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FIRST READING: New population projections show a housing crisis with no end in sight

At current homebuilding rates, Millennials wouldn't have access to affordable housing before they're in their 80s

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A new housing construction site in Toronto. PHOTO BY FILE

According to new population projections released by Statistics Canada, even the most optimistic Trudeau government homebuilding targets risk being swamped by newcomers before they have a chance to restore affordability.

On Monday, the statistics agency projected that Canada was on course to have 63 million people by 2072 — almost all of it due to immigration. Given that the Canadian population just passed the 41 million mark, this represents a yearly gain of 440,000 newcomers — or, 1,200 new Canadians per day for the next 50 years.

As per the 2021 census, the average Canadian household comprises 2.4 people. At that rate, it would take an estimated 183,000 new homes per year just to handle the influx.

Canada's current rate of homebuilding was last pegged by the Canada Mortgage and Housing Corporation at 247,830 housing starts per year.

With 183,000 needed each year just to break even, this leaves only 63,000 homes per year (about 27 per cent of the total) to build down the country's existing housing shortage.

The Canadian housing shortage has been estimated as high as 3.5 million units. In a 2023 report, the Canada Mortgage and Housing Corporation pegged 3.5 million as the number of additional housing units that would need to be built in order to restore Canada to a level of affordability last seen in 2004.

In a situation where all but 63,000 new homes per year are being accounted for by immigrant demand, it would take 55 years to build down a housing gap of 3.5 million.

In other words, at current homebuilding rates even the youngest Canadian Millennial would be 83 years old before they could enjoy a housing market with the same affordability as when they were in high school.

In recent months, the Trudeau government has begun to acknowledge that its record-high rates of immigration are having a direct effect on housing affordability.

This is part of why, in April, the Trudeau government promised a wildly optimistic plan to build an extra two million units of housing by 2031.

That's still well short of the 3.5 million needed to get Canada to 2004-era affordability. However, it would at least give Canada a rate of homes-per-residents on par with the rest of the G7.

Pitched as a plan to “solve the housing crisis,” it does seem to accommodate a rate of immigration on par with the latest Statistics Canada projections.

The plan pledges to build 3.87 million new homes over the next seven years. Or, about 552,857 per year.

If 183,000 of those homes are needed each year just to meet immigration growth, that leaves 370,000 per year to build down the housing shortage.

Over seven years, that's just enough to meet the 2 million threshold.

The only problem is that the housing plan is probably impossible.

It requires Canadian homebuilding rates to more than double overnight, and then sustain that rate for the rest of the decade.

“Achieving 550,000 new homes each year is an extremely daunting task,” was the muted assessment of TD economists. When the head of the Residential Construction Council of Ontario was asked about the plan at a House of Commons committee last month, he responded with laughter. “Not a chance,” he said, when asked if homebuilders could expect to meet the federal projections.

CMHC’s own projections are already predicting that Canada won’t come close to meeting the Trudeau government pledge, and that housing starts are actually set to go down for the foreseeable future.

In their latest Housing Market Outlook, the CMHC’s most optimistic projection was that just 241,659 homes would be built in 2026.

Their “pessimistic” projection was for 226,211 homes. When accounting for the 183,000 units that would be needed just to meet immigration growth, that leaves a mere 43,211 homes to build down the housing shortage.

Statistics Canada’s projection of 63 million Canadians by 2073 is based on their medium growth scenario, with the agency saying that the population could fall anywhere between 47.1 million and 87.2 million.

At 87.2 million, the annual housing needed for new immigrants would rise to 385,000 units, easily overwhelming even the most improbable homebuilding projections by the Trudeau government.

The low estimate of 47.1 million, however, assumes just 122,000 new Canadians per year — an intake of newcomers so low that Canada hasn’t matched it since 1986 (when the country brought in 99,400 immigrants).

At that intake level, however, it would take just 50,000 homes per year to account for new immigrant demand (assuming an average household of 2.4).