



**REAL ESTATE MARKET FORECAST:**

# Opportunities for Home Buyers and Sellers in 2024

Home buyers surprised everyone last spring when they shook off higher borrowing costs and showed up to new home sales in droves. The surge in competition for a still-limited pool of properties helped prices pop and renewed sellers' confidence in their ability to get top dollar for a home. But ever since the Bank of Canada hiked interest rates last summer, home sales have dropped in many areas as buyers and sellers alike struggle to close deals.<sup>1</sup>

Not every neighbourhood is cooling at the same rate either, making the familiar adage that "all real estate is local" especially relevant.<sup>2</sup> With a market this fluid, the home buyers and sellers with an edge will be those who proactively leverage a real estate agent's on-the-ground expertise and stay flexible so that they can quickly adapt to hyper-local changes.

What does that mean for you? Read on to learn more about the current state of the Canadian housing market, the potential opportunities for buyers and sellers, and economists' predictions for the coming year.

## MORTGAGE RATES MAY DROP SOONER THAN EXPECTED

The best news we've got incoming for 2024? The extra high mortgage rates that have weighed down the market may finally be headed south. The Bank of Canada left its key rate unchanged in December after pushing rates to a 22-year high last summer.<sup>3</sup> Policymakers also cautioned that another rate hike was possible this year. But now that Canada's economy is slowing, analysts widely predict that the central bank is more likely to cut rates instead.<sup>4</sup>

**What does it mean for you?** Lower rates can help buyers secure more affordable monthly payments. Sellers also have reason to celebrate: As the barriers to entry to the housing market decline, they could enjoy better offers. Reach out to discuss how we can help prepare for the changes ahead.

## DESPITE LOWER RATES, A WEAKENING ECONOMY COULD CHILL DEMAND

The softening economy may be shaking buyers' confidence. According to the Conference Board of Canada, Canadians are feeling more pessimistic about their employment and finances.<sup>5</sup> The Canadian Real Estate Association reports that new listings are now outpacing purchases in some of the country's biggest housing markets as market loosening spreads.<sup>6</sup> However, the softening is uneven, with some areas still highly competitive.<sup>2</sup> As rates continue falling, experts predict that demand for housing will increase.<sup>7</sup>

**What does it mean for you?** Sellers will need a solid strategy to maximize their profits in this market. Home buyers, on the other hand, will have a distinct advantage in the coming months. Call us for a consultation so we can help you plot your strategy.

## HOME PRICES WILL FACE HEADWINDS, BUT MAY CLIMB WITH LOWER RATES

Home buyers who have faced both persistently high prices and historically high rates may finally get a much-needed break this year. Analysts still expect home prices to remain higher than they were before the pandemic. However, fewer sales amid rising levels of inventory could dampen prices in some regions.<sup>8</sup> In fact, eagle-eyed home buyers may find the best bargains in previously hot neighbourhoods that had overheated amid frenzied competition.

**What does it mean for you?** There could be a brief window when mortgage rates and home prices are both on the decline, giving home buyers who are ready to pounce a rare opportunity. Contact us if you're ready to begin your home search.

## BUYERS SHOULD HAVE MORE CHOICES, BUT A SUPPLY SHORTAGE WILL PERSIST

Home buyers who are eager for options should have more homes to choose from this year than they did in 2023. The share of existing homes for sale is already up in many regions as new listings outpace purchases.<sup>6</sup> But given Canada's severe housing supply crunch, the chances of a market oversaturation are low. As economists at TD Bank note: "Canada could be short over 300,000 housing units from 2023-2025 as population growth collides with a slower pace of homebuilding."<sup>9</sup>

**What does it mean for you?** In the short term, buyers who can afford to jump quickly should benefit from this winter's temporary buyer's market. While sellers will continue to benefit from the overall supply shortage, they should be prepared for increased competition. We can help you make an informed decision on the right time to buy or sell.

## WE'RE HERE TO GUIDE YOU

While national real estate forecasts can give you a "big picture" outlook, real estate is local. And as local market experts, we know what's most likely to impact sales and drive home values in your neighbourhood. If you're considering buying or selling a home in 2024, contact us now to schedule a free consultation. Let's work together and craft an action plan to meet your real estate goals.

Name

Company

Phone

Email

Sources: 1. Financial Post 2. Global News 3. Bank of Canada 4. The Globe and Mail  
5. Conference Board of Canada 6. CREA 7. Desjardins 8. RBC 9. TD Economics