

April 20, 2022

Home prices up 31.2% in two years of pandemic and still rising

By Daren King

Since the beginning of the pandemic two years ago, household preferences for housing have changed dramatically, pushing demand up and the supply of properties for sale to a historic low. As a result, the Teranet-National Bank HPI jumped by 31.2% between March 2020 and March 2022 and by 18.4% in one year, a record! Vertiginous price increases have been recorded in many cities included in the index over the past two years, including a 65.0% increase in Halifax, 55.4% in Hamilton and 39.8% in Ottawa-Gatineau (left chart). Judging by the current market conditions, characterized by limited supply, and continued strong demand, prices should continue to rise during the strong spring period – especially since many buyers can still get the mortgage rates that they were guaranteed before the recent increases. However, the upward trend in prices is expected to fade in the second half of the year. Indeed, in the face of the worst affordability conditions on record and the sharp rise in mortgage interest rates in recent weeks, we expect demand to be less robust and price increases to be much more modest.

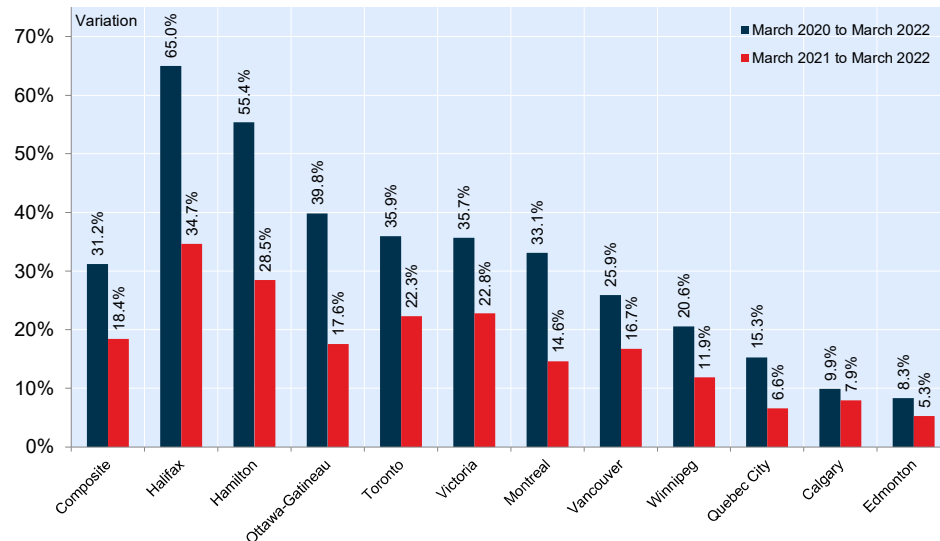
HIGHLIGHTS:

- The Teranet-National Bank Composite National House Price Index™ increased 2.0% in March compared to February after seasonal adjustment, the second-highest monthly increase on record (right chart).
- After seasonal adjustment, 10 of the 11 markets in the composite index were up during the month: Halifax (5.4%), Hamilton (3.3%), Toronto (2.7%), Ottawa-Gatineau (2.4%), Victoria (1.9%), Vancouver (1.5%), Winnipeg (2.4%), Montreal (1.1%), Edmonton (0.6%) and Calgary (0.5%). Only Quebec City was down (-0.6%).
- From March 2021 to March 2022, the composite index increased by 18.4%. This growth was driven by Halifax (34.7%), Hamilton (28.5%), Victoria (22.8%) and Toronto (22.3%). Growth was lower than average in Ottawa-Gatineau (17.6%), Vancouver (16.7%), Montreal (14.6%), Winnipeg (11.9%), Calgary (7.9%), Quebec City (6.6%) and Edmonton (5.3%).

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

Canada: House prices have jumped since the start of the pandemic

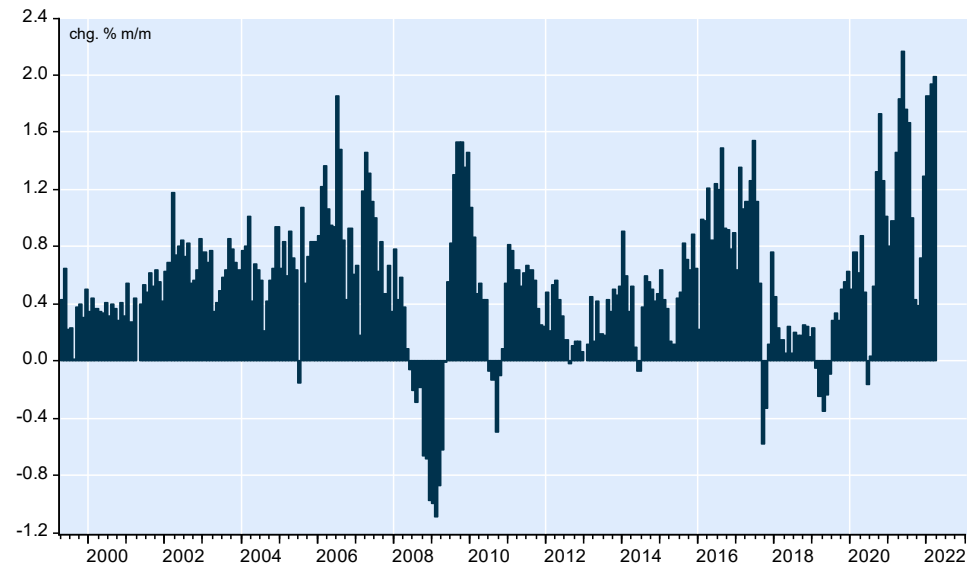
One- and two-year change in Teranet-National Bank HPI



NBF Economics and Strategy (data via Teranet-NBC)

Canada: Price growth continues to strengthen

Monthly change in Teranet-National Bank HPI, seasonally adjusted



NBF Economics and Strategy (data via Teranet-NBC)

Teranet-National Bank House Price Index

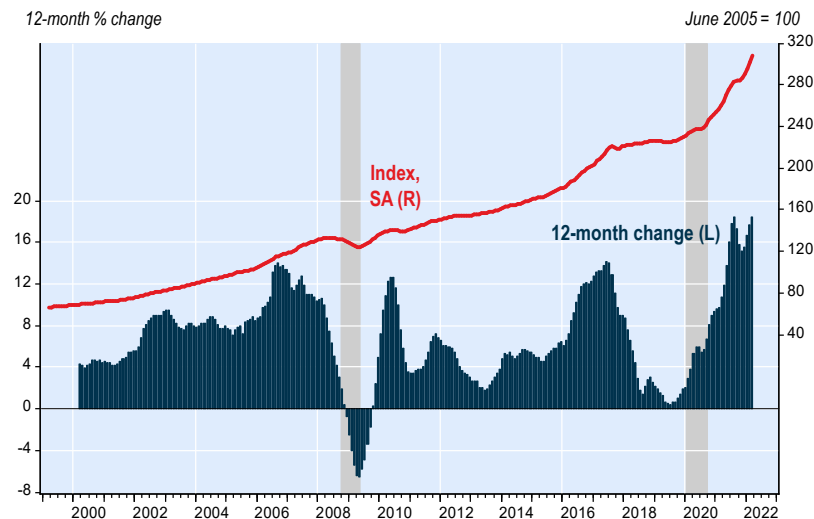
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NOTE ON METHODOLOGY:

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™

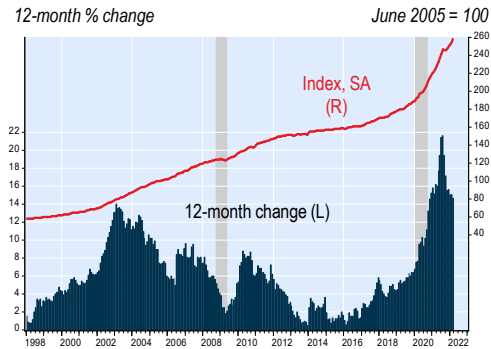


Metropolitan area	Index level * March 2022	% change m/m, NSA	% change m/m, SA	Prev. Month % change m/m, SA	% change y/y, NSA	% change from peak, NSA	Peak date, NSA
Composite 11	302.75	2.1%	2.0%	1.9%	18.4%	0.0%	2022-03
Victoria	284.60	1.2%	1.9%	2.5%	22.8%	0.0%	2022-03
Vancouver	351.82	1.8%	1.5%	1.7%	16.7%	0.0%	2022-03
Calgary	189.91	0.5%	0.5%	0.5%	7.9%	0.0%	2022-03
Edmonton	186.02	0.3%	0.6%	0.7%	5.3%	-1.0%	2007-09
Winnipeg	250.06	0.8%	1.4%	1.0%	11.9%	0.0%	2022-03
Hamilton	388.68	3.2%	3.3%	4.0%	28.5%	0.0%	2022-03
Toronto	352.68	3.1%	2.7%	2.5%	22.3%	0.0%	2022-03
Ottawa-Gatineau	245.80	2.3%	2.4%	1.4%	17.6%	-1.1%	2021-08
Montreal	252.31	0.7%	1.1%	1.0%	14.6%	0.0%	2022-03
Quebec	210.00	-0.6%	-0.6%	0.1%	6.6%	-1.6%	2021-12
Halifax	263.50	5.0%	5.4%	2.9%	34.7%	0.0%	2022-03

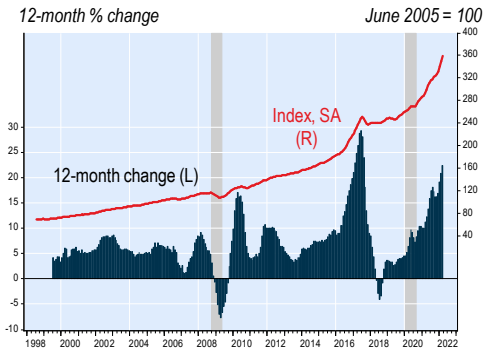
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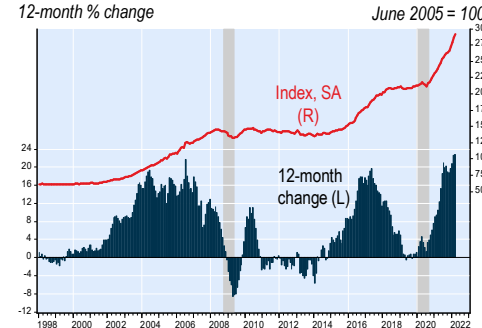
Montreal



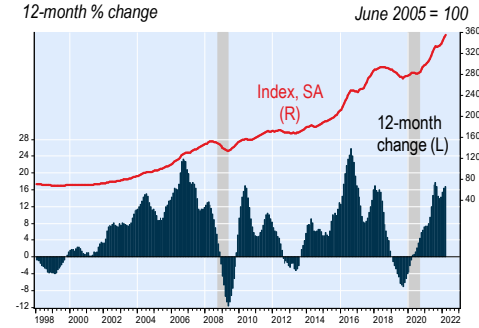
Toronto



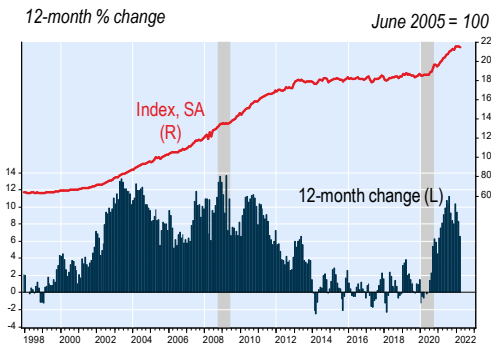
Victoria



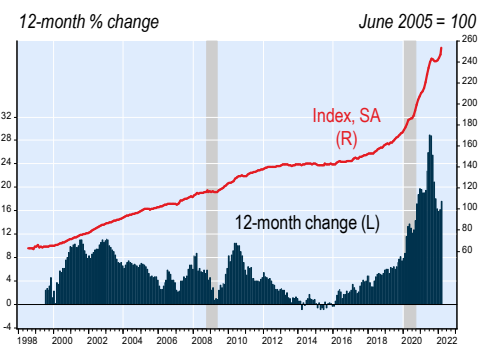
Vancouver



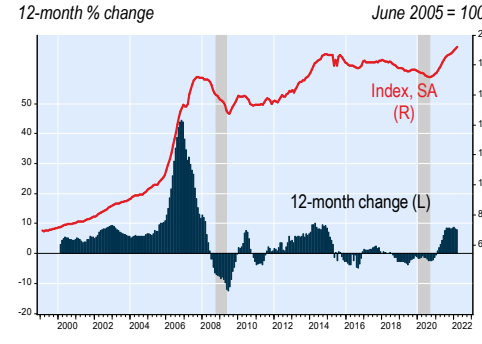
Quebec City



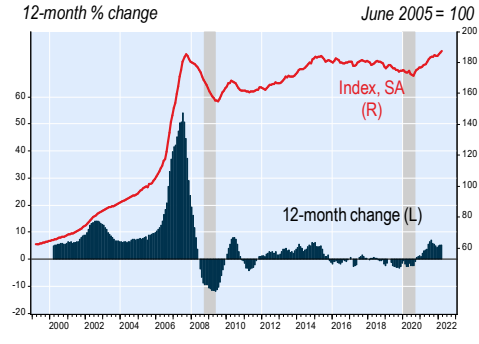
Ottawa-Gatineau



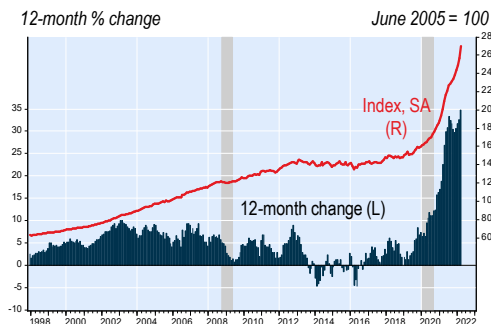
Calgary



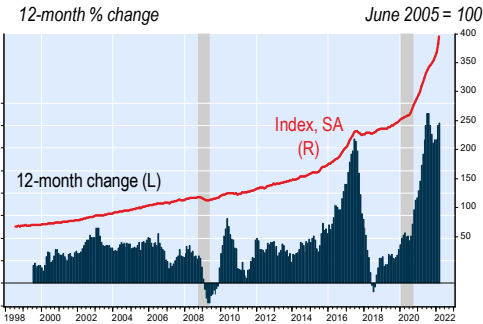
Edmonton



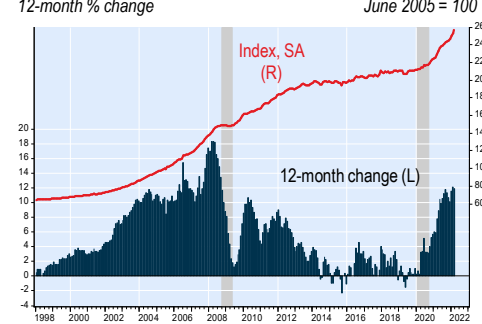
Halifax



Hamilton



Winnipeg



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