

National HPI: An upward underlying trend arises

By Marc Pinsonneault

The fact that the national HPI has grown each month from May to September is not surprising. Almost all of the increase of a HPI during a year typically takes place over these months where the activity on the home resale market is the most intense. The underlying trend is better revealed when the HPI is seasonally adjusted. After that adjustment, the national HPI showed a downward trend from February to July, but the trend turned upward in August and September (left chart). That being said, this situation was not homogeneous among all the component regions. Seasonally adjusted or not, home prices continue to decline in Vancouver. But home sales in Vancouver have recovered strongly since their March trough (right chart). Over the period, conditions on the home resale market turned from “favorable to buyers” to “balanced”. This suggests that home price deflation should fade over the next few months in Vancouver.

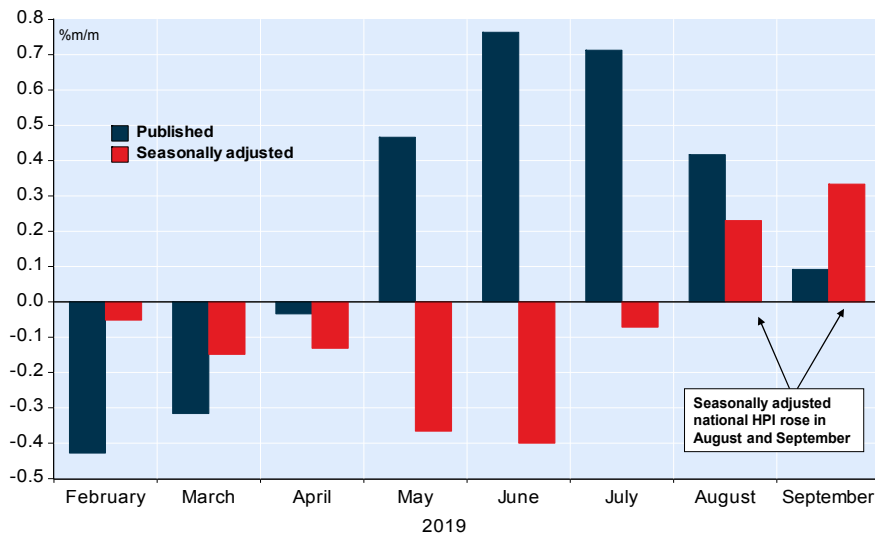
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ increased 0.1% in September, a fifth gain in a row.
- On a monthly basis, the index rose in 6 of the 11 markets covered: Toronto (+0.1%), Hamilton (+0.1%), Calgary (+0.2%), Winnipeg (+0.6%), Ottawa-Gatineau (+0.8%) and Montreal (+1.0%). The index was stable in Edmonton and Halifax, and declined in Victoria (-0.3%), Vancouver (-0.5%) and Quebec City (-0.7%).
- From September 2018 to September 2019, the Composite index rose 0.7%. Over the period, the HPI declined in Vancouver (-7.1%), Edmonton (-3.1%) Calgary (-1.9%) and Victoria (-0.1%). It grew slightly in Winnipeg (+0.5%) and more convincingly in Toronto (+4.0%), Hamilton (+4.3%), Halifax (5.8%), Montreal (+6.3%) and Ottawa-Gatineau (+7.1%).

See charts and table on pages 2 and 3

Seasonally adjusted national HPI rose over last two months

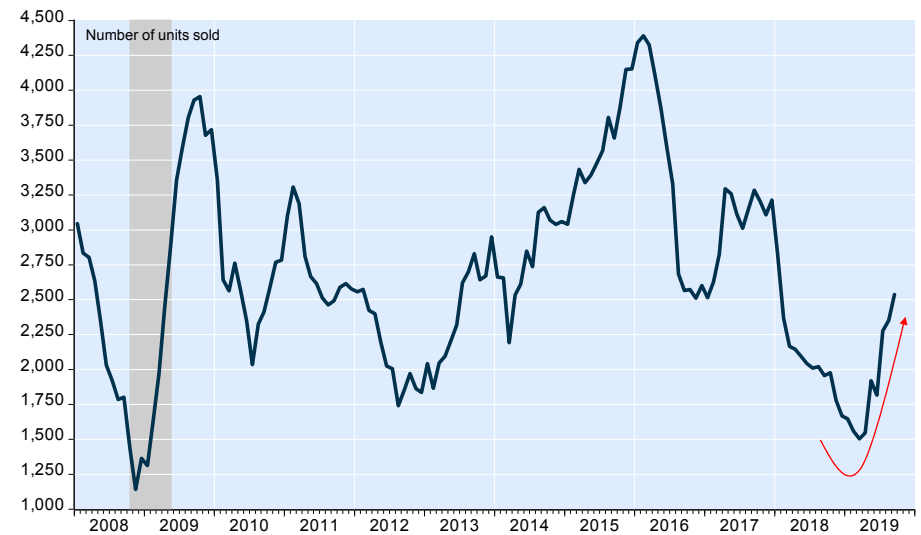
Monthly change in the national HPI, published vs. seasonally adjusted.



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

Vancouver: Strong recovery of home sales

Monthly home sales, seasonally adjusted.

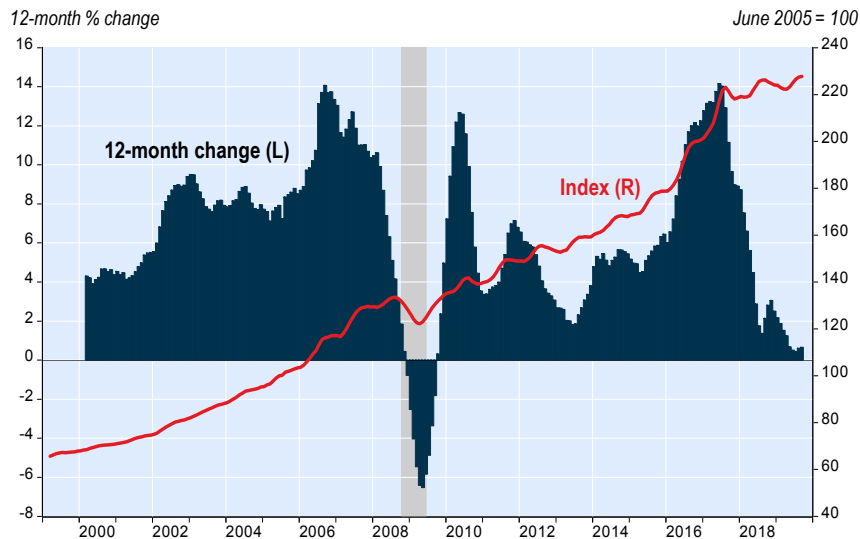


NBF Economics and Strategy (data via CREA)

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™

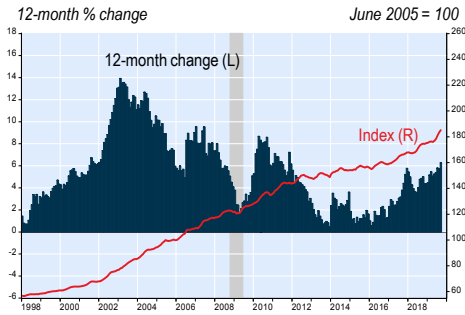


Metropolitan area	Index level September 2019	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	227.72	0.1%	0.7%	0.0%	2019-09
Victoria	209.66	-0.3%	-0.1%	-0.3%	2019-08
Vancouver	272.21	-0.5%	-7.1%	-7.4%	2018-07
Calgary	177.59	0.2%	-1.9%	-5.7%	2014-10
Edmonton	176.74	0.0%	-3.1%	-5.9%	2007-09
Winnipeg	212.59	0.6%	0.5%	0.0%	2019-09
Hamilton	246.53	0.1%	4.3%	0.0%	2019-09
Toronto	255.01	0.1%	4.0%	0.0%	2019-09
Ottawa-Gatineau	172.66	0.8%	7.1%	0.0%	2019-09
Montreal	185.21	1.0%	6.3%	0.0%	2019-09
Quebec	182.56	-0.7%	0.0%	-1.1%	2019-07
Halifax	157.40	0.0%	5.8%	0.0%	2019-09

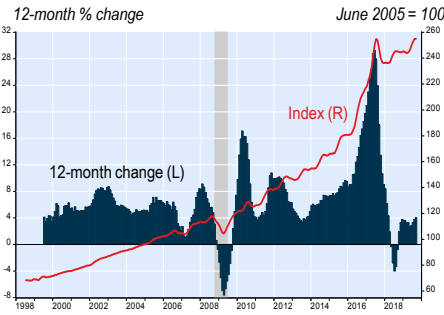
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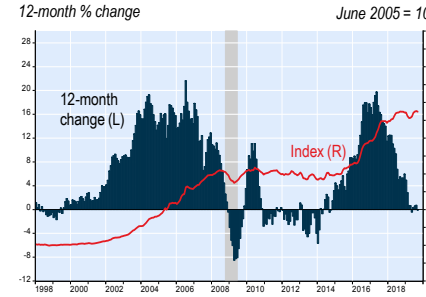
Montreal



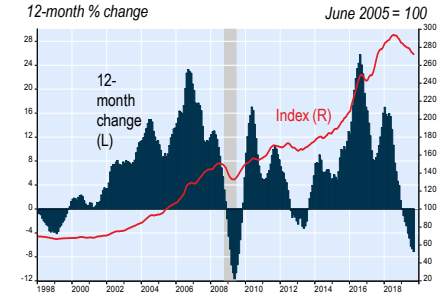
Toronto



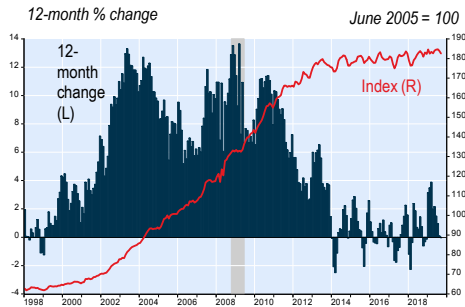
Victoria



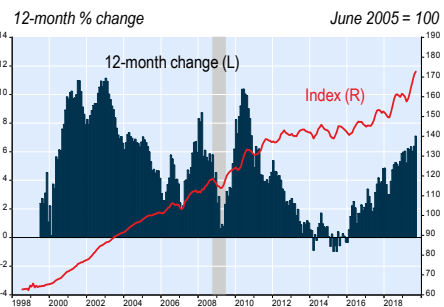
Vancouver



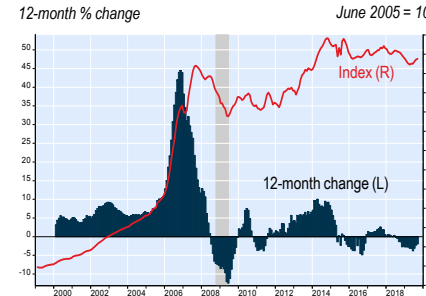
Quebec City



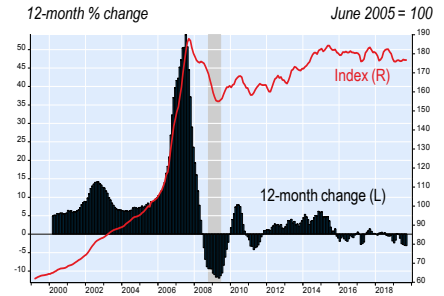
Ottawa-Gatineau



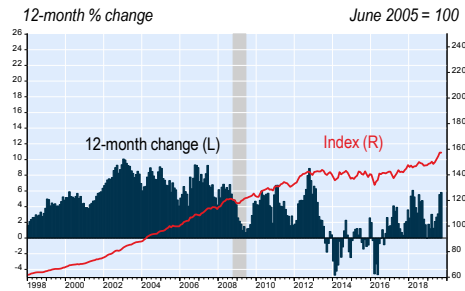
Calgary



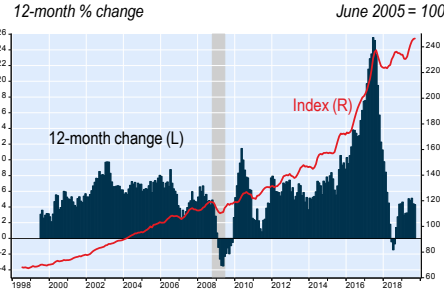
Edmonton



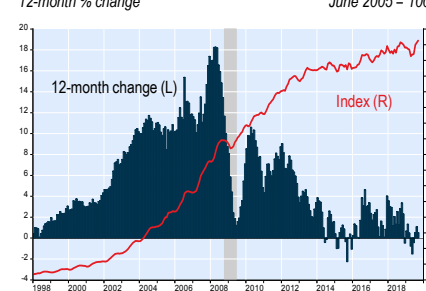
Halifax



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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