

Housing Affordability Crisis

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Problem ?

Analysis of “affordable housing” and trends of housing markets in different metropolitan cities in Canada before and during the pandemic situation.

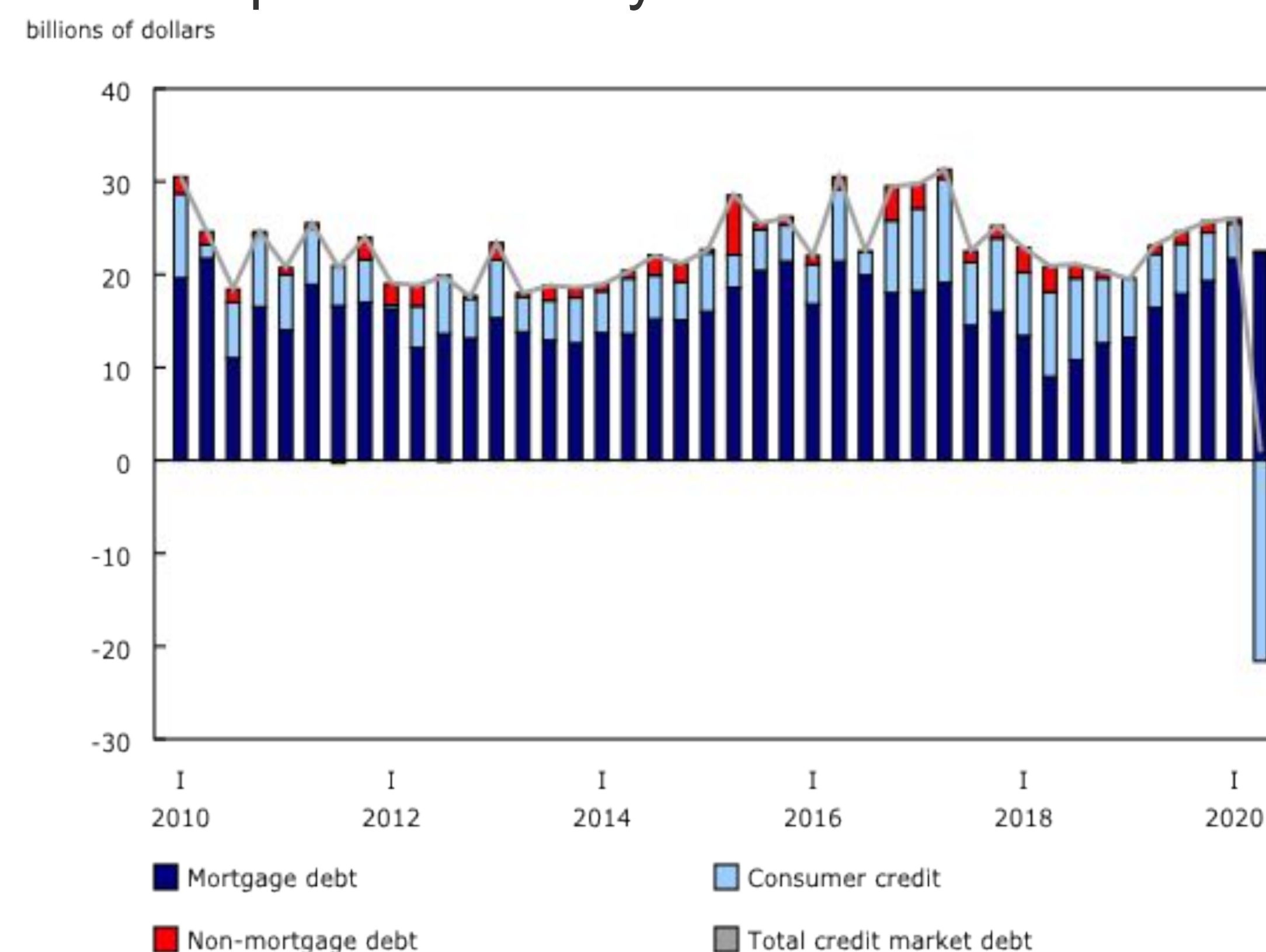
There are different factors affecting housing affordability. Some of the main aspects are the following:

- personal debt levels
- personal income
- Canada Household Saving Rate
- foreign real-estate speculation
- home buying mortgage regulations
- Housing Market

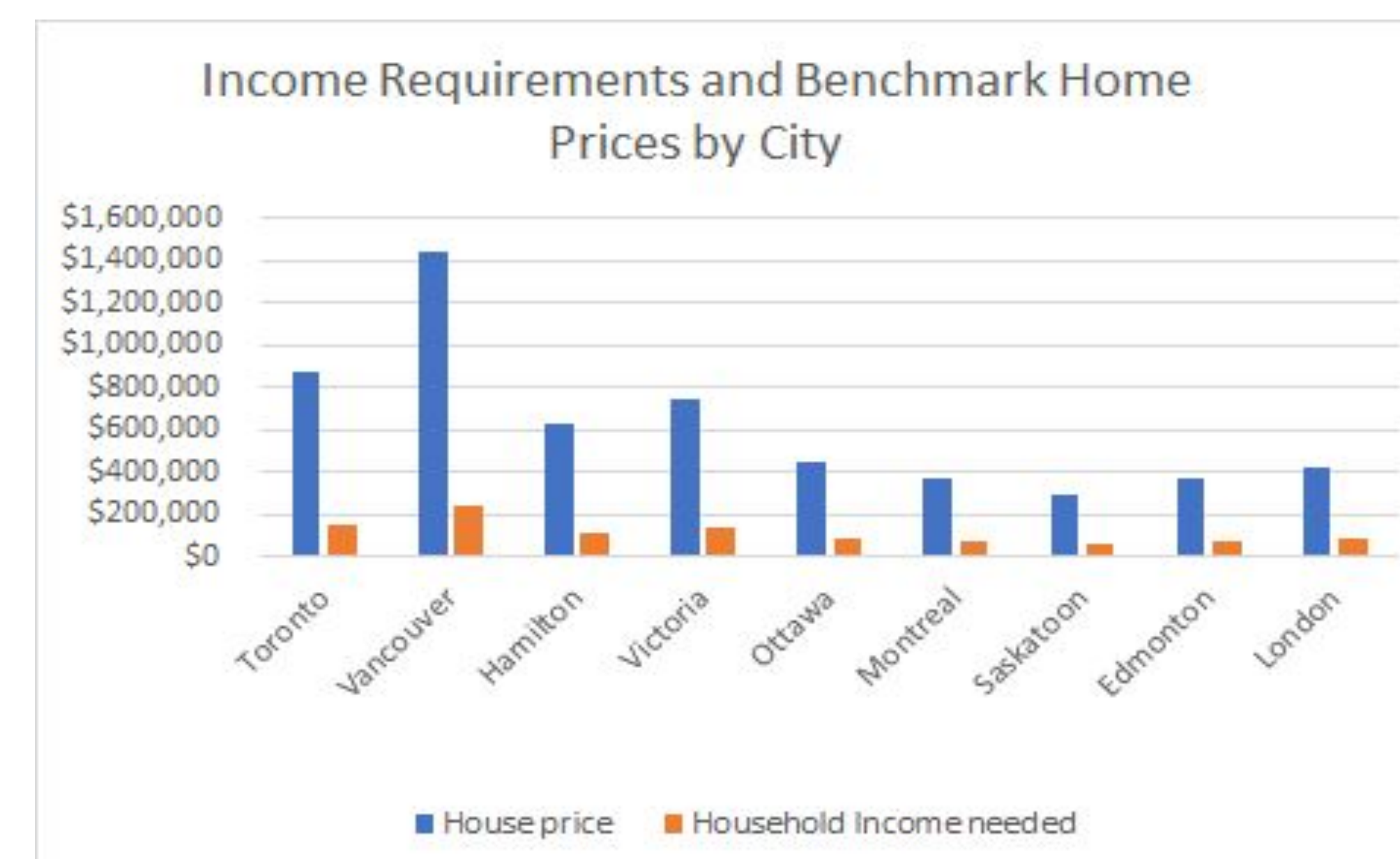
Findings 🔍

Personal debt levels:

Personal it dropped significantly in 2019 due to pandemic and households reduced their principal balance at a much faster pace than they added new debt.

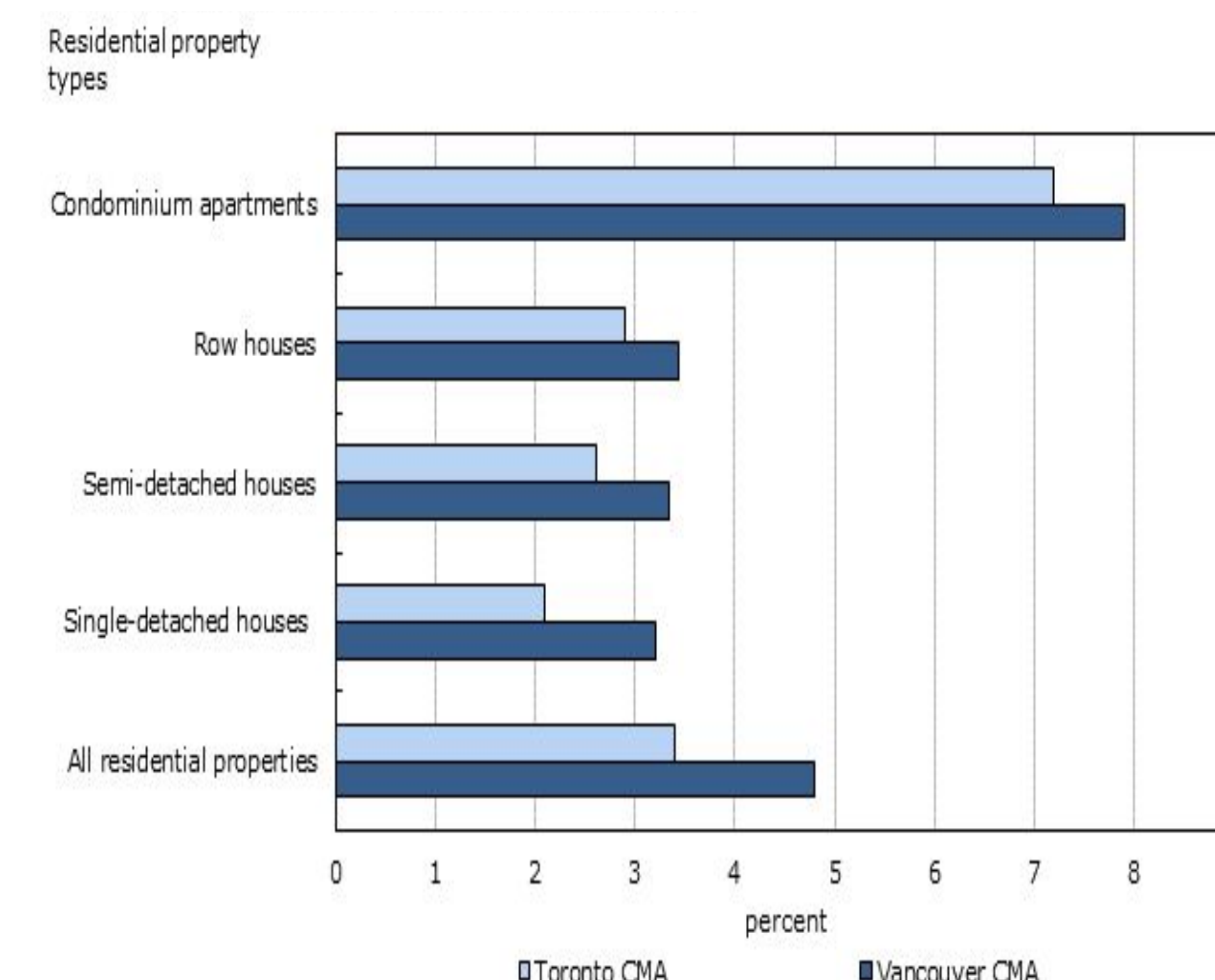


Personal income : 💰



Only the Top 25% of Canadians Can Purchase Apartments and Starter Homes in Vancouver and Toronto

Foreign real-estate speculation:



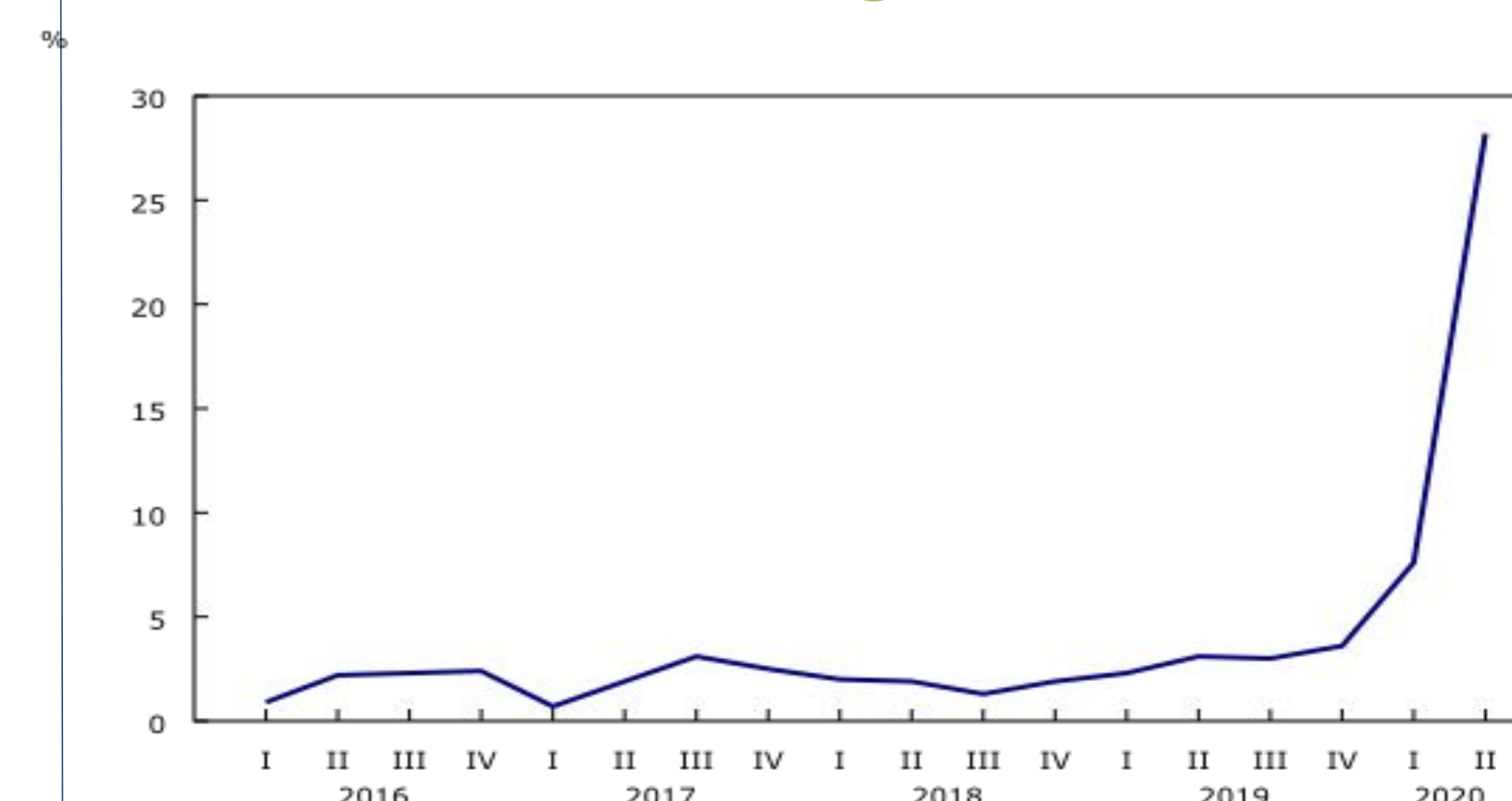
This graph depicts the percentage of non-residents owning residential properties In Vancouver and Toronto during May 2017 and June 2017. The highest percentage of purchase are condo apartments in both the cities.

Housing starts and mortgage: 🏠



This graph depicts the data on housing starts from March 2018 to March 2020. As we can see, the trend of housing starts is decreasing, and at the same time, as the population grows and new immigrants flock to Canada, the housing market has inflated.

Household savings rate:



This Graph shows people have banked the money that they don't need due to the pandemic situation

RECOMMENDATIONS 👍

- There could be a ban on foreigners buying properties in Canada similar to the government of New Zealand has imposed, to reduce the soaring increase in prices of houses.
- Increase in interest rates for foreign buyers nationwide would help stopping the rapid increase in costs.
- Increase in tax for second home buyers.
- When there is strong demand for housing, but limited supply, home prices tend to increase. Since there is an excess housing availability in the market, home owners will lower their prices as a result of less demand.
- Personal debt level dropped after pandemic due to many mortgage providers offering deferred payment options to relieve borrowers and mortgage rates were low.

REFERENCE

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