

Canada: House prices on the rise in August

By Daren King

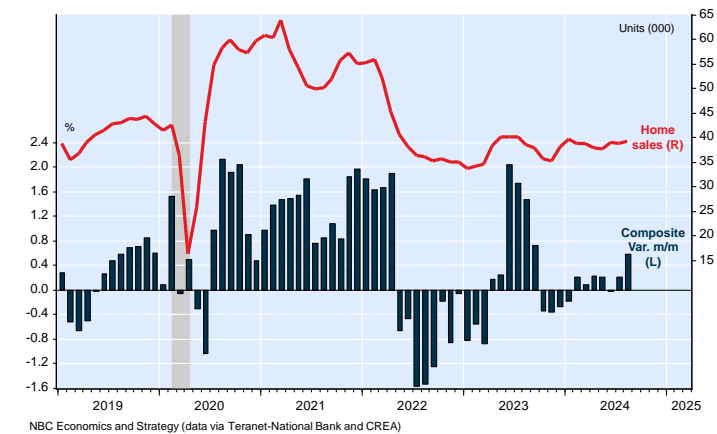
Highlights:

- The Teranet–National Bank Composite National House Price Index™ rose by 0.6% from July to August after adjustment for seasonal effects.
- Six of the 11 markets in the composite index were up over the month: Quebec City (+3.9%), Halifax (+3.2%), Ottawa-Gatineau (+1.9%), Vancouver (+1.7%), Montreal (+1.0%) and Toronto (+0.2%). Conversely, declines occurred in Hamilton (-0.1%), Winnipeg (-0.7%), Calgary (-1.1%) and Edmonton (-2.6%), while prices remained stable in Victoria during the month.
- From August 2023 to August 2024, the composite index rose by 1.1%. Growth was observed in 8 of the 11 cities making up the index: Quebec City (+10.7%), Calgary (+10.0%), Halifax (+5.4%), Montreal (+5.0%), Edmonton (+4.8%), Ottawa-Gatineau (+4.1%), Winnipeg (+3.0%) and Vancouver (+1.6%). Conversely, the Toronto (-2.6%), Hamilton (-1.2%) and Victoria (-0.2%) markets were down.

After remaining relatively stable over the previous two months, house prices in Canada's major urban centres rose more significantly in August, increasing by 0.6%, supported by lower interest rates. However, we do not believe that this marks the start of a significant upward trend in Canadian home prices since, despite the continuing cycle of monetary policy easing, the resale market remains sluggish, showing no signs of significant recovery (top chart). Indeed, although interest rates have fallen, they remain deeply in restrictive territory. As a result, affordability conditions remain extremely difficult (bottom chart), while the labour market continues to deteriorate across the country, and even more acutely among young people. What's more, with the Bank of Canada indicating that it intends to make further rate cuts in the months ahead, and with the announcement of an increase in amortization from 25 to 30 years to come in December, it's likely that some buyers will decide to be patient in the months ahead and sit on the sidelines waiting for even more favourable financing conditions. After a few months in the doldrums, the housing market could start to pick up again in 2025.

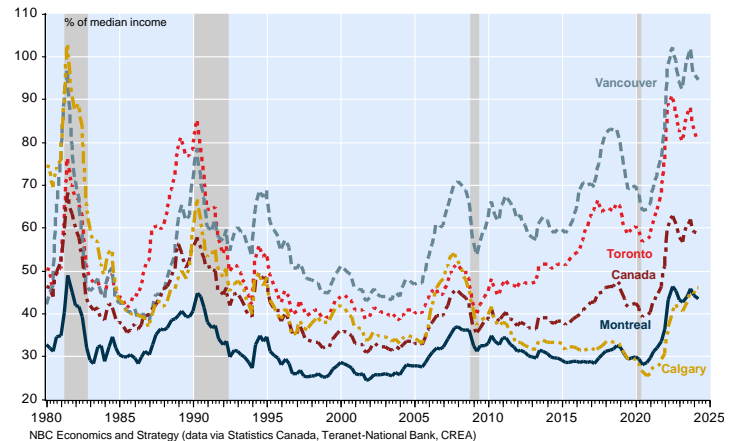
Canada: Home resale market remains sluggish

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



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)



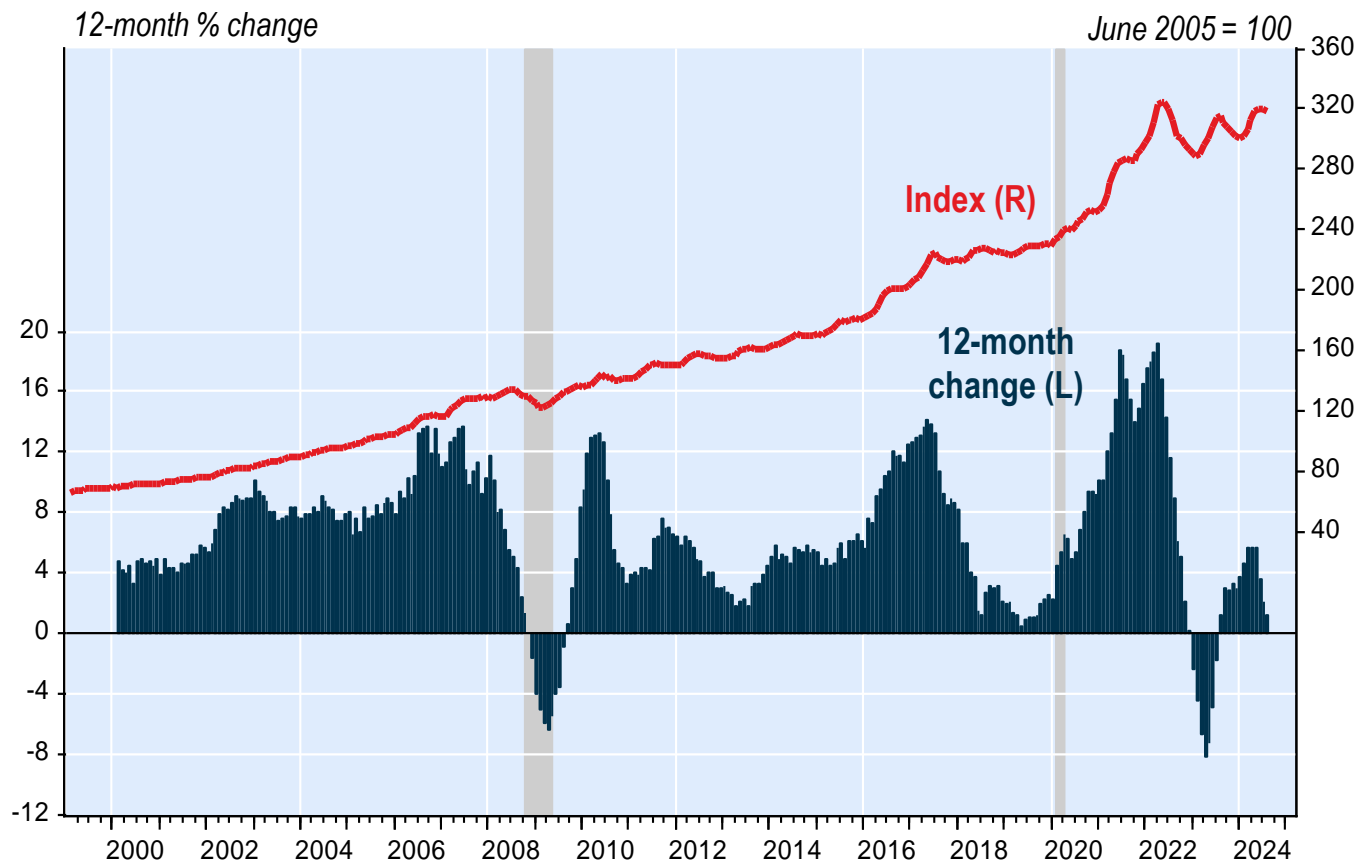


Note on methodology:

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™



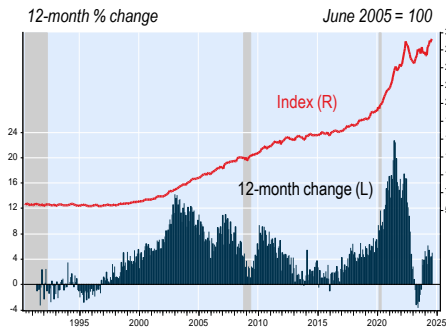


Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
	August 2024						
Composite 11	318.22	-0.3%	0.6%	0.2%	1.1%	-2.3%	2022-04
Victoria	294.00	-0.8%	0.0%	1.1%	-0.2%	-5.6%	2022-05
Vancouver	376.36	0.8%	1.7%	-0.1%	1.6%	-0.7%	2022-04
Calgary	251.31	-0.4%	-1.1%	0.4%	10.0%	-1.1%	2024-07
Edmonton	205.96	-0.9%	-2.6%	-0.1%	4.8%	-2.7%	2024-06
Winnipeg	268.56	-1.7%	-0.7%	-0.3%	3.0%	-2.7%	2022-05
Hamilton	373.75	-2.1%	-0.1%	2.3%	-1.2%	-12.8%	2022-05
Toronto	349.60	-1.7%	0.2%	0.3%	-2.6%	-8.7%	2022-04
Ottawa-Gatineau	269.77	1.3%	1.9%	-0.2%	4.1%	-3.9%	2022-04
Montreal	290.49	1.7%	1.0%	0.0%	5.0%	0.0%	2024-08
Quebec	272.09	4.3%	3.9%	0.1%	10.7%	0.0%	2024-08
Halifax	299.18	1.6%	3.2%	1.0%	5.4%	0.0%	2024-08
Other metropolitan areas							
Abbotsford-Mission, B.C.	357.14	-2.6%	-0.4%	0.9%	-1.6%	-14.9%	2022-04
Kelowna, B.C.	300.09	-0.3%	-0.1%	0.1%	-3.8%	-6.4%	2022-03
Lethbridge, Alb.	224.63	-1.9%	-0.5%	-0.5%	11.5%	-1.0%	2024-06
Barrie, Ont.	333.59	-1.7%	0.2%	-0.2%	-1.0%	-15.0%	2022-05
Guelph, Ont.	351.75	-0.8%	0.9%	2.1%	-1.4%	-10.8%	2022-05
Brantford, Ont.	354.64	-0.6%	2.1%	-2.2%	-1.0%	-13.4%	2022-05
Kitchener, Ont.	353.21	-0.9%	0.9%	0.6%	-1.3%	-12.5%	2022-04
St. Catharines, Ont.	345.01	-0.5%	0.5%	0.1%	-1.9%	-12.0%	2022-05
Oshawa, Ont.	360.13	-2.0%	-0.5%	1.0%	-2.8%	-14.2%	2022-05
Peterborough, Ont.	324.74	1.0%	2.5%	-1.2%	-2.9%	-16.7%	2022-05
London, Ont.	321.06	-0.9%	1.2%	1.0%	-0.4%	-13.1%	2022-04
Kingston, Ont.	285.91	0.8%	2.4%	0.8%	5.3%	-4.5%	2022-05
Belleville, Ont.	303.64	-4.3%	-3.9%	1.1%	-3.9%	-14.5%	2022-04
Sudbury, Ont.	325.12	2.8%	1.6%	-0.6%	2.1%	-3.7%	2024-02
Thunder Bay, Ont.	296.02	2.9%	4.1%	-1.6%	12.4%	0.0%	2024-08
Windsor, Ont.	308.38	0.2%	1.9%	0.0%	2.7%	-10.6%	2022-05
Trois-Rivières, Qc	329.32	0.9%	1.0%	1.9%	12.0%	0.0%	2024-08
Sherbrooke, Qc	308.01	4.5%	8.1%	-0.7%	16.4%	0.0%	2024-08
Saint John, NB (June 2018=100)	190.54	1.8%	1.7%	4.3%	2.1%	-0.5%	2024-05
Moncton, NB (June 2018=100)	210.99	4.2%	1.2%	-2.5%	6.8%	-6.4%	2024-03

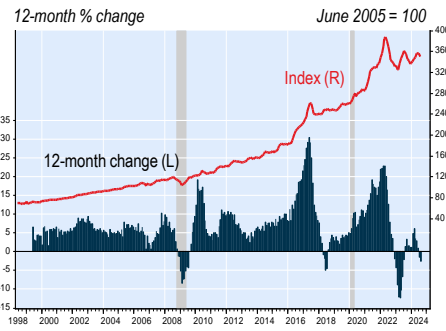
*June 2005=100 except indicated otherwise.



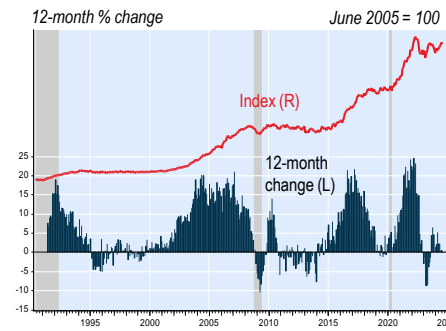
Montreal



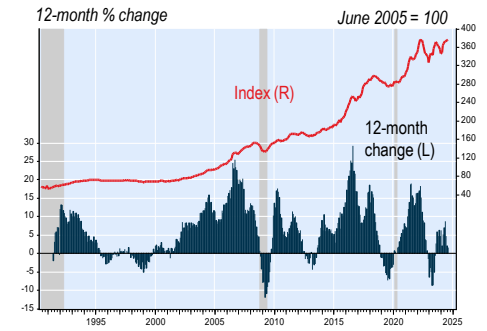
Toronto



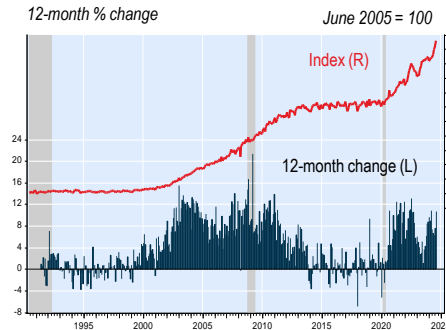
Victoria



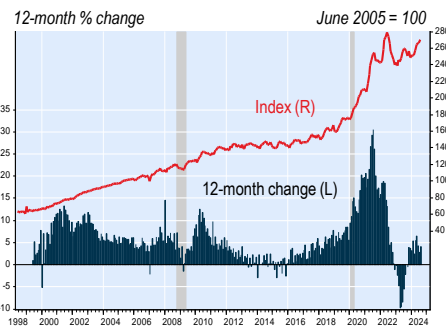
Vancouver



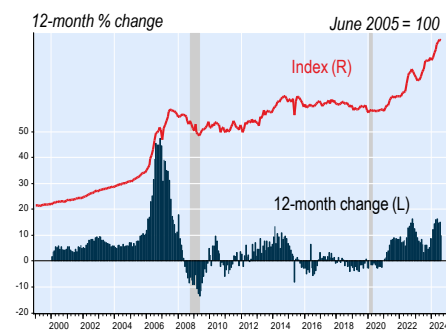
Quebec City



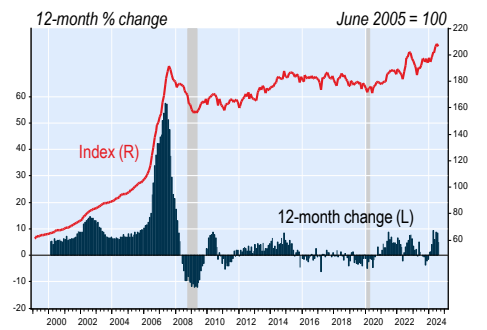
Ottawa-Gatineau



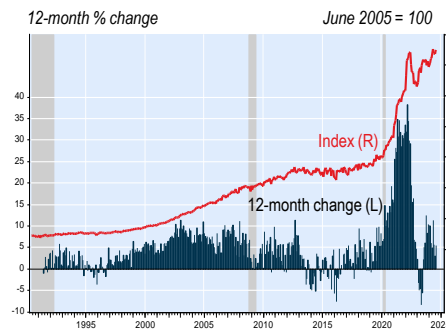
Calgary



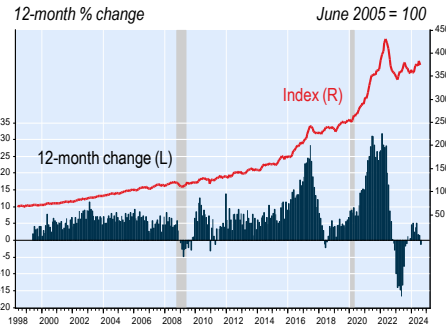
Edmonton



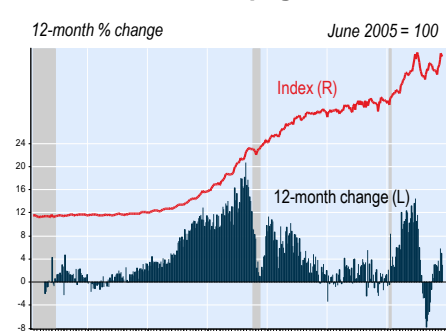
Halifax



Hamilton



Winnipeg



**Subscribe to our publications: NBF.EconomicsStrategy@nbc.ca – To contact us: 514-879-2529**

General: This Report was prepared by National Bank Financial, Inc. (NBF), (a Canadian investment dealer, member of CIRO), an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that NBF is permitted to provide this Report to you under relevant legislation and regulations.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial and National Bank of Canada Financial Inc.

Canadian Residents: NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent or underwriter for certain issuers mentioned herein and may receive remuneration for its services. As well NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

This Report is not considered a research product under Canadian law and regulation, and consequently is not governed by Canadian rules applicable to the publication and distribution of research Reports, including relevant restrictions or disclosures required to be included in research Reports.

UK Residents: This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE. NBF is not authorised by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

EU Residents: With respect to the distribution of this report in the member states of the European Union ("EU") and the European Economic Area ("EEA") by NBC Paris, the contents of this report are for information purposes only and do not constitute investment advice, investment research, financial analysis or other forms of general recommendation relating to transactions in financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("MiFID 2"). This report is intended only for professional investors and eligible counterparties within the meaning of MiFID 2 and its contents have not been reviewed or approved by any EU/EEA authority. NBC Paris is an investment firm authorised by the French Prudential Control and Resolution Authority ("ACPR") to provide investment services in France and has passported its investment services throughout the EU/EEA under the freedom to provide services and has its registered office at 8 avenue Percier, 75008 Paris, France. NBF is not authorised to provide investment services in the EU/EEA.

U.S. Residents: With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") which is regulated by the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation (SIPC), an affiliate of NBF, accepts responsibility for its contents, subject to any terms set out above. To make further inquiry related to this report, or to effect any transaction, United States residents should contact their NBCFI registered representative. This report is not a research report and is intended for Major U.S. Institutional Investors only. This report is not subject to U.S. independence and disclosure standards applicable to research reports.

HK Residents: With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to, those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc, is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

Copyright: This Report may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of NBF.

Disclaimer: Teranet - National Bank House Price Index: The index data and related information and materials ("Index Data") are protected by copyright law, both individually and as a collective work or compilation, and by trade-mark law, and other applicable laws. National Bank of Canada ("NBC") and Teranet Enterprises Inc. ("Teranet") grant to you a limited non-exclusive, non-transferable license to view, copy and print this report, provided that all copies that you make must be solely for your non-commercial, personal use, and must retain all copyright and other notices that are required. Except as provided in the previous sentence, you may not (for either commercial or non-commercial use) use, distribute, sell, modify, transmit, revise, reverse engineer, republish, post or create derivative works (where applicable) of any content of this report without the prior written permission of Teranet and National Bank (who are referred to collectively herein as the "Index Data Providers"). Without limiting the generality of the foregoing, the Index Data and other Index Data Provider intellectual property contained in this report may not be used as a basis for any financial instruments or products (including, without limitation, passively managed funds and index-linked derivative securities), or used to verify or correct data in any other compilation of data or index, or used to create any other data or index (custom or otherwise), without the Index Data Providers' prior written permission. You acknowledge and agree that you will not acquire any rights or licenses in the content of this report. The Index Data is for informational purposes only, and the user of the information contained in the Index Data assumes the entire risk of any use made of the Index Data. You understand and agree that the Index Data is provided "as is" and neither NBC nor Teranet warrants the accuracy, completeness, non-infringement, originality, timeliness or any other characteristic of the Index Data. The Index Data is not an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. Further, none of the Index Data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Reproduction, redistribution or any other form of copying or transmission of the Index Data without the Index Data Providers' prior written consent is strictly prohibited. Without limiting the generality of the foregoing, the Index Data and other Index Data Provider intellectual property may not be used as a basis for any financial instruments or products (including, without limitation, passively managed funds and index-linked derivative securities), or used to verify or correct data in any other compilation of data or index, or used to create any other data or index (custom or otherwise), without the Index Data Providers' prior written permission. In no event shall any of NBC, Teranet, their respective affiliates, any of their or their direct or indirect information providers nor any other third party involved in, or related to, compiling, computing or creating any of the Index Data (collectively, the "Index Data Provider Parties") have any liability to any person or entity for any damages, whether direct, indirect, special, incidental, punitive, consequential (including, without limitation, loss of use, lost profits or revenues or any other economic loss) arising in any manner out of your use or inability to use any of the Index Data contained in this report, even if such party might have anticipated, or was advised or notified of, the possibility of such damages.