

## Price growth on pause in September

By Daren King

It has been a few months now that sales in the Canadian residential market have been decreasing. This slowdown is beginning to have an impact on price growth, with the Teranet-National Bank HPI remaining relatively stable between August and September with a slight increase of 0.1%, the smallest monthly increase since January 2020 (left chart). For its part, the 12-month price growth came down from its record high observed in August and stood at 17.3% in September. This is the first time in fourteen months that annual growth has been lower than that observed in the previous month. Although the annual price increase in September was lower than what we saw in the previous two months, it was still the third highest 12-month growth in history. In addition, prices remain up 10% or more in 87% of the 32 urban areas surveyed, even though some extremely hot markets are beginning to cool (right chart). All in all, barring a more significant rise in mortgage rates, we do not foresee a downward trend in prices in the coming months. It should be noted that the level of sales remains historically high and that the inventory of properties for sale continues to be extremely low.

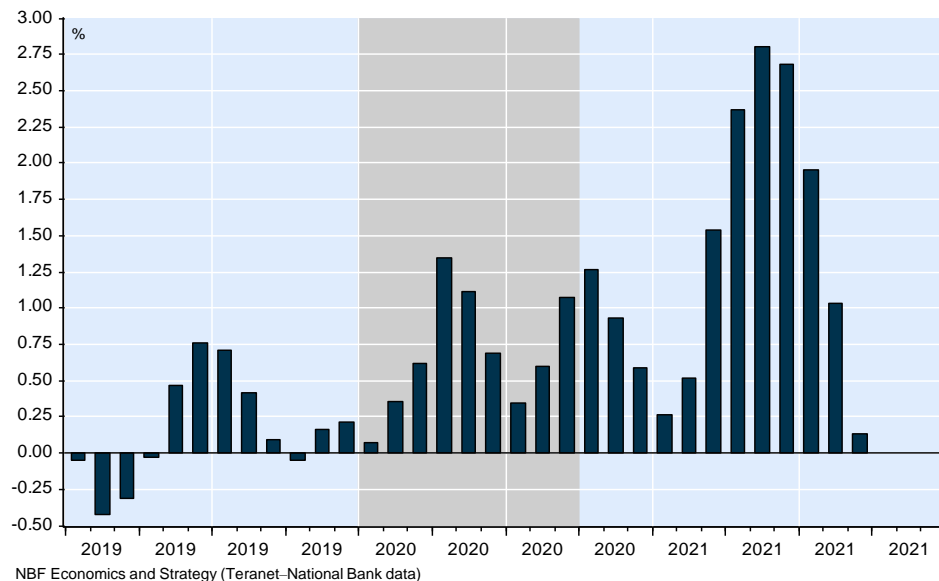
### HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ remained relatively stable with an increase of 0.1% in September.
- 8 of the 11 markets in the composite index were up during the month: Winnipeg (1.0%), Victoria (0.6%), Toronto (0.4%), Quebec City (0.4%), Halifax (0.4%), Hamilton (0.3%), Edmonton (0.3%) and Calgary (0.2%). Prices remained stable in Montreal, while decreases were observed in Vancouver (-0.3%) and Ottawa-Gatineau (-0.4%).
- From September 2020 to September 2021, the composite index increased by 17.3%. This growth was driven by Halifax (31.7%), Hamilton (28.0%), Ottawa-Gatineau (25.5%), Victoria (20.2%) and Montreal (19.3%). Growth was equal to the average in Toronto (17.3%) and was less vigorous in Vancouver (16.7%), Winnipeg (11.8%), Quebec City (9.2%), Calgary (8.5%) and Edmonton (5.7%).

See note on methodology, charts and table on pages 2 and 3.

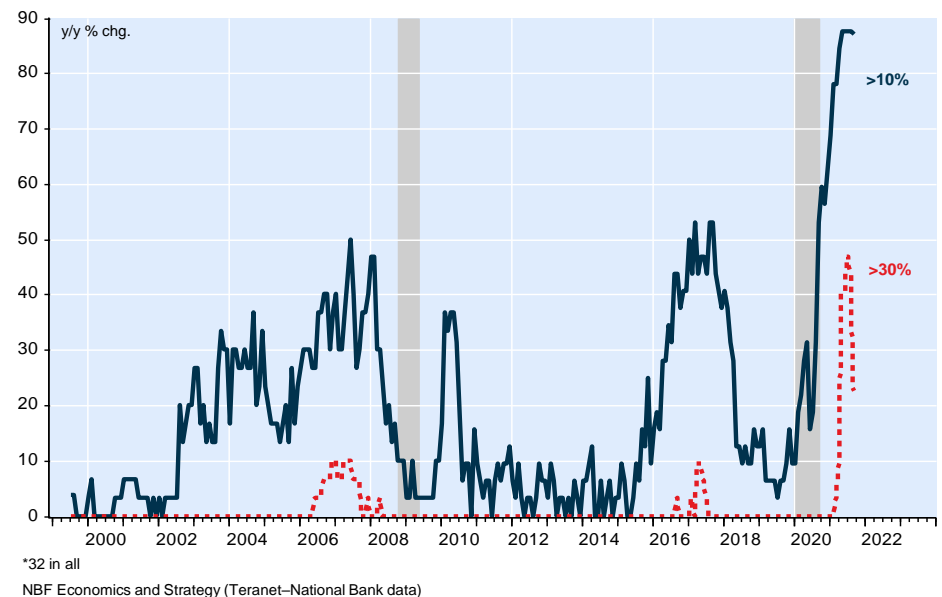
### Canada: Prices stabilized in September

Monthly change of Teranet-National Bank HPI



### Canada: Surge in home prices widespread across regions

Proportions of urban markets\* with prices up 10%+ and 30%+ from a year earlier

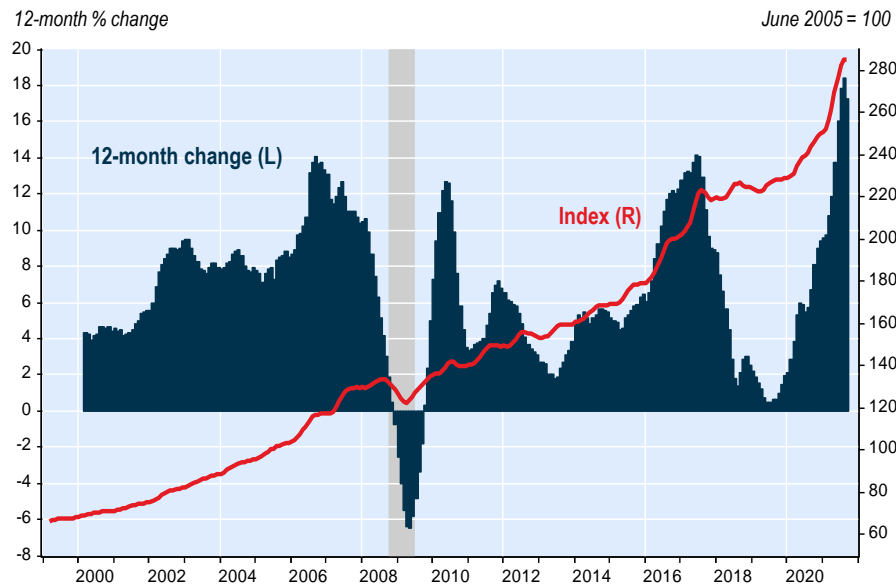


**NOTE ON METHODOLOGY:**

The Teranet-National Bank House Price Index is based on the repeat sales methodology. The index is built from the price increase observed between two sales of the same property.

The indexes of the 11 metropolitan markets comprising the Teranet-National Bank Composite House Price Index™ are smoothed. Each month, the (unsmoothed) indexes are estimated for each of the last three months. The average monthly growth rate of these indexes becomes the growth rate of the smoothed index for the last month. This procedure allows evening-out month-to-month fluctuations.

**Teranet-National Bank National Composite House Price Index™**

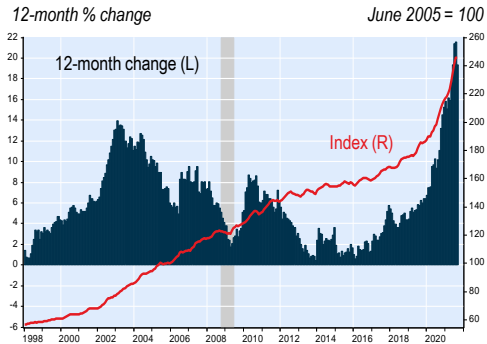


Metropolitan area	Index level * September 2021	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	284.96	0.1%	17.3%	0.0%	2021-09
Victoria	261.72	0.6%	20.2%	0.0%	2021-09
Vancouver	331.49	-0.3%	16.7%	-0.3%	2021-08
Calgary	187.71	0.2%	8.5%	-0.3%	2014-10
Edmonton	185.35	0.3%	5.7%	-1.4%	2007-09
Winnipeg	245.06	1.0%	11.8%	0.0%	2021-09
Hamilton	348.42	0.3%	28.0%	0.0%	2021-09
Toronto	323.86	0.4%	17.3%	0.0%	2021-09
Ottawa-Gatineau	247.57	-0.4%	25.5%	-0.4%	2021-08
Montreal	245.57	0.0%	19.3%	0.0%	2021-08
Quebec	210.15	0.4%	9.2%	0.0%	2021-09
Halifax	232.47	0.4%	31.7%	0.0%	2021-09

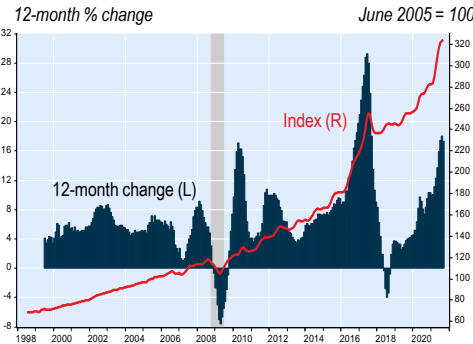
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Economics and Strategy

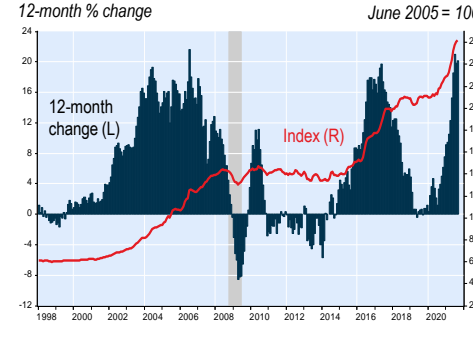
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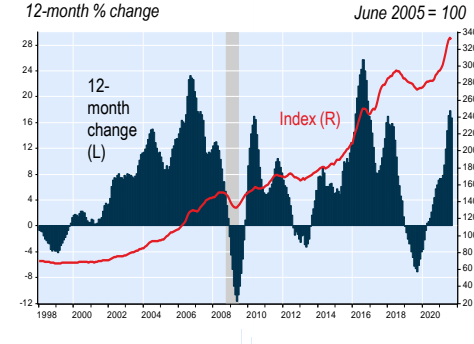
### Toronto



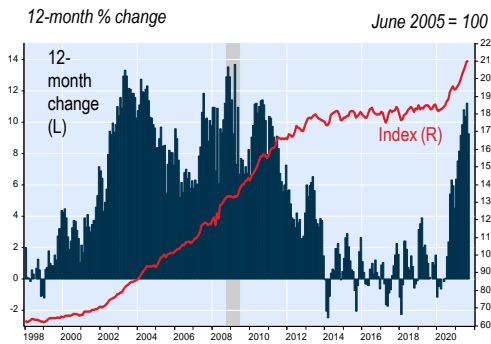
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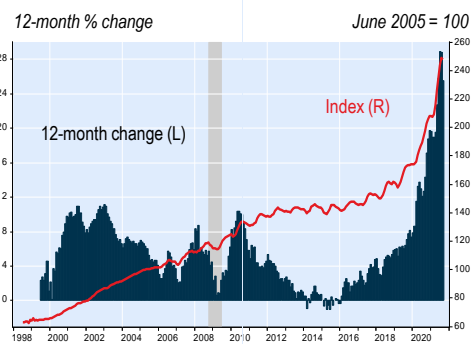
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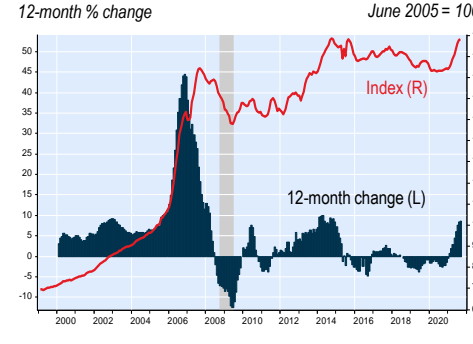
### Quebec City



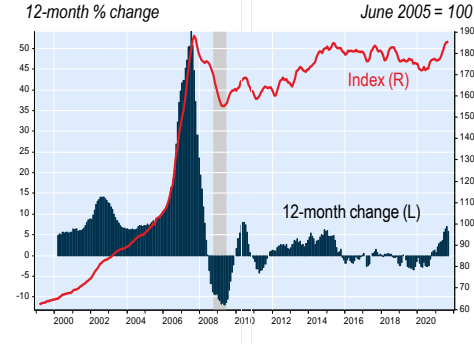
### Ottawa-Gatineau



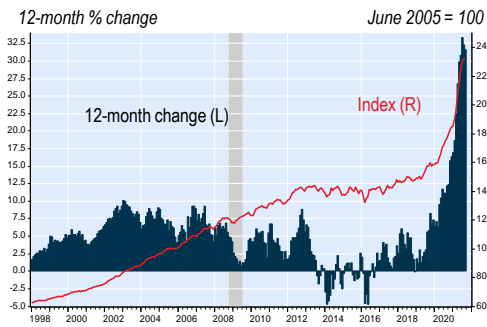
### Calgary



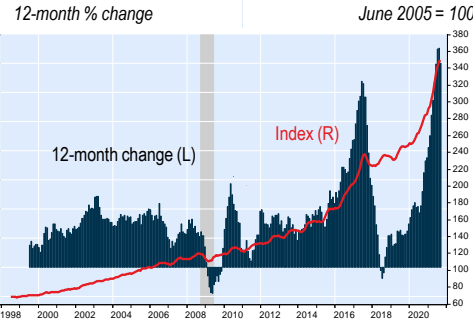
### Edmonton



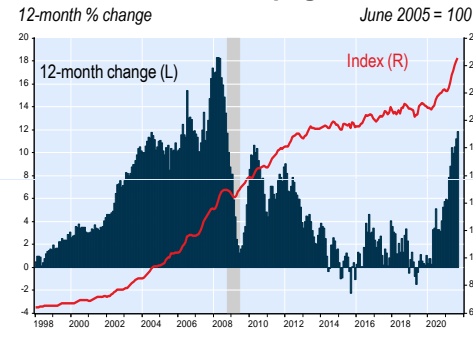
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### Hamilton



### Winnipeg



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Economics and Strategy

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