

Home resale market was gaining momentum prior to Covid-19

By Marc Pinsonneault

At the national level, resale home prices were gaining momentum in February. The 0.4% monthly gain in the Composite index was double the average of the previous ten years for a month of February. In particular, after 12 consecutive monthly declines, Vancouver HPI rose in each of the last five months (left chart), reflecting the fact that Vancouver resale market recently returned to balance. Sure, we still saw weakness in other regions, such as the Prairie Provinces (Alberta, Manitoba and Saskatchewan) where markets were still favorable to buyers (right chart). But CREA just reported a rather generalized increase in home sales in February, including for Calgary and Edmonton. Unfortunately, then came the outbreak of Covid-19 and its impact on oil prices and disruptions in the supply chain. The unprecedented sanitary measures imposed by the authorities to tackle the pandemic will severely impact business activity and jobs over the coming months. In that situation, the home resale market should be heavily curtailed for the coming months.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ advanced 0.4% in February, a rather strong advance for that month.
- On a monthly basis, there was a gain in 7 of the 11 markets covered: Montreal (+1.1%), Vancouver (+0.8%), Halifax (+0.8%), Toronto (+0.4%), Victoria (+0.2%), Ottawa-Gatineau (+0.1%) and Winnipeg (+0.1%). The index retreated in Edmonton (-1.3%), Calgary (-0.9%), Quebec City (-0.4%) and Hamilton (-0.3%).
- From February 2019 to February 2020, the Composite index rose 2.9%, pulled up by Ottawa-Gatineau (+8.7%), Hamilton (+8.0%), Montreal (+7.5%), Halifax (+7.0%) and Toronto (+5.1%). Annual % change was below the national average in Victoria (+2.5%) and Winnipeg (0.7%) and negative in Quebec City (-0.5%), Calgary (-1.7%), Edmonton (-1.8%) and Vancouver (-2.1%).

See charts and table on pages 2 and 3

Vancouver HPI rose over the last five months

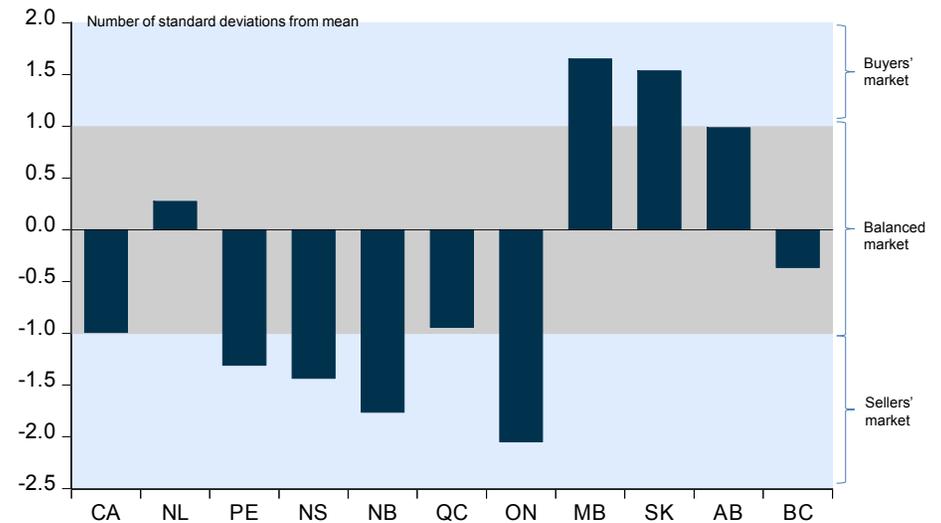
Teranet-National Bank House Price Index



NBF Economics and Strategy, data from Teranet-National Bank HPI

Active-listings-to-sales ratio, February 2020

Seasonally adjusted data

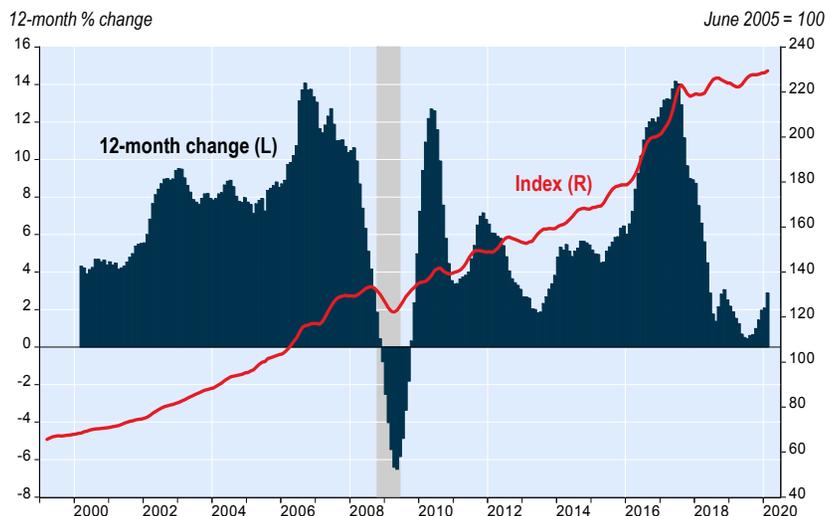


NBF Economics and Strategy, data from CREA

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 are estimated for each of the last three months. The average monthly growth rate of these indexes becomes the growth rate of the smoothed index. This procedure allows evening-out month-to-month fluctuations.

Teranet-National Bank National Composite House Price Index™

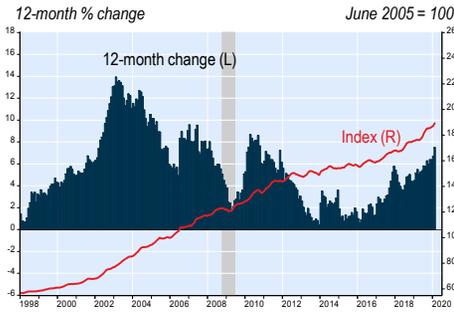


Metropolitan area	Index level February 2020	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	229.41	0.4%	2.9%	0.0%	2020-02
Victoria	209.70	0.2%	2.5%	-0.7%	2019-12
Vancouver	276.58	0.8%	-2.1%	-5.9%	2018-07
Calgary	173.07	-0.9%	-1.7%	-8.1%	2014-10
Edmonton	172.69	-1.3%	-1.8%	-8.1%	2007-09
Winnipeg	208.98	0.1%	0.7%	-1.7%	2019-09
Hamilton	249.19	-0.3%	8.0%	-0.3%	2020-01
Toronto	257.21	0.4%	5.1%	0.0%	2020-02
Ottawa-Gatineau	173.81	0.1%	8.7%	0.0%	2020-02
Montreal	189.27	1.1%	7.5%	0.0%	2020-02
Quebec	181.57	-0.4%	-0.5%	-1.9%	2019-12
Halifax	159.53	0.8%	7.0%	0.0%	2020-02

Teranet-National Bank House Price Index

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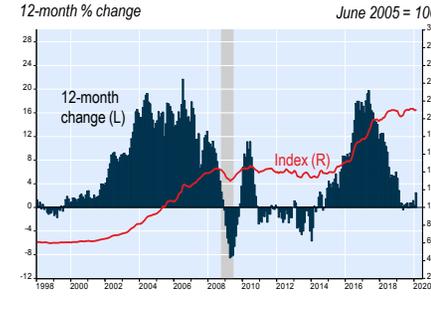
Montreal



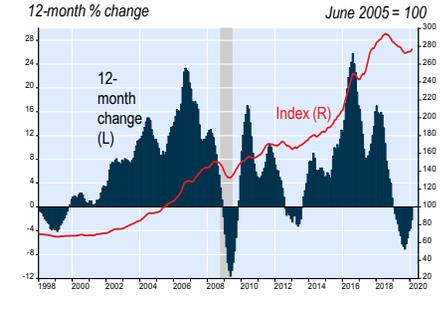
Toronto



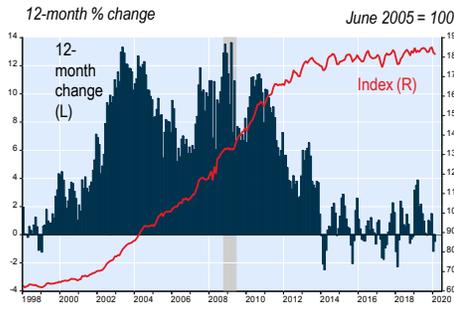
Victoria



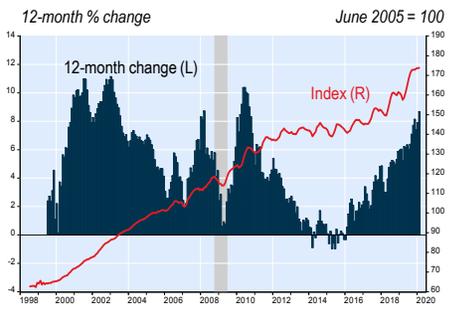
Vancouver



Quebec City



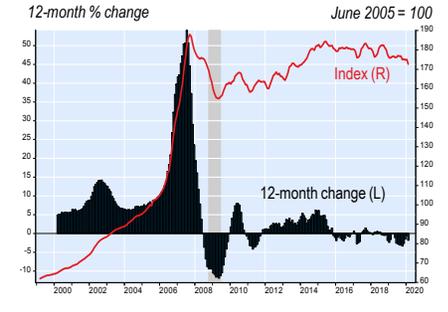
Ottawa-Gatineau



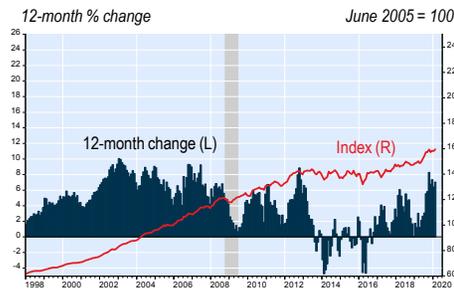
Calgary



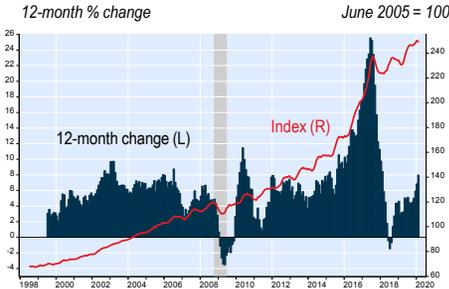
Edmonton



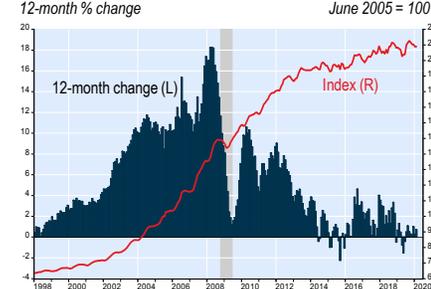
Halifax



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 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

Chief Rate Strategist, Economics and Strategy

warren.lovely@nbc.ca

Taylor Schleich

Associate, Rates Strategist, Economics and Strategy

taylor.schleich@nbc.ca

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Economics and Strategy

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