

## Confirmation of housing-market slowdown due to COVID-19

By Marc Pinsonneault

Last month’s advance in the Composite index was the lowest for a month of June since 2004. This adds to other signs already witnessed in May of a slowing of activity on the housing market due to COVID-19. For instance, the number of sales pairs (see Note on methodology on the next page) from which June indexes were derived was the lowest for a month of June since 2001 (left chart). As in May, a low level of sales pairs was recorded in all the 11 metropolitan areas comprised in the Composite index. Also, June marks the second monthly decline in a row of the seasonally adjusted raw Composite index (right chart). The raw index declined in June in six of the 11 metropolitan areas. True, According to CREA, overall Canadian home sales returned to a more normal level, and this should be soon reflected in land registries. But question marks still lie ahead. We expect the Canadian unemployment rate to remain elevated for a while. In this context, demand for housing may decrease due to a reduction in immigration and would-be first-time homebuyers not being able to qualify for a mortgage loan. That said, the homeownership rate is low among workers in sectors hardest hit by COVID-19.

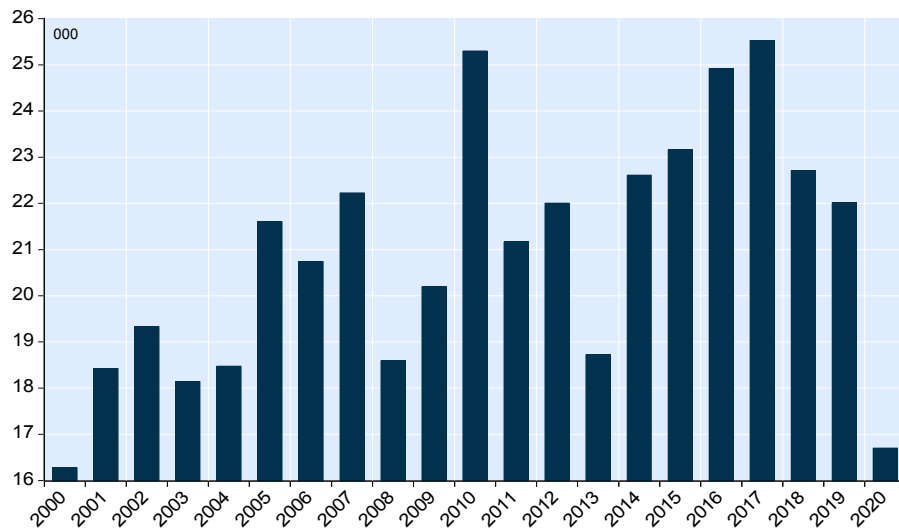
### HIGHLIGHTS:

- The Teranet–National Bank Composite National House Price Index™ advanced 0.7% in June, the lowest June advance in 17 years.
- On a monthly basis, there was a gain in 9 of the 11 markets covered: Halifax (+2.7%), Winnipeg (+1.8%), Hamilton (+1.7%), Ottawa-Gatineau (+1.5%), Montreal (+1.4%), Toronto (+0.8%), Victoria (+0.8%), Quebec City (+0.5%) and Vancouver (+0.2%). Prices were down on the month in Calgary (-0.1%) and Edmonton (-0.7%).
- From June 2019 to June 2020, the Composite index rose 5.9%, led by Ottawa-Gatineau (+13.0%), Halifax (+11.8%), Montreal (+10.3%), Toronto (+9.1%) and Hamilton (+8.4%). Lagging the countrywide average were Winnipeg (+5.1%), Victoria (+2.1%), and Vancouver (+1.1%). The index for Quebec City was flat from a year earlier. Deflating over the 12 months were Calgary (-1.3%) and Edmonton (-2.4%).

*See charts and table on pages 2 and 3*

### The lowest number of sales pairs for a month of June since 2001

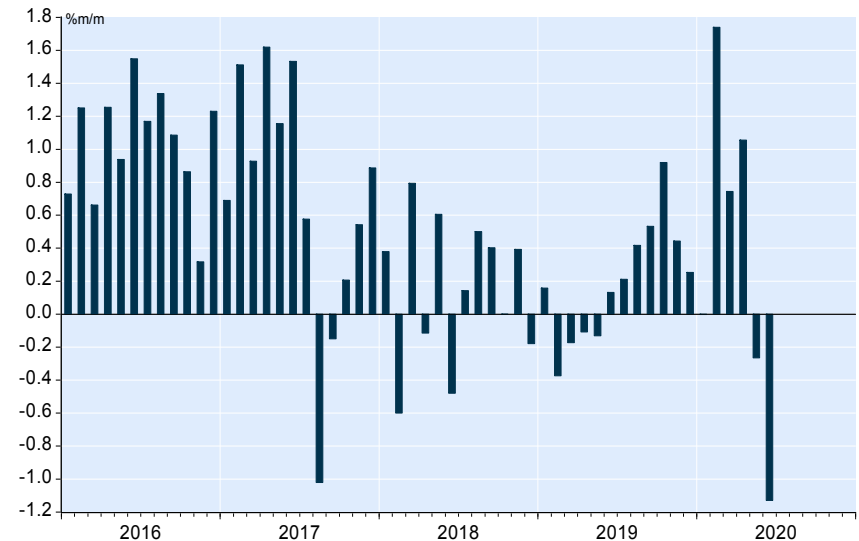
Number of sales pairs used to derive the HPI of the 11 metropolitan areas comprised in the Composite index



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

### The raw Composite index slipped for a second month in a row

Monthly change in seasonally adjusted raw Composite index



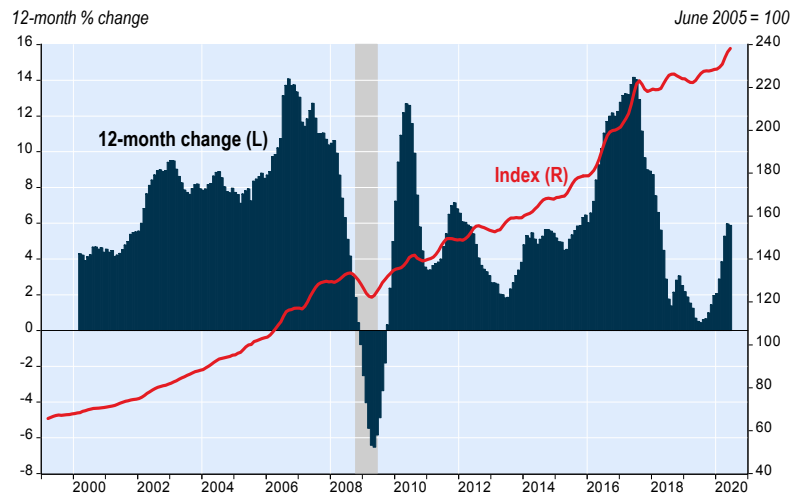
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**NOTE ON METHODOLOGY:**

The Teranet-National Bank House Price Index is based on the repeat sales methodology. The index is built from the price increase observed between two sales of the same property.

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 for the last month. This procedure allows evening-out month-to-month fluctuations.

**Teranet-National Bank National Composite House Price Index™**

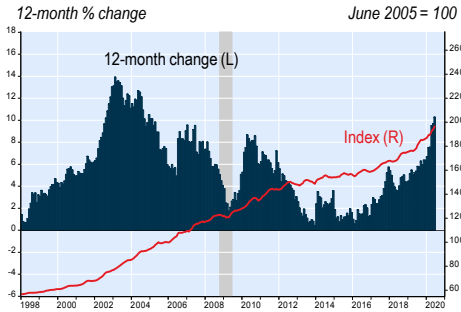


Metropolitan area	Index level June 2020	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	238.19	0.7%	5.9%	0.0%	2020-06
Victoria	212.86	0.8%	2.1%	0.0%	2020-06
Vancouver	281.75	0.2%	1.1%	-4.2%	2018-07
Calgary	172.76	-0.1%	-1.3%	-8.3%	2014-10
Edmonton	171.95	-0.7%	-2.4%	-8.5%	2007-09
Winnipeg	214.45	1.8%	5.1%	0.0%	2020-06
Hamilton	261.52	1.7%	8.4%	0.0%	2020-06
Toronto	272.16	0.8%	9.1%	0.0%	2020-06
Ottawa-Gatineau	186.55	1.5%	13.0%	0.0%	2020-06
Montreal	196.67	1.4%	10.3%	0.0%	2020-06
Quebec	184.59	0.5%	0.0%	-0.2%	2019-12
Halifax	170.05	2.7%	11.8%	0.0%	2020-06

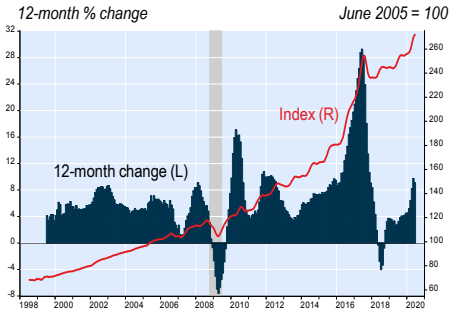
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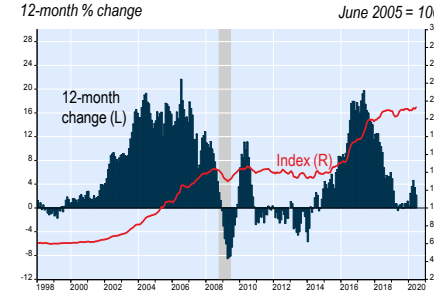
### Montreal



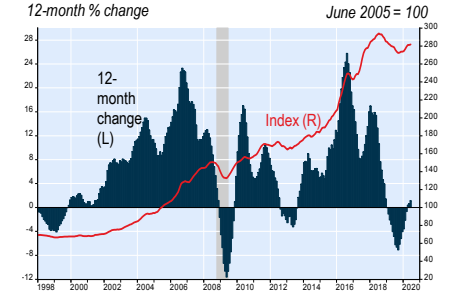
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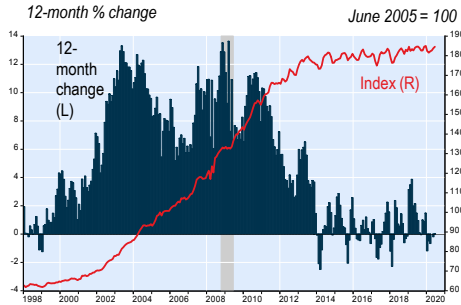
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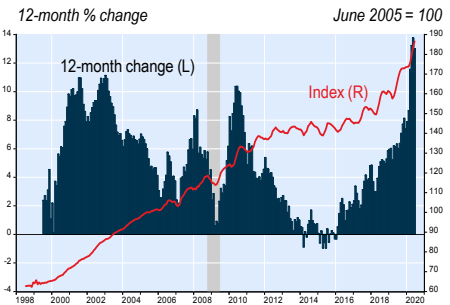
### Vancouver



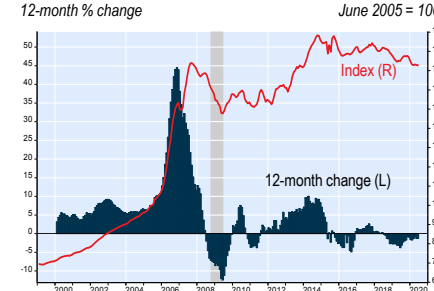
### Quebec City



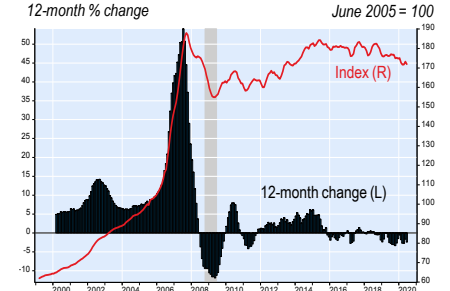
### Ottawa-Gatineau



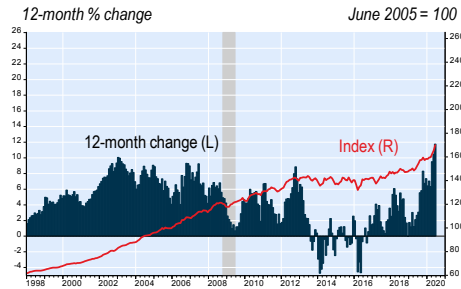
### Calgary



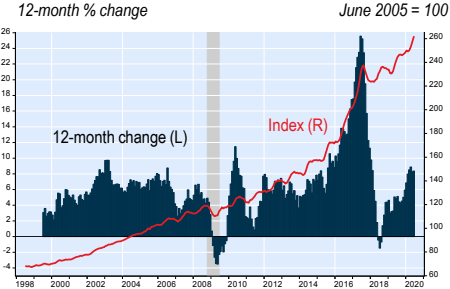
### Edmonton



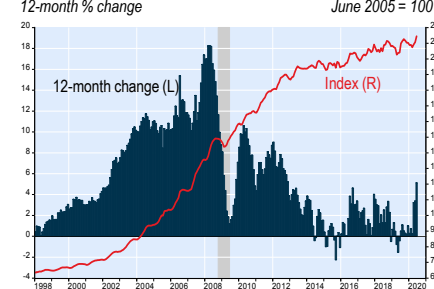
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### Hamilton



### Winnipeg



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Economics and Strategy

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