

Changes to the Canadian Housing Market during the Covid-19 Pandemic

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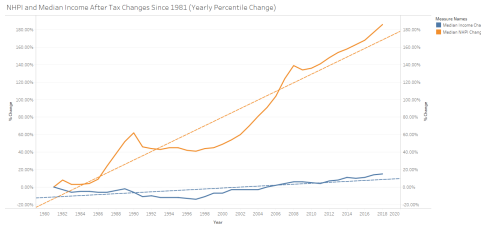
1. BACKGROUND

With the rise in housing prices in the 2010s matching the climb in the 2000s, many Canadians speculated on its sustainability and whether it was a bubble set to pop.

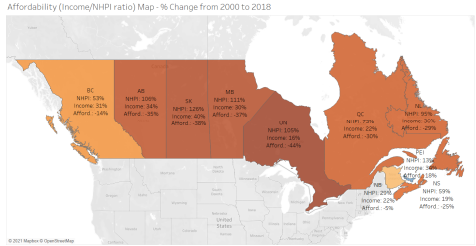
The currently ongoing Covid pandemic has introduced many economic challenges to Canada, one of which is its impact on the current housing affordability crisis.

With remote working and lock down restrictions, Canadians have begun to change their habits as they enter the 2nd year.

A strong indicator of housing prices, represented as an index (NHIPI), have been outgrowing the median income since the early 2000s.

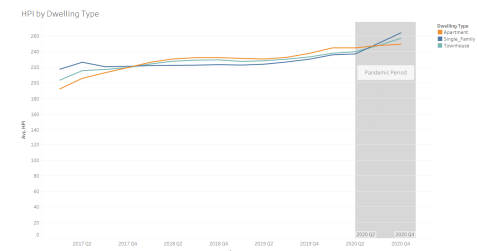


Though HPI increase in Ontario is as sharp as in many other provinces, its lowest income increase makes it the location with the greatest affordability decrease from 2000 to 2018:

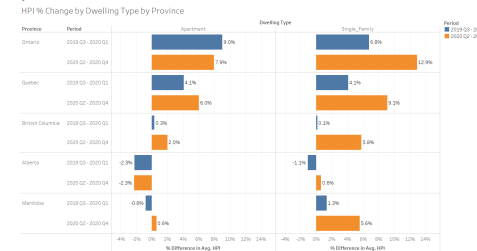


3. HOUSING PRICES

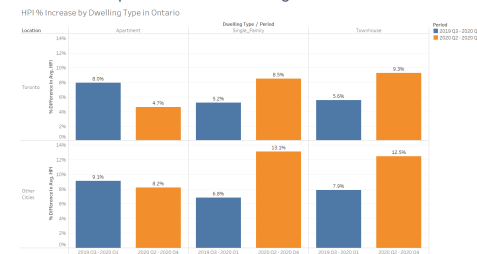
The apartments price index curve has flattened during the pandemic while the slope of single family and townhouses prices increased. This indicates a change in the demand of different types of dwellings during the pandemic.



The single-family houses prices are increasing faster during the pandemic in each one of the 5 most populous provinces. The impact in apartment prices is different among the provinces.

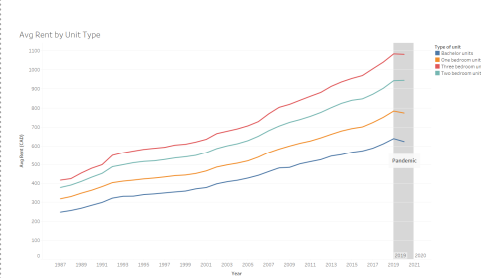


In Ontario, the apartments prices are slowing down during the pandemic in Toronto. And single-family houses and townhouses prices increase are higher in the other cities.

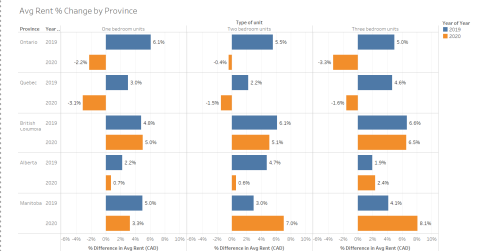


4. RENT

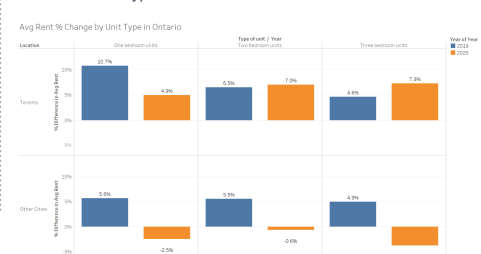
The pandemic also impacted condo units' average rent. In 2020 three- bedroom units and two-bedroom units' curves have flattened while smaller units shown a decrease.



In almost all provinces the price of one-bedroom units was decreased or at least increased in a lower rate in 2020. Some provinces shows a more steeply increase in three-bedroom rents.

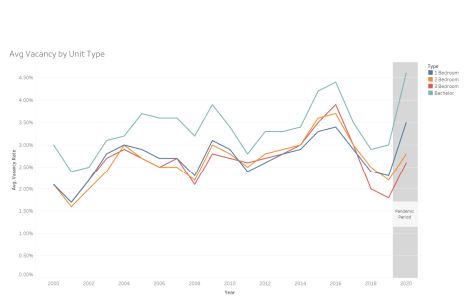


In Ontario, the increase % of three-bedroom units in Toronto was higher in 2020 than in 2019. In other cities, the average rent of all unit types decreased.

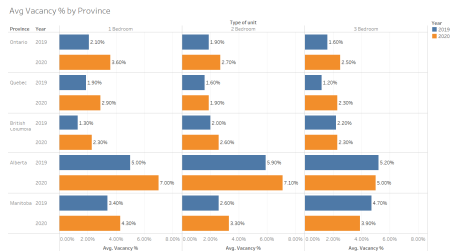


5. VACANCY

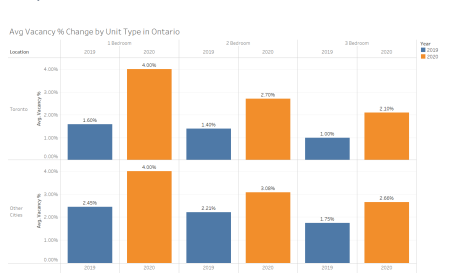
Vacancy Rates were declining before the pandemic but have increased for all unit types since the pandemic started.



Vacancies were synchronized across all provinces with one-bedroom units showing the largest increase. Western provinces had larger vacancy rates due to weakness in the resource sector.



The vacancy rate increased more than doubled in Toronto compared to 2019



2. RESEARCH QUESTIONS

- Housing Prices**
 - How is the pandemic affecting the prices of different dwelling types?
 - Are the prices in each province being affected differently?
- Rent**
 - Did the rent increasing pace changed during the pandemic?
 - Is the behavior the same in every location?
- Vacancy**
 - Are vacancy rates following the trend as the housing prices and rents?
 - Are vacancies changing in the same way for all unit types?

6. CONCLUSION

The pandemic is significantly impacting the housing market in Canada:

- The price of single-family houses are rising faster during the pandemic than it was before pandemic. This scenario is still more evident outside the biggest centers.
 - The average rent of small apartments (bachelor and one-bedroom units) are decreasing or at least increasing slower during pandemic, especially in smaller cities.
 - The vacancy rate has increased to multi-year highs during the pandemic. Canadians who were renting preferred larger units as the increase in vacancies was prominent in bachelor and one-bedroom units.
- These results are apparently caused by a changing in the buying / renting behavior due COVID-19 social restrictions:
- People are looking for bigger homes. This search may include locations outside the biggest centers, where house prices are more affordable. Working from home policies may also be playing a relevant role in this decision.
 - For those who can't afford leaving a rental and buy a house, the alternative may be moving to a larger apartment.

Even after the mass vaccination and social restrictions loosening, some forms of remote work are likely to persist long after COVID-19. Therefore, some of the aspects present in the current scenario are expected to continue, especially the price increase of bigger houses in smaller cities.

7. REFERENCES

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