

Canada: House prices continue to rise while supply stagnates

By Daren King

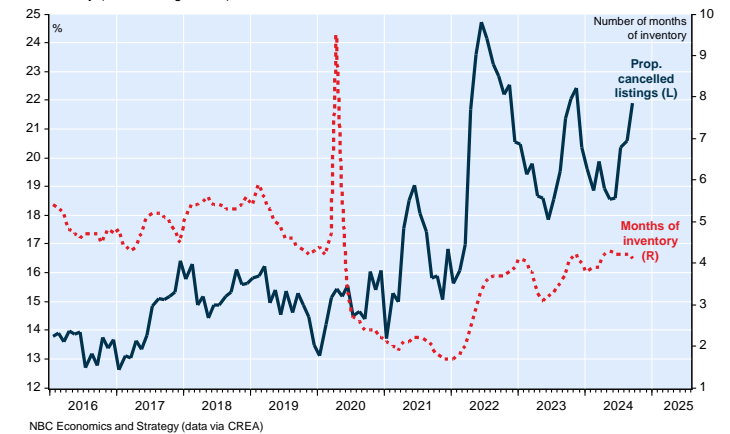
Highlights:

- The Teranet–National Bank Composite National House Price Index™ rose by 0.5% from August to September after adjustment for seasonal effects.
- Eight of the 11 markets in the composite index were up during the month: Montreal (+2.4%), Winnipeg (+1.8%), Victoria (+1.2%), Edmonton (+1.1%), Ottawa-Gatineau (+0.9%), Halifax (+0.8%), Calgary (+0.5%) and Toronto (+0.3%). Conversely, declines occurred in Quebec City (-0.9%), Hamilton (-0.6%) and Vancouver (-0.2%).
- From September 2023 to September 2024, the composite index rose by 1.0%. Growth was observed in 7 of the 11 cities making up the index: Calgary (+10.6%), Quebec City (+9.1%), Montreal (+6.9%), Edmonton (+6.0%), Halifax (+4.6%), Winnipeg (+4.3%) and Ottawa-Gatineau (+3.4%). Conversely, the Toronto (-2.6%), Hamilton (-2.5%) and Victoria (-0.2%) markets were down, while prices remained stable in Vancouver.

After almost a year in the doldrums, house prices in Canada's major urban centers rose by 0.5% for the second consecutive month, supported by more advantageous interest rates. Despite a significant rise in the number of new listings on the resale market, inventory has been stalling over the past four months due to a large number of sellers deciding to cancel their listings each month (top chart), thus limiting the deterioration in market conditions for the time being. However, we do not believe that this is the start of a significant upward trend in home prices across the country since, despite the continuing cycle of monetary policy easing, the resale market remains sluggish, showing no signs of significant recovery (bottom chart). Indeed, although interest rates have fallen, affordability conditions remain extremely difficult and the job market less buoyant, particularly for young people. With the Bank of Canada set to make further rate cuts in the coming months, and with the announcement of an increase in amortization from 25 to 30 years for insured mortgages to come in December, it's likely that many buyers and sellers have decided to be patient and will sit on the sidelines in the months ahead, waiting for even more favourable financing conditions. After a few months in the doldrums, housing market activity could pick up again in 2025.

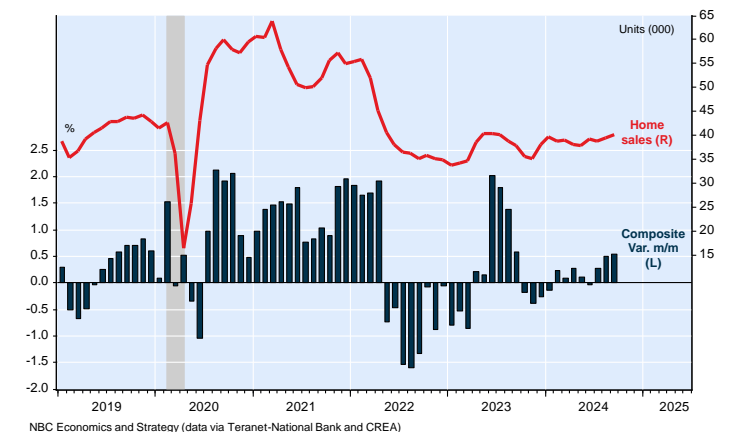
Canada: Cancelled listings keep inventory stable

Proportion of active listings cancelled during the month (% 3-month moving average) and number of months of inventory (active listings/sales)



Canada: Home resale market remains sluggish

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



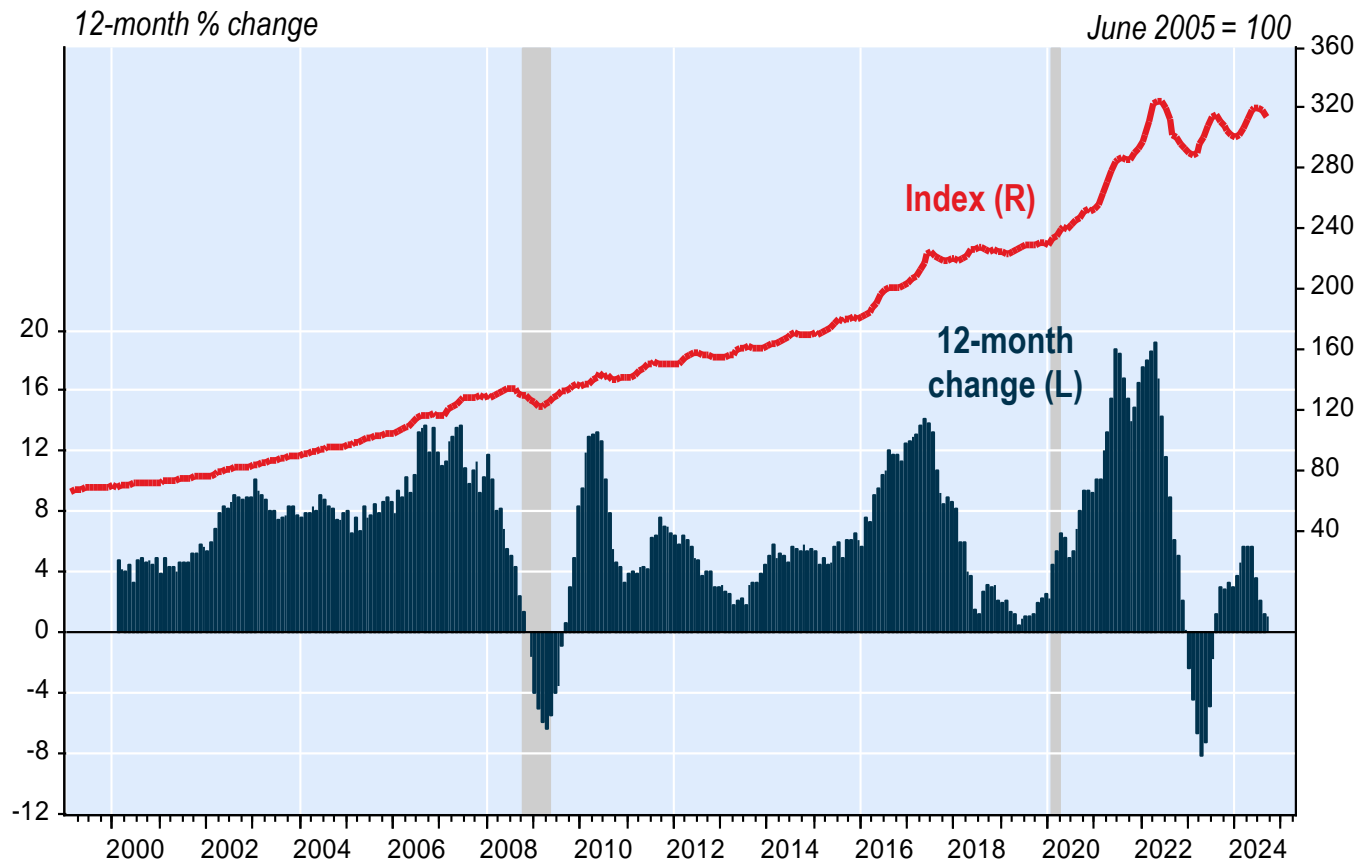


Note on methodology:

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™



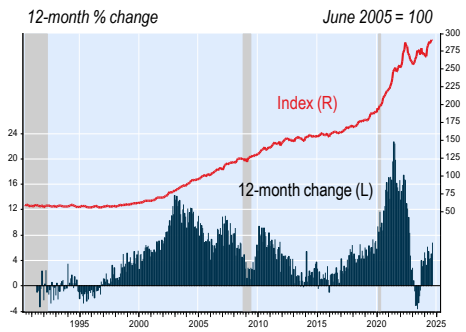


Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
	September 2024						
Composite 11	313.71	-1.4%	0.5%	0.5%	1.0%	-1.9%	2022-04
Victoria	290.25	-1.3%	1.2%	0.2%	-0.2%	-4.3%	2022-05
Vancouver	366.72	-2.6%	-0.2%	1.3%	0.0%	-1.4%	2022-04
Calgary	253.13	0.7%	0.5%	-1.2%	10.6%	-0.7%	2024-07
Edmonton	208.13	1.1%	1.1%	-2.4%	6.0%	-1.5%	2024-06
Winnipeg	269.97	0.5%	1.8%	-0.7%	4.3%	-1.1%	2022-05
Hamilton	359.13	-3.9%	-0.6%	-0.5%	-2.5%	-13.8%	2022-05
Toronto	344.83	-1.4%	0.3%	0.2%	-2.6%	-8.4%	2022-04
Ottawa-Gatineau	264.70	-1.9%	0.9%	2.0%	3.4%	-2.8%	2022-04
Montreal	288.60	-0.7%	2.4%	1.1%	6.9%	0.0%	2024-09
Quebec	266.06	-2.2%	-0.9%	3.7%	9.1%	-0.9%	2024-08
Halifax	299.30	0.0%	0.8%	3.3%	4.6%	0.0%	2024-09
Other metropolitan areas							
Abbotsford-Mission, B.C.	367.36	2.9%	3.8%	-0.4%	0.8%	-11.8%	2022-04
Kelowna, B.C.	296.01	-1.4%	-0.7%	-0.1%	-6.1%	-7.2%	2022-03
Lethbridge, Alb.	223.33	-0.6%	-1.1%	-0.7%	6.5%	-2.5%	2024-06
Barrie, Ont.	321.76	-3.5%	0.0%	0.2%	-1.9%	-15.1%	2022-05
Guelph, Ont.	349.70	-0.6%	1.9%	1.0%	-1.2%	-8.9%	2022-05
Brantford, Ont.	360.88	1.8%	1.8%	2.4%	-0.1%	-11.3%	2022-05
Kitchener, Ont.	347.91	-1.5%	1.5%	1.2%	-1.2%	-11.0%	2022-04
St. Catharines, Ont.	343.71	-0.4%	1.7%	0.7%	-0.6%	-10.1%	2022-05
Oshawa, Ont.	349.88	-2.8%	-0.3%	-0.6%	-2.6%	-14.7%	2022-05
Peterborough, Ont.	323.46	-0.4%	3.4%	2.6%	1.6%	-13.7%	2022-05
London, Ont.	312.63	-2.6%	-0.4%	1.2%	-2.6%	-13.4%	2022-04
Kingston, Ont.	288.36	0.9%	4.3%	2.6%	10.8%	0.0%	2024-09
Belleville, Ont.	307.74	1.4%	7.4%	-5.0%	3.0%	-8.7%	2022-04
Sudbury, Ont.	315.24	-3.0%	0.3%	1.9%	4.7%	-3.0%	2024-02
Thunder Bay, Ont.	282.53	-4.6%	-2.9%	4.0%	7.1%	-2.9%	2024-08
Windsor, Ont.	301.13	-2.4%	-0.6%	2.0%	0.7%	-11.1%	2022-05
Trois-Rivières, Qc	346.06	5.1%	4.0%	2.0%	17.0%	0.0%	2024-09
Sherbrooke, Qc	307.27	-0.2%	-0.8%	6.8%	8.5%	-0.8%	2024-08
Saint John, NB (June 2018=100)	189.94	-0.3%	-0.3%	1.7%	7.1%	-0.7%	2024-05
Moncton, NB (June 2018=100)	213.72	1.3%	3.9%	1.3%	11.6%	-2.6%	2024-03

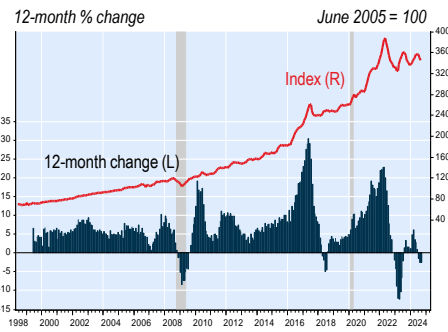
*June 2005=100 except indicated otherwise.



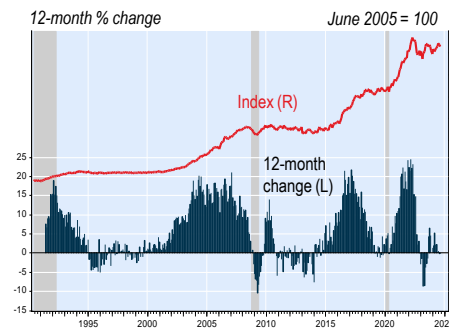
Montreal



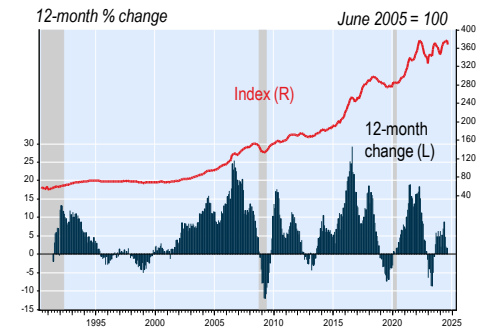
Toronto



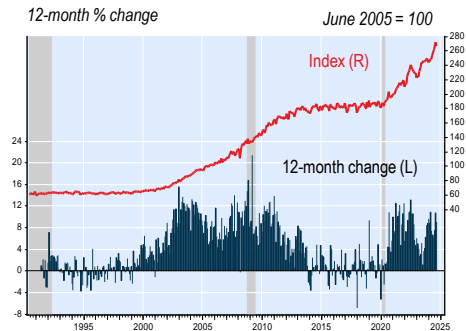
Victoria



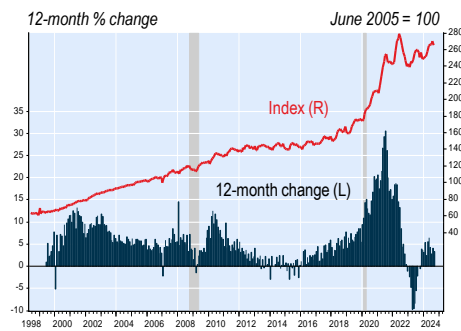
Vancouver



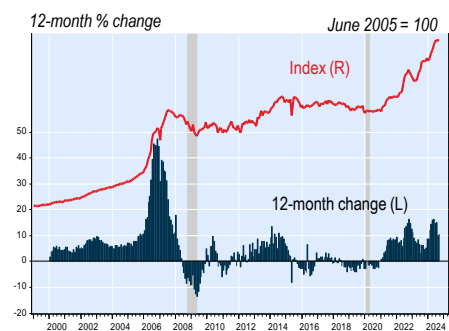
Quebec City



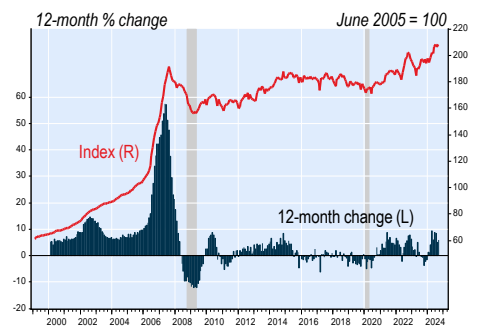
Ottawa-Gatineau



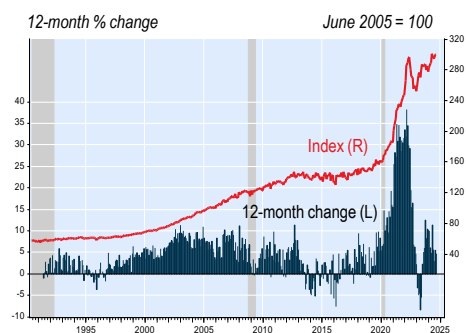
Calgary



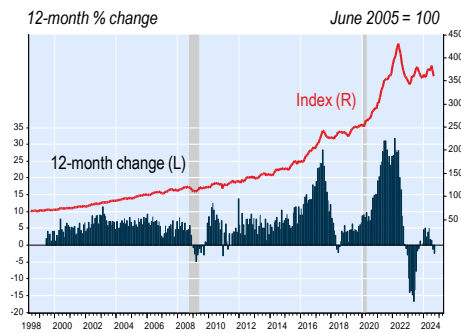
Edmonton



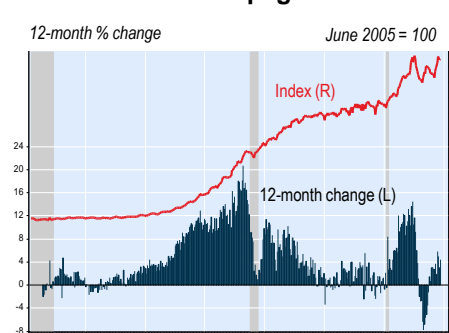
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