

One Way to Tame House Prices

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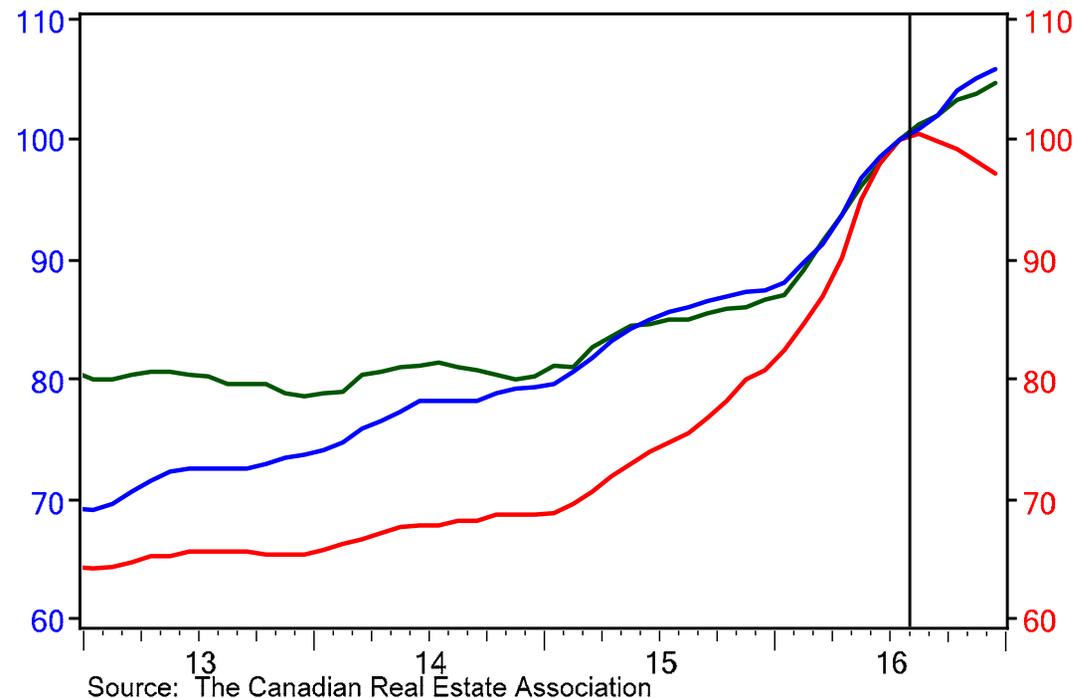
The issue of home affordability remains a hot topic in Canada, and was an item at the recent mayors' meeting.

We would offer up the attached chart, comparing Vancouver prices to Toronto. The vertical line marks the spot at which the non-resident tax went into effect in the Greater Vancouver area. We have enough history now to distinguish the clear divergence between Vancouver (down) and Toronto (still straight up). And, in case there was any doubt what force is at play, note that Victoria has tracked closer to Toronto's behaviour than Vancouver's (no tax in Victoria either).

Note that if we instead looked at average transaction price, the gap is much more extreme.



MLS Home Price Index (July 2016 = 100): Toronto
 Greater Vancouver
 Victoria



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