

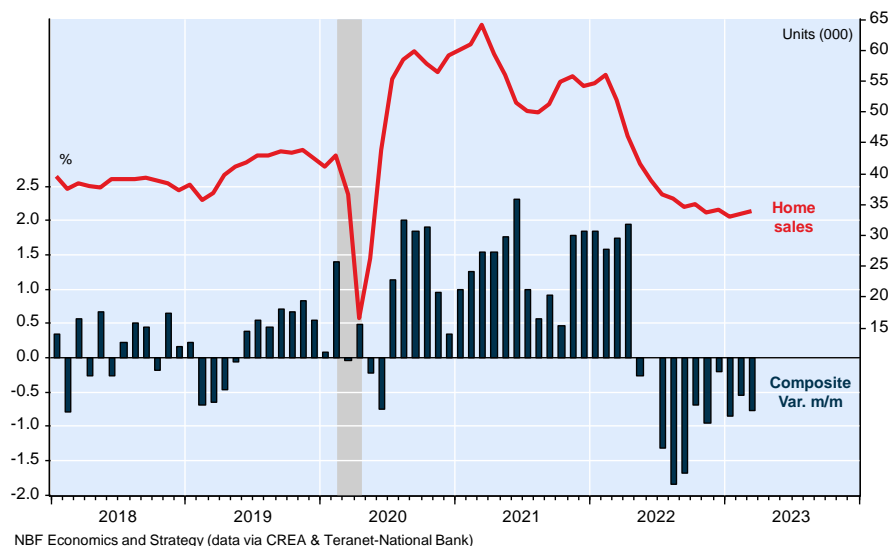
Canada: Record annual price decline in March

By Daren King

Even though the resale housing market is showing its first signs of stabilization (left chart) and the non-seasonally adjusted Teranet-National Bank Index has seen its first monthly increase in ten months, it is still too early to say that the real estate market in Canada is on the rise. In fact, once adjusted for seasonal effects, the composite index contracted by 0.8% during the month, as price growth is generally stronger in the spring with the start of the high season. It should also be noted that, on an annual basis, the index in March fell by 6.9% compared to March 2022 and thus equaled the record contraction recorded during the 2008-2009 financial crisis. With the Bank of Canada expected to keep its policy rate in restrictive territory for much of 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 anticipate that the price correction that currently stands at 8.8% could continue through the end of 2023 (-5% additional), but this assumes that policy rate hikes are over, and declines begin at the end of the year. Although corrections are observed in all markets covered by the index (except Sherbrooke), the CMAs that have experienced the largest price growth over the past two years are also those that have recorded the sharpest declines to date (right chart). Ontario and British Columbia thus appear to be more vulnerable, while the Prairie markets are less so, as affordability problems are less acute.

Canada: Resale Market Stabilizing

Number of transactions in the resale housing market and monthly change (%) in the Teranet-BNC HPI, seasonally adjusted

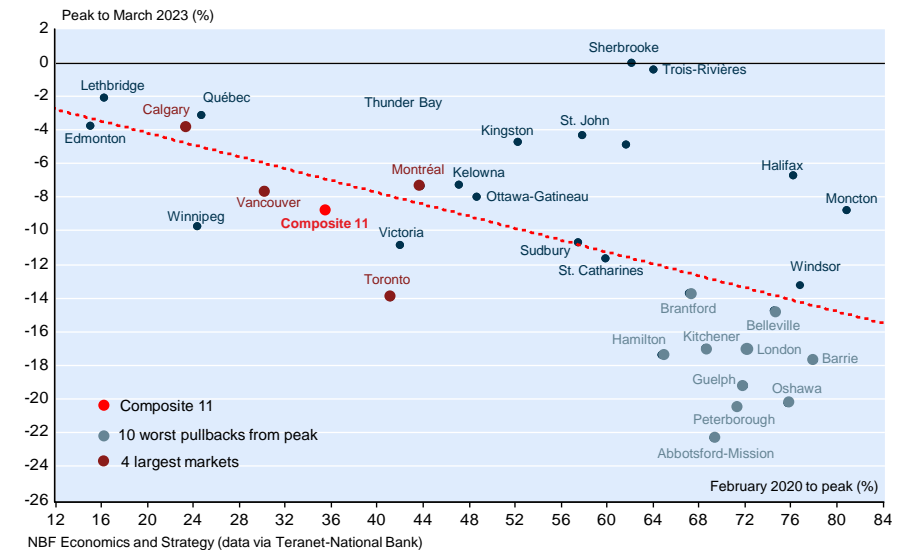


HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased 0.8% in March compared with the previous month and after adjusting for seasonal effects, the ninth consecutive monthly decline.
- After seasonal adjustment, 7 of the 11 markets in the composite index were down during the month: Victoria (-4.5%), Winnipeg (-2.4%), Toronto (-1.9%), Edmonton (-0.9%), Hamilton (-0.1%) Conversely, prices increased during the month in Halifax (+2.3%), Montreal (+0.5%), Vancouver (+0.3%) and Calgary (+0.1%).
- From March 2022 to March 2023, the composite index decreased by 6.9%, matching the record annual decline observed during the 2008-2009 financial crisis. Price growth in Calgary (7.6%), Quebec City (4.1%) and Edmonton (2.2%) was more than offset by declines in Montreal (-0.8%), Ottawa-Gatineau (-4.7%), Halifax (-4.9%), Vancouver (-5.0%), Winnipeg (-6.3%), Victoria (-8.7%), Toronto (-12.1%) and Hamilton (-13.5%).

Canada: Rapid declines after soaring increases

Price change from February 2020 to peak and from peak to March 2023

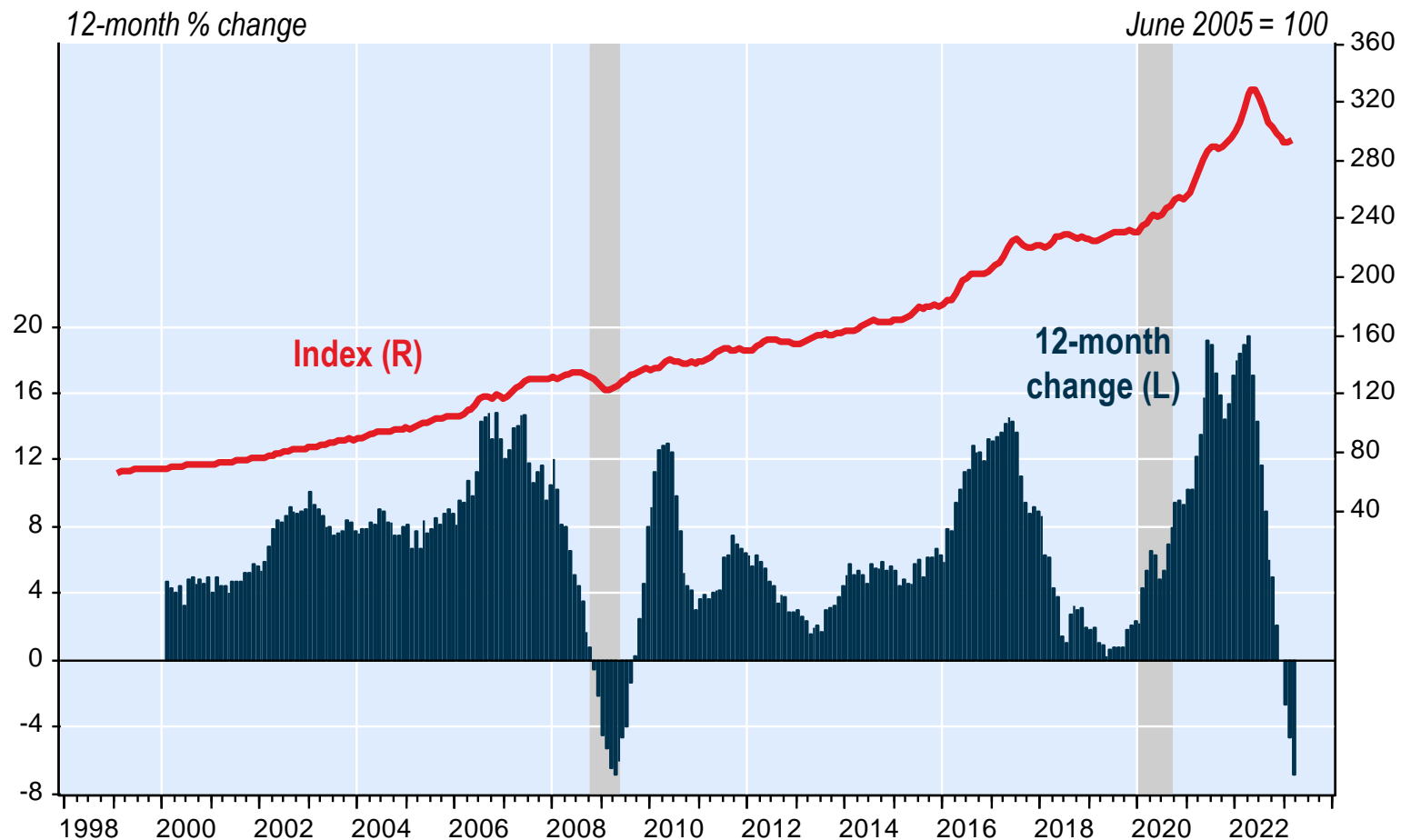


NOTE ON METHODOLOGY:

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

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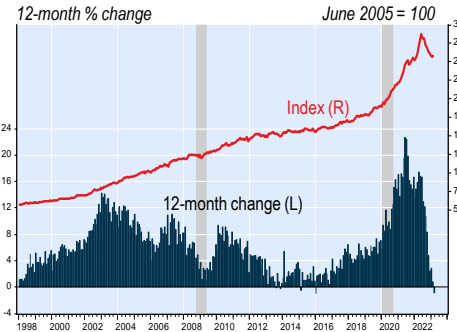
Metropolitan area	Index level * March 2023	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
Composite 11	292.40	0.5%	-0.8%	-0.6%	-6.9%	-8.8%	2022-04
Victoria	268.25	-4.7%	-4.5%	2.4%	-8.7%	-10.8%	2022-05
Vancouver	345.08	1.1%	0.3%	3.8%	-5.0%	-7.6%	2022-04
Calgary	207.87	0.4%	0.1%	-2.3%	7.6%	-3.9%	2022-10
Edmonton	190.62	-0.7%	-0.9%	-0.9%	2.2%	-3.8%	2022-11
Winnipeg	239.14	-1.8%	-2.4%	0.0%	-6.3%	-9.7%	2022-05
Hamilton	348.53	2.2%	-0.1%	0.0%	-13.5%	-17.4%	2022-05
Toronto	324.32	0.1%	-1.9%	-3.1%	-12.1%	-13.9%	2022-04
Ottawa-Gatineau	245.71	2.9%	-0.1%	-0.2%	-4.7%	-7.9%	2022-06
Montreal	258.71	0.9%	0.5%	-0.1%	-0.8%	-7.3%	2022-06
Quebec	223.26	-0.6%	-0.1%	0.1%	4.1%	-3.1%	2022-07
Halifax	271.72	6.0%	2.3%	-1.8%	-4.9%	-6.7%	2022-05
Other metropolitan areas							
Abbotsford-Mission, B.C.	331.60	0.7%	-1.7%	4.4%	-17.7%	-22.3%	2022-04
Kelowna, B.C.	296.11	3.1%	-0.5%	-5.0%	-6.2%	-7.3%	2022-07
Lethbridge, Alb.	196.24	-1.1%	0.8%	-0.8%	3.8%	-2.1%	2022-10
Barrie, Ont.	320.31	-0.1%	-1.0%	1.1%	-13.3%	-17.7%	2022-05
Guelph, Ont.	323.32	5.3%	-1.1%	6.5%	-15.8%	-19.2%	2022-05
Brantford, Ont.	343.58	-0.8%	-1.1%	1.1%	-12.5%	-13.7%	2022-05
Kitchener, Ont.	330.78	3.3%	-0.4%	-2.6%	-13.3%	-17.0%	2022-04
St. Catharines, Ont.	340.68	4.5%	0.0%	-1.7%	-9.3%	-11.6%	2022-05
Oshawa, Ont.	337.38	1.2%	-3.1%	-0.2%	-19.3%	-20.3%	2022-05
Peterborough, Ont.	294.36	-1.5%	-3.8%	2.2%	-17.2%	-20.4%	2022-05
London, Ont.	297.24	2.0%	-0.5%	-3.0%	-12.4%	-16.9%	2022-04
Kingston, Ont.	261.00	-1.7%	1.6%	2.9%	0.1%	-4.8%	2022-05
Belleville, Ont.	296.56	5.0%	0.2%	-3.2%	-9.2%	-14.8%	2022-04
Sudbury, Ont.	268.96	3.2%	-0.3%	-4.0%	-4.4%	-10.7%	2022-04
Thunder Bay, Ont.	257.37	19.7%	14.9%	-12.0%	9.7%	-4.9%	2022-02
Windsor, Ont.	290.43	4.4%	2.8%	-0.3%	-3.8%	-13.2%	2022-05
Trois-Rivières, Qc	273.96	5.1%	1.5%	8.1%	18.8%	-0.4%	2022-12
Sherbrooke, Qc	269.71	10.6%	13.6%	-11.5%	12.4%	0.0%	2023-03
Saint John, NB (June 2018=100)	158.92	-0.5%	-2.2%	2.3%	5.8%	-4.3%	2022-07
Moncton, NB (June 2018=100)	165.40	-3.1%	-0.5%	0.4%	1.3%	-8.8%	2022-07

*June 2005=100 except indicated otherwise.

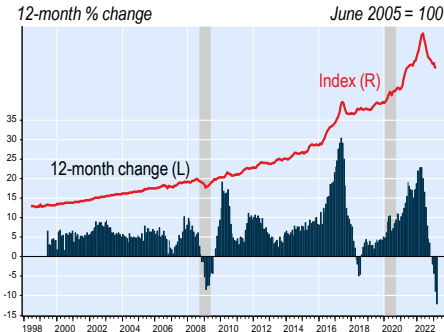
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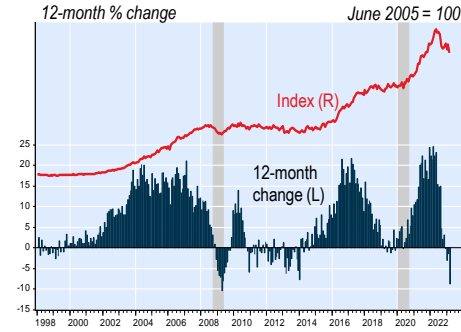
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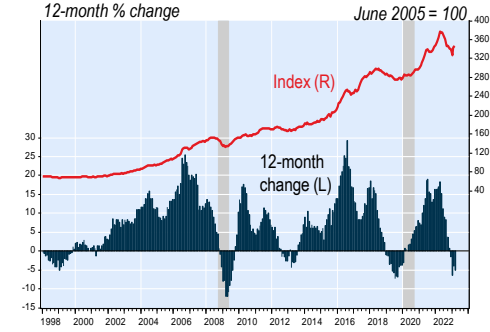
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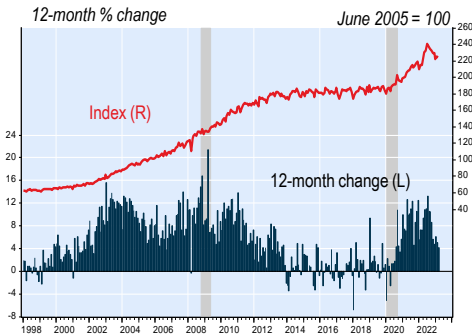
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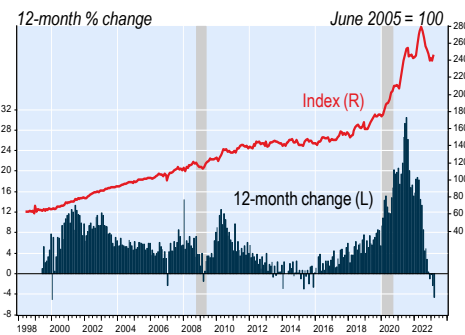
Vancouver



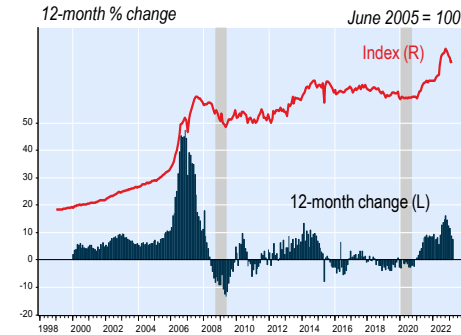
Quebec City



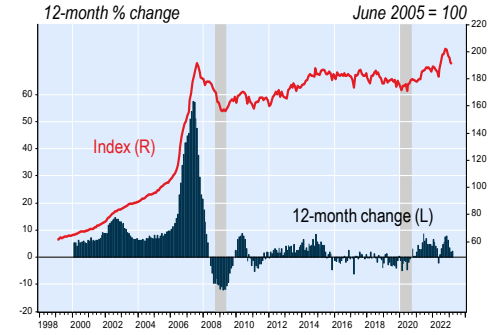
Ottawa-Gatineau



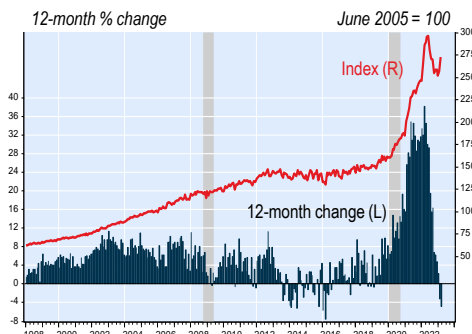
Calgary



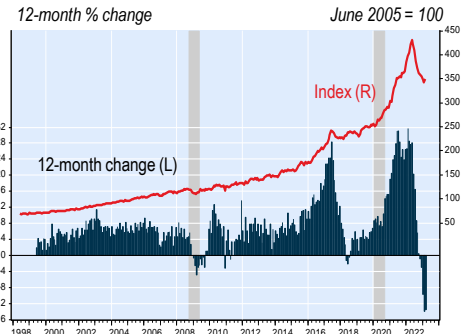
Edmonton



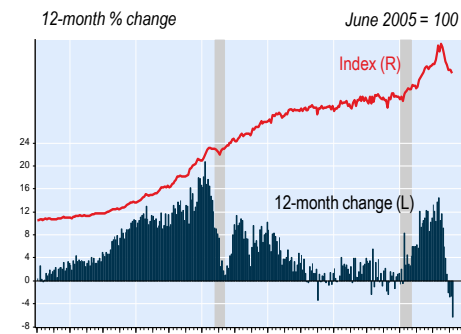
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