

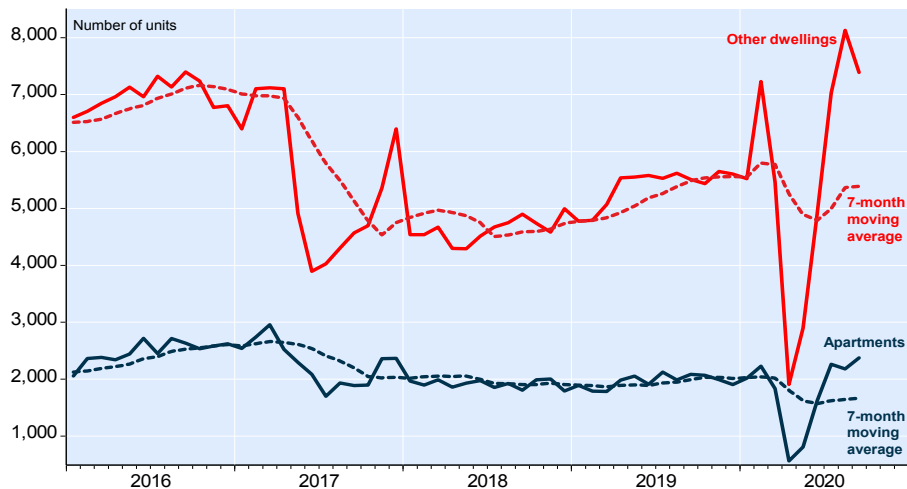
Yet another record high for home prices

By Marc Pinsonneault

The strong performance of the Teranet-National Bank HPI reflects two factors: the intense activity on the home resale market due to the catch-up of sales that would have taken place last spring were it not for Covid-19 and tight market conditions in Quebec, Ontario and the Maritimes Provinces (See our [Housing Market Monitor](#)). That being said, a catch-up of sales does not necessarily apply to all types of dwellings. This is obvious in Toronto, where the rise in sales was mostly concentrated in dwellings other than apartments (mostly detached, semi-detached and townhouses – see left chart) outside downtown. At the opposite, the recent trend in apartment sales remained weak. As for Montreal, Quebec Professional Association of Real Estate Boards reported a very significant increase in active listings for condominiums on the Island of Montreal, in contrast with the other geographic areas particularly for single-family homes. In both cities, a deceleration of downtown apartment prices may be underway. Indeed, it might have started to appear in the Teranet-National Bank HPI for both metropolitan areas, when we look at unsmoothed (raw) indices (see methodology next page) for apartments and other types of dwellings (see right chart). In September, the HPI for apartments departed from the upward trend of the HPI for other dwellings for both CMAs. The situation deserves attention over the coming months.

GTA: Home sales by type of dwellings

Seasonally adjusted data; last observation: September 2020



NBF Economics and Strategy, data from CREA and TRREB, the latter seasonally adjusted by NBF

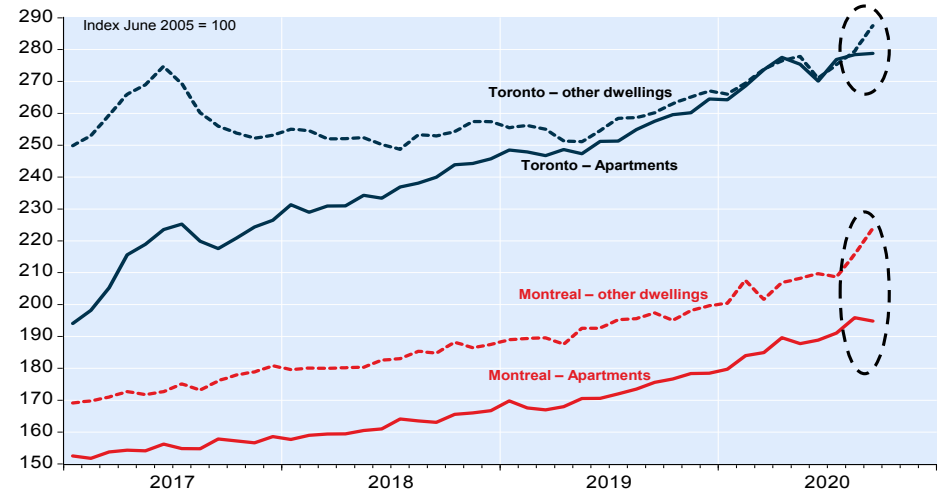
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ advanced 1.1% in September, the second largest monthly increase ever for a month of September.
- On a monthly basis, there was a gain in all the 11 markets covered: Ottawa-Gatineau (+2.3%), Quebec City (+2.2%), Montreal (+1.9%), Hamilton (+1.9%), Edmonton (+1.6%), Toronto (+1.0%), Halifax (+1.0%), Vancouver (0.6%), Winnipeg (+0.4%), Victoria (+0.3%) and Calgary (+0.1%).
- From September 2019 to September 2020, the Composite index rose 6.7%, led by Ottawa-Gatineau (+14.3%), Halifax (+12.2%), Montreal (+11.1%), Hamilton (+10.4%) and Toronto (+8.3%). Lagging the countrywide average were Quebec City (5.4%), Vancouver (4.4%), Victoria (+3.9%) and Winnipeg (+3.1%). Deflating over the 12 months were Edmonton (-0.8%) and Calgary (-2.6%).

See note on methodology, charts and table on pages 2 and 3

GTA, Montreal: Raw Teranet-National Bank HPI by type of dwellings

Seasonally adjusted data; last observation: September 2020



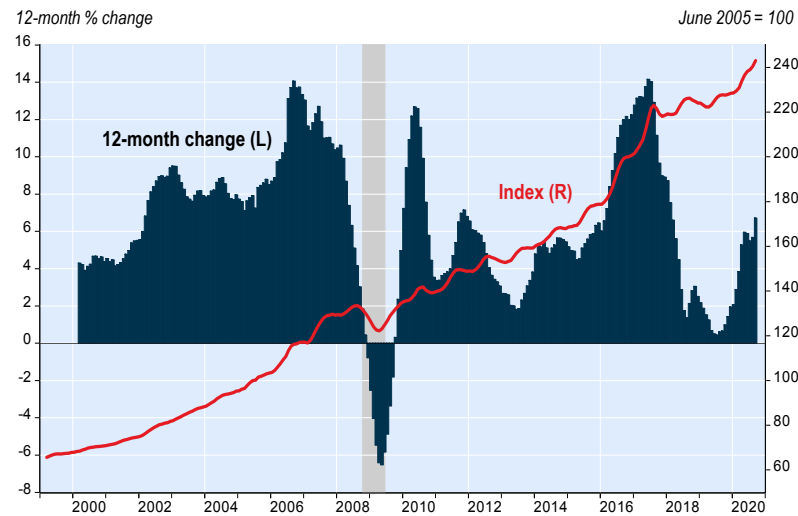
NBF Economics and Strategy, data from Teranet-National Bank HPI

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™

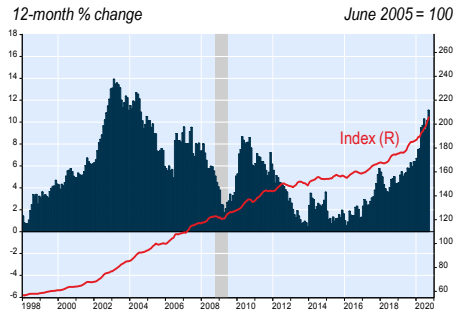


| Metropolitan area | Index level * September 2020 | % change m/m | % change y/y | % change from peak | Peak date |
|-------------------|---------------------------------|-----------------|-----------------|-----------------------|-----------|
| Composite 11 | 243.01 | 1.1% | 6.7% | 0.0% | 2020-09 |
| Victoria | 217.82 | 0.3% | 3.9% | 0.0% | 2020-09 |
| Vancouver | 284.07 | 0.6% | 4.4% | -3.4% | 2018-07 |
| Calgary | 173.03 | 0.1% | -2.6% | -8.1% | 2014-10 |
| Edmonton | 175.31 | 1.6% | -0.8% | -6.7% | 2007-09 |
| Winnipeg | 219.21 | 0.4% | 3.1% | 0.0% | 2020-09 |
| Hamilton | 272.17 | 1.9% | 10.4% | 0.0% | 2020-09 |
| Toronto | 276.11 | 1.0% | 8.3% | 0.0% | 2020-09 |
| Ottawa-Gatineau | 197.31 | 2.3% | 14.3% | 0.0% | 2020-09 |
| Montreal | 205.76 | 1.9% | 11.1% | 0.0% | 2020-09 |
| Quebec | 192.38 | 2.2% | 5.4% | 0.0% | 2020-09 |
| Halifax | 176.57 | 1.0% | 12.2% | 0.0% | 2020-09 |

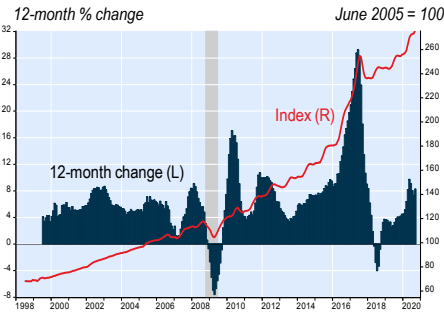
Teranet-National Bank House Price Index

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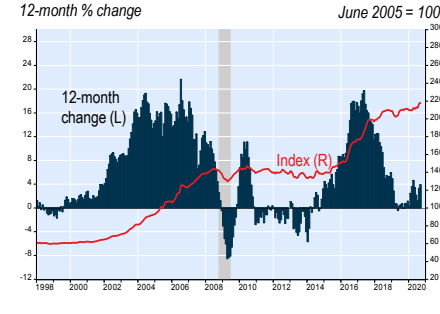
Montreal



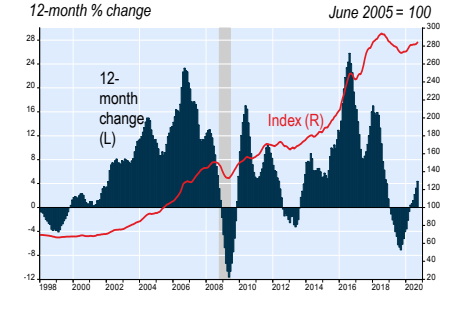
Toronto



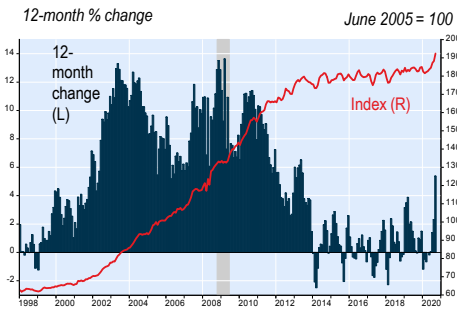
Victoria



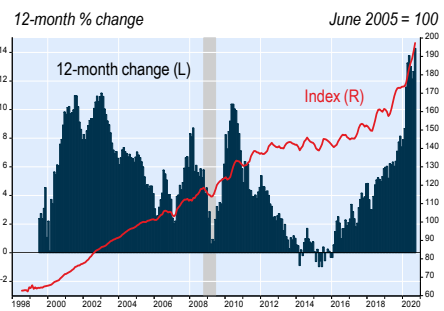
Vancouver



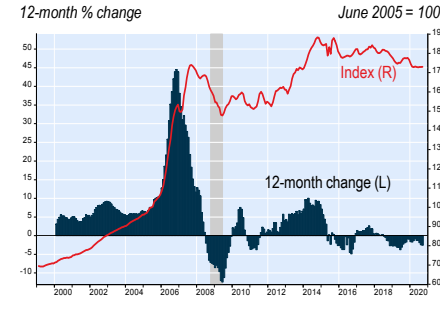
Quebec City



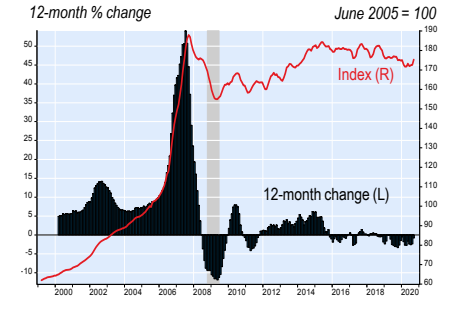
Ottawa-Gatineau



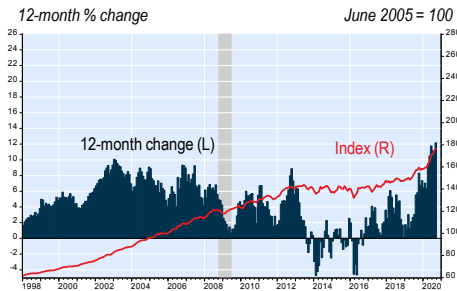
Calgary



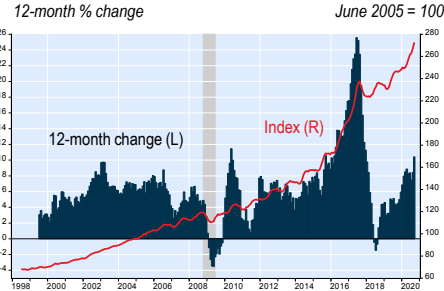
Edmonton



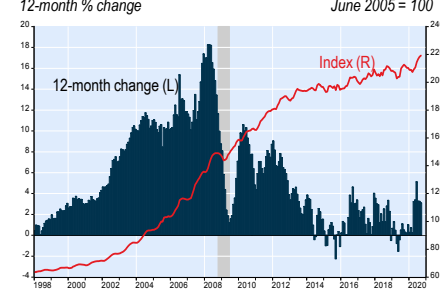
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Hamilton



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Teranet-National Bank House Price Index

Economics and Strategy

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