

Home prices rise for a 20th consecutive month in February

By Kyle Dahms

Home prices in 2022 continue to come in strong as the Teranet-National Bank™ HPI saw a seasonally adjusted monthly growth of 1.7% between January and February. This monthly increase now marks twenty consecutive months of rising housing prices (left chart). The recent momentum in home price growth was robust. Indeed, looking on a 3-month annualized basis, home prices registered at 20.5% in February, a level not seen since last summer. The current surge in valuations is likely stemming from strong demand in the resale market which has been favourable towards sellers for a while. There is also reason to think that borrowers who had locked in a lower rate are exercising that option in anticipation of higher mortgage interest rates. The widespread rise in home prices lends some credence to that thesis with prices rising in all 11 markets for a successive month (see right chart). While this current wave may weaken as buyers are increasingly under pressure from tighter monetary policy ([see report](#)), high immigration quotas (432K) should allow for a soft landing. That figure could also be significantly increased by Ottawa's decision to allow a potentially "unlimited" number of Ukrainian refugees. All in all, while we do think the housing market could lose some momentum during 2022, the aforementioned factors may keep demand persistent.

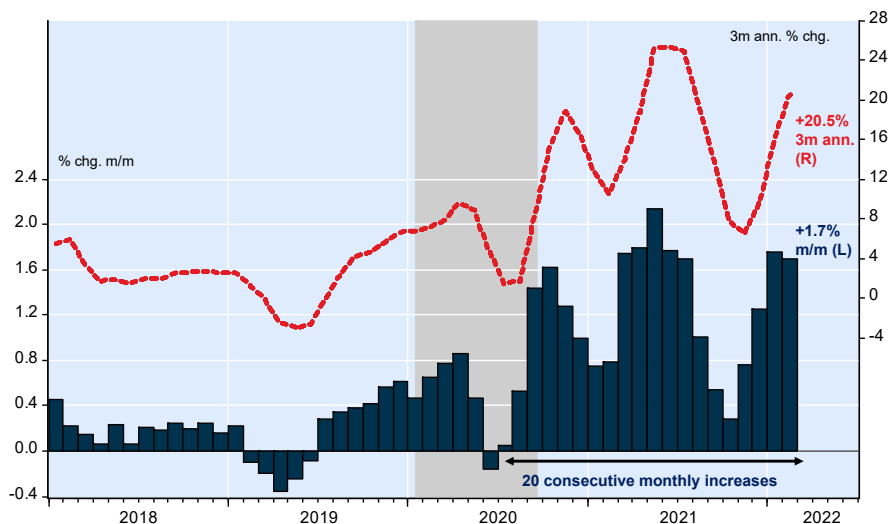
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ increased 1.7% in February compared to January after seasonal adjustment.
- After seasonal adjustment, all 11 markets in the composite index were up during the month: Hamilton (4.0%), Victoria (2.5%), Toronto (2.0%), Vancouver (1.6%), Montreal (1.0%), Winnipeg (0.9%), Halifax (0.7%), Edmonton (0.7%), Ottawa-Gatineau (0.6%), Calgary (0.5%) and Quebec City (0.2%).
- From February 2021 to February 2022, the composite index increased by 17.7%. This growth was driven by Halifax (32.5%), Hamilton (27.9%), Victoria (22.5%) and Toronto (20.8%). Growth was lower than average in Vancouver (16.4%), Ottawa-Gatineau (16.2%), Montreal (15.0%), Winnipeg (12.1%), Quebec City (8.3%), Calgary (8.3%) and Edmonton (5.2%).

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

Canada: Another strong home price increase in February

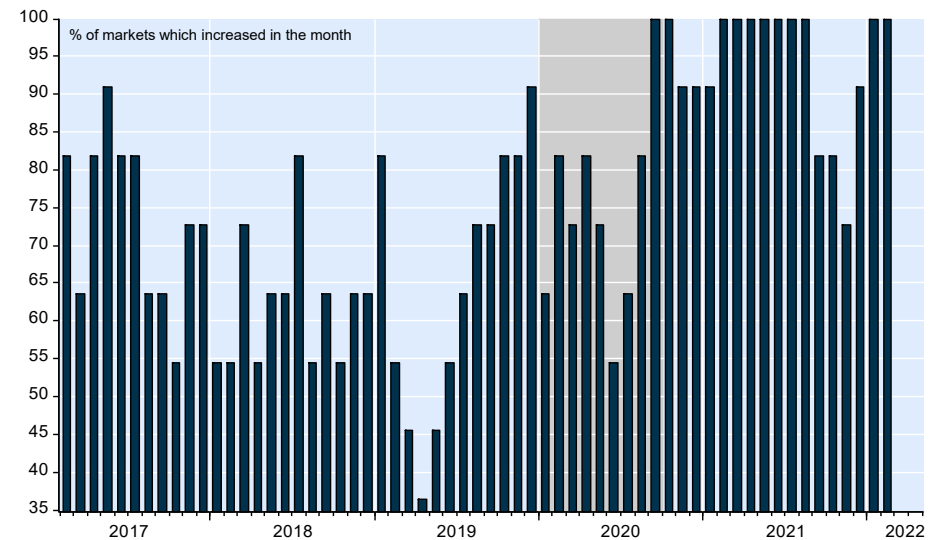
Monthly and 3m annualized change in Teranet-National Bank HPI, seasonally adjusted



NBF Economics and Strategy (data via Teranet-NBC)

Canada: Widespread increase in home prices

Diffusion index of month-over-month % change



NBF Economics and Strategy (data via Teranet-NBC)

Teranet-National Bank House Price Index

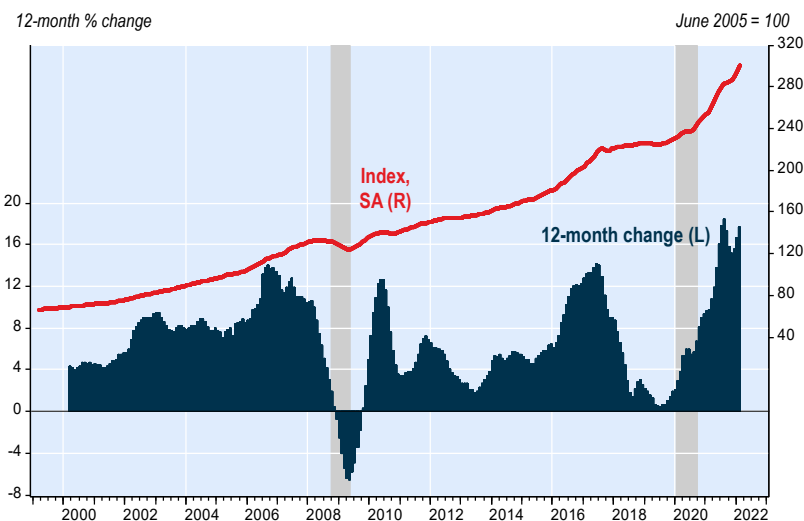
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NOTE ON METHODOLOGY:

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™

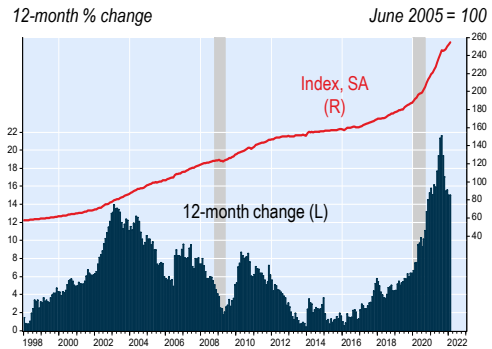


Metropolitan area	Index level *	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
	February 2022						
Composite 11	296.43	1.5%	1.7%	1.8%	17.7%	0.0%	2022-02
Victoria	281.13	1.9%	2.5%	2.4%	22.5%	0.0%	2022-02
Vancouver	345.54	1.8%	1.6%	1.6%	16.4%	0.0%	2022-02
Calgary	188.89	0.1%	0.5%	1.3%	8.3%	0.0%	2022-02
Edmonton	185.44	0.2%	0.7%	0.5%	5.2%	-1.3%	2007-09
Winnipeg	248.08	0.5%	0.9%	1.6%	12.1%	0.0%	2022-02
Hamilton	376.48	3.1%	4.0%	4.1%	27.9%	0.0%	2022-02
Toronto	342.07	1.9%	2.0%	4.0%	20.8%	0.0%	2022-02
Ottawa-Gatineau	240.32	-0.2%	0.6%	1.0%	16.2%	-3.3%	2021-08
Montreal	250.60	0.5%	1.0%	0.9%	15.0%	0.0%	2022-02
Quebec	211.37	-0.4%	0.2%	0.1%	8.3%	-1.0%	2021-12
Halifax	250.87	3.0%	0.7%	1.0%	32.5%	0.0%	2022-02

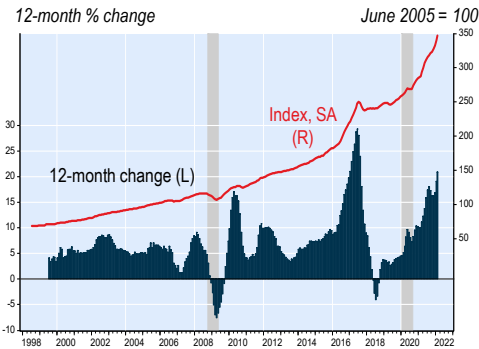
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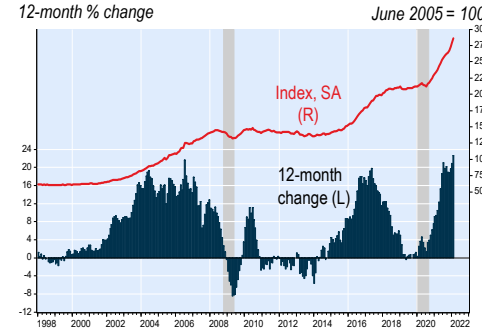
Montreal



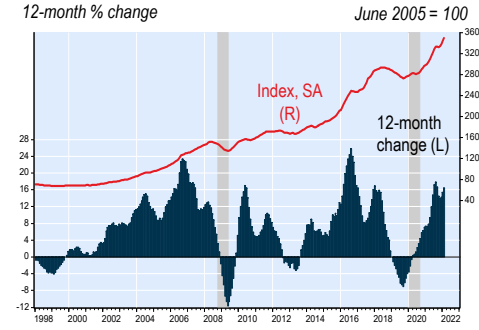
Toronto



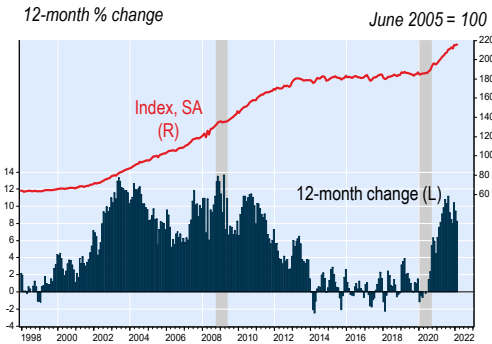
Victoria



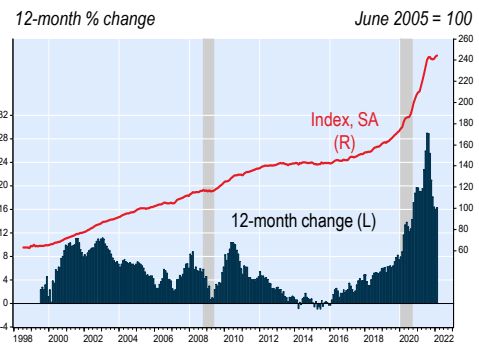
Vancouver



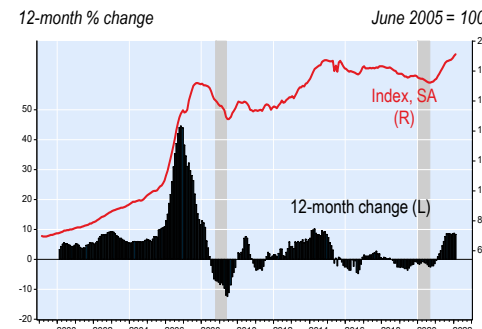
Quebec City



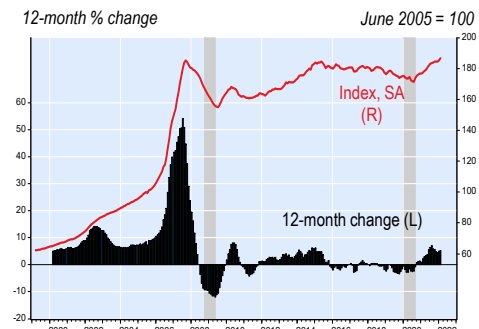
Ottawa-Gatineau



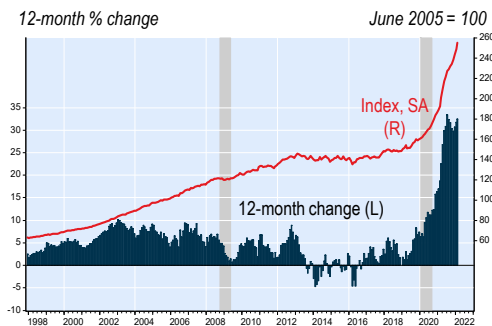
Calgary



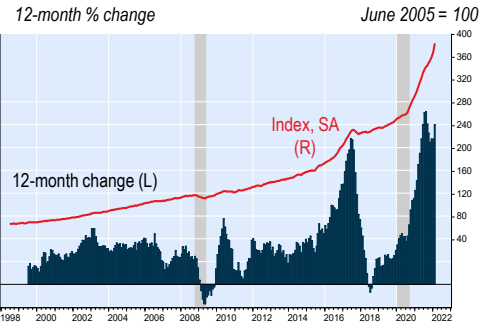
Edmonton



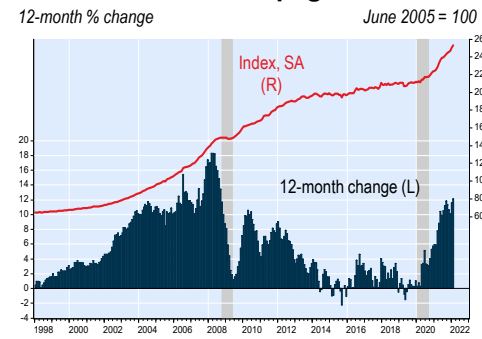
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