

## ***Highlights - Housing Production in Canada Has Fallen Far Short of the Needs of Our Growing Population***

Canadian housing markets: my new report on housing shortages covers a lot of ground (published on May 13, the first item on this page <https://wdunning.com/recent-reports>).

- What international data tells us about shortages in Canada and across the country (starting on page 11).
- Why the hottest markets in Canada are the "move-to" places.
- Household formation rates are affected by economic factors (and especially for young adults). That's why they vary across the country.
- Economic factors should be causing household formation rates to rise, but lack of supply is causing them to fall (starting at the bottom of Page 3, and Page 26).
- We need at least 300k housing starts per year during the next 5 years (during the past five, they averaged 226k - and that was unusually high). See the chart on Page 2.
- Also, the mix of new supply is wrong. Everybody knows we need more family housing.
- On Page 24 I list factors that are inhibiting supply. Many of these are now under discussion, but some need more attention (notably, how infrastructure is funded, and decision-making by land owners).
- The federal government has joined the discussion, but its main in-force set of policies is still a big factor in the shortages. There is talk about tightening those policies, which will further worsen the situation.
- 2 games that are being played in the housing market - Musical Chairs and Whack-A-Mole (Page 4) - are doing huge harm to Canadians.
- Recent rises in interest rates are going to inhibit future housing supplies.
- Most of the time, Canadian housing markets are under-supplied: the impacts vary over time (Page 22).
- The market softening that is now developing will not mean that the supply crisis is over (bottom of Page 5).
- Supply is not just a big-city problem (middle of Page 15).
- It's important to understand the difference between 2 concepts of
  - Supply (resale listings versus the total inventory of housing that exists) and
  - Demand (sales transactions versus the total amount of housing that is required).
  - A lot of the discussion is about the short-term concepts, but what ultimately matters is total inventory versus total requirements.

The bottom line is that Canada is a rich country. We should have a lot more housing than we actually do.

Something else, which isn't in the report: for people who say that housing isn't a "productive investment": housing is a highly-durable asset, which provides essential services 24/7, for many, many years. We haven't invested enough in housing. The cost of investing in housing has become much too expensive, but that is a very separate issue.