

## **New Housing Price Index, 2007 Base:**

### **Technical Note**

(Table 327-0046, 2007=100 Monthly 1981 to present)

### **Introduction**

This index measures changes over time in the contractors' selling prices of new residential houses, where detailed specifications remain the same between two consecutive periods.

For most metropolitan areas, new house price indexes are available from 1981. The 2007=100 series surveys 21 metropolitan areas to establish monthly indexes relating to the contractors' "total selling price". The survey also collects contractors' estimates of the current cost of the land. These estimates are independently indexed to provide the published series for land. The residual (selling price less land), which mainly relates to the current cost of the structure, is also independently indexed and is presented as the house series. The lots are usually serviced by builders except in Montréal and Québec City where they are occasionally serviced by municipal governments and therefore the servicing costs do not enter into the contractors' selling price.

### **Characteristics**

#### General:

- Prices collected for this index relate to the 15th of the month or the nearest business date. Subsequently, the selling prices are adjusted for any changes in quality of the structure and the serviced lot. This index does not measure shelter costs and price changes for existing houses are excluded from these price surveys.
- 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 (GST) or the Harmonized Sales Tax (HST).
- Commencing in January 1991, the New Housing Price Indexes (NHPI) reflect the termination of the Federal Sales Tax (FST) with the introduction of the Goods and Services Tax (GST). Since this index is based on contractors' selling prices for new homes, the GST paid by the final purchasers is excluded from index calculations.
- The HST came into effect July 1, 2010, in Ontario and British Columbia. Prior to the introduction of the HST, the provincial sales tax on building materials in Ontario and in British Columbia was embedded in the contractor's selling prices of new houses. With the introduction of the HST in these two

provinces, the provincial sales tax is now replaced by the HST, a value added tax which is conceptually excluded from the index.

#### Prices Used:

- Contractors' mid-month selling prices are collected directly in 21 metropolitan areas through a combination of quarterly visits and telephone contacts in other months.

#### Adjustments to Prices:

- House prices reported by sample builders are adjusted for changes in quality of both the structures and the serviced lots including intangible variations of location to ensure similarity of specifications.
- In cases where the prices reported by sample builders include the net GST/HST payable they are adjusted to reflect prices that are equivalent to contractors' selling prices excluding GST/HST.

#### Weight Base:

- To prepare a contractors' selling price index for a metropolitan area, price reports from the sample of builders are given equal weights in index calculations. Amongst metropolitan areas, weights are derived from housing completions data.
- The same procedure prevails for aggregating the independently derived land and structure series: equal weights within metropolitan areas and proportional weights among metropolitan areas. Weights for metropolitan areas are adjusted annually as described below.

#### **Index Formula**

A Chain-Laspeyres index formula is used, the weights for which are derived from housing completions for the previous three years valued at prices for the 2007 base year.

#### **Revisions**

Indexes as published are final.

#### **Historical Data**

- January 1981 to November 2010 on a 1997 base for 21 metropolitan areas. (CANSIM Table 327-0005)
- January 1981 to April 2003 on a 1992 base for 21 metropolitan areas. (CANSIM Table 327-0005)
- January 1981 to December 1997 on a 1986 base for metropolitan areas. (CANSIM Table 327-0029)

#### **For Further Reading**

- Building permits, monthly, 64-001-XPB

- Housing starts and completions, monthly, 64-002-XPB.
  - First issue, April 1946. Last issue, December 1989
  - Discontinued. Starting with the January 1990 data, Canada Mortgage and Housing is responsible for the release of the data. Contact CMHC at 613-748-2550.
- Building permits, annual, 64-203-XPB
- Residential general contractors and developers, annual, 64-208-XPB
- Population and dwelling counts, provinces and territories, 92-109-XPB to 92-120-XPB
- Dwellings and households, Parts 1 and 2, 93-104-XPB and 93-105-XPB
- Affordability of housing in Canada, 1990, 98-130-XPB

For more information or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-888-951-4550; 613-951-4550; fax: 613-951-3117; [ppd-info-dpp@statcan.gc.ca](mailto:ppd-info-dpp@statcan.gc.ca)), Producer Prices Division.