

Canada: Prices are still declining, but for how long?

By Daren King

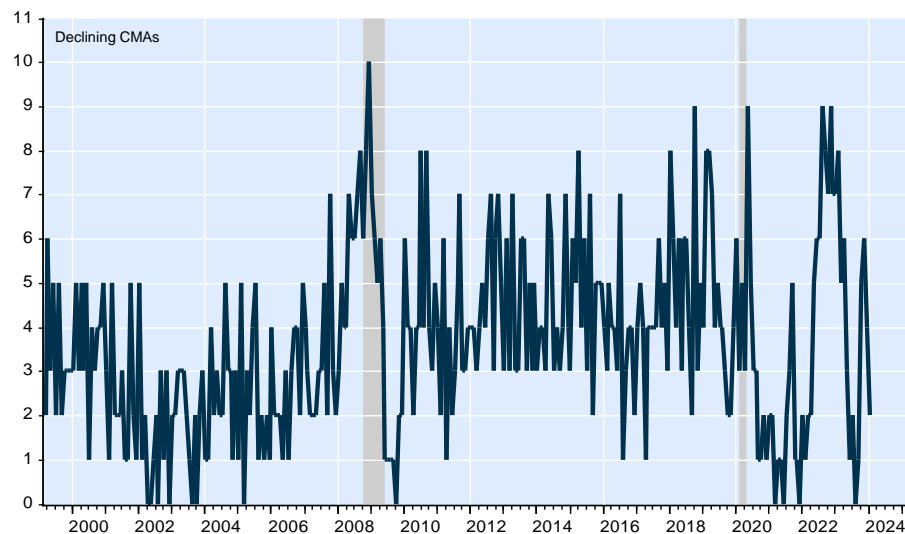
The Teranet-National Bank Composite Index™ continued its correction for a fourth consecutive month in January, with prices down 0.3% on a seasonally adjusted basis compared with December. It should be noted, however, that the drop in the composite index in January was due solely to lower prices in two major cities where affordability remains a major issue, namely Vancouver and Toronto (left chart). As a result, house prices across the country are now 3.7% below their April 2022 peak. However, renewed activity in the resale market (right chart) raises the question of whether this weakness will persist. This rebound in transactions is taking place against a backdrop of strong demand due to exceptional demographic growth and the reduction in mortgage interest rates since October. Moreover, in a context where the lack of housing supply remains problematic, the end of Bank of Canada rate hikes and potential rate cuts have reduced uncertainty and offered a window of opportunity to some buyers. It remains to be seen whether this upturn will be long-lasting, given that we expect the labour market to experience further difficulties later this year ([link](#)).

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ decreased by 0.3% in January after seasonal adjustment.
- After seasonal adjustment, only 2 of the 11 markets in the composite index were down during the month: Vancouver (-2.0%) and Toronto (-0.3%). Conversely, increases occurred in Edmonton (+1.4%), Montreal (+1.2%), Ottawa-Gatineau (+0.6%), Quebec City (+0.4%), Winnipeg (+0.3%), Hamilton (+0.2%), Victoria (+0.2%), Calgary (+0.1%) and Halifax (+0.1%).
- From January 2023 to January 2024, the composite index rose by 2.4%. Growth was observed in all 11 cities making up the index. Increases were stronger than average in Halifax (+10.1%), Quebec City (+9.6%), Calgary (+8.6%), Vancouver (+6.3%), Montreal (+5.3%), Hamilton (+4.6%), Winnipeg (+3.1%) and Ottawa-Gatineau (+3.1%), while they were weaker in Victoria (+1.4%), Edmonton (+1.2%) and Toronto (+1.0%).

Canada: Only two cities down in January

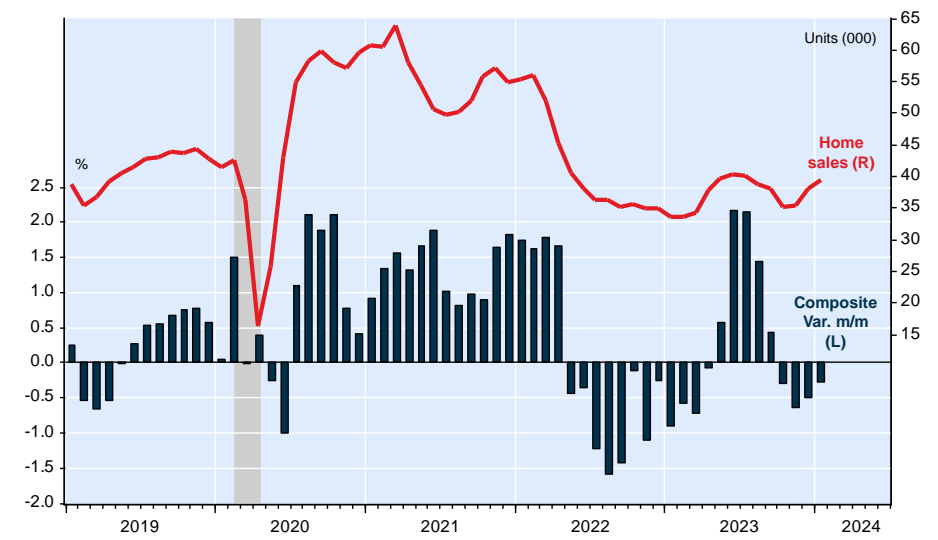
Number of CMAs in the Composite 11 index declining



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

Canada: Prices continue their correction

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



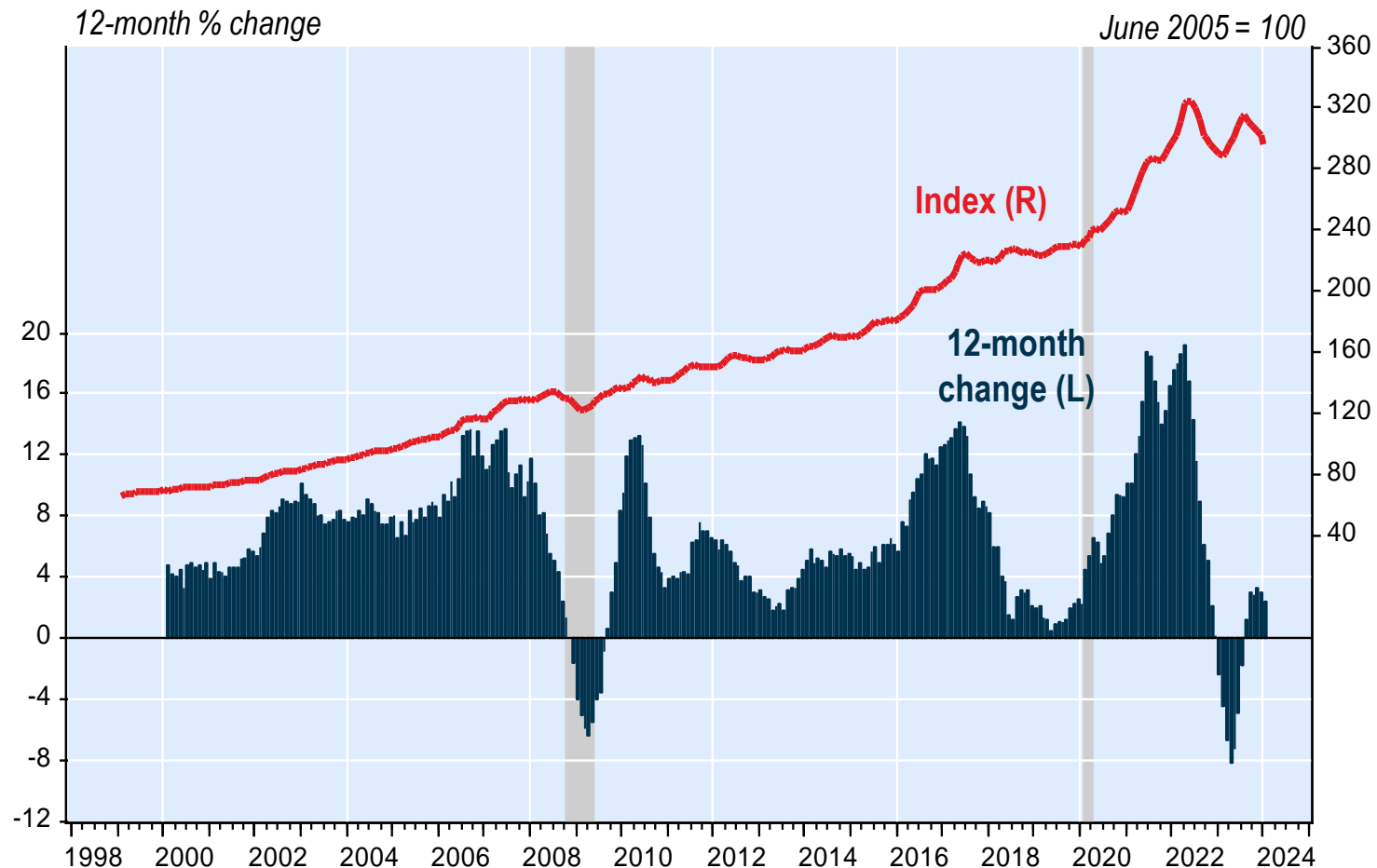
NBF Economics and Strategy (data via Teranet-National Bank and CREA)

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

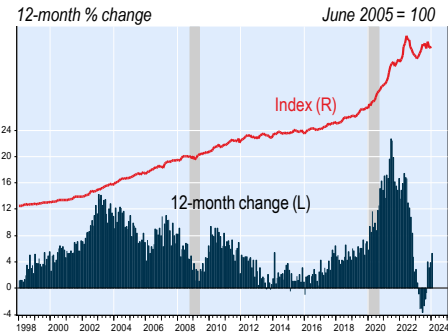
Metropolitan area	Index level * January 2024	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
Composite 11	295.88	-1.6%	-0.3%	-0.5%	2.4%	-3.7%	2022-04
Victoria	277.78	-2.0%	0.2%	-3.4%	1.4%	-6.7%	2022-05
Vancouver	346.48	-2.4%	-2.0%	-1.6%	6.3%	-4.9%	2022-04
Calgary	229.29	-1.3%	0.1%	2.3%	8.6%	0.0%	2024-01
Edmonton	197.21	1.9%	1.4%	0.1%	1.2%	-1.1%	2022-10
Winnipeg	251.28	0.2%	0.3%	0.6%	3.1%	-3.8%	2022-05
Hamilton	362.25	1.7%	0.2%	0.2%	4.6%	-12.7%	2022-05
Toronto	336.15	0.4%	-0.3%	-0.8%	1.0%	-8.4%	2022-04
Ottawa-Gatineau	249.61	0.5%	0.6%	-0.4%	3.1%	-4.3%	2022-04
Montreal	271.95	0.5%	1.2%	0.5%	5.3%	-0.8%	2022-06
Quebec	243.23	-2.3%	0.4%	1.1%	9.6%	0.0%	2024-01
Halifax	276.85	-2.6%	0.1%	2.0%	10.1%	0.0%	2024-01
Other metropolitan areas							
Abbotsford-Mission, B.C.	352.50	-1.0%	-1.8%	-1.0%	13.4%	-13.3%	2022-04
Kelowna, B.C.	300.59	-0.3%	1.0%	-1.7%	-0.4%	-2.5%	2022-07
Lethbridge, Alb.	210.29	1.6%	4.6%	-4.1%	6.5%	0.0%	2024-01
Barrie, Ont.	311.63	-8.4%	-7.9%	5.2%	-1.0%	-17.5%	2022-05
Guelph, Ont.	336.43	2.4%	3.7%	-6.9%	11.8%	-11.0%	2022-02
Brantford, Ont.	349.05	-0.7%	-0.6%	-0.7%	2.1%	-11.3%	2022-05
Kitchener, Ont.	337.12	1.7%	1.8%	-4.2%	1.7%	-12.6%	2022-04
St. Catharines, Ont.	329.80	-0.6%	-0.5%	-0.8%	-2.1%	-11.2%	2022-05
Oshawa, Ont.	344.77	2.6%	0.6%	-1.7%	2.1%	-16.1%	2022-05
Peterborough, Ont.	308.66	3.1%	2.7%	-4.9%	3.1%	-14.8%	2022-05
London, Ont.	313.43	4.1%	5.5%	-3.4%	4.5%	-10.3%	2022-04
Kingston, Ont.	262.19	8.3%	10.7%	1.4%	1.8%	-6.3%	2022-05
Belleville, Ont.	313.05	7.1%	3.9%	-2.6%	3.7%	-5.8%	2022-04
Sudbury, Ont.	294.52	4.5%	2.4%	-2.6%	3.9%	-6.4%	2023-08
Thunder Bay, Ont.	270.29	5.5%	5.7%	-3.2%	8.2%	-0.1%	2022-02
Windsor, Ont.	295.28	0.7%	-0.4%	-0.3%	4.6%	-10.9%	2022-05
Trois-Rivières, Qc	281.96	-6.2%	-3.4%	1.0%	10.2%	-3.4%	2023-12
Sherbrooke, Qc	298.34	5.7%	1.9%	7.0%	10.2%	0.0%	2024-01

*June 2005=100 except indicated otherwise.

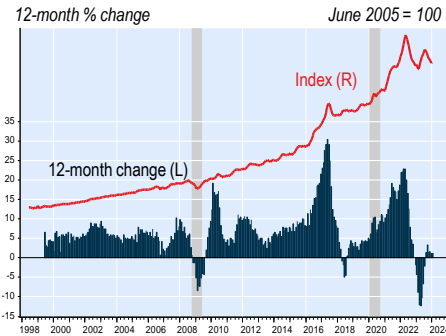
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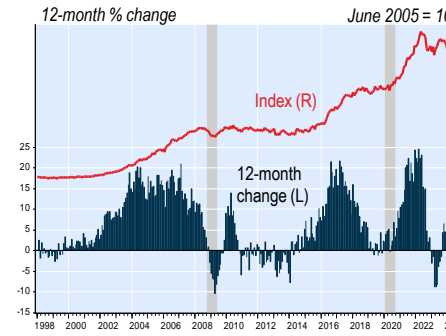
Montreal



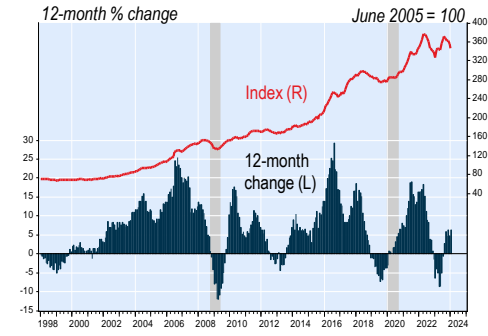
Toronto



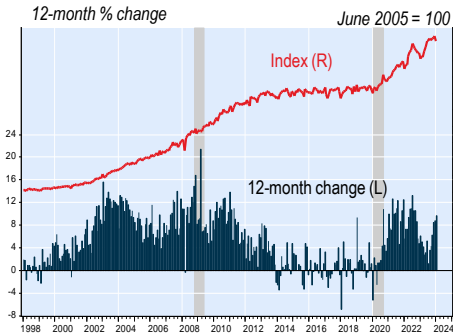
Victoria



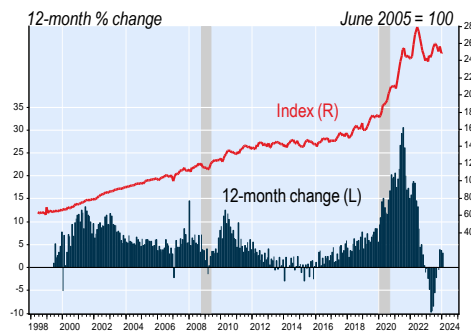
Vancouver



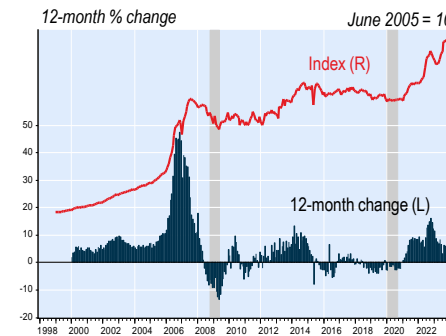
Quebec City



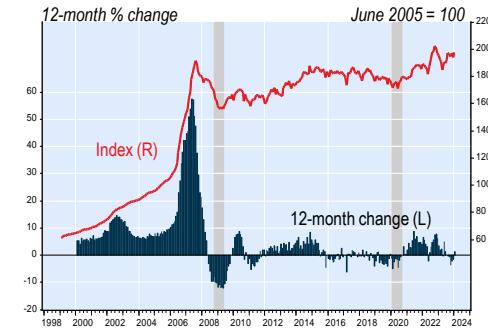
Ottawa-Gatineau



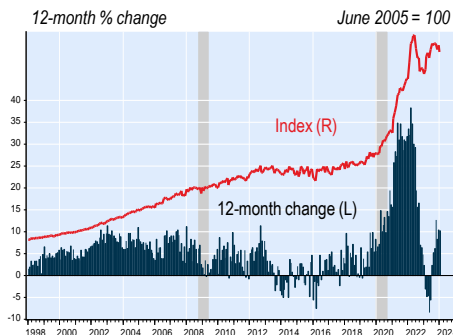
Calgary



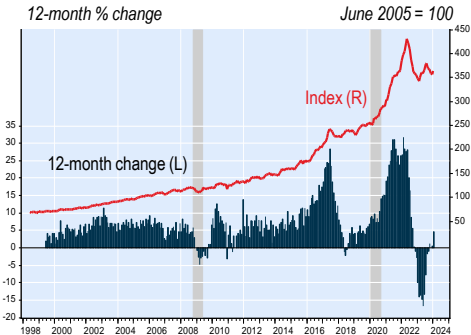
Edmonton



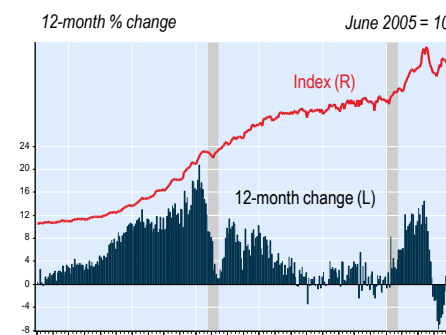
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