end of 2019. At the time, the average price in Canada was \$530,000, increasing to slightly more than \$790,000 this past February, which is considered the peak of the market.

That's a 50 per cent increase in value over two years, it stated.

Since February, prices have started to fall, dropping by more than six per cent in March and April alone. Sales fuelled the decline dropping by more than 30 per cent over those two months combined. The report added expected increases in borrowing costs will further weigh on the market in the coming months. These headwinds aside, the report authors made clear a correction in overheating prices is underway but not a "collapse."

As well, price corrections will be uneven by region with British Columbia (-15 per cent), Ontario (-18 per cent), Quebec (-12 per cent) and the Maritime provinces (-18 to -20 per cent) expected to see the most significant drops in price by 2023. In contrast, Alberta may see a price retraction of six per cent, trailing only Saskatchewan (-2 per cent) and Newfoundland (-5 per cent) with the report noting all three provinces will see muted impact due to continued strength in the energy sector.

That is all for now! If you have any further questions, please feel free to reach out.

I wish you all a happy and safe summer.

Sincerely,

