

In June, the index recovered the ground lost in H2 2017

By Marc Pinsonneault

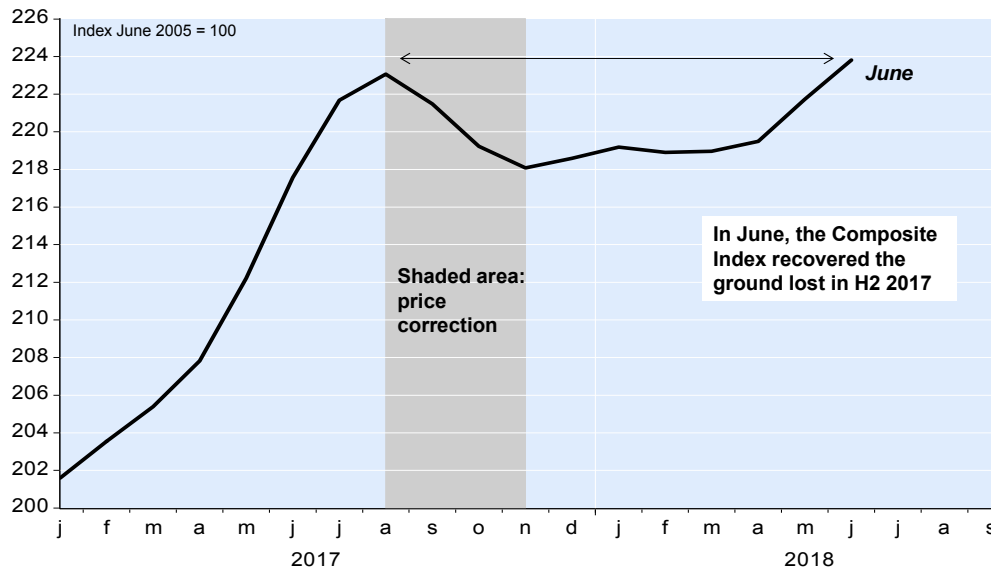
With June's rise, the Composite Index just recovered the ground lost during H2 2017 (left chart). Does this mean that the Canadian home resale market is about to enter into a new frenzy? No. June's rise in the index, impressive at first sight, was in fact weak for this time of the year. Indeed, if the Index were purged from seasonal patterns, it would have been about flat over the last three months (right chart). This means that apart from seasonal patterns, the index merely stabilized lately. That being said, stabilization at a high level might hide different price trends for different types of dwellings. Condo prices have risen at a fast clip since the beginning of the year in Toronto and Vancouver (after seasonal adjustment, 7.8% and 16.3% annualized respectively), while prices for other types of dwellings held their ground. The resiliency of prices for the latter category of dwellings is indeed reassuring in view of higher interest rates and stricter mortgage qualification rules (B20) that dampen demand for the most expensive categories of dwellings. See charts and table on pages 2 and 3.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ rose 0.9% in June.
- Ten of the 11 constituent metropolitan areas recorded increases in the month: Ottawa-Gatineau (+2.0%), Hamilton (+1.8%), Edmonton (+1.5%), Victoria (+1.3%), Toronto (+1.2%), Halifax (+1.0%), Quebec City (+0.9%), Montreal (+0.7%), Vancouver (+0.6%) and Calgary (+0.6%). The index declined in Winnipeg (-1.0%).
- On a y/y basis, the Composite index rose 2.9%, the lowest reading since October 2013. Vancouver (+13.3%), Victoria (+9.3%), Ottawa-Gatineau (+4.7%), Montreal (+3.6%) and Halifax (+3.2%) lifted the national average, while the index annual growth was minimal in other metropolitan areas: Winnipeg (+1.3%), Quebec City (+0.7%), Calgary (+0.3%) and Edmonton (+0.2%). There were 12-month declines in Hamilton (-0.4%) and Toronto (-2.8%).

The Composite Index recovered the ground lost in H2 2017

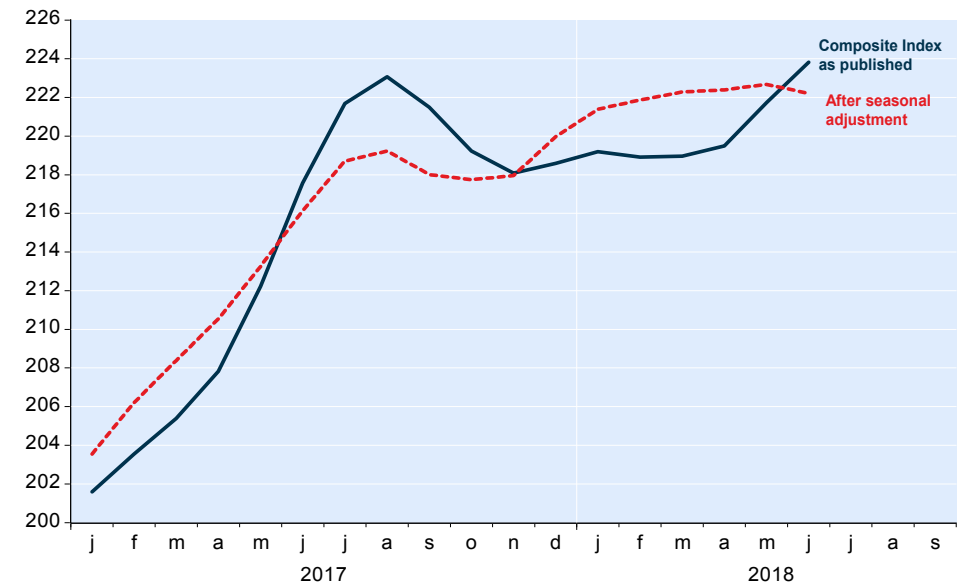
Teranet-National Bank National Composite House Price Index™



NBF Economics and Strategy (data via Teranet-National Bank House Price Index)

Seasonally adjusted Composite Index flat over last 3 months

Teranet-National Bank National Composite House Price Index™

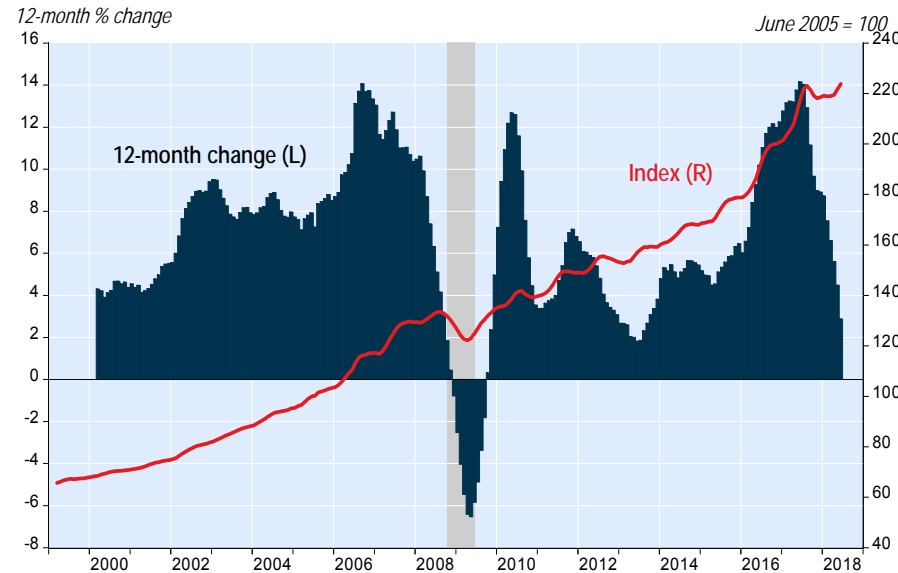


NBF Economics and Strategy (data via Teranet-National Bank House Price Index, seasonal adjustment by NBF)

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™

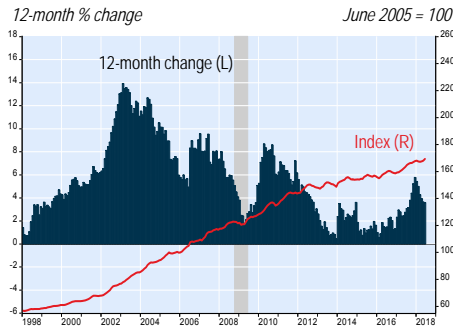


Metropolitan area	Index level June 2018	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	223.82	0.9%	2.9%	0.0%	2018-06
Victoria	207.73	1.3%	9.3%	0.0%	2018-06
Vancouver	292.84	0.6%	13.3%	0.0%	2018-06
Calgary	181.84	0.6%	0.3%	-3.5%	2014-10
Edmonton	180.87	1.5%	0.2%	-3.7%	2007-09
Winnipeg	204.89	-1.0%	1.3%	-2.1%	2017-12
Hamilton	230.16	1.8%	-0.4%	-3.1%	2017-08
Toronto	242.67	1.2%	-2.8%	-4.8%	2017-07
Ottawa-Gatineau	155.24	2.0%	4.7%	0.0%	2018-06
Montreal	169.24	0.7%	3.6%	0.0%	2018-06
Quebec	181.83	0.9%	0.7%	-1.0%	2017-11
Halifax	148.20	1.0%	3.2%	0.0%	2018-06

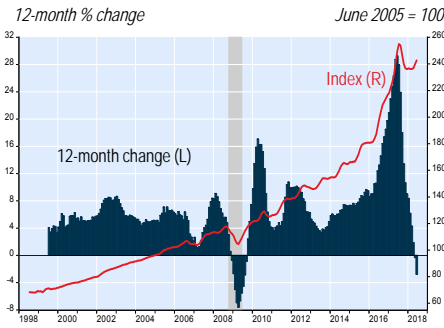
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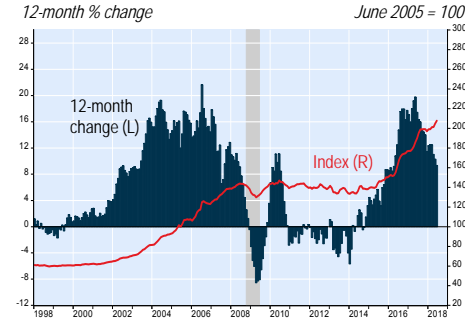
Montreal



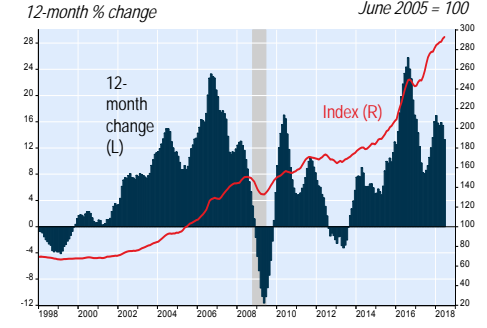
Toronto



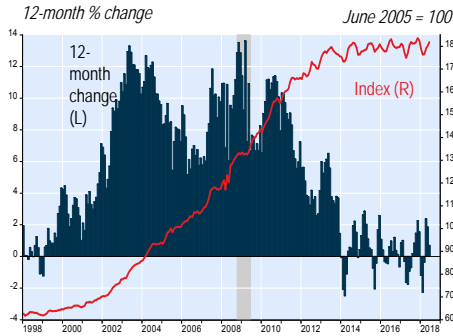
Victoria



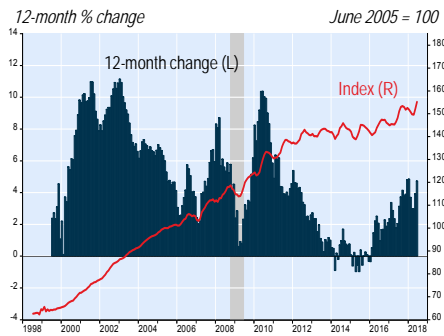
Vancouver



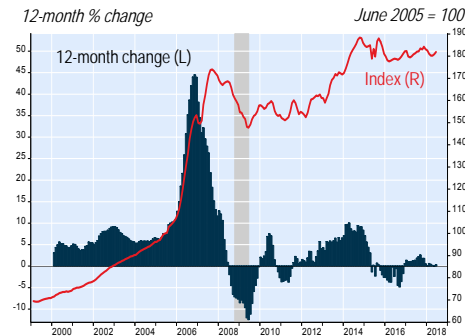
Quebec City



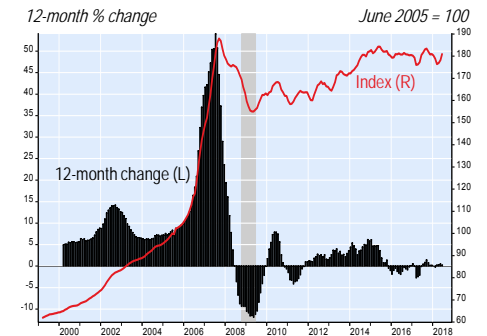
Ottawa-Gatineau



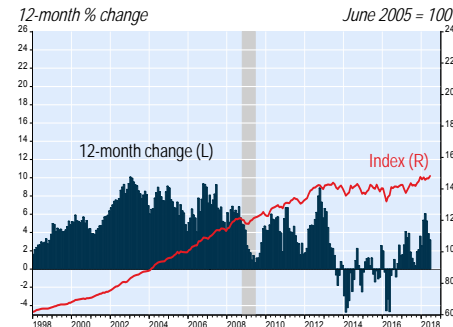
Calgary



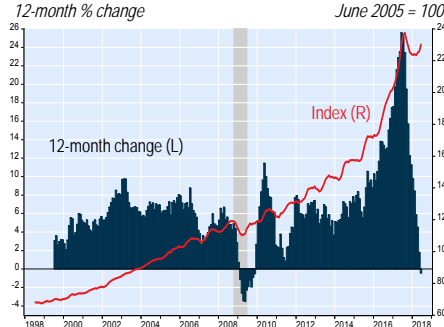
Edmonton



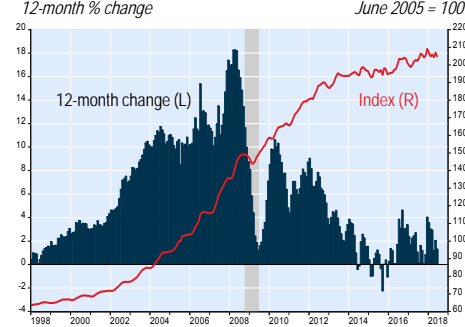
Halifax



Hamilton



Winnipeg



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Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Krishen Rangasamy

Senior Economist
krishen.rangasamy@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Matthieu Arseneau

Deputy Chief Economist
matthieu.arseneau@nbc.ca

Paul-André Pinsonnault

Senior Fixed Income Economist
paulandre.pinsonnault@nbc.ca

Jocelyn Paquet

Economist
jocelyn.paquet@nbc.ca

Marc Pinsonneault

Senior Economist
marc.pinsonneault@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

MD & Head of Public Sector Strategy
warren.lovely@nbc.ca

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Economics and Strategy



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