

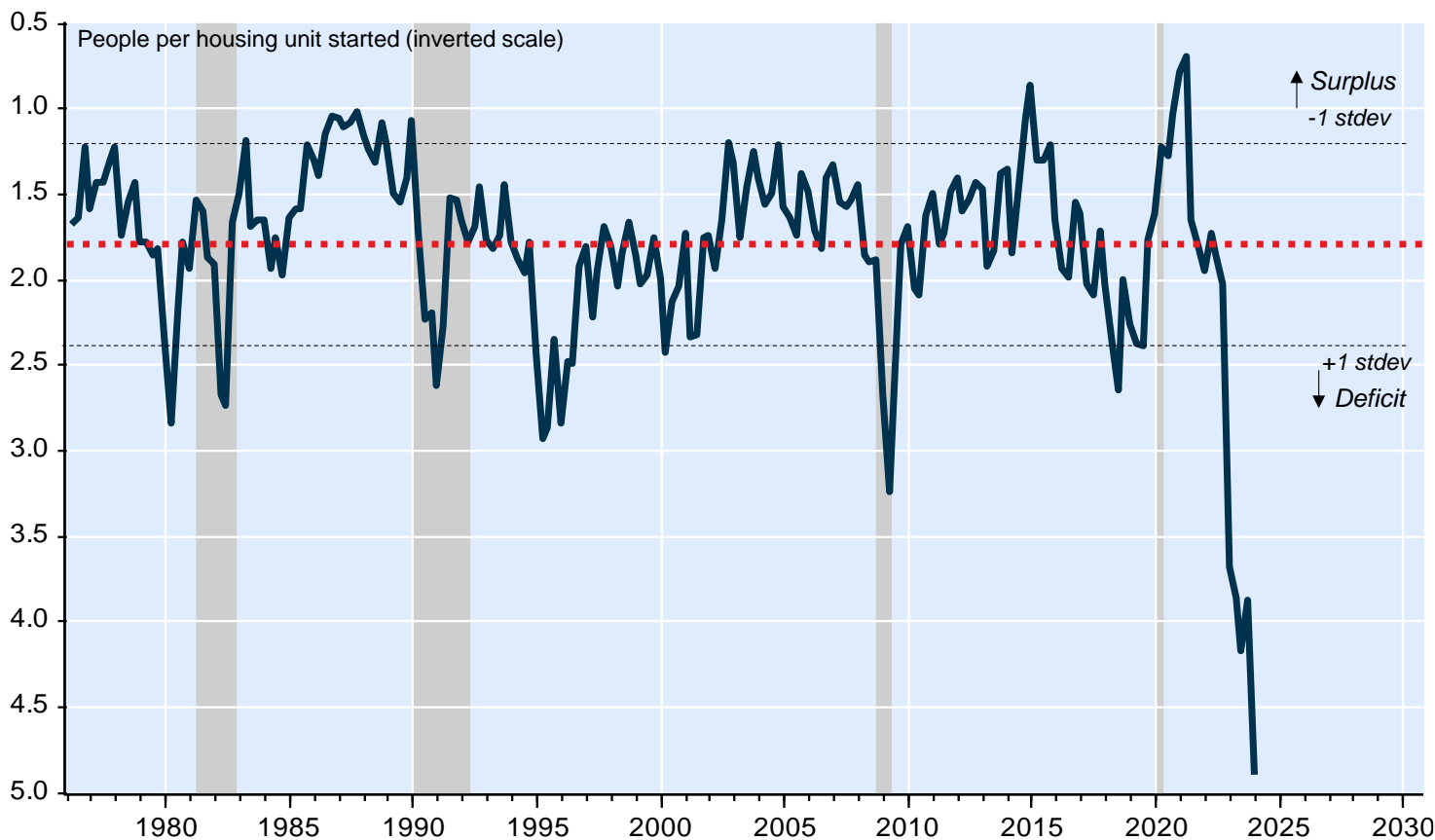
Canada Watch

By Stéfane Marion

The Bank of Canada recently [described](#) our country's productivity deficit as an economic emergency that must be addressed. The just-tabled federal budget made no significant headway in addressing this issue, preferring instead to address an even more pressing shortfall: that of housing supply. And what a deficit it is. According to CMHC, although Canada's working-age population grew by a record 300,000 during the quarter (a 3.7% annualized increase), housing starts were essentially flat at 61,000 units in the first quarter of 2024. This means that there is currently only one housing start for every 4.9 people entering the working-age population, compared to a historical ratio of 1.8 (that's a 5.4 standard deviation). As today's Hot Chart shows, there is no precedent for a housing supply deficit of this magnitude, hence Ottawa's obsession with trying to solve the imbalance. Unfortunately, it could take years to get things back to normal. In the meantime, Canadian households should not expect any significant relief from housing cost inflation.

Canada: Housing supply deficit hit new record in 2024Q1

Ratio of growth in working-age population to housing starts (quarterly data)



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