



WHICH ECONOMIC FACTORS HAVE THE MOST SIGNIFICANT IMPACT ON HOUSING PRICES IN CANADA?

Using New Housing Price Index (NHPI)



The model shows that home prices are influenced by the interplay of demand, supply, and inflation. These factors affect each other, but inflation has the strongest impact, driving home price growth more significantly than the others. In an economy shaped by these three predictors, inflation emerges as the dominant factor.

This model focuses on explanatory analysis, identifying significant relationships but showing poor predictive accuracy. High MSE and negative R-squared indicate it lacks generalizability to unseen data, making it better for understanding trends than for accurate future predictions.

References

Statistics Canada. 2024. Multiple datasets, including Canada Mortgage and Housing Corporation: Absorptions and Unabsorbed Inventory, Newly Completed Dwellings, Housing Starts, Under Construction and Completions, Consumer Price Index, Monthly, Not Seasonally Adjusted, Gross Domestic Product (GDP) at Basic Prices, by Industry, Monthly, New Housing Price Index (2007=100), and Financial Market Statistics. Available at Statistics Canada.