

## Home prices continued to rise in December

By Daren King

The Teranet–National Bank HPI rose 0.6% to a new high in December. This record coincides with a historically high volume of home sales in most regions of Canada coupled with limited supply. The seasonally adjusted unsmoothed Composite HPI has surged 6.8% since July (left chart). However, December was the second consecutive month in which index growth was slower than the month before. Moreover, the uptrend of prices did not apply to all categories of dwellings. In Toronto, the rise in sales volume was concentrated in single-family dwellings outside the downtown, not in condos. In the Greater Montreal market, a very large rise in condo listings on Montreal Island contrasted sharply with the peripheral areas of that market. In Greater Vancouver and Victoria, price increases for single-family homes also far outpaced those for condos (right chart). Apart from a shift in preference induced by the pandemic, there is reason to think the condo segment is affected by low immigration inflows and a still-high unemployment rate among young workers.

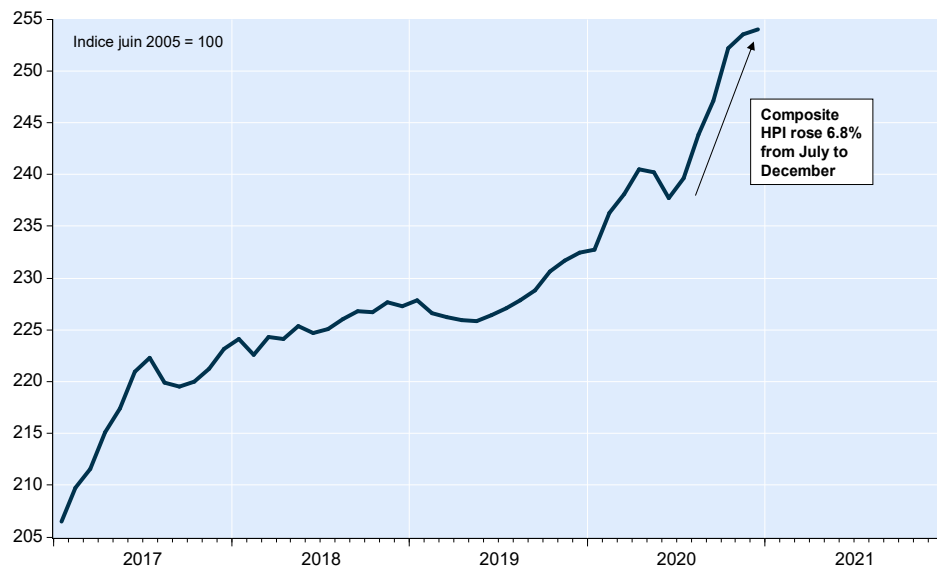
### HIGHLIGHTS:

- The Teranet–National Bank Composite National House Price Index™ advanced 0.6% in December, the largest increase for a month of December since 2009.
- Ten of the 11 markets in the composite index were up on the month: Victoria (1.3%), Halifax (1.2%), Ottawa–Gatineau (1.2%), Montreal (1.0%), Hamilton (0.8%), Vancouver (0.7%), Toronto (0.4%), Winnipeg (0.4%), Calgary (0.4%) and Edmonton (0.1%). The index for Quebec City was down 1.1% on the month.
- From December 2019 to December 2020, the Composite Index advanced 9.4%, led by Ottawa–Gatineau (19.7%), Halifax (16.3%), Montreal (15.2%), Hamilton (15.1%) and Toronto (10.3%). Lagging the countrywide average were Victoria (7.6%), Vancouver (7.1%), Winnipeg (5.7%), Quebec City (4.5%) and Edmonton (1.3%). Calgary was down 1.5% from a year earlier.

See note on methodology, charts and table on pages 2 and 3.

### Teranet–National Bank Composite HPI up strongly since July

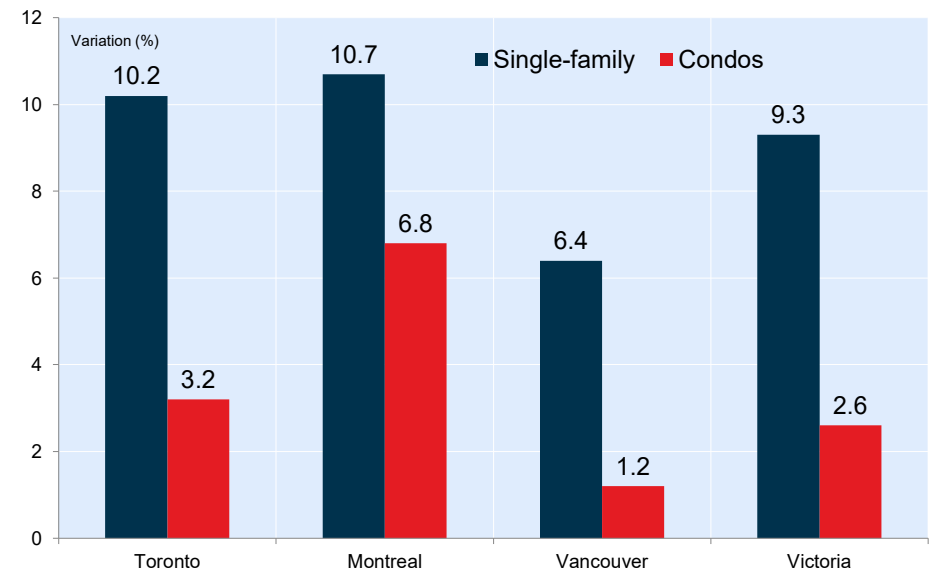
Seasonally adjusted Teranet–National Bank unsmoothed HPI



NBF Economics and Strategy (data from Teranet–National Bank HPI)

### HPI for condos and other dwellings, selected metropolitan areas

Variation of the seasonally adjusted raw index from June to November



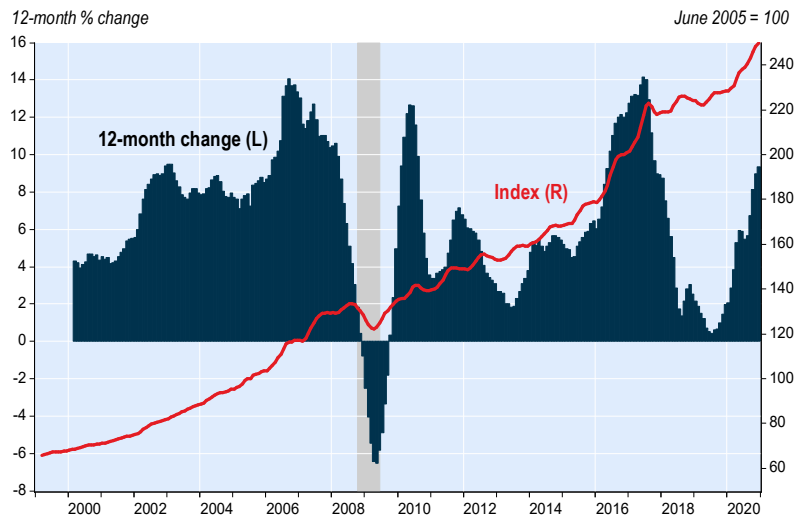
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**NOTE ON METHODOLOGY:**

The Teranet-National Bank House Price Index is based on the repeat sales methodology. The index is built from the price increase observed between two sales of the same property.

The indexes of the 11 metropolitan markets comprising the Teranet-National Bank Composite House Price Index™ are smoothed. Each month, the (unsmoothed) indexes are estimated for each of the last three months. The average monthly growth rate of these indexes becomes the growth rate of the smoothed index for the last month. This procedure allows evening-out month-to-month fluctuations.

**Teranet-National Bank National Composite House Price Index™**

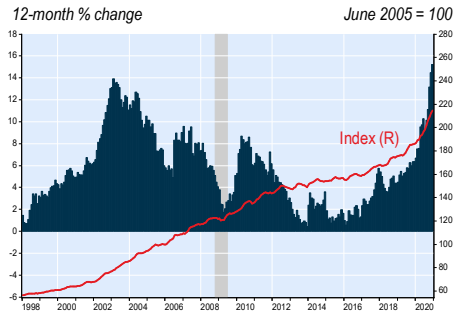


Metropolitan area	Index level * December 2020	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	249.83	0.6%	9.4%	0.0%	2020-12
Victoria	227.11	1.3%	7.6%	0.0%	2020-12
Vancouver	293.15	0.7%	7.1%	-0.3%	2018-07
Calgary	174.01	0.2%	-1.5%	-7.6%	2014-10
Edmonton	177.04	0.1%	1.3%	-5.8%	2007-09
Winnipeg	222.32	0.4%	5.7%	0.0%	2020-12
Hamilton	285.30	0.8%	15.1%	0.0%	2020-12
Toronto	282.08	0.4%	10.3%	0.0%	2020-12
Ottawa-Gatineau	207.62	1.2%	19.7%	0.0%	2020-12
Montreal	214.63	1.0%	15.2%	0.0%	2020-12
Quebec	193.35	-1.1%	4.5%	-1.1%	2020-11
Halifax	184.26	1.2%	16.3%	0.0%	2020-12

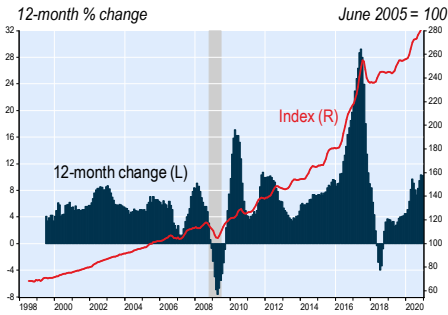
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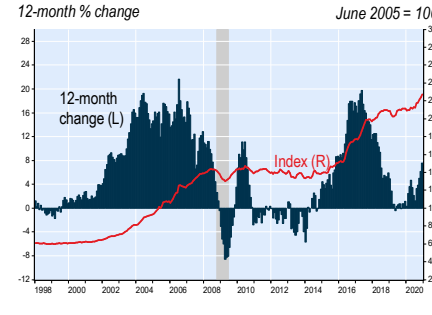
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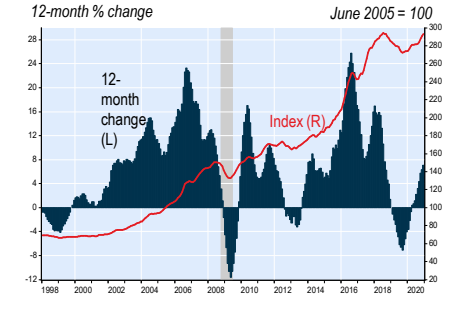
### Toronto



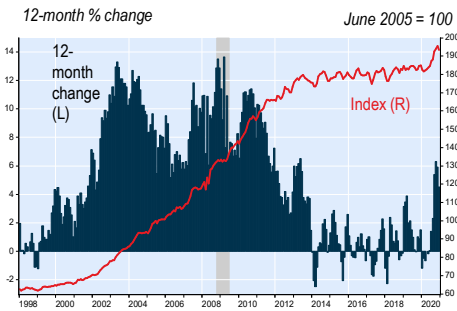
### Victoria



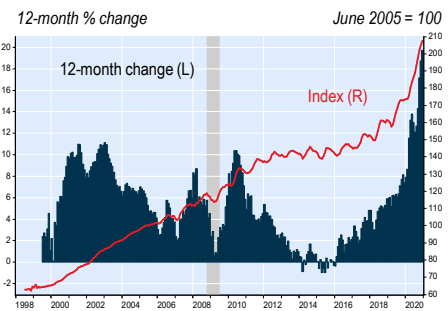
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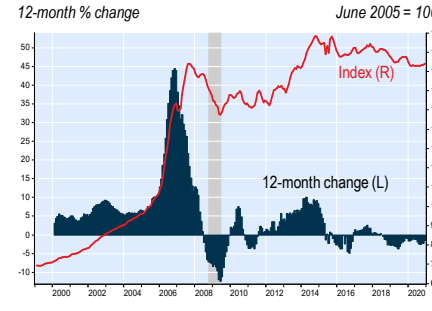
### Quebec City



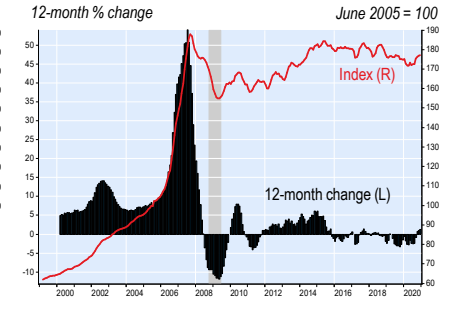
### Ottawa-Gatineau



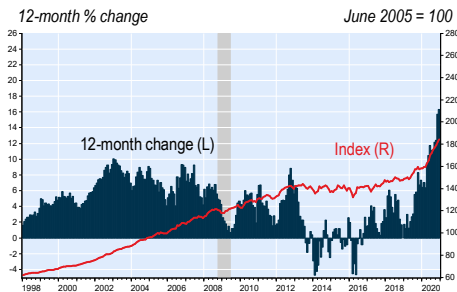
### Calgary



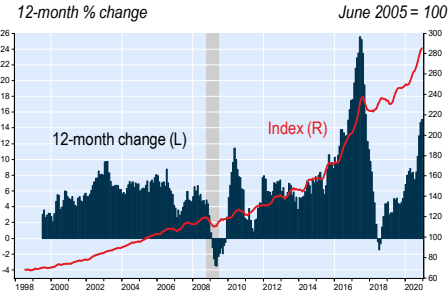
### Edmonton



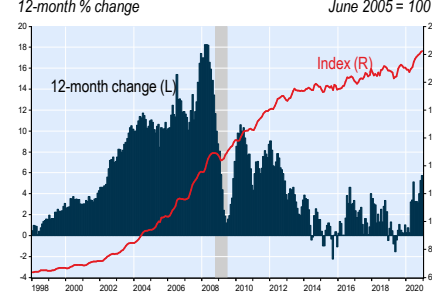
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### Hamilton



### Winnipeg



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Economics and Strategy

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