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Canadian home prices up in January: CREA

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Toronto— Reuters

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Canadian house prices rose in January on a monthly basis for the first time in three months, led by gains in Montreal, Toronto and Vancouver, according to a report from the Canadian Real Estate Association.

The newly launched MLS Home Price Index, which monitors housing prices in five major urban markets, rose 0.27 per cent in January to 149.3 from a month earlier. It was up 5.2 per cent from January, 2011. The report did not provide any actual prices.

Last month's CREA data showed the average December sale price was \$358,480.

"While home prices remain up compared to one year ago, price growth from one month to the next has been slowing, causing year-over-year gains to shrink, and prices are generally expected to continue to stabilize this year," Gary Morse, the industry group's president, said in a statement.

January price gains were strongest in Montreal, which edged up 0.7 per cent compared with a 0.14 per cent dip in the Fraser Valley, B.C., market – the biggest decline of any of the five metropolitan centres covered by the index.

Prices in Toronto and Vancouver rose 0.3 per cent and 0.06 per cent respectively, while Calgary slid 0.12 per cent.

All markets reflected a trend of slowing townhouse and apartment prices, while single-family dwellings remained steady. In January, townhouse units fell 0.4 per cent and apartment units slumped 0.2 per cent. Those declines were offset by a 0.5 per cent increase in prices for both one- and two-storey single family homes.

A cooler property market would be welcomed by Canadian policy makers, who fear the market's post-recession boom, combined with a long run of low lending rates, could create a fresh asset bubble.

Those fears intensified last month after the country's major banks dropped their five-year fixed mortgage rates to a historic low of 2.99 per cent.

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