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## **Canada is building fewer homes today than during the 2020 lockdowns — and ‘the worst is yet to come’**

‘We need more housing, but the bank is slamming that door shut,’ says the author of a new report.



Clarrie Feinstein || October 4, 2023

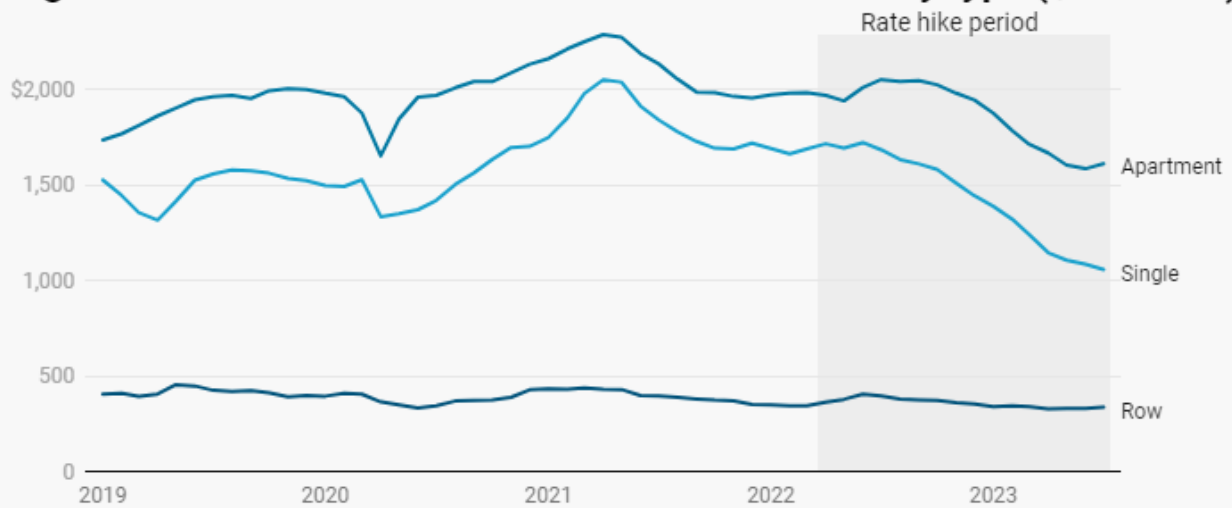


“(Developers are) no longer seeing that these projects will be a good investment for them, especially with the additional high cost of materials and labour,” said David Macdonald with the Canadian Centre for Policy Alternatives.

As the fallout from the Bank of Canada’s interest rate hikes continues, fewer homes are being built today compared to the lowest point in the pandemic — the 2020 lockdowns — and it’s going to get worse, an economist says.

The provincial government has repeatedly claimed that Ontario needs to free up more land to build houses, but according to the report, lack of land is not the issue. Instead, the report from the Canadian Centre for Policy Alternatives finds that building has slowed because inflation and the high cost of materials has made home building less profitable for developers, and there are fears the market will slow due to higher mortgage rates.

**Figure 2: New residential construction investment by type (\$mil 2012)**

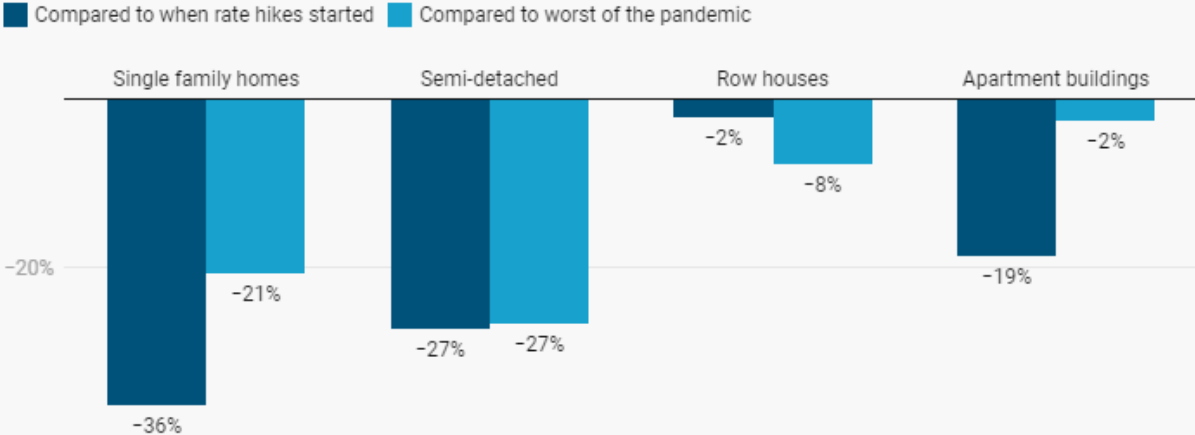


Seasonally adjusted at annual rates, constant 2012 dollars.

Chart: David Macdonald - Canadian Centre for Policy Alternatives • Source: [Statcan table: 34-10-0175-01](#) • [Get the data](#) • Created with [Datawrapper](#)

### Figure 3: Change in new residential investment by type pandemic and rate hikes

New investments is down certainly from when rate hikes started and is now even worse than it was at the worst point of the pandemic.



Seasonally adjusted at annual rates, 2012 constant dollars. Compares values in February 2022 to July 2023 for the rate hikes and April 2020 to July 2023 for the pandemic.

Chart: David Macdonald - Canadian Centre for Policy Alternatives • Source: [Statcan table: 34-10-0175-01](#) • [Get the data](#) • Created with [Datawrapper](#)