

Canada Watch

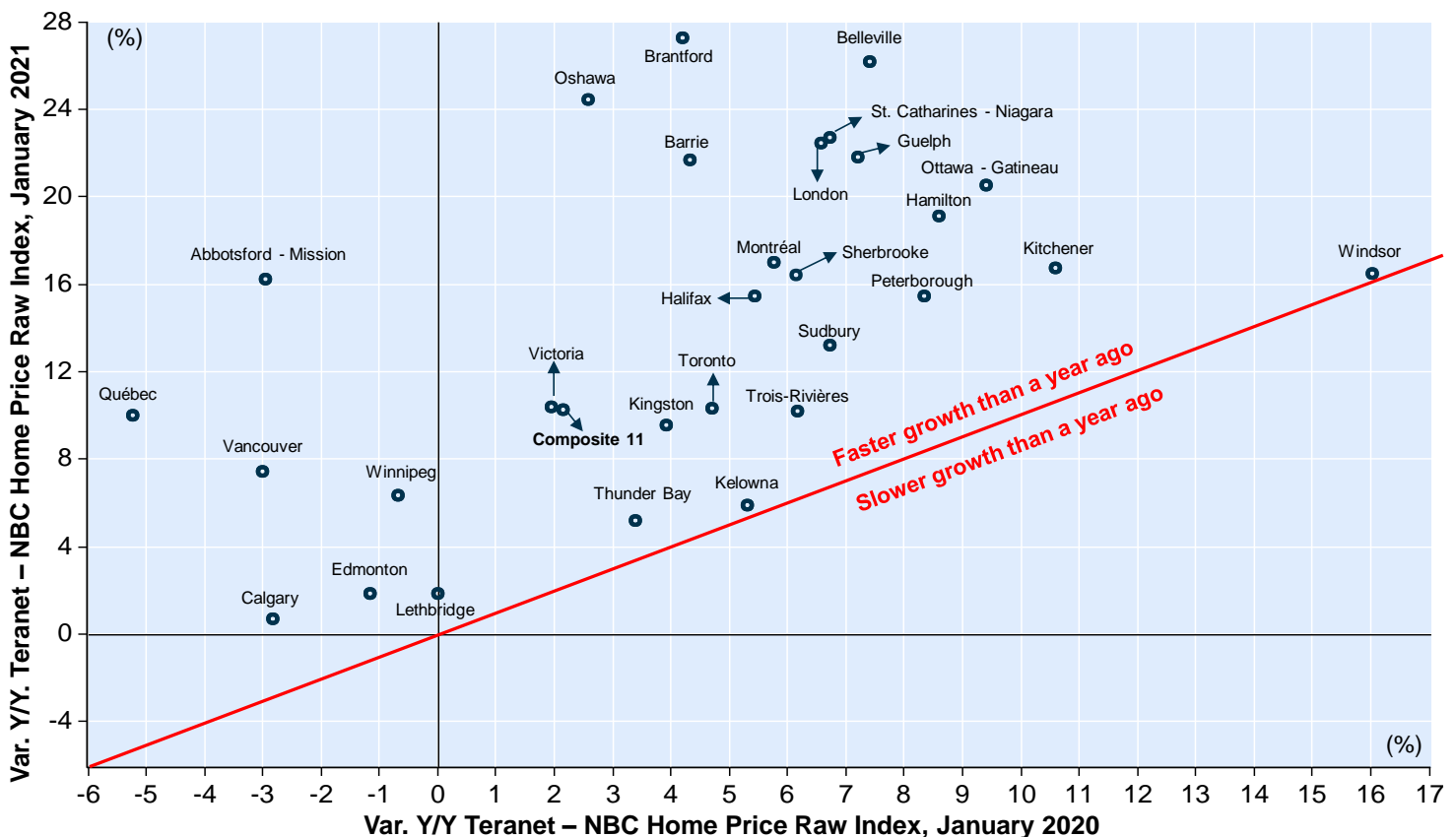
By Daren King

Since the start of the pandemic, the real estate market has surprised with its strength. Low mortgage interest rates combined with a shift in consumer preference for larger spaces and a resilient labor market for higher paying jobs have increased demand for homes in an already tight housing market in many provinces before the crisis. As today's Hot Chart shows, price growth accelerated in all 32 markets covered by the Teranet – NBC Home Price Index in January compared to the same period a year earlier, a first since August 2010. Furthermore, as we have already discussed in a [previous Hot Chart](#), the home price growth is 10% or more in a record high proportion of markets covered (69% in January).

Even if questions arise about the sustainability of this growth and its impact on affordability for first-time home buyers, the fact remains that it has a significant impact on the increase in wealth of homeowners. What is particularly noteworthy is that this wealth effect is observed everywhere across Canada, rather than only in certain markets as we experienced in 2016. In addition to homeowners, this increase in property prices will also have a beneficial effect for municipalities fiscal health by increasing the transfer duty taxes collected (where applicable) and by increasing the value of the property tax base in the years to come.

Canada: Home price growth is accelerating everywhere

Var. Y/Y of Teranet – NBC Home Price Raw Index in 2020 and 2021



NBF Economics and Strategy (data via Teranet - NBC)

Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Paul-André Pinsonnault

Senior Economist
paulandre.pinsonnault@nbc.ca

Daren King

Economist
daren.king@nbc.ca

Matthieu Arseneau

Deputy Chief Economist
matthieu.arseneau@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Jocelyn Paquet

Economist
jocelyn.paquet@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Camille Baillargeon

Intern Economist
camille.baillargeon@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich

Rates Strategist
taylor.schleich@nbc.ca

General

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