

Weakness in Vancouver and Calgary

By Marc Pinsonneault

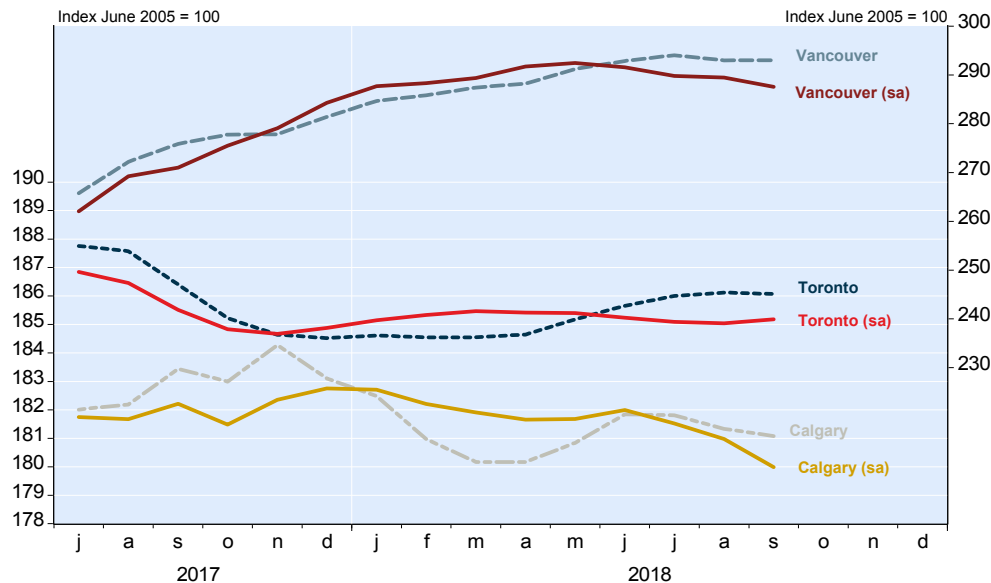
When seasonal effects are removed, the Composite price index edged up in September, recovering some of the ground lost in previous months. While this applies in particular to Toronto, it is not the case for Vancouver and Calgary, where the seasonally adjusted indices extended a string of declines (left chart). This downtrend in home prices is consistent with the weakness in home sales reported by the respective real estate boards of these two metropolitan areas. At the opposite, seasonally adjusted indices extended a string of solid increases over the last few months in Montreal and Ottawa-Gatineau (right chart). Again, this is consistent with the performance of the home resale market. In Montreal, home sales in September were up 8% from a year ago and at their highest level for a month of September in 9 years. In Ottawa-Gatineau, the market is almost in the “favorable to sellers” territory judging from the new-listings-to-sales ratio. See charts and table on pages 2 and 3.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ was stable in September.
- Five of the 11 constituent metropolitan areas recorded increases on the month (the lowest diffusion of gains in six months): Winnipeg (+1.4%), Montreal (+0.5%), Victoria (+0.5%), Hamilton (+0.2%) and Ottawa-Gatineau (+0.1%). The index was stable in Vancouver and Edmonton, while it declined in Toronto (-0.1%), Calgary (-0.1%), Halifax (-0.2%) and Quebec City (-0.6%).
- On a y/y basis, the Composite index rose 2.1%. The 12-month gain was largely above the national average in Vancouver (+6.2%), Victoria (+5.5%), Ottawa-Gatineau (+5.1%) Montreal (+4.8%) and Halifax (+4.8%). It was more moderate in Winnipeg (+2.8%), Hamilton (+1.4%) and Quebec City (+0.7%). The index lost ground over 12 months in Edmonton (-0.5%), Toronto (-0.8%) and Calgary (-1.3%).

Teranet-National Bank HPI: Published and seasonally adjusted

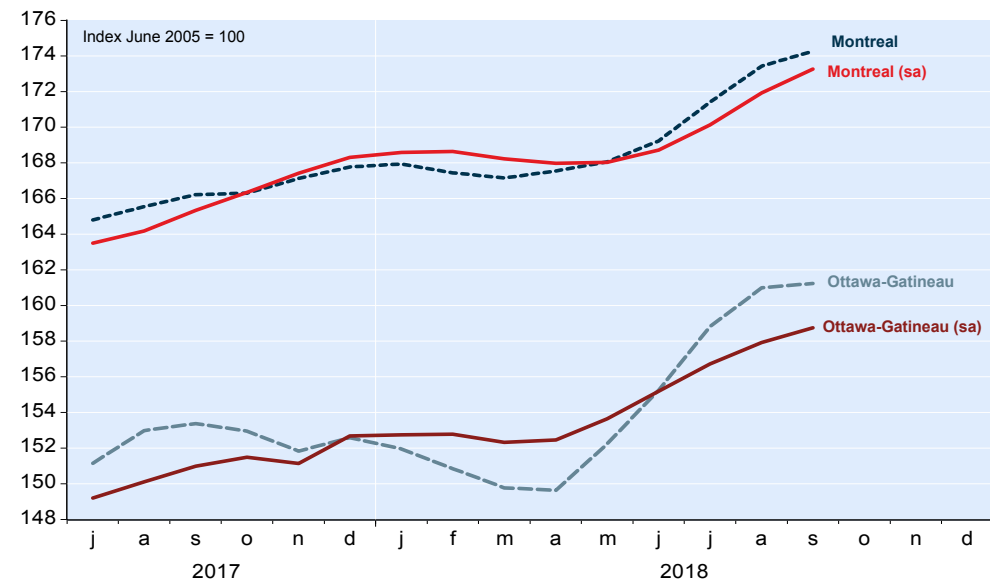
Selected metropolitan areas indices (sa: seasonally adjusted)



NBF Economics and Strategy (data via Teranet-National Bank House Price Index seasonally adjusted by NBF)

Teranet-National Bank HPI for Montreal and Ottawa-Gatineau

Index level over the last 15 months (sa: seasonally adjusted)

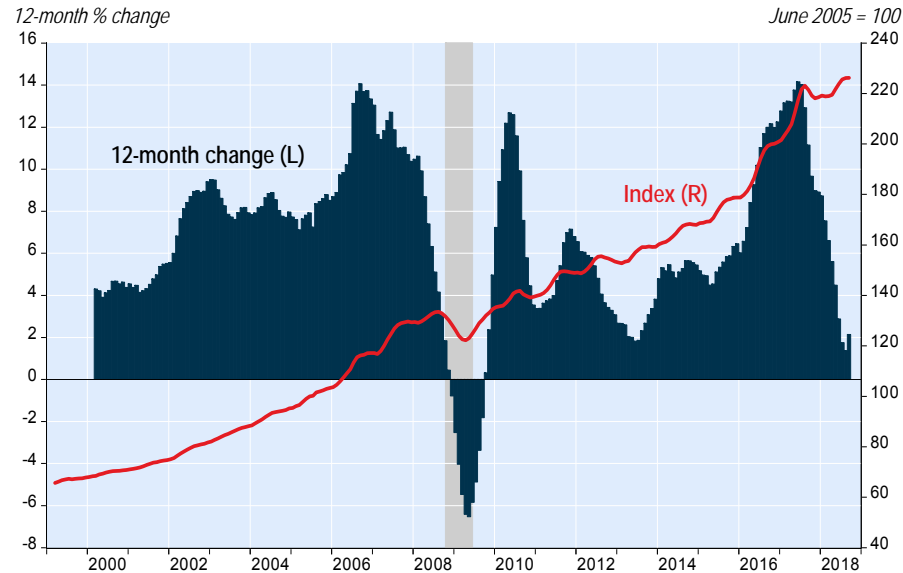


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NOTE ON METHODOLOGY:

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

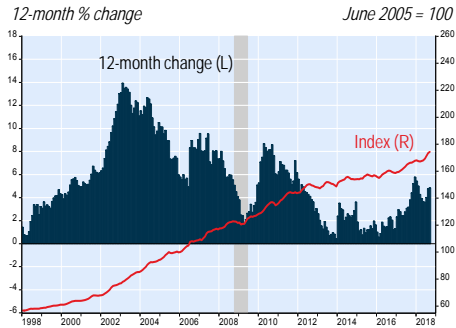


Metropolitan area	Index level September 2018	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	226.23	0.0%	2.1%	0.0%	2018-09
Victoria	209.84	0.5%	5.5%	0.0%	2018-09
Vancouver	293.02	0.0%	6.2%	-0.3%	2018-07
Calgary	181.08	-0.1%	-1.3%	-3.9%	2014-10
Edmonton	182.41	0.0%	-0.5%	-2.9%	2007-09
Winnipeg	211.50	1.1%	2.8%	0.0%	2018-09
Hamilton	236.35	0.2%	1.4%	-0.5%	2017-08
Toronto	245.12	-0.1%	-0.8%	-3.8%	2017-07
Ottawa-Gatineau	161.23	0.1%	5.1%	0.0%	2018-09
Montreal	174.27	0.5%	4.8%	0.0%	2018-09
Quebec	182.64	-0.6%	0.7%	-0.6%	2018-08
Halifax	148.75	-0.2%	4.8%	-0.8%	2018-07

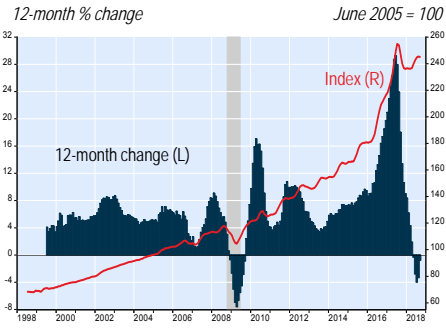
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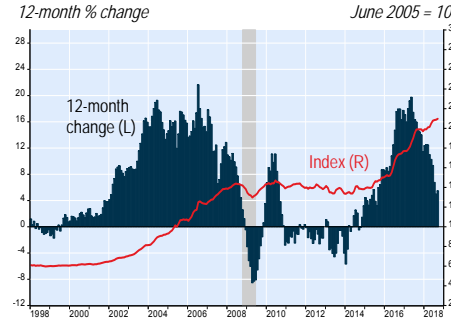
Montreal



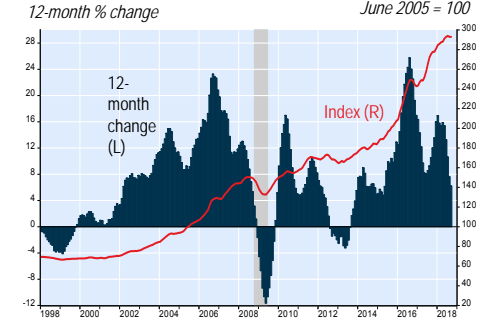
Toronto



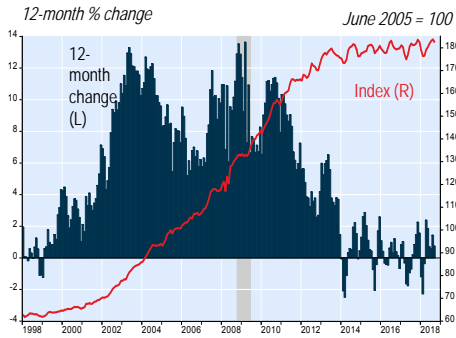
Victoria



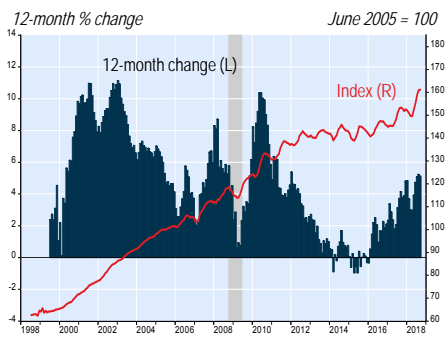
Vancouver



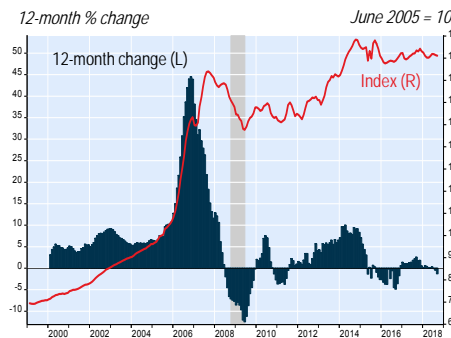
Quebec City



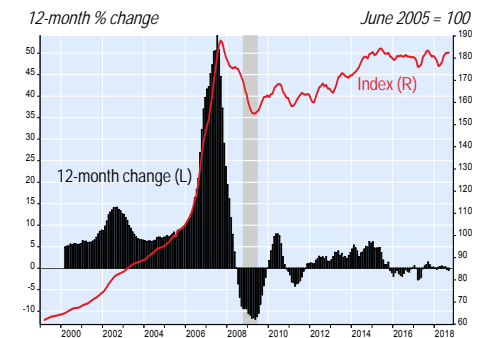
Ottawa-Gatineau



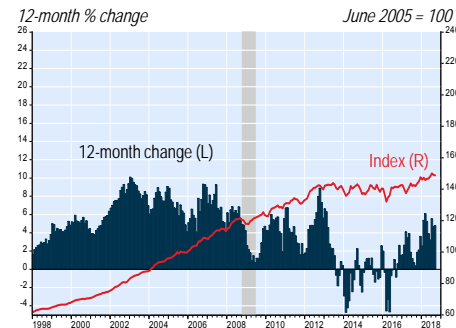
Calgary



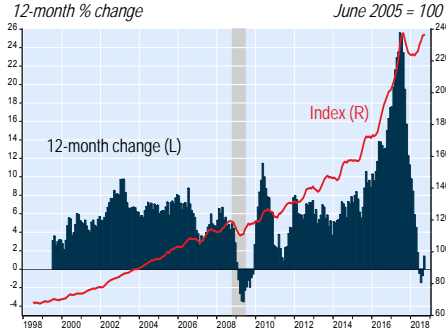
Edmonton



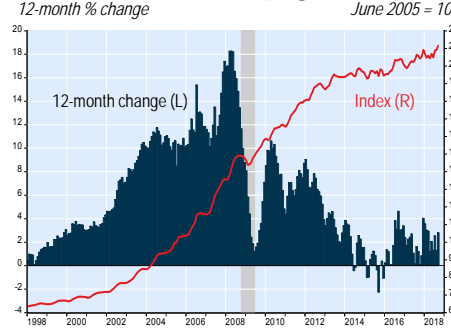
Halifax



Hamilton



Winnipeg



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Economics and Strategy



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