

Dear clients,

The current situation in the Canadian housing market has both buyers and sellers stepping to the sidelines. But underneath all of the recent shuffling there still seems to be a firm, foundational desire to own a home.

The annual affordability survey conducted by RE/MAX suggests rising interest rates have become a significant, growing concern for those looking to get in to the housing market. Twenty-four percent of respondents cite rising rates as a barrier to entry, up 6% from the last survey. Closely related to interest rates, 24% say “market volatility” is keeping them out.

The survey suggests, though, that the biggest barrier to entry remains high prices. Forty-three percent pointed to high cost, an increase of just 1% from last year.

Other key factors:

35% - higher cost of living

24% - a shortfall in salary.

But the survey also suggests Canadians remain determined to have their own home with 68% saying they are willing to make at least one sacrifice in order to realize that ambition. Of those, 64% say they are prepared to relocate to get a home they can afford. Half of those people, though, are not prepared to move more than 100 kilometres from their current location. (RE/MAX speculates that this may be related to the decline in “work from home” opportunities.)

Other common sacrifices:

56% - adjusting the type of home they would purchase

29% - co-ownership with family or friends

27% - renting a portion of their home to generate income

In summary, many buyers are sitting on the side lines waiting for prices to drop. One thing we have seen through the 2008 crash, the 2014 oil crash and the 2020 covid crash, is that Canadians always seem to find a way to purchase a house and prices never decline as much as we think.

Enjoy the rest of summer and the great weather.

