



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

Despite high rates, Manitoba's home sales soar in Q3

Highlights:

- Manitoba home sales surged in the third quarter, driven in part by record population growth
- In spite of high rates, the market remains in seller's territory with prices continuing to grind higher
- High rates and early signs of a cooling economy may begin to weigh on demand later this fall

Housing and Mortgage Market Review

Manitoba

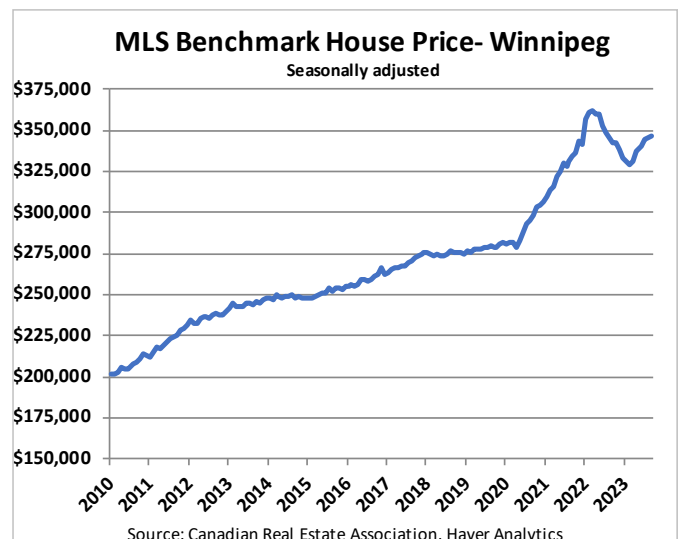
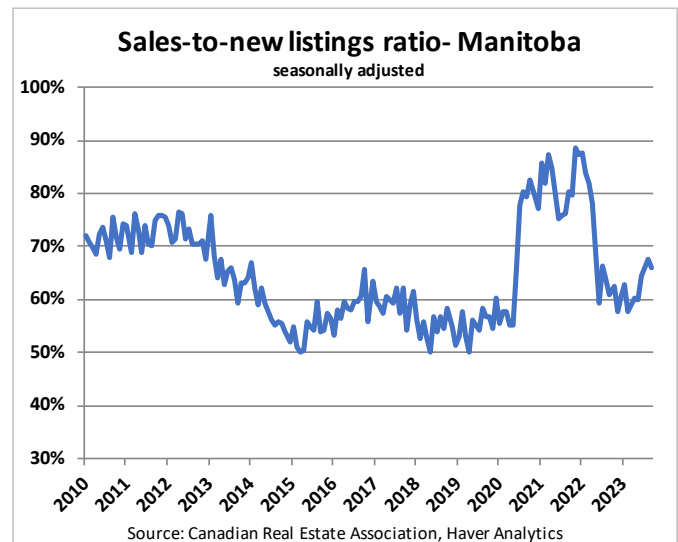
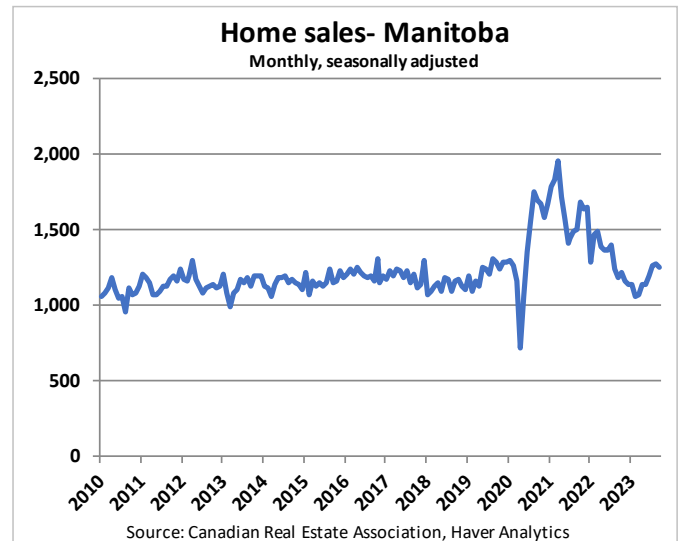
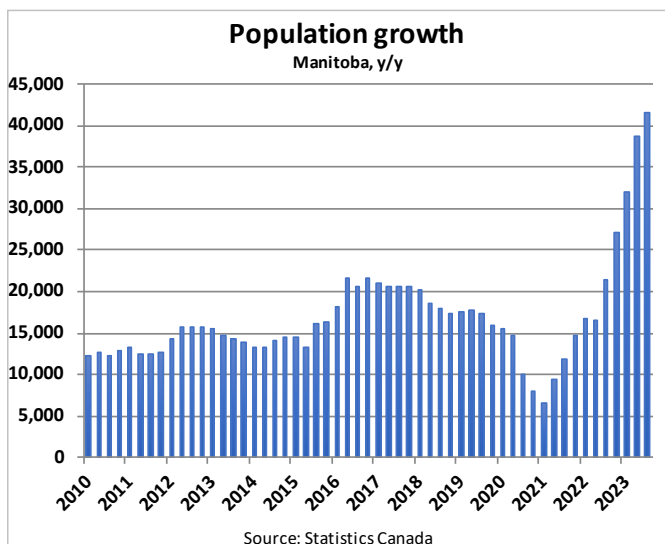
Despite facing the highest mortgage rates in 15 years, Manitoba homebuyers remained active in the third quarter, resulting in a 9% surge in seasonally adjusted home sales compared to Q2.

At the same time, seasonally adjusted new listing rose a modest 0.9% last quarter. With sales still relatively strong and new listings not keeping pace, the market balance tightened in the third quarter. The sales-to-new listings ratio hit 66% in September, well into seller's market territory.

With the market balance still tight, house prices are grinding higher. Average resale prices across the province rose 4% in Q3 while the seasonally adjusted House Price Index, which adjusts for changing composition of the sales mix, rose a solid 1.6%.

Population growth smashes records

It's perhaps no surprise that home sales remain on solid footing when we look at population dynamics. In the past year, Manitoba has grown by a record 41,000 people...more than twice the rate of growth we've seen over the past 20 years.



Housing and Mortgage Market Review

Manitoba

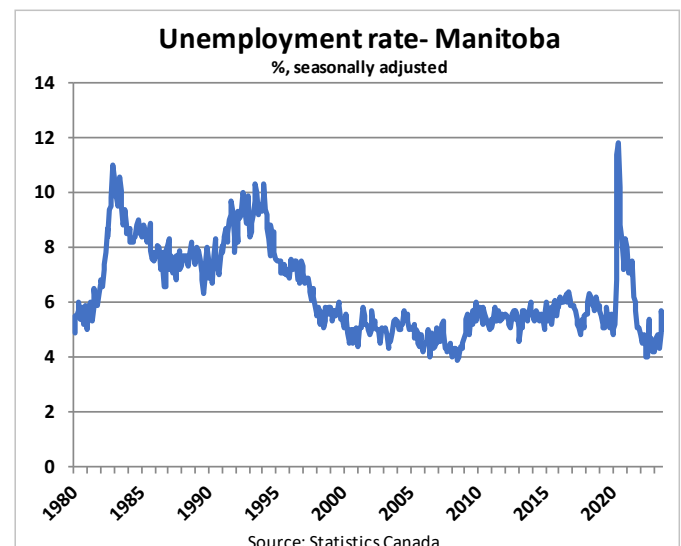
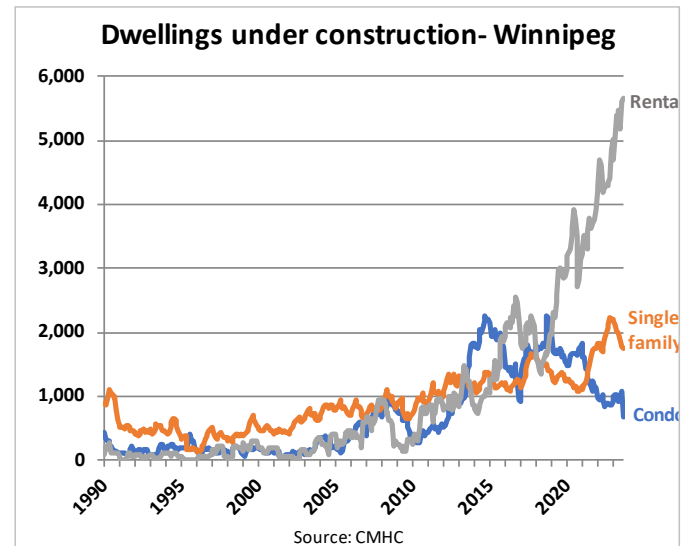
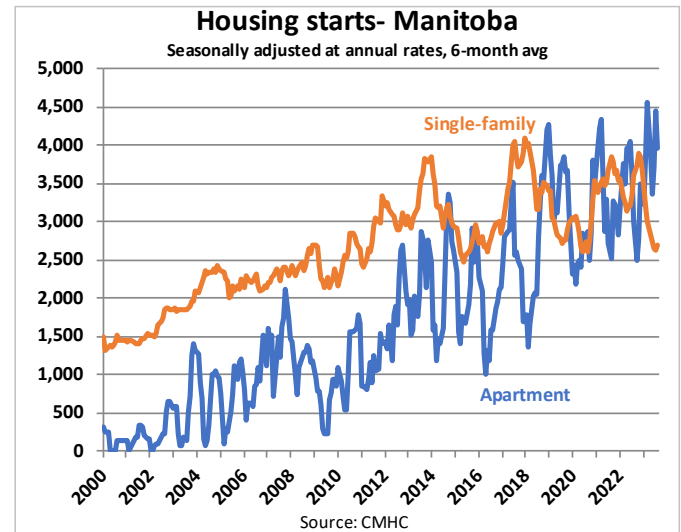
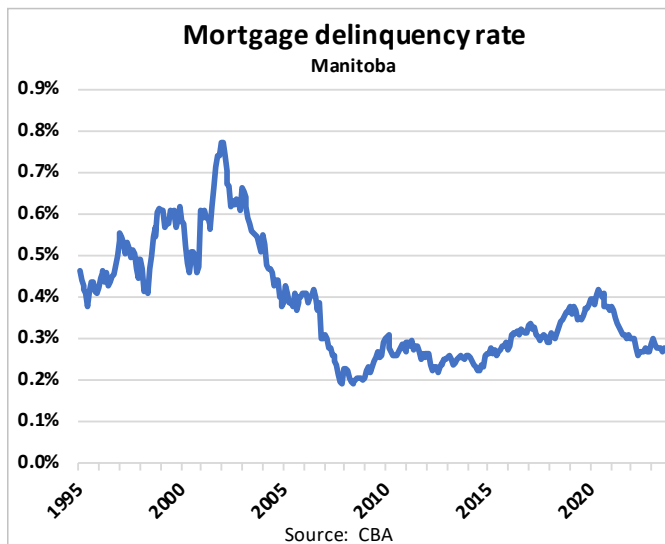
On the new supply front, developers are building more apartments, particularly purpose-built rentals, but single-family housing starts have fallen to near-decade lows in recent months.

There's no shortage of dwellings currently under construction across the province, but they are increasingly skewing towards purpose-built rentals, which now account for nearly two thirds of all new construction activity. That won't help ease the tight resale market.

Strong economic momentum continues

Overall, the Manitoba's economy continues to perform reasonably well. Total employment rose by 4,000, but that wasn't enough to keep up with strong population growth. Consequently, the unemployment rate ticked up by 0.7% to hit 5.0% at the end of the third quarter.

Mortgage delinquencies remain near record lows of just 0.28%, but we should expect high rates and a slowing economy to begin to drive delinquencies higher in the coming months.



Housing and Mortgage Market Review

Manitoba

Summary:

The housing market in metro areas across Manitoba remains solid. Sales are strong and the market balance remains tilted strongly toward sellers. This should start to change in the coming months as high rates and a cooling national economy begin to weigh on demand, but the long-term fundamentals still look positive.



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