

## The national HPI drops for a sixth month in a row

By Marc Pinsonneault

In March, the downward trend in home prices continued with the Composite Teranet-National Bank HPI slipping for a sixth month in a row, a first in six years (left chart). Moreover, in 20 years of history, this is the first time that the Composite HPI drops in a month of March outside a recession. A few months ago, the home price weakness was mainly noticeable in the westernmost metropolitan areas. Judging from the six-month change in the index, it now extends to nine of the 11 regions comprising the Composite index, the exceptions being Montreal and Halifax. If we also consider 14 other metropolitan regions for which a Teranet-National Bank HPI is computed (although not included in the Composite), we have a price increase in only six of the 25 metropolitan regions considered (right chart). This is one of the lowest diffusion of 6-month price gains in March over the history of the index. 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 largest real estate market, apartment prices have been up for 17 consecutive months, while prices of other types of dwellings declined only 1.4% over the last 6 months. In Vancouver, the most expensive market, employment growing 2.9% in Q1 on a y/y basis should limit further home price declines.

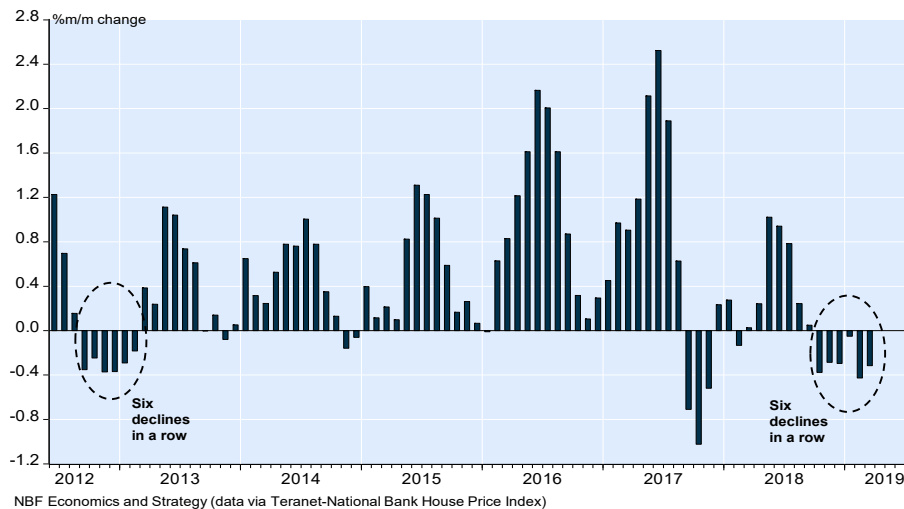
### HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ dropped 0.3% in March, a sixth monthly drop in a row.
- On a monthly basis, the index fell in Ottawa-Gatineau (-1.5%), Victoria (-1.1%), Vancouver (-0.5%), Calgary (-0.5%), Toronto (-0.3%), Winnipeg (-0.3%) and Hamilton (-0.1%). The indexes rose in Halifax (+0.8%), Quebec City (+0.5%), Edmonton (+0.4%) and Montreal (0.1%).
- From March 2018 to March 2019, the Composite index rose 1.5%. The HPI declined in Calgary (-2.8%) and Vancouver (-2.1%) and increased in Edmonton (+0.1%), Winnipeg (+0.5%), Victoria (+0.7%), Halifax (+3.0%), Hamilton (+3.2%), Toronto (+3.3%), Quebec City (+3.9%), Ottawa-Gatineau (+5.2%) and Montreal (+5.5%).

See charts and table on pages 2 and 3.

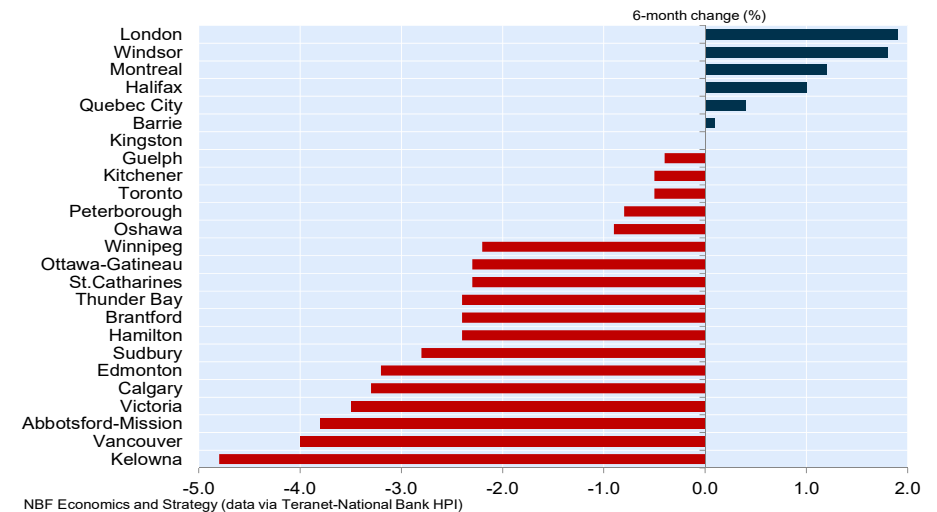
### The Composite HPI drops in March for a sixth month in a row

Teranet National Bank National Composite HPI (11)



### Canada: A generalized home price weakness

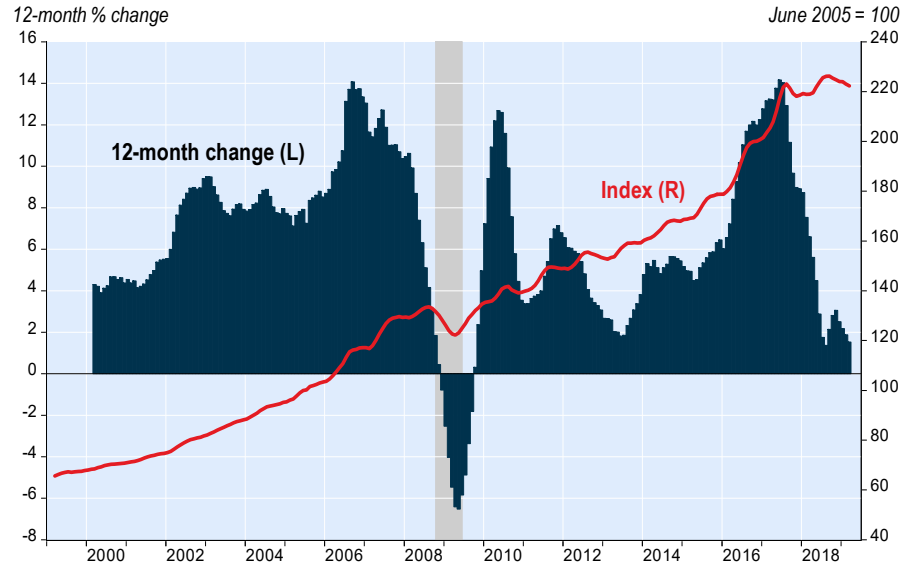
Six-month change in the Teranet-National Bank HPI



**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™**

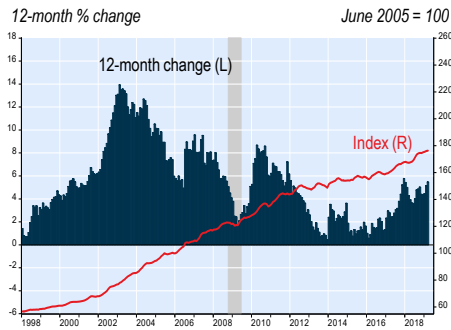


Metropolitan area	Index level March 2019	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	222.30	-0.3%	1.5%	-1.7%	2018-09
Victoria	202.44	-1.1%	0.7%	-3.5%	2018-09
Vancouver	281.35	-0.5%	-2.1%	-4.3%	2018-07
Calgary	175.14	-0.5%	-2.8%	-7.0%	2014-10
Edmonton	176.56	0.4%	0.1%	-6.0%	2007-09
Winnipeg	206.83	-0.3%	0.5%	-2.2%	2018-09
Hamilton	230.58	-0.1%	3.2%	-2.9%	2017-08
Toronto	243.91	-0.3%	3.3%	-4.3%	2017-07
Ottawa-Gatineau	157.55	-1.5%	5.2%	-2.5%	2018-12
Montreal	176.28	0.1%	5.5%	0.0%	2019-03
Quebec	183.38	0.5%	3.9%	-0.7%	2019-01
Halifax	150.19	0.8%	3.0%	0.0%	2019-03

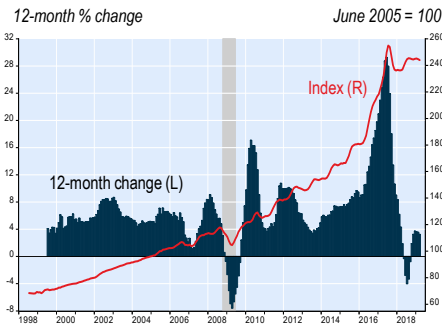
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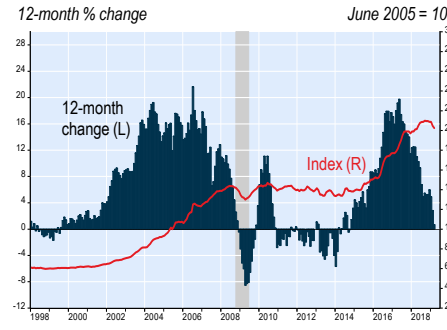
### Montreal



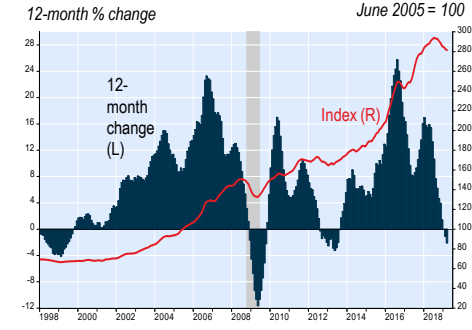
### Toronto



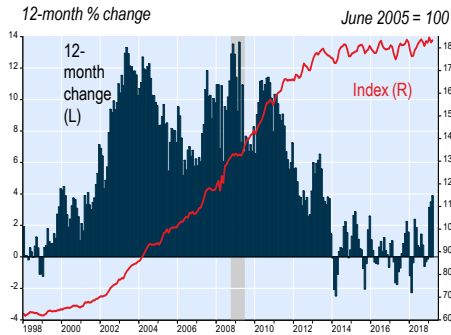
### Victoria



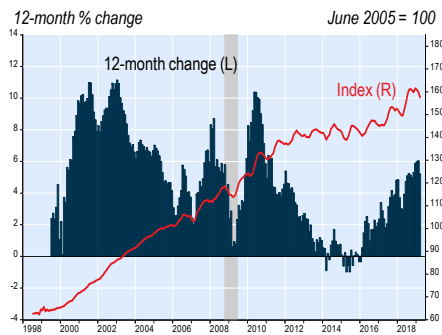
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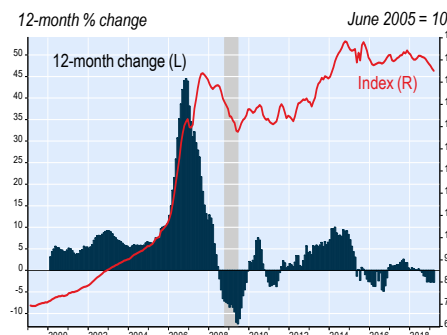
### Quebec City



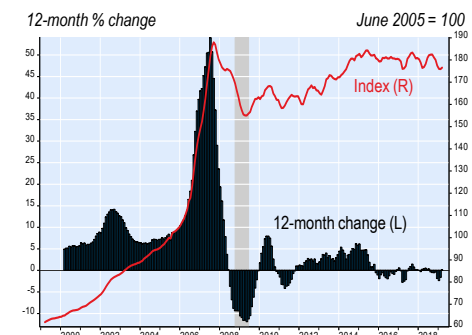
### Ottawa-Gatineau



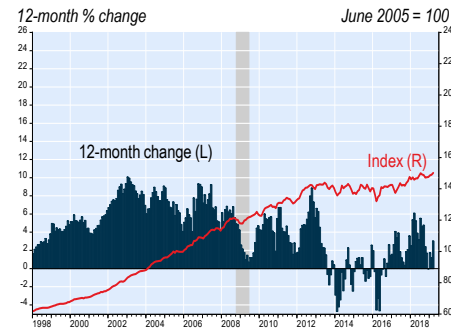
### Calgary



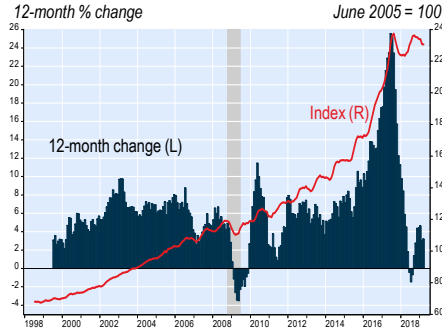
### Edmonton



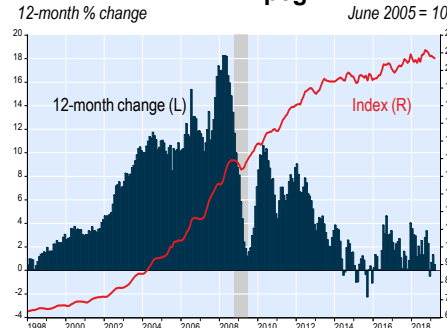
### Halifax



### Hamilton



### Winnipeg



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Economics and Strategy



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