

Home price growth on hold in October

By Daren King

The Teranet–National Bank HPI remained essentially stable between September and October after a small increase of 0.1% the previous month. Does this mean that housing prices have entered a dry spell in Canada? Not so fast. It is quite typical to observe a lull in September and October after the summer strength. In fact, the evolution of the last two months was essentially in line with the average of the last ten years for these months (left chart). This is still a significant moderation relative to the previous 7 months, which were all substantially above their averages. For this reason, the 12-month price growth moderated but remains high at 15.8% for the composite 11. Over this period, no less than 80% of the 32 agglomerations posted increases of more than 10%, which testifies of the generalized nature of the increases in the country (right chart). Despite the deterioration in affordability over the past year and our expectation of higher mortgage interest rates going forward, we do not foresee a downward trend in prices for the next few months ([link](#)). This is because although the level of sales has moderated recently, it remains historically high and the inventory of properties for sale continues to be extremely low ([link](#)).

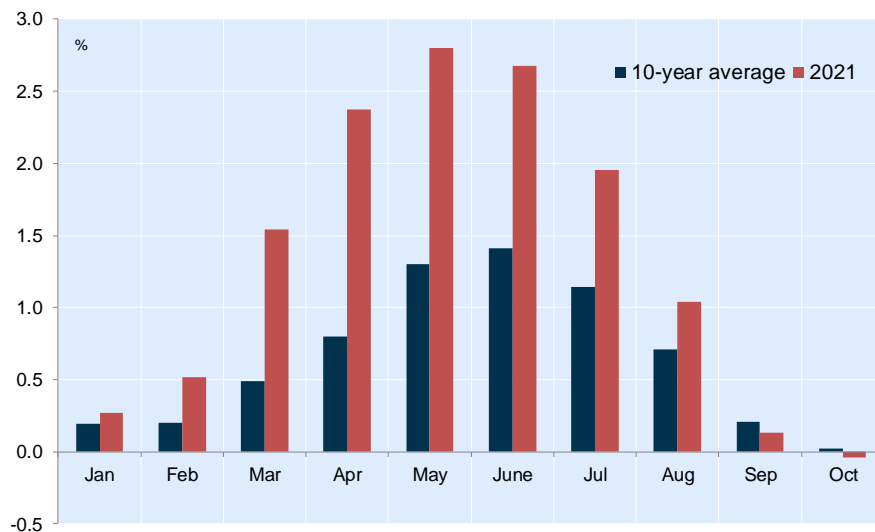
HIGHLIGHTS:

- The Teranet–National Bank Composite National House Price Index™ remained stable in October compared to September.
- 7 of the 11 markets in the composite index were up during the month: Hamilton (0.9%), Victoria (0.7%), Halifax (0.5%), Edmonton (0.3%), Calgary (0.2%), Quebec City (0.2%) and Toronto (0.1%). Prices decreases were observed in Montreal (-0.2%), Vancouver (-0.4%) and Ottawa–Gatineau (-1.0%).
- From October 2020 to October 2021, the composite index increased by 15.8%. This growth was driven by Halifax (30.3%), Hamilton (26.5%), Ottawa–Gatineau (20.9%), Victoria (18.9%), Montreal (17.1%) and Toronto (16.3%). Growth was under the average in Vancouver (14.5%), Winnipeg (11.3%), Calgary (8.5%), Quebec City (8.4%) and Edmonton (5.5%).

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

Canada: Home prices moderated over the last two months

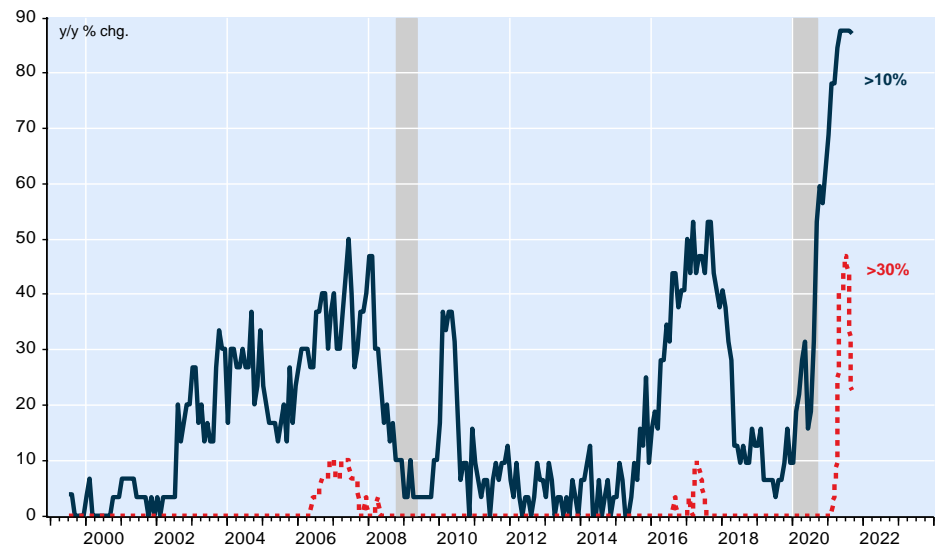
Monthly variation of the Teranet–National Bank of Canada HPI



NBF Economics and Strategy (data via Teranet–NBC)

Canada: Surge in home prices widespread across regions

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



*32 in all

NBF Economics and Strategy (Teranet–National Bank data)

Teranet-National Bank House Price Index

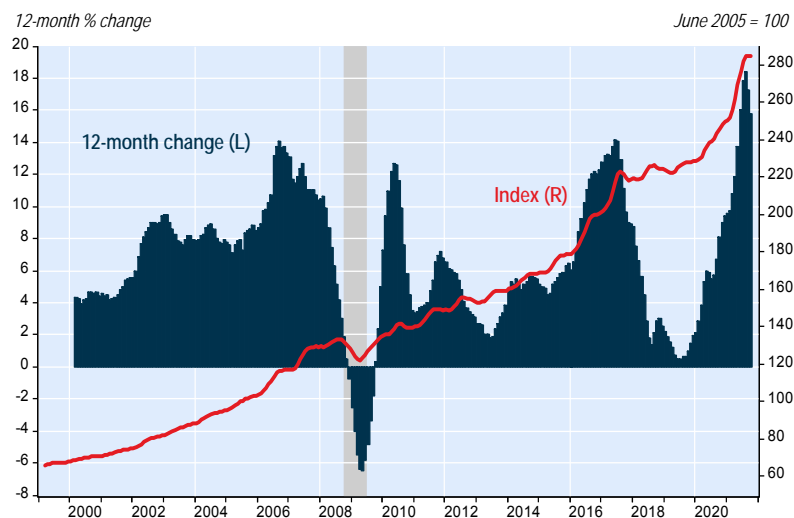
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NOTE ON METHODOLOGY:

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™

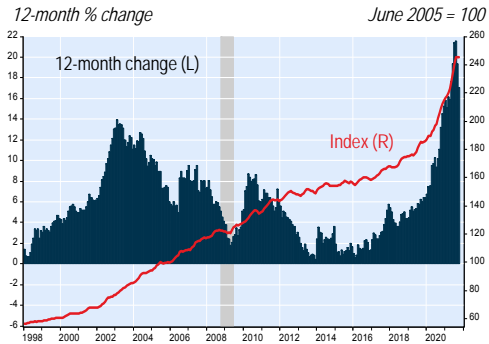


Metropolitan area	Index level * October 2021	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	284.84	0.0%	15.8%	0.0%	2021-09
Victoria	263.59	0.7%	18.9%	0.0%	2021-10
Vancouver	330.07	-0.4%	14.5%	-0.8%	2021-08
Calgary	188.00	0.2%	8.5%	-0.2%	2014-10
Edmonton	185.94	0.3%	5.5%	-1.0%	2007-09
Winnipeg	245.02	0.0%	11.3%	0.0%	2021-09
Hamilton	351.47	0.9%	26.5%	0.0%	2021-10
Toronto	324.17	0.1%	16.3%	0.0%	2021-10
Ottawa-Gatineau	244.98	-1.0%	20.9%	-1.4%	2021-08
Montreal	245.19	-0.2%	17.1%	-0.2%	2021-08
Quebec	210.55	0.2%	8.4%	0.0%	2021-10
Halifax	233.52	0.5%	30.3%	0.0%	2021-10

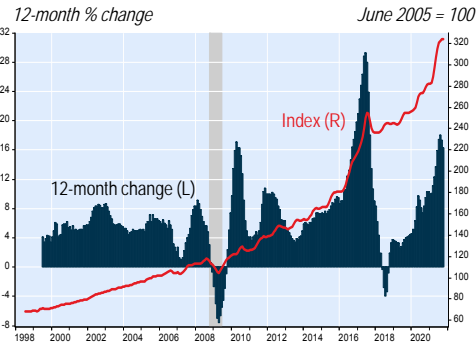
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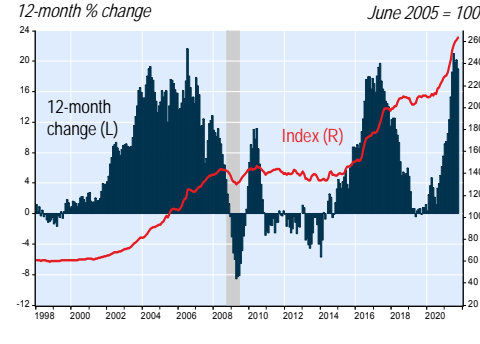
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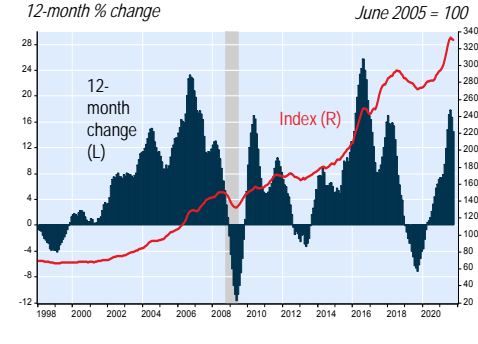
Toronto



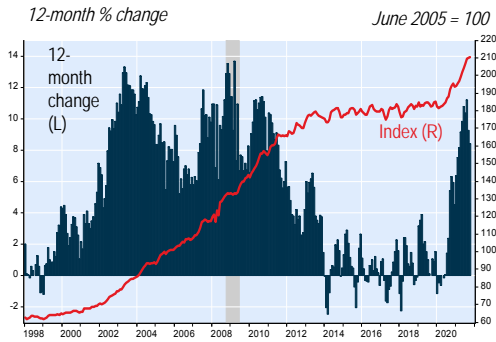
Victoria



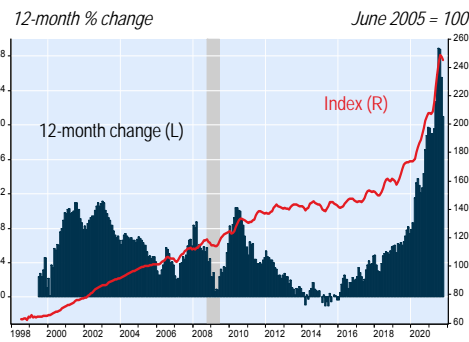
Vancouver



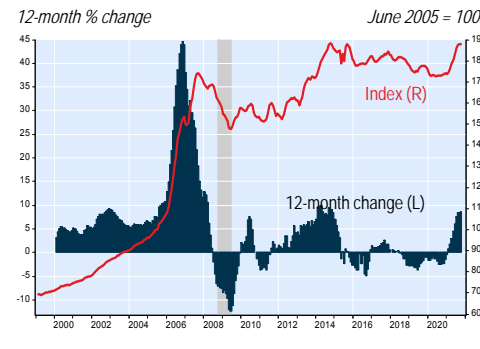
Quebec City



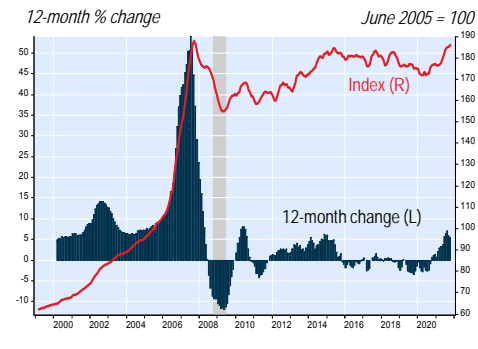
Ottawa-Gatineau



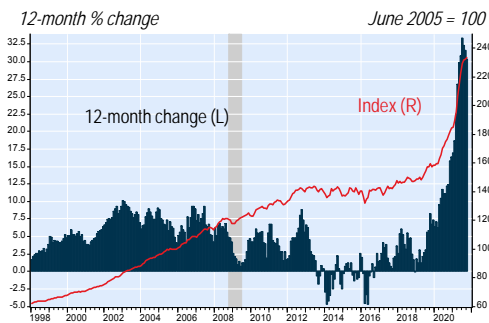
Calgary



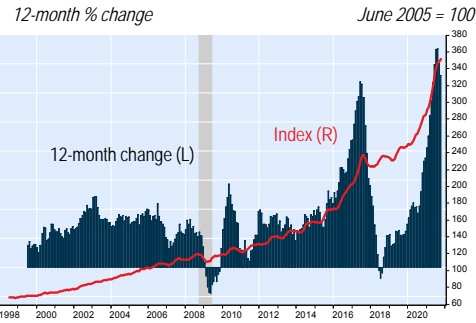
Edmonton



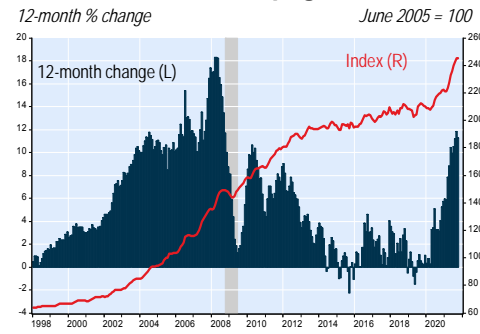
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