

## Canada: Prices are back on the rise in February

By Daren King

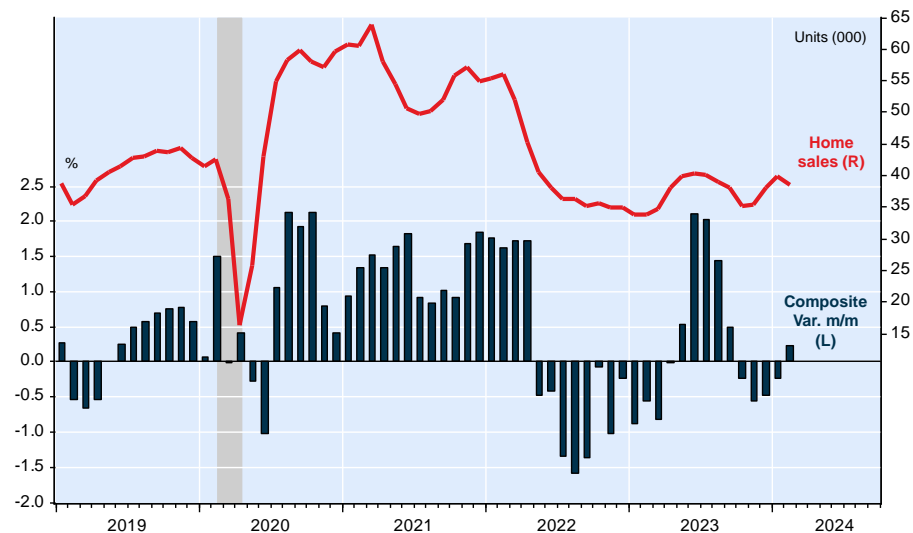
After contracting by 1.5% over the previous five months, the Teranet-National Bank Composite Index™ finally returned to growth in February, rising by 0.2% compared with the previous month. This increase in property prices comes at a time when the housing market regained strength between November and January (left chart), buoyed by exceptional demographic growth, more advantageous fixed mortgage interest rates and the anticipation of interest rate cuts by the Bank of Canada. However, it remains to be seen whether this is the start of an upward trend. On the one hand, the lack of housing supply on the market will continue to support prices, but the persistent affordability challenges (right chart) should limit households' ability to pay and thus the increase in property values. It appears that the resale market started to slip again in February, while bond yields have risen in recent weeks due to less favourable news on inflation, which is delaying potential cuts in the overnight rate. As a result, we expect home prices to move sideways in the short term.

### HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ rose by 0.2% in February after seasonal adjustment.
- After seasonal adjustment, 5 of the 11 markets in the composite index were up during the month: Calgary (+1.6%), Victoria (+1.4%), Ottawa-Gatineau (+1.2%), Toronto (+0.7%) and Winnipeg (+0.1%). Conversely, declines were recorded in Halifax (-1.7%), Vancouver (-0.8%), Montreal (-0.3%), Edmonton (-0.3%), Hamilton (-0.1%) and Quebec (-0.1%).
- From February 2023 to February 2024, the composite index rose by 4.5%. Growth was observed in all 11 cities in the index. Increases were higher than average in Calgary (+12.1%), Halifax (+10.0%), Quebec City (+8.9%), Ottawa-Gatineau (+5.3%), Hamilton (+5.0%) and Toronto (+4.7%), while they were lower in Montreal (+4.4%), Winnipeg (+2.9%), Vancouver (+2.0%), Victoria (+1.9%) and Edmonton (+1.3%).

### Canada: Prices are back on the rise

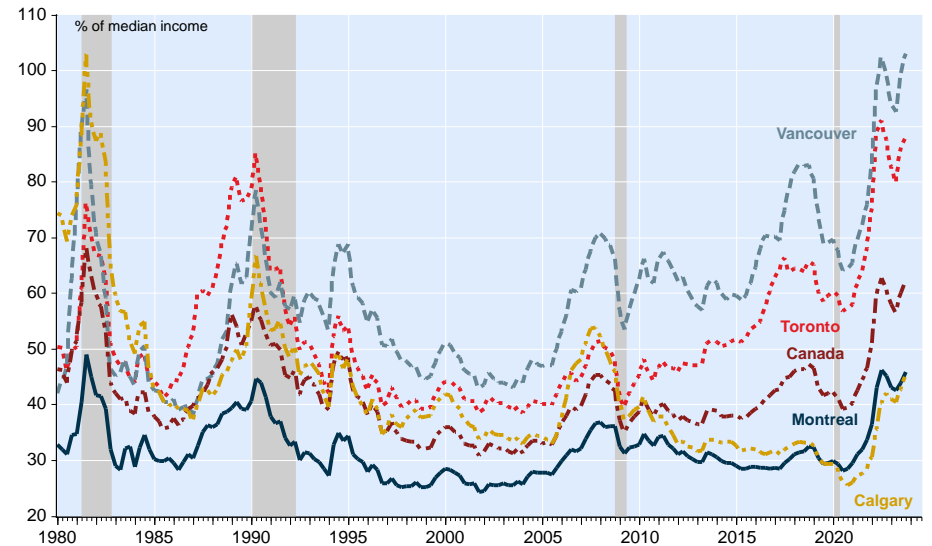
Number of transactions on the property resale market and monthly change (%) in Teranet-BNC HPI, seasonally adjusted



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

### Canada : Affordability challenges will limit ability to pay

Monthly mortgage payment on median home price, all types of dwellings (25 year amortization, 5-year term)



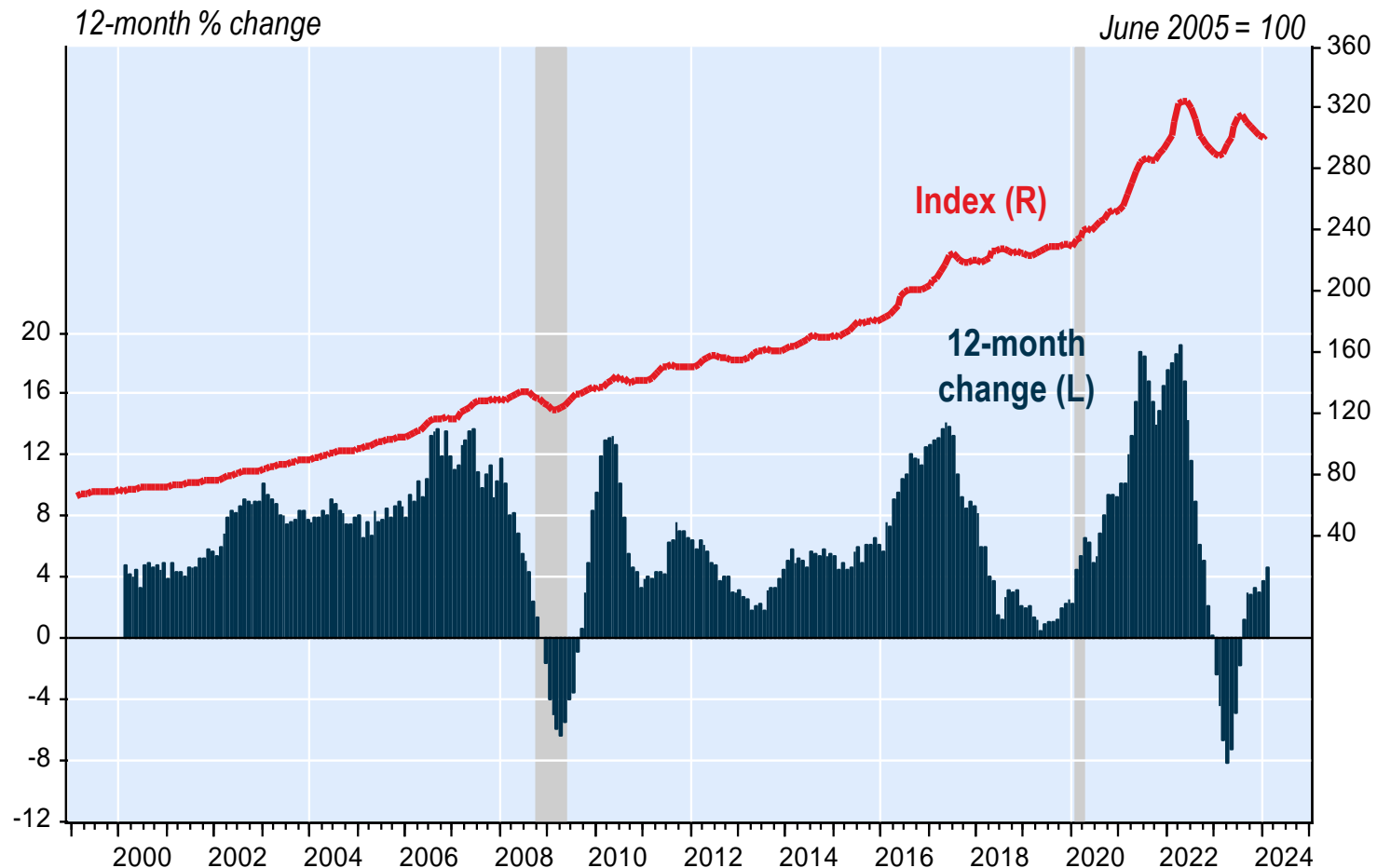
NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank, CREA)

**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

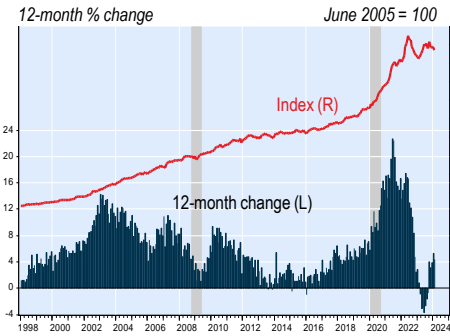
Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
	February 2024						
Composite 11	301.07	0.4%	0.2%	-0.2%	4.5%	-3.5%	2022-04
Victoria	286.89	3.3%	1.4%	0.1%	1.9%	-5.3%	2022-05
Vancouver	348.26	0.5%	-0.8%	-2.0%	2.0%	-5.8%	2022-04
Calgary	232.06	1.2%	1.6%	0.3%	12.1%	0.0%	2024-02
Edmonton	194.50	-1.4%	-0.3%	1.3%	1.3%	-1.4%	2022-10
Winnipeg	250.43	-0.3%	0.1%	0.4%	2.9%	-3.8%	2022-05
Hamilton	357.96	-1.2%	-0.1%	0.3%	5.0%	-12.8%	2022-05
Toronto	339.44	1.0%	0.7%	-0.2%	4.7%	-7.6%	2022-04
Ottawa-Gatineau	251.48	0.7%	1.2%	0.6%	5.3%	-3.1%	2022-04
Montreal	267.63	-1.6%	-0.3%	1.0%	4.4%	-1.3%	2022-06
Quebec	244.64	0.6%	-0.1%	0.4%	8.9%	-0.1%	2024-01
Halifax	282.10	1.9%	-1.7%	0.0%	10.0%	-1.7%	2024-01
<b>Other metropolitan areas</b>							
Abbotsford-Mission, B.C.	349.83	-0.8%	-2.4%	-2.1%	6.2%	-15.7%	2022-04
Kelowna, B.C.	289.46	-3.7%	-3.0%	0.7%	0.7%	-5.6%	2022-07
Lethbridge, Alb.	207.51	-1.3%	-2.0%	4.4%	4.6%	-2.0%	2024-01
Barrie, Ont.	329.42	5.7%	4.6%	-7.9%	2.8%	-13.7%	2022-05
Guelph, Ont.	336.30	0.0%	1.9%	3.8%	9.5%	-9.1%	2022-04
Brantford, Ont.	352.37	1.0%	0.9%	-0.6%	1.7%	-10.6%	2022-05
Kitchener, Ont.	347.71	3.1%	3.7%	2.1%	8.6%	-9.1%	2022-04
St. Catharines, Ont.	335.28	1.7%	2.9%	-0.4%	2.9%	-8.6%	2022-05
Oshawa, Ont.	344.78	0.0%	0.8%	1.2%	3.4%	-15.1%	2022-05
Peterborough, Ont.	306.23	-0.8%	0.0%	2.5%	2.5%	-15.0%	2022-05
London, Ont.	305.04	-2.7%	-1.8%	5.4%	4.7%	-12.1%	2022-04
Kingston, Ont.	246.31	-6.1%	-8.1%	11.7%	-7.2%	-13.4%	2022-05
Belleville, Ont.	301.31	-3.8%	0.6%	3.9%	6.7%	-5.1%	2022-04
Sudbury, Ont.	300.79	2.1%	7.0%	2.5%	15.4%	0.0%	2024-02
Thunder Bay, Ont.	262.82	-2.8%	0.5%	5.8%	22.2%	0.0%	2024-02
Windsor, Ont.	290.66	-1.6%	-0.9%	-0.5%	4.5%	-11.9%	2022-05
Trois-Rivières, Qc	295.76	4.9%	7.6%	-2.7%	13.5%	0.0%	2024-02
Sherbrooke, Qc	283.71	-4.9%	-2.1%	1.8%	16.3%	-2.1%	2024-01
Saint John, NB (June 2018=100)	177.40	6.3%	4.3%	-3.7%	11.1%	-2.0%	2023-08
Moncton, NB (June 2018=100)	196.62	0.8%	0.0%	-0.9%	15.2%	-0.9%	2023-12

\*June 2005=100 except indicated otherwise.

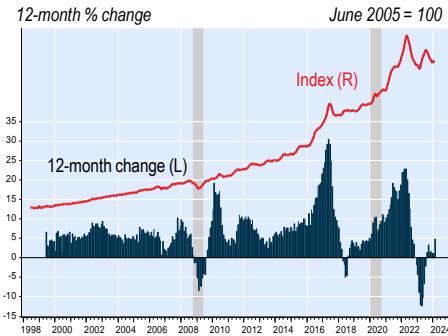
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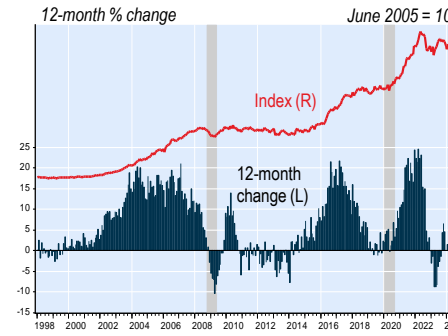
### Montreal



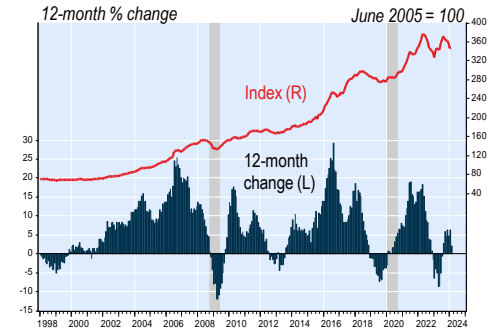
### Toronto



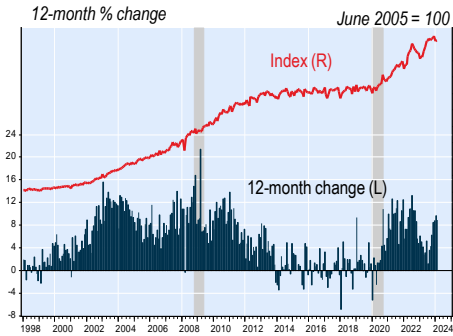
### Victoria



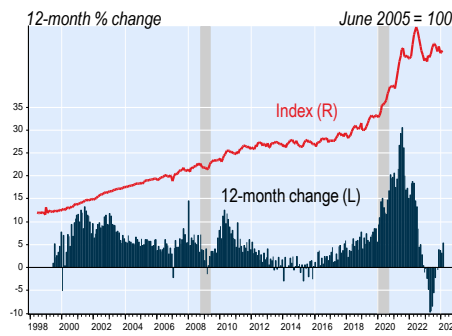
### Vancouver



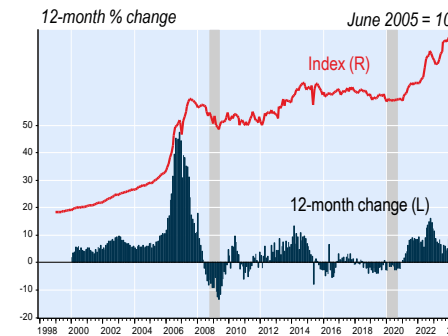
### Quebec City



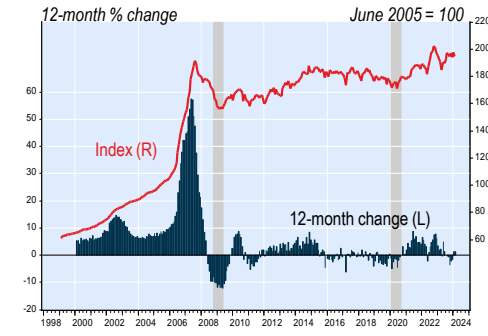
### Ottawa-Gatineau



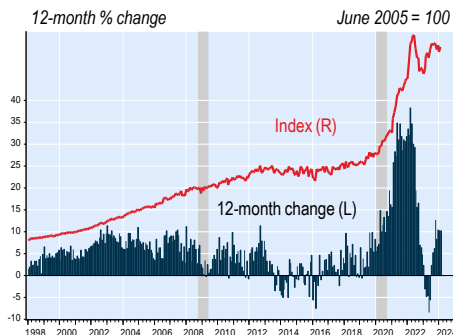
### Calgary



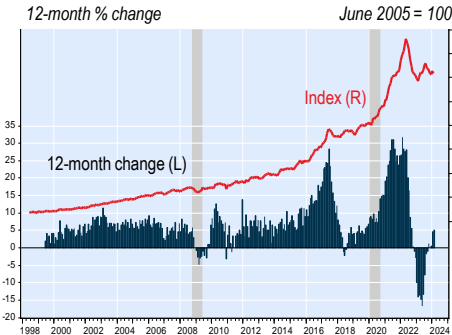
### Edmonton



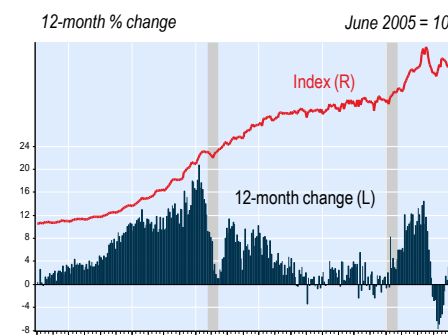
### Halifax



### Hamilton



### Winnipeg



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