

GTA HOUSING PULSE

Issue # 9: October 6, 2020

HOME PRICE GAINS IN TORONTO LAGGING 5 OF THE OTHER GGH METRO AREAS

Teranet and the National Bank of Canada produce an alternative measure of home price changes (called the Teranet Index) for many Census Metropolitan Areas (CMAs) in Canada. It is different than the ones released by the Canadian Real Estate Association (CREA) and Toronto Regional Real Estate Board (TRREB) most commonly used in CUR Housing Pulses.

We look at the Teranet Index in this pulse because it provides indices at the CMA level for a broader range of geographies than CREA. It gives us a glimpse into how Toronto is performing relative to the other 8 CMAs in the Greater Golden Horseshoe and 10 other major CMAs in Canada. The index shows that home price growth accelerated significantly in most CMAs in Canada during the pandemic relative to the six months prior to the start of the pandemic. It also shows that the housing market in the Toronto CMA has not experienced the greatest price increases.

Notes on differences between the Teranet Home Price Index and the CREA and TRREB home price indices:

The Teranet Home Price Index tracks price changes on repeat sales for the major CMAs in Canada as of the closing date of the sale. The Teranet Index is built with information from the selling price from individual properties that are sold more than once over its time frame. In contrast, the CREA/TRREB data tracks the average prices of houses sold in a given period as of the time of the sale. As such, the Teranet Home Price Index may lag changes in the measures released by CREA and TRREB.

The Teranet Home Price Index shows that home prices in the Toronto CMA were being outpaced by more than half of the other 8 CMAs in the Greater Golden Horseshoe (GGH) – both before and after the March lockdowns

- The Teranet Home Price Index shows that home prices were up 7.3% y/y in August in the Toronto CMA.

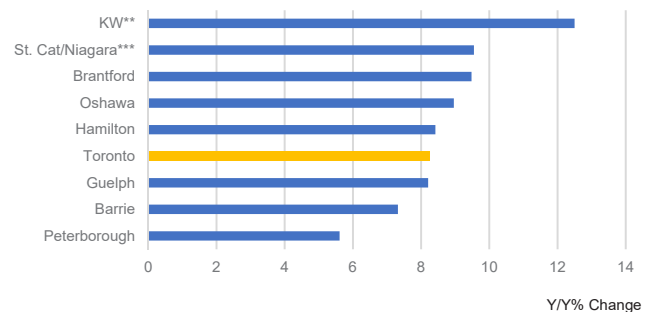
- Figure 1 shows that home prices were rising more rapidly than Toronto in more than half of the CMAs in the GGH in August on a year-over-year basis,

- Toronto home prices were rising faster than those in Guelph, Barrie and Peterborough.

- Figure 2 shows that home price increases in most CMAs, with the exception of Peterborough and Guelph, accelerated following the start of pandemic-related lockdowns in March when compared to the six months prior to the start of the pandemic,

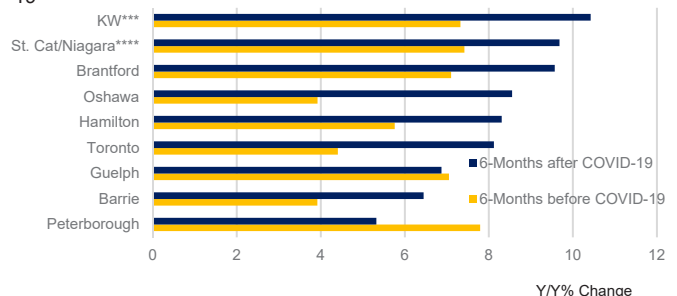
- Toronto home price increases were being outpaced by that of most CMAs in the GGH, except for Barrie and Oshawa, in the six months leading up to the pandemic-related lockdowns in March.

Figure 1: Teranet Home Price Index, Y/Y% Change, August 2020, CMA*s in the Greater Golden Horseshoe



Source: CUR, based on Teranet Home Price Index. *Census Metropolitan Area. **Kitchener-Cambridge-Waterloo. ***St. Catherines-Niagara

Figure 2: Teranet Home Price Index, Average Annual Growth, CMA*s in the Greater Golden Horseshoe, Six Months Before and After COVID-19**



Source: CUR, based on Teranet Home Price Index. *Census Metropolitan Areas. **6 months before includes the September 2019 - February 2020 period, while the 6 months after includes March 2020-August 2020. ***Kitchener-Cambridge-Waterloo. ****St. Catherines-Niagara

•Home prices were increasing the fastest in the Peterborough CMA before the lockdowns, and now they are increasing the slowest among CMAs in the GGH.

•Home prices in the Oshawa CMA have accelerated the most, making it the fourth highest in terms of price increases in the GGH.

Home price growth in the Toronto CMA lagging that of Ottawa, Montreal and Halifax before and during the pandemic – but is still ahead of the western CMAs

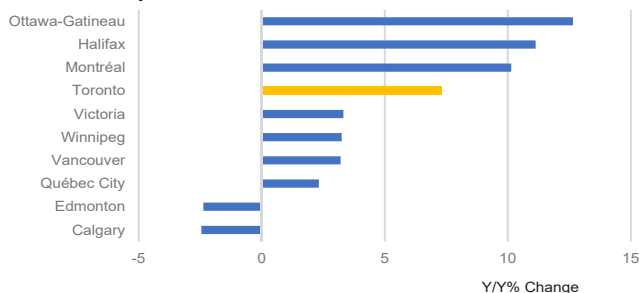
•Figure 3 shows that home prices were rising by double-digits in Ottawa-Gatineau (+13% y/y), Halifax (+11%) and Montreal (+10%), in August, making them the fastest growing CMAs in the Teranet’s Home Price Index, both before and after the pandemic started.

•Figure 4 shows that home price increases picked up in most major CMAs in Canada following March, with the exception of Calgary and Edmonton where prices continued to decline.

•Home prices rose more than twice as fast in the Toronto CMA as they did in Victoria, Winnipeg and Quebec City, both in the six months prior to March and in the six months following the start of the pandemic.

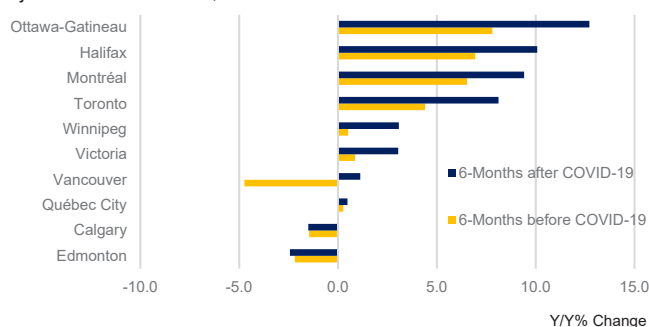
•According to the Teranet Home Price Index, Vancouver home prices had fallen almost 7.5% between July 2018 (their peak) and February 2020, likely due to the increase in the foreign buyer’s tax in 2018. Home prices in Vancouver began to rise again in March of this year but are still growing at a slower pace than that of most other CMAs in Canada, including Toronto.

Figure 3: Teranet Home Price Index, Y/Y% Change, August 2020, 11 Major CMA*s in Canada



Source: CUR, based on Teranet Home Price Index. *Census Metropolitan Area.

Figure 4: Teranet Home Price Index, Average Annual Growth, 11 Major CMA*s in Canada, Six Months Before and After COVID-19**



Source: CUR, based on Teranet Home Price Index.*Census Metropolitan Area. **6 months before includes the September 2019 - February 2020 period, while the 6 months after includes March 2020-August 2020.