

## Almost no annual growth for national HPI

By Marc Pinsonneault

The national HPI has grown at a below-inflation rate of 0.5% over the last 12 months, the smallest gain since November 2009. Moreover, the fact that monthly gains are reported for May and June does not mean that the market recently turned the corner. These two months typically register the strongest growth rates in a year. Indeed, the two latest rises were among the weakest in history for months of May and June. If seasonally adjusted, the national HPI would be down in both months this year. However, the weakness is not regionally broad-based. The national HPI was dragged down by 12-month home price declines in Western Canada metropolitan areas (Vancouver, Calgary, Edmonton and Winnipeg) and a tiny increase in Victoria. In Central Canada and in the East, home price growth ranges from decent to strong (left chart). This is consistent with the state of home resale markets. For example, the Vancouver market turned favorable to buyers at the end of last year, while the Toronto market remained balanced and Montreal's market has never been this tight since 2005. That being said, a rebound in home sales recently occurred in Canada which was also felt in the largest Western metropolitan areas (right chart). This should help limit home-price deflation in these areas.

### HIGHLIGHTS:

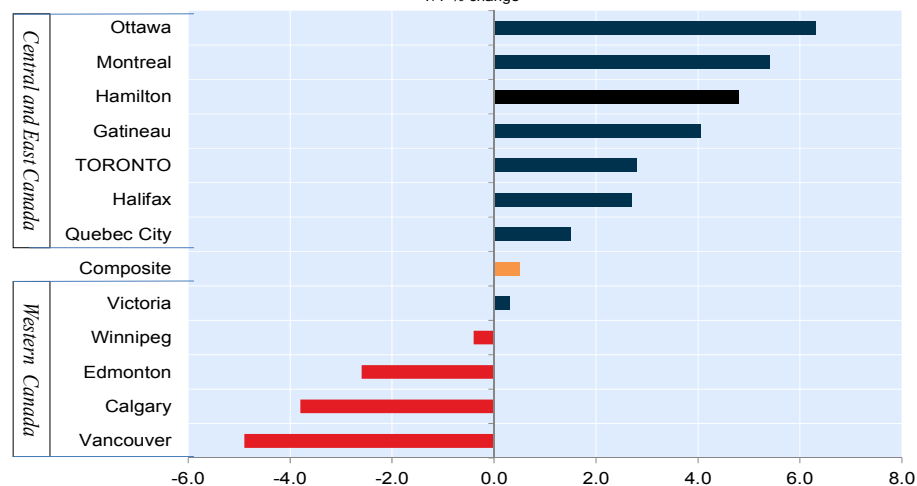
- The Teranet-National Bank Composite National House Price Index™ increased 0.8% in June, a second gain in a row after an eight-month string without a rise.
- On a monthly basis, the index rose in 8 of the 11 markets covered: Winnipeg (0.1%), Quebec City (0.3%), Montreal (0.8%), Toronto (1.3%), Halifax (1.5%), Hamilton (+1.6%), Victoria (+2.1%) and Ottawa-Gatineau (+2.2%). The index was down in Calgary (-0.1%) and Vancouver (-0.3%), and flat in Edmonton.
- From June 2018 to June 2019, the Composite index rose 0.5%, the smallest 12-month gain in ten years (see first chart next page). The HPI declined in Vancouver (-4.9%), Calgary (-3.8%), Edmonton (-2.6%) and Winnipeg (-0.4%). It was up in Victoria (0.3%), Quebec City (1.5%), Halifax (2.7%), Toronto (2.8%), Hamilton (4.8%), Montreal (5.4%) and Ottawa-Gatineau (6.3%).

See charts and table on pages 2 and 3.

### Home price deflation concentrated in the West

Teranet-National Bank HPI of metropolitan areas. As of June 2019.

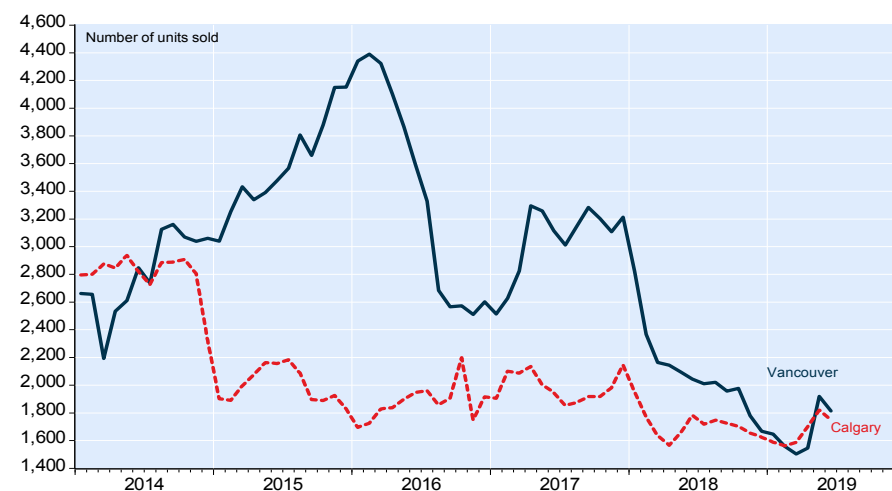
YYY % change



NBF Economics and Strategy (data via Teranet-National Bank HPI)

### Home sales in selected Western metropolitan areas

Seasonally adjusted monthly level

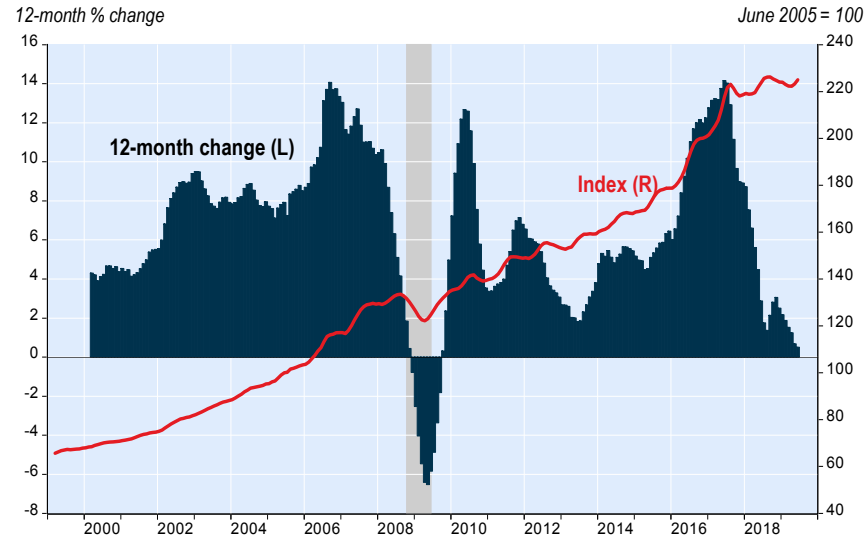


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**NOTE ON METHODOLOGY:**

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™**

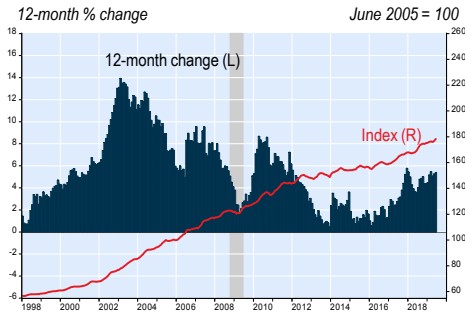


Metropolitan area	Index level June 2019	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	224.96	0.8%	0.5%	-0.6%	2018-09
Victoria	208.39	2.1%	0.3%	-0.7%	2018-09
Vancouver	278.61	-0.3%	-4.9%	-5.2%	2018-07
Calgary	175.02	-0.1%	-3.8%	-7.1%	2014-10
Edmonton	176.21	0.0%	-2.6%	-6.2%	2007-09
Winnipeg	204.00	0.1%	-0.4%	-3.5%	2018-09
Hamilton	241.32	1.6%	4.8%	0.0%	2019-06
Toronto	249.49	1.3%	2.8%	-2.1%	2017-07
Ottawa-Gatineau	165.07	2.2%	6.3%	0.0%	2019-06
Montreal	178.34	0.8%	5.4%	0.0%	2019-06
Quebec	184.54	0.3%	1.5%	0.0%	2019-01
Halifax	152.15	1.5%	2.7%	0.0%	2019-06

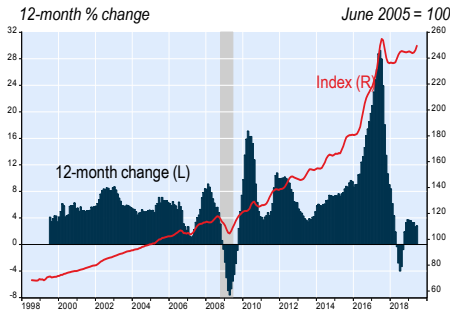
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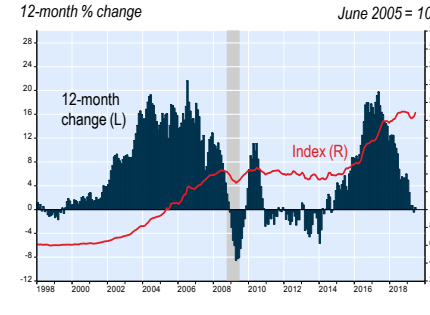
### Montreal



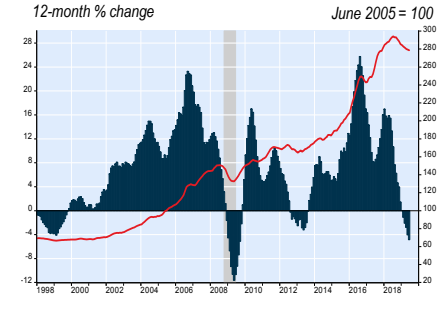
### Toronto



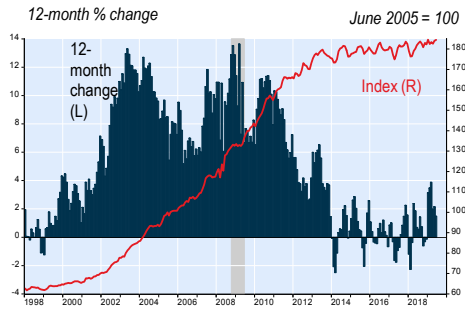
### Victoria



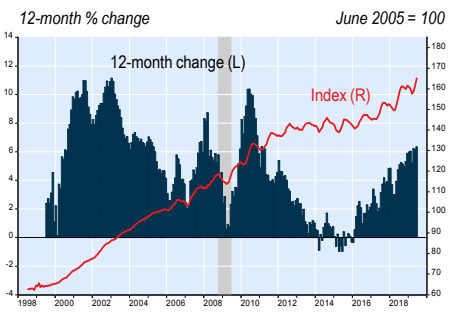
### Vancouver



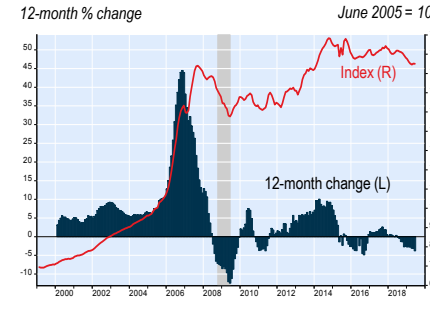
### Quebec City



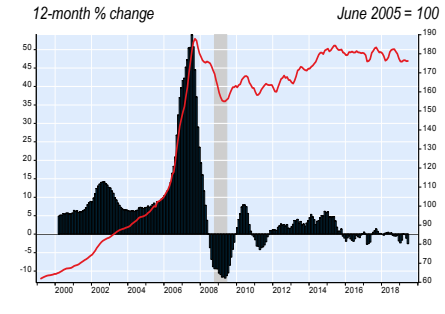
### Ottawa-Gatineau



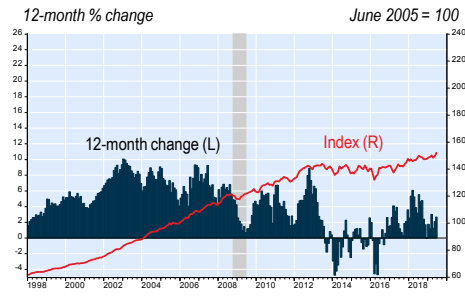
### Calgary



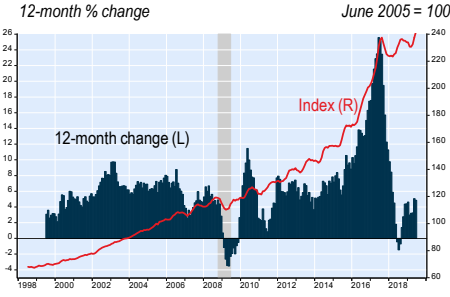
### Edmonton



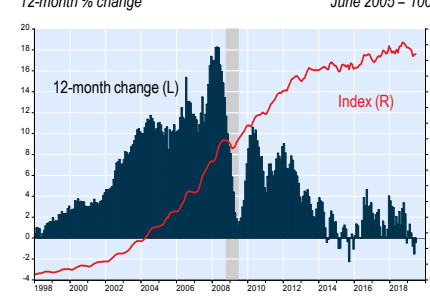
### Halifax



### 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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