

Record rise of home prices in May

By Daren King

The Teranet-National Bank HPI jumped 2.8% in May to an all-time high. It was the 19th straight monthly increase and the largest ever since the index began in 1999. Its recent vigour coincides with historically high numbers of home sales in most regions of Canada, combined with limited supply. Market conditions accordingly remain very much in favour of sellers and price growth. After seasonal adjustment the monthly jump of the unsmoothed HPI was slightly smaller at 2.1%, bringing the unsmoothed index to a spectacular cumulative gain of 17.0% since last June (left chart). Home price growth remained rapid in the great majority of Canadian cities: June prices were up 10% or more from a year earlier in an unprecedented 90% of the 32 urban markets surveyed (right chart) and by 30% or more in 42% of those markets. The 12-month price growth for single-family homes continues to outpace that of the condo segment. The latter continues to lag as buyer preferences shift from small dwellings in city centres to larger homes in the suburbs. This divergence may not last long, as affordability has decreased in the non-condo segment ([link](#)).

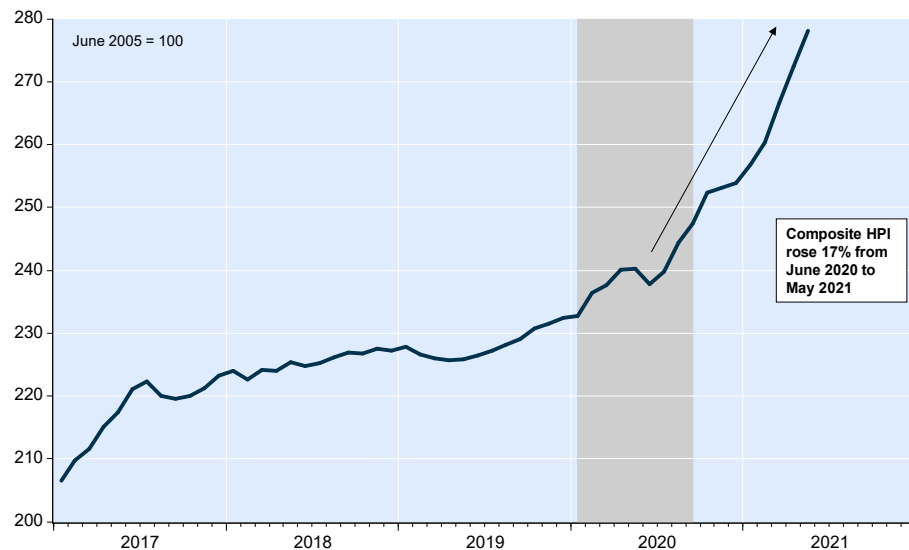
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ rose 2.8% in May.
- All 11 markets of the composite index were up on the month: Ottawa-Gatineau (4.9%), Halifax (4.3%), Hamilton (3.7%), Toronto (3.4%), Vancouver (2.3%), Winnipeg (2.2%), Montreal (2.2%), Victoria (2.1%), Calgary (1.4%), Quebec City (1.2%) and Edmonton (1.2%).
- From May 2020 to May 2021 the composite index rose 13.7%, led by Halifax (29.9%), Hamilton (25.5%), Ottawa-Gatineau (22.8%), Montreal (17.6%) and Victoria (15.3%). The index for Toronto matched the countrywide average of 13.7%. Trailing that average were Vancouver (11.9%), Winnipeg (10.4%), Quebec City (9.8%), Calgary (4.5%) and Edmonton (3.6%).

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

Teranet-National Bank Composite HPI up strongly since June

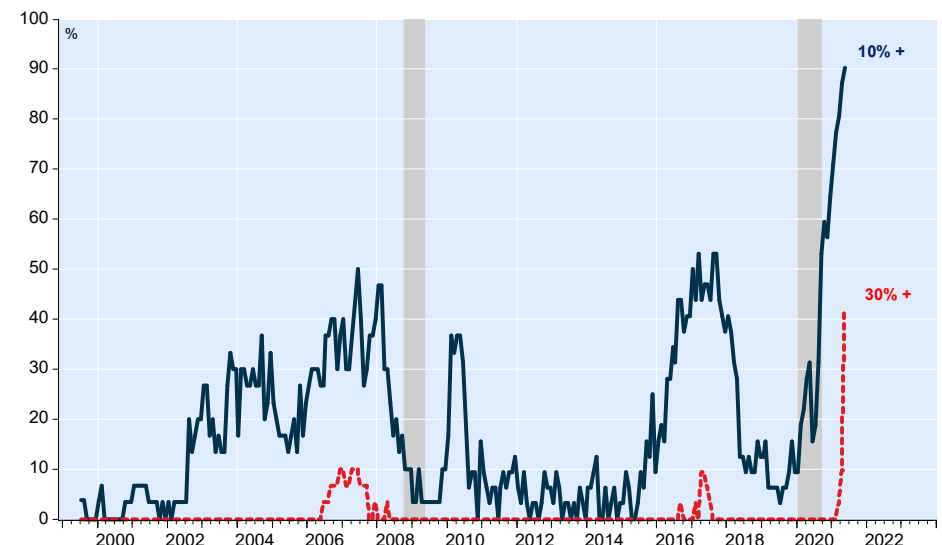
Seasonally adjusted Teranet-National Bank unsmoothed HPI



NBF Economics and Strategy (data via Teranet-National Bank)

Strong price growth affects most markets in the country

Share of regional markets* by price growth in the last 12 months



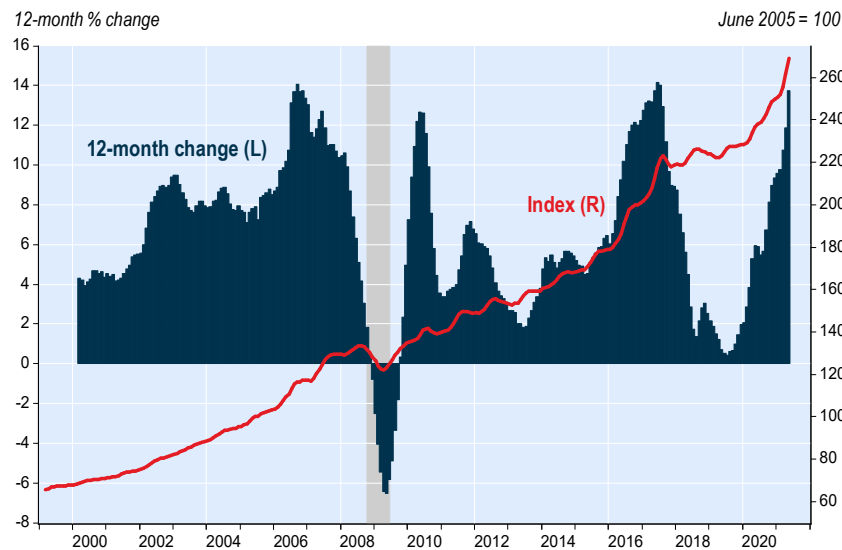
*32 markets in total
NBF Economics and Strategy (data via Teranet-National Bank)

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™

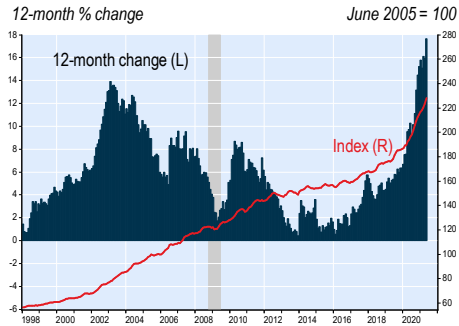


Metropolitan area	Index level * May 2021	% change m/m	% change y/y	% change from peak	Peak date
Composite 11	269.07	2.8%	13.7%	0.0%	2021-05
Victoria	243.41	2.1%	15.3%	0.0%	2021-05
Vancouver	314.62	2.3%	11.9%	0.0%	2021-05
Calgary	180.63	1.4%	4.5%	-4.1%	2014-10
Edmonton	179.50	1.2%	3.6%	-4.5%	2007-09
Winnipeg	232.66	2.2%	10.4%	0.0%	2021-05
Hamilton	322.53	3.7%	25.5%	0.0%	2021-05
Toronto	307.13	3.4%	13.7%	0.0%	2021-05
Ottawa-Gatineau	225.65	4.9%	22.8%	0.0%	2021-05
Montreal	228.27	2.2%	17.6%	0.0%	2021-05
Quebec	201.77	1.2%	9.8%	0.0%	2021-05
Halifax	215.00	4.3%	29.9%	0.0%	2021-05

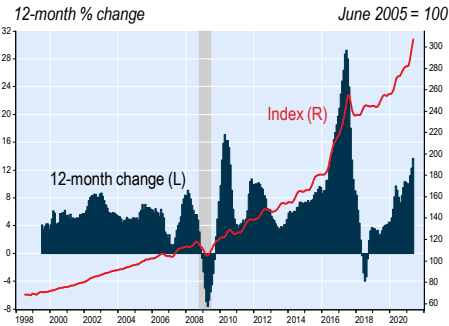
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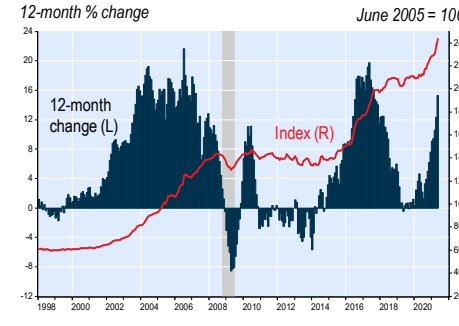
Montreal



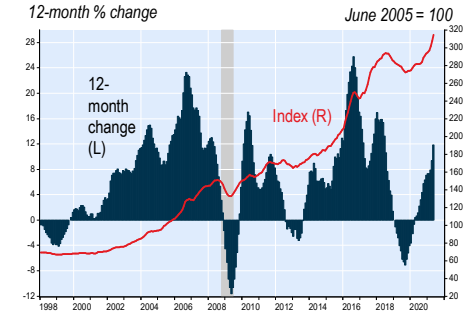
Toronto



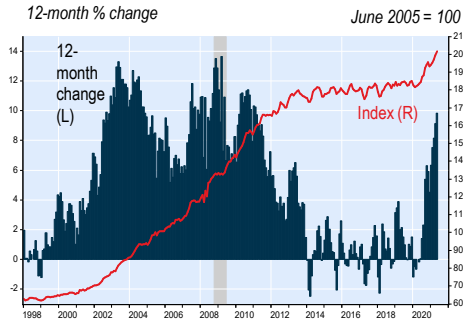
Victoria



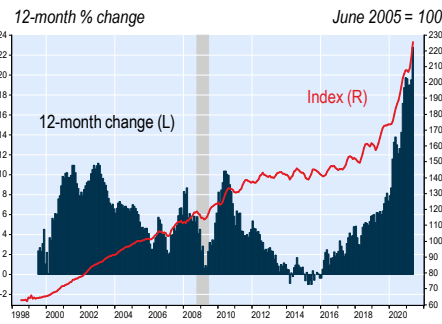
Vancouver



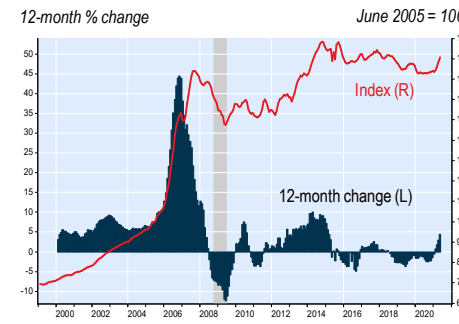
Quebec City



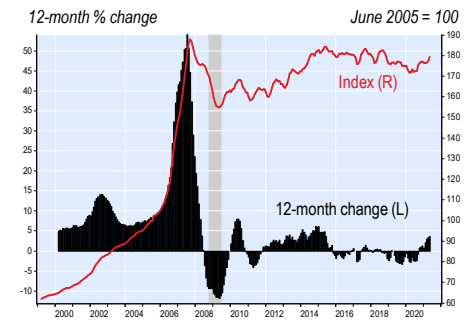
Ottawa-Gatineau



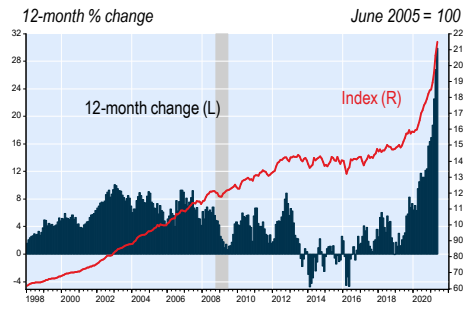
Calgary



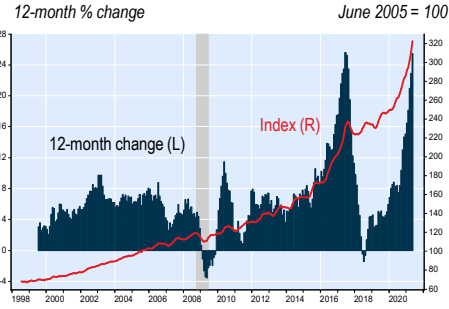
Edmonton



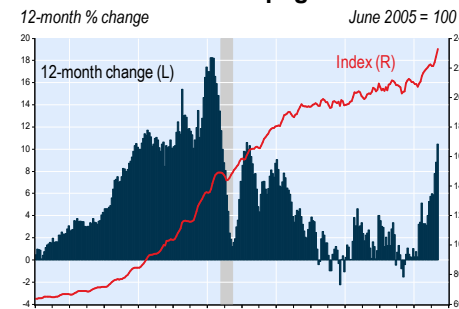
Halifax



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