

Home prices: Second monthly drop in a row

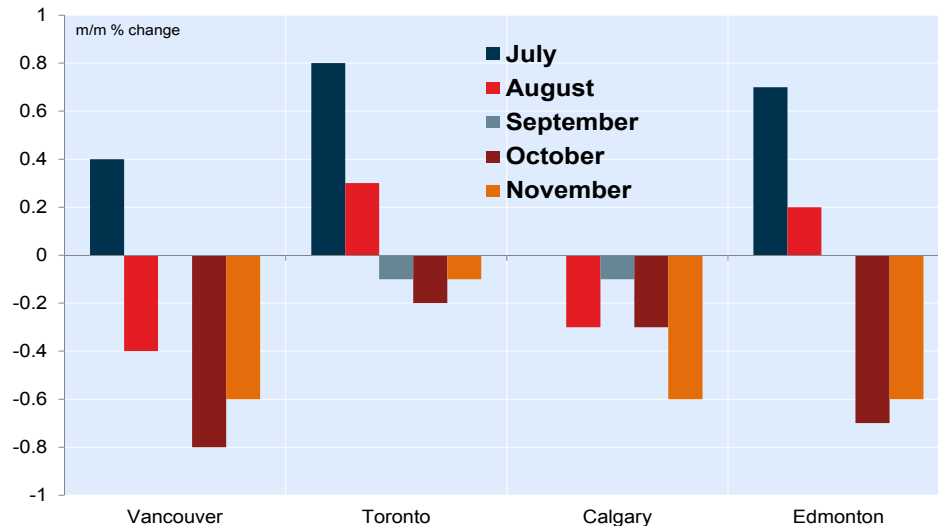
By Marc Pinsonneault

Home price weakness in some major metropolitan areas is evidenced by a second consecutive decline in the national Composite Index. In the most expensive markets, new mortgage qualification rules and the rise in interest rates have cooled demand significantly. For instance, in Vancouver, November was a fourth month in a row without a rise in home prices, for a cumulative drop of 1.8%. In Toronto, prices declined over the last three months, for a total loss of 0.4%. Markets are also weak in Alberta, where prices did not rise for a fifth month in a row in Calgary, and for a third consecutive month in Edmonton (left chart), for cumulative declines of 1.4% and 1.3% respectively. There are, however, some areas of strength in the country. In Montreal, for example, home sales are at a record level so far in 2018 (right chart). With interest rates set to rise more slowly than previously thought, hopes for a soft landing of the Canadian home resale market are still warranted.

See charts and table on pages 2 and 3.

Weakness of late in some Canadian major real estate markets

Monthly change in the Teranet-National Bank HPI over the last five months



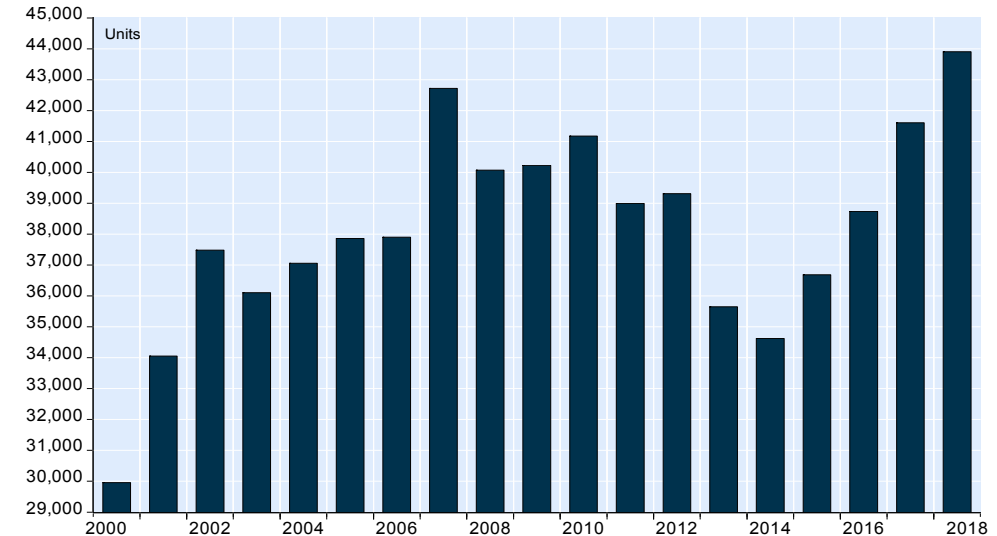
NBF Economics and Strategy (data via Teranet-National Bank House Price Index)

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ dropped 0.3% in November, after a 0.4% decline in October.
- On a monthly basis, the index fell in November in eight of the eleven constituent metropolitan areas: Vancouver (-0.6%), Calgary (-0.6%), Edmonton (-0.6%), Winnipeg (-0.5%), Ottawa-Gatineau (-0.4%), Toronto (-0.1%), Hamilton (-0.1%) and Montreal (-0.1%). The index was flat in Victoria, and rose in Halifax (+0.1%) and Quebec City (+1.2%).
- On a y/y basis, the Composite index rose 3.1%, with gains in Victoria (+5.3%), Ottawa-Gatineau (+5.3%), Montreal (+4.4%), Hamilton (4.4%), Vancouver (3.9%), Toronto (+3.3%), Winnipeg (+2.3%) and Halifax (+1.7%). The index dropped over the last 12 months in Quebec City (-0.3%), Edmonton (-0.4%) and Calgary (-2.7%).

Montreal: Record year for home sales

Montreal CMA home sales in the first 11 months of the year

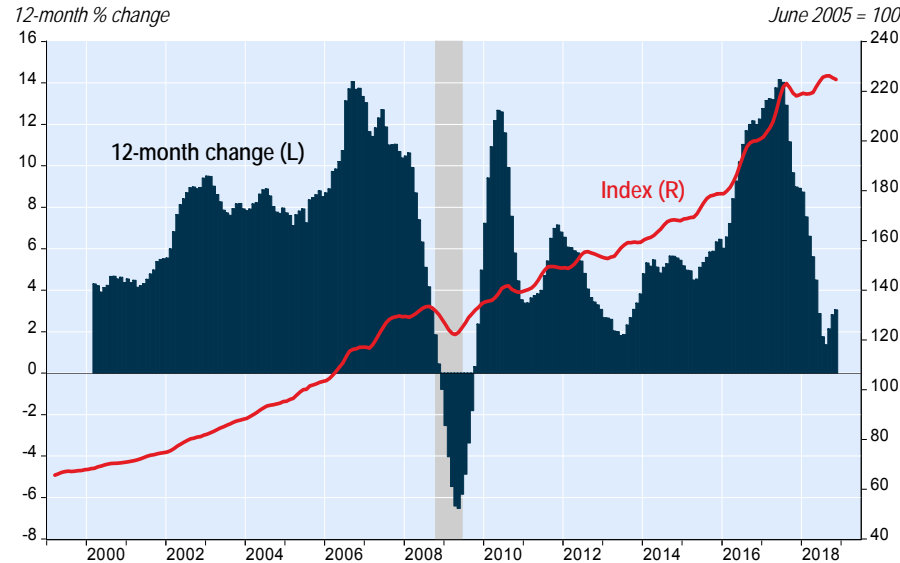


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NOTE ON METHODOLOGY:

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™

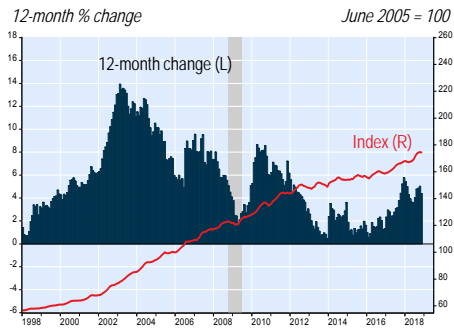


Metropolitan area	Index level November 2018	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	224.74	-0.3%	3.1%	-0.7%	2018-09
Victoria	209.57	0.0%	5.3%	-0.1%	2018-09
Vancouver	288.76	-0.6%	3.9%	-1.8%	2018-07
Calgary	179.30	-0.6%	-2.7%	-4.8%	2014-10
Edmonton	180	-0.6%	-0.4%	-4.2%	2007-09
Winnipeg	209.95	-0.5%	2.3%	-0.7%	2018-09
Hamilton	235.11	-0.1%	4.4%	-1.0%	2017-08
Toronto	244.43	-0.1%	3.3%	-4.1%	2017-07
Ottawa-Gatineau	159.88	-0.4%	5.3%	-0.8%	2018-09
Montreal	174.45	-0.1%	4.4%	-0.1%	2018-10
Quebec	183.01	1.2%	-0.3%	-0.4%	2018-08
Halifax	147.35	0.1%	1.7%	-1.7%	2018-07

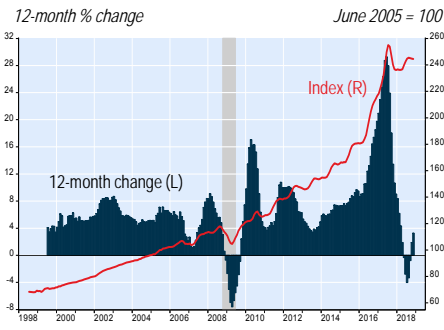
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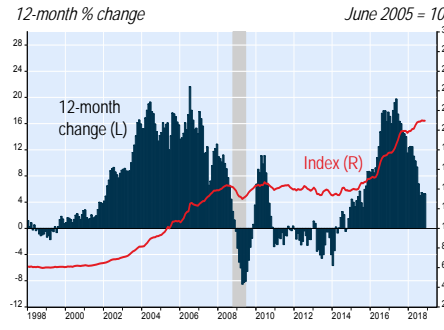
Montreal



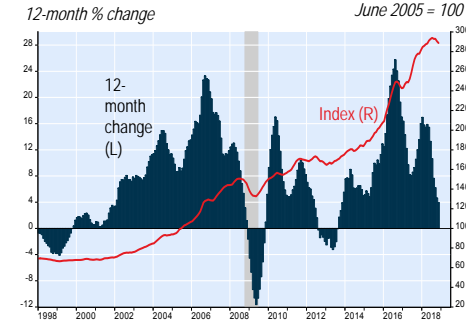
Toronto



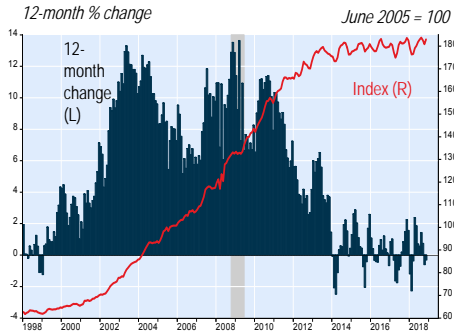
Victoria



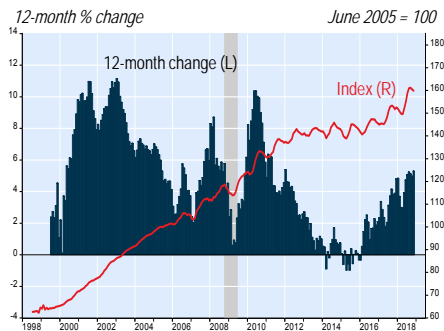
Vancouver



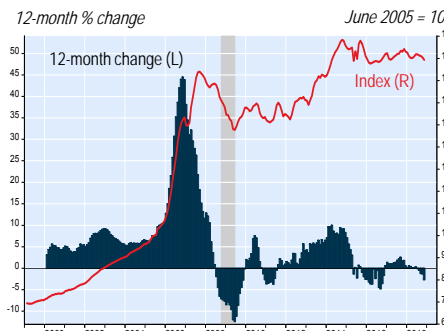
Quebec City



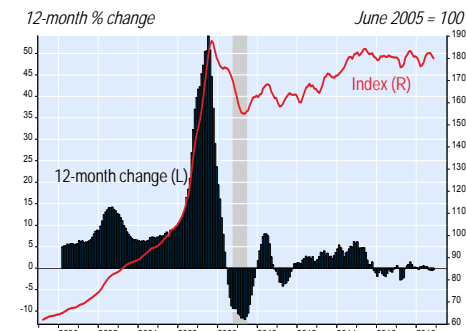
Ottawa-Gatineau



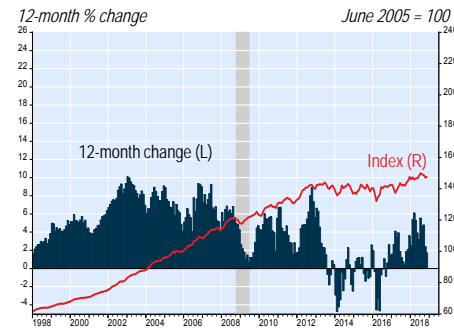
Calgary



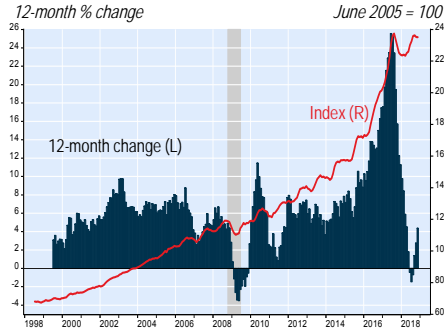
Edmonton



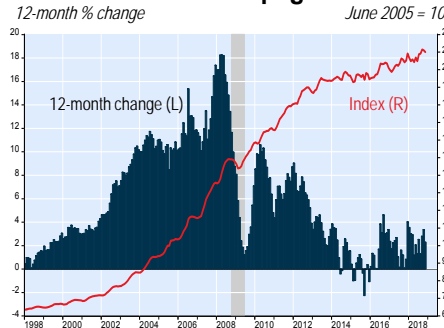
Halifax



Hamilton



Winnipeg



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Economics and Strategy



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