Ola!

This was the week the data caught up with the mood. CREA dropped its national May numbers on Tuesday and — surprise — the average price quietly tiptoed back over $700K for the first time in nearly two years. Sales are climbing, listings aren't keeping pace, and that "endless buyer's market" everyone's been promising is starting to look a little less endless.

The wildcard this week wasn't the Bank of Canada (still napping at 2.25%) — it was a barrel of oil. A Middle East flare-up sent bond yields on a rollercoaster, and bonds, not the BoC, are what set your fixed mortgage rate. Throw in a shrinking condo pipeline and a CPI report landing Monday, and there's plenty to chew on. Let's dig in.

CREA's May report: the number nobody expected to see again

- National sales jumped 5.5% month-over-month in May (released June 16), though still 5.1% below last year.
- The national average price hit $702,079 — the first time above $700K in 23 months, and up 1.5% year-over-year.
- The MLS Home Price Index slipped just 0.1% on the month and is down 4.1% YoY — the bleeding has nearly stopped.
- Sales-to-new-listings tightened to 49.2% (from 46.2%), with inventory down to 4.8 months.
- **My take:** Momentum is turning before the headlines admit it. If you've been waiting for "the bottom," this is what the early innings of a turn look like — not a crash, a thaw.

Oil, war and your mortgage rate

- The Bank of Canada held at 2.25% on June 10 — but the overnight rate isn't the story this week.
- A US–Iran flare-up spiked oil and sent 5-year Government of Canada bond yields up as much as ~0.50% earlier in the month.
- By mid-June, yields had started retreating (5-year near 3.0%, 10-year ~3.39%, lowest since April) as tensions cooled.
- Brokers are warning renewers that fixed rates are volatile and biased upward while oil stays jumpy.
- **My take:** Fixed rates follow bonds, not the BoC — so ignore the "rates are frozen" chatter. If you're renewing or buying, get a rate hold now; you can always shop down, but you can't undo a spike.

The condo glut has an expiry date

- Toronto condo completions for 2026 are now pegged near 21,850 — down from roughly 29,600 last year.
- The pipeline thins fast after that: ~14,659 completions in 2027 and around 13,000 in 2028.
- Condo demand has stopped deteriorating, but experts this week pegged a real recovery at "a couple of years."
- May condo average price was about $639K, still down 6.4% YoY — affordability without the bidding wars.

- **My take:** Today's oversupply becomes tomorrow's shortage. Buyers who move while inventory is high — and competition is low — are buying ahead of a pipeline that's drying up.

Waterloo Region: balanced market, long runway

- KW is still sitting in balanced territory after a soft spring — room to negotiate without a falling-knife feel.
- 100-plus active pre-construction projects are on the board across Waterloo and Kitchener.
- Population is projected to climb toward 923,000 by 2051 — roughly 245,000 more people needing homes.
- The $1.36B ION Stage 2 LRT extension is funded, with construction expected around 2028.
- **My take:** This is a fundamentals story. Balanced pricing today plus a funded transit-and-population tailwind is exactly the setup patient buyers want — I'd be shopping KW value now.

Quick Hits

- Industry moves (week ending June 19): Dave Nevins named interim CEO of InterRent; Savills Canada adds retail SVP Sheri McEwen; OTPP's Jenny Hammarlund joins Cadillac Fairview's board.
- Statistics Canada releases May CPI on June 22 — April already ticked up to 2.8% on energy, so this print could nudge bond yields again.
- Toronto rents remain soft (around $2,400 average) with vacancy loosened well above the old lows — leverage for tenants, thinner yields for investors.
- National inventory at 4.8 months is closing in on the long-term ~5-month norm — the supply cushion is deflating.

By the Numbers

- **$702,079** — national average price, May (first time above $700K in 23 months)
- **+5.5% MoM / -5.1% YoY** — national home sales, May (CREA, June 16)
- **49.2%** — national sales-to-new-listings ratio (up from 46.2%)
- **2.25%** — Bank of Canada policy rate (held June 10)
- **~4.04% / ~3.35%** — best 5-year fixed / variable mortgage rates mid-June

Let's talk. If this week taught us anything, it's that the market turns before the headlines do. Whether you're renewing into a jumpy rate environment, eyeing a condo while competition is light, or scouting Waterloo value — reply to this email or grab a coffee with me. I read the market reports so you don't have to.