

# Housing sales, prices down again in December

The Canadian housing market continued its decline in the last month of 2008, according to figures released Thursday by the Canadian Real Estate Association.

The group said the average price of listed homes sold through registered agents in December was \$281,110, down 11 per cent from \$315,880 a year earlier. Home sales in December were down 1.8 per cent from November on a seasonally adjusted basis to 27,357. On an actual basis, sales totalled 16,283 last month, down 32.4 per cent from December 2007.

The sales total for all of 2008 came in at 434,477, down 17.1 per cent from 2007.

Still, the real estate association cautioned that Canada isn't facing the kind of housing crisis seen in the United States.

"Moderating home prices in Canada should not be confused with the downturn in the U.S. housing market," association president Calvin Lindberg said in a statement. "But any local real estate market is not immune to global economic challenges, and that is what we face today."

The Canadian housing market is expected to see further difficulties this year, but recover in 2010.

"Average prices will remain under downward pressure during the Canadian economic recession," said Gregory Klump, the real estate group's chief economist. "Shaky financial market confidence is pulling down business and consumer confidence."

"The consensus economic forecast predicts the economy will rebound in the second half of 2009, so housing market trends should strengthen next year."

Robert Kavcic, economic analyst with BMO Capital Markets, agreed that 2009 will bring more challenges to the residential real estate market.

"With job losses accelerating late last year, sales activity will likely remain under pressure, while the imbalance of listings relative to sales should keep prices in correction mode," he said in a note. "All told, 2009 is shaping up to be another difficult year in the Canadian housing market."

The Canadian Real Estate Association is urging the federal government to "stimulate" the housing market by increasing the \$20,000 limit people are permitted to withdraw from a registered retirement savings plan to buy a property, which must be paid back over 15 years.

The group said this measure, introduced in 1992, hasn't kept up with inflation and should be increased to \$25,000. As well, it says the provision should be open to all homebuyers, not just first-time purchasers, as it is now, and be increased accordingly in the future at the pace of inflation.