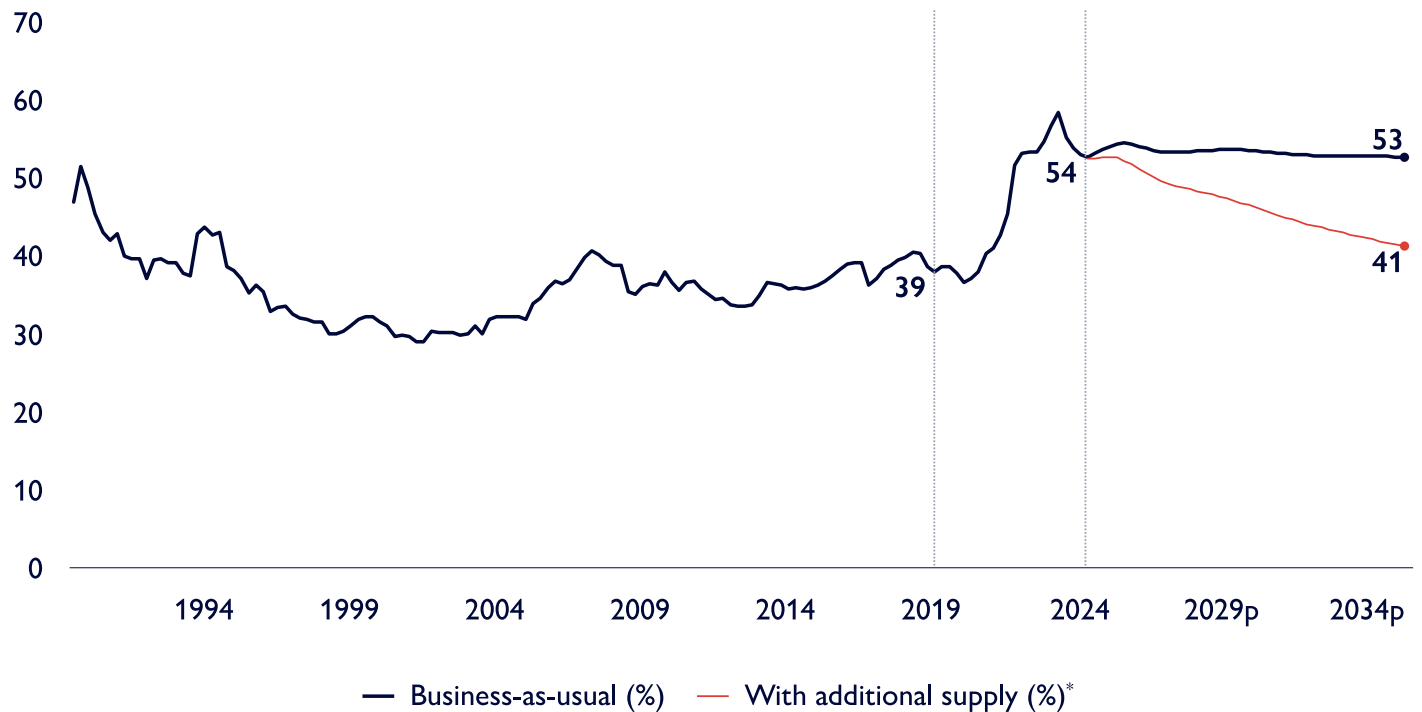


Canada



Source: CMHC calculations.

Note: Average house price-to-average gross household income ratio, with an adjustment factor to account for interest rates (5-year fixed discounted mortgage rate) and monthly homeowner expenses (estimations of property taxes, utilities, maintenance and insurance).

* The target for the model is that, by 2035, the adjusted housing price metric should be no higher than 30% of gross household income where this is still realistic, or no higher than its 2019 level in the most expensive regions.

Text version (Figure: Canada)

The chart indicates the historical (1990 to 2024) homebuying affordability ratios, followed by projected ratios for the 2025 – 2035 period. In 2019, the ratio across Canadian markets was at 39% and then increased sharply to 54% in 2024, demonstrating the important loss in affordability during the pandemic period.

For the projected period, the line chart is separated into 2 scenarios, the first indicating the projected ratio based on keeping the business-as-usual scenario, resulting in a ratio of 53 % by 2035, and then a 2nd result of 41% with additional supply, demonstrating how added supply leads to improved homebuying affordability and going back to levels last seen in 2019.

See **Figure 3** for additional markets

Explore Canada's housing affordability challenge and the need for more homes by 2035

CMHC has been assessing how much housing is needed to restore affordability. We now estimate that housing starts must nearly double to around 430,000 to 480,000 units per year until 2035 to meet projected demand. This will require action by everyone to change how we build homes.

CMHC has emphasized that increasing housing supply is the key to restoring affordability. We now provide new results where we quantify how much housing supply is required to restore affordability over the next decade to levels last seen prior to the pandemic.

Our previous analyses highlighted the scale of the challenge. We continue to refine our work and make it more relevant for decision making.