



## Is New Housing Data Skewing Investors' Outlook?

### Description

On August 14, **National Bank of Canada** ([TSX:NA](#)) released the July report on the Teranet-National Bank House Price Index. The report indicated a 2% rise in housing prices during July, which would appear, on the surface, to contradict some recent reporting regarding a large drop. Chief economist at National Bank, Stéfane Marion, predicted that the composite index would come down in recent months to catch up to trends reported by the Toronto Real Estate Board.

Perhaps one of the most undervalued issues in Canadian housing is the lack of data that is available to Canadian investors and policy makers. A regular news reader may come away confused on a week-to-week (sometimes day-to-day) basis, as conflicting stories emerge regarding prices, construction, sales, and other statistics. It is not that the data is incorrect or misreported, but that real estate data tends to come in waves that are time sensitive and often goes unreported. In the case of the Teranet-National Bank index, it operates on a three-month rolling average. In a time of transition between boom and bust, this can be especially dangerous for investors who may be vulnerable to impatience in the midst of a slump.

The lack of housing data was lamented by the Canadian Mortgage and Housing Corporation (CMHC). **Home Capital Group Inc.** ([TSX:HCG](#)) was pummeled for its infamous disclosure practices that forced out 45 brokers. Even Siddall, the president and CEO of CMHC, recently pointed to the lack of data disclosure provided to the corporation across all provinces. Statistics Canada will be receiving \$40 million to go to housing data, with the aim to improve information on insured house price activity, foreign versus domestic speculation, and more.

On the day the Teranet-National Bank report was released, Home Capital stock increased 2.91%. The share price of residential and commercial lender **Equitable Group Inc.** ([TSX:EQB](#)) rose 1.22% for the day, and insurer **Genworth MI Canada Inc.** ([TSX:MIC](#)) fell 0.36%. Home Capital has fallen 10% since the interest rate hike from the Bank of Canada; Equitable Group and Genworth saw marginal losses and gains, respectively.

The index also demonstrated that housing has regained strength in Vancouver after a short-lived correction following regulations designed to curb speculation. The government introduced a foreign

buyers' tax of 15% in the Metro Vancouver area. The renewed strength seen in the Vancouver market has led some to speculate that the correction seen in the Greater Toronto Area will be similarly reversed in due time. There is a key difference regarding the lack of supply in Vancouver, and as recently reported, Toronto may have a surplus of 30,000 available homes.

Investors should take care to follow trends as well as month-over-month rises and declines that vary in severity. There are indications that the correction seen in southern Ontario has dissipated somewhat, while real estate experts are expecting the market to pick up again in the fall. Real estate stocks could then provide a buy-low opportunity, but ahead of an expected second hike in October, you may want to stay away in the short to medium term.

## CATEGORY

1. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:EQB (EQB)
2. TSX:HCG (Home Capital Group)
3. TSX:NA (National Bank of Canada)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing

## Tags

1. Editor's Choice

## Date

2025/08/25

## Date Created

2017/08/17

## Author

aocallaghan

default watermark