

# New Housing Price Index, December 2021

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## National Overview

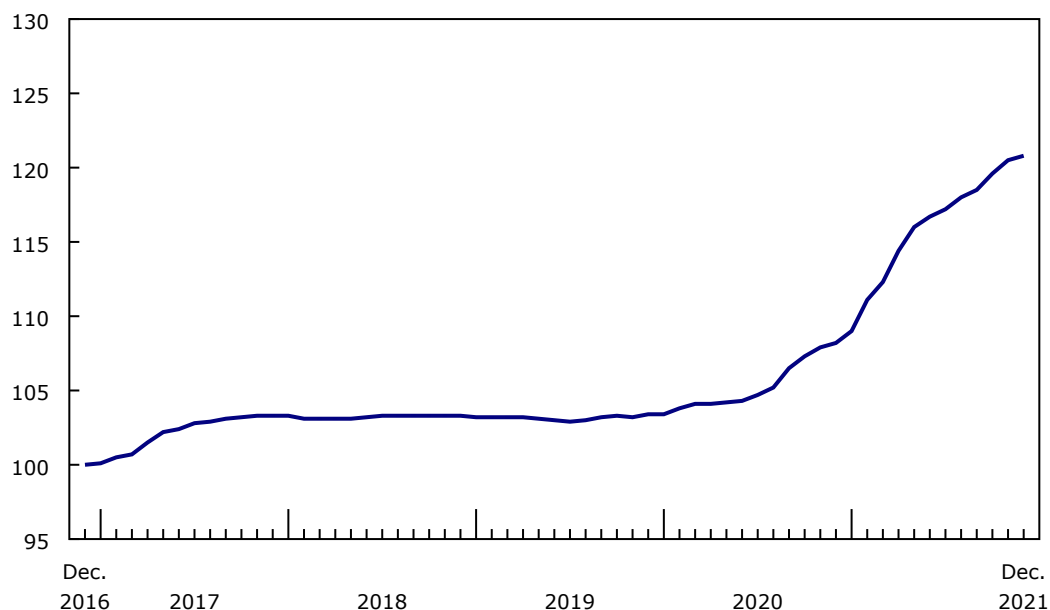
In December, new home prices for Canada grew (+0.2%) at their slowest pace since June 2020. Nationally, new home prices rose 11.6% year over year in December.

Prices were up in 16 of the 27 census metropolitan areas (CMAs) surveyed, unchanged in 10 and down in 1 from November to December.

### Chart 1 New Housing Price Index

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index (December 2016=100)



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

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## Demand in Winnipeg raised new home prices

On a year-over-year basis, Kitchener–Cambridge–Waterloo (+30.7%) led with the greatest increase in new home prices in December, breaking its own year-over-year record set in October 2021. Gains were also observed in Windsor (+22.6%) and Winnipeg (+22.2%).

On a month-over-month basis, Winnipeg (+2.8%) reported the largest increase for new home prices in December. According to the [Winnipeg Regional Real Estate Board](#), new listings were 16% lower in December compared with December 2020. Supply has been unable to replenish fast enough to meet the strong demand coming from buyers.

Monthly new home prices continued to increase in Kitchener–Cambridge–Waterloo (+2.2%) in December. [Kitchener–Waterloo Association of Realtors](#) reported that the number of months of inventory in this region reached the lowest on record in December (0.2 months).

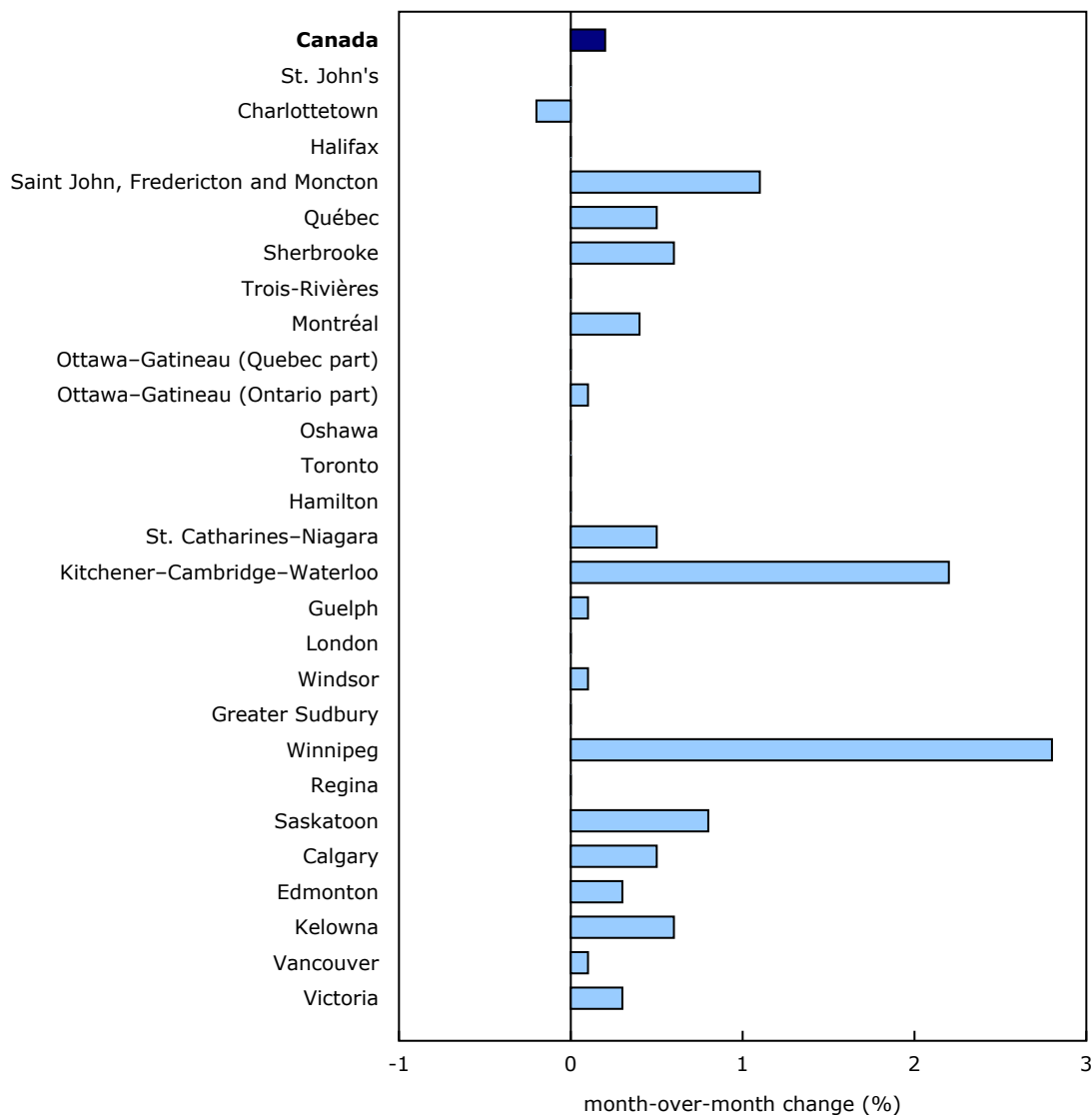


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Saint John, Fredericton, and Moncton also recorded an increase for the month of December (+1.1%). The Canadian Real Estate Association (CREA) reported that for New Brunswick, the number of months of inventory was 2.2 at the end of December, compared with 3.8 months during the same month in 2020. Active listings dropped 56.6% below their five-year average and were the lowest recorded in more than two decades for the month of December. With the number of sales outpacing new listings available, supply shortages in New Brunswick continued to be a strong driver of price increases of new and resale homes.

**Chart 2**  
**New house prices rise at the national level**



Source(s): Table 18-10-0205-02.

## **2021 in review: largest national increase since 1989**

Nationally, new home prices were up 10.3% in 2021 compared with 2020 (+2.1%)—the largest annual increase since 1989. Prices for new homes grew at a faster pace from January to June 2021 (+7.1%) compared with the second half of the year (+3.1%).

### **National housing supply continues to shrink amid an active housing market**

As the housing market continued to overheat through 2021, housing supply continued to shrink throughout the year in most of the 27 CMAs surveyed. According to the CREA, months of inventory were at 1.6 at the end of December, significantly lower than the long-term average of more than five months, and the lowest level ever recorded.

### **Building material prices and availability push home prices up in first half of 2021**

In January and February 2021, skyrocketing lumber prices broke records as a result of COVID-19-related supply chain issues. Home building and renovation projects, in addition to increased demand from across the border, led to shortages of this construction material domestically. The effects on new home prices from this were two-fold. In the second quarter of 2021, [the cost of building a single-detached house grew by 23.9%](#), partly as a result of the rise in prices of lumber. Additionally, builders struggling to secure building supplies released fewer lots at the same time, which in turn reduced the available supply of new homes, further pushing up prices.

### **Kitchener–Cambridge–Waterloo finishes the year as Canada's hottest new home market**

June 2021 marked the first month since April 2018 that Ottawa lost its title as the leader in year-over-year gains, having been surpassed by Kitchener–Cambridge–Waterloo. Compared with 2020, new home prices increased 24.5% in 2021 for the region. According to the Kitchener–Waterloo Association of Realtors, home sales in 2021 were at their highest on record for the city, with 7,581 units sold through the Multiple Listing Service (MLS), which represented an 18.3% increase over numbers for 2020, which also broke records.

Rapid price growth in Kitchener–Cambridge–Waterloo's housing market in 2021 can be attributed to its being one of the fastest growing populations in Canada and its desirability to out-of-town buyers from the Greater Toronto Area seeking larger homes and lower prices. Additionally, a strong high-tech sector in the region insulated workers in this field from job loss. Some also saw their expenses reduced due to the COVID-19 pandemic, which helped build savings for a down payment. This strong demand, combined with a shortage of developed land in the area, has allowed for these tight market conditions to occur.

### **Outlook: New home prices projected to continue rising in the first half 2022**

The [Bank of Canada](#) has "committed to holding the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2 percent inflation target is sustainably achieved. In the Bank's October projection, this happens sometime in the middle quarters of 2022." As interest rates have yet to move up, it is expected that new home prices will continue to rise in the first half of 2022, and possibly throughout the year, as buyers attempt to secure lower interest mortgages before the Bank of Canada announces rate increases. Since mortgage interest rates are currently at historically low levels and Canadians gathered a [record amount of savings](#) during the pandemic, the potentially upcoming rate increases may still not dampen the buoyant housing market in the near future.

The shortage of housing supply will continue to be felt in the housing market as it will take time for the builders to bounce back to a pace that will allow a balanced supply and demand. This will continue to put upward pressure on prices until inventory can be replenished. As well, building construction materials will continue contributing to the rise of new home prices in the short term, as supply chains continue to struggle with backlogs spurred by the COVID-19 pandemic.

## Note to readers

In addition to this monthly release, the NHPI has also been integrated into the Residential Property Price Index (see [Methodology of 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.

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 townhomes (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.

## 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. It compares the ranking of cities based on home prices six months into the pandemic (August 2020 compared with February 2020).

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 January will be released on February 18, 2022.

**Table 1**  
**New Housing Price Index, not seasonally adjusted<sup>1</sup>**

	Relative importance <sup>2</sup>	December 2020	November 2021	December 2021	November to December 2021	December 2020 to December 2021
	%	(December 2016=100)			% change	
<b>Canada</b>	<b>100.00</b>	<b>108.2</b>	<b>120.5</b>	<b>120.8</b>	<b>0.2</b>	<b>11.6</b>
House only	...	108.3	122.4	122.9	0.4	13.5
Land only	...	108.0 <sup>E</sup>	115.1 <sup>E</sup>	115.2 <sup>E</sup>	0.1	6.7
St. John's	0.31	100.7	103.5	103.5	0.0	2.8
Charlottetown	0.13	106.5 <sup>E</sup>	119.7 <sup>E</sup>	119.5 <sup>E</sup>	-0.2 <sup>E</sup>	12.2 <sup>E</sup>
Halifax	1.02	110.1	117.8	117.8	0.0	7.0
Saint John, Fredericton and Moncton <sup>3</sup>	0.45	104.2	114.2	115.5	1.1	10.8
Québec	0.55	106.0	117.5	118.1	0.5	11.4
Sherbrooke	0.21	104.0	106.0	106.6	0.6	2.5
Trois-Rivières	0.10	107.6	109.5	109.5	0.0	1.8
Montréal	3.75	122.0	143.8	144.4	0.4	18.4
Ottawa–Gatineau (Quebec part)	0.45	112.8	115.7	115.7	0.0	2.6
Ottawa–Gatineau (Ontario part)	5.68	135.6	164.1	164.3	0.1	21.2
Oshawa	1.84	110.7	121.1	121.1	0.0	9.4
Toronto	24.32	105.5	114.1	114.1	0.0	8.2
Hamilton	2.25	111.7	116.1	116.1	0.0	3.9
St. Catharines–Niagara	2.52	115.2	127.7	128.3	0.5	11.4
Kitchener–Cambridge–Waterloo	2.56	118.4	151.3	154.7	2.2	30.7
Guelph	0.80	114.5	123.9	124.0	0.1	8.3
London	2.33	119.0	143.5	143.5	0.0	20.6
Windsor	1.08	113.4	138.9	139.0	0.1	22.6
Greater Sudbury	0.14	104.7	121.4	121.4	0.0	16.0
Winnipeg	2.35	109.1	129.7	133.3	2.8	22.2
Regina	0.57	92.7	99.3	99.3	0.0	7.1
Saskatoon	1.02	97.1	105.0	105.8	0.8	9.0
Calgary	7.87	97.3	109.7	110.2	0.5	13.3
Edmonton	7.53	98.2	103.0	103.3	0.3	5.2
Kelowna	1.89	106.8	119.9	120.6	0.6	12.9
Vancouver	25.92	112.8	124.7	124.8	0.1	10.6
Victoria	2.35	107.7	120.1	120.5	0.3	11.9

... 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; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).