

## Composite Index flat in March

### Teranet-National Bank Composite National HPI

**m/m growth: March: 0.0% Feb.: -0.1% Jan.: +0.3%**  
**y/y growth: March: +6.6% Feb.: +7.5% Jan.: +8.7%**

**FACTS:** The Teranet-National Bank Composite National House Price Index™ was flat in March. Four of the 11 constituent metropolitan areas recorded increases in the month: Victoria (+1.0%), Vancouver (+0.5%), Winnipeg (+0.5%) and Quebec City (+0.1%). The index was stable in Toronto, and dropped in the six other areas covered: Montreal (-0.2%), Hamilton (-0.3%), Calgary (-0.4%), Ottawa-Gatineau (-0.7%), Halifax (-1.0%) and Edmonton (-1.3%). On a y/y basis, the Composite index rose 6.6%, the ninth softer reading in a row following the record gain of 14.2% last June, and the lowest since March 2016. Vancouver (+15.4%) and Victoria (+12.5%) lifted the national average, while the index annual growth was more moderate in other metropolitan areas: Halifax (+6.1%), Hamilton (+5.9%), Toronto (4.3%), Montreal (+4.3%), Ottawa-Gatineau (+3.0%), Winnipeg (+2.9%), Calgary (+0.4%) and Edmonton (+0.2%). The index declined 0.4% in Quebec City. See charts on next page.

**OPINION:** Without Vancouver, the Composite Index would have declined in March and in 5 of the 6 preceding months (top chart). Speaking of Vancouver, inferring from Real Estate Board of Greater Vancouver data, seasonally adjusted home sales have declined markedly over the last two months and the listings-to-sales ratio, while still in the sellers' market territory, moved close to the balanced market boundary (middle chart). This should translate into moderate increases in Vancouver's Index over the next few months. Apart from Vancouver and Victoria, March indices were below their recent peak in all regions, but the decline was the most obvious in Toronto (-7.3% since last July). This drop was likely triggered by Ontario's implementation of the 15% Non-Resident Speculation Tax followed by stricter rules for qualification for a mortgage (B20) and a rise in mortgage rates. As a result, Toronto monthly seasonally adjusted home sales, which had averaged more than 9,000 units over the previous 24 months, fell to less than 7,000 units on average since last May (bottom chart). Following this change in home sales pace, Toronto home resale market turned from very tight to balanced. With the two most important Canadian markets now in balanced territory or nearing it, a soft landing is the most likely outcome for the Canadian residential market.

Marc Pinsonneault

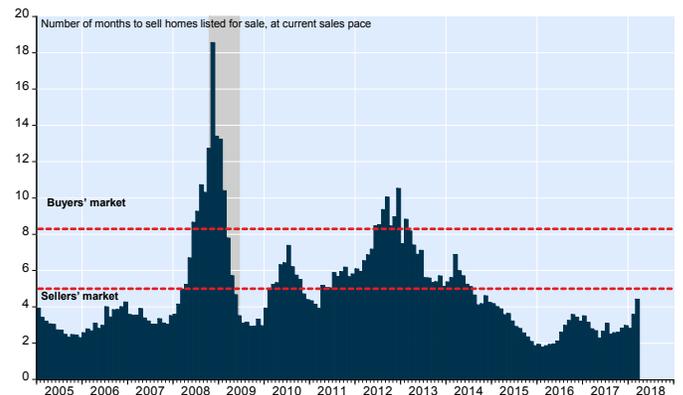
### Teranet-National Bank Composite HPI flat in March

Without Vancouver, six drops over the last seven months



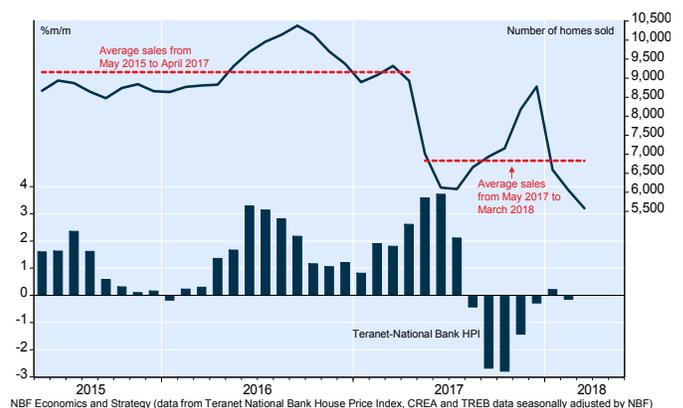
### Vancouver: Existing home resale market

Active-listing-to-sale ratio, last observation: March 2018



### Toronto: Drop in home sales sent home prices down

Seasonally adjusted monthly home sales and House Price Index monthly change

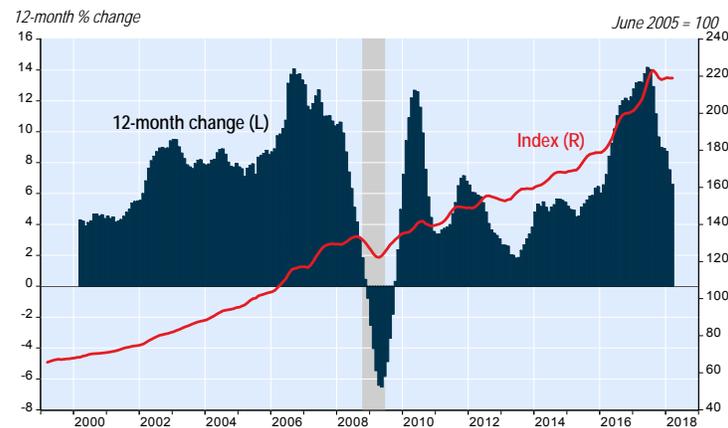


# Teranet-National Bank House Price Index

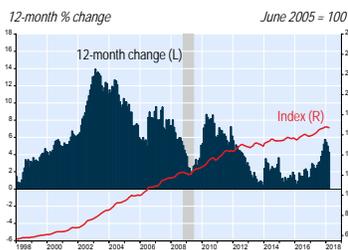
## Note on methodology:

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



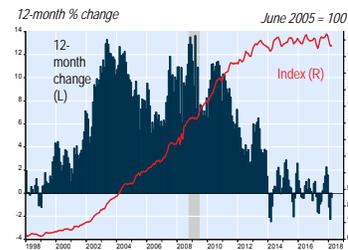
#### Victoria



#### Vancouver



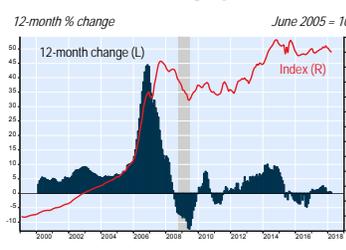
#### Quebec City



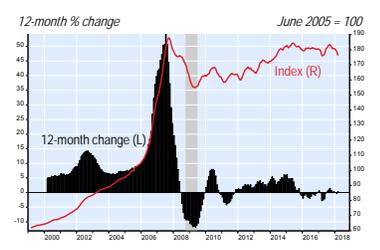
#### Ottawa-Gatineau



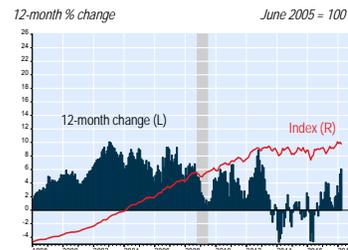
#### Calgary



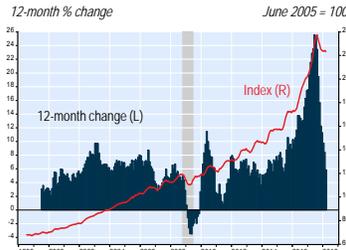
#### Edmonton



#### Halifax



#### Hamilton



#### Winnipeg



# Teranet-National Bank House Price Index

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