



Canada's Housing Crisis in 3 Shocking Numbers

Description

Canada is in the midst of an unprecedented housing crisis that threatens to lock an entire generation out of home ownership forever.

House prices are soaring to record highs while wages are only increasing slightly, leading to reduced housing affordability.

The main culprits have been low rates and low supply. The population is growing faster than new homes are being built, and low-interest rates are letting new buyers into the market. The combined effect of these two factors has been a 24-year housing boom that shows no sign of slowing down.

While it's popular to say that Canadian housing is a "bubble," there aren't actually any signs that this boom will go bust. As you're about to see, the house price increases have been driven by real fundamentals, and there's no telling when it's going to end.

In this article, I'll explore three shocking statistics that show the true extent of [Canada's housing crisis](#).

Statistic #1: Mortgage payments eat up 45% of income

According to a study by the **National Bank of Canada** ([TSX:NA](#)), mortgage payments now [eat up 45% of an average home owner's income](#). That's above the average since 1983, which is 43%. While that might not look like a huge increase, keep in mind that "average since 1983" includes more recent years. Most likely the actual increase since 1983 has been more pronounced than this statistic shows.

Statistic #2: No correction for 24 years

Another incredible fact about Canada's housing market is that it has gone 24 years without a correction. According to Better Dwelling, Canadian house prices have been rising for 24 years without interruption. That's triple the length of time the U.S. or U.K. have gone without a correction. While the 2008/2009 correction sent U.S. house prices spiraling downward, it left Canada's housing market

largely unscathed. The end result? A decades-long boom that shows no sign of slowing down.

Statistic #3: The Golden Horseshoe has added 780,000 people but only 270,000 houses

One final statistic to show the true extent of Canada's housing crisis is this simple fact:

In the five years from 2016 to 2021, Ontario's Golden Horseshoe Region added 780,000 new residents, but only 270,000 homes. This statistic is striking because it shows one of the *sources* of the housing crisis: not enough homes being built. With Canada adding residents by the truckload but not building as many homes, it's a matter of simple math.

What about REITs?

If you want to buy a home to live in, you'll just have to take higher prices on the chin for now. But if you just want to *invest* in real estate, you have a much cheaper option:

Real Estate Investment Trusts (REITs).

REITs like **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)) offer unitholders a cheap, easy, quick way to get exposure to real estate. They typically pay big dividends that often exceed the income from renting out a home.

I highlight NWH.UN specifically because it's an ultra-dependable real estate investment. Leasing office space to healthcare providers, the company has a government-backed tenant base with an unmatched ability to pay. It's also highly diversified, with properties all across Canada and the EU. Its most recent quarter was a huge win, boasting the following growth metrics:

- Funds from operations: up 9%.
- Net asset value: up 6%.
- Total occupancy: 97%.
- International occupancy: 98%.
- Collection rate: 97%.

Those are certainly incredible numbers. And if you invest in NWH.UN, you get some of that prosperity passed on to you in the form of a 6% dividend yield.

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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