

Covid-19 likely to infect national HPI

By Marc Pinsonneault

At the national level, resale home prices were still gaining momentum in March. But this is based on home sales reported in land registries. Home sales reported by real estate boards are timelier, being recorded soon after the sale becomes unconditional. The most important real estate boards all mentioned a clear break of activity during the second half of March due to measures to contain propagation of COVID-19. This was confirmed when CREA reported a monthly drop in home sales from February to March in 25 of the 26 major Canadian markets, with sharp declines in most of the markets covered by the Teranet-National Bank HPI (left chart). This cooling of activity should soon be reflected on the house price indexes. We expect the loss of momentum to be more prevalent in the metropolitan markets located in Central and Eastern Canada (Toronto, Hamilton, Ottawa-Gatineau, Montreal and Halifax) which so far have pulled the national HPI up (right chart).

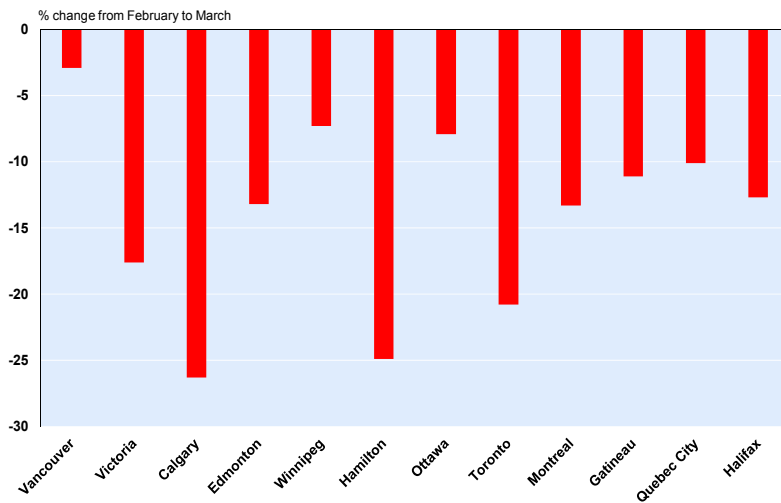
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ advanced 0.6% in March, a rather strong advance for that month.
- On a monthly basis, there was a gain in 7 of the 11 markets covered: Ottawa-Gatineau (+1.1%), Vancouver (+1.0%), Toronto (+0.9%), Hamilton (+0.4%), Quebec City (+0.3%), Montreal (+0.2%) and Halifax (+0.1%). The index for Victoria was essentially flat. Down from the previous month were Calgary (-0.1%), Edmonton (-0.6%) and Winnipeg (-0.8%).
- From March 2019 to March 2020, the Composite index rose 3.8%, pulled up by Ottawa-Gatineau (+11.6%), Hamilton (+8.5%), Montreal (+7.5%), Toronto (+6.4%) and Halifax (+6.3%). Lagging the countrywide average were Victoria (+3.6%) and Winnipeg (+0.3%). Deflating over the 12 months were Vancouver (-0.7%), Quebec City (-0.7%), Calgary (-1.3%) and Edmonton (-2.7%).

See charts and table on pages 2 and 3

Home sales decrease in March: Selected metropolitan areas

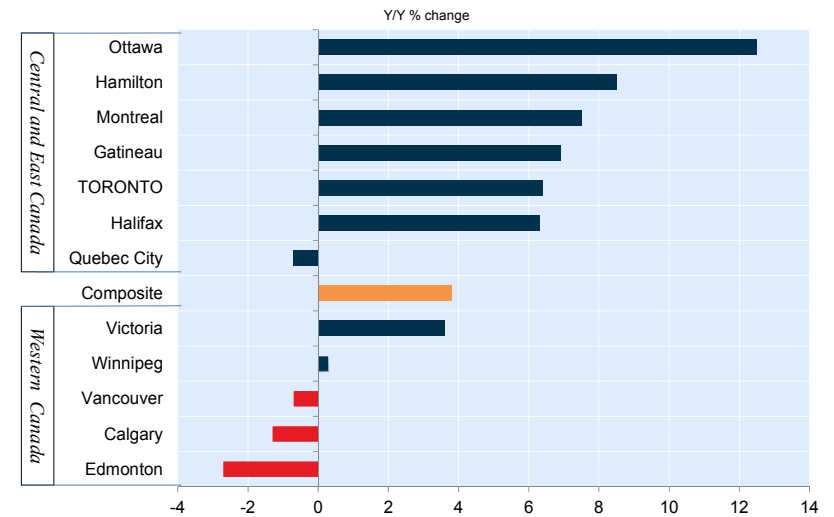
Seasonally adjusted number of home sales



NBF Economics and Strategy (data via CREA)

Regional divergences in home prices

Teranet-National Bank HPI of metropolitan areas. As of March 2020.

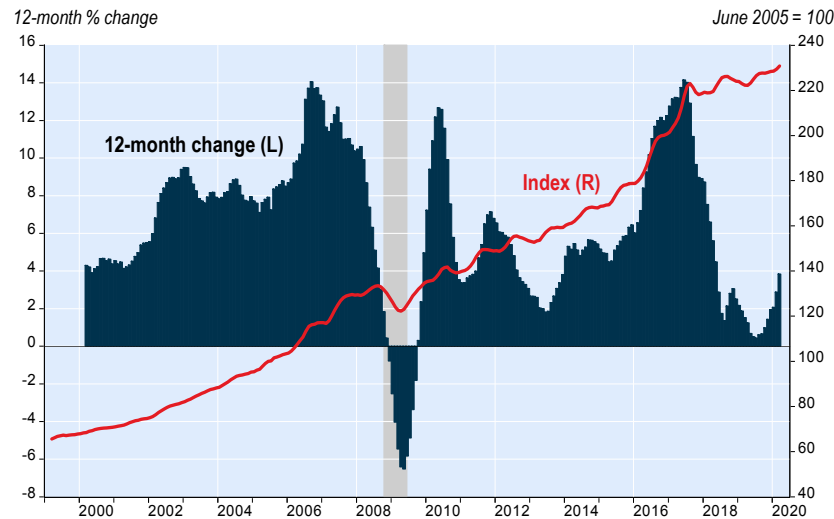


NBF Economics and Strategy (data via Teranet-National Bank HPI)

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 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™

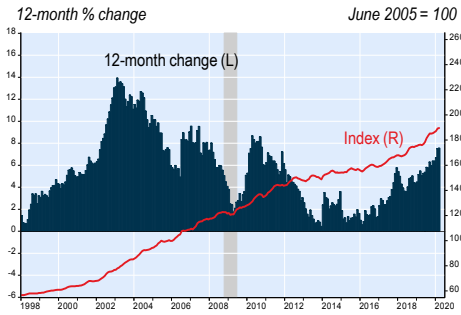


Metropolitan area	Index level March 2020	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	230.83	0.6%	3.8%	0.0%	2020-03
Victoria	209.74	0.0%	3.6%	-0.7%	2019-12
Vancouver	279.41	1.0%	-0.7%	-5.0%	2018-07
Calgary	172.84	-0.1%	-1.3%	-8.2%	2014-10
Edmonton	171.72	-0.6%	-2.7%	-8.6%	2007-09
Winnipeg	207.37	-0.8%	0.3%	-2.5%	2019-09
Hamilton	250.18	0.4%	8.5%	0.0%	2020-03
Toronto	259.43	0.9%	6.4%	0.0%	2020-03
Ottawa-Gatineau	175.77	1.1%	11.6%	0.0%	2020-03
Montreal	189.58	0.2%	7.5%	0.0%	2020-03
Quebec	182.16	0.3%	-0.7%	-1.5%	2019-12
Halifax	159.71	0.1%	6.3%	0.0%	2020-03

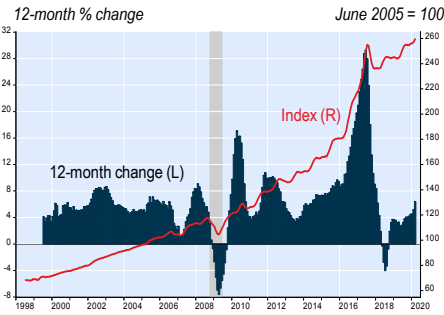
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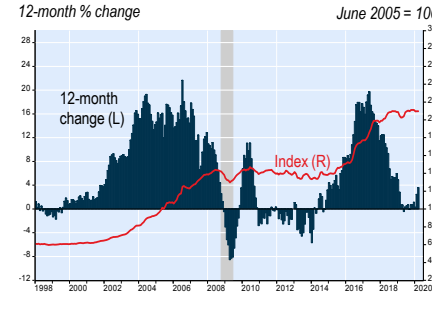
Montreal



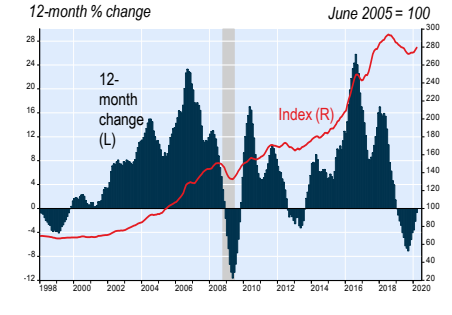
Toronto



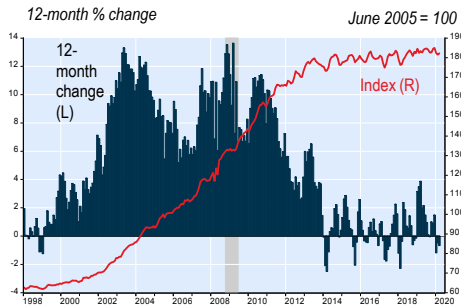
Victoria



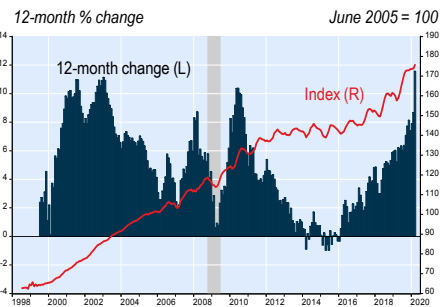
Vancouver



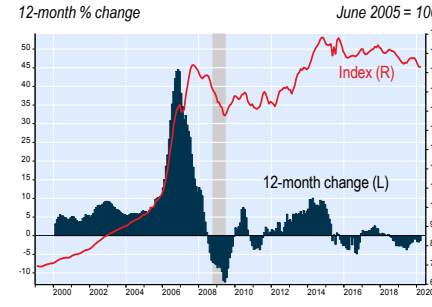
Quebec City



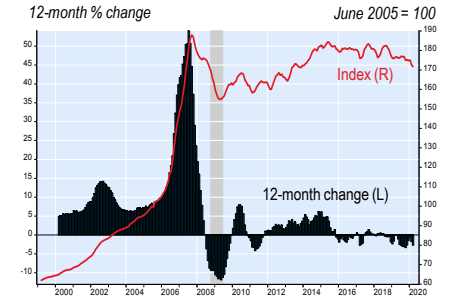
Ottawa-Gatineau



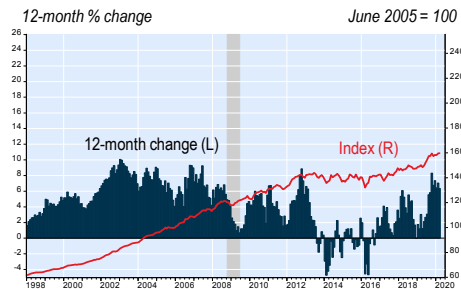
Calgary



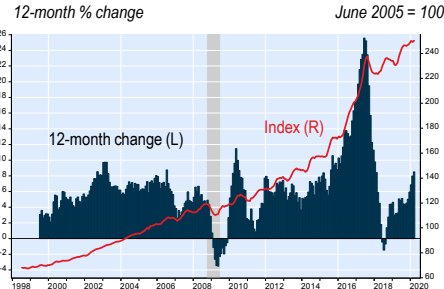
Edmonton



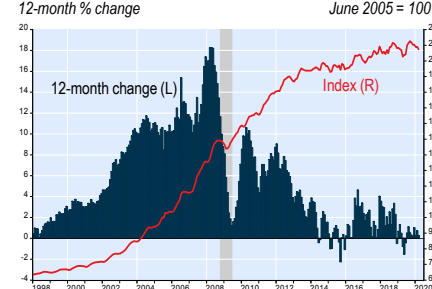
Halifax



Hamilton



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