

National index still rising in July

m/m growth: Latest: +2.0% prior month: +2.6%
y/y growth: Latest: +14.2% prior month: +14.2%

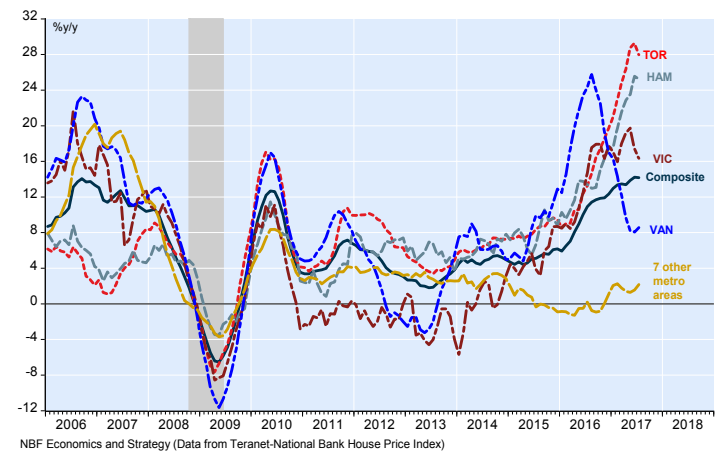
FACTS: The Teranet-National Bank National Composite House Price Index™ rose 2.0% in July. The unsmoothed composite index (see note on methodology on next page) rose 0.7%. The index for Toronto was up 2.1%, but the unsmoothed subindex for dwellings other than condos declined 1.6%. Indices were up in nine of the other 10 metropolitan areas comprising the Composite index: Vancouver (+2.8%), Victoria (+2.8%), Hamilton (+2.1%), Ottawa-Gatineau (+2.0%), Montreal (+1.6%), Winnipeg (+0.7%), Edmonton (+0.6%), Calgary (+0.4%) and Quebec City (+0.4%). The Halifax index declined 1.1%. On a y/y basis, the Composite index rose 14.2%, the same record rate than June, pulled up by Toronto (28.0%), Hamilton (25.2%) and Victoria (16.3%). The indices also rose in Vancouver (8.6%), Ottawa-Gatineau (+3.6%), Montreal (+3.3%), Calgary (+1.8%), Quebec City (+1.4%), Halifax (+1.2%), Edmonton (+0.5%) and Winnipeg (+0.1%). See charts on next page.

OPINION: The recent loosening of the Toronto home resale market was clearly felt on Toronto's (unsmoothed) subindex for dwellings other than condos, which declined 1.6% from June. Moreover, after seasonal adjustment, this subindex declined 2.2% (see middle table). Based on a survey of real estate boards that we conducted earlier this month, home sales declined on a y/y basis in July in most large Canadian cities west of Ottawa. If that trend persists, home price growth might decelerate in these regions. That being said, home resale markets are rather hot this summer in Montreal (bottom chart) and Ottawa-Gatineau, two areas where the Teranet-National Bank Home Price Index was at a record level in July. Home resale markets have also improved markedly of late in the Maritime Provinces. So, pressure on home price growth that might result from rising interest rates and regulation changes are likely to not affect regional markets evenly. Downward pressure is likely to be more acute in regions where affordability has been eroded by past price escalation, while home prices should be more resilient in regions where homes are more affordable.

Marc Pinsonneault

Teranet-National Bank House Price Index™

Composite Index and sub-indices. Last observation: July 2017



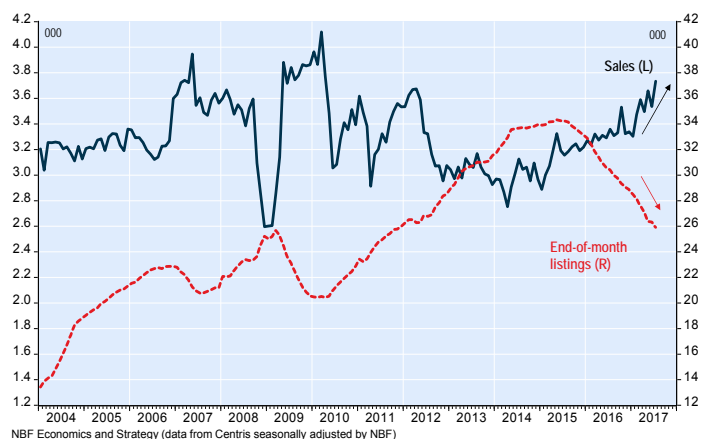
NBF Economics and Strategy (Data from Teranet-National Bank House Price Index)

Teranet-National Bank House Price Index™			
Toronto - Monthly change as of July 2017			
All dwellings		Other than condos	
Smoothed (reported)	Unsmoothed	Unsmoothed	Unsmoothed seas. adj.
2.1%	-0.3%	-1.6%	-2.2%

NBF Economics and Strategy (Data from Teranet-National Bank House Price Index).

Montreal: Home sales and listings

Seasonally adjusted data, last observation: July 2017



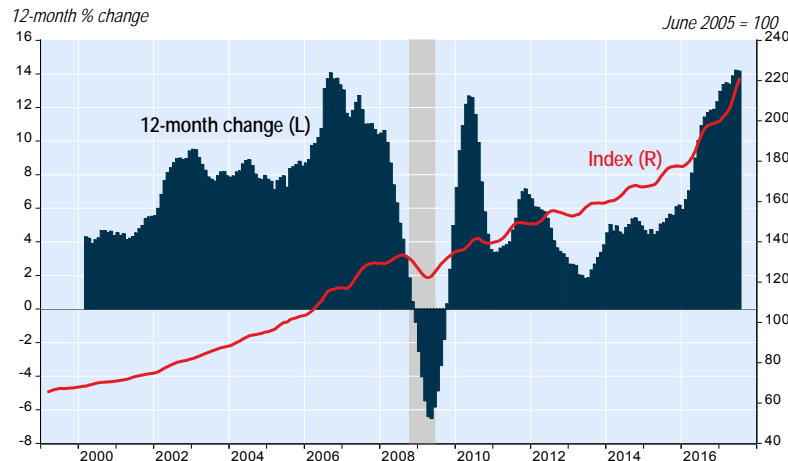
NBF Economics and Strategy (data from Centris seasonally adjusted by NBF)

Teranet-National Bank House Price Index

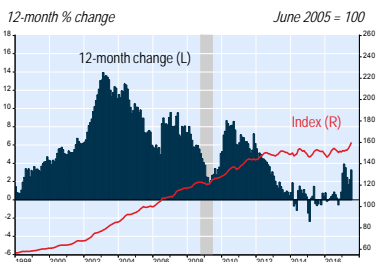
Note on methodology:

The indices of the 11 metropolitan markets comprising the Teranet–National Bank Composite House Price Index™ are smoothed. Each month, the (unsmoothed) indices 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.

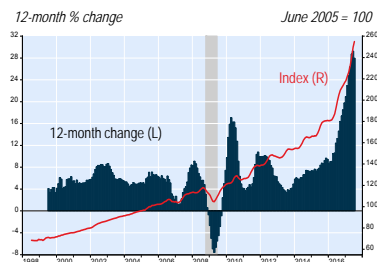
Teranet-National Bank National Composite House Price Index™



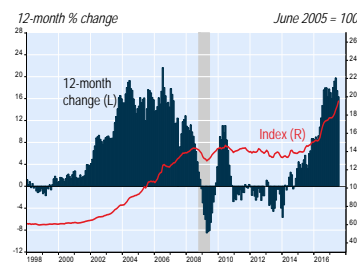
Montreal



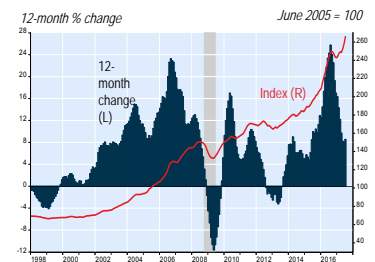
Toronto



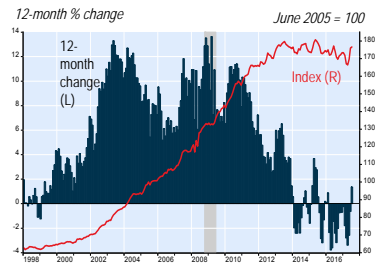
Victoria



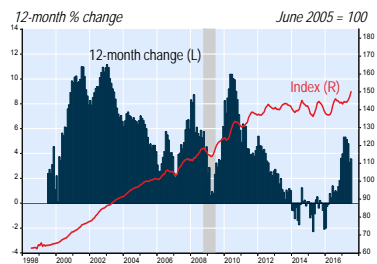
Vancouver



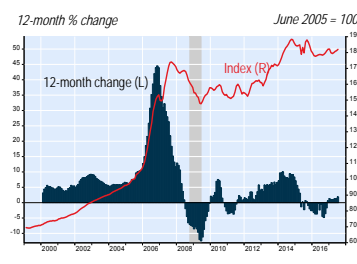
Quebec City



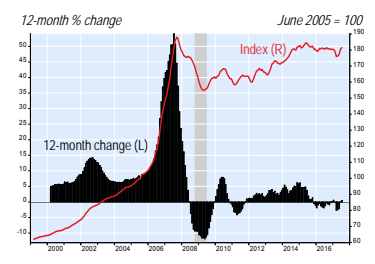
Ottawa–Gatineau



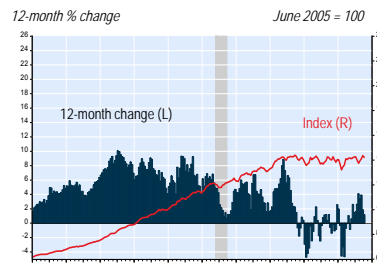
Calgary



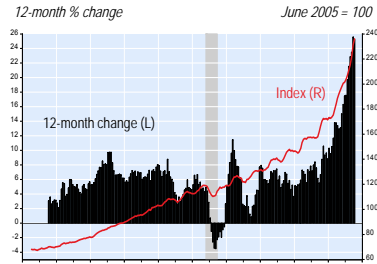
Edmonton



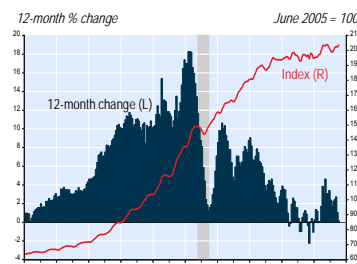
Halifax



Hamilton



Winnipeg



Teranet-National Bank House Price Index

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