

New Housing Price Index, July 2020

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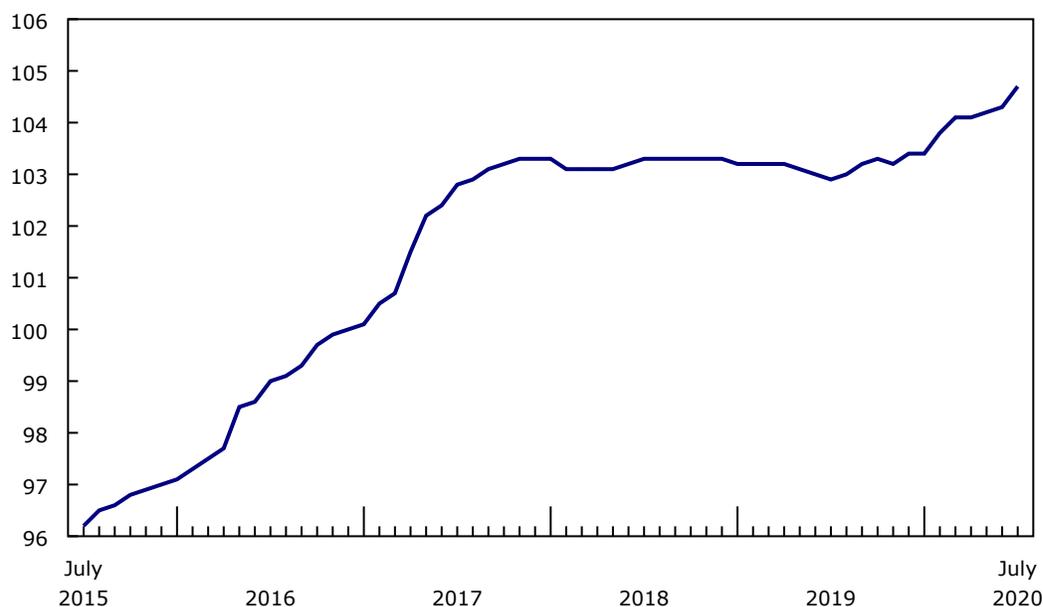
In most housing markets across Canada, demand for new single-family homes increased in July, as did the price of new houses.

Impact of COVID-19 on the new housing market in July

A number of builders noted increasing construction costs due to supply disruptions, delays and lower efficiencies resulting from the pandemic. Hotter markets were particularly affected, including Ottawa and Montréal, where continuous delays are causing additional costs for builders.

Chart 1 New Housing Price Index

index (December 2016=100)



Source(s): Table 18-10-0205-01.

New Housing Price Index, monthly change

Prices rose for the third consecutive month at the national level, up 0.4% in July, with central Canada leading the way. In Ontario, 9 out of 10 new housing markets surveyed posted increases, while in Quebec, 4 out of 5 of census metropolitan areas (CMAs) recorded price gains.

With more people working from home, the pandemic may have had an impact on the preference of buyers for the types of homes that are tracked by the New Housing Price Index. These include singles, semi-detached houses and townhomes, which typically offer more living space than apartments.



Demand for new homes increases in cities surrounding Toronto

Housing markets that are relatively more affordable than Toronto saw prices for new homes rise in July. Hamilton (+1.5%) recorded the largest increase, with builders attributing the gain to improving market conditions. Prices rose in Kitchener–Cambridge–Waterloo (+0.7%), Guelph (+0.6%), St. Catharines–Niagara (+0.4%) and Oshawa (+0.3%). Toronto (+0.3%) also posted a gain.

New housing market still weak in Alberta and Saskatchewan

Four of the CMAs surveyed in July reported lower new house prices. Regina (-0.5%), Calgary (-0.5%) and Edmonton (-0.2%) all reported decreases, as buyers negotiated lower selling prices and builders offered promotions. New home prices were unchanged in Saskatoon. A historical period of overbuilding, combined with weak economic conditions, continued to affect the new housing markets.

New Housing Price Index, 12-month change

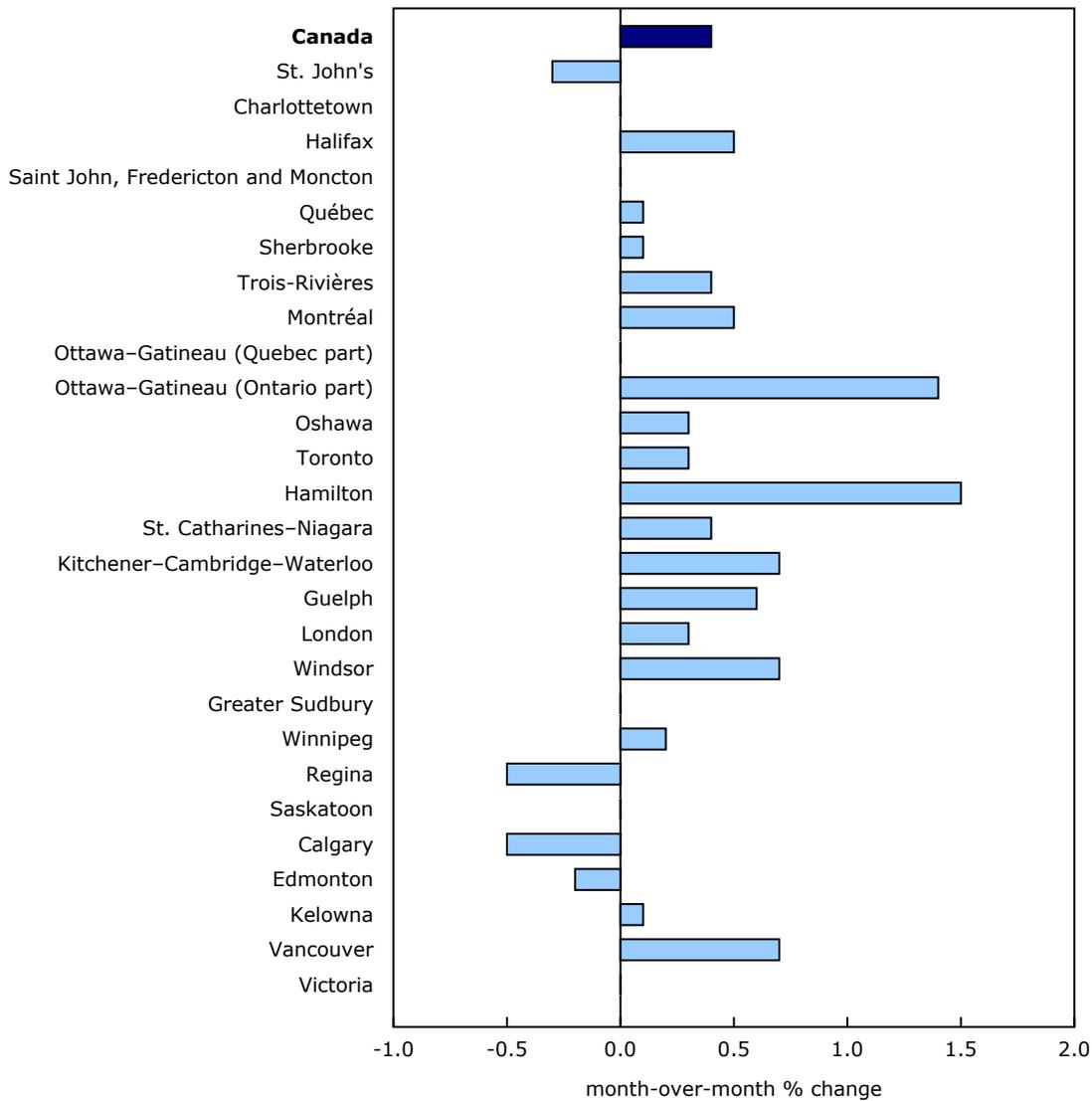
At the national level, new house prices rose 1.7% during the 12-month period ending in July—the largest increase since March 2018.

Ottawa (+10.9%) and Montréal (+7.0%) continued to post the largest year-over-year gains.

New home prices declined the most in Regina (-4.8%). On a year-over-year basis, prices have been falling in this CMA since February 2018. There was weakness in both the new home market and the resale market. Overbuilding of new homes in Regina, along with weak economic activity in the province, have had an impact on new home prices.

In 2019, Saskatchewan's gross domestic product fell 0.8%—the largest decline among the provinces. The decrease was led by some of the province's major economic sectors, such as manufacturing (-5.8%), mining, quarrying, and oil and gas extraction (-3.3%) and construction (-2.5%).

Chart 2
New house prices are up 0.4% at the national level



Source(s): Table 18-10-0205-01.

Outlook for the new housing market during COVID-19

As a result of the pandemic, home builders may start to offer more flexibility in terms of housing designs. This would allow them to cater to buyers looking to have an additional income stream from rental suites or wanting to share their house with extended family members.

The cost of building materials, more specifically lumber, could continue to increase as demand continues to surpass an already tight supply. Some homeowners, who are diverting their vacation funds to home renovations, are creating an unexpected demand for building supplies. Additionally, the new housing boom in the United States could also exert upward pressure on the price of building materials. Sawmills have been working to ramp-up production due to the past closures and the impact of the physical distancing rules from COVID-19. The cost of

softwood lumber, which is widely used in residential construction, has been rising since October 2019 on a year-over-year basis. According to the July flash estimate of the Industrial Product Price Index, the price of softwood lumber (except tongue and groove and other edge worked lumber) rose 17.9% from June to July.

Note to readers

The New Housing Price Index (NHPI) measures changes over time in the selling prices of new residential houses. The prices are those agreed upon between the contractor and the buyer at the time of the signing of the contract. The detailed specifications pertaining to each new house remain the same between two consecutive periods.

The prices collected from builders and included in the index are market selling prices less value-added taxes, such as the federal Goods and Services Tax or the provincial harmonized sales tax.

The survey covers the following dwelling types: singles, semi-detached and townhouses or row homes. The index is available at the national and provincial levels, and for 27 census metropolitan areas (CMAs).

The index is not subject to revision and is not seasonally adjusted.

In addition to this monthly release, the NHPI has also been integrated into the [Residential Property Price Index \(RPPI\)](#). The RPPI is a quarterly series that measures changes over time in the prices of residential properties for Montréal, Ottawa, Toronto, Calgary, Vancouver and Victoria. An aggregate for these six CMAs is also available. The RPPI provides a price index for all components of the housing real estate market—new and resale—in addition to a breakdown between houses and condominium apartments.

Products

A study, titled [Price trends and outlook in key Canadian housing markets](#), looks at where the housing market was at the onset of the COVID-19 pandemic, sheds light on what has happened since then, and explores the challenges facing the Canadian market going forward.

The infographic [The impact of COVID-19 on Key Housing Markets](#), part of the series *Statistics Canada – Infographics (11-627-M)*, is available. It provides an outlook of the housing market before, during and after COVID-19.

The [New Housing Price Index: Interactive Dashboard](#), which allows users to visualize statistics on new housing prices, is available.

The [Housing Market Indicators](#) dashboard, which provides access to key housing market indicators for Canada, by province and by CMA, is also available.

For more information on the topic of housing, visit the [Housing statistics](#) portal.

The video "[Producer Price Indexes](#)" is available on the *Statistics Canada Training Institute* webpage. It provides an introduction to *Statistics Canada's Producer Price Indexes: what they are, how they are compiled and what they are used for*.

Statistics Canada has launched the [Producer price indexes portal](#) as part of a suite of portals for prices and price indexes. This web page provides users with a single point of access to a wide variety of statistics and measures related to producer prices.

Next release

The New Housing Price Index for August will be released on September 21.

Table 1
New Housing Price Index—not seasonally adjusted¹

	Relative importance ²	July 2019	June 2020	July 2020	June to July 2020	July 2019 to July 2020
	%	(December 2016=100)			% change	
Canada	100.00	102.9	104.3	104.7	0.4	1.7
House only	...	102.2	103.7	103.9	0.2	1.7
Land only	...	104.1	105.2	105.9	0.7	1.7
St. John's	0.41	97.1	97.2	96.9	-0.3	-0.2
Charlottetown	0.14	101.1 ^E	102.6 ^E	102.6 ^E	0.0 ^E	1.5 ^E
Halifax	0.81	102.7	104.9	105.4	0.5	2.6
Saint John, Fredericton and Moncton ³	0.47	101.6	103.2	103.2	0.0	1.6
Québec	0.49	100.7	100.9	101.0	0.1	0.3
Sherbrooke	0.18	101.4	103.9	104.0	0.1	2.6
Trois-Rivières	0.09	101.6	103.1	103.5	0.4	1.9
Montréal	3.51	107.3	114.2	114.8	0.5	7.0
Ottawa–Gatineau (Quebec part)	0.39	104.6	107.9	107.9	0.0	3.2
Ottawa–Gatineau (Ontario part)	4.42	113.5	124.2	125.9	1.4	10.9
Oshawa	1.37	103.7	103.5	103.8	0.3	0.1
Toronto	29.1	102.0	102.8	103.1	0.3	1.1
Hamilton	2.06	104.7	105.1	106.7	1.5	1.9
St. Catharines–Niagara	2.09	106.6	110.1	110.5	0.4	3.7
Kitchener–Cambridge–Waterloo	2.15	104.4	110.8	111.6	0.7	6.9
Guelph	0.68	105.8	109.3	110.0	0.6	4.0
London	2.08	113.4	116.3	116.7	0.3	2.9
Windsor	1.04	106.5	108.6	109.4	0.7	2.7
Greater Sudbury	0.13	101.3	102.8	102.8	0.0	1.5
Winnipeg	2.22	104.7	105.8	106.0	0.2	1.2
Regina	0.72	96.5	92.4	91.9	-0.5	-4.8
Saskatoon	1.16	96.8	96.6	96.6	0.0	-0.2
Calgary	7.83	97.4	96.8	96.3	-0.5	-1.1
Edmonton	7.3	97.8	97.4	97.2	-0.2	-0.6
Kelowna	1.88	103.4	104.2	104.3	0.1	0.9
Vancouver	25.11	107.3	107.0	107.8	0.7	0.5
Victoria	2.16	101.0	102.6	102.6	0.0	1.6

... not applicable

^E use with caution

1. Values have been rounded.

2. The relative importance is calculated using a price-adjusted three-year average of the sales values of singles, semi-detached and townhouses or row homes for each census metropolitan area.

3. To maintain the accuracy of the index, Saint John, Fredericton and Moncton are published together.

Note(s): View the census subdivisions that make up the [census metropolitan areas](#) online.

Source(s): Table [18-10-0205-01](#).

Available tables: table [18-10-0205-01](#).

Definitions, data sources and methods: survey number [2310](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).