

Vancouver again drove the Composite in January

Teranet-National Bank Composite National HPI

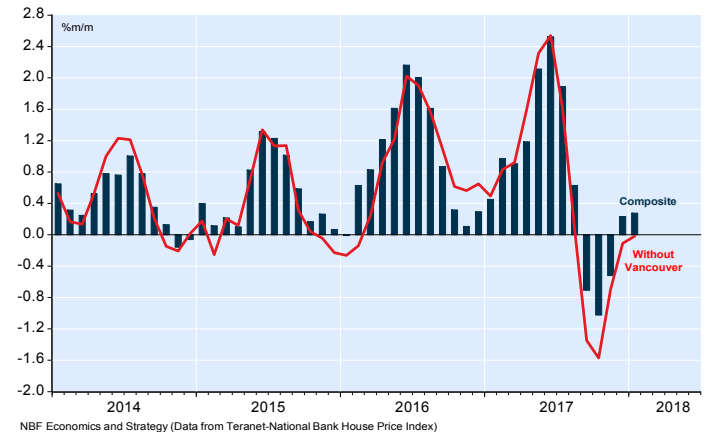
m/m growth: Jan.: +0.3% Dec.: +0.2% Nov.: -0.5%

y/y growth: Jan.: +8.7% Dec.: +9.1% Nov.: +9.2%

FACTS: The Teranet-National Bank Composite National House Price Index™ rose 0.3% in January. The gain was not broad-based, only four of the 11 constituent cities recording increases in the month. The main contributor was Vancouver (+1.2%). The Toronto Index rose 0.2%, the Victoria index 1.0% and the Montreal index edged up 0.1%. The indexes were down on the month for Hamilton (-0.2%), Ottawa-Gatineau (-0.2%), Edmonton (-0.3%), Calgary (-0.3%), Halifax (-1.0%), Winnipeg (-1.1%) and Quebec City (-2.0%). On a y/y basis, the Composite index rose 8.7%, a seventh softer reading in a row following the record gain of 14.2% in June, and the lowest since May 2016. January's y/y rise was led by Vancouver (+16.9%), Victoria (+12.3%) and Hamilton (+9.8%). Toronto's index gain (+8.4%) was slightly below the national average. The 12-month advance was respectable in Ottawa-Gatineau (+5.6%), Montreal (+5.4%), Winnipeg (+3.6%) and Halifax (+2.5%). It was minimal in Calgary (+0.1%) while Edmonton's index was flat. Quebec City's index was down 2.8%. See charts on next page.

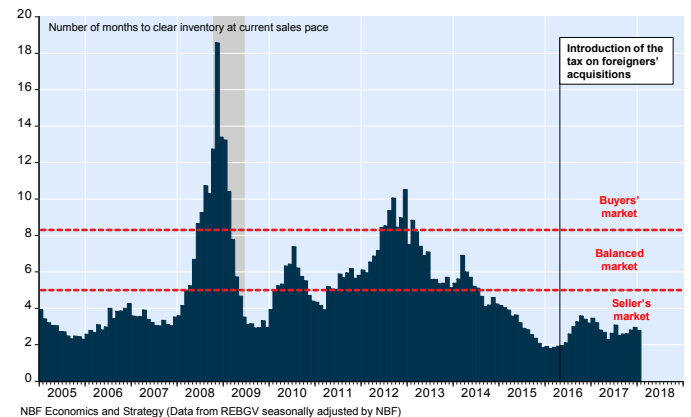
OPINION: Just like it did the prior month, Vancouver drove the Composite index in January - without Vancouver, the Composite index would have retreated for a fifth month in a row (top chart). On a y/y basis, Vancouver's index for condos surged 23.0%, while the index for other types of dwellings rose 13.5%. The fact is that Vancouver's home resale market remained tight even after the introduction of a tax on acquisitions by foreigners (middle chart). The same cannot be said of Toronto, where the market turned from tight to balanced after the introduction of a similar tax last April. Toronto's index was nevertheless up in January for the first time in six months, after the unsmoothed index (see note on methodology on next page) rose for a third month in a row (bottom chart). This firming of home prices in Toronto might reflect a rush to buy with pre-approved mortgages granted before more stringent rules on qualification for an uninsured mortgages were applied starting January 1st. With further increases in mortgage rates still to come (according to CMHC, posted 5y rates were at 4.14% in January against a low of 3.59% last May), it is premature to conclude that home prices have definitely turned the corner in Toronto.

Vancouver the main driver of the Composite index in January

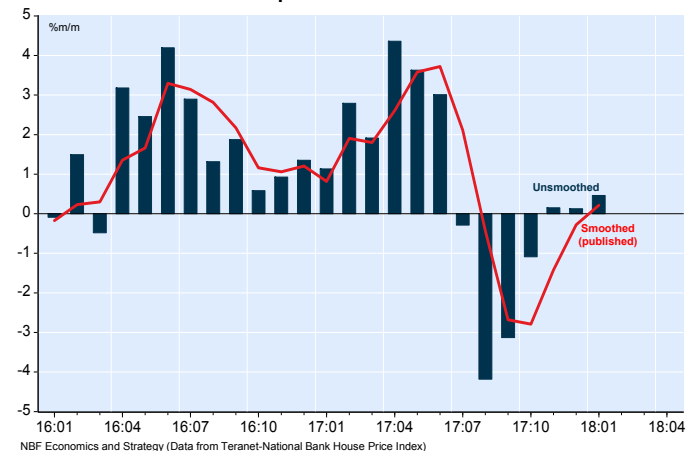


Vancouver: Home resale market conditions

Active-listings-to-sales ratio. Last observation: January 2018.



Toronto's smoothed index up for the first time in 6 months

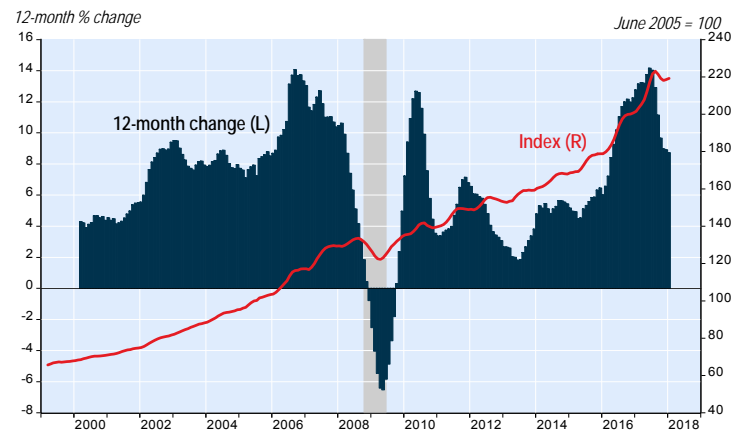


Teranet-National Bank House Price Index

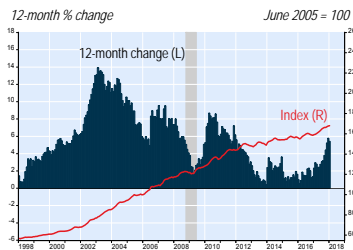
Note on methodology:

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.

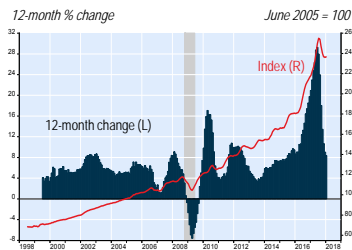
Teranet-National Bank National Composite House Price Index™



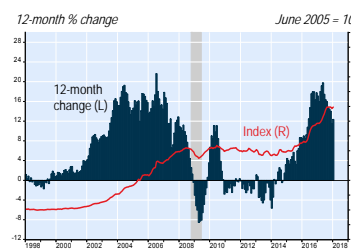
Montreal



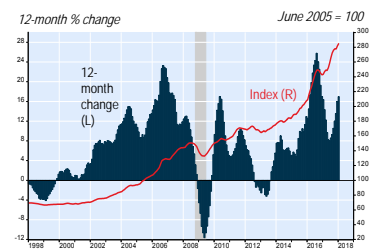
Toronto



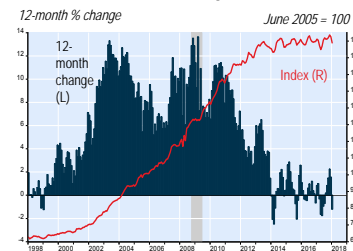
Victoria



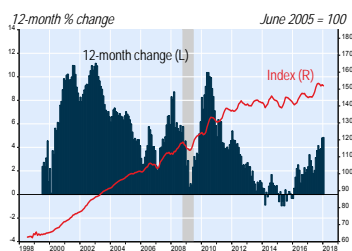
Vancouver



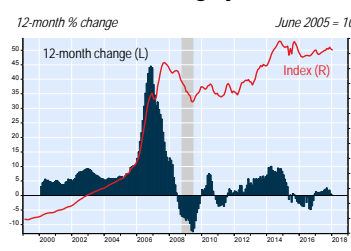
Quebec City



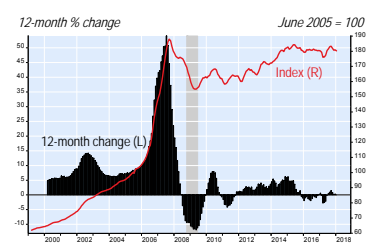
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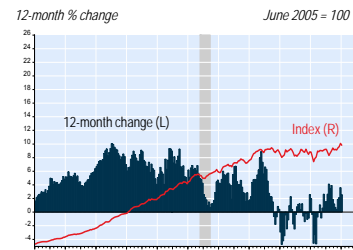
Calgary



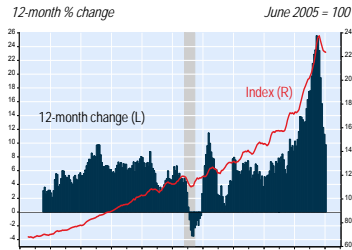
Edmonton



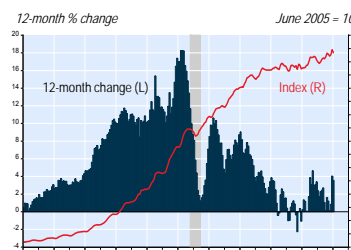
Halifax



Hamilton



Winnipeg



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