

HOUSING MARKET ASSESSMENT

Halifax CMA

CANADA MORTGAGE AND HOUSING CORPORATION

First Quarter 2020

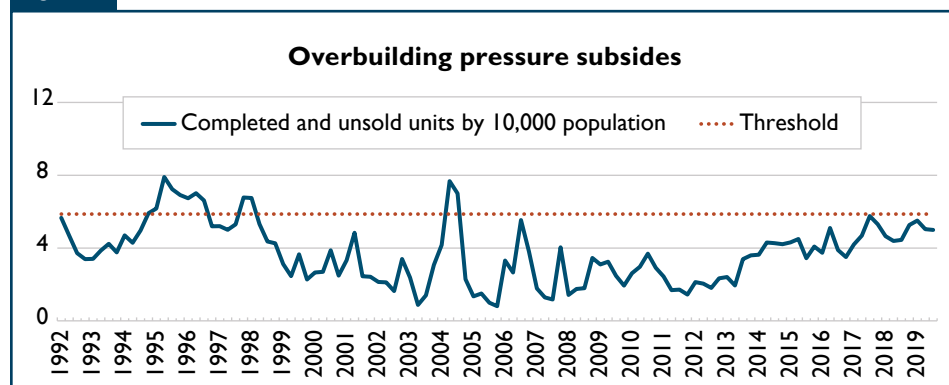
Decreasing price of new homes eases pressure on growing unsold inventory

- Evidence of overbuilding is low since the rental vacancy rate is the lowest on record, and the number of newly completed and unsold units is below the threshold that would signal vulnerabilities.
- The inventory of newly completed and unsold units relative to the population was steadily increasing between 2013 and 2017 due to the widening price gap between new and existing homes, which considerably slowed the absorption rate of new homes.¹
- However, because the price of new homes has been on a downward trend since 2017, the inventory of newly completed and unsold homeowner units relative to the population has since stabilized and remains below the critical threshold.

The overall degree of vulnerability remains low in Halifax

- A growing young adult population and very active labour market continue to drive sales growth in Halifax while supply remains low. As a result, the sales-to-new listings ratio increased slightly to 75% in the third quarter of 2019, but remains below the overheating threshold.
- A decrease in nominal interest rates helped improve buyers' borrowing capacity despite a decrease in real personal disposable income between the second and third quarter of 2019. The increase in observed prices was higher when compared against price growth supported by housing market fundamentals. However, a low degree of vulnerabilities is maintained as price acceleration and overvaluation indicators remained below their critical threshold.
- The low overall degree of vulnerability in Halifax is maintained as evidence of overheating, price acceleration, overvaluation and overbuilding all remain low.

Figure 1



Sources: Statistics Canada and CMHC
Last data point: 2019Q3

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](#).

**Results Overview
Halifax CMA**

| | Nov. 2019 | Feb. 2020 |
|---------------------------|-------------|-------------|
| Overheating | <div></div> | <div></div> |
| Price Acceleration | <div></div> | <div></div> |
| Overvaluation | <div></div> | <div></div> |
| Overbuilding | <div></div> | <div></div> |
| Overall Assessment | <div></div> | <div></div> |

Degree of vulnerability
■ High ■ Moderate ■ Low



Kelvin Ndoro
Senior Analyst
Economics

"Overall degree of vulnerability is low in the Halifax market. Pressure on the overbuilding indicator subsided due to strong sales growth."

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