

Home prices climb in April, lifted by gains in hot Toronto market

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Canadian home prices rose in April, data showed on Friday, lifted once again by hefty price gains in the hot Toronto market, which some fear is becoming overheated.

The Teranet-National Bank Composite House Price Index, which measures changes for repeat sales of single-family homes, showed prices rose 1.2 percent last month, making for the fifteenth consecutive month national prices have increased.

In the Toronto market, which some economists have called a bubble, prices climbed 2.6 percent, while nearby Hamilton was up 2.1 percent. Indexes for both cities were at record highs.

Compared to a year ago, prices were up 26.3 percent in Toronto and 22.9 percent in Hamilton, a record pace for both, the report said.

The rapid growth in Toronto home prices has spread to surrounding regions, including Hamilton, as potential buyers are priced out of Canada's largest city. The provincial government announced measures at the end of

last month to try to cool the Toronto market, including a tax on foreign buyers.

The report pointed to tight market conditions as demand exceeds the supply of homes for sale, a factor that has been partly blamed for rising prices.

In Vancouver, where the British Columbia government imposed its own foreign buyers tax last August, prices dipped 0.1 percent on the month. Nonetheless, prices remained just 0.3 percent away from the peak seen last year.

Elsewhere in the province, prices climbed 1.5 percent in Victoria.

Canada's housing market has been generally robust in the years since the global financial crisis, partly fueled by low interest rates, but concern over consumer indebtedness and housing affordability has become more prominent recently.

Moody's on Thursday downgraded the ratings of Canada's major banks, citing rising household debt and the hot housing market.