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Real estate: Canada's housing crisis is just beginning, economist says

Iva Poshnjari, BNN Bloomberg



The recent cooldown in Canada's housing sector doesn't mean prospective homebuyers can look forward to affordable shelter in the future, according to one Bay Street economist.

"The current decline in house prices will not save us," Benjamin Tal, the deputy chief economist at CIBC, said in a **TV interview** Tuesday.

Tal uses two measures to gauge home affordability: the ability of first-time homebuyers to enter the market and the available supply of social housing. He anticipates both metrics will continue to show pressure in the housing market.

"This market will remain unaffordable to many, many Canadians," he said.

The Bank of Canada's interest rate hikes this year have contributed to a decline in home sales and prices in cities including Calgary, Vancouver, and Toronto. Despite the downward trend, the average price of a home in Canada's most populated region, the Greater Toronto Area, remained well above \$1 million in September, according to the Toronto Regional Real Estate Board.

Tal said he worries that the rise in interest rates will not halt the upward trajectory of home prices in the long run.

"[Interest rate hikes] will not be enough to bring the [housing] market down to where it belongs," he stated.

The other major roadblock he anticipates is a lack of adequate housing supply for newcomers to Canada.

The projected influx of immigration to Canada will only exacerbate the country's housing crisis as construction of units which could house these newcomers is nowhere to be found, he said.

"By any stretch of the imagination, this is not the end of the (housing) crisis. This is just the beginning", he said.

Tal suggested one way to fix the country's unaffordable housing is through increased coordination between policymakers and business leaders.

"All levels of governments, private sector and banks, talking together and trying to come up with a solution," he said.