

Home prices up 1.0% in February

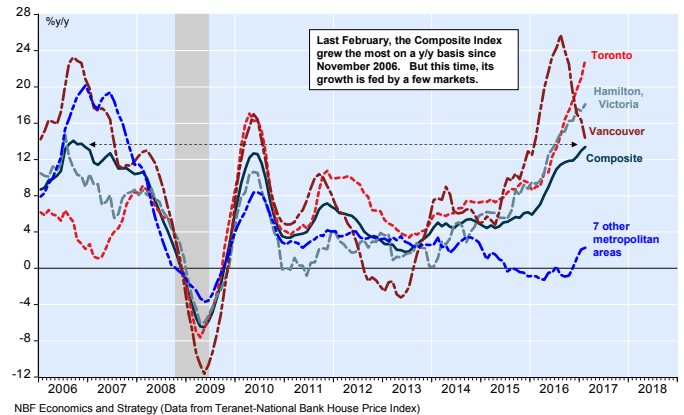
m/m growth: Latest: +1.0% prior month: +0.5%
y/y growth: Latest: +13.4% prior month: +13.0%

FACTS: The Teranet-National Bank National Composite House Price Index™ rose 1.0% in February, the largest gain for that month over the 18-year history of the index. This increase, unusually large for the season, is attributable to three of the 11 metropolitan markets surveyed: Toronto (+1.9%), Hamilton (+1.4%) and Vancouver (+1.4%). Prices also rose in Ottawa-Gatineau (+0.9%), but declined in all of the other seven markets surveyed: Victoria (-0.1%), Montreal (-0.2%), Edmonton (-0.5%), Winnipeg (-0.5%), Quebec City (-0.9%), Calgary (-1.3%) and Halifax (-1.9%). On a y/y basis, the national index was up 13.4%, the largest 12-month gain since November 2006. This surge was driven by Toronto (a record +23.0%), Hamilton (a record +19.7%), Victoria (+15.9%) and Vancouver (+14.3%). Gains in Ottawa-Gatineau (+5.3%), Montreal (+3.9%), Halifax (+2.6%), Winnipeg (+1.7%) and Calgary (+1.0%) were much smaller. Prices were down from a year earlier in Edmonton (-0.1%) and Quebec City (-1.8%). See charts on next page.

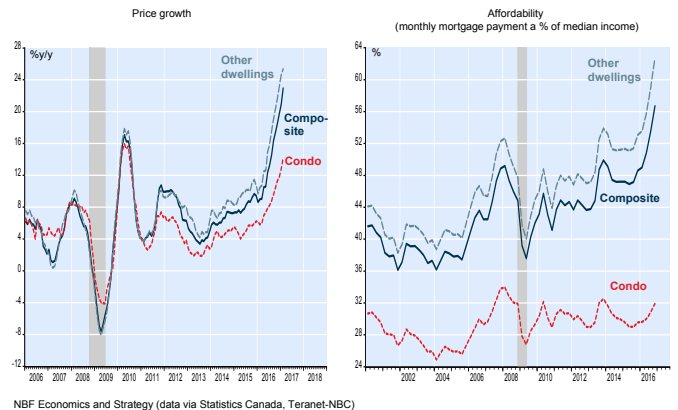
OPINION: The strength of 12-month home price growth at the national level is mostly explained by three markets: Toronto, Hamilton and Victoria (top chart). The Toronto market is especially worrisome. In a city where apartments account for only 26% of home sales, affordability of other types of dwellings has become an acute problem (middle chart). For various reasons, supply (number of listings) on the home resale market is at an historical low, and this surely contributed to 12-month home price growth exceeding 20% over the last two months for dwellings other than condos. Even in that pricy environment, demand for dwellings other than apartments is at a historically high level (bottom chart). In order to accurately assess the Canadian home resale market, it is essential to recognize the dichotomy between markets like Toronto, Hamilton and Victoria, where price growth is in the double digits, and other markets where the progression of home prices has been much more moderate, if not negative.

Marc Pinsonneault

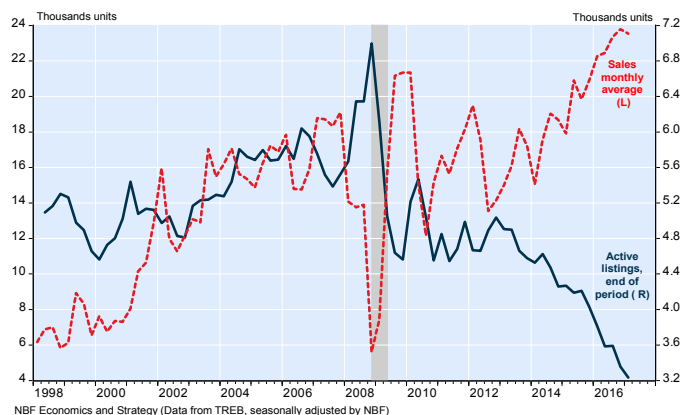
Teranet-National Bank House Price Index™
Composite Index and sub-indices. Last observation: February



Toronto : Price growth and affordability of dwellings other than condos

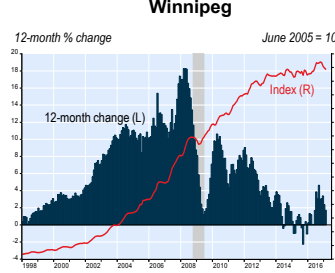
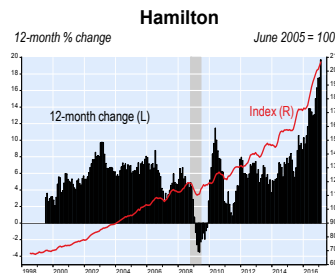
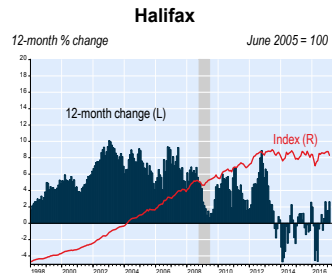
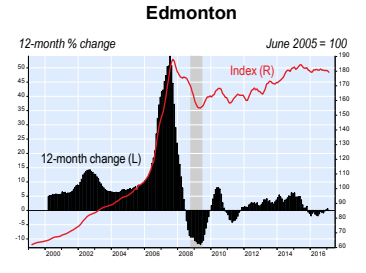
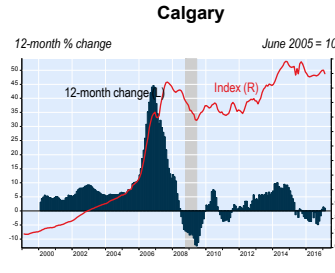
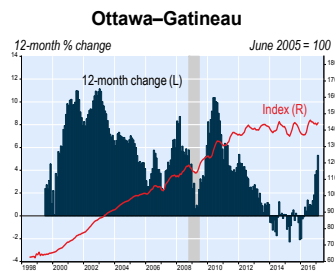
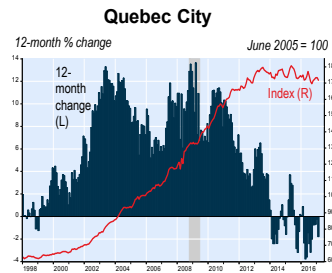
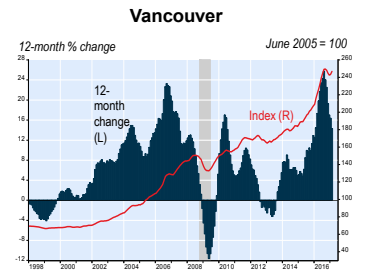
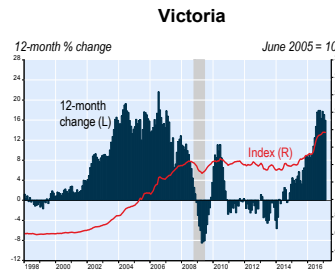
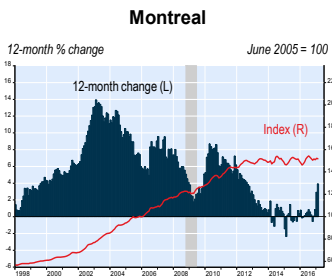
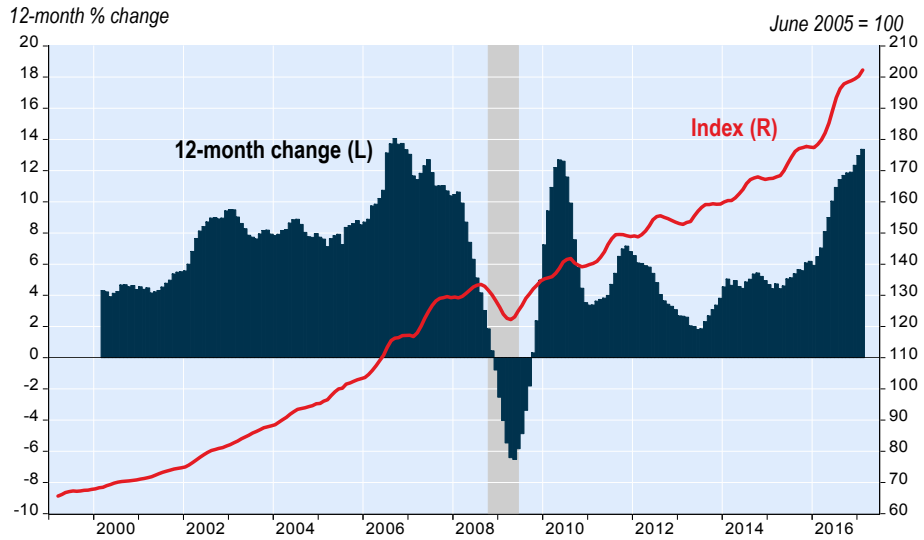


Toronto: Sales and active listings of dwellings other than condos
Last observation: Q1 2017 as of January and February



Teranet-National Bank House Price Index

Teranet-National Bank National Composite House Price Index™



Teranet-National Bank House Price Index

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