

Home prices fall in October

By Marc Pinsonneault

Home prices are showing signs of weakness at the national level (left chart), but the market is far from being homogeneous. For example, on a seasonally adjusted basis, Vancouver showed no gain for a fifth month in a row, for a cumulative loss of 1.6%. Moreover, the weakness extends to condos as well as to more expensive dwellings. This is consistent with the fact that since the beginning of the year, home sales declined markedly in both segments. For Toronto, the picture is mixed, with condos prices still remaining on an upward trend. Montreal is at the other end of the spectrum. The second largest metropolitan region in Canada enjoyed the most vigorous home resale market over the last few months (right chart). But with interest rates set to rise again in the coming months, we don't see much upside for home prices.

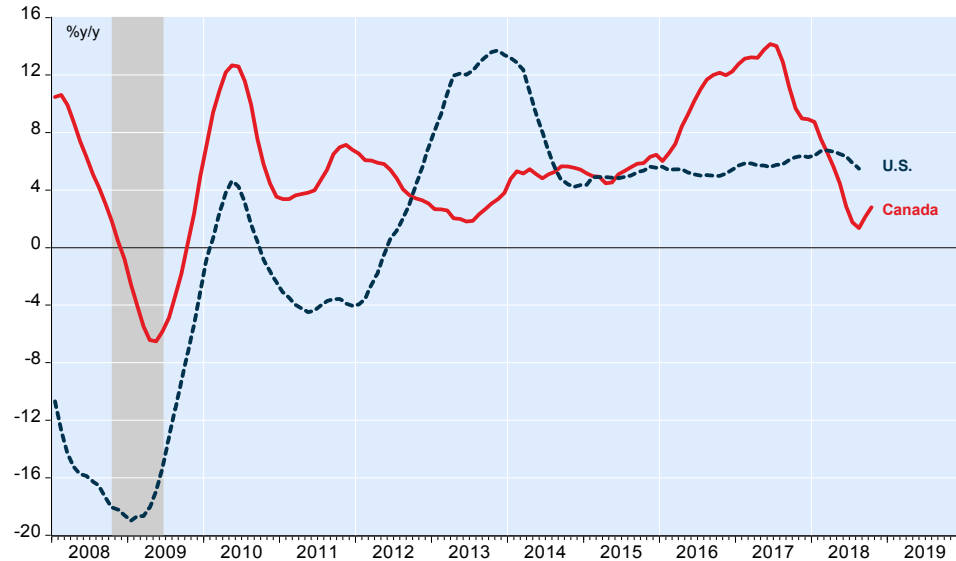
See charts and table on pages 2 and 3.

HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ declined 0.4% in October.
- Only one of the 11 constituent metropolitan areas recorded an increase on the month (the lowest diffusion of gains since December 2012): Montreal (+0.2%), Victoria (-0.1%), Toronto (-0.2%), Winnipeg (-0.2%), Calgary (-0.3%), Ottawa-Gatineau (-0.4%), Hamilton (-0.5%), Edmonton (-0.7%), Vancouver (-0.8%), Quebec City (-1.0%) and Halifax (-1.0%).
- On a y/y basis, the Composite index rose 2.8%, with gains in Victoria (+5.2%), Montreal (+5.0%), Ottawa-Gatineau (+5.0%), Vancouver (+4.6%), Winnipeg (+3.4%), Hamilton (+2.8%), Halifax (+2.4%) and Toronto (+1.9%). The index lost ground over 12 months in Edmonton (-0.5%), Quebec City (-0.6%) and Calgary (-1.4%).

Canada vs. U.S.: Home Price Index

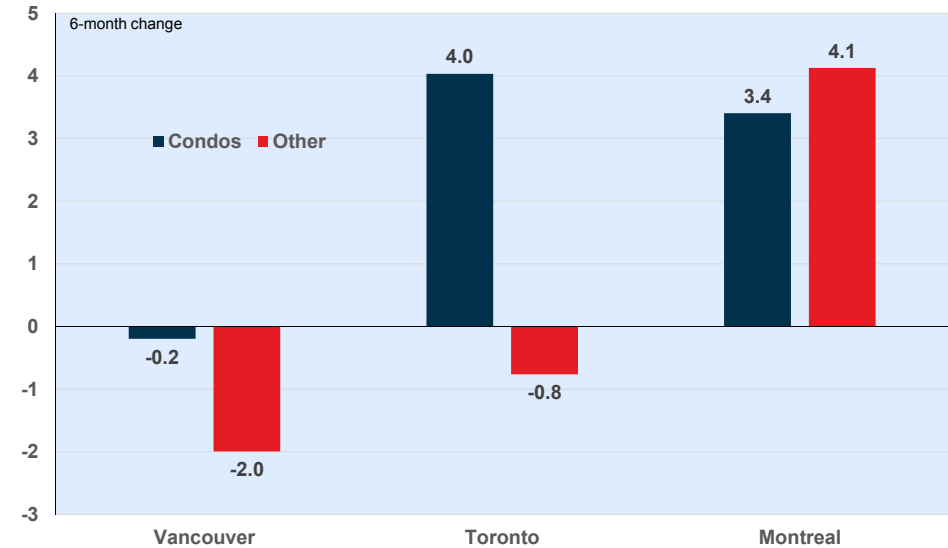
Teranet-National Bank Composite National HPI vs. U.S. Case-Shiller



NBF Economics and Strategy (data via Teranet-National Bank House Price Index and S&P Corelogic)

The Canadian home resale market not homogeneous

Teranet-National Bank House Price Index for three largest metropolitan areas, seasonally adjusted

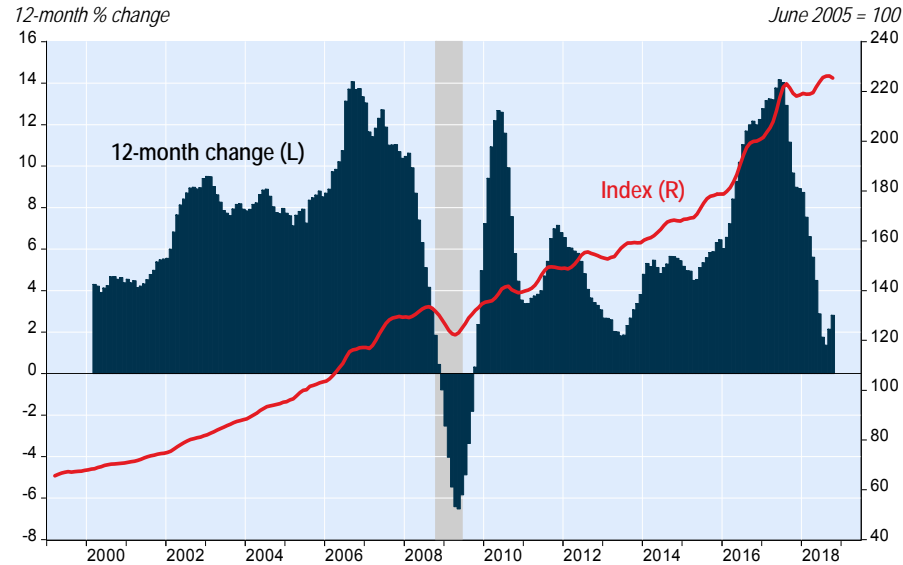


NBF Economics and Strategy (data via Teranet-National Bank House Price Index, seasonally adjusted by NBF)

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™

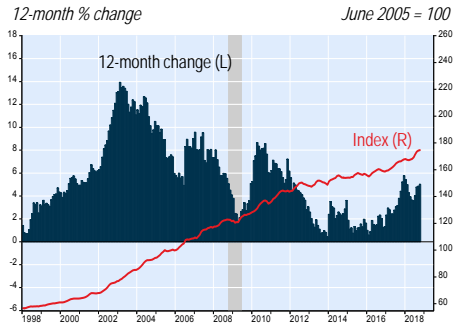


Metropolitan area	Index level October 2018	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	225.38	-0.4%	2.8%	-0.4%	2018-09
Victoria	209.57	-0.1%	5.2%	-0.1%	2018-09
Vancouver	290.60	-0.8%	4.6%	-1.2%	2018-07
Calgary	180.46	-0.3%	-1.4%	-4.2%	2014-10
Edmonton	181.09	-0.7%	-0.5%	-3.6%	2007-09
Winnipeg	211.07	-0.2%	3.4%	-0.2%	2018-09
Hamilton	235.28	-0.5%	2.8%	-0.9%	2017-08
Toronto	244.67	-0.2%	1.9%	-4.0%	2017-07
Ottawa-Gatineau	160.54	-0.4%	5.0%	-0.4%	2018-09
Montreal	174.65	0.2%	5.0%	0.0%	2018-10
Quebec	180.88	-1.0%	-0.6%	-1.6%	2018-08
Halifax	147.21	-1.0%	2.4%	-1.8%	2018-07

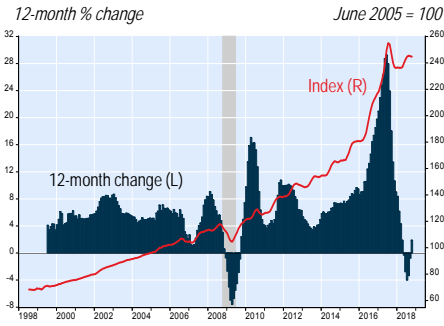
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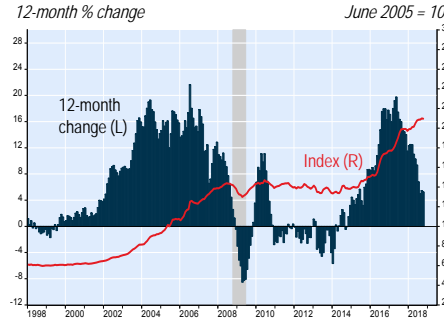
Montreal



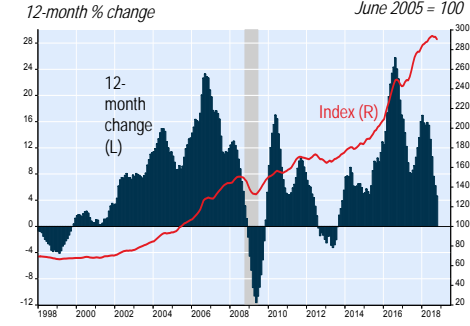
Toronto



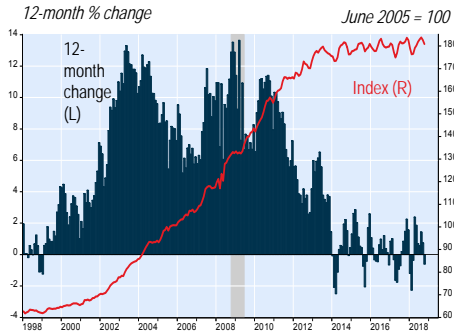
Victoria



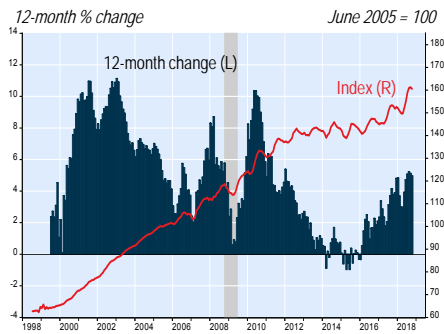
Vancouver



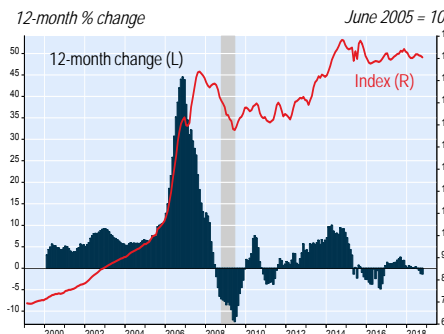
Quebec City



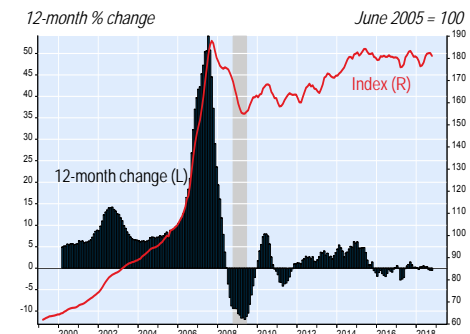
Ottawa-Gatineau



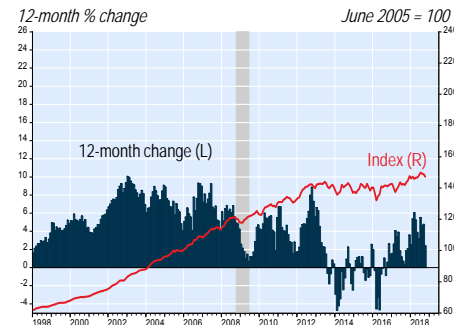
Calgary



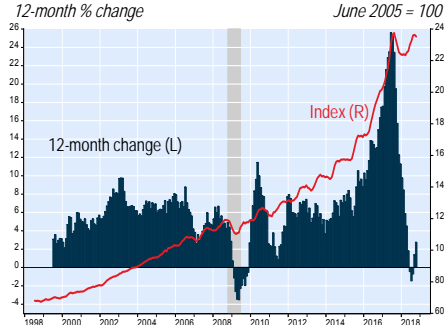
Edmonton



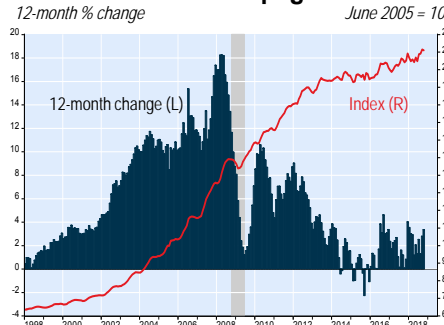
Halifax



Hamilton



Winnipeg



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Economics and Strategy



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