

Ontario home prices still surging in April

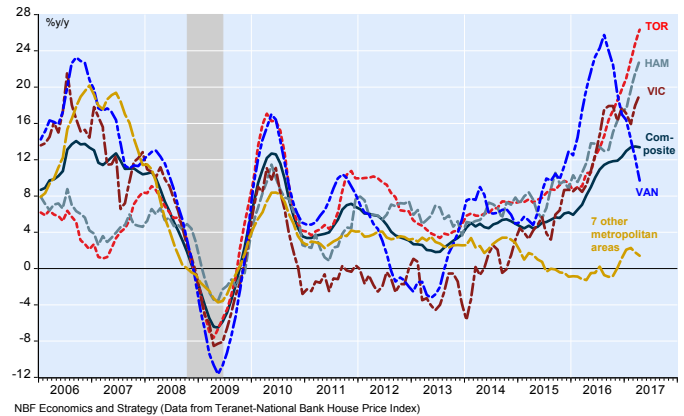
m/m growth: Latest: +1.2% prior month: +0.9%
y/y growth: Latest: +13.4% prior month: +13.5%

FACTS: The Teranet-National Bank National Composite House Price Index™ rose 1.2% in April, a rate similar to the one observed in April 2016 and well above the 0.9% average monthly growth in April over the last 18 years (not counting the recession year 2009). This rise in the composite index is attributable to four of the 11 metropolitan markets surveyed: Toronto (+2.6%), Hamilton (+2.1%), Victoria (+1.5%) and Halifax (+1.4%). Prices also rose in Winnipeg (+1.0%) and moderately so in Calgary (+0.3%), Edmonton (+0.1%) and Montreal (+0.1%). Prices were flat in Ottawa-Gatineau and declined in Vancouver (-0.1%) and Quebec City (-0.4%). On a y/y basis, the national index was up 13.4%, down from 13.5% in March, a first deceleration in 15 months. The gain was driven by Toronto (a record +26.3%), Hamilton (a record +22.9%) and Victoria (+19.2%). Although strong, Vancouver's gain (+9.7%) was below the average. There were gains in Ottawa-Gatineau (+5.1%), Halifax (+3.4%), Montreal (+2.5%), Winnipeg (+2.4%) and Calgary (+1.1%). Prices were down from a year earlier in Edmonton (-2.5%) and Quebec City (-3.4%). See charts on next page.

OPINION: The strength of 12-month home price growth at the national level is mostly explained by three markets: Toronto, Hamilton and Victoria (top chart). That being said, if we consider markets not currently covered by the Teranet-National Bank home price index, outside Toronto and Hamilton we find many markets in Ontario with double-digit house price inflation. No wonder why the Non-Resident Speculation Tax introduced in April by the Ontario government applies not only to Toronto and Hamilton, but also to the Greater Golden Horseshoe (middle table). The effect of that tax on homes sales and home price growth will be assessed over the next few months. But even if this measure curbs speculation, it should not bring home price growth to a halt due to strong fundamentals such as jobs creation, immigrants from other countries and lately a net flow of migrants from other provinces. Low interest rates also contribute to the housing boom (bottom chart).

Marc Pinsonneault

Teranet-National Bank House Price Index™
Composite Index and sub-indices. Last observation: March 2017



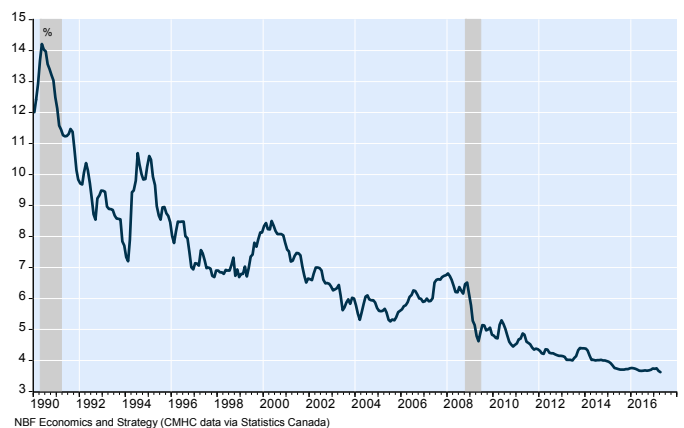
Regions in the Greater Golden Horseshoe y/y home price indices* growth as of April 2017

Oshawa	31.8
Barrie	29.2
St. Catharines - Niagara	26.7
Peterborough	24.3
Kitchener-Cambridge-Waterloo	22.5
Brantford	16.9
Guelph	16.8

* based on the Teranet-National Bank HPI methodology

5-year posted mortgage rates

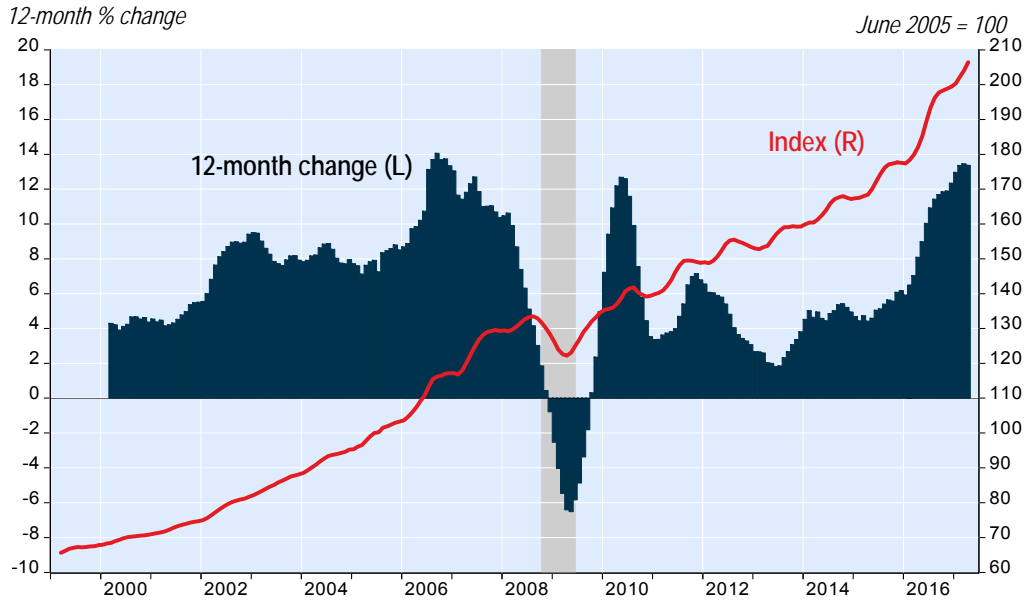
Last observation: April 2017



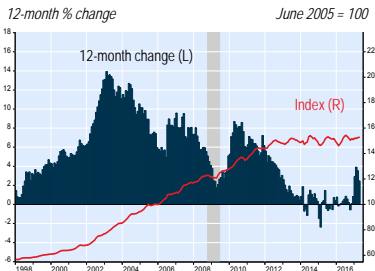
NBF Economics and Strategy (CMHC data via Statistics Canada)

Teranet-National Bank House Price Index

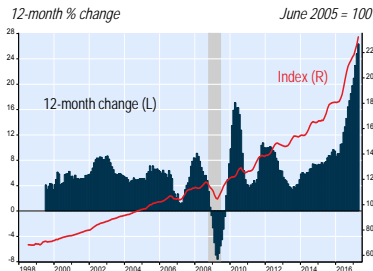
Teranet-National Bank National Composite House Price Index™



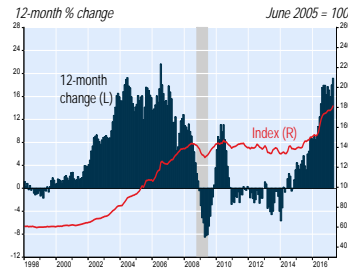
Montreal



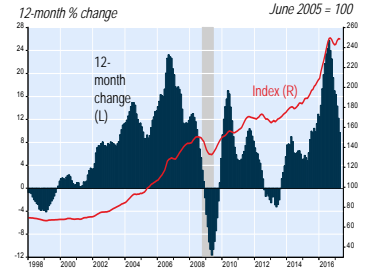
Toronto



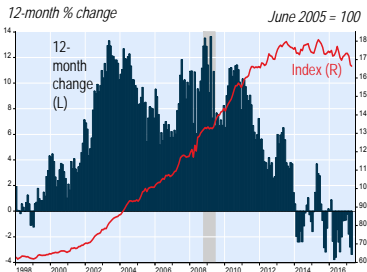
Victoria



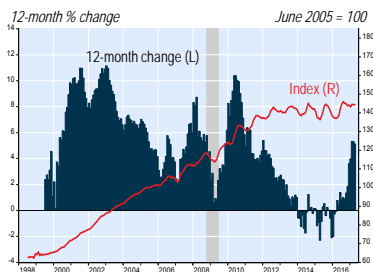
Vancouver



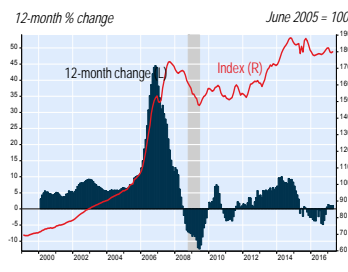
Quebec City



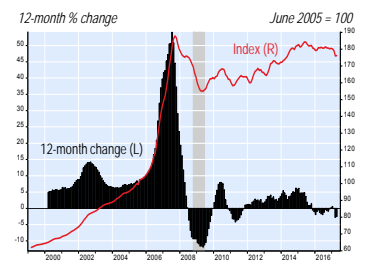
Ottawa-Gatineau



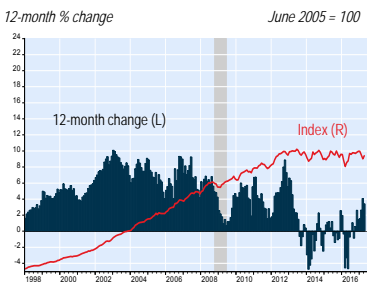
Calgary



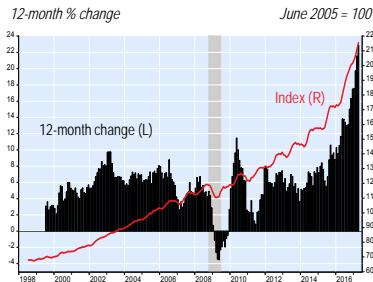
Edmonton



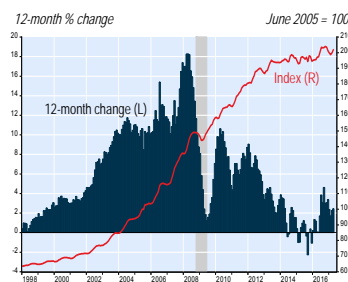
Halifax



Hamilton



Winnipeg



Teranet-National Bank House Price Index

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