

HOUSING MARKET ASSESSMENT

St. John's CMA

CANADA MORTGAGE AND HOUSING CORPORATION

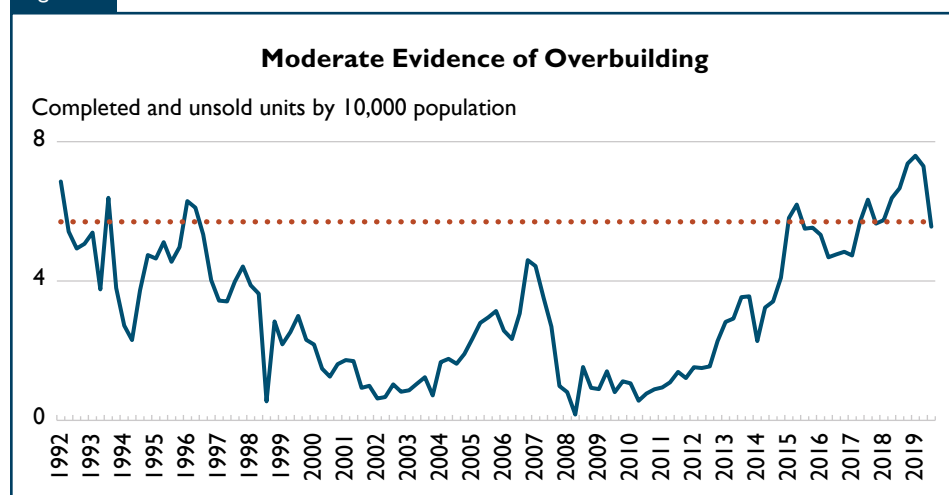
First Quarter 2020

Low degree of vulnerability¹

A low degree of vulnerability is maintained for the St. John's area housing market for the most recent quarter of analysis. Employment growth paired with moderate real personal disposable income growth has not translated into any substantial increase in housing demand in relative terms. This lackluster demand for housing has been affected mainly by a lack of population growth, particularly among young adults. In addition, uncertainty surrounding the provincial government's growing debt load and interest servicing costs is weighing negatively on both businesses and consumers. Accordingly, a lack of any demand stimulus has resulted in housing market sales and listings activity improving only marginally from the multi-year low experienced in 2018 and home prices remain under pressure. This tepid housing market environment continues to keep the overheating, overvaluation and price acceleration indicators below levels of vulnerability.

Moderate evidence of overbuilding persists in the St. John's area housing market as demand for new homes relative to existing homes is being tempered by their higher prices. This is resulting in lower new home sales activity relative to existing home sales. The number of new homes under construction, however, is relatively low and is in line with the historically low number of housing starts recorded in 2019 and this has helped to ease some of the overbuilding vulnerability. Although it is now decreasing, the inventory of newly completed and unsold units relative to the population was above the threshold in three of the past four quarters, thus maintaining moderate evidence of overbuilding vulnerability. The apartment vacancy rate remains below the overbuilding threshold.

Figure 1



Sources: Statistics Canada and CMHC
Last Data Point: 2019Q3

**Results Overview
St. John's CMA**

	Nov. 2019	Feb. 2020
Overheating	Low	Low
Price Acceleration	Low	Low
Overvaluation	Low	Low
Overbuilding	Moderate	Moderate
Overall Assessment	Low	Low

Degree of vulnerability
■ High ■ Moderate ■ Low



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"There are no signs of overheating, price acceleration or overvaluation as St. John's area housing market activity levels remain in line with population, income and employment fundamentals, however, moderate overbuilding persists."

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

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