



## Prices have come down from their peak in July

By Daren King

Declining transactions in the resale market and rising interest rates continue to weigh on property prices, with the Teranet-National Bank Composite House Price Index falling 0.2% from June to July after seasonal adjustments. This is the first monthly decline since the one seen at the beginning of the pandemic in June 2020. Using the unsmoothed seasonally adjusted index<sup>1</sup>, which is more sensitive to market fluctuations, the decline is even more pronounced, with property prices falling 1.4% from June to July (left chart). Moreover, price decreases continue to be widespread across the country. In fact, for all 32 markets where the seasonally adjusted unsmoothed index was available in July, 58% experienced a decline during the month, the same proportion as observed in June, but much higher than those recorded since the beginning of the year (right chart). You 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 down. 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.

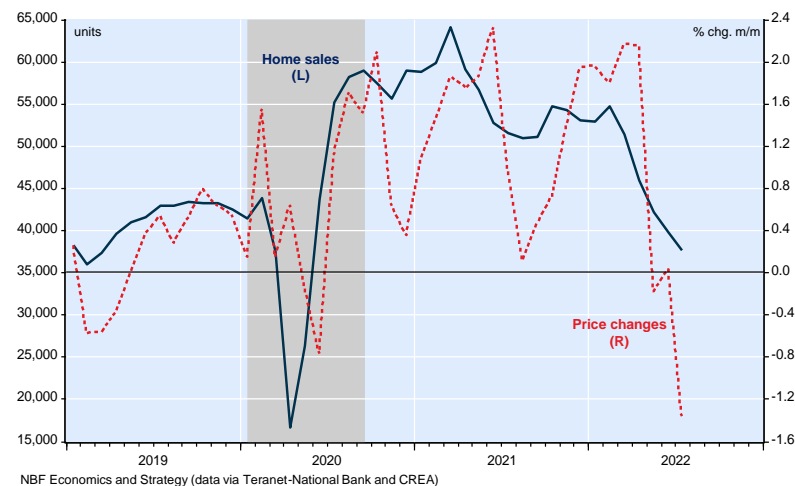
### HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 0.2% in July compared to the previous month and after adjusting for seasonal effects.
- After seasonal adjustment, 4 of the 11 markets in the composite index were down during the month: Toronto (-1.1%), Halifax (-1.0%), Hamilton (-0.7%) and Ottawa-Gatineau (-0.2%). Conversely, the markets of Calgary (+2.3%), Quebec City (+1.7%), Montreal (+0.7%), Edmonton (+0.5%), Winnipeg (+0.5%), Victoria (+0.3%) and Vancouver (+0.2%) were still up.
- From July 2021 to July 2022, the composite index increased by 14.2%. This growth was driven by Halifax (25.7%), Hamilton (21.2%), Victoria (18.1%), Toronto (16.3%) and Montreal (15.4%). Growth was lower than average in Winnipeg (12.0%), Ottawa-Gatineau (11.7%), Vancouver (11.6%), Quebec City (11.6%), Calgary (9.0%) and Edmonton (0.6%).

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

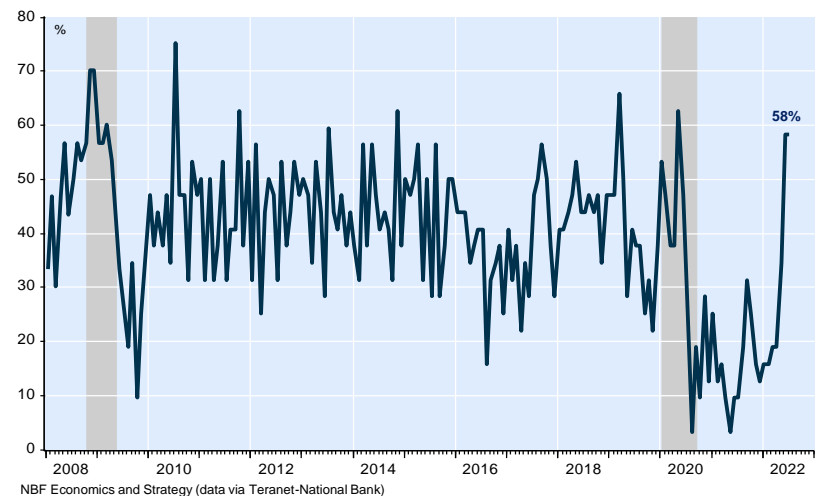
### Canada: Sales and prices in decline

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



### Canada: Most markets declined in July

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



<sup>1</sup> See Note on methodology on the next page

**NOTE ON METHODOLOGY:**

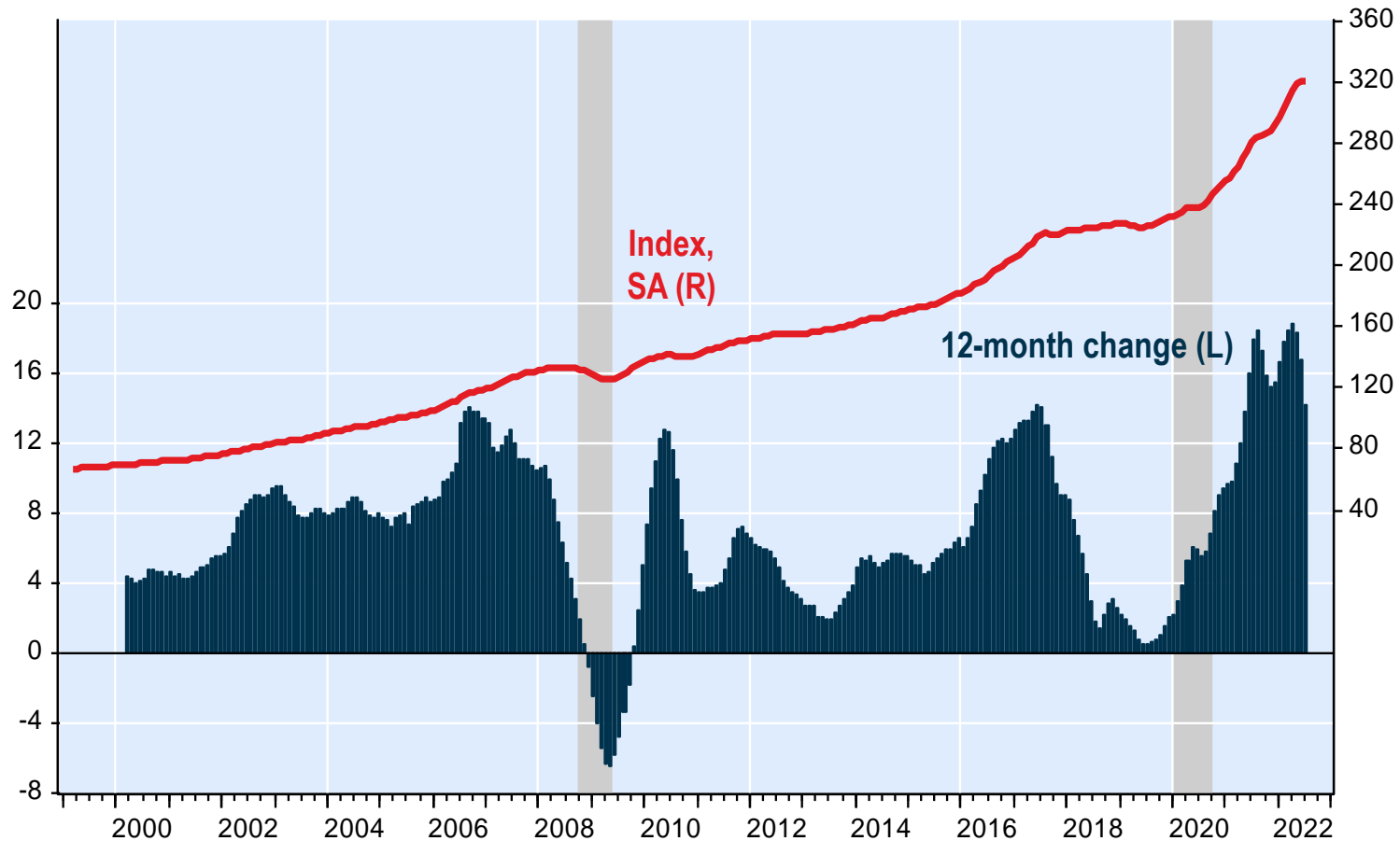
The Teranet-National Bank House Price Index is based on the repeat sales methodology. The index is built from the price increase observed between two sales of the same property.

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™

12-month % change

June 2005 = 100



# Teranet-National Bank House Price Index

Economics and Strategy

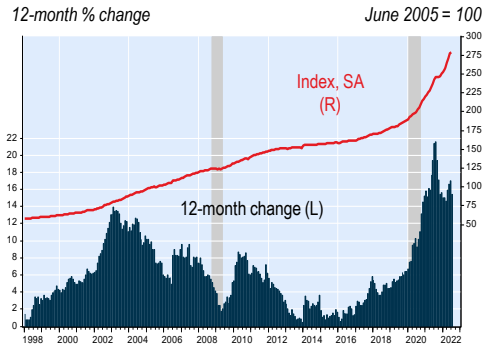
Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
	July 2022						
Composite 11	321.63	-0.3%	-0.2%	0.4%	14.2%	-0.3%	2022-06
Victoria	303.45	0.5%	0.3%	-0.5%	18.1%	0.0%	2022-07
Vancouver	368.32	-0.4%	0.2%	0.6%	11.6%	-0.4%	2022-06
Calgary	202.69	3.0%	2.3%	1.2%	9.0%	0.0%	2022-07
Edmonton	184.70	1.2%	0.5%	-0.4%	0.6%	-1.7%	2007-09
Winnipeg	268.34	1.1%	0.5%	0.8%	12.0%	0.0%	2022-07
Hamilton	414.42	-1.1%	-0.7%	0.1%	21.2%	-1.1%	2022-06
Toronto	372.54	-1.3%	-1.1%	-0.4%	16.3%	-1.3%	2022-06
Ottawa-Gatineau	272.00	0.5%	-0.2%	1.3%	11.7%	0.0%	2022-07
Montreal	277.65	1.1%	0.7%	2.4%	15.4%	0.0%	2022-07
Quebec	230.62	2.1%	1.7%	2.1%	11.6%	0.0%	2022-07
Halifax	287.94	-1.1%	-1.0%	-0.3%	25.7%	-1.1%	2022-06
<b>Other metropolitan areas</b>							
Abbotsford-Mission, B.C.	394.84	-3.1%	-2.7%	-0.7%	23.4%	-3.3%	2022-05
Kelowna, B.C.	313.65	0.4%	-0.1%	-0.1%	20.3%	0.0%	2022-07
Lethbridge, Alb.	191.47	1.3%	1.2%	-0.4%	5.4%	0.0%	2022-07
Barrie, Ont.	380.62	-1.4%	-0.8%	0.1%	22.9%	-1.4%	2022-06
Guelph, Ont.	381.50	-2.0%	-1.9%	0.2%	21.5%	-2.0%	2022-06
Brantford, Ont.	404.25	-1.2%	-2.1%	0.0%	23.5%	-1.2%	2022-06
Kitchener, Ont.	386.50	-2.0%	-2.2%	1.3%	20.3%	-2.0%	2022-06
St. Catharines, Ont.	386.40	0.4%	-0.4%	0.5%	20.8%	0.0%	2022-07
Oshawa, Ont.	404.42	-3.1%	-2.5%	-0.6%	22.7%	-3.7%	2022-05
Peterborough, Ont.	366.39	1.2%	0.2%	-0.3%	20.3%	0.0%	2022-07
London, Ont.	355.40	-1.0%	-1.2%	0.7%	20.9%	-1.0%	2022-06
Kingston, Ont.	293.10	1.4%	0.5%	1.3%	21.6%	0.0%	2022-07
Belleville, Ont.	333.18	-1.4%	-0.6%	1.3%	18.8%	-1.4%	2022-06
Sudbury, Ont.	310.99	0.1%	0.2%	3.7%	22.0%	0.0%	2022-07
Thunder Bay, Ont.	262.43	1.1%	-0.4%	2.6%	18.3%	0.0%	2022-07
Windsor, Ont.	328.45	-0.2%	-0.6%	1.7%	22.7%	-0.2%	2022-06
Trois-Rivières, Qc	272.12	3.3%	2.5%	4.1%	24.0%	0.0%	2022-07
Sherbrooke, Qc	267.29	2.7%	3.1%	3.0%	25.0%	0.0%	2022-07
Saint John, NB (June 2018=100)	158.60	2.9%	2.4%	1.0%	23.8%	0.0%	2022-07
Moncton, NB (June 2018=100)	181.87	2.4%	1.8%	3.1%	27.4%	0.0%	2022-07

\*June 2005=100 except indicated otherwise.

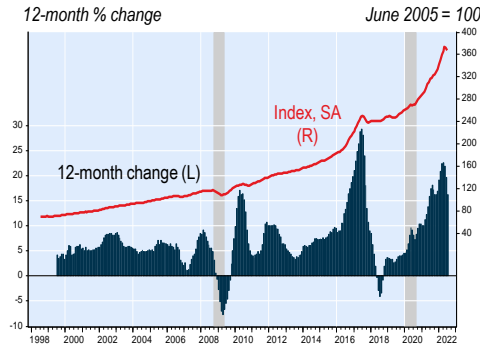
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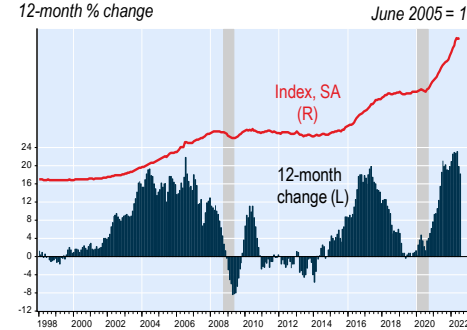
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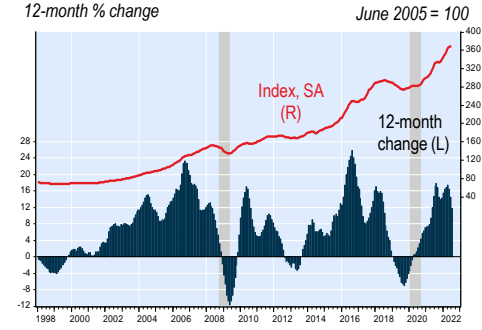
### Toronto



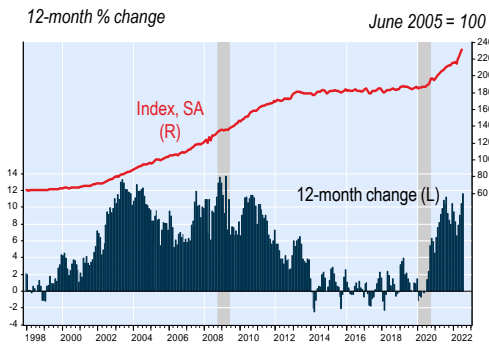
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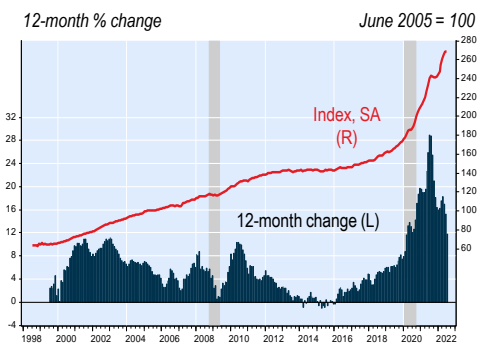
### Vancouver



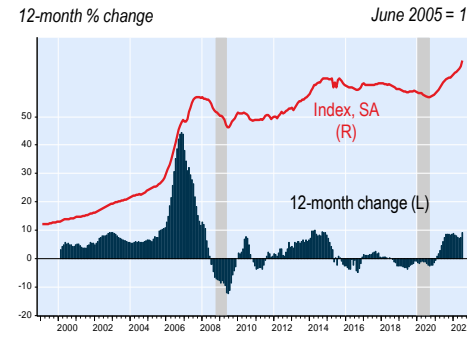
### Quebec City



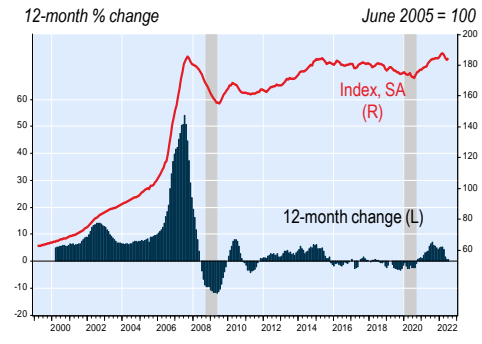
### Ottawa-Gatineau



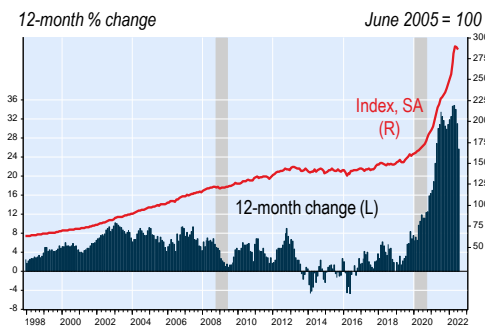
### Calgary



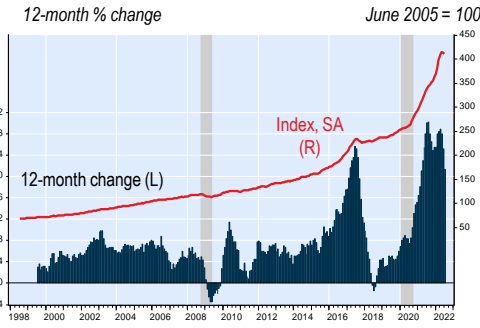
### Edmonton



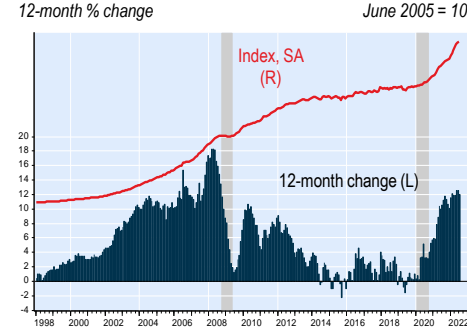
### Halifax



### Hamilton



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