

Canada: House prices continue to rise as market gains momentum

By Daren King

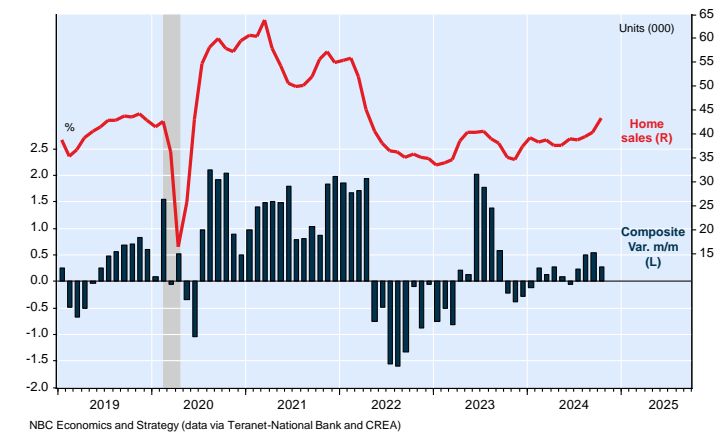
Highlights:

- The Teranet–National Bank Composite National House Price Index™ rose by 0.3% from September to October after adjustment for seasonal effects.
- Six of the 11 markets in the composite index were up during the month: Quebec City (+2.0%), Hamilton (+1.3%), Ottawa-Gatineau (+0.8%), Montreal (+0.4%), Toronto (+0.4%) and Winnipeg (+0.4%). Conversely, prices fell in Victoria (-1.3%), Halifax (-0.9%), Calgary (-0.5%) and Edmonton (-0.1%), while they remained stable in Vancouver.
- From October 2023 to October 2024, the composite index rose by 1.4%. Growth was observed in 8 of the 11 cities making up the index: Quebec City (+10.2%), Calgary (+10.2%), Edmonton (+7.3%), Ottawa-Gatineau (+5.4%), Montreal (+3.5%), Winnipeg (+3.4%), Halifax (+1.8%) and Vancouver (+0.5%). Conversely, the Victoria (-2.5%), Toronto (-1.1%) and Hamilton (-1.0%) markets were down.

The composite index rose by 0.3% in October, the fourth consecutive monthly increase, as the effects of the monetary easing cycle begin to be felt more strongly in the housing market. The number of transactions on the resale market surged in October (top chart), thanks in particular to a reduction in fixed mortgage interest rates since the summer, and because the Bank of Canada was widely expected to step up the pace of interest rate cuts. As a result, conditions on the resale market tightened further in October, with a seller's market that is synonymous with upward price support. With the central bank expected to continue easing monetary policy over the coming months in order to return rapidly to neutral territory, and with the extension of the amortization period to 30 years for insured mortgages in December, the housing market could remain buoyant over the next few months, provided that the deterioration in the labour market remains limited. However, given the challenges of affordability, which remain unresolved despite a slight improvement in the last quarter (bottom graph), house prices could see only moderate growth.

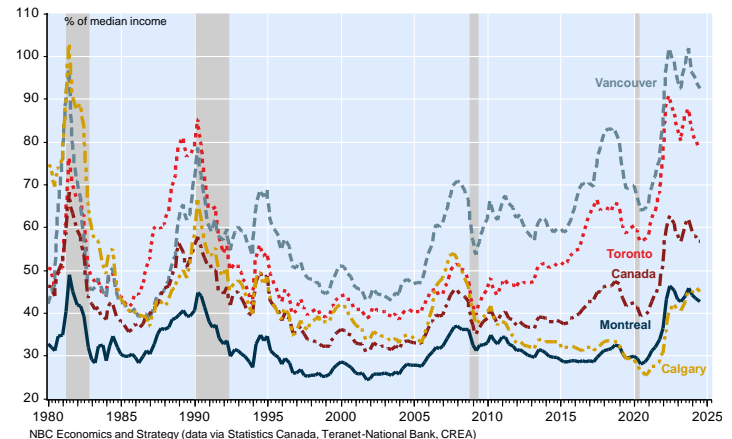
Canada: Home resale market is heating up

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)



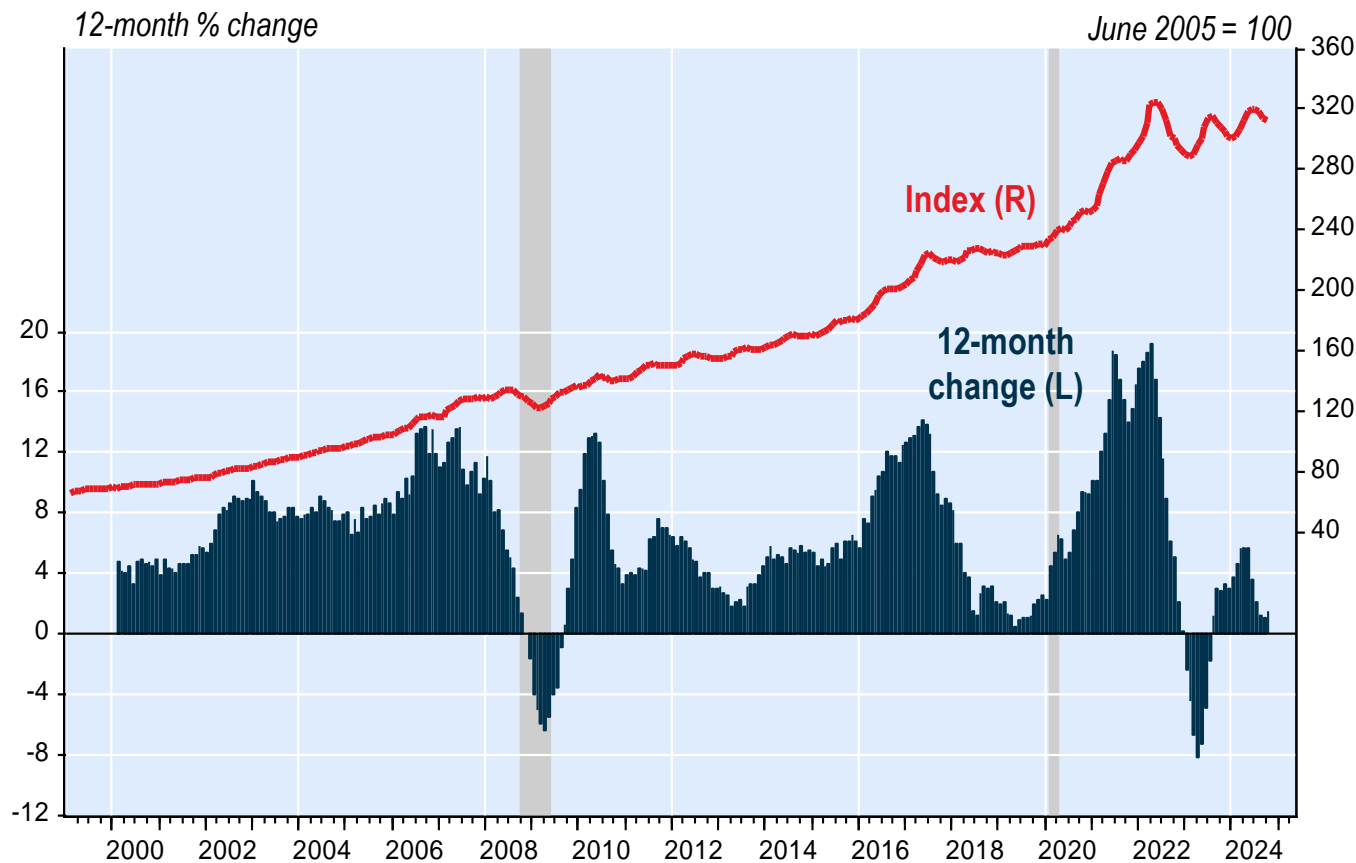


Note on methodology:

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™



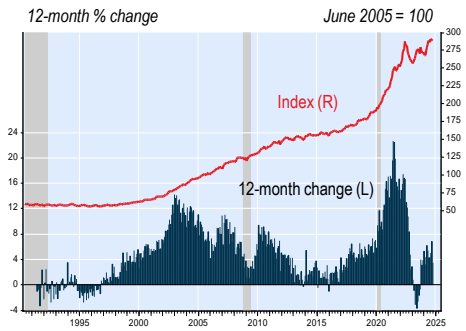


Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, SA	Peak date, SA
	October 2024						
Composite 11	311.89	-0.6%	0.3%	0.5%	1.4%	-1.6%	2022-04
Victoria	286.07	-1.4%	-1.3%	1.2%	-2.5%	-5.8%	2022-05
Vancouver	364.17	-0.7%	0.0%	-0.3%	0.5%	-1.6%	2022-04
Calgary	253.29	0.1%	-0.5%	0.8%	10.2%	-0.8%	2024-07
Edmonton	208.80	0.3%	-0.1%	1.2%	7.3%	-1.6%	2024-06
Winnipeg	266.06	-1.4%	0.4%	1.8%	3.4%	-0.7%	2022-05
Hamilton	362.15	0.8%	1.3%	-0.5%	-1.0%	-12.6%	2022-05
Toronto	341.45	-1.0%	0.4%	0.3%	-1.1%	-8.2%	2022-04
Ottawa-Gatineau	263.54	-0.4%	0.8%	0.9%	5.4%	-1.9%	2022-04
Montreal	288.44	-0.1%	0.4%	2.2%	3.5%	0.0%	2024-10
Quebec	271.05	1.9%	2.0%	-0.1%	10.2%	0.0%	2024-10
Halifax	291.33	-2.7%	-0.9%	0.7%	1.8%	-0.9%	2024-09
Other metropolitan areas							
Abbotsford-Mission, B.C.	355.56	-3.2%	0.9%	3.4%	1.0%	-11.6%	2022-04
Kelowna, B.C.	288.83	-2.4%	-0.7%	-0.7%	-6.1%	-7.9%	2022-03
Lethbridge, Alb.	222.73	-0.3%	-0.3%	-1.0%	5.3%	-2.9%	2024-06
Barrie, Ont.	326.82	1.6%	0.5%	-0.1%	-2.3%	-14.9%	2022-05
Guelph, Ont.	345.54	-1.2%	-0.8%	1.8%	-0.8%	-9.8%	2022-05
Brantford, Ont.	350.12	-3.0%	2.3%	1.6%	2.2%	-9.1%	2022-05
Kitchener, Ont.	353.17	1.5%	1.2%	1.6%	0.6%	-9.9%	2022-04
St. Catharines, Ont.	338.91	-1.4%	-0.7%	1.7%	-0.5%	-10.8%	2022-05
Oshawa, Ont.	350.48	0.2%	0.8%	-0.2%	-2.5%	-14.1%	2022-05
Peterborough, Ont.	331.25	2.4%	2.4%	2.9%	2.1%	-11.6%	2022-05
London, Ont.	314.08	0.5%	1.4%	0.2%	1.7%	-11.5%	2022-04
Kingston, Ont.	281.01	-2.5%	0.4%	4.5%	5.1%	0.0%	2024-10
Belleville, Ont.	308.84	0.4%	0.6%	7.7%	3.7%	-8.0%	2022-04
Sudbury, Ont.	325.48	3.2%	4.6%	-2.4%	12.2%	0.0%	2024-10
Thunder Bay, Ont.	291.43	3.2%	4.3%	-2.8%	12.2%	0.0%	2024-10
Windsor, Ont.	296.38	-1.6%	0.0%	-0.4%	2.4%	-11.0%	2022-05
Trois-Rivières, Qc	332.45	-3.9%	0.5%	4.1%	17.2%	0.0%	2024-10
Sherbrooke, Qc	282.47	-8.1%	-9.1%	-2.5%	-2.4%	-11.3%	2024-08
Saint John, NB (June 2018=100)	192.81	1.5%	2.8%	-0.2%	18.4%	0.0%	2024-10
Moncton, NB (June 2018=100)	208.08	-2.6%	-3.4%	4.1%	4.2%	-5.7%	2024-03

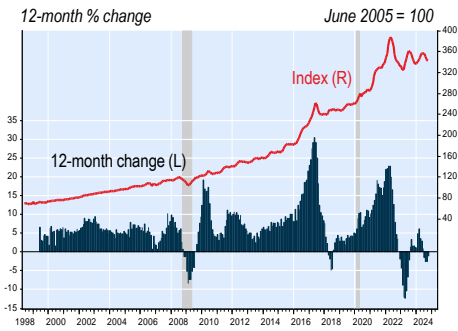
*June 2005=100 except indicated otherwise.



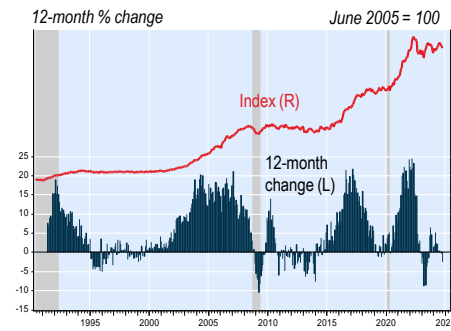
Montreal



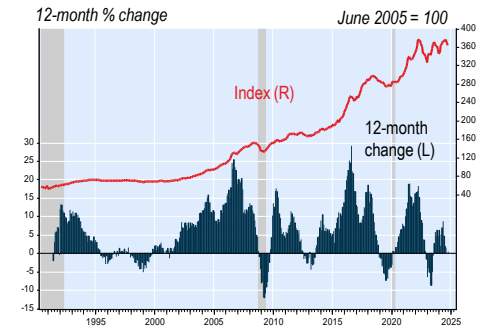
Toronto



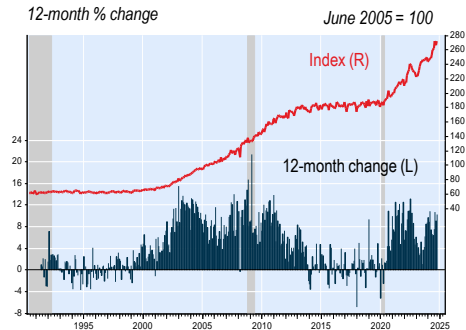
Victoria



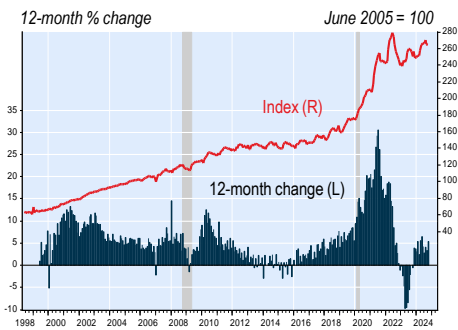
Vancouver



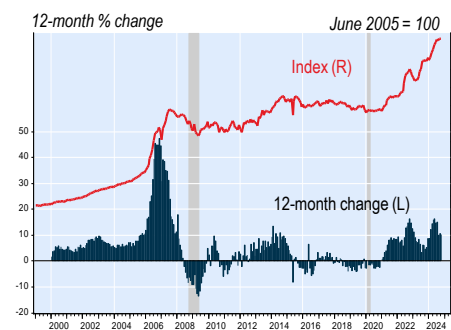
Quebec City



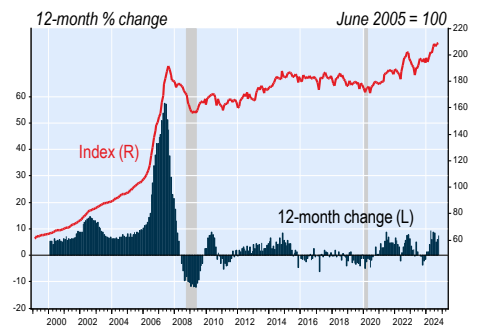
Ottawa-Gatineau



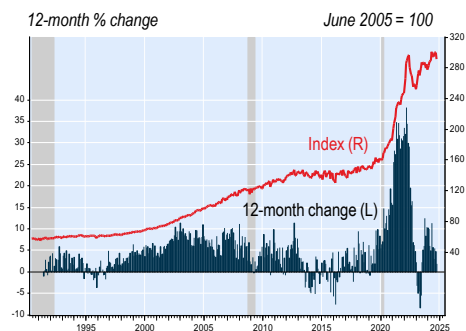
Calgary



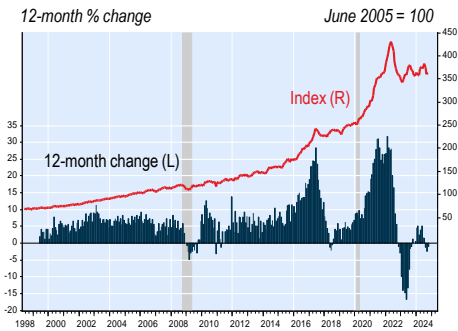
Edmonton



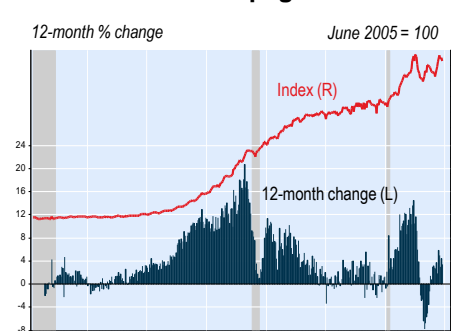
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