

Neither strength nor deep weakness

By Marc Pinsonneault

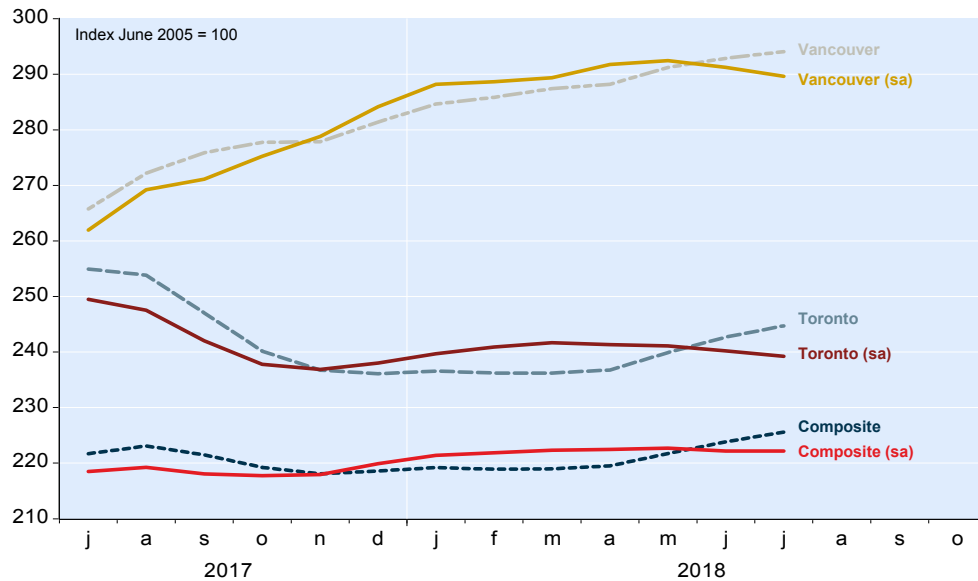
The Composite index rose in July for a fourth month in a row, but these rises were all below the historical average for these months. Indeed, after seasonal adjustment, the Composite index was flat in July after a drop in June. The same phenomenon applied to the Toronto index, where at the opposite of the published index, the adjusted index declined over the last four months (left chart). The adjusted index declined over the last two months in Vancouver. This means that the recent rises in these indices reflected only seasonal pressures, not an underlying trend. For Toronto, the recent declines in the seasonally adjusted index were due to the sub-index for dwellings other than condos, down a cumulative 2.1%. Meanwhile, the condo index was up 1.6% (right chart). These numbers are consistent with market conditions, tighter for condos than for other housing. See charts and table on pages 2 and 3.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ rose 0.8% in July.
- Ten of the 11 constituent metropolitan areas recorded increases in the month: Ottawa-Gatineau (+2.3%), Winnipeg (+1.9%), Montreal (+1.3%), Halifax (+1.2%), Hamilton (+1.1%), Toronto (+0.8%), Edmonton (+0.7%), Quebec City (+0.6%), Vancouver (+0.4%) and Victoria (+0.4%). The index for Calgary was flat.
- On a y/y basis, the Composite index rose 1.8%, the lowest reading since July 2013. Toronto (-4.0%), Hamilton (-1.5%), Calgary (-0.1%), Edmonton (+0.3%) and Quebec City (+0.6%) contributed to this slowdown. Indexes for Winnipeg (+2.5%), Montreal (+4.0%), Ottawa-Gatineau (+5.1%), Halifax (+5.5%), Victoria (+6.8%) and Vancouver (+10.6%) grew faster than the Composite index over the last 12 months.

Teranet-National Bank HPI: Published and seasonally adjusted

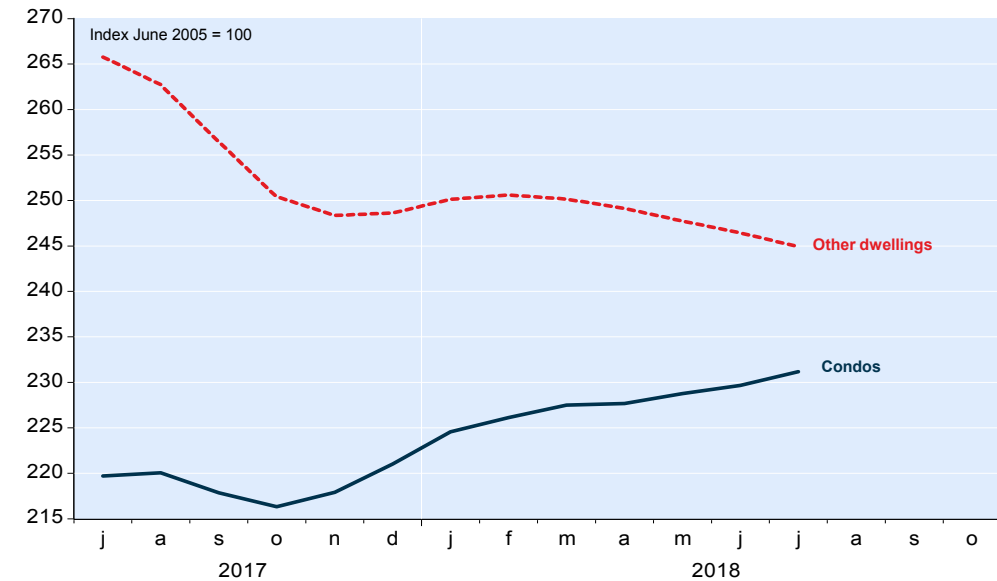
Composite and selected metropolitan areas indices (sa: seasonally adjusted)



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

Teranet-National Bank HPI: Sub-indices for Toronto

Seasonally adjusted by NBF

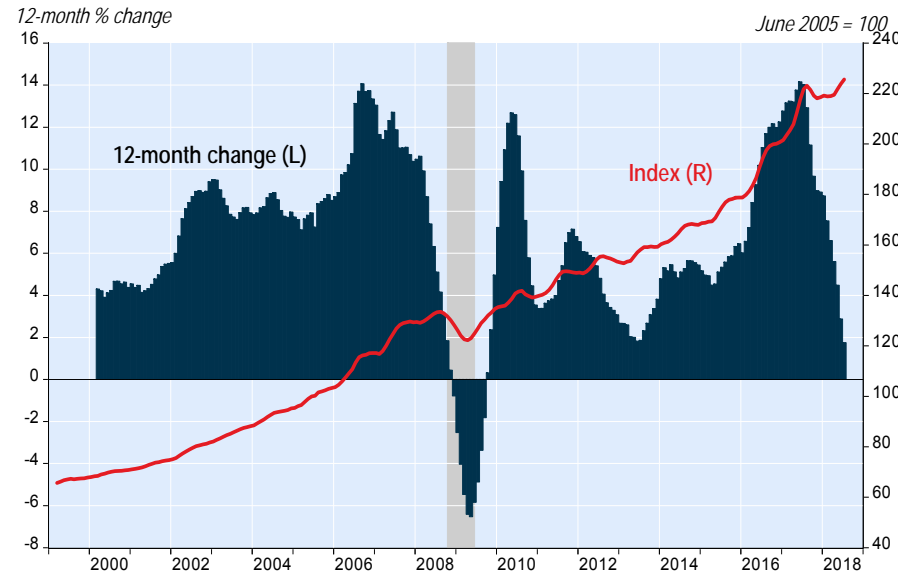


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NOTE ON METHODOLOGY:

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™

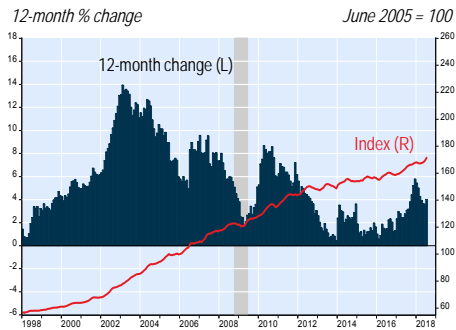


Metropolitan area	Index level July 2018	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	225.57	0.8%	1.8%	0.0%	2018-07
Victoria	208.53	0.4%	6.8%	0.0%	2018-07
Vancouver	294.03	0.4%	10.6%	0.0%	2018-07
Calgary	181.81	0.0%	-0.1%	-3.5%	2014-10
Edmonton	182.07	0.7%	0.3%	-3.1%	2007-09
Winnipeg	208.83	1.9%	2.5%	-0.2%	2017-12
Hamilton	232.61	1.1%	-1.5%	-2.1%	2017-08
Toronto	244.70	0.8%	-4.0%	-4.0%	2017-07
Ottawa-Gatineau	158.81	2.3%	5.1%	0.0%	2018-07
Montreal	171.41	1.3%	4.0%	0.0%	2018-07
Quebec	182.91	0.6%	0.6%	-0.4%	2017-11
Halifax	149.97	1.2%	5.5%	0.0%	2018-07

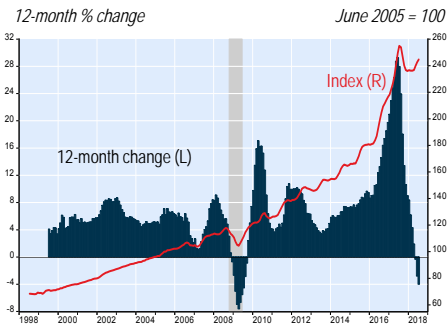
Teranet-National Bank House Price Index

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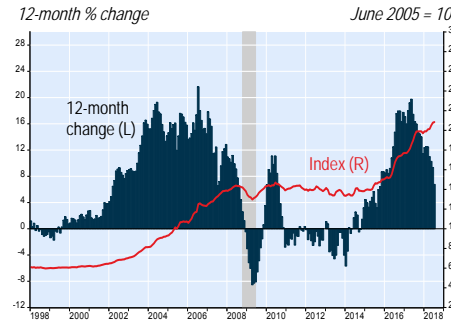
Montreal



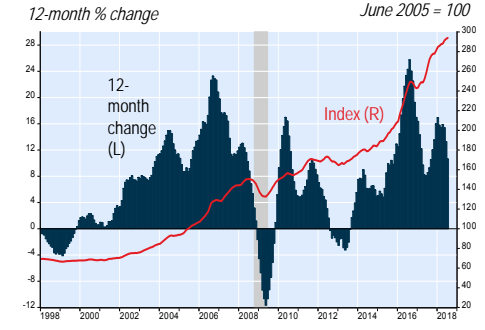
Toronto



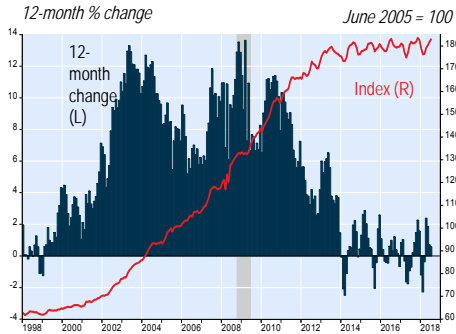
Victoria



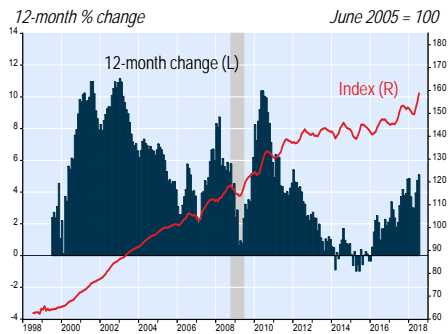
Vancouver



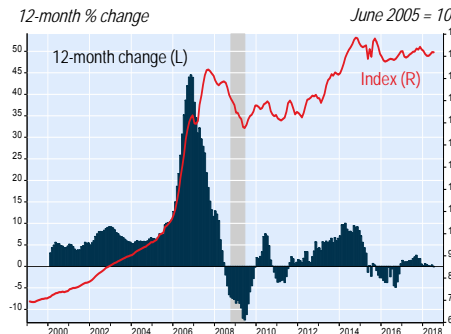
Quebec City



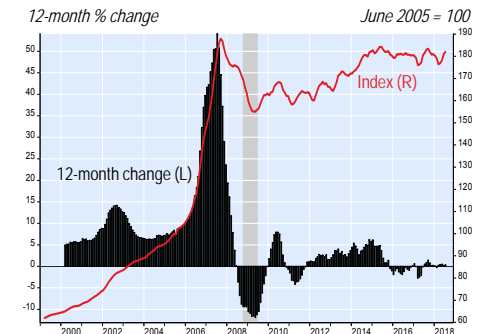
Ottawa-Gatineau



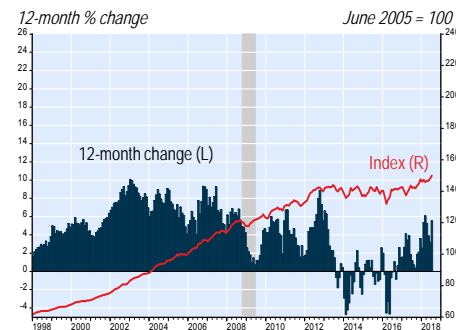
Calgary



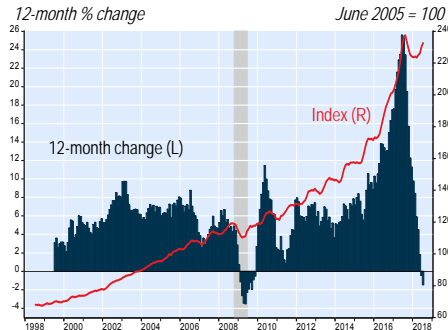
Edmonton



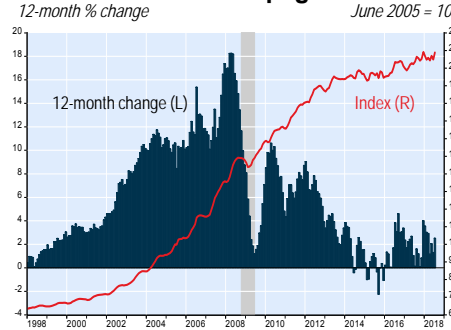
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Economics and Strategy

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