

New Housing Price Index, April 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, May 20, 2021

New home prices increased 1.9% in April at the national level, with prices up in 22 of the 27 census metropolitan areas surveyed.

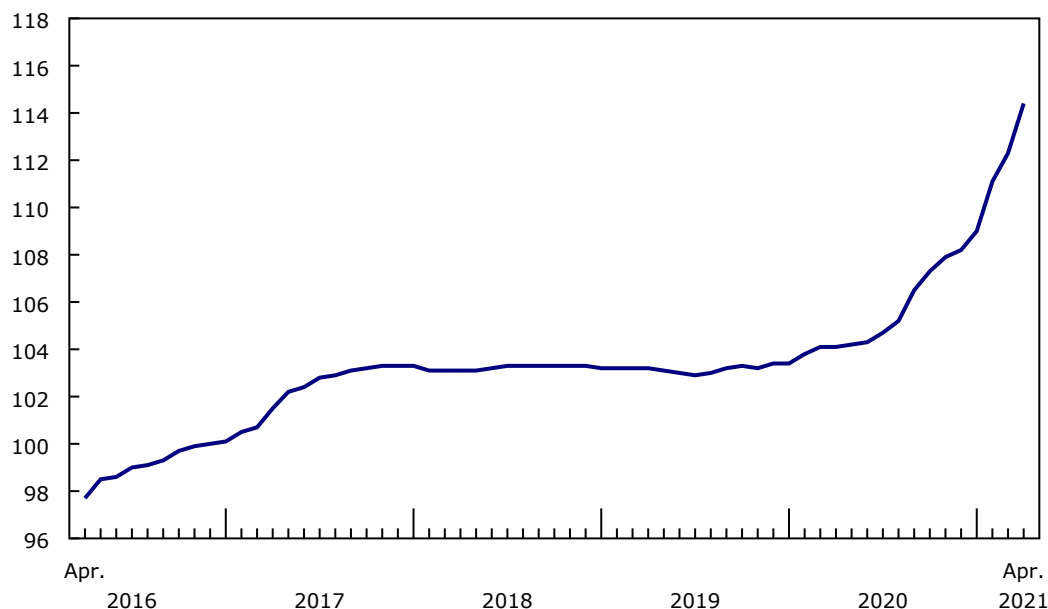
Demand for housing remains strong, despite higher construction costs

Increasing construction costs continued to push new home prices higher in April. Building construction costs for both single homes (+6.8%) and townhouses (+6.9%) rose in the first quarter, mostly driven by five consecutive monthly price increases for [softwood lumber](#), which rose a further 10.2% in April.

Nevertheless, higher home prices did not slow the demand for single-family homes, despite weakness in certain sectors of the economy. According to the [Canadian Real Estate Association \(CREA\)](#), national home sales increased 256.0% in April 2021 compared with last year. Months of inventory, which indicate how fast existing listings would sell, were relatively low at two months on a national basis. This indicates a persistent and strong demand for houses across most of the country.

Chart 1 New Housing Price Index

index (December 2016=100)



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

New Housing Price Index, monthly change

Windsor (+8.5%) reported the largest monthly change in new home prices in April—its highest monthly increase since February 1981. Home prices in Windsor were relatively more affordable compared with other large cities in Ontario. The average sale price of combined new and resale homes in Windsor was \$560,319 in April, as reported by the CREA, compared with \$869,788 across Ontario and \$695,657 nationwide.



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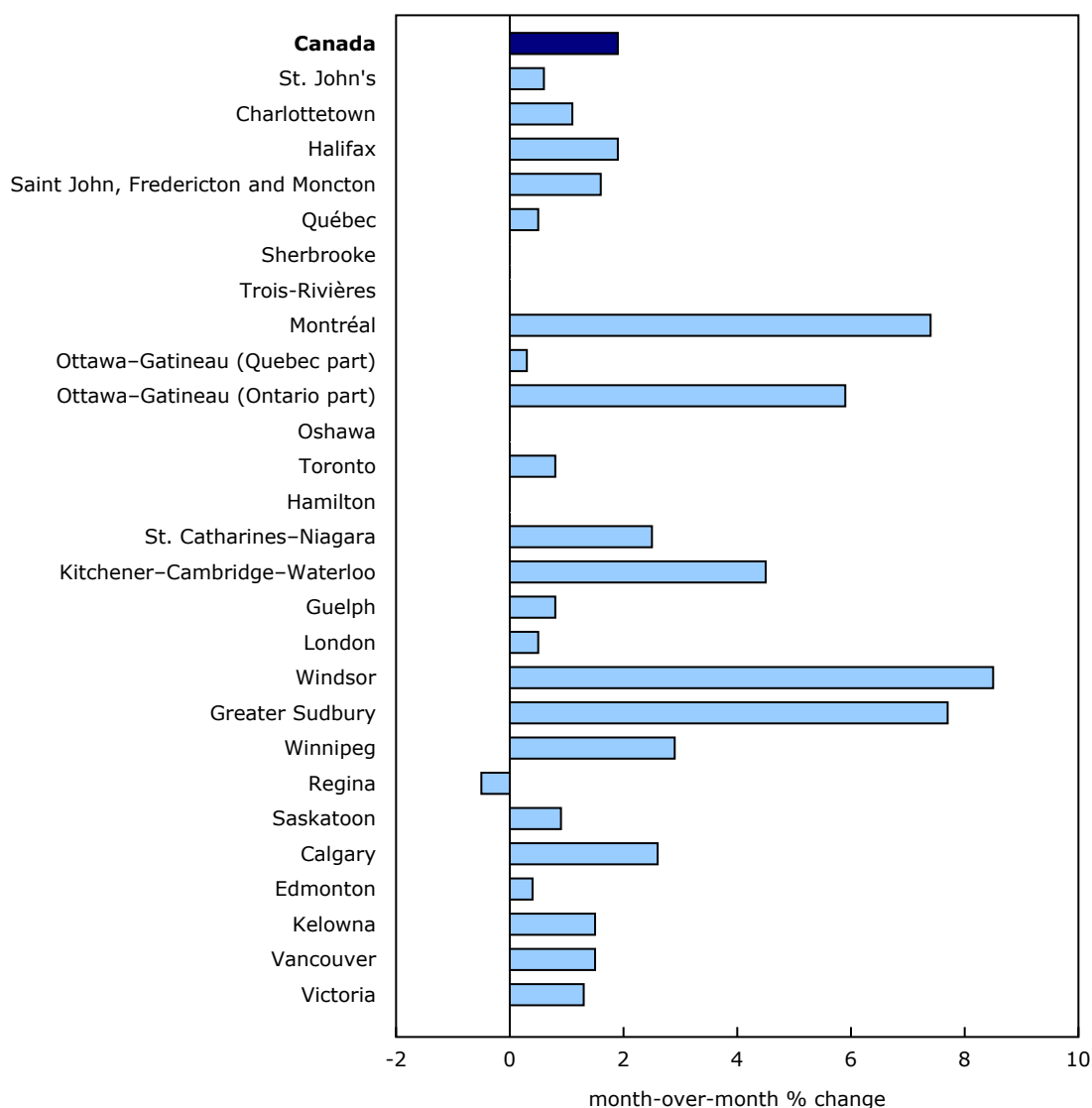
Following Windsor, new home prices increased the most in Greater Sudbury (+7.7%) and Montréal (+7.4%) in April. The housing supply shortages in Greater Sudbury and Montréal kept both census metropolitan areas in a strong seller's market, with the CREA's ratio of sales to new listings remaining high. As home sales continued to rise, listings were not enough to offset the growing demand. In April, the average sale price of a single-family home was \$398,698 in Sudbury and \$565,208 in Montréal.

According to the Canada Mortgage and Housing Corporation (CMHC), the inventory of newly built single-family homes in April decreased by 12.5% in Sudbury and increased by 3.2% in Montréal.

New Housing Price Index, 12-month change

Nationally, new house prices rose 9.9% year over year in April—the largest increase since February 2007. Year-over-year changes in new house prices have been rapidly accelerating since December 2020.

Nationally, new home prices were up in all 27 markets on an annual basis, with the largest gains in Ottawa (+23.7%) and Kitchener–Cambridge–Waterloo (+21.9%), followed closely by Windsor (+17.9%) and Montréal (+17.7%). In April, all four cities recorded their highest annual increases since the beginning of the New Housing Price Index in February 1981.

Chart 2**New house prices are up 1.9% at the national level**Source(s): Table [18-10-0205-02](#).

Outlook for the new housing market

In early April, the Office of the Superintendent of Financial Institutions announced the proposal to tighten the mortgage stress test, beginning in June 2021. This would increase the qualifying rate for uninsured mortgages to 5.25%, or the mortgage contract rate plus 2%, whichever is higher.

On April 21, the Bank of Canada announced that its projections were revised and the policy interest rate (currently at a record low) could be adjusted in the second half of 2022, sooner than the 2023 timeline that had been previously announced. Since the economy is recovering at a faster pace than projected, the Bank upwardly revised its forecast for real gross domestic product growth and the inflation rate.

Both actions could affect the housing market. However, in the short term, demand is expected to remain strong, as potential home buyers might rush to "seal the deal" before the restrictions and higher rates are implemented.

With more Canadians working remotely, the demand for homes is expected to remain strong in lower-priced markets near large urban centres. In its spring [Housing Market Outlook](#), the CMHC reported that buyers looking to increase their living space during the pandemic have strengthened the demand for larger homes. This is reflected by the increasing number of sales in most markets captured by the CREA throughout the year, particularly in outer suburbs near large urban centres, where properties tend to be larger.

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 the contract is signed. The detailed specifications for 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 and the provincial harmonized sales tax.

The survey covers the following dwelling types: new single homes, semi-detached homes and town homes (row or garden 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

The article "[The resilience and strength of the new housing market during the pandemic](#)" examines the changes in new home prices in Canada for the 27 surveyed CMAs captured in the NHPI and compares the ranking of cities based on prices six months into the pandemic (August compared with February).

The article "[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 of 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 on the housing market before, during and after the onset of the COVID-19 pandemic.

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 web page. 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 launched the [Producer price indexes portal](#) as part of a suite of portals for prices and price indexes. It 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 May will be released on June 18.

Table 1
New Housing Price Index, not seasonally adjusted¹

	Relative importance ²	April 2020	March 2021	April 2021	March to April 2021	April 2020 to April 2021
	%	(December 2016=100)			% change	
Canada	100.00	104.1	112.3	114.4	1.9	9.9
House only	...	103.5	112.4	114.3	1.7	10.4
Land only	...	105.1	110.7	112.9	2.0	7.4
St. John's	0.31	97.2	101.5	102.1	0.6	5.0
Charlottetown	0.13	102.0 ^E	113.9 ^E	115.2 ^E	1.1 ^E	12.9
Halifax	1.02	103.9	113.8	116.0	1.9	11.6
Saint John, Fredericton and Moncton ³	0.45	103.2	108.5	110.2	1.6	6.8
Québec	0.55	100.9	114.7	115.3	0.5	14.3
Sherbrooke	0.21	103.9	104.0	104.0	0.0	0.1
Trois-Rivières	0.10	103.1	108.3	108.3	0.0	5.0
Montréal	3.75	113.8	124.7	133.9	7.4	17.7
Ottawa–Gatineau (Quebec part)	0.45	107.4	113.8	114.1	0.3	6.2
Ottawa–Gatineau (Ontario part)	5.68	122.8	143.5	151.9	5.9	23.7
Oshawa	1.84	103.5	113.7	113.7	0.0	9.9
Toronto	24.32	102.8	108.6	109.5	0.8	6.5
Hamilton	2.25	105.1	116.1	116.1	0.0	10.5
St. Catharines–Niagara	2.52	108.9	120.8	123.8	2.5	13.7
Kitchener–Cambridge–Waterloo	2.56	109.9	128.2	134.0	4.5	21.9
Guelph	0.80	108.5	119.4	120.4	0.8	11.0
London	2.33	115.8	124.4	125.0	0.5	7.9
Windsor	1.08	108.6	118.0	128.0	8.5	17.9
Greater Sudbury	0.14	102.8	109.6	118.0	7.7	14.8
Winnipeg	2.35	105.6	113.5	116.8	2.9	10.6
Regina	0.57	92.8	94.4	93.9	-0.5	1.2
Saskatoon	1.02	96.4	99.4	100.3	0.9	4.0
Calgary	7.87	96.9	98.9	101.5	2.6	4.7
Edmonton	7.53	97.5	100.1	100.5	0.4	3.1
Kelowna	1.89	103.8	111.8	113.5	1.5	9.3
Vancouver	25.92	106.9	118.2	120.0	1.5	12.3
Victoria	2.35	102.6	111.0	112.4	1.3	9.6

... 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): Tables [18-10-0205-01](#), [18-10-0205-02](#) and [18-10-0210-01](#).

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).