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JANICE KENNEDY / CANWEST NEWS SERVICE

Ottawa remains a strong real estate market, thanks to steady employment and amenities conducive to a good lifestyle.

*Index shows local market off from August peak*

## Toronto prices off 10%

BY HELEN MORRIS

Every home has its unique selling point, and every new set of housing numbers gives yet another new take on the state of the housing market.

Home prices in Toronto headed down 1.9% in March from the previous month, according to the Teranet-National Bank National composite house price index. This was a fall of 6.9% from a year earlier and a full 10.8% decline from their peak in August, 2008.

"The main point of [these] figures is that Toronto has now dropped by more than 10% since its peak in August of 2008," says Simon Cote, managing director, property derivatives, National Bank of Canada, "and has now joined the western cities of Vancouver and Calgary in having a more than 10% drop since their peak."

The index uses the repeat sales methodology, which means that in order to be included in the index, a home must have been sold twice.

"One of the variables that we can look at is the volumes of transactions," says Mr. Cote. "If you look at the number of sales pairs from March, 2009,

compared with March, 2008, in Toronto, it's a 30% drop in volume ... looking at the volumes of transactions, when this turns around it's going to give us a signal that prices might stabilize."

The declines in Toronto are a touch deeper than the national picture. Overall Canadian home prices in March declined 5.8% from a year earlier.

*Ottawa,  
Montreal post  
gains of 2.8%  
and 3.2%*

This represented the fourth consecutive 12-month decline in the index as well as the seventh-straight month-over-month fall. According to the Index report, this was the longest run of monthly declines since the beginning of index coverage in February, 2000.

While the fall in prices in Toronto echoed the declines farther west, Montreal and Ottawa continue to show price

gains from a year earlier of 3.2% and 2.8% respectively. By contrast, the Teranet-National Bank house price index for Calgary fell 8.4% year over year. This index has been declining for well over a year and is down 12.7% since its peak in August, 2007. The city's index has had monthly declines in 16 of the 19 months posted since that peak. Prices in Vancouver also fell faster than the national average with a 9.6% drop in March compared with a year earlier.

Sales volumes may be down in Toronto, but south of the border, U.S. existing home sales rose 2.9% in April compared with March. This rise came on the heels of a 3.4% month-over-month decline in March. But according to analysts, the rise in sales is not evidence of renewed confidence in the market.

"Not surprisingly, most of the sales were related to distressed properties, which the National Association of Realtors reported accounted for 45% of total sales," notes Mililan Mulraine, economics strategist at TD Securities. "The gains, however, were fairly broadly based, with sales of both condos (up 6.4% month over month) and single-fam-

ily units (up 2.5% month-over-month) advancing on the month."

However, a hefty increase in the inventory of unsold homes will likely weigh further on prices. Even with the rise in sales, inventories of unsold homes still rose to 10.2 months, from 9.6 months in March.

In a separate report also out this week U.S. consumers showed a remarkable level of optimism as the Conference Board's consumer confidence index jumped 14.1 points to 54.9 in May.

However, whatever U.S. consumers are planning on buying it certainly would not appear to be houses. Plans to purchase a home in the next six months fell to a three-month low.

"This is likely due to the steady drip, drip, drip move in house prices," notes Jennifer Lee, economist, manager, BMO Capital Markets, Economic Research. "The S&P Case-Shiller house price index for the 20 major metro areas fell 2.1% in March, which isn't as bad as the record 2.8% drop in January, but looking at a chart of the monthly changes ... it is pretty close."

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