

Record immigration levels will hit real estate prices again

Mario Fazio - April 2024

Everyone has now experienced Shrinkflation with consumer goods (smaller packaging or less quality for the same money). We are now seeing this in many homes for sale in many markets and areas.

Although you may not recognize it, in today's market after 4 turbulent years of ups and downs (but a steady rise in prices) you get less home for the same or slightly more money. This is caused by the demand of all types of housing outstripping supply.

Due to elevated interest rates for mortgages, you can now afford less house while paying the same or even slightly higher prices. Many buyers are hoping for prices to come down substantially and are waiting, which is a mistake.

Many sellers are not selling unless they get their price, and not dropping their prices because they still must buy and consequently pay more when they do so.

There are exceptions of course with sellers, particularly in the higher price ranges or with people that recently overpaid way too much and now must sell.

Most of the real estate market (up to 80 per cent) is somewhere in between. So, you have current sales that are bringing slightly less dollars, but for much smaller homes or with less amenities in inferior locations... Shrinkflation! This phenomenon is not going away any time soon because the supply of new homes being built has slowed to a trickle across the country while record immigration is still ongoing. Take advantage of this lull in the Spring real estate market and buy now! We are temporarily in somewhat of a stable market and this will change soon. Immigration is slated to go up, interest rates are slated to go down slightly in the coming months, while supply is lagging further behind. This is the perfect storm for price increases.

It still takes three years to develop new home sites and a further six to 12 months to build houses. The current government help is for the homeless or low-income subsidized housing projects, as well as tenants, leaving the vast majority of us to pay more and likely soon we'll have a return to bidding wars.

Find yourself an experienced, full-time realtor with a proven track record. Have them explain all of the pros and cons and buy the house now while you still have time, choices, and are able to do your due diligence.