



**NATIONAL BANK**

**FINANCIAL MARKETS**

A division of National Bank of Canada

# TERANET-NATIONAL BANK HOUSE PRICE INDEX

Economics and Strategy

December 14, 2016

## House prices up 0.2% in November

**m/m growth: Latest: +0.2% prior month: +0.3%**  
**y/y growth: Latest: +11.9% prior month: +11.8%**

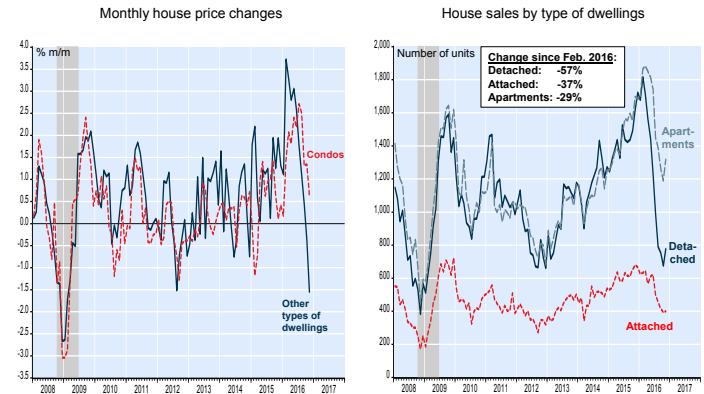
**FACTS:** The Teranet–National Bank National Composite House Price Index™ rose 0.2% in November, thanks to monthly gains in seven of the eleven regions covered. The monthly advance exceeded the average of 0.1% for a month of November since the Index began in 1999. Prices were up in Hamilton (+1.4%), Toronto (+1.1%), Montreal (0.9%), Calgary (+0.7%), Quebec City (0.4%), Victoria (0.4%) and Halifax (0.6%). Prices were down from the month before in Winnipeg (-0.2%), Edmonton (-0.2%), Ottawa-Gatineau (-0.8%) and Vancouver (-1.3%). On a y/y basis, the national index was up 11.9%, the largest 12-month gain since June 2010. It was driven by Vancouver (+19.3%), Toronto (+18.5%), Victoria (16.3%) and Hamilton (+16.3%). The 12-month increases were much smaller in Winnipeg (+3.1%), Ottawa-Gatineau (+1.3%), Halifax (+2.6%) and Montreal (0.1%). Prices were down from a year earlier in Edmonton (-0.2%), Quebec City (-0.7%) and Calgary (-1.7%). See charts on next page.

**OPINION:** In Vancouver, prices declined in November for a second month in a row, for a cumulative drop of 1.9%, concentrated in dwellings other than condos. This is consistent with the fact that the decline in house sales since their peak last February started in detached dwellings, and is so far deeper in that category (top chart). Due to measures imposed by government (qualification for an insured mortgage, 15% tax on foreigners' acquisitions, etc.), house prices still have downside in Vancouver. In contrast, sales continued to rise in Toronto, reaching record levels whether in the apartment category or for other types of dwellings (middle chart). We have yet to see a slowdown in response to the new ruling regarding the qualification for an insured mortgage. Toronto, Hamilton and Victoria are the three metropolitan regions pulling the Composite index up month after month. Apart from Vancouver and these three regions, house prices have risen minimally over the last twelve months or have declined.

**Marc Pinsonneault**

### Vancouver: Two consecutive monthly price drops

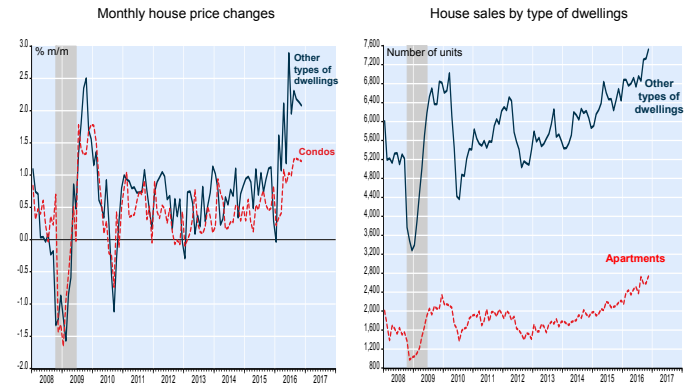
Last observation: November



NBF Economics and Strategy (Data from Teranet-National Bank House Price Index and REBGV, the latter seasonally adjusted by NBF)

### Toronto: Prices still advance at a fast clip

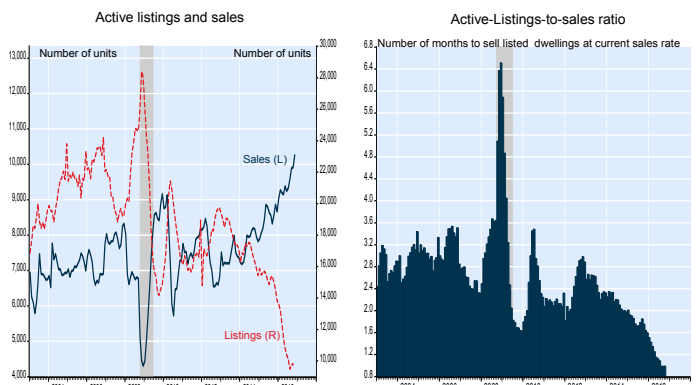
Last observation: November



NBF Economics and Strategy (Data from Teranet-National Bank House Price Index and TREB, seasonally adjusted by NBF)

### Toronto: Home resale market conditions

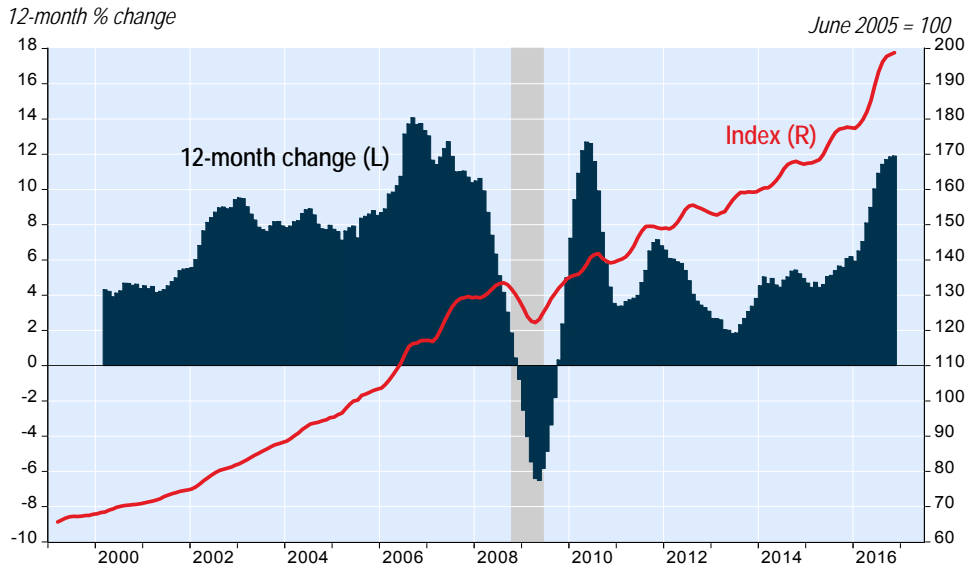
Active listings (seasonally adjusted by NBF) and sales; last observation: November



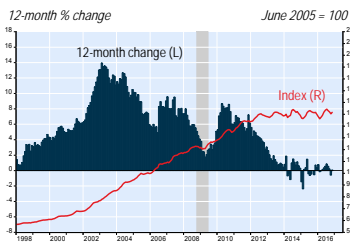
NBF Economics and Strategy (data from Toronto Real Estate Board and CREA, NBF estimate for November seasonally adjusted sales)

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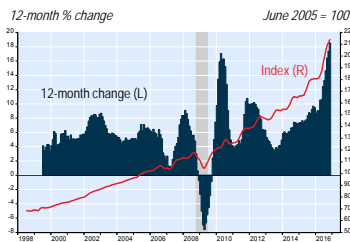
## Teranet-National Bank National Composite House Price Index™



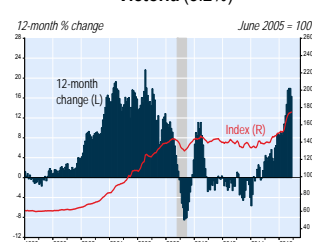
**Montreal (14.0%)**



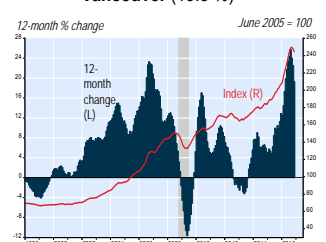
**Toronto (34.6%)**



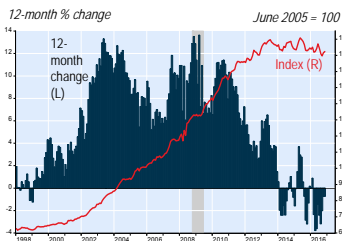
**Victoria (3.2%)**



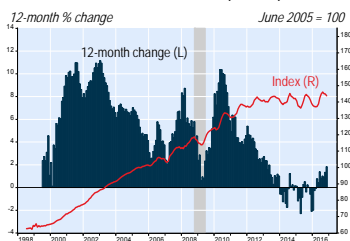
**Vancouver (19.5%)**



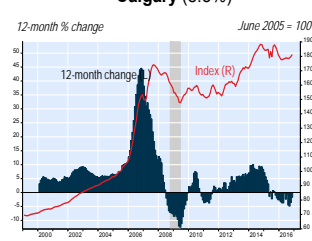
**Quebec City (2.1%)**



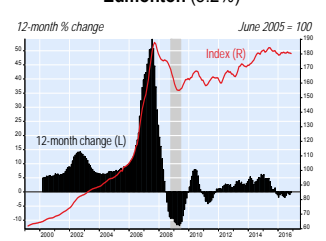
**Ottawa-Gatineau (5.7%)**



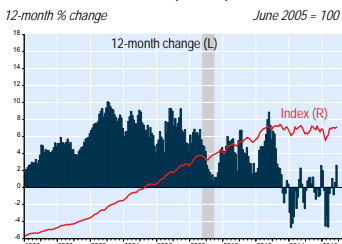
**Calgary (8.3%)**



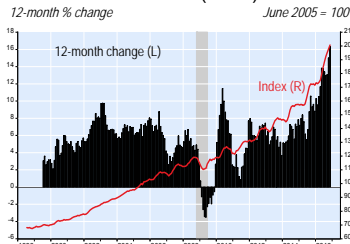
**Edmonton (5.2%)**



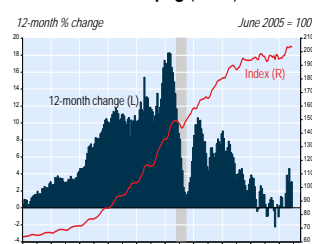
**Halifax (1.5%)**



**Hamilton (3.7%)**



**Winnipeg (2.2%)**



Weights in the National Composite Index are in parentheses

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