

HOUSING AFFORDABILITY CRISES IN CANADA

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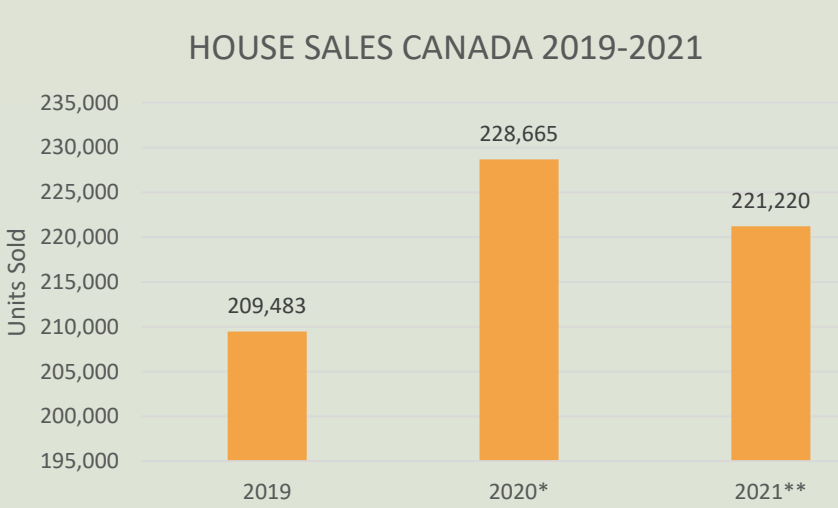


PROBLEM

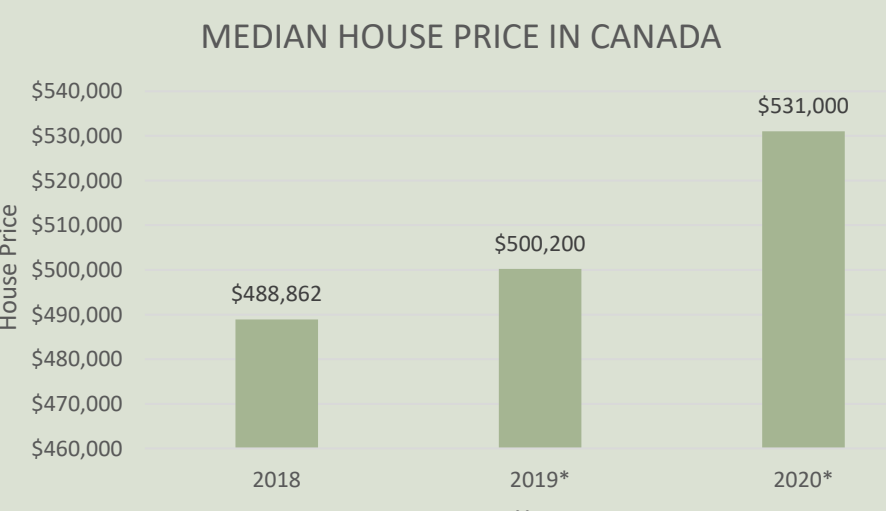
Housing is one of the basic needs of human being and in Canada because of weather condition it is necessary to have a shelter, but the housing affordability crises of Canada has become a major concern among Canadians as day by day it is becoming more difficult to afford a house. There are many factors but not limited to immigration, income, geographical location, rent which contribute to this problem. We analyze these factors by geographical areas and demographics and market before and during the pandemic.

CANADIAN HOUSING MARKET

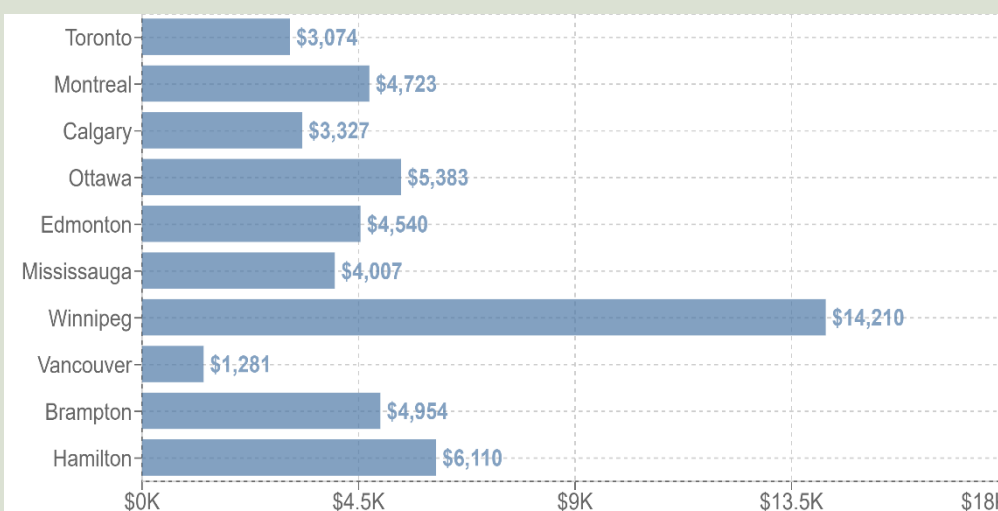
Canadian housing market has seen a gradual increase over the years but the in the recent months the average house price in Canada has seen an overall decrease due to the pandemic and due to less affordability of the houses. Only the provinces of British Columbia and Ontario seen an increase in the housing prices in last year. All the other province had negative effect on the housing prices. As per shown in the chart the overall average had declined to 488,000\$ for housing.



According to the graph before the pandemic in 2019, 209483 house units were sold and during 2020 around 228,665 houses were sold and it is expected that in 2021 around 221, 220 house will be sold.

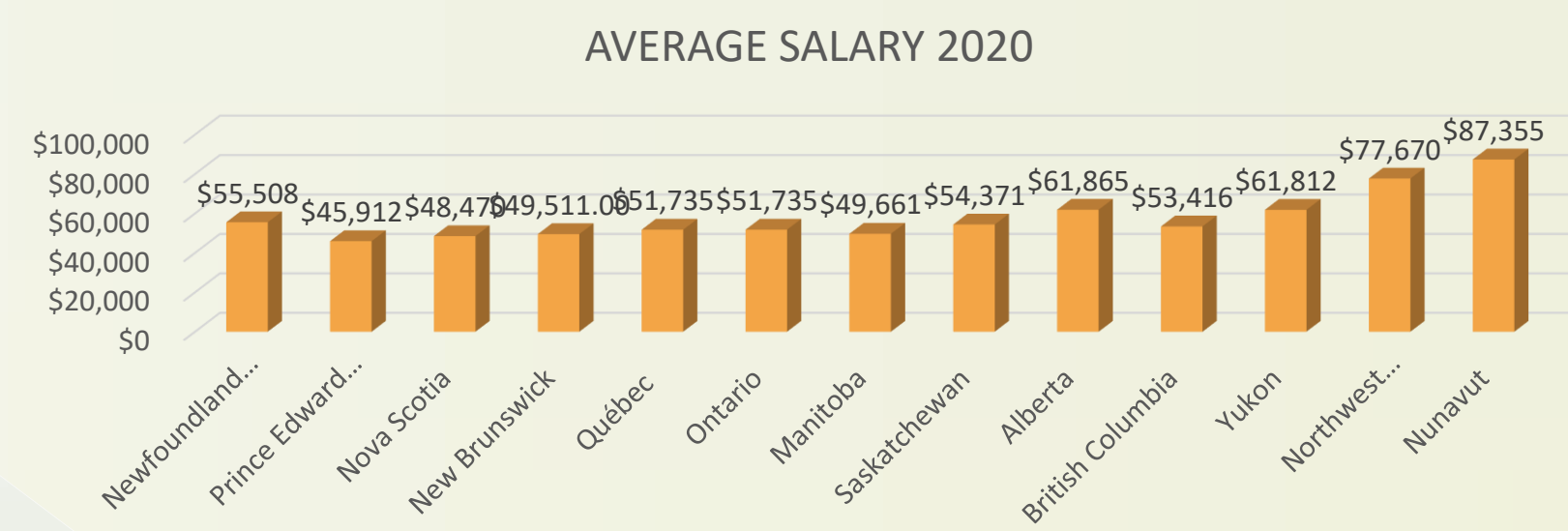


The median house price in Canada is on the rise it went from \$488,862 in 2018, to \$500,200 in 2019 to \$531,000 in 2020. An average \$25,000 is grown in every year.

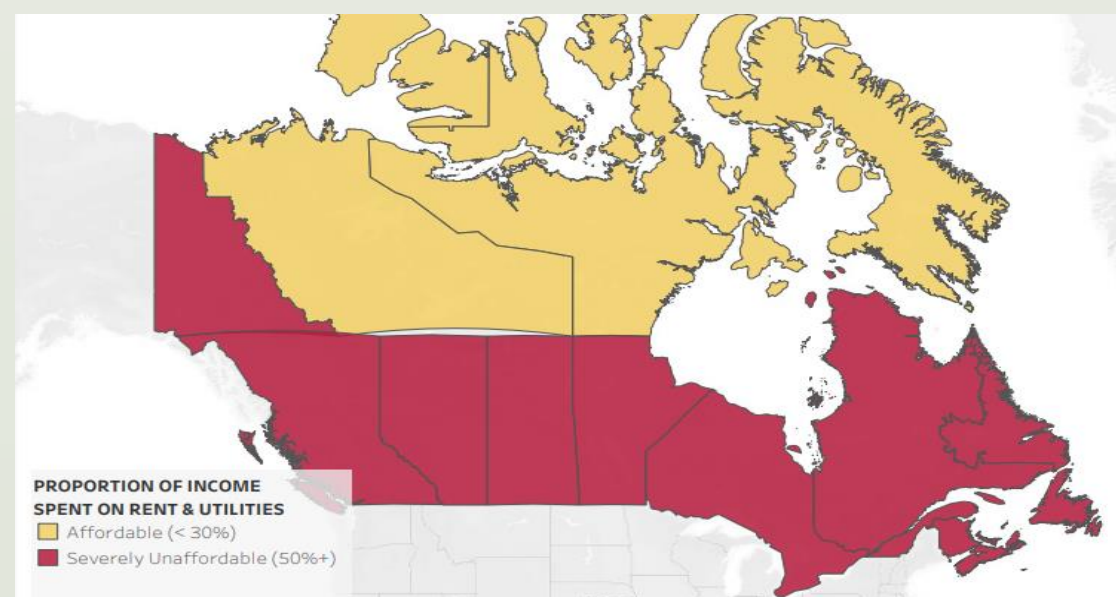


As you can see Winnipeg has the highest property tax \$14,210 compare to Toronto- \$3074 and Vancouver - \$1,281

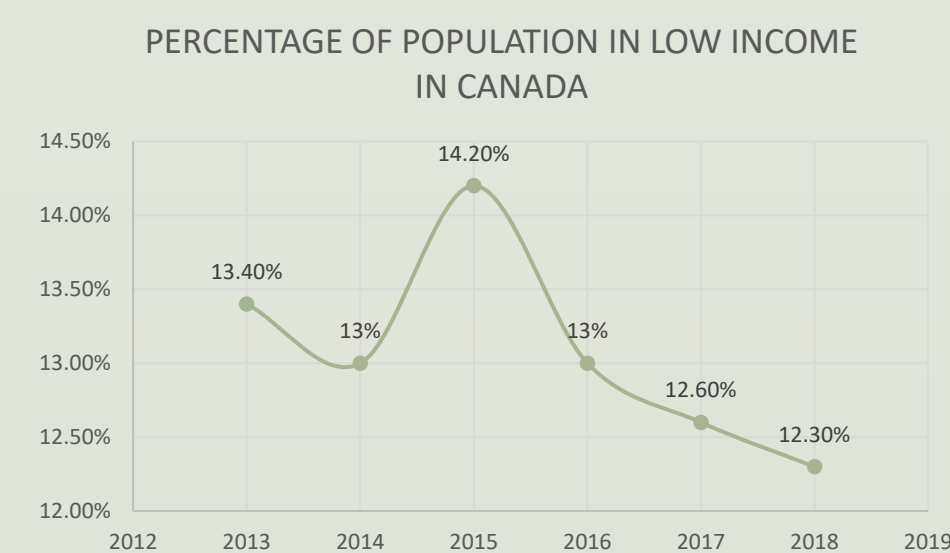
AVERAGE CANADIAN INCOME



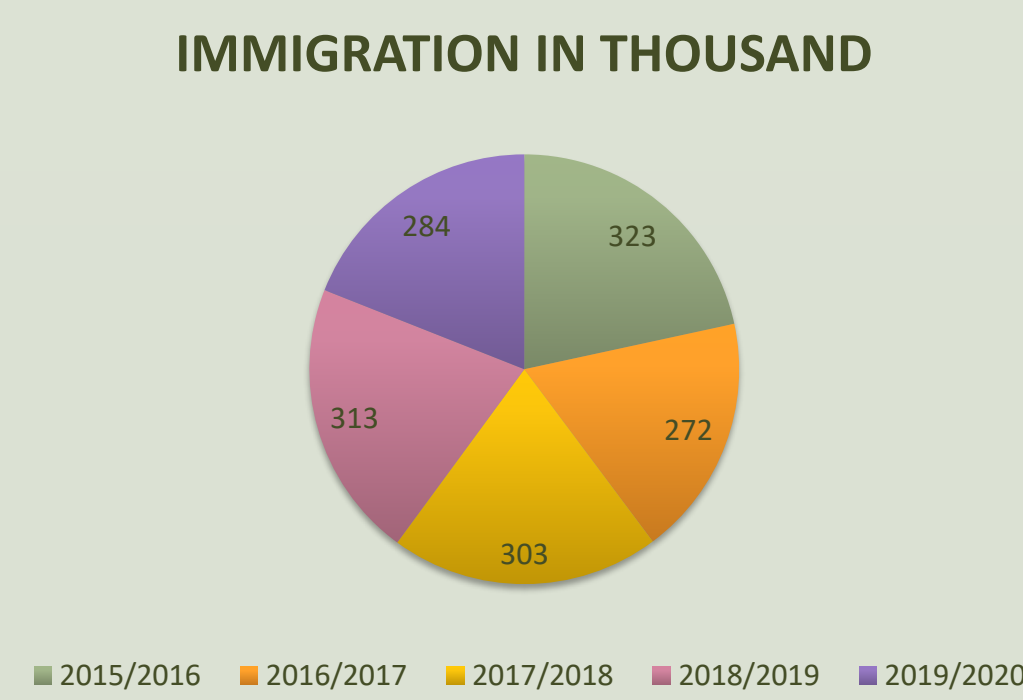
As of January 2020, the normal Canadian compensation in 2020 was \$1,050.59 each week for representatives the nation over, implies that the yearly normal compensation for full-time workers is simply more than \$54,630 each year. The compensation pattern is positive, and most of Canadian specialists are procuring more than they did in the earlier year. The normal compensation in Canada in 2020 has risen 4% since January of 2019, as found in StatsCan information. This really addresses an expanded pace of development, as Canadian compensations beforehand were found to have developed by a normal of 2.7% year to year.



Only Northwest Territories and Nunavut the rent and utilities are less than 30% of there income and it can be considered as affordable whereas all the remaining providences are severely unaffordable as more than 50% of there income is spent on rent and utilities.

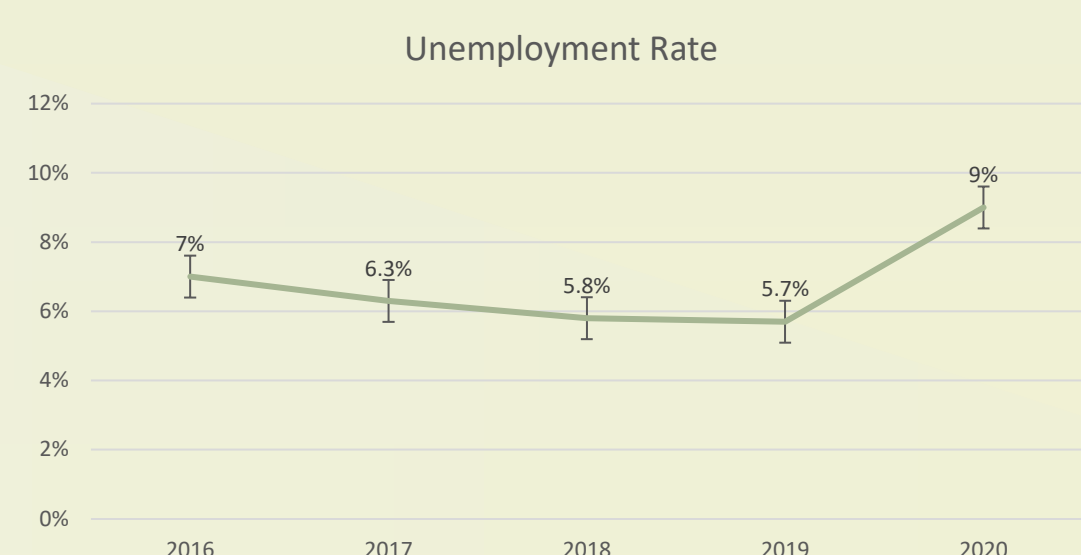


IMMIGRATION IN CANADA

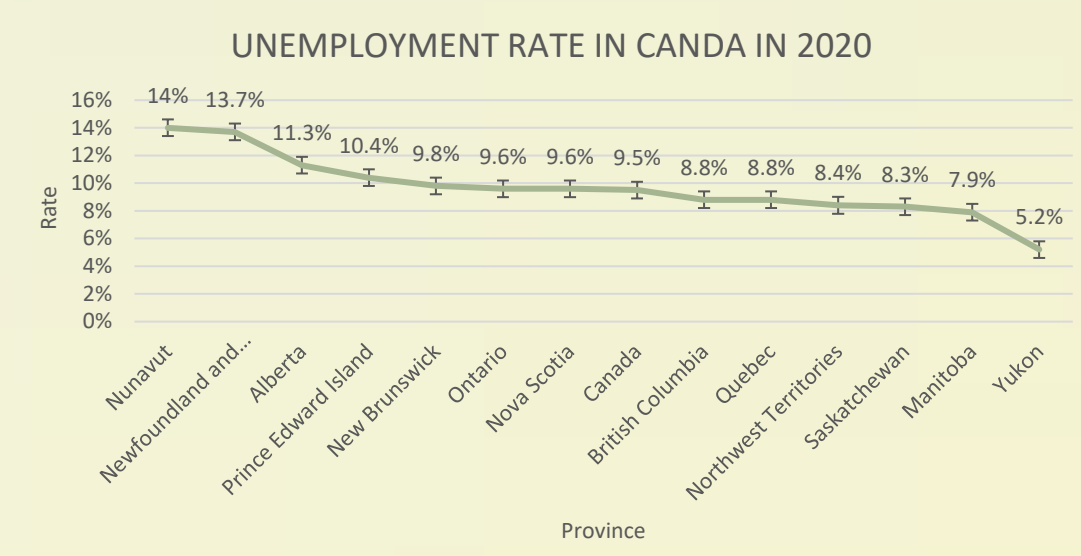


Here, we can see that there are roughly more than 3,00,000 immigrants coming into Canada. The expected number of immigrants who will be coming into Canada in 2 years is 1.2 million. As per Statista's numbers there were around 9 million immigrants who acquired permanent residency in Canada. After acquiring PR, the immigrants opted for their own houses and that ultimately generated housing needs which boosted the house prices and their demand.

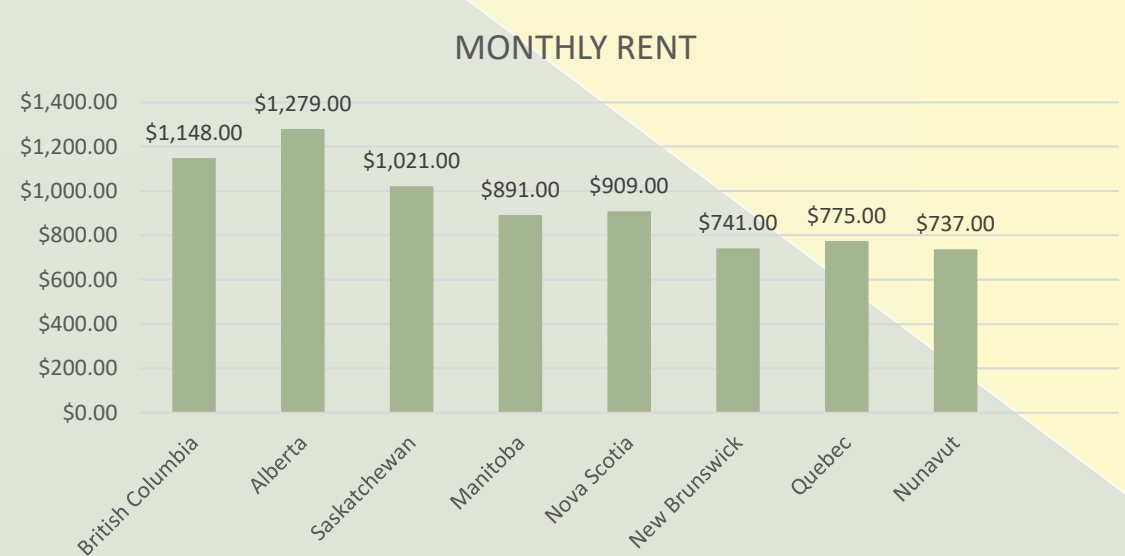
UNEMPLOYMENT RATE IN CANADA



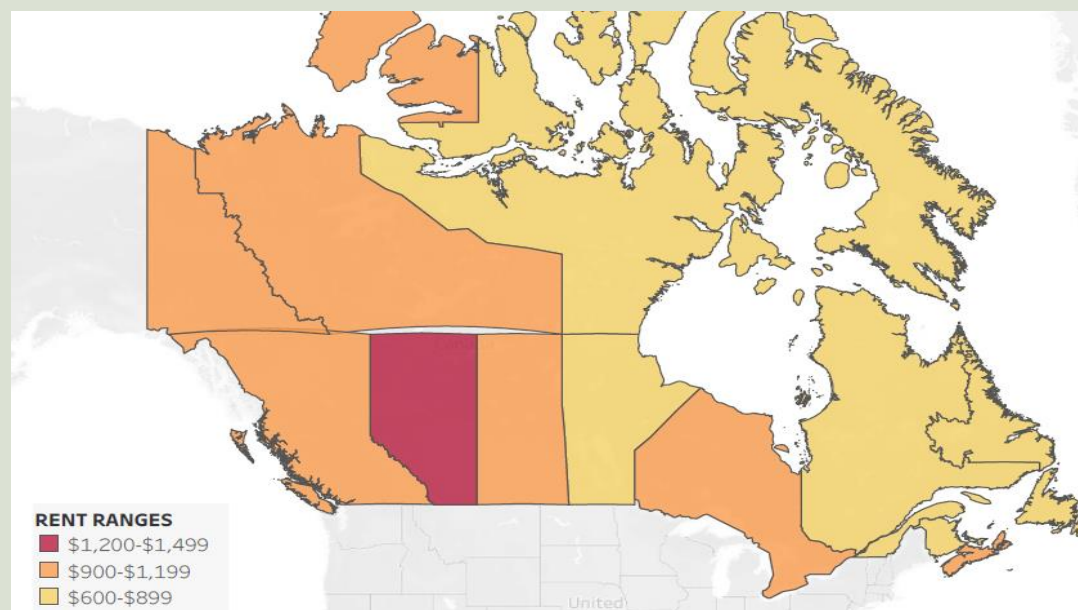
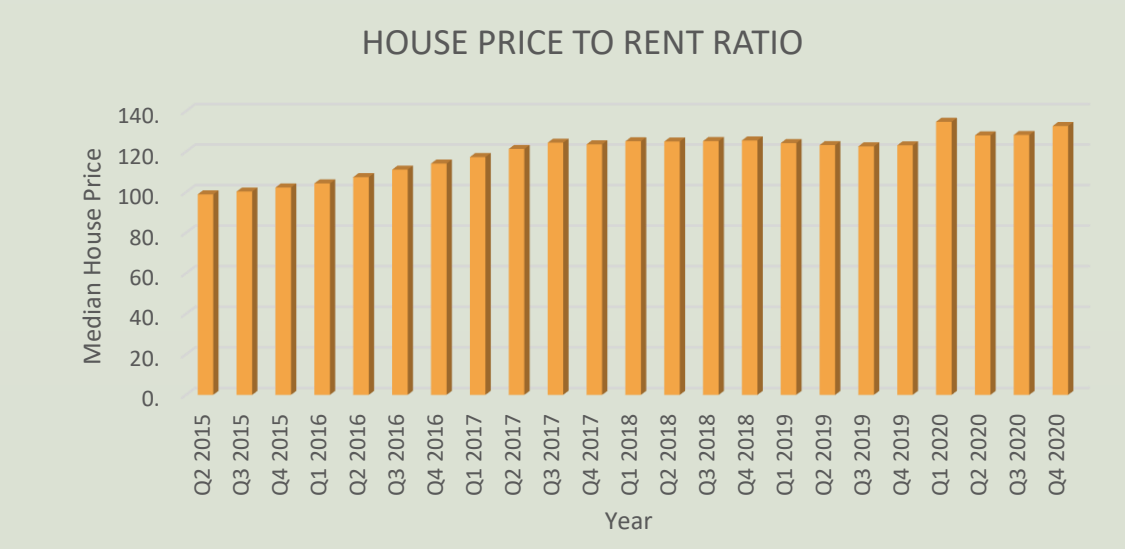
The unemployment rate in Canada has grown in during pandemic in 2020 to 9% from before pandemic 5.7% in 2019. Nunavut has the highest rate of unemployment about 14% and Yukon has the lowest 5.2% of unemployment. Ontario and British Columbia has 9.6% and 8.8% unemployment rate in 2020.



MONTHLY RENT IN CANADA



According to the data in the fourth quarter of 2020, the house price to rent ratio in Canada amounted to 132.6 percent. This ratio was calculated by dividing median house prices by median annual rents. Between 2017 and 2019, the house price to rent ratio remained stable but in 2020, it increased. The most expensive Canadian province for rent has consistently been Ontario, Alberta and British Colombia and rents in these provinces show no signs of falling before and during the pandemic.



This map will clearly visualize you what is the current rent range in the Canada

AIRBNB

Now a day's people preferer Airbnb because of low cost, convenient location, and household facilities. According to Ryerson University's data 61% people choose Airbnb over midrange and budget hotels, 26% people increase their length of the trip. According to insideairbnb.com information from June third, 2017, there are 12,714 Airbnb postings in Toronto, of which just about 2/3 (7,873 or 62%) are "Whole homes and lofts." An expected (at least 3,090 than 33%) of whole homes have been leased as of late and oftentimes - for over 90 evenings each year. These postings have a normal inhabitance pace of 55% This information indicates that as people can generate money from their home which is one of the reasons for increase the real estate market in major cities and tourist areas.

CONCLUSION

As from our data we can see the price of houses in Canada increase every year. Despite significant growth in housing price more and more houses are being constructed because of increasing the demand of the houses. Some reason behind this increase is immigration, increase in rent and low mortgage rate, Airbnb. There is no significant decrease in the housing price in 2019 before pandemic and 2020-2021 during pandemic. As Canada is pushing to economic recovery it is expected that the price will increase in coming year. Canadian cities like Toronto, Vancouver, Montreal, Quebec City are one of the top cities in the world and most of the Canadian population lives in and around these cities which indirectly increase the estate price. After all the analysis we can get a conclusion that there is an inverse relation between demand and supply of the houses. There is a short supply of the houses but on the other hand the demand of the houses remains the same. The Canadian government should put some more taxes on the FDI in the housing sector so the people of Canada might be able to invest some more in the housing and ultimately it will cause some stability in housing market and their prices. As well as if the government impose some rules on the mortgage rates which can put some control on fluctuating rates so people can be encouraged to buy houses.

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