



## Home sales continue to drop

Garry Marr, Financial Post · Thursday, Jul. 15, 2010

Existing home sales continued their rapid decline last month with 70% of markets showing a drop in sales in June from May, according to the Canadian Real Estate Association.

The Ottawa-based group, which has 100 boards across the country, said sales were off 8.2% from a month ago on a seasonally adjusted basis. Toronto and Calgary led the decline.

CREA said tighter mortgage rules and rising rates are slowing the market which declined 13.3% from first quarter which had close to record sales.

"As expected, these two national factors contributed to a widespread decline in activity, with transactions down in all but a dozen or so smaller markets," said CREA.

Actual sales activity was down 19.7% in June 2010 from a year ago when there was a record amount of sales. Sales activity for the second quarter is actually down 2.8% from a year ago but for the year to date sales are still up 13.6%.

The number of Canadians putting their homes up for sale is declining which should be good for the market. The number of new listings on the market in June dropped 6.8% from May.

Price increases are also starting to slow. CREA said the national average sales price rose just 4.9% from a year ago to \$342,662.

CREA chief economist Gregory Klump said there could be help on the way for prices in the coming months. "With interest rates on the rise, housing affordability and home sales activity are expected to continue to erode over the second half of 2010. While the pricing environment is becoming more challenging, a recovering economy and job market will provide support for housing activity and prices," he said

The number of months of inventory in the market, which represents the number of months it would take to sell current inventories at the current rate of sales

activity, is also rising fast. It was 5.7 months at the end of June 2010 nationally, up from 4.2 months a year ago.

"The housing market is becoming more challenging for sellers," said Georges Pahud, CREA president. "Buyers are in less of a hurry."