

Canada: House prices end the year on a downward trend

By Daren King

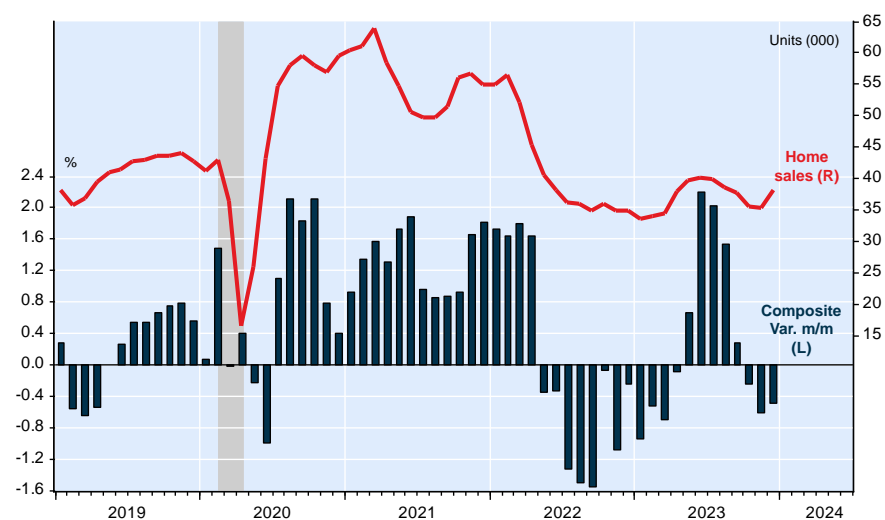
The Teranet-National Bank Composite Index™ continued its correction for a third consecutive month in December, with prices down 0.5% compared to November in a context where the number of transactions on the resale market continues to be weak, despite a rebound during the month (left chart). Indeed, persistent affordability issues (despite the recent drop in fixed mortgage rates), combined with a less buoyant job market, have contributed to the decline in property prices. Despite a less vigorous economy, we are not yet witnessing a wave of additional supply on the real estate market. In fact, active listings declined in December, and the number of months of inventory fell from 4.2 in November to 3.8 during the month, helping to limit the fall in prices (right chart). For the months ahead, prices should continue to decline despite the support of historical population growth and the shortage of housing supply, as the deterioration in the labour market is set to continue. We expect the composite index to return close to its early 2023 low by late spring, with a cumulative decline of around 8% from its April 2022 peak (see graph on next page for historical perspective). For their part, the interest rate cuts expected to begin in Q2 should set the stage for market stabilization in the second half of the year.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 0.5% in December after seasonal adjustment.
- After seasonal adjustment, six of the 11 markets in the composite index were still up during the month: Calgary (+2.3%), Halifax (+2.2%), Quebec City (+0.9%), Hamilton (+0.9%), Winnipeg (+0.6%) and Montreal (+0.5%). Conversely, prices were down in Victoria (-3.9%), Vancouver (-1.5%), Toronto (-0.8%) and Ottawa-Gatineau (-0.3%), while remaining stable in Edmonton.
- From December 2022 to December 2023, the composite index rose by 3.0%. Growth was seen in Halifax (+10.3%), Calgary (+8.8%), Quebec City (+8.7%), Vancouver (+4.8%), Montreal (+3.9%), Ottawa-Gatineau (+3.7%), Winnipeg (+3.0%), Toronto (+1.2%) and Hamilton (+0.5%), while prices remained stable in Victoria and declined in Edmonton (-1.6%).

Canada: Prices continue their correction

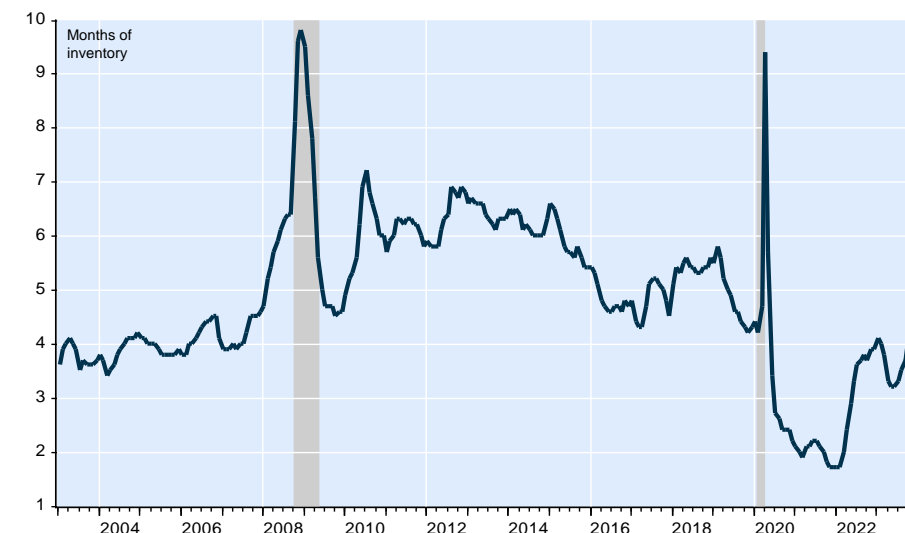
Number of transactions on the property resale market and monthly change (%) in Teranet-BNC HPI, seasonally adjusted



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

Canada: Lack of supply continues to support prices

Number of months of inventory (active listings to sales ratio). Last observation: December 2023



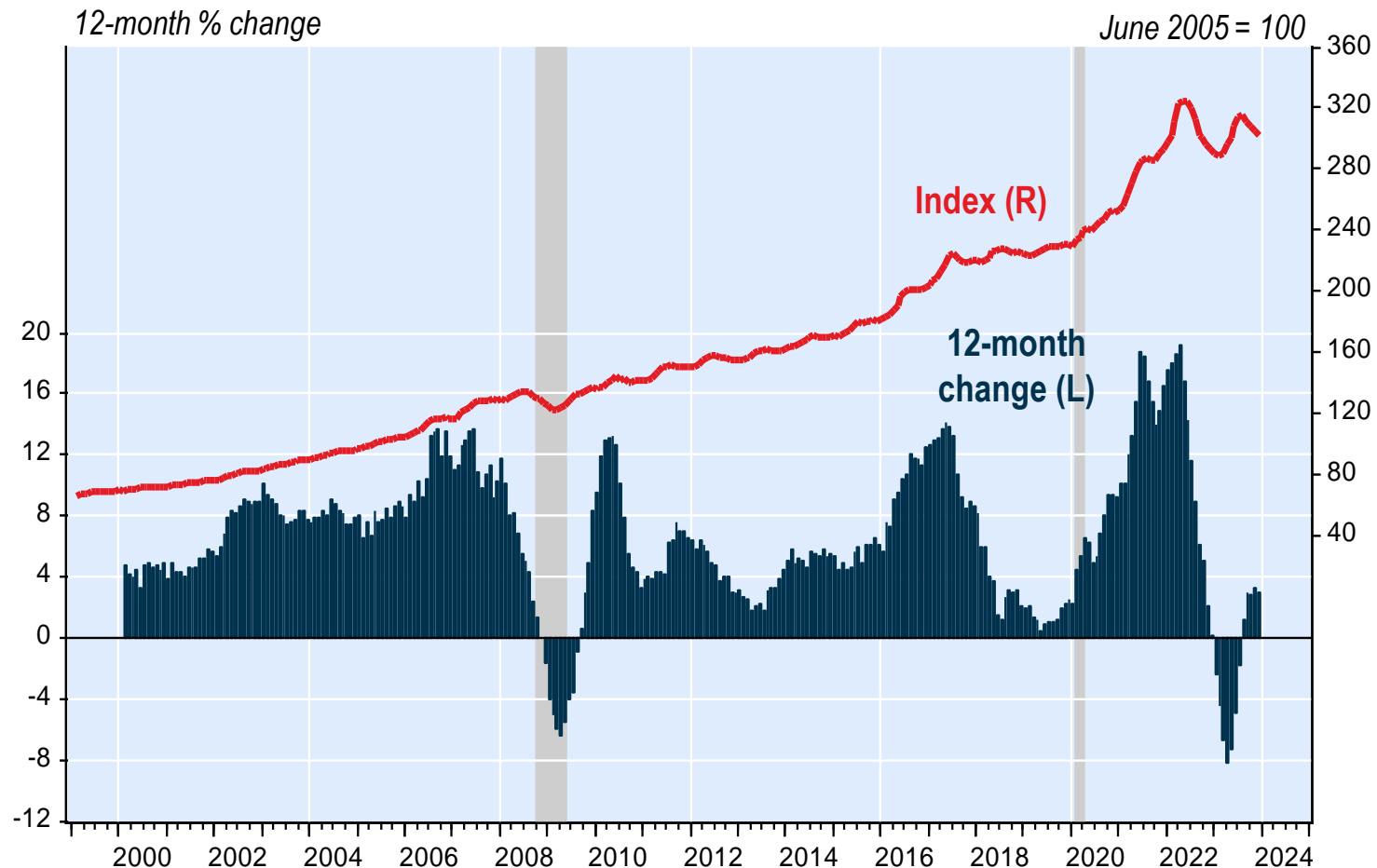
NBF Economics and Strategy (data via CREA)

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

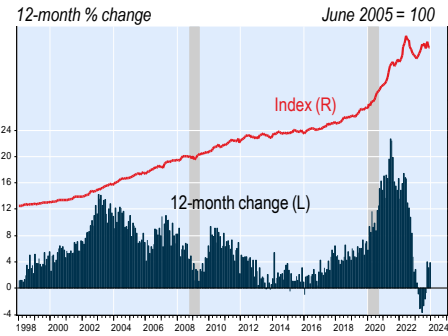
Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
	December 2023						
Composite 11	300.68	-1.3%	-0.5%	-0.6%	3.0%	-3.4%	2022-04
Victoria	283.38	-2.4%	-3.9%	0.2%	0.0%	-7.1%	2022-05
Vancouver	355.14	-1.6%	-1.5%	0.1%	4.8%	-2.7%	2022-04
Calgary	232.29	1.6%	2.3%	0.2%	8.8%	0.0%	2023-12
Edmonton	193.53	-1.6%	0.0%	1.2%	-1.6%	-2.6%	2022-10
Winnipeg	250.77	-0.3%	0.6%	-1.2%	3.0%	-4.2%	2022-05
Hamilton	356.24	-0.3%	0.9%	-1.8%	0.5%	-12.7%	2022-05
Toronto	334.69	-2.0%	-0.8%	-1.2%	1.2%	-8.2%	2022-04
Ottawa-Gatineau	248.33	-3.0%	-0.3%	2.8%	3.7%	-4.7%	2022-04
Montreal	270.71	-0.2%	0.5%	-2.2%	3.9%	-2.0%	2022-06
Quebec	249.07	0.6%	0.9%	1.1%	8.7%	0.0%	2023-12
Halifax	284.12	1.8%	2.2%	-0.9%	10.3%	0.0%	2023-12
Other metropolitan areas							
Abbotsford-Mission, B.C.	355.96	-1.9%	-1.1%	0.5%	8.0%	-11.4%	2022-04
Kelowna, B.C.	301.36	-2.8%	-1.9%	0.2%	9.0%	-3.3%	2022-07
Lethbridge, Alb.	206.89	-1.9%	-3.8%	0.7%	-0.4%	-3.8%	2023-11
Barrie, Ont.	340.23	5.2%	5.6%	-3.4%	4.5%	-10.7%	2022-05
Guelph, Ont.	328.56	-5.6%	-7.0%	1.4%	-1.1%	-14.0%	2022-02
Brantford, Ont.	351.49	-1.2%	-0.5%	1.1%	9.9%	-10.5%	2022-05
Kitchener, Ont.	331.39	-5.4%	-4.3%	-0.5%	-1.0%	-14.2%	2022-04
St. Catharines, Ont.	331.86	-3.3%	-0.8%	0.7%	-2.3%	-10.6%	2022-05
Oshawa, Ont.	336.18	-2.6%	-1.7%	-4.7%	-2.4%	-16.7%	2022-05
Peterborough, Ont.	299.35	-5.5%	-4.9%	0.4%	-0.6%	-16.9%	2022-05
London, Ont.	301.18	-3.7%	-3.2%	0.8%	-0.8%	-15.0%	2022-04
Kingston, Ont.	242.05	1.4%	2.3%	-12.6%	-7.9%	-14.9%	2022-05
Belleville, Ont.	292.29	-6.3%	-2.7%	4.3%	-1.6%	-9.5%	2022-04
Sudbury, Ont.	281.89	-6.3%	-2.7%	1.6%	-0.2%	-8.9%	2023-08
Thunder Bay, Ont.	256.32	-4.5%	-3.4%	4.1%	1.6%	-5.9%	2022-02
Windsor, Ont.	293.20	-2.8%	-0.3%	5.1%	5.7%	-10.3%	2022-05
Trois-Rivières, Qc	300.47	4.8%	1.1%	2.6%	6.3%	0.0%	2023-12
Sherbrooke, Qc	282.32	4.7%	5.9%	-3.9%	14.0%	0.0%	2023-12

*June 2005=100 except indicated otherwise.

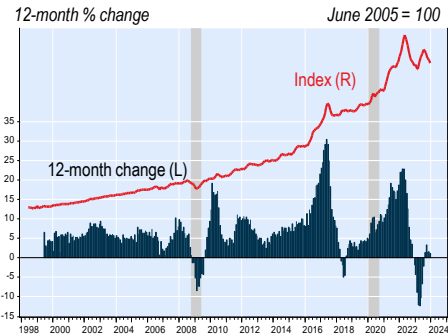
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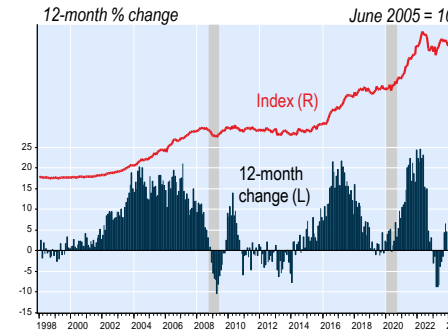
Montreal



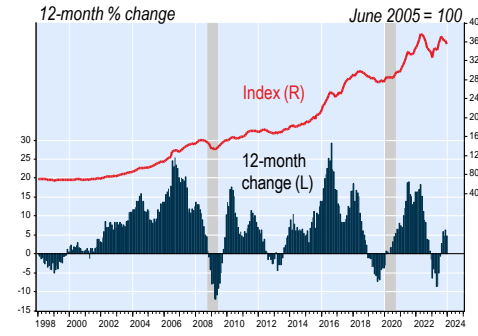
Toronto



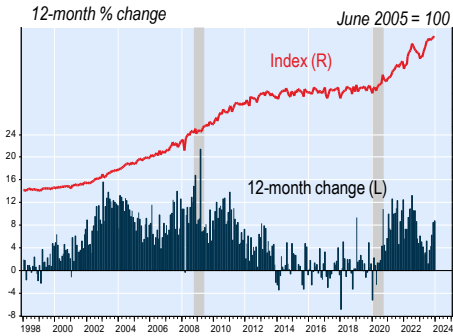
Victoria



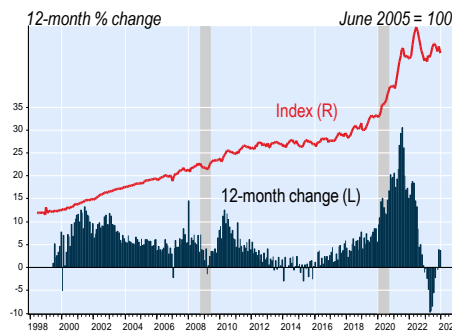
Vancouver



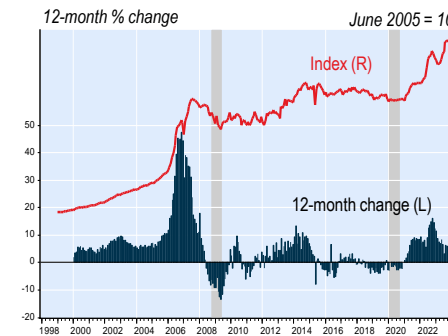
Quebec City



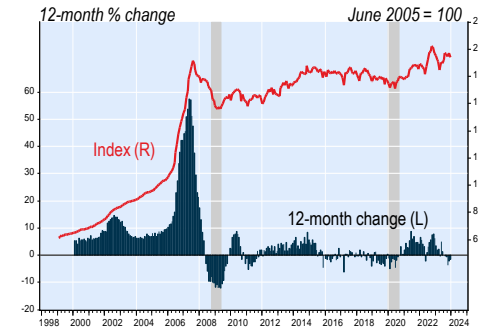
Ottawa-Gatineau



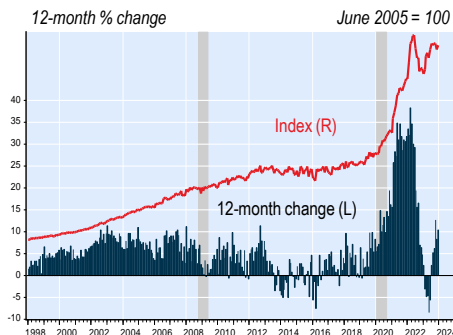
Calgary



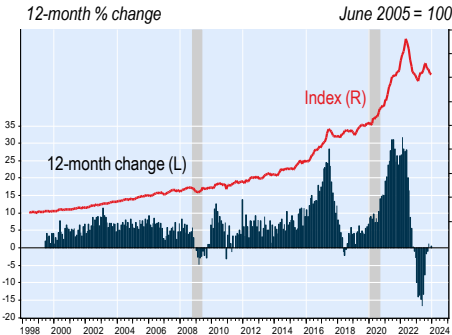
Edmonton



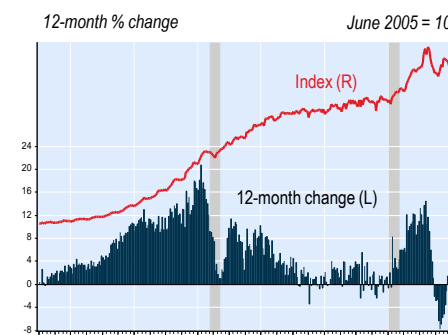
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