



Canada: Prices still down in February

By Daren King

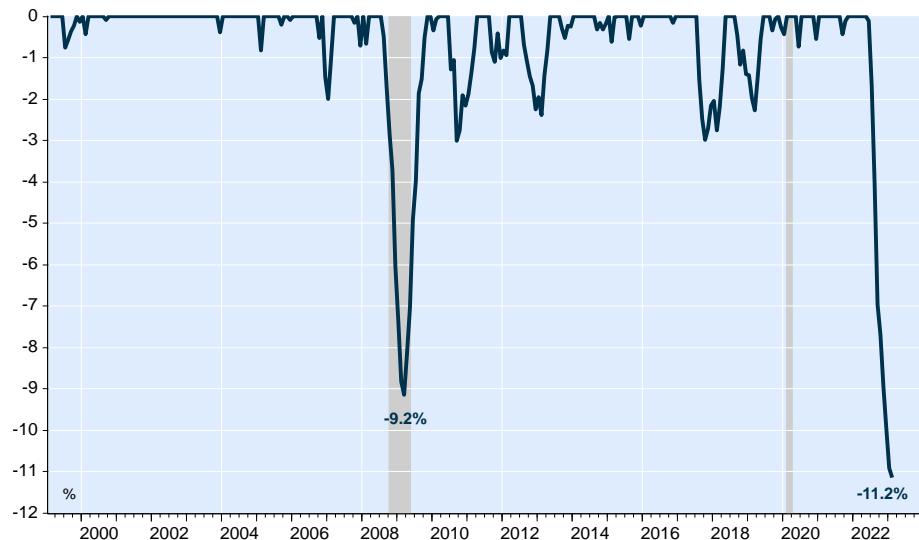
The Teranet-National Bank Index continued to decline in February so that the cumulative decline in prices since their peak in May 2022 totaled 11.2%, the largest contraction in the index ever recorded. The current decline in prices has even surpassed the 9.2% loss in value that occurred during the 2008 financial crisis (left chart). With the Bank of Canada expected to keep its policy rate in restrictive territory well into 2023 and mortgage rates remaining high, we believe that the impact on property prices should continue to be felt in the coming months. All in all, we still anticipate a total correction of about 15% nationally by the end of 2023, but this assumes that policy rate hikes are over and declines begin at year-end. Although corrections are being seen in all markets covered by the index, the CMAs that have seen the largest price growth over the past two years are also those that have seen the largest declines to date (right chart). Ontario, British Columbia and the Maritimes thus appear to be more vulnerable, while the Prairie markets are less vulnerable, as affordability issues are less acute.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 0.5% in February compared to the previous month and after seasonal adjustment, the tenth consecutive monthly decrease.
- After seasonal adjustment, 7 of the 11 markets in the composite index were down during the month: Toronto (-2.7%), Calgary (-2.4%), Halifax (-1.8%), Edmonton (-0.8%), Hamilton (-0.3%), Montreal (-0.3%) and Ottawa-Gatineau (-0.2%). Conversely, prices increased in Vancouver (+3.8%), Victoria (+1.9%) and Quebec City (+0.1%), while they remained stable in Winnipeg.
- From February 2022 to February 2023, the composite index decreased by 4.7%, the second consecutive month in which the annual change in the index was in negative territory. Price increases in Calgary (8.8%), Québec (5.0%), Edmonton (1.9%) and Montréal (0.8%) were entirely offset by decreases in Victoria (-1.4%), Ottawa-Gatineau (-2.3%), Winnipeg (-2.7%), Halifax (-3.2%), Vancouver (-3.9%), Toronto (-8.8%), and Hamilton (-14.0%).

Canada: Historic loss of value in the residential market

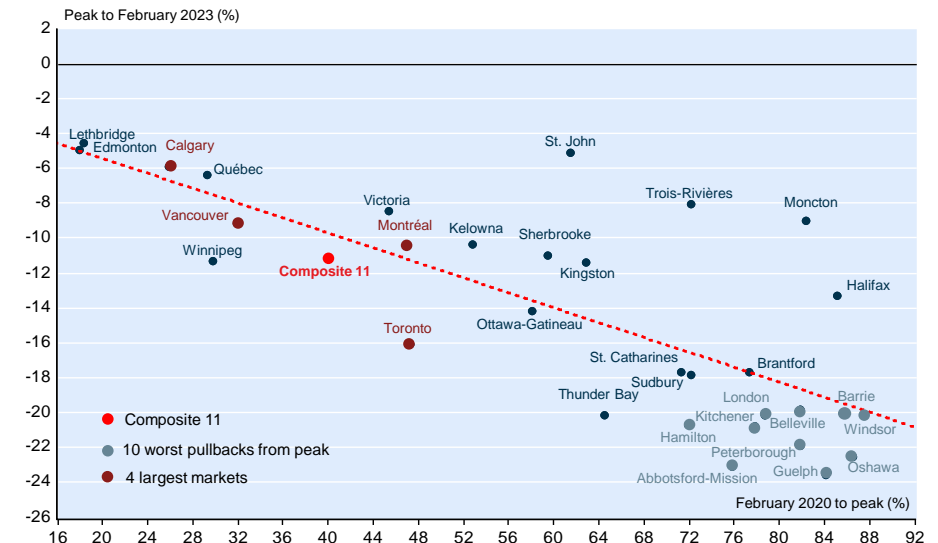
Change from peak in Teranet-National Bank HPI (%)



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 February 2023



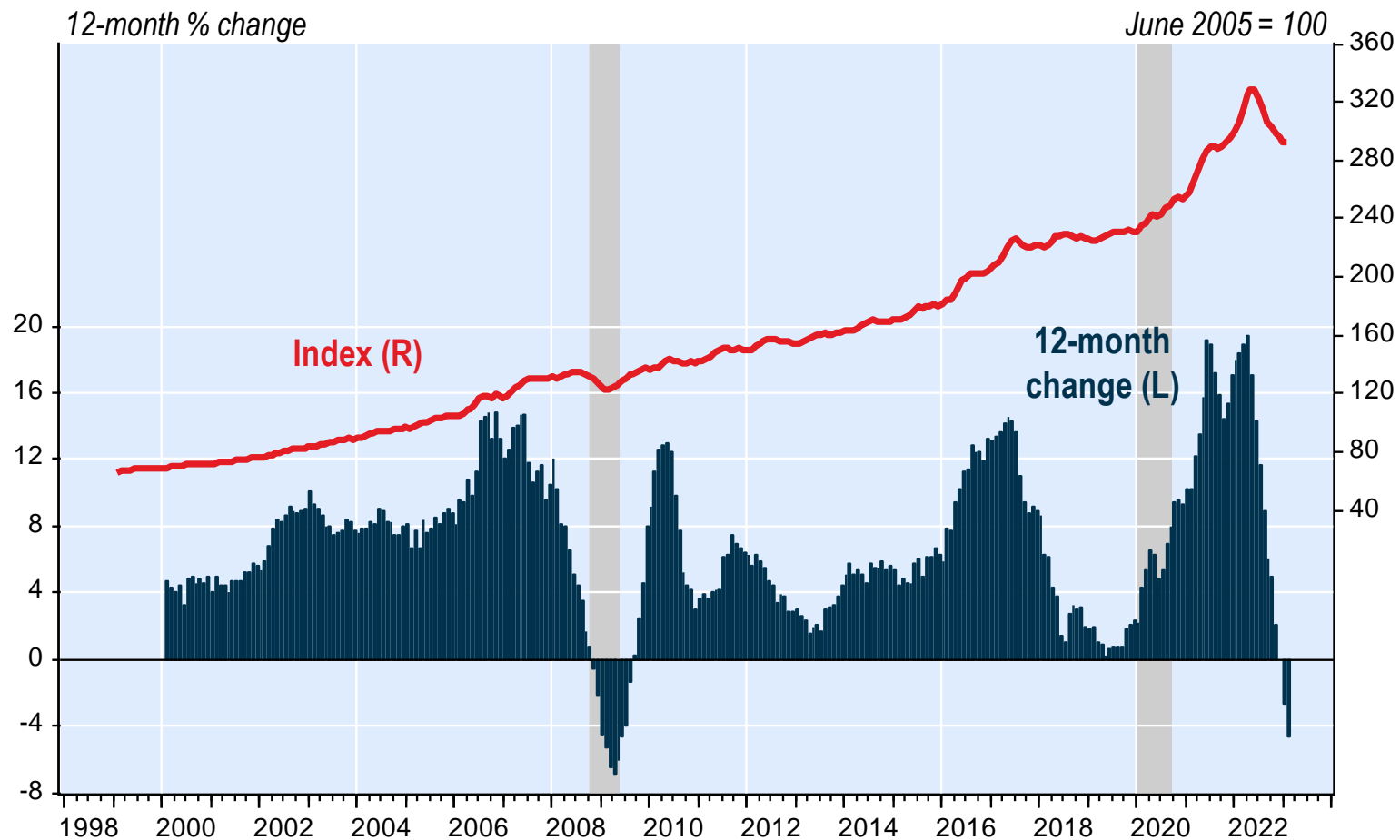
NBF Economics and Strategy (data via Teranet-National Bank)

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

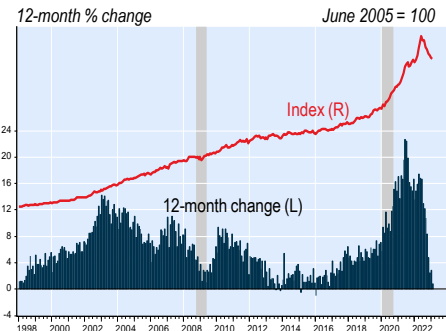
Metropolitan area	Index level * February 2023	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
Composite 11	290.91	-0.3%	-0.5%	-0.9%	-4.7%	-11.2%	2022-05
Victoria	281.52	2.8%	1.9%	-1.5%	-1.4%	-8.5%	2022-05
Vancouver	341.37	4.7%	3.8%	-3.9%	-3.9%	-9.2%	2022-04
Calgary	207.04	-1.9%	-2.4%	-0.1%	8.8%	-6.0%	2022-10
Edmonton	191.93	-1.5%	-0.8%	-0.8%	1.9%	-4.9%	2022-10
Winnipeg	243.44	-0.1%	0.0%	0.7%	-2.7%	-11.3%	2022-07
Hamilton	340.95	-1.5%	-0.3%	-3.5%	-14.0%	-20.7%	2022-05
Toronto	324.08	-2.6%	-2.7%	0.3%	-8.8%	-16.1%	2022-05
Ottawa-Gatineau	238.77	-1.4%	-0.2%	2.4%	-2.3%	-14.2%	2022-06
Montreal	256.40	-0.7%	-0.3%	-0.1%	0.8%	-10.5%	2022-06
Quebec	224.67	1.2%	0.1%	-1.1%	5.0%	-6.4%	2022-07
Halifax	256.42	2.0%	-1.8%	0.2%	-3.2%	-13.3%	2022-06
Other metropolitan areas							
Abbotsford-Mission, B.C.	329.28	5.9%	4.4%	-6.6%	-15.1%	-23.1%	2022-04
Kelowna, B.C.	287.31	-4.8%	-5.1%	11.8%	-3.3%	-10.4%	2022-07
Lethbridge, Alb.	198.37	0.4%	-0.8%	-2.0%	2.8%	-4.5%	2022-12
Barrie, Ont.	320.48	1.8%	1.0%	-3.3%	-10.3%	-20.1%	2022-05
Guelph, Ont.	307.07	2.1%	6.6%	-9.4%	-16.6%	-23.6%	2022-05
Brantford, Ont.	346.37	1.3%	1.8%	6.9%	-2.3%	-17.7%	2022-05
Kitchener, Ont.	320.22	-3.4%	-2.6%	-0.7%	-12.3%	-20.8%	2022-04
St. Catharines, Ont.	325.92	-3.3%	-1.6%	0.2%	-7.5%	-17.7%	2022-05
Oshawa, Ont.	333.49	-1.3%	-0.1%	-2.6%	-13.2%	-22.5%	2022-05
Peterborough, Ont.	298.84	-0.2%	2.5%	-1.9%	-9.1%	-21.9%	2022-05
London, Ont.	291.38	-2.9%	-3.0%	0.7%	-10.1%	-20.1%	2022-04
Kingston, Ont.	265.55	3.1%	2.9%	0.2%	-0.6%	-11.4%	2022-05
Belleville, Ont.	282.32	-6.5%	-3.1%	0.2%	-6.6%	-19.9%	2022-04
Sudbury, Ont.	260.70	-8.0%	-3.7%	-0.4%	-4.0%	-17.8%	2022-05
Thunder Bay, Ont.	215.00	-13.9%	-12.5%	2.8%	-17.5%	-20.2%	2022-07
Windsor, Ont.	278.22	-1.5%	-0.4%	0.4%	-8.3%	-20.2%	2022-05
Trois-Rivières, Qc	260.60	1.8%	7.7%	-9.0%	12.4%	-8.1%	2022-10
Sherbrooke, Qc	243.95	-9.9%	-10.5%	9.0%	5.8%	-11.0%	2022-07
Saint John, NB (June 2018=100)	159.71	3.0%	2.5%	0.8%	12.1%	-5.1%	2022-07
Moncton, NB (June 2018=100)	170.63	1.3%	0.4%	-1.8%	0.7%	-9.0%	2022-07

*June 2005=100 except indicated otherwise.

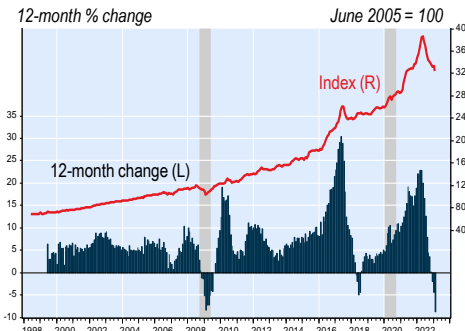
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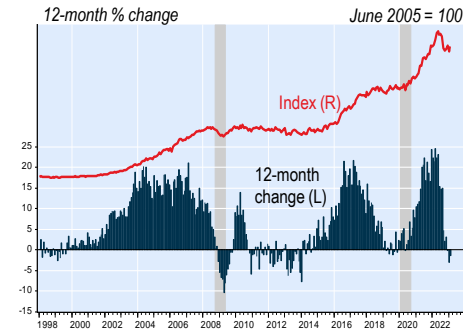
Montreal



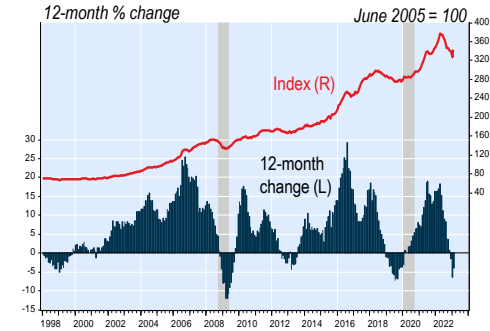
Toronto



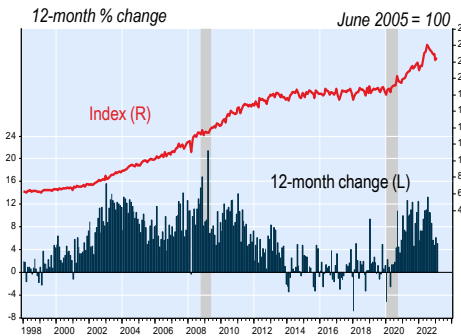
Victoria



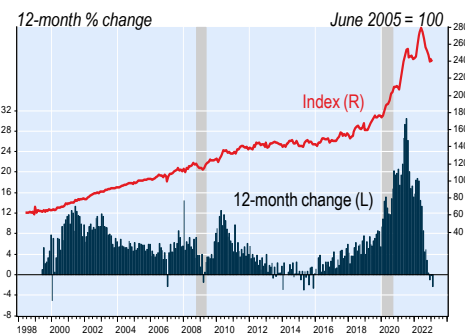
Vancouver



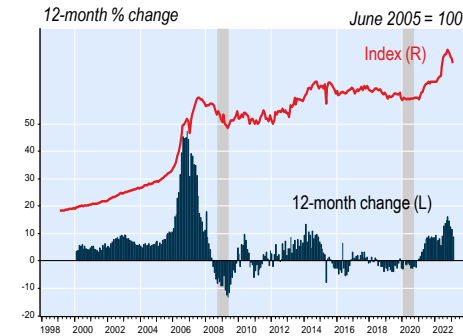
Quebec City



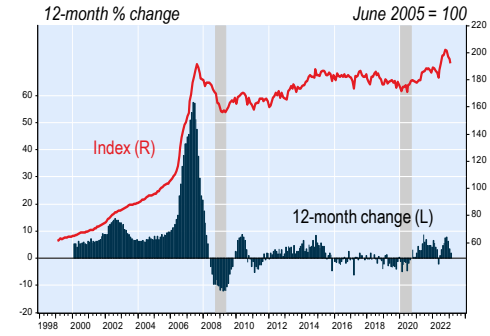
Ottawa-Gatineau



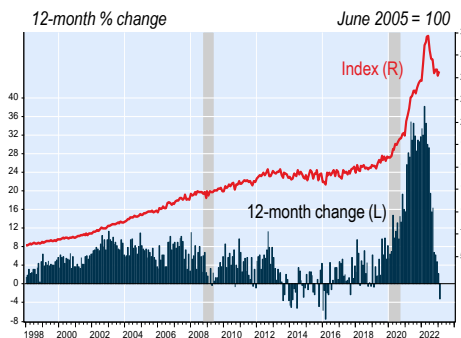
Calgary



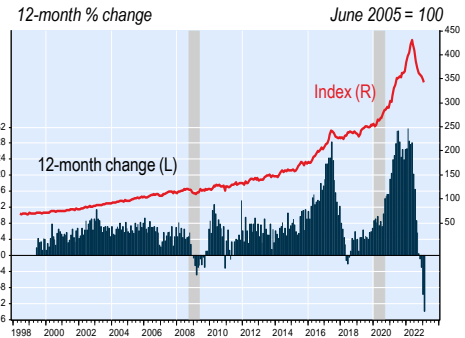
Edmonton



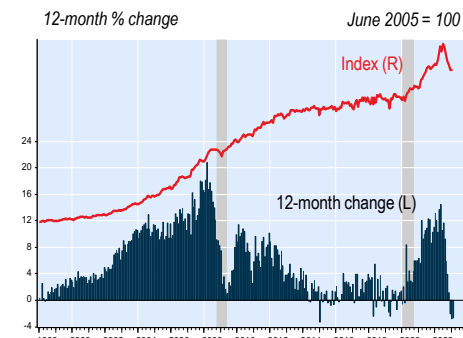
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