**AN ANALYSIS OF TRENDS IN THE CANADIAN HOUSING MARKET**

*(By Group 7)*

# Data Source

We have selected data related to Canadian housing as the basis for our research. We are seeking to determine the impact of demographic changes on living costs, the trends within home ownership, and the impact of these changes and trends on the financial health of Canadians. Our focus is on the following subjects:

1. Demographic trends:

Population growth, Immigration, Household income, Family composition

1. Home ownership:

House prices, Rental market, First-time home buyer

1. Financial impacts

Mortgage trends over time, Mortgage trends in different age groups

We believe this data to be interesting given the extensive coverage of the housing market in the media, yet very limited, unbiased representation of the facts. Most media coverage on housing is very neighbourhood-specific and often provided by real estate agents, who are not without bias when describing the trends they are observing. Lastly, Canada is witnessing a transformative change in its history with respect to housing. Demand from immigration and natural population growth have absorbed all of the housing supply. It is likely that first-time home buyers in major markets such as Vancouver and Toronto convert to home renters rather than owners much like established U.S. markets such as New York or Chicago.

Statistics Canada (“Statcan”) is the primary source for the datasets used in this analysis. The data was collected by searching the Statcan website for housing topics. Once a dataset was found, it was filtered for the desired time period and necessary fields.

# Analysis

The Canadian marketplace can be examined through the lens of its six major consumer markets: Vancouver; Edmonton; Calgary; Toronto; Ottawa; and Montreal. However, the scope of our analysis will capture three of these cities. This report focuses on Toronto, Vancouver and Calgary. Toronto is the most populous metropolitan city in Canada. Vancouver is the most expensive housing market in Canada. Calgary is selected as a contrast to Toronto and Vancouver given that its economy and its housing market, are driven primarily by the oil and gas industry.

## Demographic trends

* **Population growth:** The growth rates has gradually progressed to stabilization since 2015, settling between 1.5% to 2.0%. Toronto has grown the fastest since 2015 and Calgary experienced rapid growth between 2011 and 2013 and a subsequent rapid decrease from 2013 to 2015, a response linked to the oil industry. Vancouver’s growth rate has remained relatively stable, likely because the city has a more limited geography.
* **Immigration:** Between 2006 and 2019, Toronto has shown the highest levels of immigration amongst the major markets. Vancouver’s immigration pattern appears cyclical, while Calgary’s gradually increased until 2015 when it reached a peak and began a gradual decline.
* **Household income:** Calgary has the highest median of household income of all three cities by a significant amount. Toronto has a slightly higher median household income than Vancouver and Vancouver has the lowest median household income.
* **Family composition:** The growth rate of families with no children has almost been twice as the growth rate of other family compositions from 2007 to 2017.

## Home Ownership

* **House prices:** In Toronto and Vancouver, there has been a persistent upward trend in Condominium prices since 2017. Vancouver has reached a more stabilized level, while Toronto has not shown any evidence of stabilization. Meanwhile, Condominium prices in Calgary have been steadily decreasing in the same time period. House prices peaked between 2017 and 2018 in Vancouver and Toronto and experienced a slight decline since then. However, they have gradually recovered and are close to 2017 levels once again. Calgary house prices decreased, however not at the same pace as condominium prices.
* **Rental market:** Vancouver and Toronto have shown steady declines in vacancy rates since 2009. This signifies a strong demand for housing. Calgary has experienced a completely opposite trend, with vacancy spiking in 2016 due to a lack of demand.
* **First-time home buyer:** In Toronto, 50% of first-time home buyers purchased a condominium/apartment as their first home. A similar trend is identified in the Calgary market, however a much greater majority of first-time home buyers purchased a single-detached house. Vancouver exhibits a similar pattern as Toronto, with the difference being more first-time home buyers purchasing in a low-rise building.

## Financial impacts

* **Mortgage trends over time:** Household incomes have simply not grown at the same rate as housing. In fact, mortgage values in 2016 are twice as average mortgage values in 1999.
* **Mortgage trends in different age groups:** The average mortgage values for the younger age groups (34 years and younger & 35-44 years) have slight differences in all cities. While Toronto shows consistent decrease in mortgage values as age is increased, Calgary and Vancouver show minimal mortgage differences between most age groups but have one large mortgage gap between two age groups. Calgary has the its highest mortgage gap between middle-aged groups (35-44 years & 45-54 years), while for Vancouver, the significant difference is observed between the older-aged groups (45-54 years and 55-64 years).

# Challenges

The main challenge in searching for appropriate datasets is finding data that capture the same time period. Statcan did not collect data for certain aspects of the housing market until recently. While historical population and income data is readily available, another challenge is encountered as the frequency at which this data is collected differs from other datasets.

# Conclusions