

Housing demand will shift towards seniors and multi-family units in future: Conference Board



The future of Canada's real estate market will be driven by downsizing seniors, according to a new blog post by the Conference Board of Canada.

The report said that by 2030, about 80% of new housing demand will come from those 65 and older. Authored by Pedro Antunes and Alicia McDonald, the blog states baby boomers have already been driving the Canadian housing market for four decades. But as their demands change, the blog said new home construction will now focus on retirement homes and multiple family dwellings.

“Older cohorts are expected to look for smaller, less burdensome housing boosting demand for multiple housing units, especially condos and apartments,” said the blog post.

The Conference Board of Canada's Canadian Outlook Long Term Economic Forecast predicted the share of multiple housing units will increase from its current 47% to 68% by 2030. Builders will thus see construction shift from the single family dwellings in suburbs to multifamily developments catering to ageing population. Antunes told the Financial Post that he expects the stock of single-family homes to remain stable as others fill the gap and live there, but new construction will be limited going forward in the suburbs for single family homes.

He said that could also impact prices on single-family homes as the demand will be smaller, leading to an easing in price. Investors who are involved with assisted living projects that have attractions nearby such as golf courses are expected to benefit from the housing market shift.

The number of seniors is growing in Canada. The percentage of Canadian residents over the age of 65 has risen from 9.7% in 1981 to 14.1% in 2011, and is expected to reach 15.9% in 2016, according to Statistics Canada. Earlier this summer the Canada Mortgage and Housing Corporation reported the vacancy rate in senior rental housing had remained about 10% nationally, but rents were also higher than comparable non-senior units due to the required amenities such as on-site nurses or 24-hour bell service.