

Negative print for national index in September

Teranet-National Bank Composite National HPI

m/m growth: Sept.: -0.8% August: +0.6%

y/y growth: Sept.: +11.4% August: +13.1%

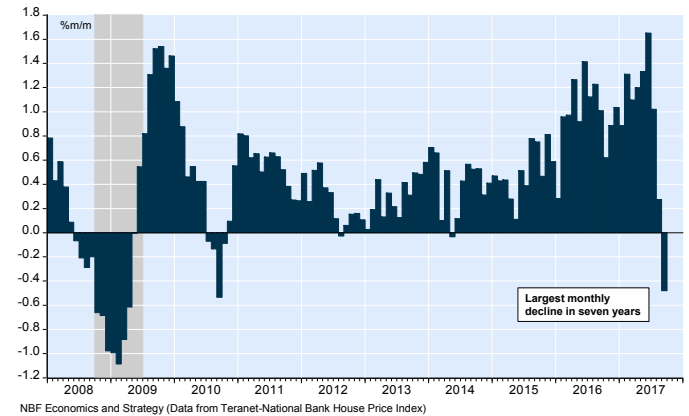
FACTS: The Teranet-National Bank Composite National House Price Index™ dropped 0.8% in September, the largest monthly decline in seven years. Last September's retreat was mostly due to a 2.7% fall in the Toronto market, the country's largest one. In four other metropolitan areas prices were down m/m: Quebec City (-2.3%), Hamilton (-1.9%), Halifax (-0.4%) and Winnipeg (-0.3%). The index for Victoria was flat. Among the remaining five areas prices were up: 1.3% in Vancouver, 0.7% in Calgary, 0.3% in Montreal, 0.3% in Ottawa-Gatineau and 0.2% in Edmonton. On a y/y basis, the Composite index rose 11.4%, a second softer reading in a row following the record 12-month gains of 14.2% in both June and July. September's y/y rise was led by Toronto (18.0%), Hamilton (19.5%) and Victoria (14.7%). Vancouver's rise of 10.5%, while strong, was below the countrywide average. The 12-month advance was much smaller in Ottawa-Gatineau (5.2%), Montreal (5.0%), Calgary (2.6%), Edmonton (1.4%), Winnipeg (1.2%), Quebec City (1.1%) and Halifax (0.4%). See charts on next page.

OPINION: September's decline of the national composite HPI is the largest in seven years (top chart), due to the fall of Toronto's index. The Toronto's unsmoothed index (see note on methodology next page), has shrunk in each of the last three months, for a cumulative loss of 7.5% (middle chart). Many might worry about the fact that the last time we saw a string of monthly declines of such magnitude was during the last economic recession. They should not. Market conditions on Toronto's home resale market went from being very tight at the beginning of the year to balanced, as suggested by the active-listings-to-sales ratio which, at 2.5, stood at its average long-term value in September (bottom chart). The ratio is still very far from its peak level of 6.5 experienced during the last economic recession. Moreover, market conditions appear to have stabilized over the last four months. If that is the case, a large part of the price correction to be seen in the Toronto home resale market might be behind us.

Marc Pinsonneault

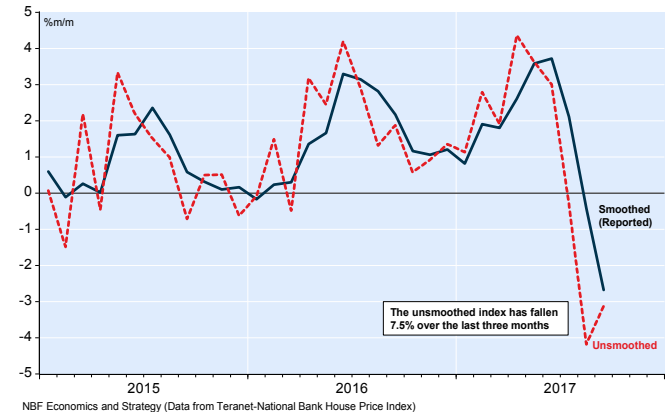
Largest monthly decline in seven years

Teranet-National Bank Composite National House Price Index™, seasonally adjusted by NBF.



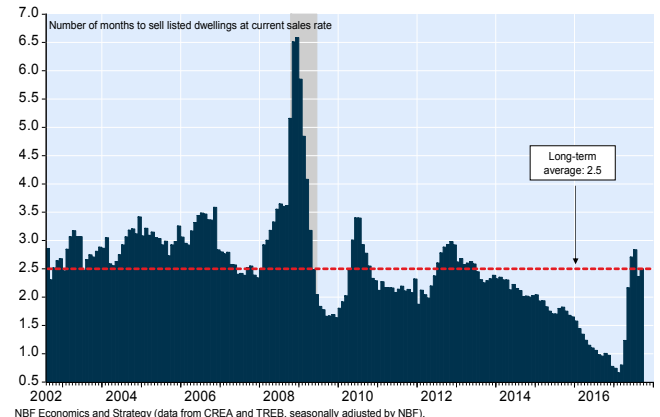
Toronto: Teranet-National Bank House Price Index

Last observation: September 2017



Toronto: Home resale market

Active-listings-to-sales ratio, seasonally adjusted. Last observation: September 2017

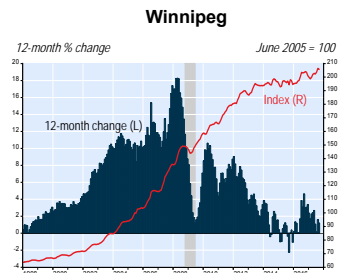
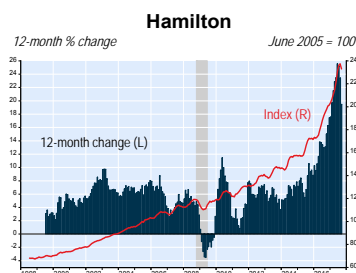
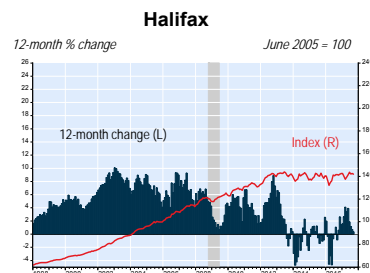
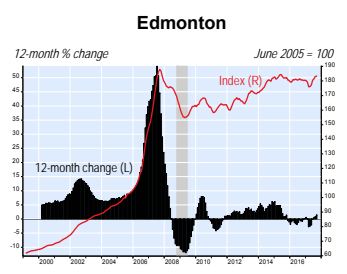
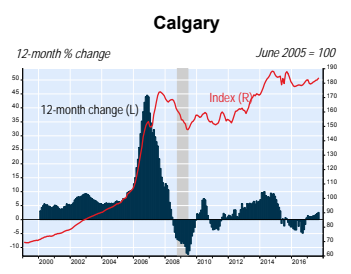
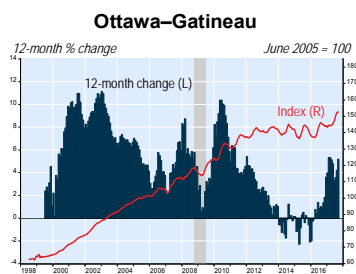
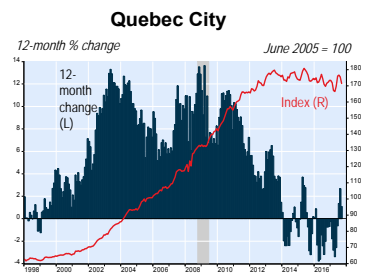
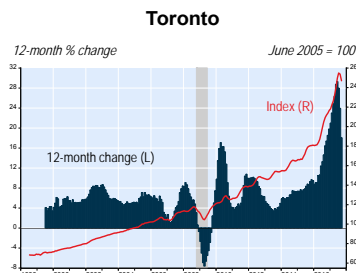
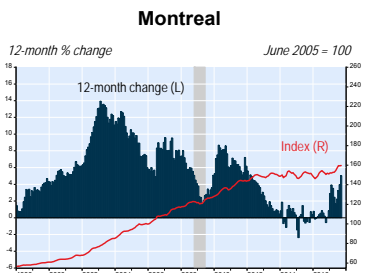
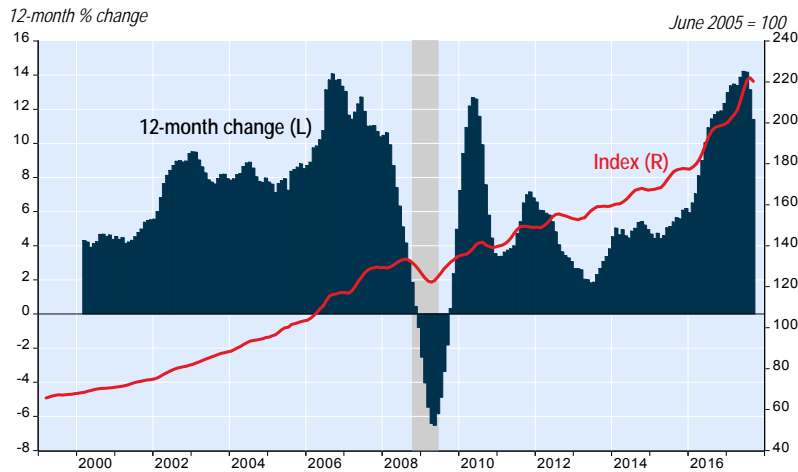


Teranet-National Bank House Price Index

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™



Teranet-National Bank House Price Index

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