

National house price index rises again in August

By Marc Pinsonneault

The national HPI has grown at a below-inflation rate of 0.6% over the last 12 months. However, the weakness is not regionally broad-based. The national HPI has been depressed by 12 consecutive months without a rise in Vancouver's index, which dropped a cumulative 6.6%. Other Western metropolitan areas (Victoria, Calgary, Edmonton, and Winnipeg) also contributed to slow the national HPI. At the opposite, annual growth has been decent in most of the regions located in the central and eastern part of the country (left chart). That being said, home sales in August were up 55% from March in Vancouver, where market conditions went from "favorable to buyers" to "balanced" (right chart). Over that period, home sales rose 19% in Calgary and 12% in Edmonton. These improvements, if sustained, will sooner or later help limit home-price deflation in this region.

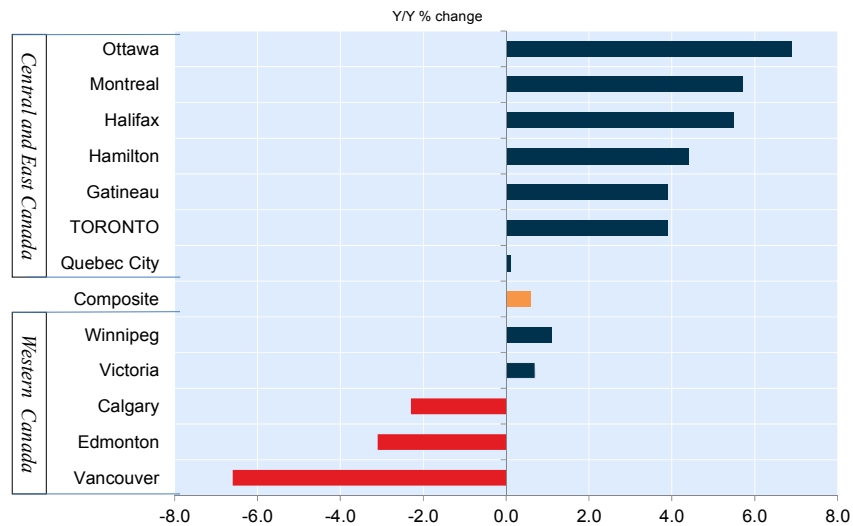
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ increased 0.4% in August, a fourth 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: Victoria (+0.2%), Calgary (+0.6%), Hamilton (0.7%), Winnipeg (0.7%), Toronto (+0.8%), Montreal (1.1%), Ottawa-Gatineau (1.7%) and Halifax (1.8%). The index was down in Vancouver (-0.8%), Quebec City (-0.4%) and Edmonton (-0.1%).
- From August 2018 to August 2019, the Composite index rose 0.6%. Over the period, the HPI declined in Vancouver (-6.6%), Edmonton (-3.1%), Calgary (-2.3%). It was marginally up in Quebec City (0.1%), Victoria (0.7%) and Winnipeg (1.1%). It grew more convincingly in Toronto (+3.8%), Hamilton (+4.4%), Halifax (5.5%), Montreal (+5.7%) and Ottawa-Gatineau (+6.4%).

See charts and table on pages 2 and 3

Regional divergences in home prices

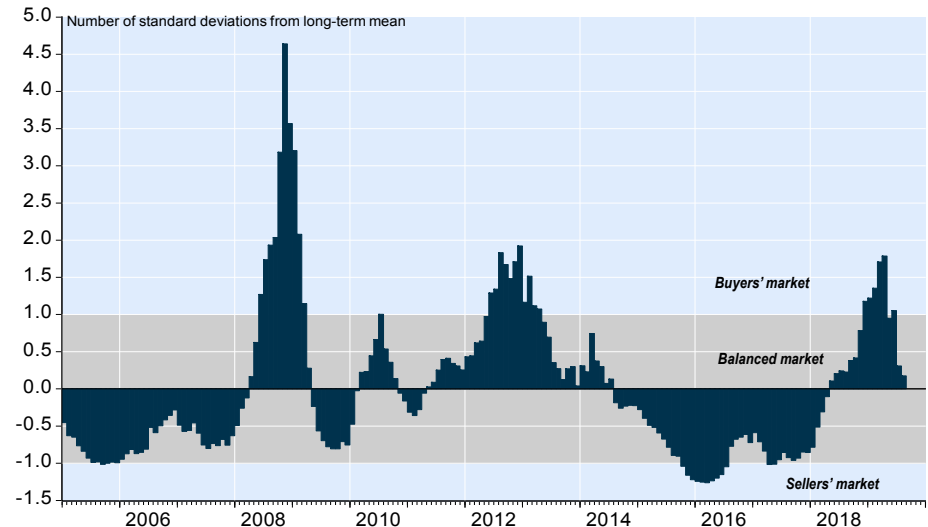
Teranet-National Bank HPI of metropolitan areas. As of August 2019.



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

Vancouver: Home resale market conditions now balanced

Normalized active-listings-to-sales ratio. Last observation: August 2019

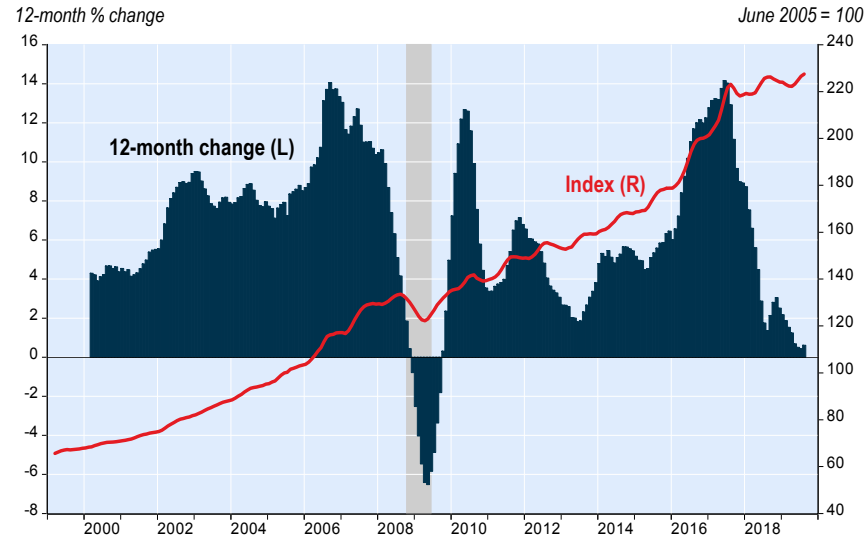


NBF Economics and Strategy, REBGV data seasonally adjusted by NBF – for sales, CREA seasonal factors were used.

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™

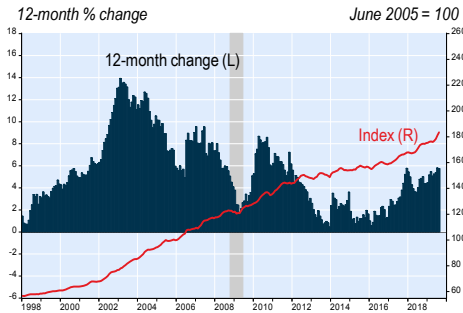


Metropolitan area	Index level August 2019	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	227.51	0.4%	0.6%	0.0%	2019-08
Victoria	210.22	0.2%	0.7%	0.0%	2019-08
Vancouver	273.56	-0.8%	-6.6%	-7.0%	2018-07
Calgary	177.23	0.6%	-2.3%	-5.9%	2014-10
Edmonton	176.78	-0.1%	-3.1%	-5.9%	2007-09
Winnipeg	211.37	0.7%	1.1%	-0.1%	2018-09
Hamilton	246.29	0.7%	4.4%	0.0%	2019-08
Toronto	254.66	0.8%	3.8%	-0.1%	2017-07
Ottawa-Gatineau	171.26	1.7%	6.4%	0.0%	2019-08
Montreal	183.40	1.1%	5.7%	0.0%	2019-08
Quebec	183.91	-0.4%	0.1%	-0.4%	2019-07
Halifax	157.36	1.8%	5.5%	0.0%	2019-08

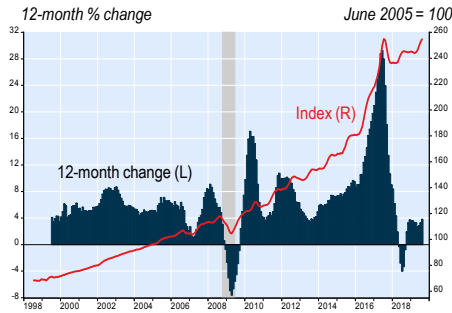
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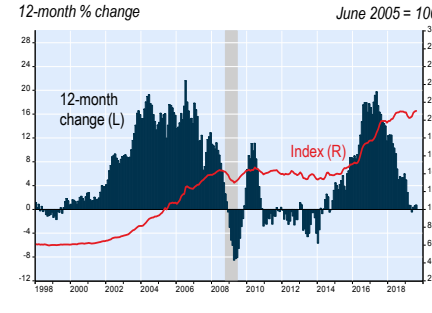
Montreal



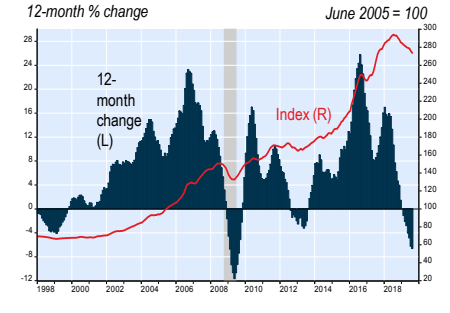
Toronto



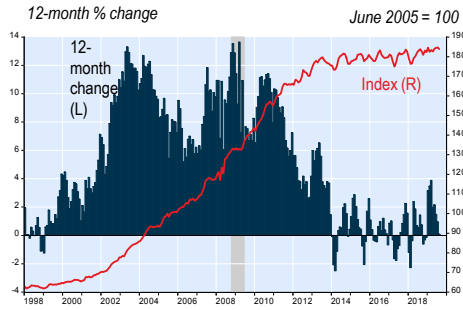
Victoria



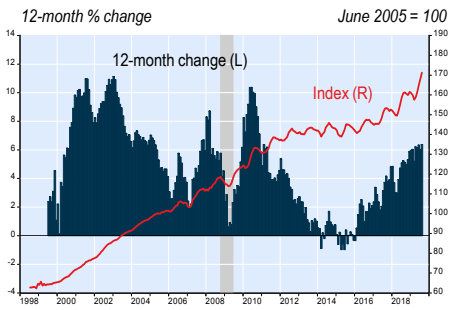
Vancouver



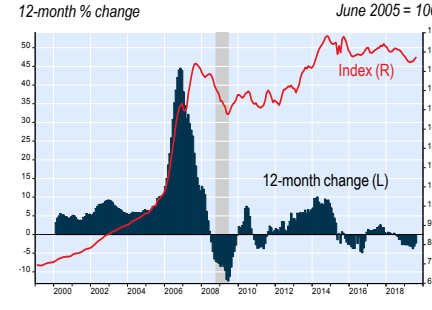
Quebec City



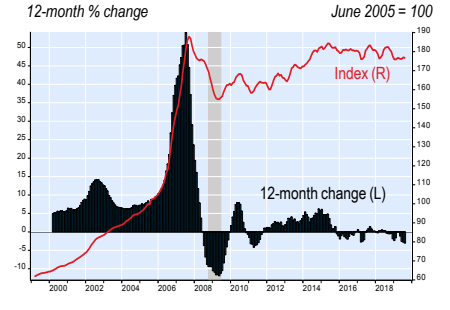
Ottawa-Gatineau



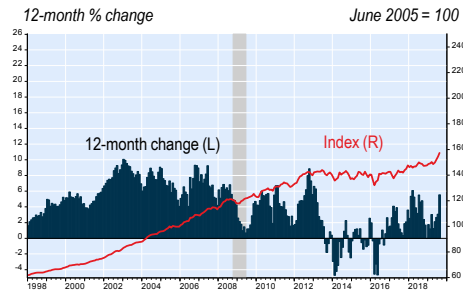
Calgary



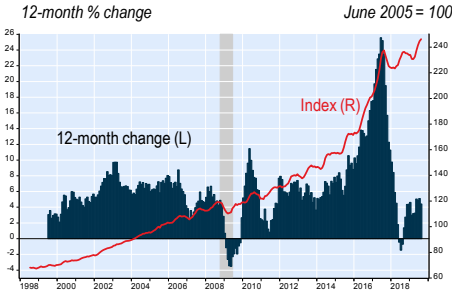
Edmonton



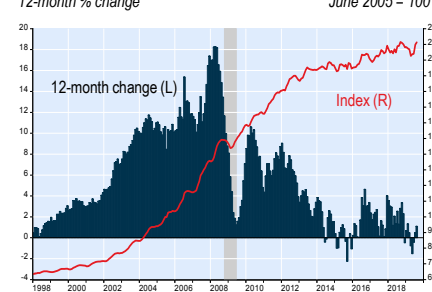
Halifax



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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