

Canada: No gift for homeowners, prices will continue to fall

By Daren King

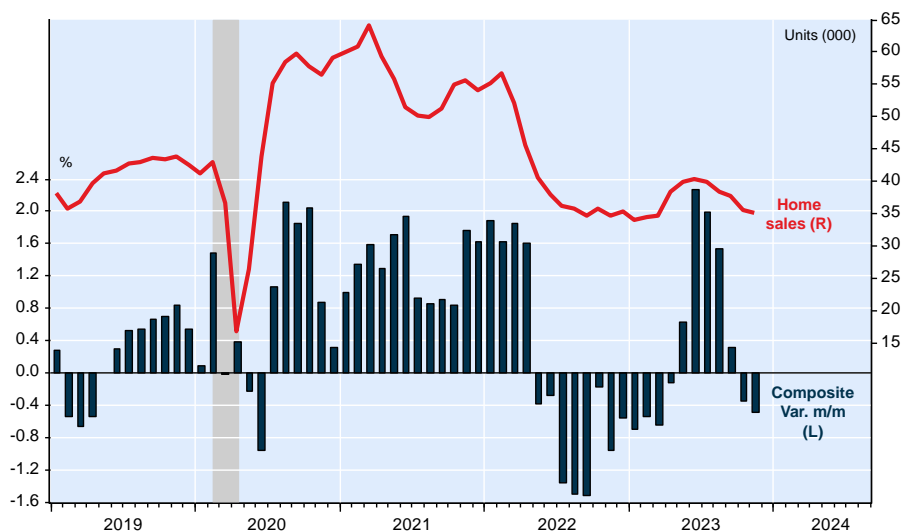
The Teranet-National Bank Composite Index™ continued its correction for a second consecutive month in November, with prices down 0.5% compared to October in a context where the resale market continues to lose momentum (left chart). Indeed, persistent affordability issues (despite the recent drop in long-term fixed mortgage rates), combined with a less buoyant job market, have contributed to the slowdown in the real estate market. This less favourable economic backdrop has certainly undermined consumer confidence, with consumers more pessimistic about the real estate market than at any time in the past 20 years. Indeed, the net proportion of consumers believing that now is a good time to make a major purchase (such as a property or car) is even lower than at the worst of the pandemic (right chart). Over the coming months, prices will continue to fall, despite the support of historical demographic growth and the shortage of housing supply. We expect the composite index to reach its trough set at the beginning of the year again by spring 2024, with a cumulative decline of 8% from its April 2022 peak. However, if the moderation in the job market remains limited and overnight rate cuts actually take place in early 2024, the coming spring could represent a good window of opportunity for some buyers and help stabilize prices.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 0.5% in November after seasonal adjustment.
- After seasonal adjustment, six of the 11 markets in the composite index were still up during the month: Ottawa-Gatineau (+2.8%), Edmonton (+1.2%), Quebec City (+1.0%), Victoria (+0.3%), Vancouver (+0.2%) and Calgary (+0.2%). Conversely, prices were down in Montreal (-2.2%), Hamilton (-2.1%), Winnipeg (-1.2%), Toronto (-1.0%) and Halifax (-0.9%).
- From November 2022 to November 2023, the composite index rose by 3.2%. Growth was seen in Quebec City (+8.5%), Halifax (+8.2%), Vancouver (+6.3%), Calgary (+5.1%), Victoria (+4.6%), Ottawa-Gatineau (+3.8%), Montreal (+3.1%), Toronto (+1.5%) and Winnipeg (+0.7%), while prices remained stable in Hamilton and declined in Edmonton (-2.3%).

Canada: Prices start to fall again

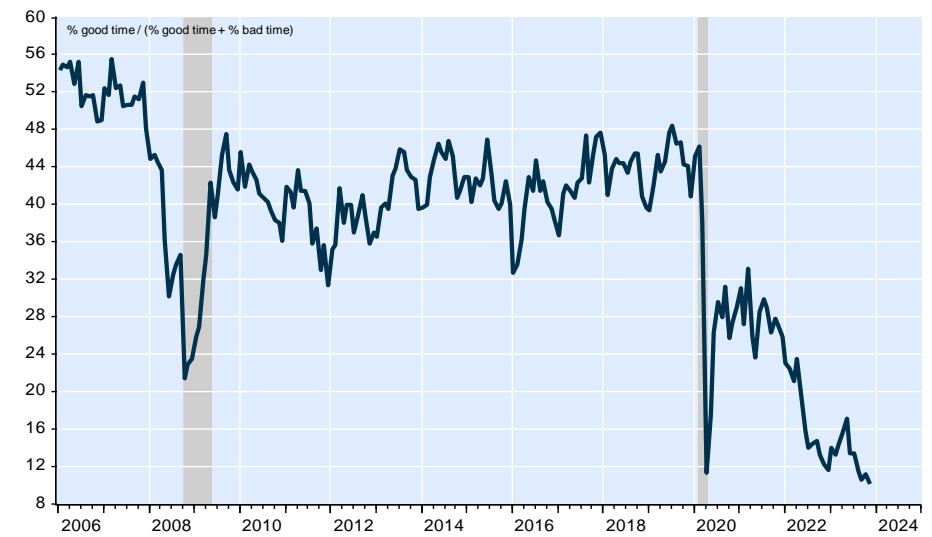
Number of transactions on the property resale market and monthly change (%) in Teranet-BNC HPI, seasonally adjusted



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

Canada : Worst time in history to buy a house?

Do you feel that right now is a good time or a bad time for the average person to make a major outlay for things such as a home or a car or some other major item?, Balance of opinion



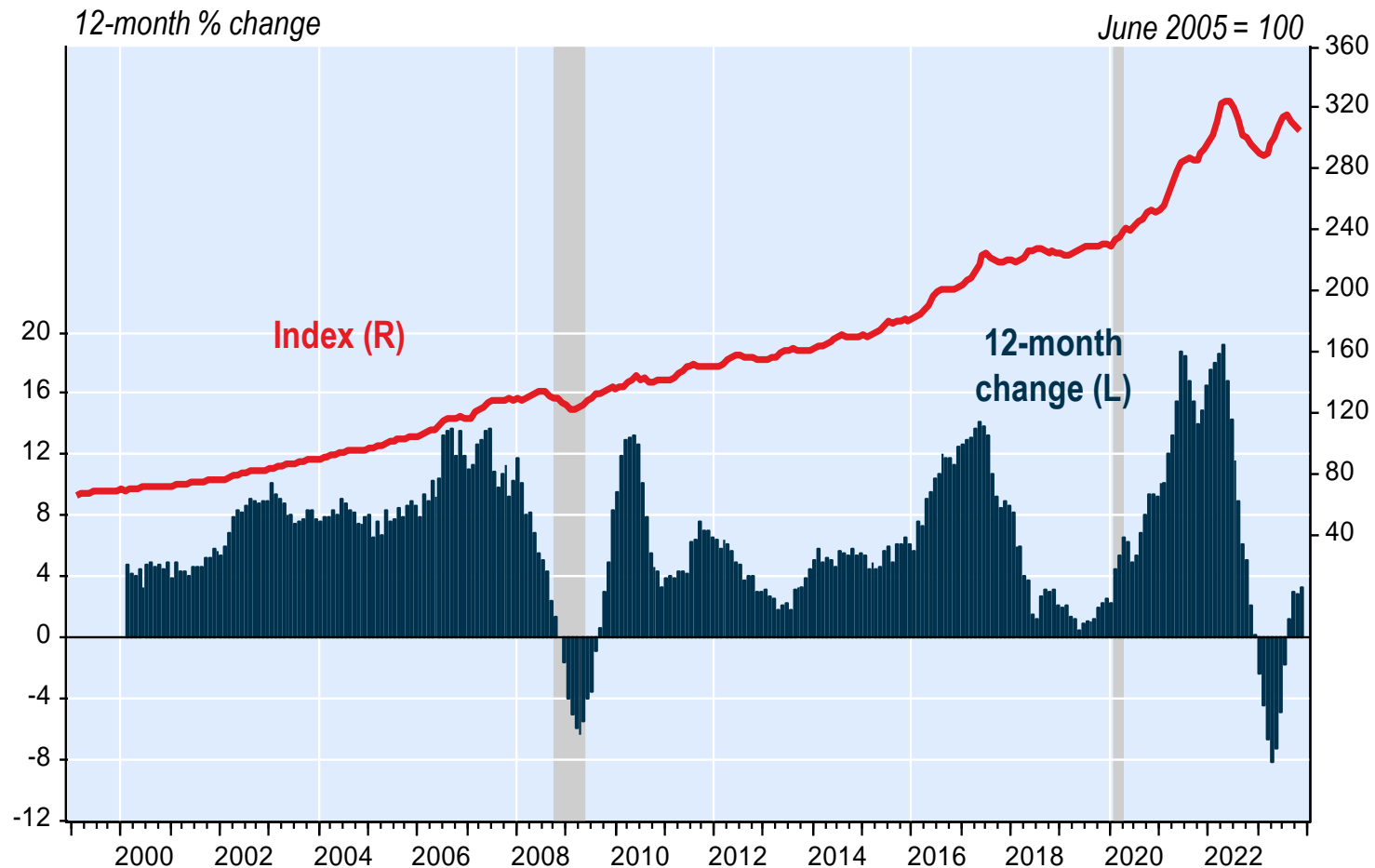
NBF Economics and Strategy (data via Conference Board of Canada)

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

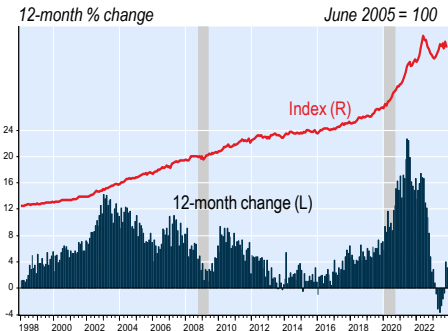
Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
	November 2023						
Composite 11	304.76	-0.9%	-0.5%	-0.3%	3.2%	-2.9%	2022-04
Victoria	290.23	-1.1%	0.3%	0.5%	4.6%	-3.1%	2022-05
Vancouver	360.85	-0.5%	0.2%	-0.4%	6.3%	-1.1%	2022-04
Calgary	228.61	-0.6%	0.2%	0.3%	5.1%	0.0%	2023-11
Edmonton	196.70	1.1%	1.2%	-1.2%	-2.3%	-2.6%	2022-10
Winnipeg	251.62	-2.2%	-1.2%	0.9%	0.7%	-4.6%	2022-05
Hamilton	357.31	-2.3%	-2.1%	0.1%	0.0%	-13.5%	2022-05
Toronto	341.37	-1.1%	-1.0%	-1.7%	1.5%	-7.4%	2022-04
Ottawa-Gatineau	255.95	2.3%	2.8%	-1.0%	3.8%	-4.2%	2022-04
Montreal	271.16	-2.7%	-2.2%	3.7%	3.1%	-2.5%	2022-06
Quebec	247.65	0.7%	1.0%	1.0%	8.5%	0.0%	2023-11
Halifax	279.21	-2.4%	-0.9%	0.9%	8.2%	-0.9%	2023-10
Other metropolitan areas							
Abbotsford-Mission, B.C.	362.84	3.0%	1.1%	0.3%	8.7%	-9.7%	2022-04
Kelowna, B.C.	309.89	0.8%	0.7%	-1.0%	8.0%	-1.2%	2022-07
Lethbridge, Alb.	211.00	-0.3%	0.9%	1.3%	5.1%	0.0%	2023-11
Barrie, Ont.	323.49	-3.3%	-2.6%	1.4%	-2.1%	-15.1%	2022-05
Guelph, Ont.	348.20	0.0%	1.4%	-2.0%	6.6%	-7.3%	2022-02
Brantford, Ont.	355.91	3.9%	1.2%	-0.7%	2.7%	-9.8%	2022-05
Kitchener, Ont.	350.39	-0.2%	-0.5%	-1.0%	2.9%	-10.4%	2022-04
St. Catharines, Ont.	343.05	0.7%	0.7%	-1.3%	-1.4%	-9.7%	2022-05
Oshawa, Ont.	345.17	-4.0%	-5.1%	1.5%	-1.5%	-15.6%	2022-05
Peterborough, Ont.	316.70	-2.4%	0.5%	2.6%	2.3%	-12.5%	2022-05
London, Ont.	312.60	1.2%	1.4%	-2.4%	-0.5%	-11.7%	2022-04
Kingston, Ont.	238.74	-10.7%	-12.5%	4.8%	-7.8%	-16.5%	2022-05
Belleville, Ont.	312.07	4.8%	4.4%	0.2%	3.8%	-6.9%	2022-04
Sudbury, Ont.	300.98	3.8%	1.9%	-1.4%	2.5%	-6.2%	2023-08
Thunder Bay, Ont.	268.50	3.4%	4.2%	0.6%	11.0%	-2.2%	2022-02
Windsor, Ont.	301.78	4.3%	3.9%	-1.3%	6.9%	-10.3%	2022-05
Trois-Rivières, Qc	286.80	1.1%	3.3%	-2.4%	8.9%	0.0%	2023-11
Sherbrooke, Qc	269.61	-6.9%	-3.5%	0.0%	3.3%	-3.5%	2023-10
Saint John, NB (June 2018=100)	178.41	9.6%	7.2%	-5.1%	12.5%	-4.3%	2023-08
Moncton, NB (June 2018=100)	191.85	-3.9%	-3.5%	5.2%	9.5%	-3.5%	2023-10

*June 2005=100 except indicated otherwise.

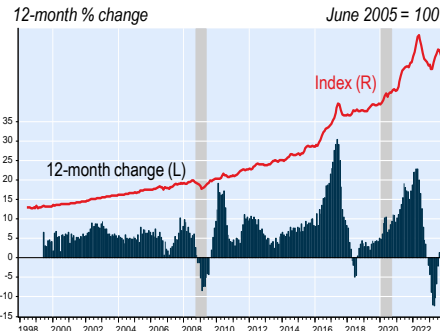
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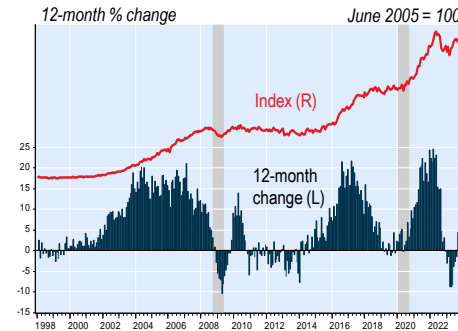
Montreal



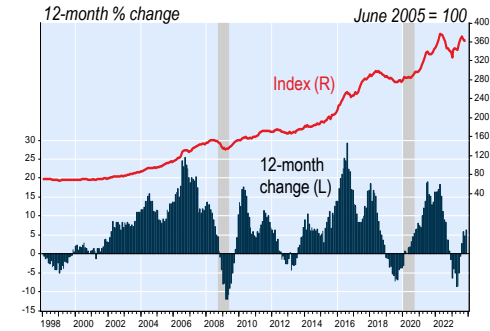
Toronto



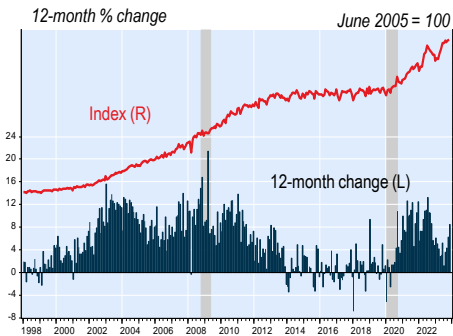
Victoria



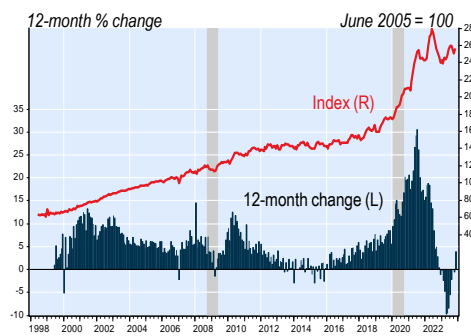
Vancouver



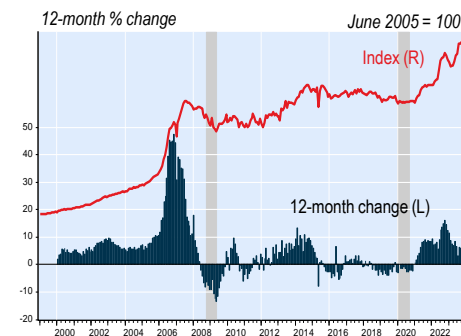
Quebec City



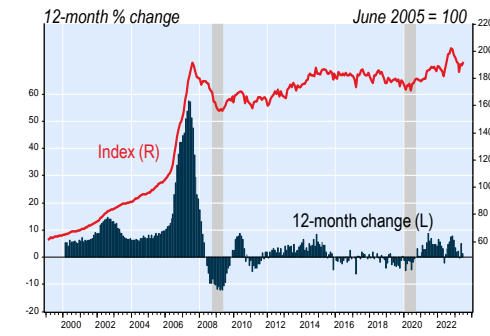
Ottawa-Gatineau



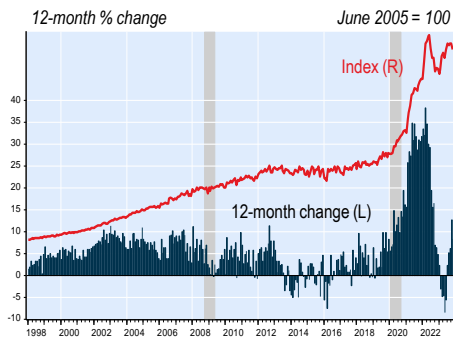
Calgary



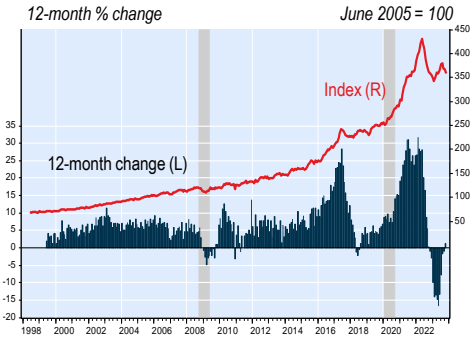
Edmonton



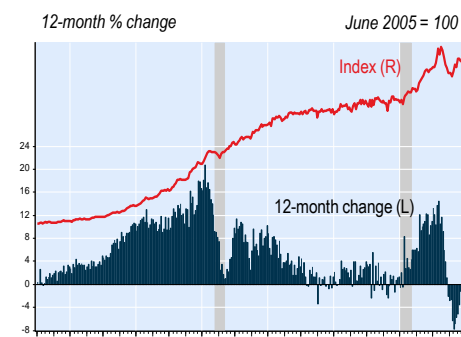
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