



## Canada: Record price drop in August

By Daren King

\*\*\*Since September 2022, the data presented in this report refer to unsmoothed price indices. For more details, see the methodology note on the next page\*\*\*

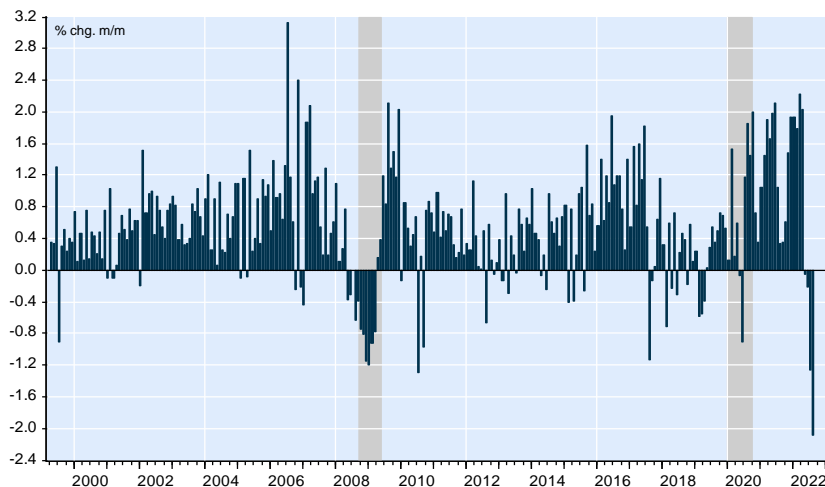
In addition to recording a fourth consecutive monthly decline on a seasonally adjusted basis, the Teranet-National Bank Composite House Price Index experienced its largest contraction ever in a single month (-2.1%) due to rapidly rising interest rates and a slowing resale market. This historic drop broke the previous record of -1.3% recorded in July 2010 (left chart). August's data were also unique in that the declines extended to almost all the 31 cities covered by the index, except for the three CMAs located in Alberta (Calgary, Edmonton and Lethbridge), which is unprecedented. The reason for these isolated increases is obviously the high price of energy and many commodities that drive the economy in this province. Since its peak in May 2022, the composite index has already fallen 4.1%, led by significant declines in Hamilton (-10.5%), Halifax (-8.7%) and Toronto (-8.3%). Significant price declines were also observed in several cities not included in the composite index, including Abbotsford-Mission and many cities in the Golden Horseshoe (Brantford, Oshawa, Barrie, Kitchener, Guelph, and Peterborough). It should be noted, however, that the significant declines in these cities follow dramatic price increases since the start of the pandemic (right chart). As the Bank of Canada continues to raise its policy rate into restrictive territory, we expect the composite index to decline from its peak reached earlier this year by 10%-15% by the end of 2023. This assumes a policy rate that tops out below 4.0% and a Bank of Canada that begins to lower interest rates in the second half of 2023 ([link](#)).

### HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 2.1% in August compared to the previous month and after adjusting for seasonal effects.
- After adjusting for seasonal effects, 9 of the 11 markets in the composite index were down during the month: Hamilton (-5.4%), Ottawa-Gatineau (-3.8%), Halifax (-3.6%), Toronto (-3.5%), Vancouver (-1.2%), Winnipeg (-0.7%), Montreal (-0.6%), Victoria (-0.5%) and Quebec City (-0.2%). Conversely, the Calgary (+1.3%) and Edmonton (+2.8%) markets were still up.
- From August 2021 to August 2022, the composite index increased by 8.9%. This growth was driven by Halifax (15.4%), Victoria (14.8%), Calgary (13.6%), Montreal (12.1%), Quebec City (10.5%) and Winnipeg (9.2%). Growth was lower than average in Hamilton (8.7%), Vancouver (8.4%), Toronto (7.8%), Edmonton (4.6%) and Ottawa-Gatineau (4.5%).

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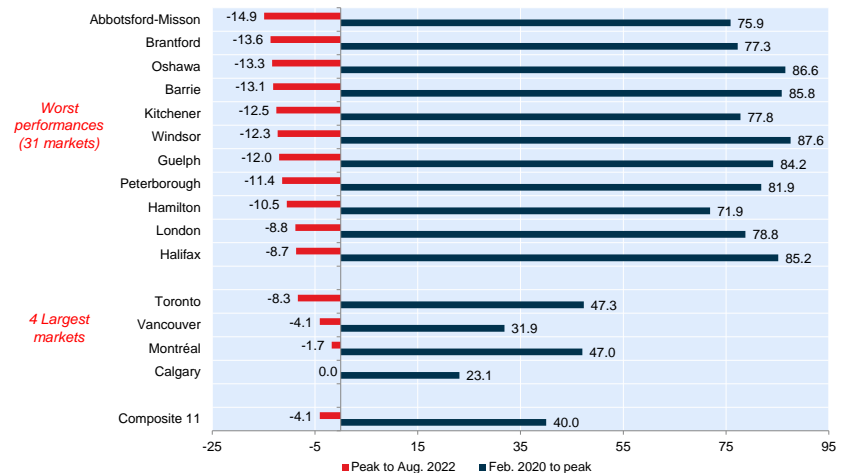
Monthly change in Teranet-National Bank HPI, seasonally adjusted



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

### Canada: Rapid declines after soaring increases

Price change from February 2020 to peak and from peak to August 2022



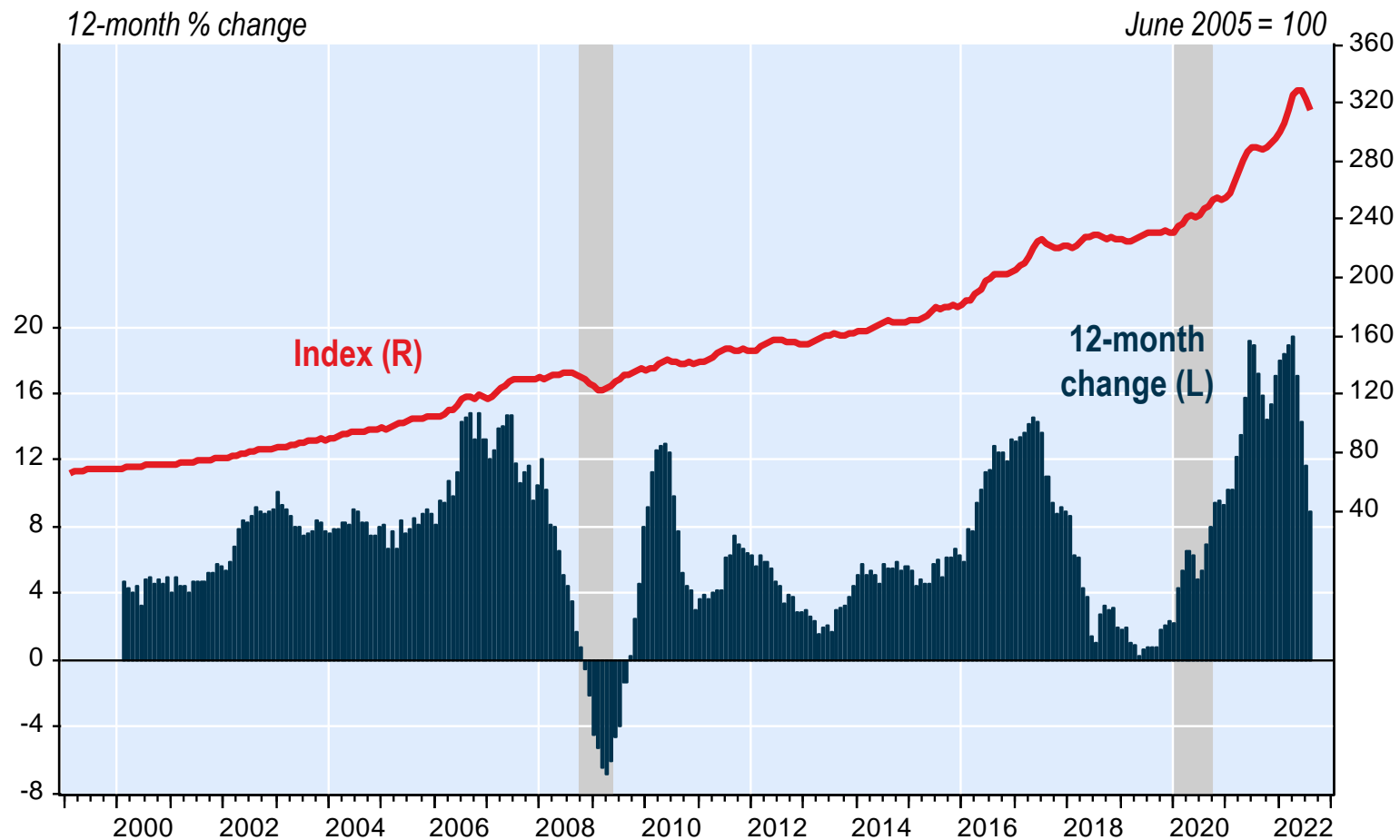
NBF Economics and Strategy (data via Teranet-National Bank)

**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.

Since September 2022, The Teranet-National Bank™ House Price Indices are presented on a raw (unsmoothed) basis, whereas their variation was previously smoothed over three months to allow evening-out month-to-month fluctuations. The unsmoothed version of the price measures allows for earlier detection of changes in market conditions. The provision of the unsmoothed version of the Teranet-National Bank™ indices also allows users to adjust the data to their specific needs.

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



# Teranet-National Bank House Price Index

Economics and Strategy

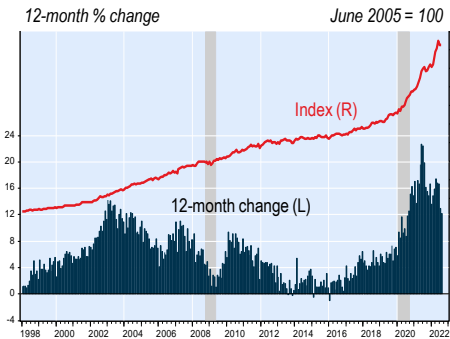
Metropolitan area	Index level * August 2022	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
Composite 11	314.20	-2.4%	-2.1%	-1.3%	8.9%	-4.1%	2022-05
Victoria	299.19	-1.2%	-0.5%	1.0%	14.8%	-2.7%	2022-05
Vancouver	360.63	-2.0%	-1.2%	-1.2%	8.4%	-4.1%	2022-04
Calgary	215.18	1.3%	1.3%	3.7%	13.6%	0.0%	2022-08
Edmonton	197.07	2.7%	2.8%	2.0%	4.6%	0.0%	2022-08
Winnipeg	270.61	-1.4%	-0.7%	1.2%	9.2%	-1.4%	2022-07
Hamilton	384.87	-5.8%	-5.4%	-2.3%	8.7%	-10.5%	2022-05
Toronto	353.91	-4.0%	-3.5%	-2.0%	7.8%	-8.3%	2022-05
Ottawa-Gatineau	265.28	-3.1%	-3.8%	-2.2%	4.5%	-4.6%	2022-06
Montreal	281.38	0.1%	-0.6%	-2.4%	12.1%	-1.7%	2022-06
Quebec	237.35	-1.1%	-0.2%	2.5%	10.5%	-1.1%	2022-07
Halifax	270.17	-3.6%	-3.6%	-3.1%	15.4%	-8.7%	2022-06
Other metropolitan areas							
Abbotsford-Mission, B.C.	364.54	-4.1%	-3.1%	-3.8%	11.1%	-14.9%	2022-04
Kelowna, B.C.	312.61	-2.5%	-0.8%	1.5%	16.4%	-2.5%	2022-07
Lethbridge, Alb.	200.64	2.4%	2.6%	0.7%	6.0%	0.0%	2022-08
Barrie, Ont.	348.23	-6.7%	-6.7%	-1.8%	7.9%	-13.1%	2022-05
Guelph, Ont.	353.77	-5.1%	-5.8%	-3.3%	8.5%	-12.0%	2022-05
Brantford, Ont.	363.27	-9.2%	-7.7%	-3.1%	7.2%	-13.6%	2022-05
Kitchener, Ont.	353.64	-7.1%	-6.2%	-4.5%	6.1%	-12.5%	2022-04
St. Catharines, Ont.	367.85	-5.0%	-4.7%	-1.4%	9.4%	-7.1%	2022-05
Oshawa, Ont.	373.01	-4.4%	-5.8%	-4.5%	7.8%	-13.3%	2022-05
Peterborough, Ont.	339.08	-5.4%	-5.2%	-2.9%	7.5%	-11.4%	2022-05
London, Ont.	332.65	-6.3%	-6.0%	-1.4%	9.5%	-8.8%	2022-04
Kingston, Ont.	276.59	-5.1%	-2.2%	-1.7%	8.0%	-7.8%	2022-05
Belleville, Ont.	331.47	-2.2%	-3.7%	-0.1%	6.8%	-5.9%	2022-04
Sudbury, Ont.	293.86	-6.3%	-3.4%	0.1%	18.4%	-7.4%	2022-05
Thunder Bay, Ont.	259.19	-3.7%	-2.9%	1.0%	13.4%	-3.7%	2022-07
Windsor, Ont.	305.76	-5.0%	-3.7%	-0.7%	9.8%	-12.3%	2022-05
Trois-Rivières, Qc	266.91	-4.1%	-2.9%	0.0%	13.8%	-4.1%	2022-07
Sherbrooke, Qc	262.45	-4.2%	-1.2%	2.4%	18.2%	-4.2%	2022-07
Saint John, NB (June 2018=100)	157.08	-6.7%	-7.8%	6.9%	18.2%	-6.7%	2022-07
Moncton, NB (June 2018=100)	183.45	-2.2%	-1.4%	2.0%	22.9%	-2.2%	2022-07

\*June 2005=100 except indicated otherwise.

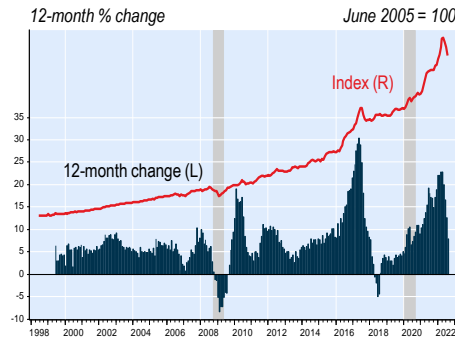
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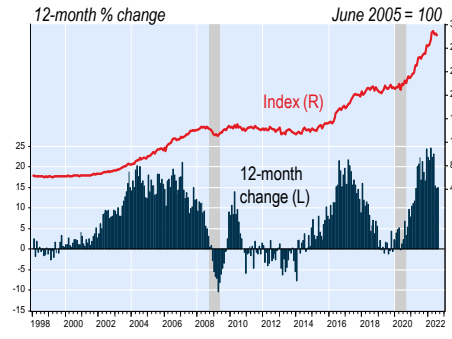
### Montreal



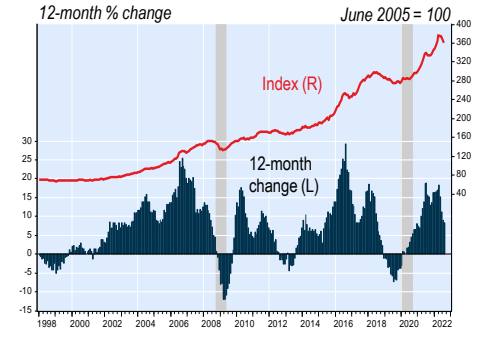
### Toronto



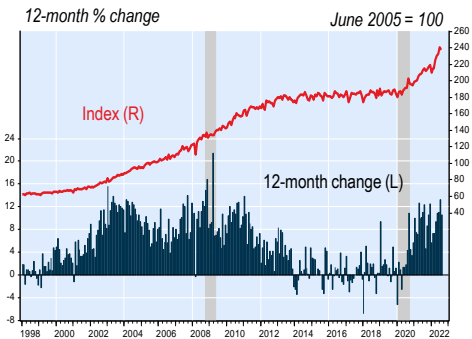
### Victoria



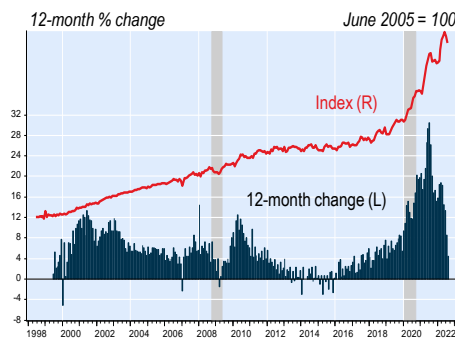
### Vancouver



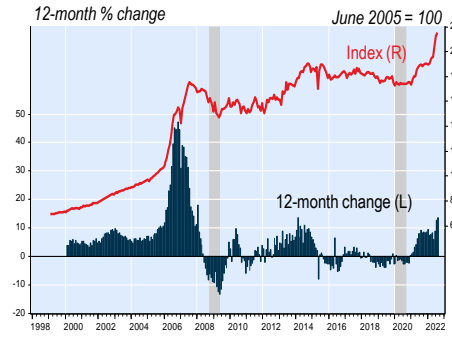
### Quebec City



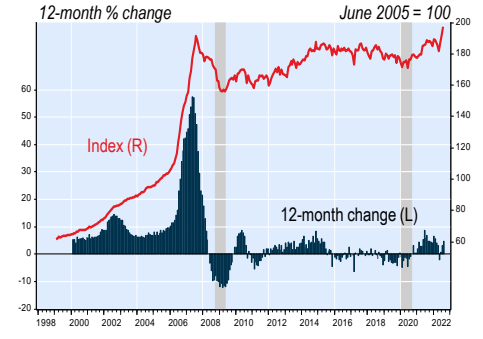
### Ottawa-Gatineau



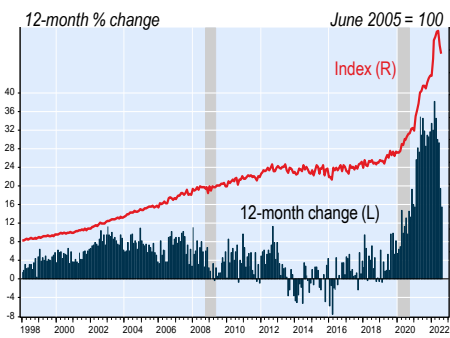
### Calgary



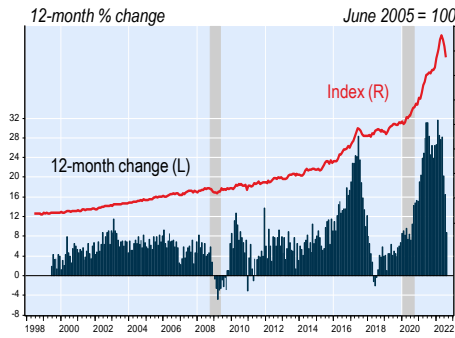
### Edmonton



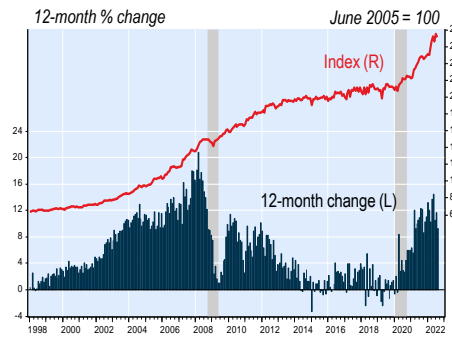
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### Hamilton



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