

## Vancouver the main driver of the Composite in December

### Teranet-National Bank Composite National HPI

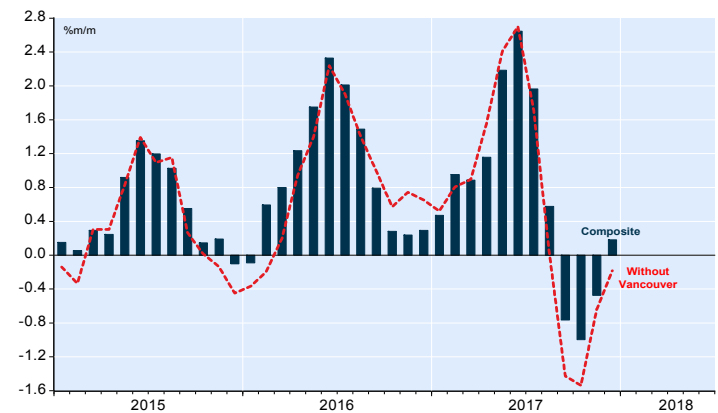
*m/m growth: Dec.: +0.2% Nov.: -0.5% Oct.: -1.0%*  
*y/y growth: Dec.: +9.1% Nov.: +9.2% Oct.: +10.0%*

**FACTS:** The Teranet-National Bank Composite National House Price Index™ edged up 0.2% in December, interrupting a sequence of three monthly consecutive drops. Yet the gain in the Composite index was not broad-based, only five of the 11 constituent cities recording increases in the month. The main contributor was Vancouver (+1.3%), as the combined gains in e Winnipeg (+1.9%), Halifax (+1.9%), Ottawa-Gatineau (+0.4%) and Edmonton (+0.1%) would not have offset the declines in Toronto (-0.3%), Victoria (-1.0%), Calgary (-0.6%), Hamilton (-0.5%) and Montreal (-0.2%). The index for Quebec City was flat. On a y/y basis, the Composite index rose 9.1%, a fifth softer reading in a row following the record gains of 14.2% in both June and July, and the lowest since May 2016. December's y/y rise was led by Vancouver (+16.0%), Victoria (+11.5%), Hamilton (+11.3%) and Toronto (+9.0%). Although below the national average, noteworthy increases occurred in Montreal (+7.0%), Ottawa-Gatineau (+5.1%), Winnipeg (+4.0%) and Halifax (+3.6%). Increases were minimal in Calgary (+0.5%), Quebec City (+0.4%) and Edmonton (+0.2%). See charts on next page.

**OPINION:** Without Vancouver, the Composite index would have declined for a fourth month in a row (top chart). The strength of Vancouver's index is consistent with continued tight home resale market conditions. Toronto's index declined for a fifth consecutive month, but the unsmoothed index (see note on methodology on next page) rose for a second month in a row (middle chart). Unless the unsmoothed index relapses in January, the sequence of declines in the smoothed index should then be interrupted. However this improvement is likely to prove temporary, as it might have resulted from buyers rushing to avoid the new bylaws on qualification for an uninsured mortgage (implemented in January 2018). This view is supported by the increase in Toronto home sales in November and December compared to previous months (bottom chart). Therefore, a resumption of the downward price trend early this year cannot be excluded.

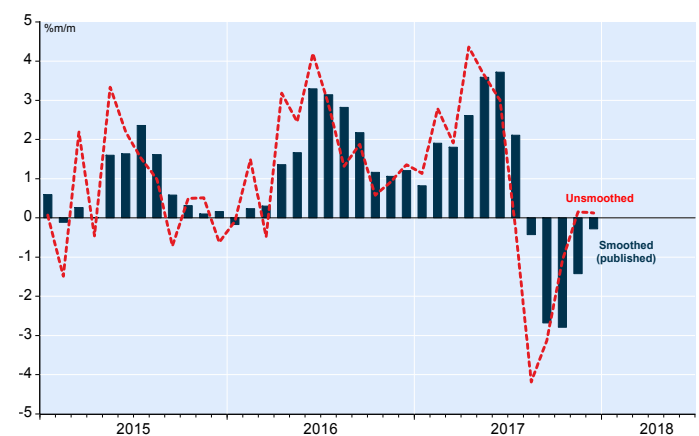
Marc Pinsonneault

Vancouver the main driver of the Composite index in December



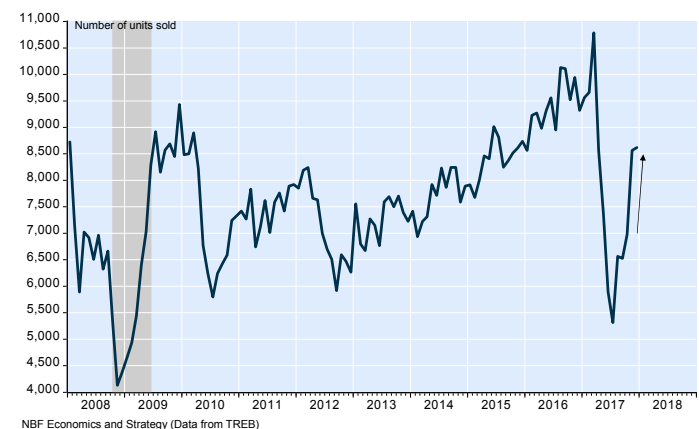
NBF Economics and Strategy (Data from Teranet-National Bank House Price Index)

Toronto's unsmoothed index up for a second month in a row



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

Toronto home sales increased markedly in November and December  
Data seasonally adjusted by NBF



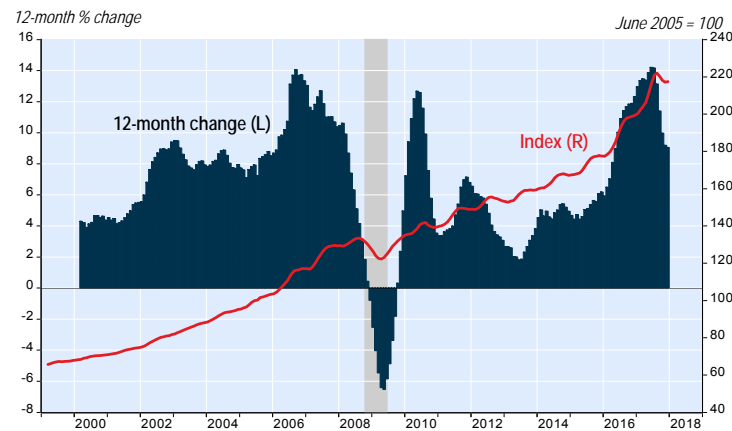
NBF Economics and Strategy (Data from TREB)

# Teranet-National Bank House Price Index

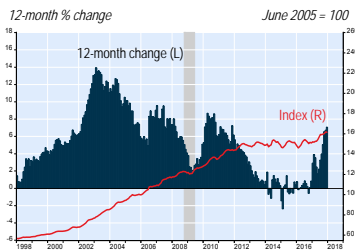
## Note on methodology:

The indexes of the 11 metropolitan markets comprising the Teranet-National Bank Composite House Price Index™ are smoothed. Each month, the (unsmoothed) indexes estimated for each of the last three months are averaged to produce that month's index. This procedure allows evening-out month-to-month fluctuations.

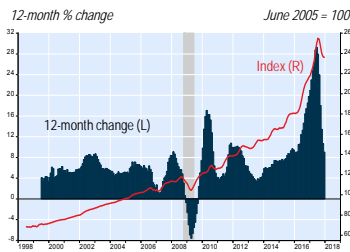
### Teranet-National Bank National Composite House Price Index™



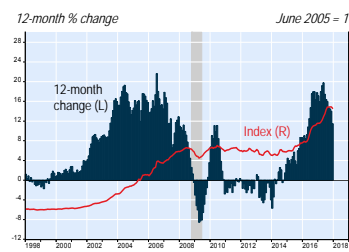
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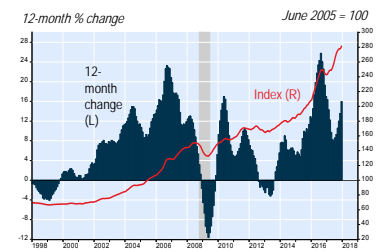
#### Toronto



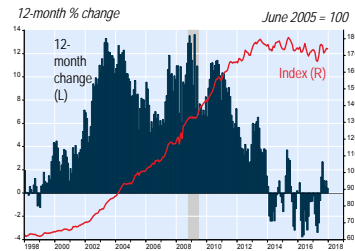
#### Victoria



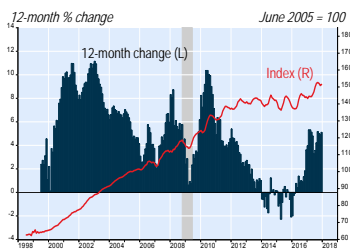
#### Vancouver



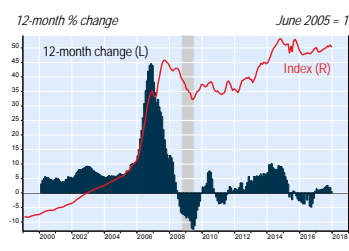
#### Quebec City



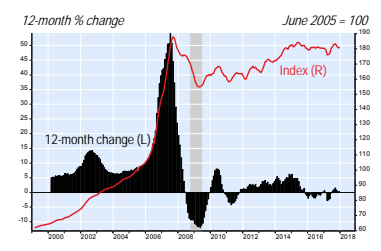
#### Ottawa-Gatineau



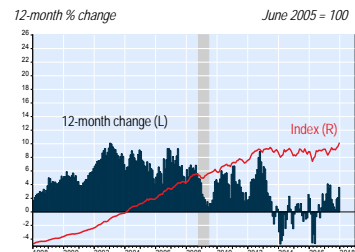
#### Calgary



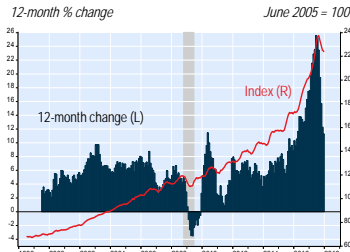
#### Edmonton



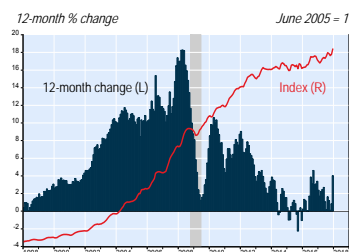
#### Halifax



#### Hamilton



#### Winnipeg



# Teranet-National Bank House Price Index

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