News

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Moody's Analytics and RPS Forecast Canadian House Prices to Fall in 2021

TORONTO, September 23, 2020 – According to the latest RPS-Moody's Analytics House Price Forecasts, house prices in Canada may experience a decline of about 7% at a national level in 2021, as a result of contracted economic activity due to the COVID-19 pandemic.

Fiscal stimulus measures and mortgage deferrals, combined with low interest rates and Canada's strong population growth, have supported house prices throughout the COVID-19 crisis. However, Moody's Analytics expects the economic recovery to lose momentum through the first half of 2021 as government stimulus measures fade and unemployment remains high.

In a new report, Moody's Analytics economist Abhilasha Singh examines how these trends will impact house prices. "The housing market will no longer be able to escape the poor condition of the labor market as vacancy and delinquency rates rise in 2021," she notes. "However, while all regions are expected to experience price declines, the size of the impact will vary meaningfully across regions."
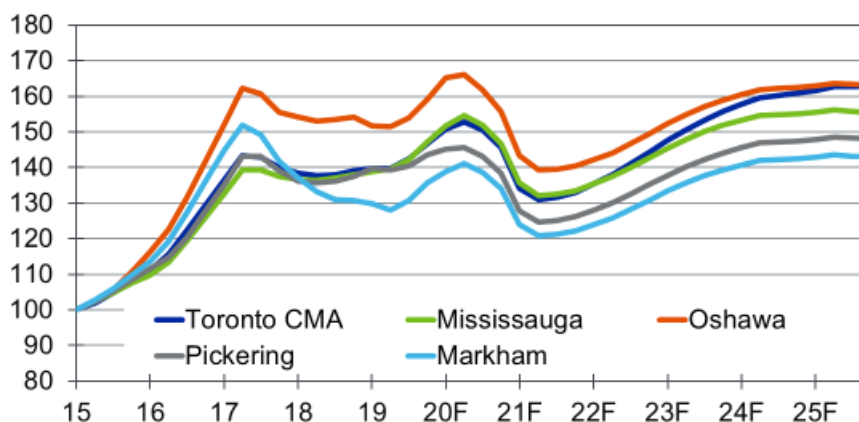
RPS Real Property Solutions Inc. and Moody's Analytics have added city, town, and neighborhood-level projections to their metro, provincial, and national level forecasts to make it easier for customers to assess the divergent impact these macroeconomic drivers will have on house prices across Canada.

"We're proud to collaborate with Moody's Analytics to deliver a more granular level of insight to the marketplace," said Joel Bates, President of RPS. "We believe that our forecasts can help financial institutions to stress-test their portfolios and explore growth opportunities from a national level and down to the neighborhood level with confidence."

The RPS-Moody's Analytics House Price Forecasts show that cities, towns, and neighborhoods do not always follow national or provincial trends, nor do the prices of neighboring geographies or different property styles in the same geography behave the same way. Under the baseline scenario, house price appreciation will remain regionally asymmetric, with house prices in Calgary and Edmonton facing the slowest recovery due to energy sector uncertainty. In urban cores, a drop in immigration due to COVID-19 will hamper growth in neighborhoods dominated by the condo segment.

Disparity Within Toronto Metro
RPS composite house prices, Jan 2015=100, SA

Sources: RPS, Moody's Analytics

The RPS-Moody's Analytics House Price Forecasts reflect data collected by RPS Real Property Solutions Inc., a leading provider of Canadian residential real estate valuation and business intelligence, and the latest economic outlook for Canada from Moody's Analytics, a leader in regional economic forecasting. The forecasts provide for three major residential property types across Canada and its subnational areas, under baseline and alternative economic scenarios. These forecasts offer clients unparalleled insight into how the economy will impact the performance of their mortgage loan or investment portfolios.

Learn more about the RPS-Moody's Analytics House Price Forecasts.

About Moody's Analytics
Moody's Analytics provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Our deep risk expertise, expansive information resources, and innovative application of technology help our clients confidently navigate an evolving marketplace. We are known for our industry-leading and award-winning solutions, made up of research, data, software, and professional services, assembled to deliver a seamless customer experience. We create confidence in thousands of organizations worldwide, with our commitment to excellence, open mindset approach, and focus on meeting customer needs. For more information about Moody's Analytics, visit our website or connect with us on Twitter and LinkedIn.

Moody's Analytics, Inc. is a subsidiary of Moody's Corporation (NYSE: MCO). Moody's Corporation reported revenue of $4.8 billion in 2019, employs approximately 11,200 people worldwide and maintains a presence in 40 countries.

About RPS Real Property Solutions Inc.

RPS Real Property Solutions is a leading Canadian provider of outsourced real estate solutions including property valuations, data-driven risk management tools, market trending and insights, and consulting services. We partner with financial institutions, mortgage professionals, real estate professionals, government agencies and economic research firms to help them make informed decisions with confidence. Our expertise has established RPS as the strategic partner for real solutions to real property challenges.

RPS Real Property Solutions Inc. is wholly owned by Brookfield Business Partners L.P. (TSX: BBU.UN, NYSE: BBU), a public company with majority ownership by Brookfield Asset Management Inc. (TSX: BAM.A, NYSE: BAM).

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