



## Canada: A second consecutive record decline in September

By Daren King

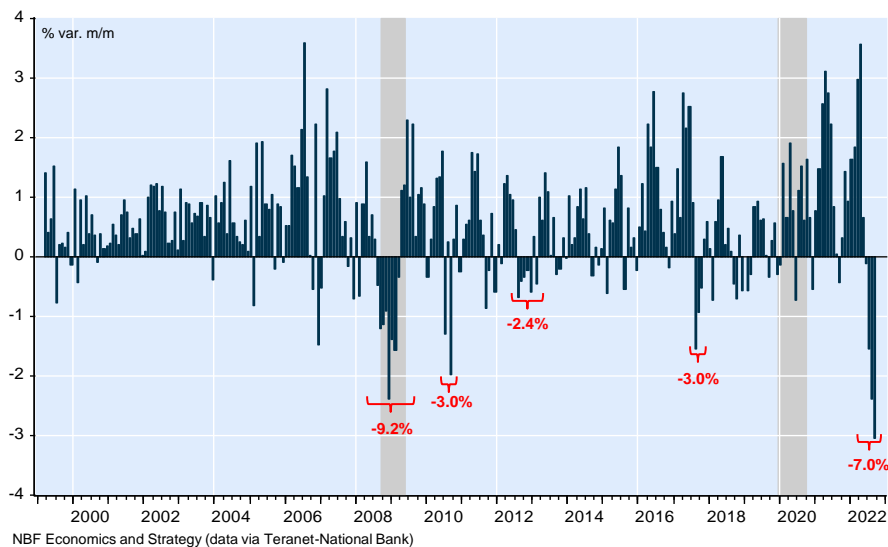
In September, the seasonally adjusted composite index fell by 2.0%, matching the previous month's record decline and representing a fifth consecutive monthly contraction. Since its peak in May, the composite index (not seasonally adjusted) has already declined by 7.0%, whereas during the 2008 financial crisis, prices fell by only 6.2% over the same period and by 9.2% in total over eight months (left chart). In a context where monetary policy will continue to be tightened in the coming months, house prices should continue their contraction and exceed that experienced during the financial crisis of 2008. Indeed, we anticipate a record cumulative decline of about 15% nationally by the end of 2023, assuming a policy rate that tops out around 4.0% and a Bank of Canada that throws some weight behind lowering rates in the second half of 2023. Although corrections are being observed in the vast majority of markets covered by the index, the CMAs that have experienced the most significant price growth over the past two years are also those that have experienced the most significant declines to date (right chart). As a result, the price correction is expected to be more significant in Ontario, British Columbia and the Maritimes, while it is expected to be less significant in the Prairies, which are favoured by a buoyant economic environment.

### HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 2.0% in September compared to the previous month and after seasonal adjustments.
- After adjusting for seasonal effects, 8 of the 11 markets in the composite index were down during the month: Victoria (-5.9%), Vancouver (-3.5%), Hamilton (-2.1%), Montreal (-1.9%), Toronto (-1.8%), Winnipeg (-1.7%), Ottawa-Gatineau (-1.0%), Halifax (-3.6%) and Quebec City (-0.1%). Conversely, the Calgary (+1.2%), Halifax (+1.1%) and Edmonton (+0.2%) markets were still up.
- From September 2021 to September 2022, the composite index increased by 6.0%. This growth was driven by Halifax (16.4%), Calgary (14.7%) and Montreal (10.5%). Growth was lower than average in Winnipeg (5.9%), Hamilton (5.6%), Edmonton (5.6%), Ottawa-Gatineau (5.0%), Victoria (4.7%), Toronto (4.5%) and Vancouver (3.9%).

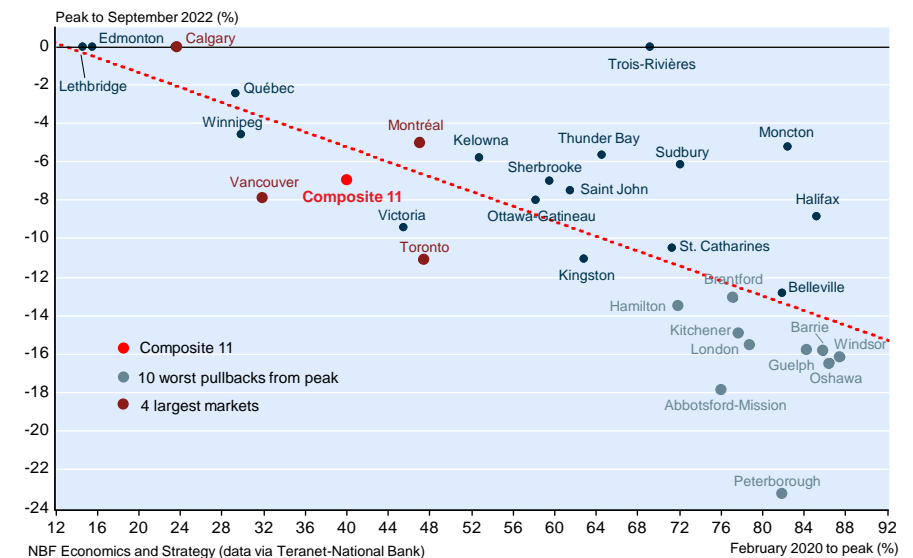
### Canada: Record price drop in September

Monthly change in Teranet-National Bank HPI



### Canada: Rapid declines after soaring increases

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

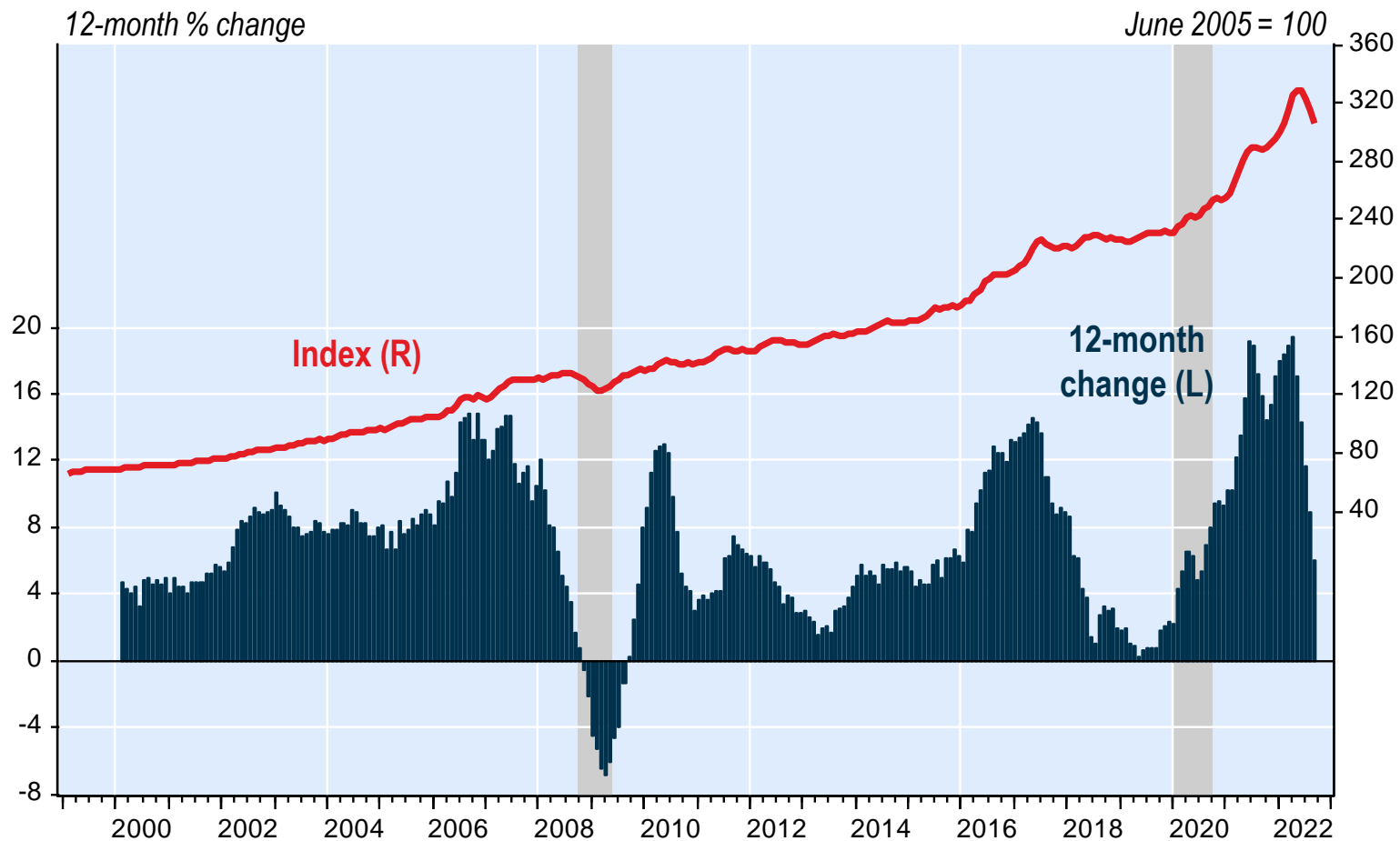


**NOTE ON METHODOLOGY:**

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

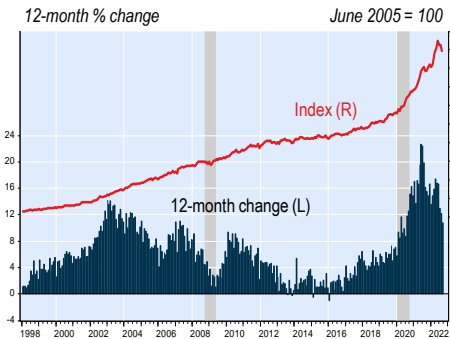
Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
	September 2022						
Composite 11	304.61	-3.1%	-2.0%	-2.0%	6.0%	-7.0%	2022-05
Victoria	278.67	-6.9%	-5.9%	-0.7%	4.7%	-9.4%	2022-05
Vancouver	346.45	-3.9%	-3.5%	-1.3%	3.9%	-7.8%	2022-04
Calgary	215.88	0.3%	1.2%	1.1%	14.7%	0.0%	2022-09
Edmonton	197.71	0.3%	0.2%	2.5%	5.6%	0.0%	2022-09
Winnipeg	261.94	-3.2%	-1.7%	-0.8%	5.9%	-4.5%	2022-07
Hamilton	372.09	-3.3%	-2.1%	-5.1%	5.6%	-13.5%	2022-05
Toronto	343.19	-3.0%	-1.8%	-3.4%	4.5%	-11.1%	2022-05
Ottawa-Gatineau	256.03	-3.5%	-1.0%	-3.0%	5.0%	-8.0%	2022-06
Montreal	272.21	-3.3%	-1.9%	0.0%	10.8%	-4.9%	2022-06
Quebec	234.10	-1.4%	-0.1%	-0.2%	10.5%	-2.4%	2022-07
Halifax	269.75	-0.2%	1.1%	-2.9%	16.4%	-8.8%	2022-06
<b>Other metropolitan areas</b>							
Abbotsford-Mission, B.C.	351.94	-3.5%	-2.9%	-2.8%	6.9%	-17.8%	2022-04
Kelowna, B.C.	302.04	-3.4%	-3.7%	-1.3%	8.4%	-5.8%	2022-07
Lethbridge, Alb.	201.04	0.2%	-0.4%	2.7%	3.3%	0.0%	2022-09
Barrie, Ont.	337.20	-3.2%	-1.0%	-6.3%	4.0%	-15.9%	2022-05
Guelph, Ont.	338.40	-4.3%	-2.1%	-4.5%	7.9%	-15.8%	2022-05
Brantford, Ont.	365.60	0.6%	2.0%	-7.3%	6.5%	-13.1%	2022-05
Kitchener, Ont.	344.17	-2.7%	-0.3%	-5.9%	8.1%	-14.9%	2022-04
St. Catharines, Ont.	354.51	-3.6%	-1.5%	-4.3%	7.2%	-10.4%	2022-05
Oshawa, Ont.	359.74	-3.6%	-2.1%	-5.7%	3.6%	-16.4%	2022-05
Peterborough, Ont.	294.01	-13.3%	-11.8%	-3.8%	-6.6%	-23.2%	2022-05
London, Ont.	308.18	-7.4%	-5.0%	-5.2%	2.0%	-15.5%	2022-04
Kingston, Ont.	266.77	-3.6%	-2.6%	-2.3%	10.5%	-11.0%	2022-05
Belleville, Ont.	307.13	-7.3%	-5.1%	-4.2%	3.6%	-12.8%	2022-04
Sudbury, Ont.	297.82	1.3%	-0.6%	-3.5%	13.2%	-6.1%	2022-05
Thunder Bay, Ont.	254.03	-2.0%	-0.6%	-3.0%	3.8%	-5.7%	2022-07
Windsor, Ont.	292.17	-4.4%	-5.4%	-2.8%	2.5%	-16.2%	2022-05
Trois-Rivières, Qc	278.70	4.4%	5.5%	-3.1%	19.6%	0.0%	2022-09
Sherbrooke, Qc	254.93	-2.9%	-4.4%	-1.3%	11.4%	-7.0%	2022-07
Saint John, NB (June 2018=100)	155.63	-0.9%	-0.8%	-7.5%	11.6%	-7.5%	2022-07
Moncton, NB (June 2018=100)	177.74	-3.1%	-4.8%	-2.4%	16.0%	-5.2%	2022-07

\*June 2005=100 except indicated otherwise.

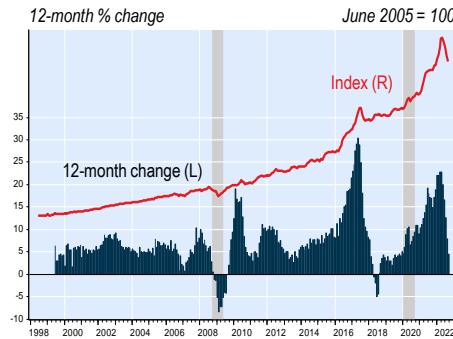
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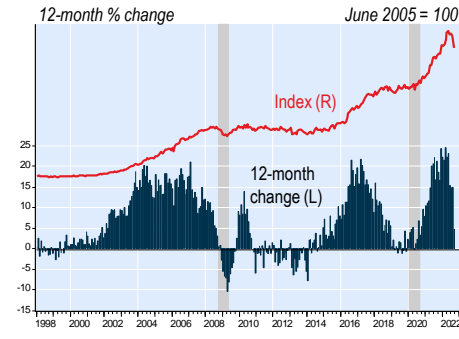
### Montreal



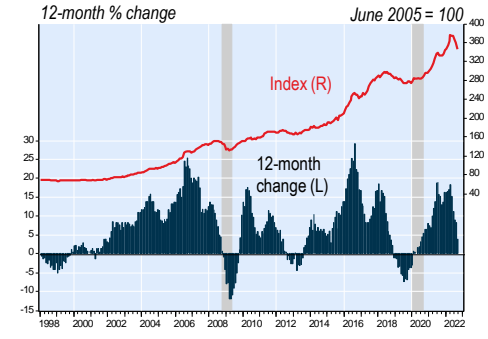
### Toronto



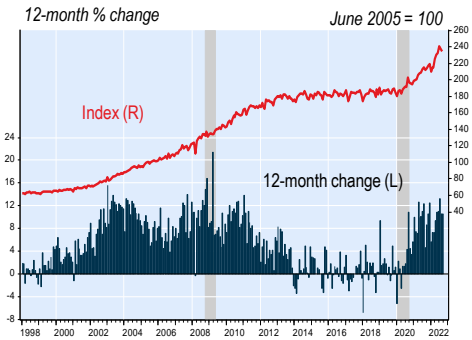
### Victoria



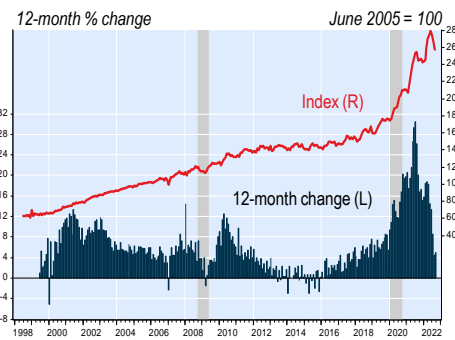
### Vancouver



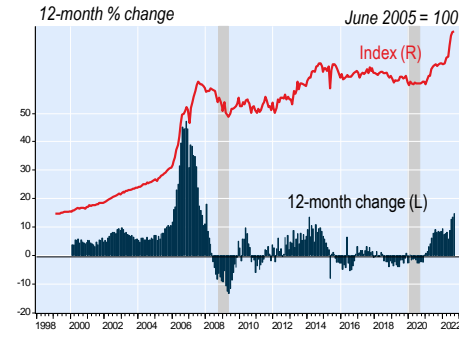
### Quebec City



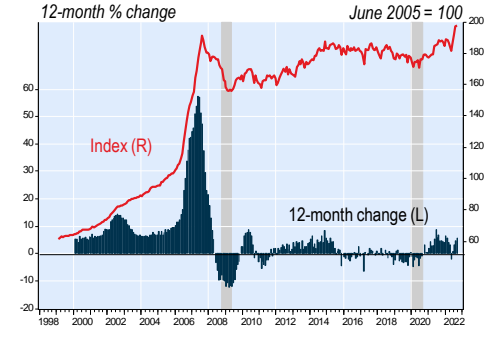
### Ottawa-Gatineau



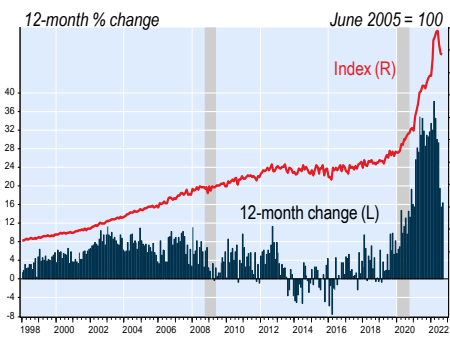
### Calgary



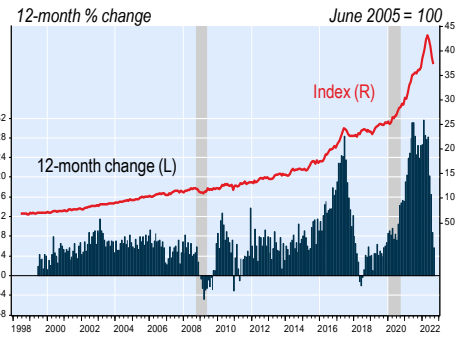
### Edmonton



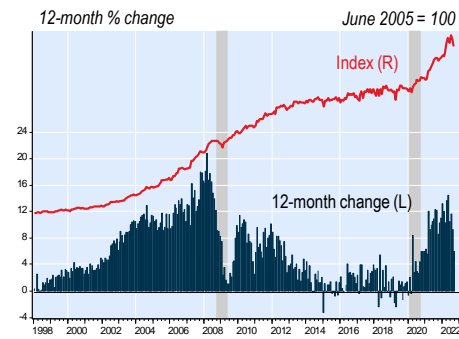
### Halifax



### Hamilton



### Winnipeg



## Economics and Strategy

### Montreal Office

514-879-2529

**Stéfane Marion**

*Chief Economist and Strategist*  
stefane.marion@nbc.ca

**Kyle Dahms**

*Economist*  
kyle.dahms@nbc.ca

**Alexandra Ducharme**

*Economist*  
alexandra.ducharme@nbc.ca

**Matthieu Arseneau**

*Deputy Chief Economist*  
matthieu.arseneau@nbc.ca

**Daren King**

*Economist*  
daren.king@nbc.ca

**Angelo Katsoras**

*Geopolitical Analyst*  
angelo.katsoras@nbc.ca

**Jocelyn Paquet**

*Economist*  
jocelyn.paquet@nbc.ca

### Toronto Office

416-869-8598

**Warren Lovely**

*Chief Rates and Public Sector Strategist*  
warren.lovely@nbc.ca

**Taylor Schleich**

*Rates Strategist*  
taylor.schleich@nbc.ca

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Economics and Strategy

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