



NATIONAL BANK

FINANCIAL MARKETS

A division of National Bank of Canada

TERANET-NATIONAL BANK HOUSE PRICE INDEX

Economics and Strategy

February 14, 2017

House prices up 0.5% in January

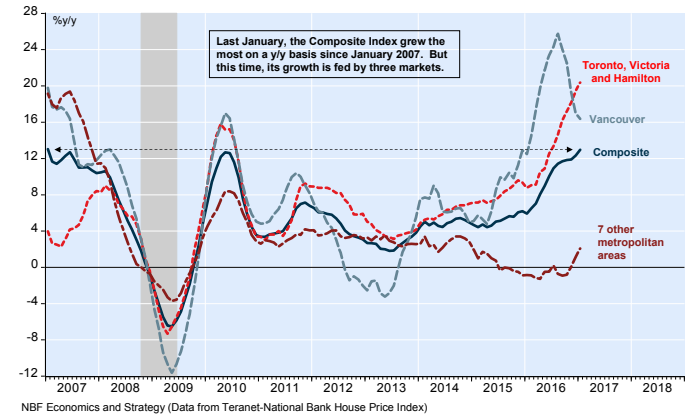
m/m growth: Latest: +0.5% prior month: +0.3%
y/y growth: Latest: +13.0% prior month: +12.3%

FACTS: The Teranet–National Bank National Composite House Price Index™ rose 0.5% in January, matching the largest January increases in the 18-year history of the index. Prices were up in Hamilton (+1.1%), Toronto (+0.8%), Montreal (+0.8%), Vancouver (+0.3%), Victoria (+0.2%), Calgary (+0.1%) and Quebec City (+0.1%). Halifax prices were flat. Prices were down from the month before in Winnipeg (-0.7%), Ottawa-Gatineau (-0.7%) and Edmonton (-0.1%). On a y/y basis, the national index was up 13.0%, the largest 12-month gain since January 2007. It was driven by Toronto (+20.9%), Hamilton (+17.6%), Victoria (+17.1%) and Vancouver (+16.4%). The 12-month increases were much smaller in Ottawa-Gatineau (+4.0%), Montreal (+2.8%), Winnipeg (+2.4%), Halifax (+1.6%), Calgary (+1.4%) and Edmonton (+0.5%). Prices were down from a year earlier in Quebec City (-0.2%). See charts on next page.

OPINION: On a 12-month basis, national house prices were growing in January at their fastest post-recession pace (top chart). With prices in Vancouver having declined a cumulative 2.5% over the last four months, the strength at the national level really reflects Toronto, nearby Hamilton and Victoria (top chart). Incidentally, those are the three sole markets where house prices, together with the Composite Index, are at a record level (middle table). In the eight other metropolitan markets covered, house prices have some way to go just to come back to their previous peak. House prices in Toronto currently grow at the highest 12-month growth rate since the inception of the index. This is mostly due to dwellings other than condos (middle chart), where supply is notoriously tight. Given that Toronto is a relatively expensive market, house price growth is weighing on affordability for first time home buyers. This, together with the new rules on qualification for an insured mortgage, should sooner or later take steam out of that market.

Marc Pinsonneault

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

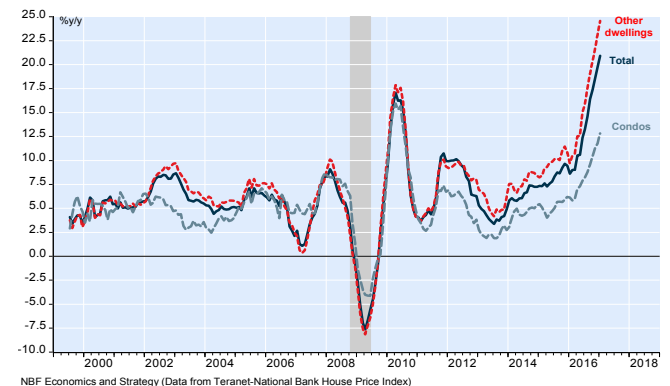


Perspective on house price changes

	Price change since peak	Month of peak	Months since peak
Victoria	0.0%	2017-01	0
Vancouver	-2.5%	2016-09	4
Calgary	-3.2%	2014-10	27
Edmonton	-4.1%	2007-09	112
Winnipeg	-2.1%	2016-10	3
Hamilton	0.0%	2017-01	0
Toronto	0.0%	2017-01	0
Ottawa-Gatineau	-1.9%	2016-08	5
Montreal	-1.4%	2016-07	6
Quebec City	-4.1%	2015-05	20
Halifax	-1.0%	2013-06	43
Composite Index	0.0%	2017-01	0

NBF Economics and Strategy, Teranet-National Bank House Price Index

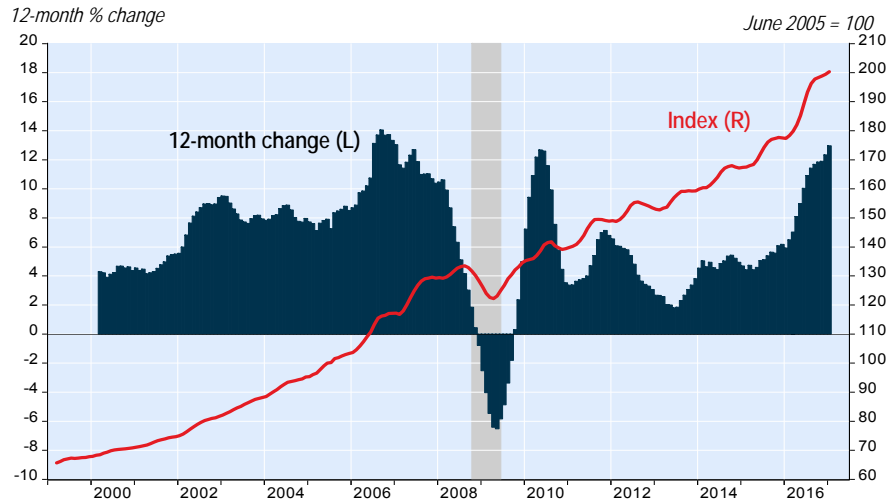
Toronto: House price growth by category of dwellings
Last observation: January



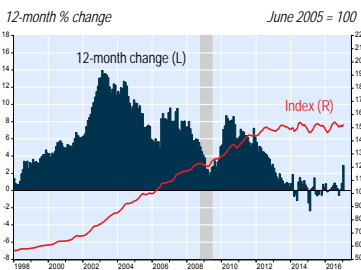
NBF Economics and Strategy (Data from Teranet-National Bank House Price Index)

TERANET – NATIONAL BANK HOUSE PRICE INDEX

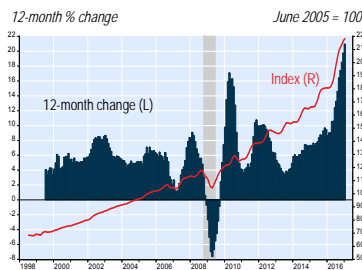
Teranet-National Bank National Composite House Price Index™



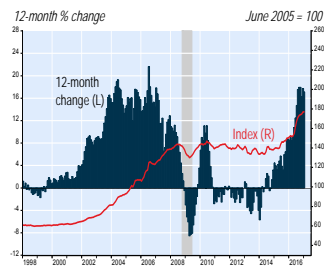
Montreal



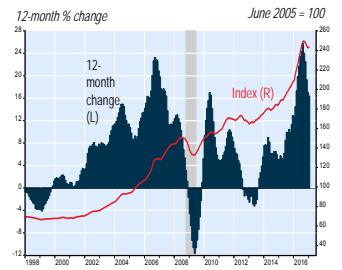
Toronto



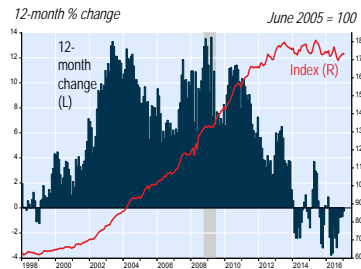
Victoria



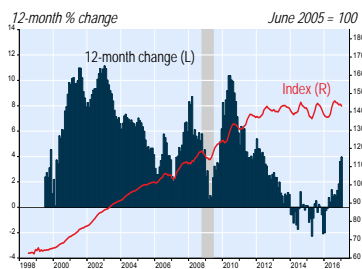
Vancouver



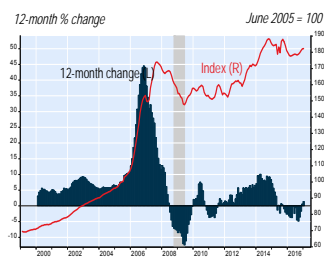
Quebec City



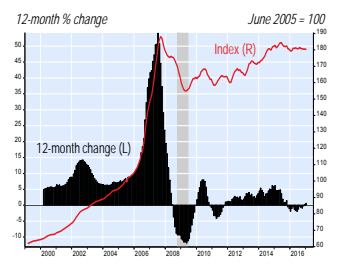
Ottawa-Gatineau



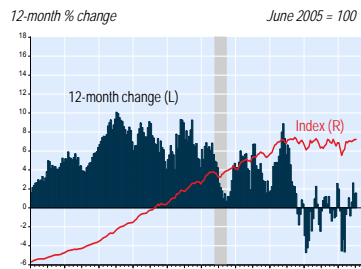
Calgary



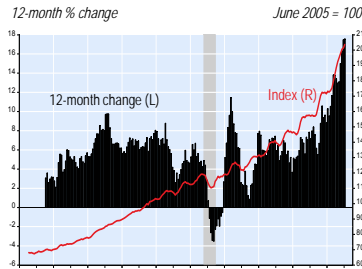
Edmonton



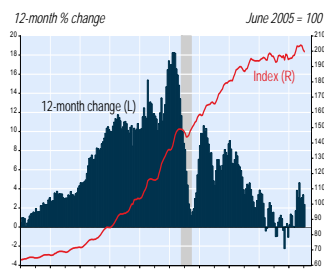
Halifax



Hamilton



Winnipeg



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