

Dear clients,

I hope you are enjoying this beautiful fall weather.

Canada's uncertain economy has not dampened home ownership optimism among millennials and the young, first-time buyer cohort.

In fact, the current coronavirus disruption is seen as a driver of the desire for home ownership among the 18 to 34 year-old demographic.

A recent survey by one of the big banks suggests the pandemic and its restrictions have nearly 20% of 18 to 34 year-olds accelerating their plans to purchase a home or investment property. The thinking is, rules which have confined people to their homes have sparked a realization that they need a bigger, more functional living space.

Historically low interest rates continue to have an outsized influence on homebuying optimism. The Bank of Canada has clearly stated that its rates will remain low until the economy shows sustained improvement. Similar messaging from the U.S. Federal Reserve has market watchers projecting current rates will persist into 2023.

The big-bank survey also suggests there is a strong sense among younger buyers that home prices are going to fall. Among 18 to 34 year-olds, 36% expect to see declines. Overall 25% of respondents believe prices will decline. Depending on the market they are shopping in, their expectations are not without sound economic backing.

Statistics Canada and the Conference Board of Canada are, both, forecasting slower economic growth in the coming quarters. The resurgence of COVID-19 has already put the brakes on the economic acceleration that came with widespread re-openings during the 3rd quarter.

Please stay safe out there.

