

# Canada's Housing Crisis

A briefing note for average people  
May 22, 2024



## Introduction

Welcome to a briefing note on one of the most pressing issues affecting Canadians today: the housing crisis. Whether your leadership journey makes you a homeowner, a renter, or simply someone leading those navigating the housing market, this note aims to provide you with a clear, down-to-earth understanding of the situation. We promise to keep it straightforward and jargon-free, ensuring you grasp why this crisis is making headlines and why it matters to you and the people you lead – everyone needs a place to live, after all.

Many people are still trying to wrap their heads around what's happening and why, and it's turned into a generational spat where selfish boomers are hogging the supply while entitled Gen-Z'ers just need to work harder and they, too, can buy a home of their own. Neither of those are true, and that's why we're here to break it down for you. By the end of this document, you'll understand why so many people are concerned. If you're involved in any community, workplace, or leadership role, this is a resource to help you navigate these challenging times by first understanding the scope of the problem.

## Background

The housing crisis in Canada is a multifaceted problem with roots stretching back decades. For this briefing note, we'll focus on key developments and their impact on everyday Canadians, but at its core this is a math problem, and we'll explain that too:

- **Skyrocketing Prices:** Over the past decade, housing prices in Canada have soared. The COVID-19 pandemic ushered in an era of remote work, so more people were able to live far away from the office, increasing strain on more rural places that didn't experience it before. Pre-pandemic, about 4% of Canadians worked from home, surging to 32% one year after the pandemic started. Estimates are that at least 1/5<sup>th</sup> of Canadian businesses will have 10% of the workforce working from home from now on, and this is putting pressure on housing supply outside the cities, and so the average home price nation-wide has increased significantly, making homeownership a distant dream for many. This is not just a problem for Toronto and Vancouver, but let's not throw random numbers at you – let's look at this in a very practical way.

The Big Mac Meal from McDonalds is an excellent measure of how much stuff costs – it's priced to reflect fuel, food, labour, real estate, marketing, insurance, a pretty normal amount of profit and more, all in one easy-to-relate-to price. In 2001, the price of a Big Mac Meal in Toronto, Ontario, was \$3.84 Canadian.

That means that in 2001, you could buy an average-priced home in Toronto, OR you could buy about 65,104 Big Mac Meals. That means you could feed yourself 3 times a day with a Big Mac Meal for about 59 years. Today, the Big Mac Meal in Toronto costs \$13.89. That means you can buy an average priced home in Toronto today, OR you could buy 91,014 Big Mac Meals. Today, you can get your thrice-daily fix of the special sauce with fries and a drink for about 83 years for the price of an average Toronto home.

If you relied only on Big Macs for food, 59 years or 83 years is not relevant – you wouldn't likely

live that long – but this paints the picture in a relatable way, and it shows that not only is housing way more expensive – everything else is too, and housing is disproportionately more expensive today than food, oil, insurance, marketing costs, and more – and remember the Big Mac *also* prices in labour, and you're not getting paid what you used to be. Between 1998 and 2021, The average wage for Canadians only increased 23%. Based on the 2001 to 2024 prices above, the cost of a Big Mac has increased 262%, and we're not lovin' it.

- **Supply and Demand Imbalance:** Canada's population has exploded, and as a proud dual citizens of immigrant parents, I welcome and celebrate all newcomers. But, whether the boom is from immigration or births (it's not births – we're having way more sex but far fewer babies globally but that's a topic for another briefing note), the infrastructure including housing needs to grow to accommodate it. In 2001, we had about 30 million people and by 2023 we had 40 million people. In terms of housing, according to an automated analysis of CMHC data, we've only added about 4.5 million homes. 10 million people in under 5 million homes creates a significant supply and demand issue.
- **Economic Inequality & Debt:** The housing crisis exacerbates economic inequality. Wealthier individuals and investors often buy multiple properties, driving up prices and limiting availability for average buyers. But don't get mad at your neighbor with a cottage or an AirBNB – that's a problem, but one addressed through regulation. Increasingly these high income earners are relying on mortgages and debt, and a lot of Canadians are now financially struggling significantly. Often missed in this discussion is the fact that large corporations running investment funds are increasingly buying single family housing units which has a significant impact on supply, and these units are not being inherited by the kids when it's time to host a wake for Mom and Dad. Stats Canada says housing is still key to wealth creation, but according to the CMHC, rates of home ownership have been in decline for most provinces since 2006. For those that do own a home, the average mortgage debt represented 70% of total household disposable income in 2001 but today that represents over 110% of total household disposable income. This is a major problem since many Canadians rely on home equity to fund their retirement – Millennials and younger, you are in so much trouble in this regard that the Canadian government thinks you might become a threat to the stability of society when you figure it out.

## Why Does This Matter

- 1) **Affordability:** For many Canadians, housing costs represent the largest portion of their monthly expenses. When housing becomes unaffordable, it strains household budgets, leaving less money for other essentials like food, education and other quality of life expenses. For example: when you pay too much in housing, you can't afford to get the oil changed in your car, and the car breaks. If you can't afford an oil change, you definitely can't afford to get it repaired, which means you need to take the bus. That means there's a greater strain on the transit system, which requires more taxes to support, which you can't afford because if you could afford higher taxes, you would have just gotten the oil change.
- 2) **Economic Impact:** The housing market is a significant driver of the Canadian economy. When people struggle to afford homes, it affects spending in other sectors, potentially leading to economic slowdowns. But people *need* a place to live, and they are going to figure it out – either by cooperative housing initiatives intended to house more people for the dollar, or by leaving the country. That changes the “demand” side of the supply and demand while governments and private industry are trying their best to build new housing stock, and if that balance swings the other way where supply outstrips demand, the prices collapse. Since many Canadians of older generations are relying on their homes to fund their retirement, this is bad news for them, because if the prices start falling (the bubble bursts), they're in for a bad time.

- 3) Political Promises:** Some governmental solutions are good – like BC’s approach to investing in student housing initiatives, because every bed on campus is a bed freed up in the community. Some governmental solutions are less good, like the plan to build 3.81 million new housing units by 2031.

Let’s break that math down a bit: 3.81 million new houses in 8 years (generously) means 476,250 houses per year. Based on CMHC data, we’ve never built more than 202,000 housing units per year in Canada and our average since 2001 is about 184,000 housing units per year. This federal plan means 1304 housing units per day or 54 housing units per hour, every hour, 7 days a week, for 8 years, starting...today. You better go get that stuff you needed at your local Home Depot soon, it might be hard to find parking later.

- 4) Leadership Challenge:** When your team is struggling to make ends meet, they become afraid of risk and that stifles innovation, creativity, and entrepreneurship – nobody’s going to take risk a stable job when it means not only could it threaten homelessness rapidly, but getting a first home or getting back on one’s feet after losing a home is increasingly impossible in our current system. Your people are going to be stressed if they are young, and your people are going to be stressed if they are established homeowners, and this stress shows up at work via conflict, low performance, and general poor wellbeing. All of this will be your problem to solve as a leader, and the housing crisis impacts everyone.

## Conclusion

- 1) Canada is in the midst of a destabilizing housing crisis that is a simple matter of math – our demand dramatically outstrips our supply.
- 2) There are many factors exacerbating this crisis, including people buying investment properties, large corporations buying up residential housing, citizen income inequality, skyrocketing prices of everything especially housing, stagnant wages, and crazy high debt levels.
- 3) Basic math makes our ability to solve this problem with new buildings alone highly unlikely, and that is going to encourage people to solve it creatively – by living in RVs and tiny homes, co-op housing, or by leaving Canada entirely, which in conjunction with record building goals runs the risk of reversing the supply & demand problem so that existing home owners’ financial health and retirement is at risk.
- 4) This is a leadership challenge because everyone needs a home – but not everyone needs a house, which is a transition from the way things used to be that takes some getting used to. Transitions in how we live with more people adopting alternate living environments are hard on a society, not only because change is hard and creates gaps between people who like the change and people who hate it, but also because home ownership is a huge part of our economy that looks to not be viable anymore.

We will continue to provide resources like this as our research continues. [Sign up for our mailing list to keep up to date.](#)

# What We Do at Authentik:



## Leadership & Organizational Development:

Our Leadership consultation services are designed to bring out the best in you and your organization. We specialize in leading through disruption, and believe firmly that transformation is the change you choose, disruption is the change that happens to you, and the difference between the two is your leadership. We provide bespoke individual and organizational development services tailored to your specific needs. Together, we can help you create a powerful and inspired team that will lead your organization toward success.



## Authentik Academy

We provide high-quality, self-directed online courses via the Authentik Academy that can help you and your teams thrive with the skills they need for success in today's incredibly dynamic world. Our flagship course, Restorative Behaviour Management for Leaders, is available now, with more courses on the way! All courses come with 1:1 learning support, highly engaging course materials, a digital credential to celebrate and validate your new skills, and Authentik's unique approach to helping you and your teams perform their best.



## Custom Tabletop Training

Looking for a more exciting way to prepare and train your team? Inspired by Tabletop RPGs like Dungeons and Dragons, our Custom Tabletop Training is designed to engage and challenge your team like never before. With exercises that can be tailored to test emergency responses, simulate events, and much more, our training is anything but boring.



## Free Resources

Our Free Resources are your ticket to better leadership! Whether you're looking for briefing notes, white papers, or our free blog, we offer a range of free resources to help you succeed. Our Sunday Stories provide a unique perspective that will leave you inspired, energized, and prepared to take on whatever challenges lie ahead, and you've just finished reading one of our briefing notes - we hope you liked it!



## AI Services and Advising

Do wonder how tech like Artificial Intelligence might help you solve complex business problems? At Authentik, we leverage our unique perspective to understand your problem and help you determine how the latest innovations can help free up capacity and time and make your organization better. From our direct offering of custom AI solutions to training and development, we're here to help you navigate a time of new intelligence - in more ways than one!



[contact@authentikconsulting.ca](mailto:contact@authentikconsulting.ca)



780-904-7766