

Price growth does not ease in January

By Daren King

The year 2022 is off to a strong start as the Teranet-National Bank™ HPI saw a seasonally adjusted monthly growth of 1.7% between December and January. This now makes three consecutive months of stronger price increases than the previous month (left chart). This larger price increase coincides with renewed robust demand in the resale market. Indeed, with the mortgage rate increases that began in the fall, and those anticipated in 2022, there is reason to believe that some borrowers who obtained advantageous rates rushed to complete their transactions, which stimulated demand further. As a result, home sales have resumed their upward trend over the past five months (right chart). Moreover, this strong level of activity is combined with a historically low supply, which is putting additional pressure on prices. Indeed, the number of months of inventory (the proportion of properties listed for sale over the number of sales in a month) is at a record low of only 1.6 months. Under these circumstances, it would not be surprising to see home prices continue to rise in the months to come. However, with the Bank of Canada's recent change in tone on inflation, the recent increase in mortgage rates and the additional increases anticipated in 2022, the housing market should gradually lose momentum.

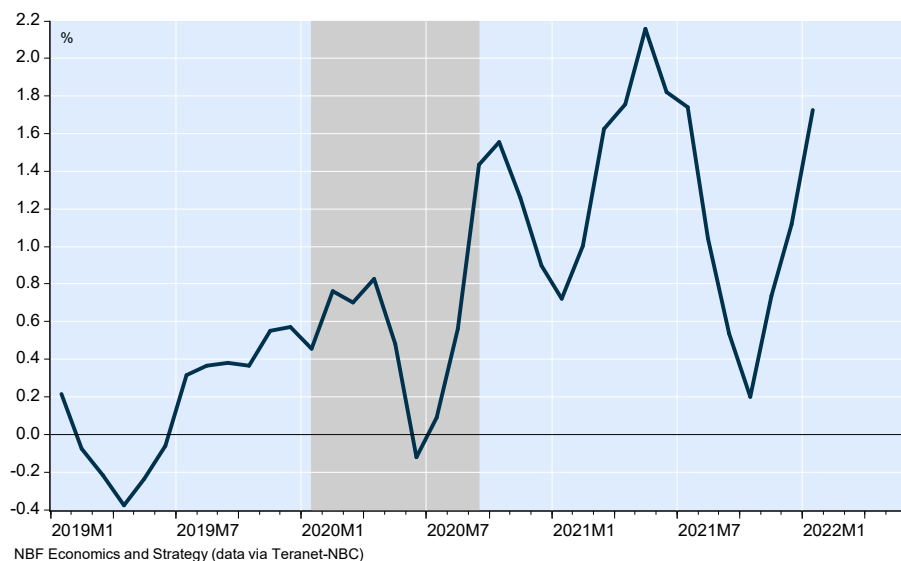
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ increased 1.7% in January compared to December after seasonal adjustment.
- After seasonal adjustment, all 11 markets in the composite index were up during the month: Toronto (2.4%), Victoria (2.2%), Hamilton (1.9%), Vancouver (1.7%), Winnipeg (1.5%), Montreal (0.8%), Halifax (0.7%), Calgary (0.7%), Ottawa-Gatineau (0.7%), Edmonton (0.4%) and Quebec City (0.1%).
- From January 2021 to January 2022, the composite index increased by 16.6%. This growth was driven by Halifax (31.7%), Hamilton (25.5%), Victoria (20.8%) and Toronto (19.1%). Growth was lower than average in Ottawa-Gatineau (15.9%), Vancouver (15.3%), Montreal (15.0%), Winnipeg (11.6%), Quebec City (9.4%), Calgary (8.7%) and Edmonton (4.9%).

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

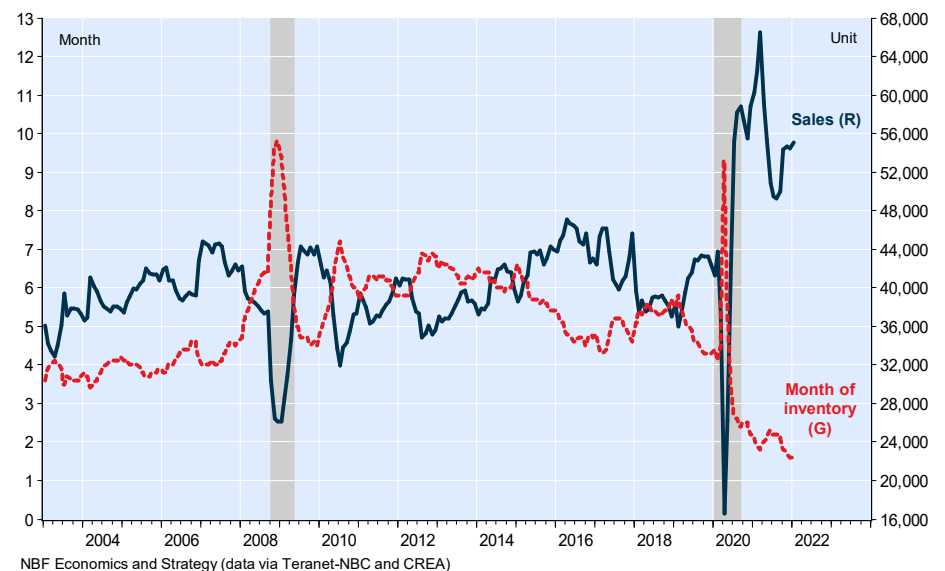
Canada: Home prices continue to accelerate in January

Monthly change in Teranet-National Bank HPI, seasonally adjusted



Canada: Resale market conditions favorable to price increases

Number of sales and months of inventory in the resale market, seasonally adjusted



Teranet-National Bank House Price Index

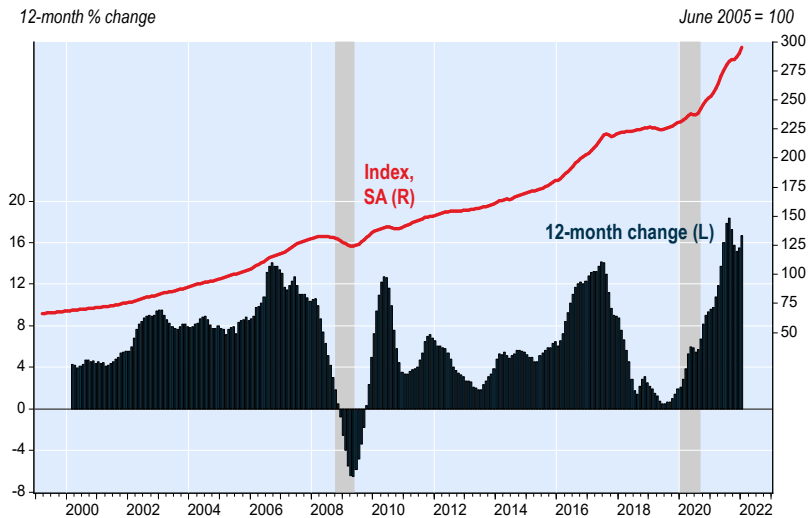
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NOTE ON METHODOLOGY:

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™

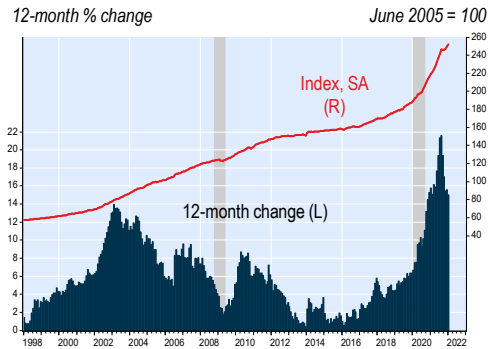


Metropolitan area	% change m/m, NSA	% change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
Composite 11	1.3%	1.7%	16.6%	0.0%	2022-01
Victoria	1.5%	2.2%	20.8%	0.0%	2022-01
Vancouver	1.4%	1.7%	15.3%	0.0%	2022-01
Calgary	0.0%	0.7%	8.7%	0.0%	2022-01
Edmonton	0.2%	0.4%	4.9%	-1.5%	2007-09
Winnipeg	0.9%	1.5%	11.6%	0.0%	2022-01
Hamilton	2.1%	1.9%	25.5%	0.0%	2022-01
Toronto	1.9%	2.4%	19.1%	0.0%	2022-01
Ottawa-Gatineau	-0.3%	0.7%	15.9%	-3.1%	2021-08
Montreal	0.5%	0.8%	15.0%	0.0%	2022-01
Quebec	-0.6%	0.1%	9.4%	-0.6%	2021-12
Halifax	1.2%	0.7%	31.7%	0.0%	2022-01

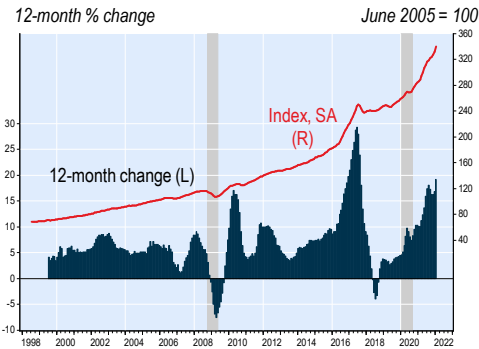
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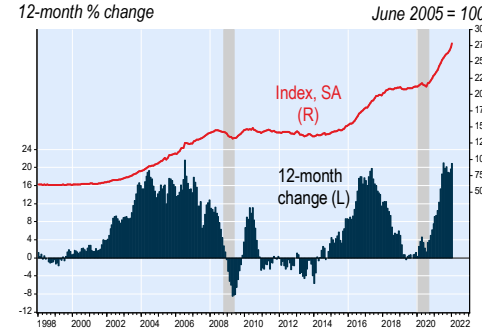
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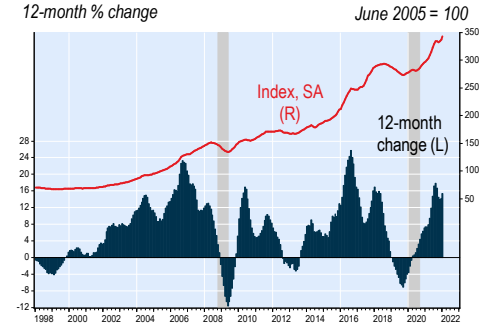
Toronto



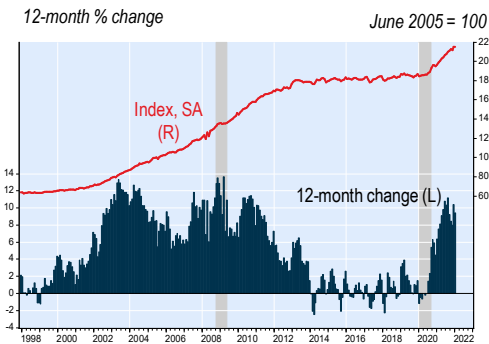
Victoria



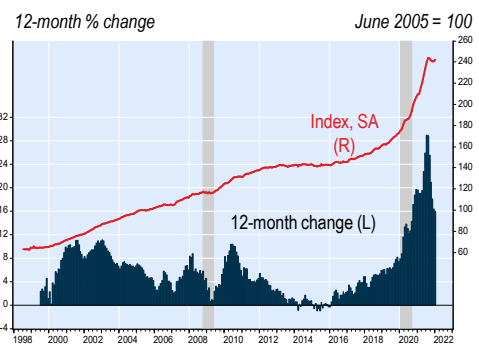
Vancouver



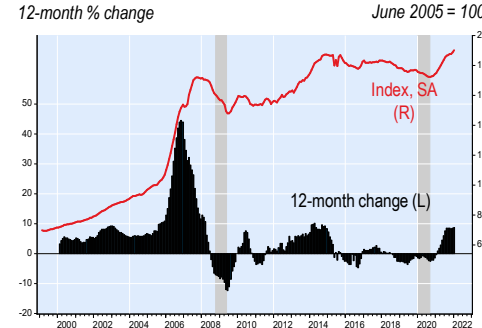
Quebec City



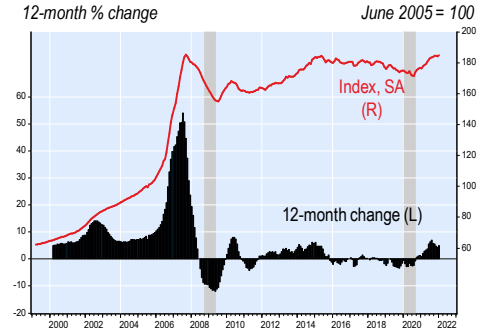
Ottawa-Gatineau



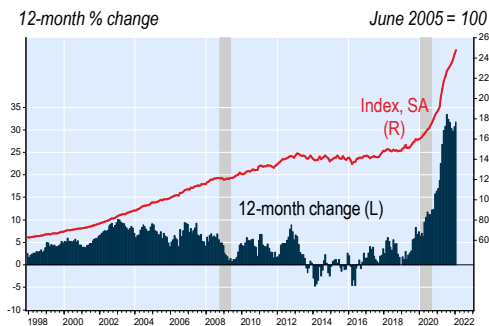
Calgary



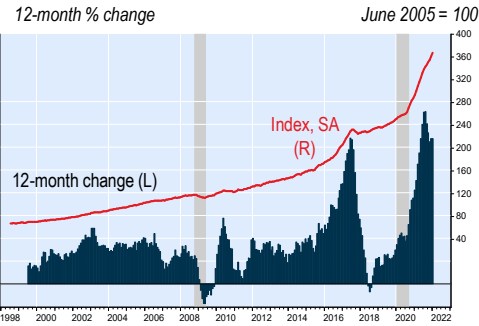
Edmonton



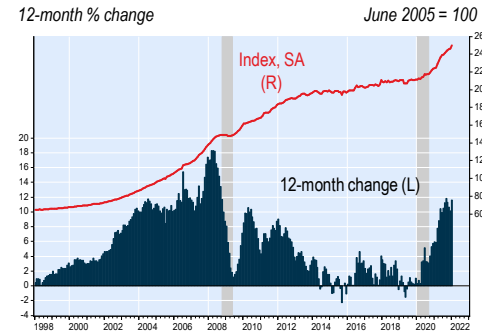
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