

Price weakness spreads to almost all regions

By Marc Pinsonneault

In February, the downward trend in home prices continued with the Composite Teranet-National Bank HPI slipping for a fifth month in a row (left chart). Moreover, the weakness extended to most regions. In the 11 metropolitan areas comprised in the Composite Index, only one (Montreal) experienced an increase of the index over the last six months. Among the 14 other metropolitan areas for which we have a HPI, only London and Windsor did so. This was the lowest diffusion of six-month gains in ten years for a month of February (right chart). Home prices are adjusting to the recent rise in interest rates and stricter mortgage qualification rules. But price weakness does not mean collapse. In Toronto, Canada's most important real estate market, apartment prices have been up for 16 consecutive months, while prices of other types of dwellings declined only 1.2% over the last 6 months. In Vancouver, where employment was up 3.1% on a y/y basis in February, seasonally adjusted home sales stabilized in the beginning of the year, limiting the potential of further home price declines.

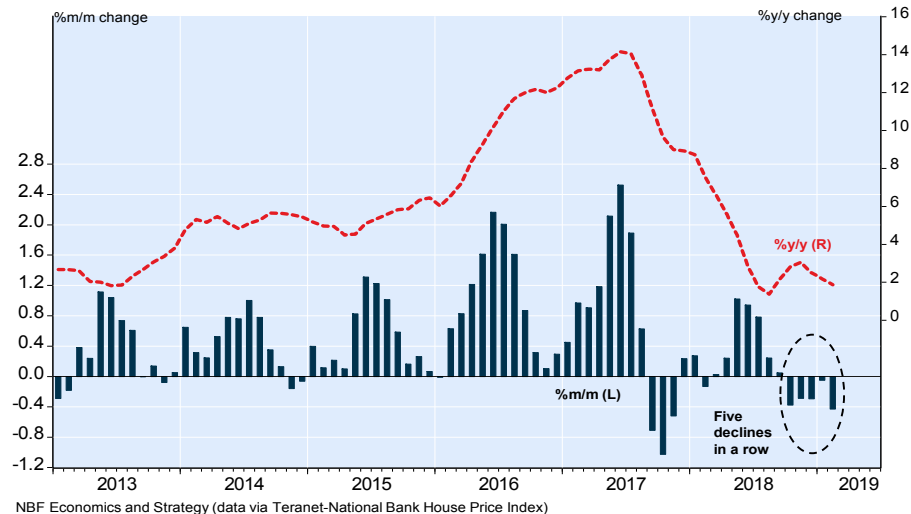
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ dropped 0.4% in February, a fifth monthly drop in a row.
- On a monthly basis, the index fell in Victoria (-2.0%), Hamilton (-1.4%), Quebec City (-1.2%), Calgary (-0.8%), Vancouver (-0.7%), Ottawa-Gatineau (-0.7%), Winnipeg (-0.4%), Toronto (-0.2%) and Edmonton (-0.1%). Only Montreal (0.4%) and Halifax (0.3%) saw an increase in their respective index.
- From February 2018 to February 2019, the Composite index rose 1.9%. The HPI declined in Calgary (-2.7%), Edmonton (-1.6%) and Vancouver (-1.1%), and increased in Halifax (1.2%), Winnipeg (1.3%), Victoria (2.8%), Hamilton (3.0%), Quebec City (3.5%), Toronto (3.6%), Montreal (5.2%) and Ottawa-Gatineau (6.0%).

See charts and table on pages 2 and 3.

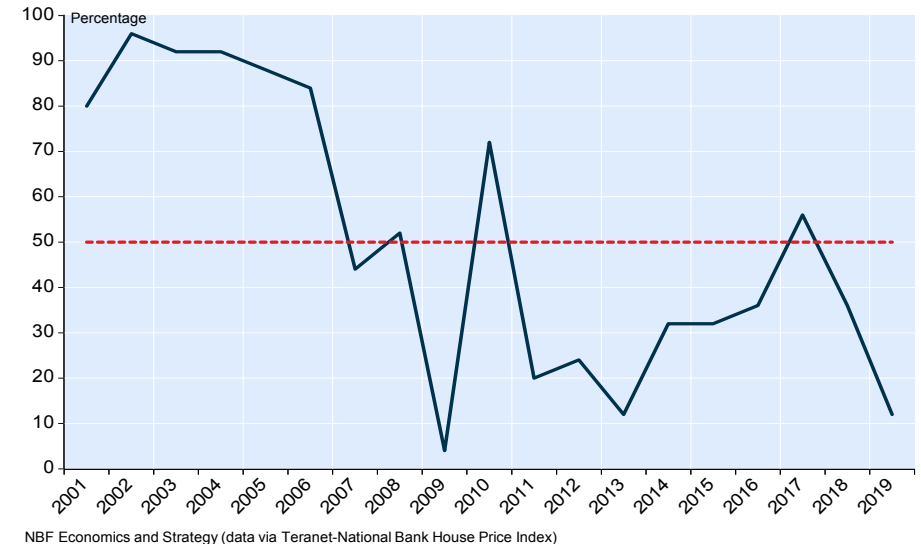
Home price weakness in Canada

Teranet National Bank National Composite HPI (11)



Weakest diffusion of 6-month price gains in 10 years in February

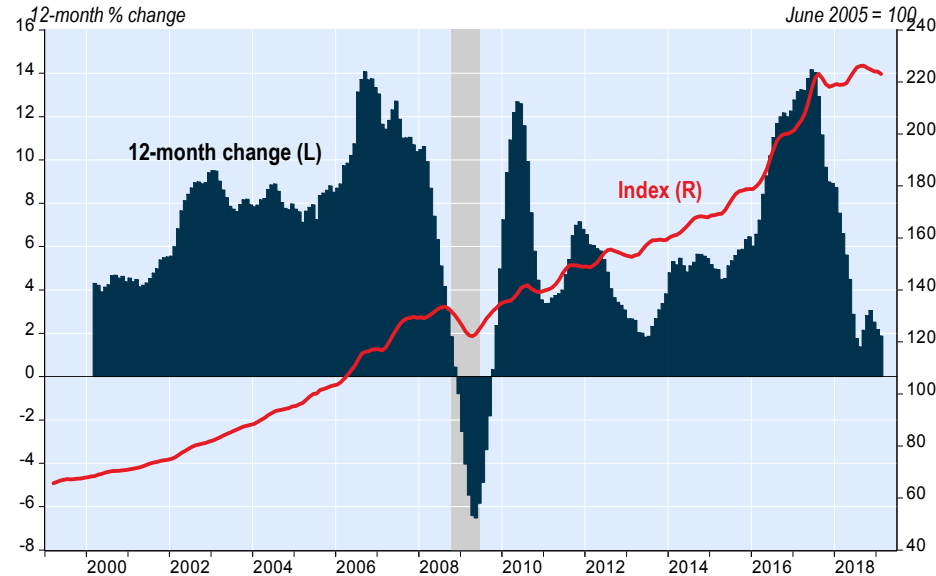
% of 25 metropolitan areas where the Teranet-National Bank HPI rose over the last six months in February



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™

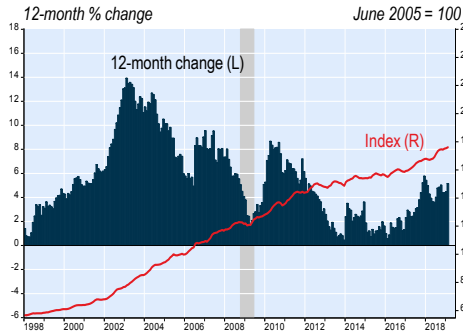


Metropolitan area	Index level February 2019	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	223.00	-0.4%	1.9%	-1.4%	2018-09
Victoria	204.68	-2.0%	2.8%	-2.5%	2018-09
Vancouver	282.65	-0.7%	-1.1%	-3.9%	2018-07
Calgary	176.06	-0.8%	-2.7%	-6.5%	2014-10
Edmonton	175.89	-0.1%	-1.6%	-6.4%	2007-09
Winnipeg	207.46	-0.4%	1.3%	-1.9%	2018-09
Hamilton	230.79	-1.4%	3.0%	-2.8%	2017-08
Toronto	244.62	-0.2%	3.6%	-4.0%	2017-07
Ottawa-Gatineau	159.94	-0.7%	6.0%	-1.0%	2018-12
Montreal	176.07	0.4%	5.2%	0.0%	2019-02
Quebec	182.45	-1.2%	3.5%	-1.2%	2019-01
Halifax	149.04	0.3%	1.2%	-0.6%	2018-07

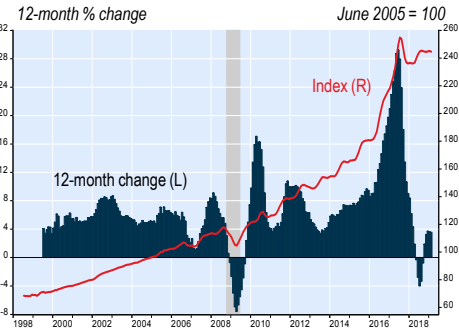
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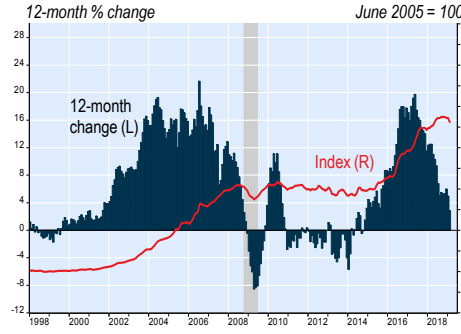
Montreal



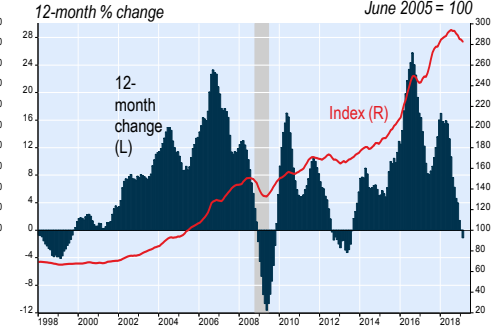
Toronto



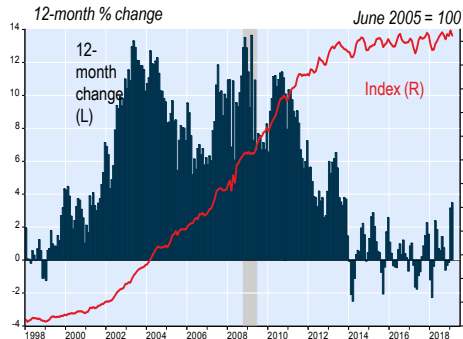
Victoria



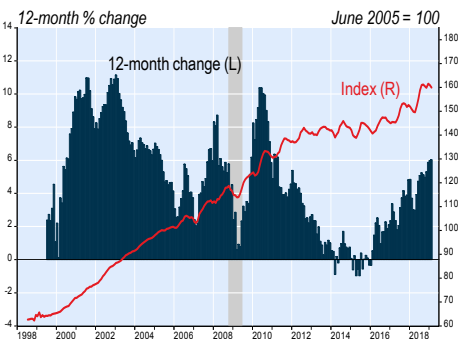
Vancouver



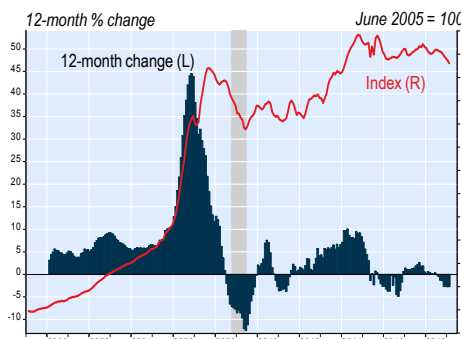
Quebec City



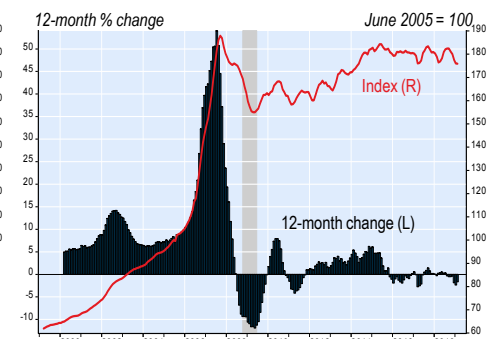
Ottawa-Gatineau



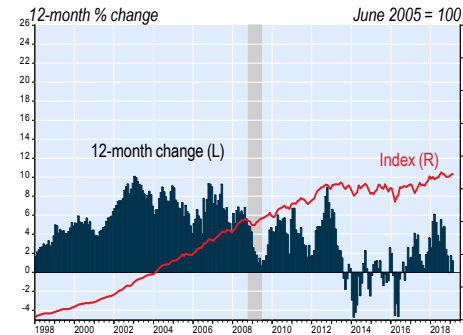
Calgary



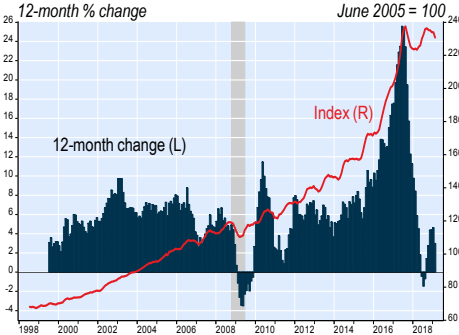
Edmonton



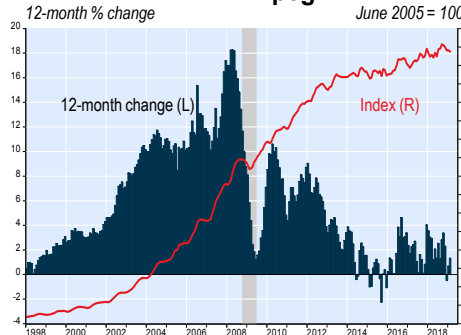
Halifax



Hamilton



Winnipeg



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