



MLS® Home Price Index (HPI) Annual Review

The Canadian Real Estate Association (CREA) understands how important the historical data tracked via the MLS® Home Price Index (HPI) is for accurately gauging neighbourhood price levels and trends. Each year, in line with statistical best practices, the MLS® HPI undergoes a comprehensive review.

The review and updates to the available information can prompt questions. The most frequently asked questions, and their answers, can be found below.

Q. Will the data change again? If so, when?

- A.** In line with statistical best practices, the MLS® HPI is reviewed annually to ensure all data and benchmark attributes are up-to-date and remain relevant over time. The updates will be released in December.

Q. Why has the historical data changed? How can I explain these changes to home buyers and sellers?

- A.** Each month, the MLS® HPI uses more than 15 years of MLS® System data and sophisticated statistical models to define a typical home based on the features of homes bought and sold. These “benchmark homes” are tracked across Canadian neighbourhoods and different types of houses.

For a benchmark home to continue being tracked by the MLS® HPI, it must have at least 12 sales in the three most recent years. This helps maintain accurate, timely data you can rely on. Once removed, it will remain deactivated for one year before being revisited in future annual reviews.

For example, when market conditions shift, and increase enough to support benchmark price tracking, new neighbourhoods, or benchmark homes can be added to MLS® HPI coverage within markets where sales volumes were previously too low. Including previously inactive neighbourhoods where there’s been increased sales activity helps show how they’ve evolved over time and creates a more complete picture of the specific market.

On the other hand, MLS® HPI coverage may be discontinued for areas where sales have become too sparse to support benchmark price calculations.

Q. A few months ago I was using benchmark price data for my neighbourhood and now it’s different. Which data should I be using? Is the old data wrong?



- A.** While the old benchmark price data was representative of historical information available at the time, the updated data depicts the most accurate home prices levels and trends, and should be used until the next review.

Unlike average or median prices, which can fluctuate from one month to the next and potentially paint an inaccurate or even unhelpful picture of price values and trends, the MLS® HPI is based on the value home buyers assign to various housing attributes, like the age of the home and number of bedrooms. The evaluation of these attributes tends to evolve gradually over time, creating a more insightful analysis.

For more information about the MLS® HPI and its methodology, visit [CREA.ca](https://www.crea.ca).

If you have any other questions, please contact CREA's Member Support team at support@crea.ca.