



Prices continue to lose momentum in June

By Daren King

With the decrease in resale market transactions and the increase in interest rates, property price growth moderated for a third consecutive month, but still remained solid in June at 1.0% after adjusting for seasonal effects. Using the seasonally adjusted unsmoothed index¹, which is more sensitive to market fluctuations, the moderation is even more pronounced, with property prices essentially flat in May and June (left chart). While the Bank of Canada has indicated that it will continue to raise its policy rate and that transactions in the real estate market should continue to decline, we anticipate that the composite index should decrease by 10% by the end of 2023. The price declines have already begun to spread across the country. In fact, for all 32 markets where the seasonally adjusted unsmoothed index was available in June, 58% experienced a decline during the month, compared to 34% in May and only 16% in January (right chart). We have to go back to May 2020, at the very beginning of the pandemic when uncertainty was at its peak, to find such a large proportion of markets in decline.

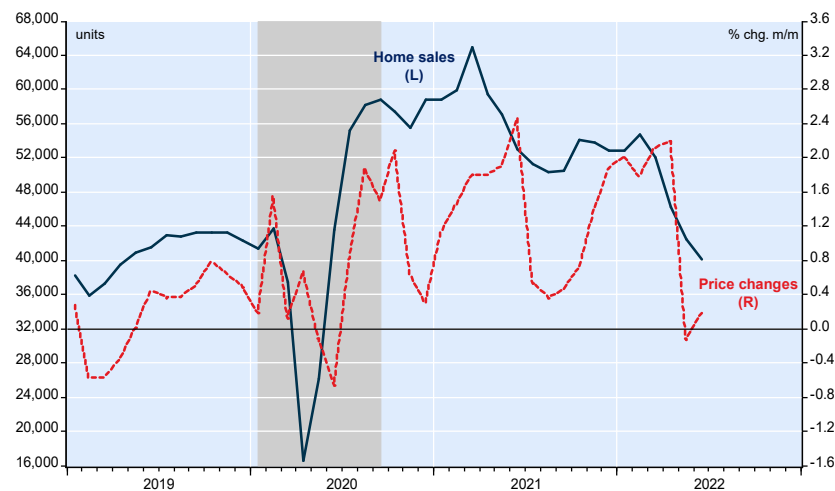
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ increased by 1.0% in June compared to the previous month and after adjusting for seasonal effects.
- After seasonal adjustment, 9 of the 11 markets in the composite index were up during the month: Quebec City (2.5%), Montreal (2.2%), Ottawa-Gatineau (1.4%), Calgary (1.4%), Hamilton (1.1%), Winnipeg (0.9%), Toronto (0.8%), Vancouver (0.7%) and Halifax (0.2%). The Edmonton (-0.5%) and Victoria (-0.4%) markets were down.
- From June 2021 to June 2022, the composite index increased by 16.7%. This growth was driven by Halifax (30.9%), Hamilton (25.1%), Victoria (19.7%), Toronto (19.7%) and Montreal (16.9%). Growth was lower than average in Ottawa-Gatineau (15.3%), Vancouver (14.4%), Winnipeg (12.6%), Quebec City (10.5%), Calgary (7.5%) and Edmonton (0.6%).

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

Canada: Price remains flat as sales fall

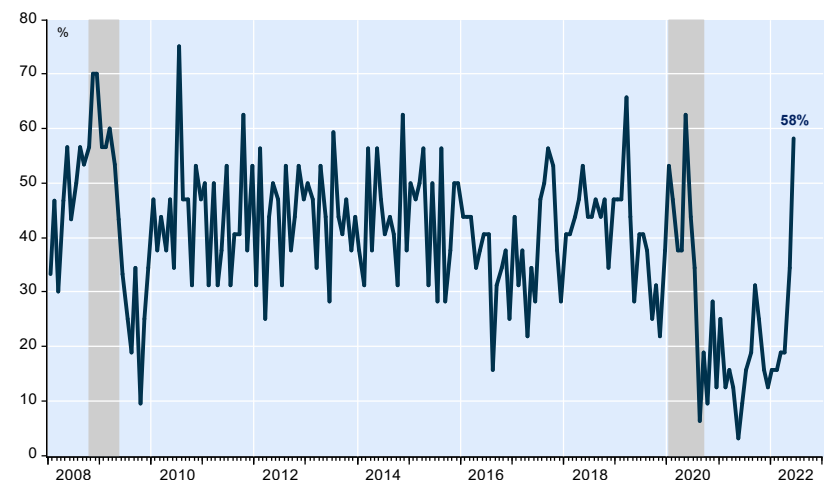
Monthly change in Teranet-National Bank unsmoothed HPI and number of transactions in the resale market, seasonally adjusted



NBF Economics and Strategy (data via Teranet-National Bank and CREA)

Canada: Most markets declined in June

Share of the 32 markets covered by the seasonally adjusted unsmoothed Teranet-National Bank HPI that declined during the month



NBF Economics and Strategy (data via Teranet-National Bank)

¹ See Note on methodology on the next page

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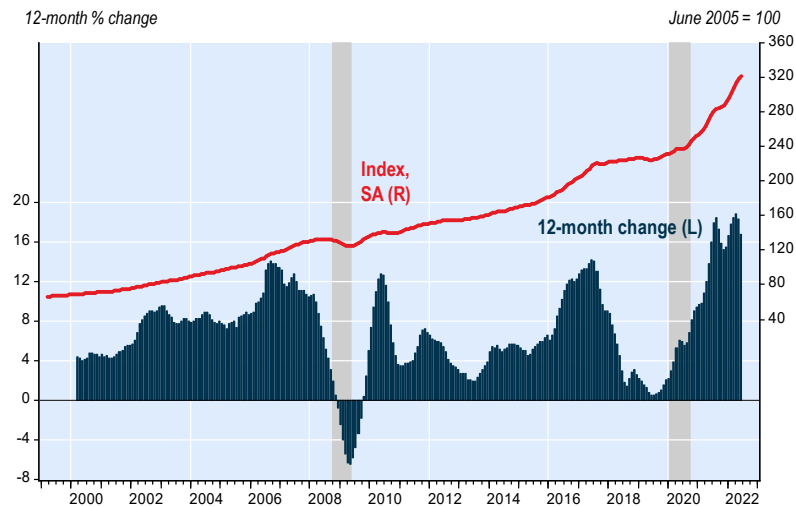
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NOTE ON METHODOLOGY:

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™

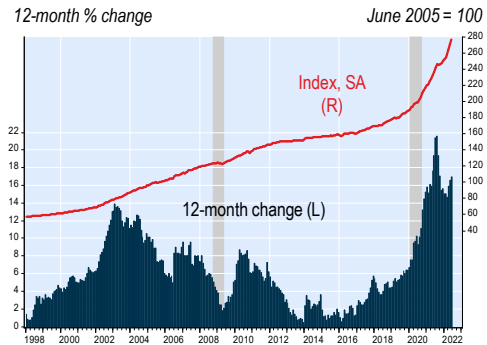


Metropolitan area	Index level * June 2022	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
Composite 11	322.49	1.3%	1.0%	1.5%	16.7%	0.0%	2022-06
Victoria	301.92	0.8%	-0.4%	2.2%	19.7%	0.0%	2022-06
Vancouver	369.78	1.0%	0.7%	1.3%	14.4%	0.0%	2022-06
Calgary	196.84	1.8%	1.4%	0.6%	7.5%	0.0%	2022-06
Edmonton	182.57	0.1%	-0.5%	-1.2%	0.6%	-2.8%	2007-09
Winnipeg	265.33	1.3%	0.9%	1.7%	12.6%	0.0%	2022-06
Hamilton	418.85	1.5%	1.1%	1.7%	25.1%	0.0%	2022-06
Toronto	377.40	0.9%	0.8%	1.4%	19.7%	0.0%	2022-06
Ottawa-Gatineau	270.60	2.6%	1.4%	1.8%	15.3%	0.0%	2022-06
Montreal	274.56	3.2%	2.2%	2.4%	16.9%	0.0%	2022-06
Quebec	225.86	2.6%	2.5%	1.7%	10.5%	0.0%	2022-06
Halifax	291.16	1.1%	0.2%	2.6%	30.9%	0.0%	2022-06

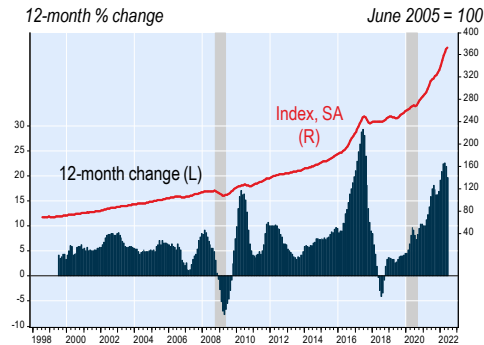
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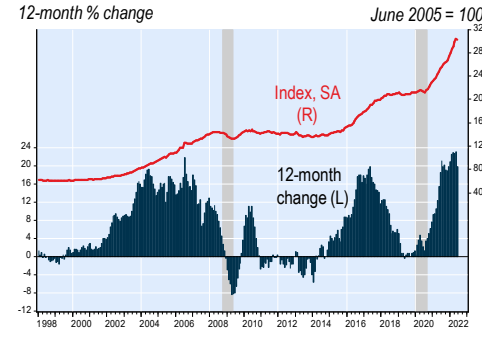
Montreal



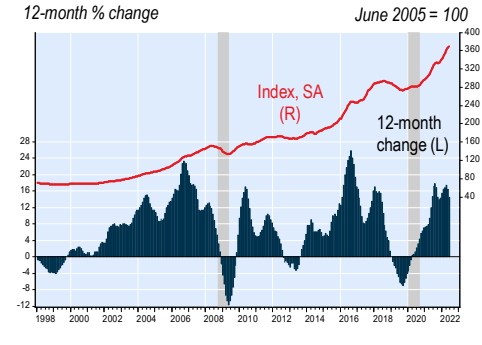
Toronto



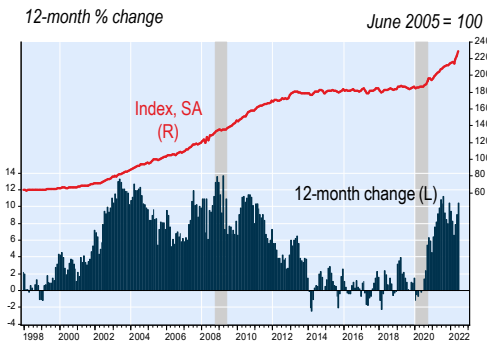
Victoria



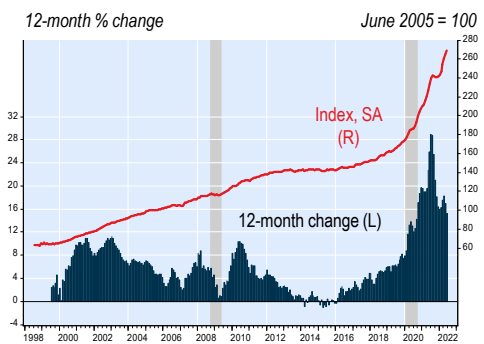
Vancouver



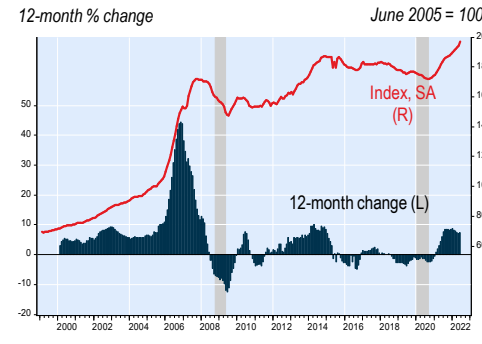
Quebec City



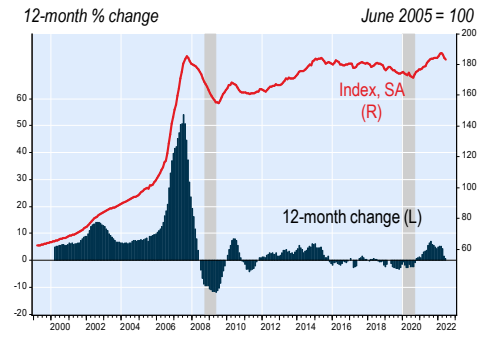
Ottawa-Gatineau



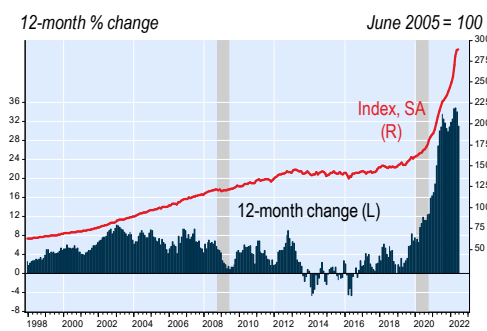
Calgary



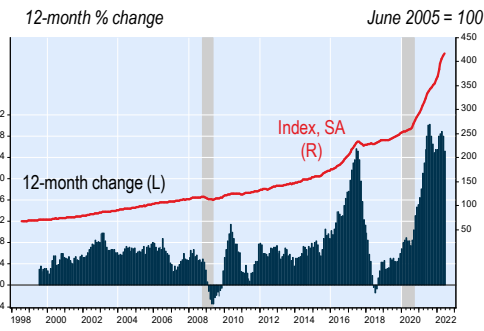
Edmonton



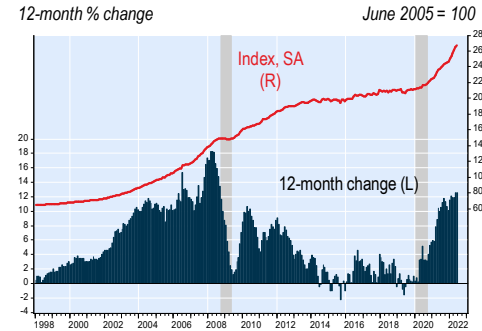
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