

# HOUSING MARKET ASSESSMENT

## St. John's CMA

CANADA MORTGAGE AND HOUSING CORPORATION

Fourth Quarter 2019

### Low degree of vulnerability<sup>1</sup>

The St. John's area housing market has maintained an overall low degree of vulnerability for the most recent quarter of analysis. Demand has been affected negatively by a lack of population growth among young adults and ongoing fiscal uncertainty within the provincial government due to volatile oil prices. Improving year over year employment levels and gains in real personal disposable income have failed to stimulate increased housing market activity and as a result, overall housing demand remains low in relative terms. This has translated into flat sales and listings and slight downward pressure on prices. Accordingly, the overheating, overvaluation and price acceleration indicators are all below levels that would signal vulnerability.

Moderate evidence of overbuilding has persisted in the St. John's area housing market. Although the upward trend in completed and unsold newly built home inventory is reversing, the number of completed and unsold units relative to the population remains relatively high. This is because low demand for higher-priced new homes relative to existing homes and interprovincial out-migration continues to dampen new home sales activity. The number of new homes under construction, however, is relatively low and is in line with the historically low number of housing starts. This has helped to alleviate some of the overbuilding vulnerability.

Economic weakness prior to this year also slowed in-migration, which caused a decline in demand for rental apartments. This, combined with higher completions of rentals relative to the population, drove the vacancy rate over 7% two years ago. However, the vacancy rate is now in the low 6% range and is trending downward below the level that would signal overbuilding vulnerability.

Results Overview St. John's CMA		Aug. 2019	Nov. 2019
Overheating		Low	Low
Price Acceleration		Low	Low
Overvaluation		Low	Low
Overbuilding		Moderate	Moderate
<b>Overall Assessment</b>		Low	Low

Degree of vulnerability  
■ High ■ Moderate ■ Low



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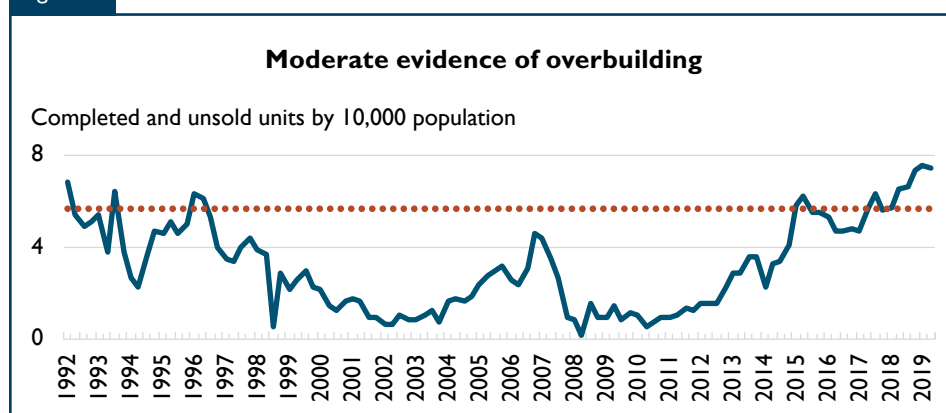
*"The St. John's area housing market continues to align with population, income and employment activity, which are fundamental drivers of housing demand. As a result of low demand, there are no significant signs of overheating, price acceleration or overvaluation, but moderate overbuilding persists."*

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Figure 1



Sources: Statistics Canada and CMHC  
Last Data Point: 2019Q2

<sup>1</sup> Results are based on data as of the end of June 2019 (the annual rental apartment vacancy rates are from October 2018) and local market intelligence up to the end of September 2019. A detailed description of the framework is available in the appendix of the [National edition](#).

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