

OH CANADA!

#1 BEST COUNTRY GLOBALLY



CANADA
#1

USA
#6

U.K.
#8

Netherlands
#10

Germany
#3

Switzerland
#4

Sweden
#9

Japan
#2

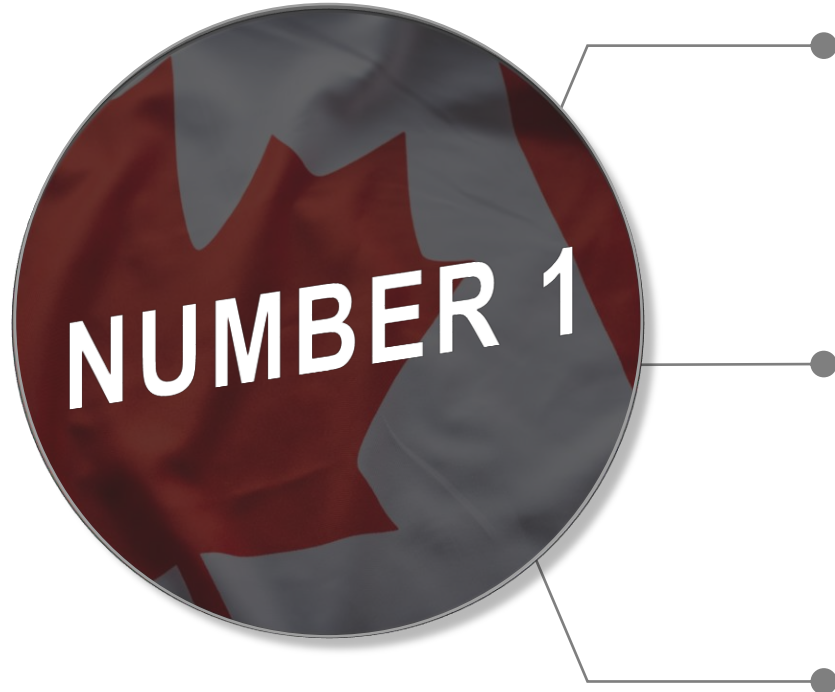
Australia
#5

New Zealand
#7

Ranking 1st Overall
and in Quality of Life
and Social Purpose
sub-rankings

2021 Best Countries Rankings -
U.S. News and World Report

CANADA GETS TOP MARKS WORLDWIDE



PEOPLE

Canadians have the best reputation for competence, openness and friendliness, among other qualities like tolerance.

INVESTMENT AND IMMIGRATION

Canada is considered the top country in the world in terms of its power to attract people to live, work or study here and how people globally perceive our quality of life and business environment.

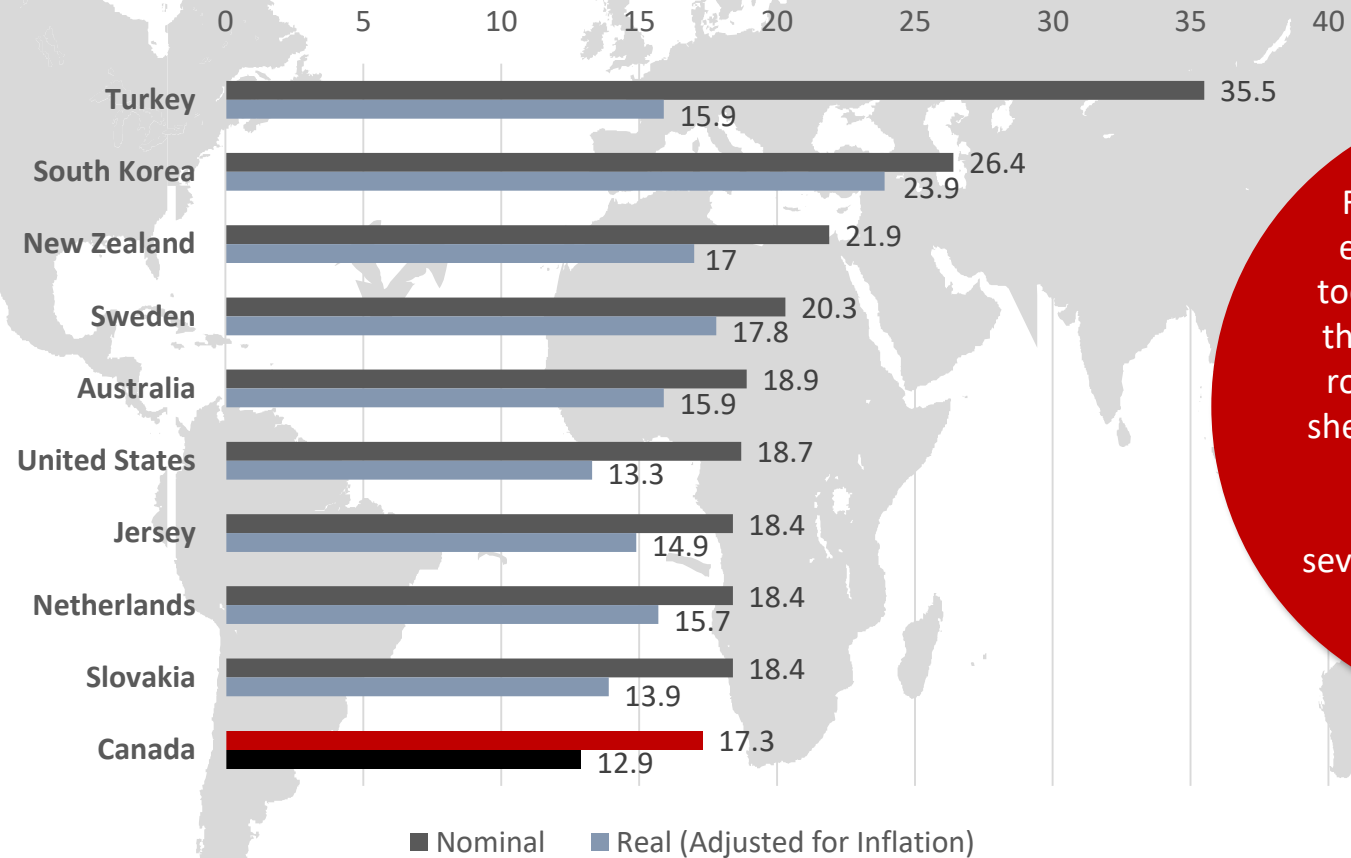
GOVERNANCE

Public opinion ranks Canada's national government competency and fairness, as well as its perceived commitment to global issues such as peace and security, justice, poverty and the environment number 1

GLOBAL HOUSE PRICE GROWTH A PRODUCT OF FUNDAMENTAL ECONOMIC SHIFTS

While Canada's home price appreciation has it rounding out the Top 10, almost 50% of the 56 countries tracked saw 10%+ annual house price appreciation YoY in Q3 2021

Top 10 Countries
YoY % Change in House Prices Q3 2021



Fundamental forces may explain why house prices today are so high—and why they may endure, including robust household balance-sheets, greater willingness to spend more on living arrangements, and the severity of supply constraints.

Gabriel Chodorow-Reich
Harvard University

CANADA'S NATIONAL NET WORTH CONTINUES TO GROW



The value of non-financial assets (also known as national wealth) rose 3.0% in Q3 2021 to 14,575.0 billion.

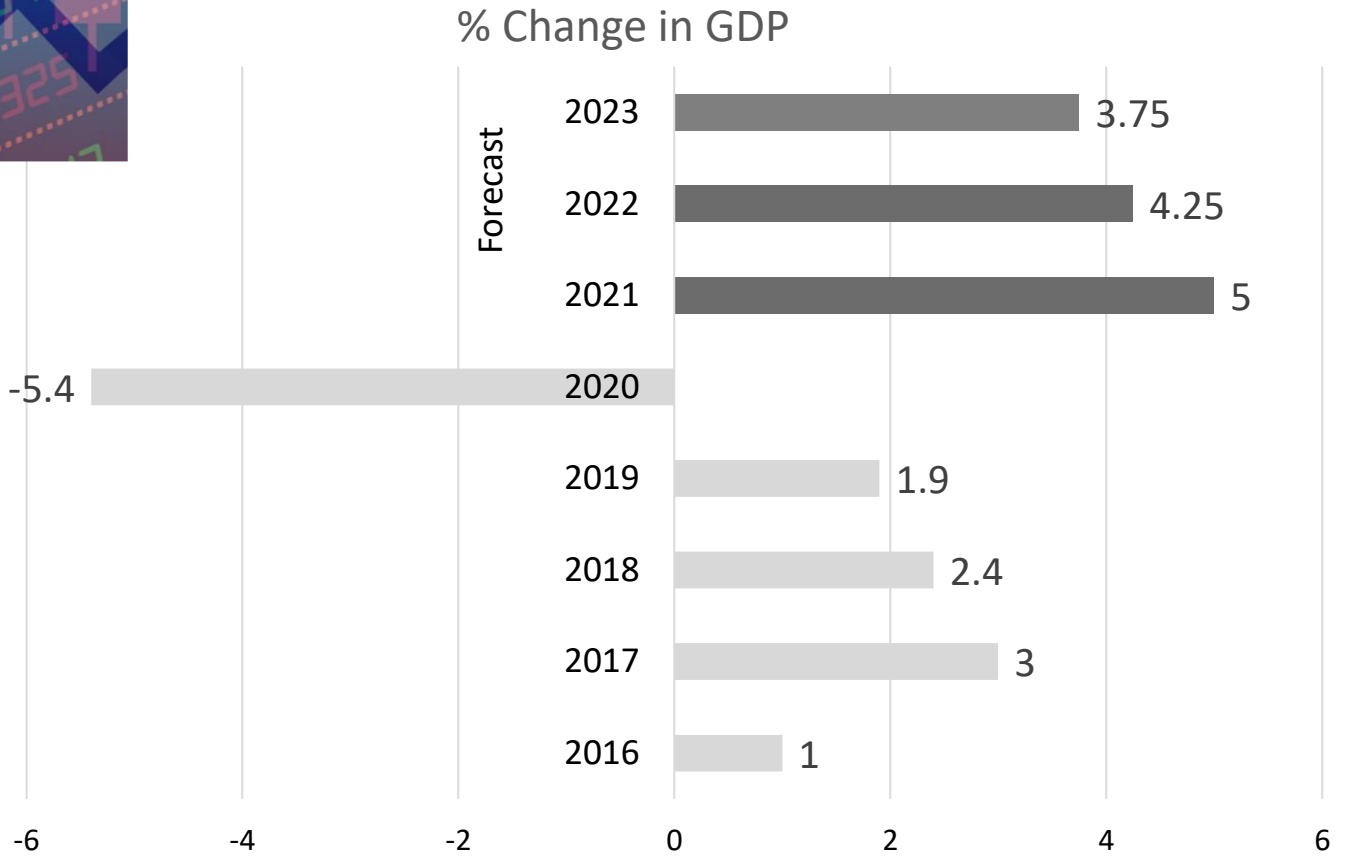
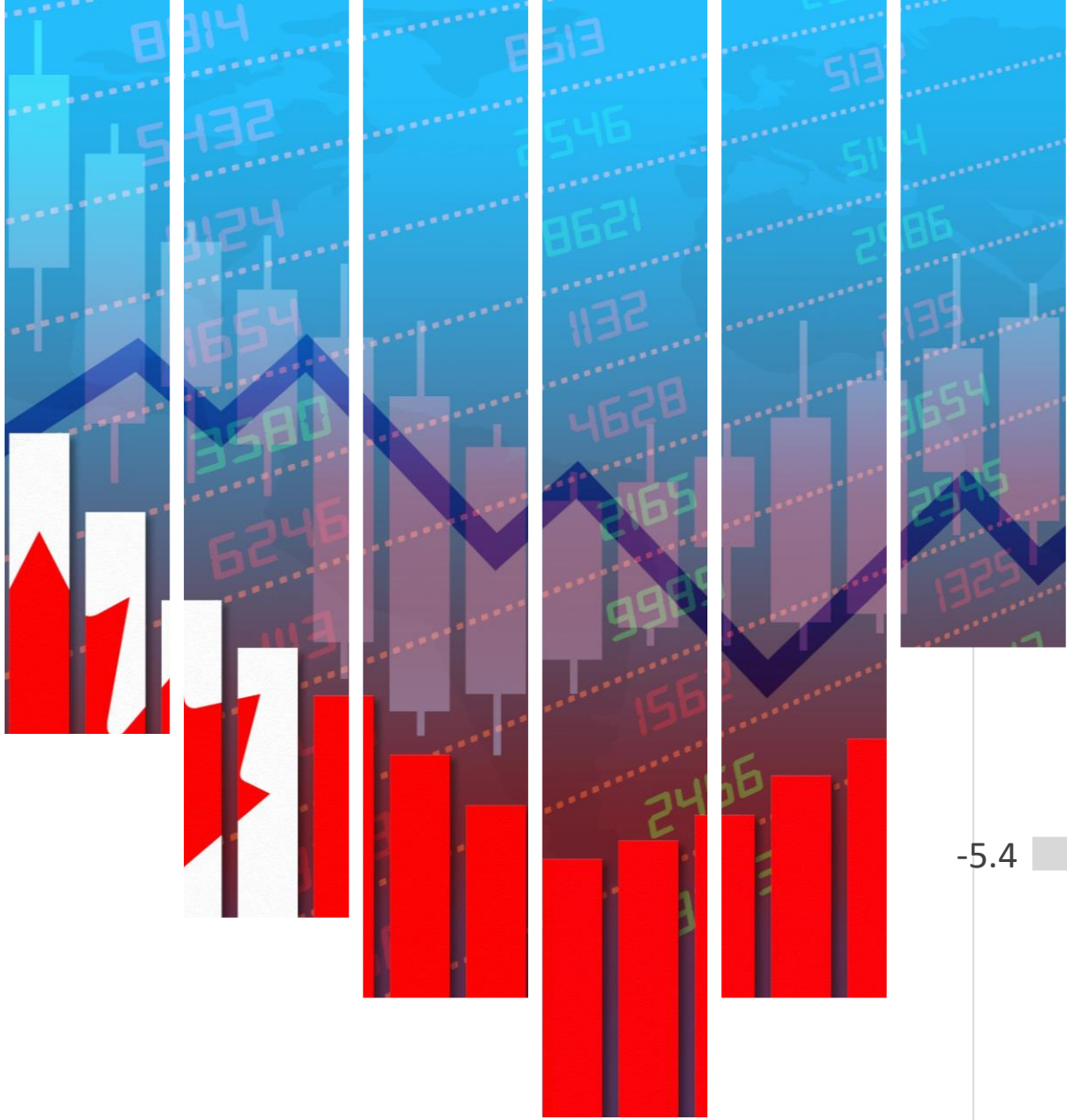
The value of residential real estate increased 238.4 billion, accounting for over half of the increase in national wealth.

Source: Statistics Canada Table [36-10-0580-01](#)



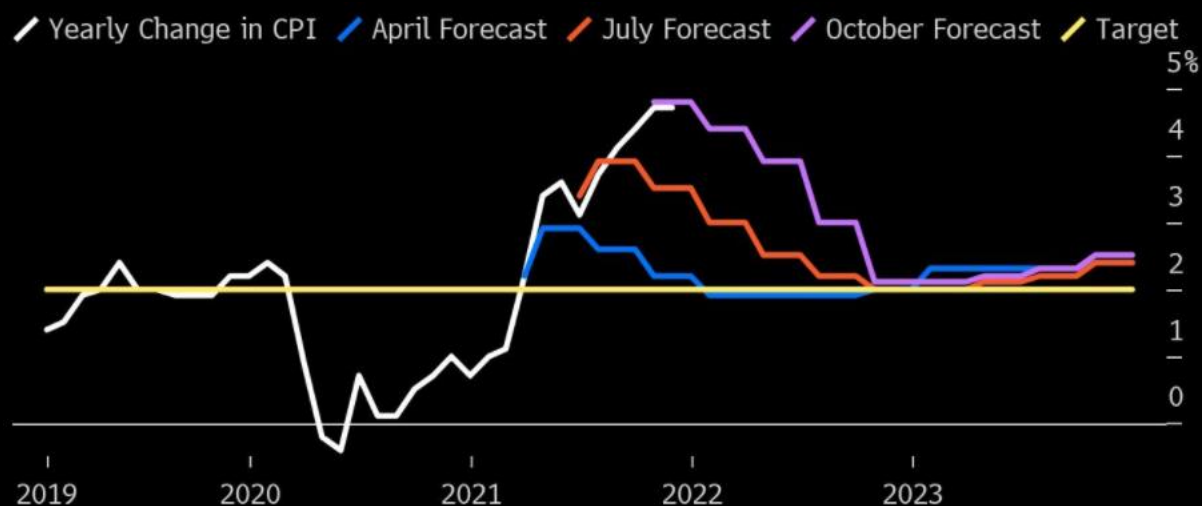
CANADA'S ROBUST ECONOMIC GROWTH HAS RESUMED

Demand is expected to be supported by strong consumption and business investment, and a rebound in exports as the US economy continues to recover.



Canadian consumer price inflation at highest level in nearly two decades: a pandemic-related outcome

EXPECTED TO FALL BACK INTO BANK OF CANADA'S CONTROL RANGE (1 – 3%) BY THE SECOND HALF OF THIS YEAR



Source: Statistics Canada., Bank of Canada, Bloomberg calculations

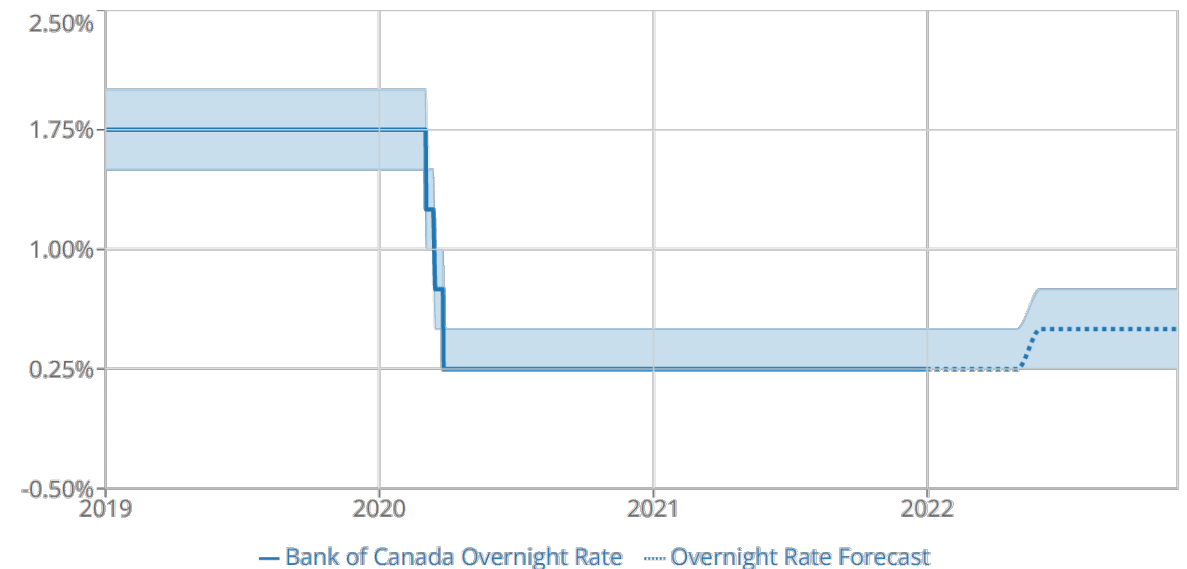


BoC Interest Rate

Holding steady at 0.25% but forecast to increase mid-2022

“A supportive macro backdrop, alongside a stress test that offers ample room for rates to rise before buyers are crowded out, should keep activity holding above pre-pandemic levels next year.”

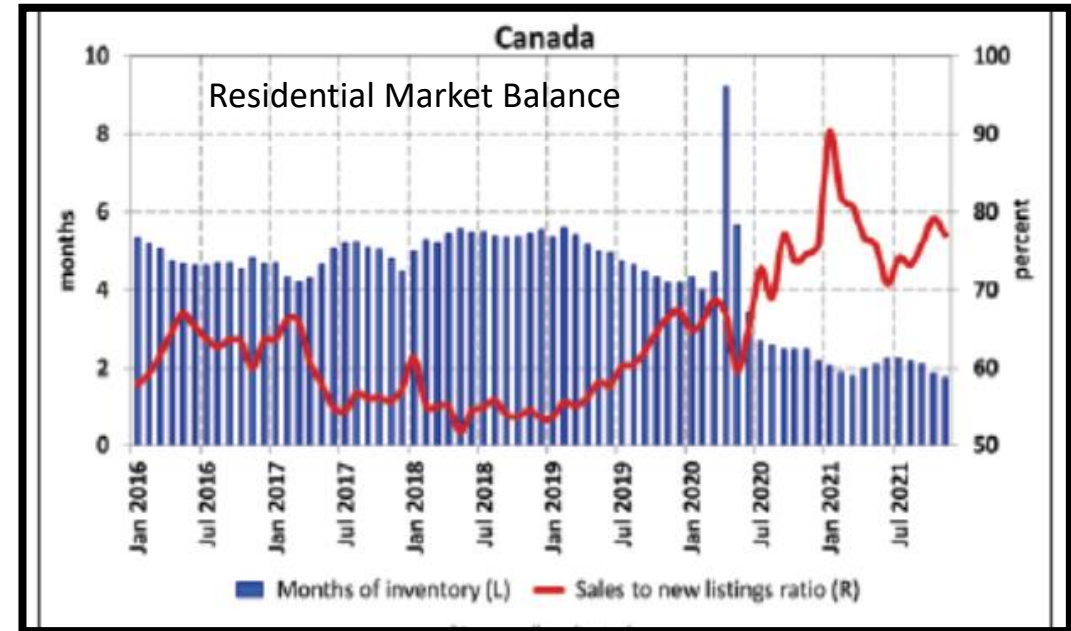
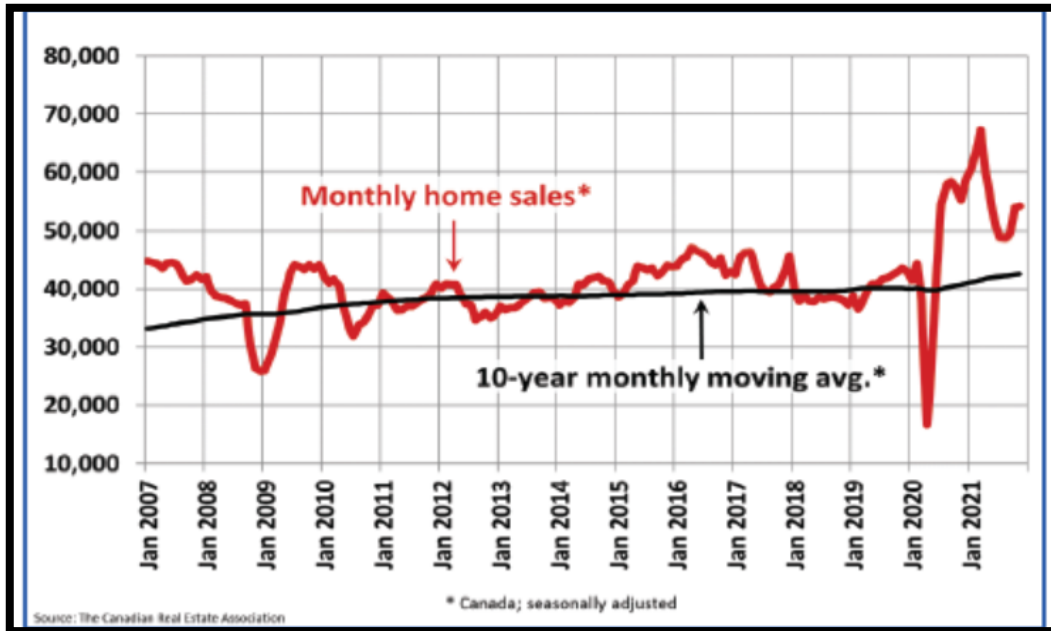
Bank of Canada Interest Rate Forecast Chart



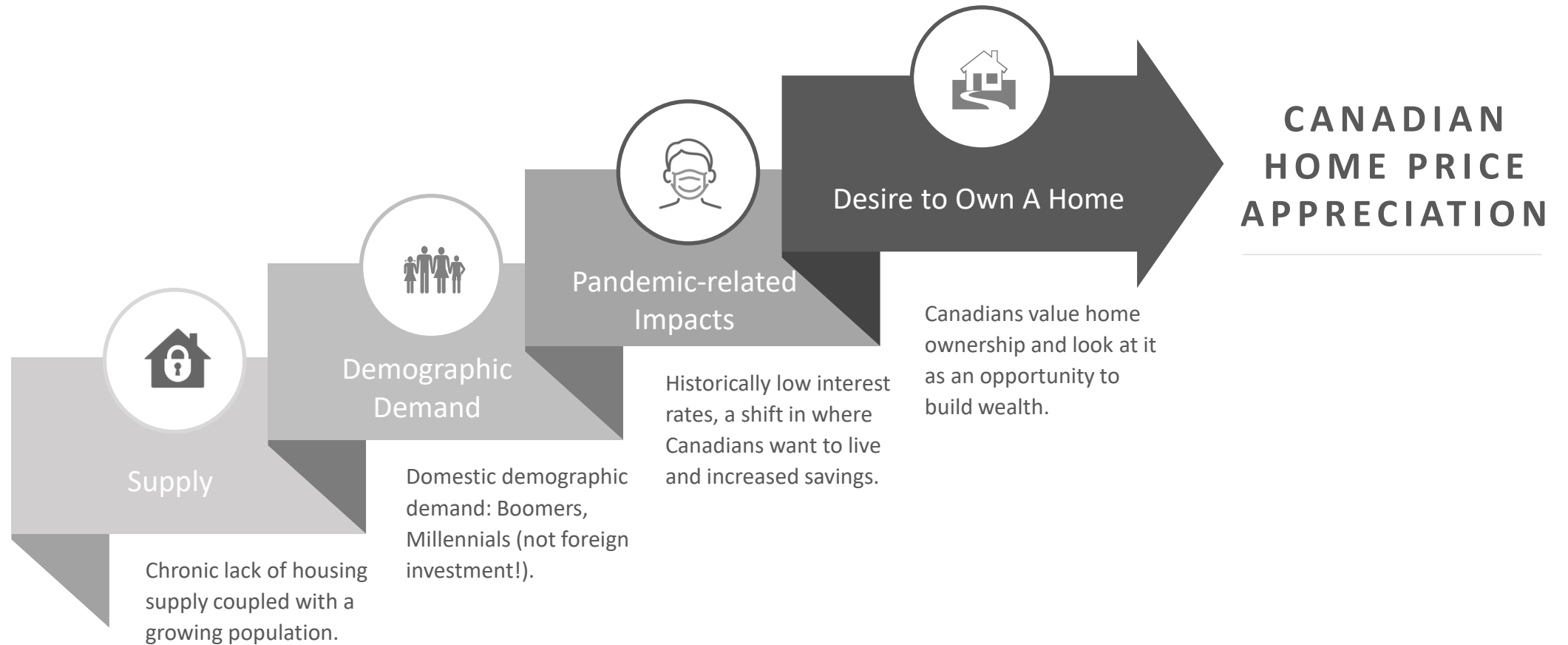
CANADIAN HOME SALES CONTINUE TO SIT ABOVE THE 10-YEAR AVERAGE

From January to November 2021, 630,634 residential properties sold, far surpassing the annual record 552,423 sales for all of 2020.

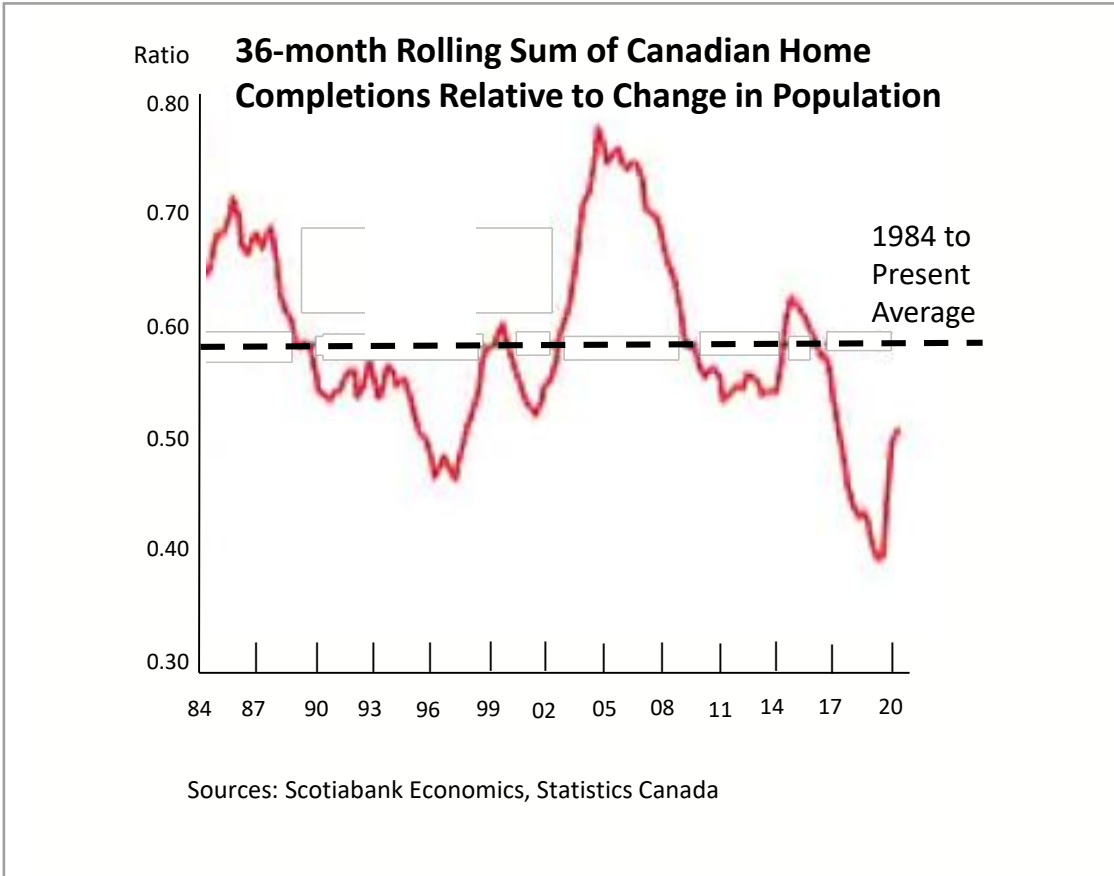
Supply/Demand Issues Continue to Plague the Country



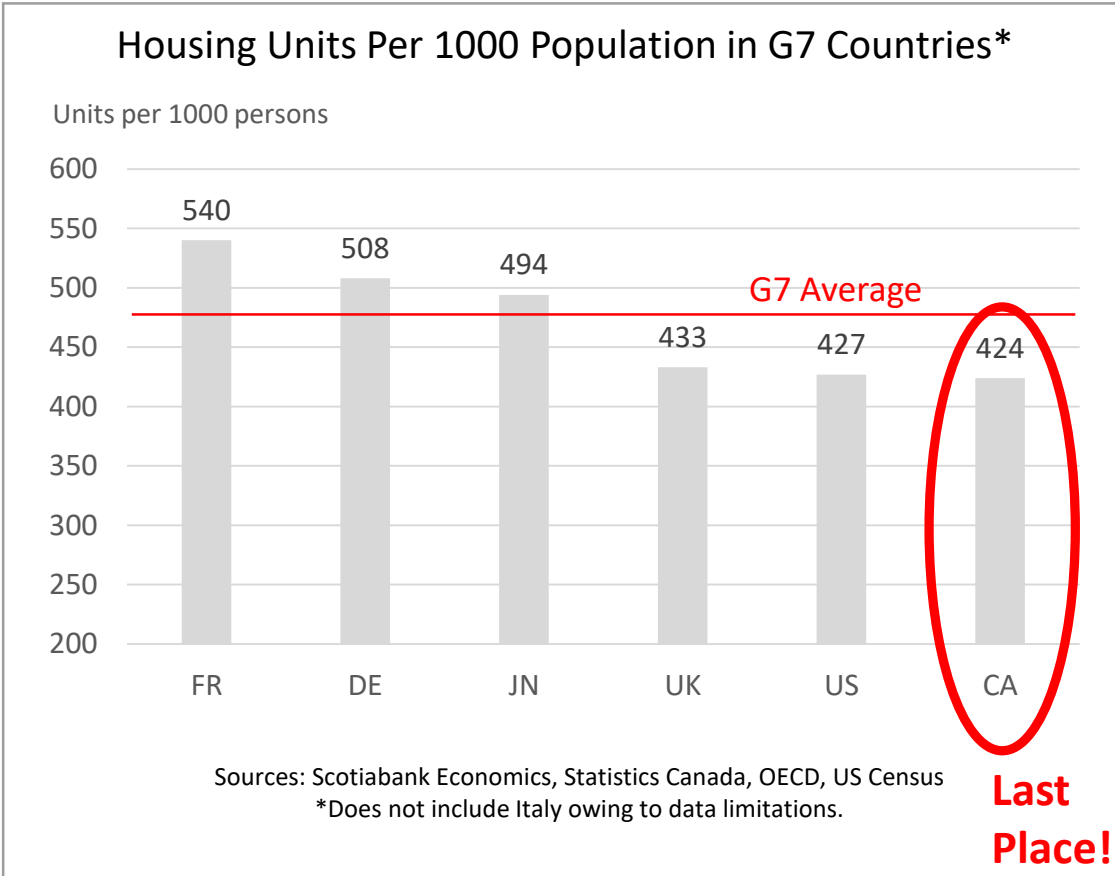
WHAT'S DRIVING CANADIAN HOME PRICE APPRECIATION?



CANADA'S HOUSING SHORTAGE



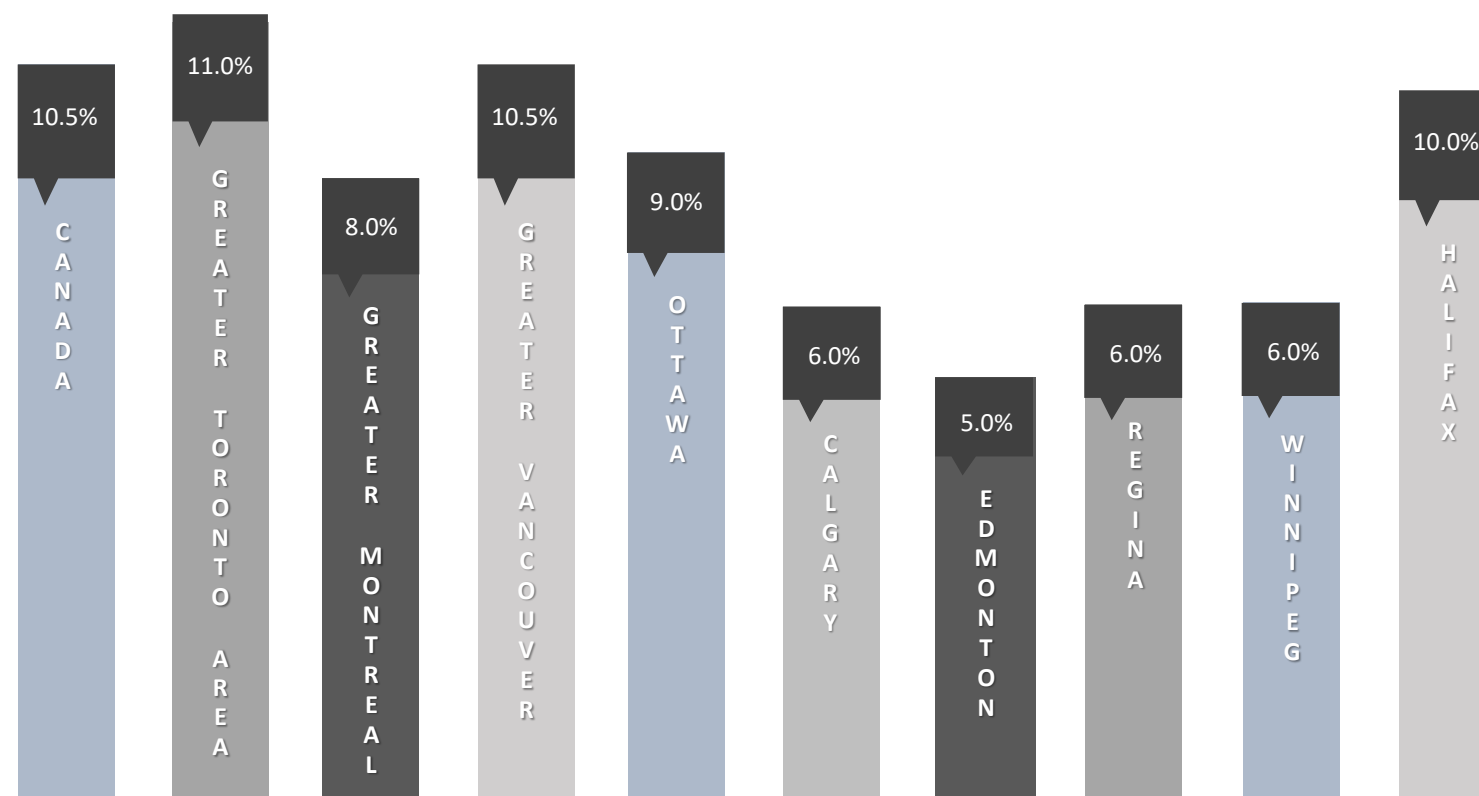
Housing supply has not kept up with population growth, resulting in a near-record imbalance



Canada has a housing shortage of some 1.8 million homes

ROYAL LePAGE: CANADA'S NATIONAL AGGREGATE HOME PRICE FORECAST TO RISE 10.5% IN 2022

The Omicron variant emergence may extend period of unusually strong real estate markets

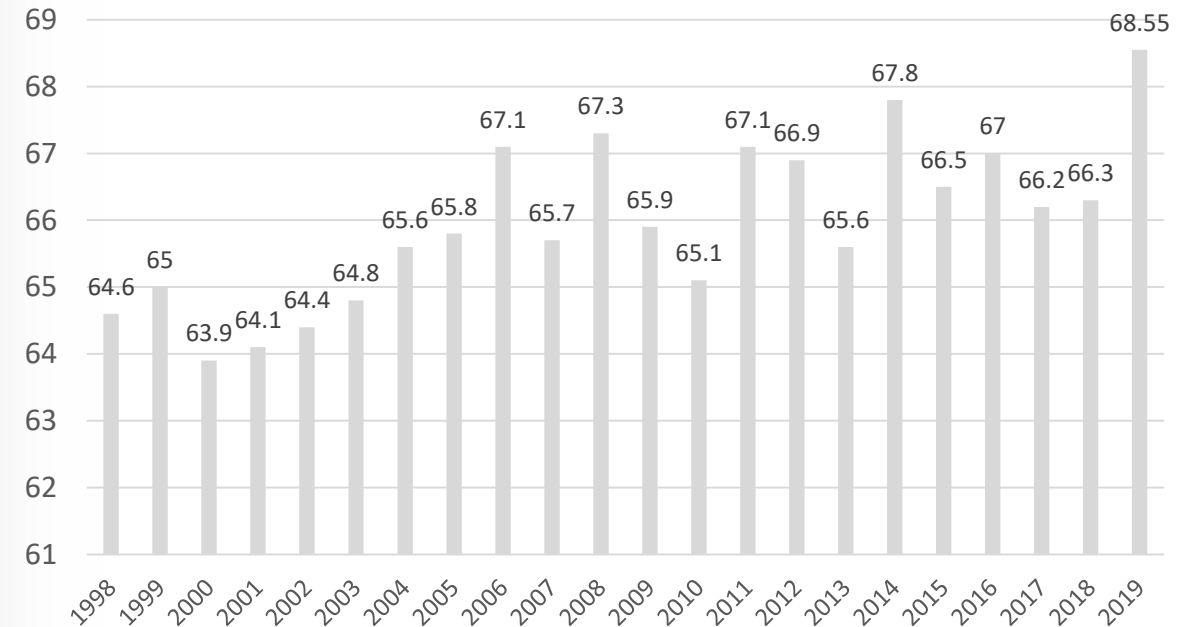


Home Ownership

Canada's Home Ownership Rate At 20+ Year High

Rate forecast to remain flat in 2020 and then pick up, reaching an estimated 70.6% in 2022**

Canadian Home Ownership Rate



Source: TradingEconomics.com, Statistics Canada

*For 2019, the most recent data available

** Source: IBISWorld

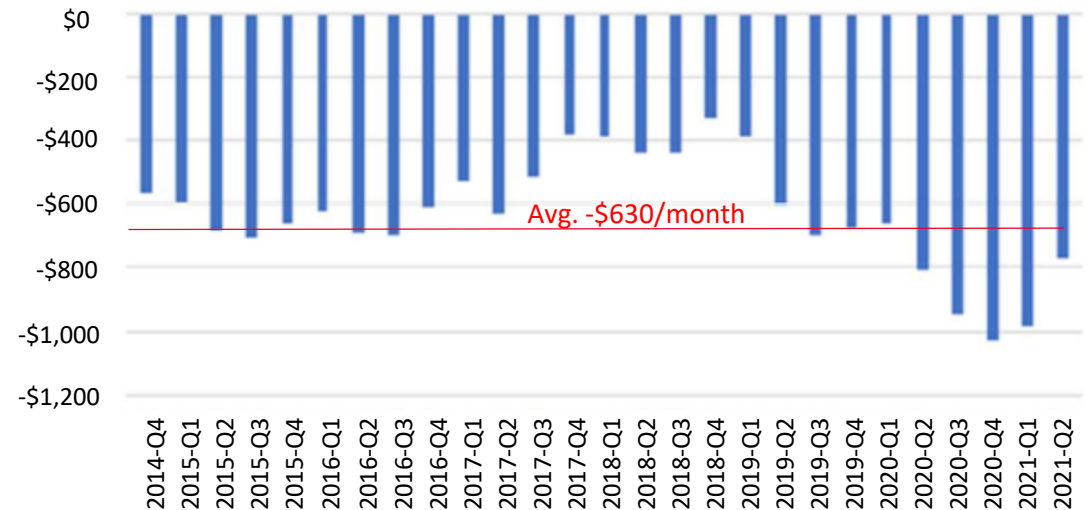




The Homeownership ADVANTAGE

There are many reasons why homeownership has serious appeal. And economically, the cost of homeownership is considerably lower than the cost of renting.

True Monthly Ownership Cost (excluding Principal Repayment) versus Renting



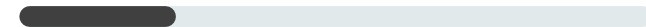
Source: Royal LePage study. Economist Will Dunning: Comparing Housing Costs – Owning versus Renting Homes in Canada. September 2021



4.2 MILLION CANADIAN WORKERS WORKED FROM HOME IN NOVEMBER

Canadians Working From Home

All Canadians **23.5%**



In Professional Occupations **46.0%**



This has been, and is expected to continue, contributing to the pandemic-related shift in housing preferences (geography and type).

Canadian Households Accumulated The Highest Amount Of Excess Savings Among G7 Countries During The Pandemic

11%

In Q3 2021, Canada's Household Savings Rate was 11%, well above the historical 2 – 3% average.

\$280B

Canadians had \$280 Billion in extra savings compared to pre-pandemic trends.

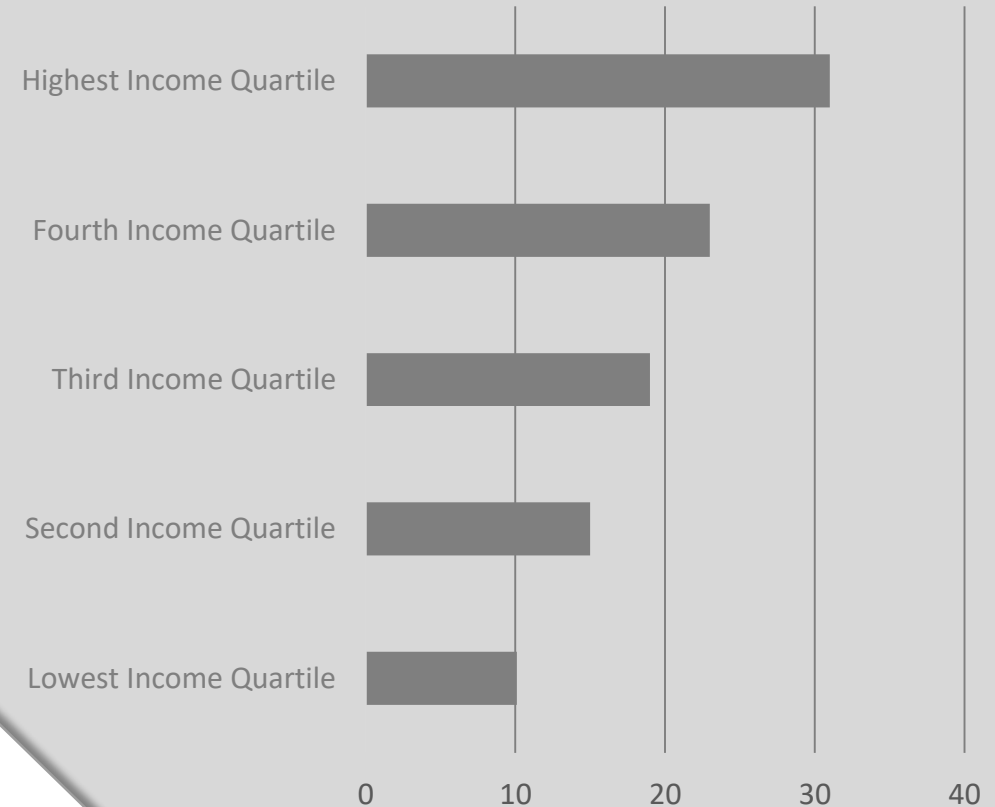
10%

This savings trove represents over 10% of annual Canadian GDP.

Covid Super Savers

Highest income Canadians – who are more likely to own and/or purchase a home – saved the most over the pandemic

% of accumulated access savings, Q1 2020 to Q2 2021 in excess of 3 year pre-pandemic average





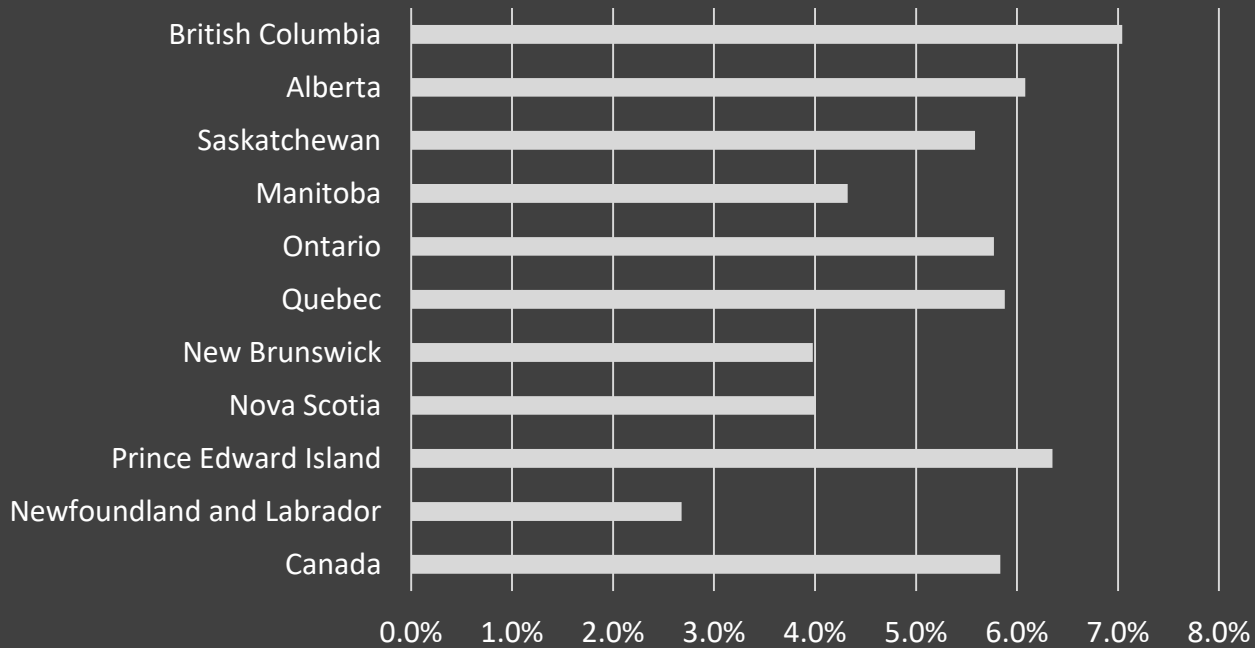
EMPLOYMENT UP ABOVE ITS PRE-PANDEMIC LEVEL

Canada posted solid jobs numbers in November with employment up 154,000 (+0.8%) and the unemployment rate falling to 5.9%, better than pre-pandemic.

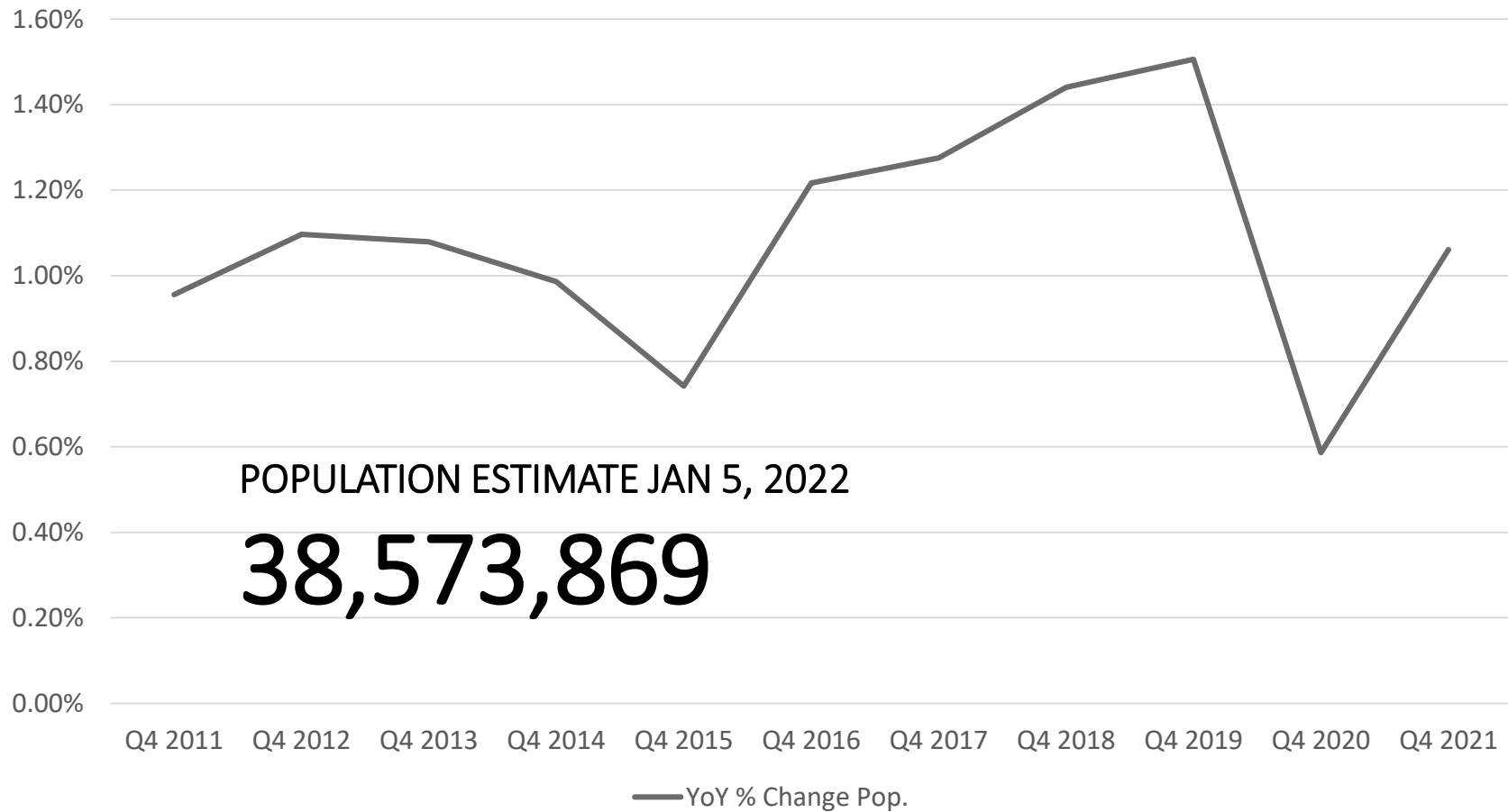


WAGES ARE RISING IN ALL PROVINCES

% Change in Avg. Weekly Earnings, October YoY



CANADA'S POPULATION GROWTH BACK ON THE UPSWING, SUPPORTING HOUSING DEMAND



**1 Birth every
1 minute
28 seconds**



**1 Immigrant
every
1 minute
16 seconds**

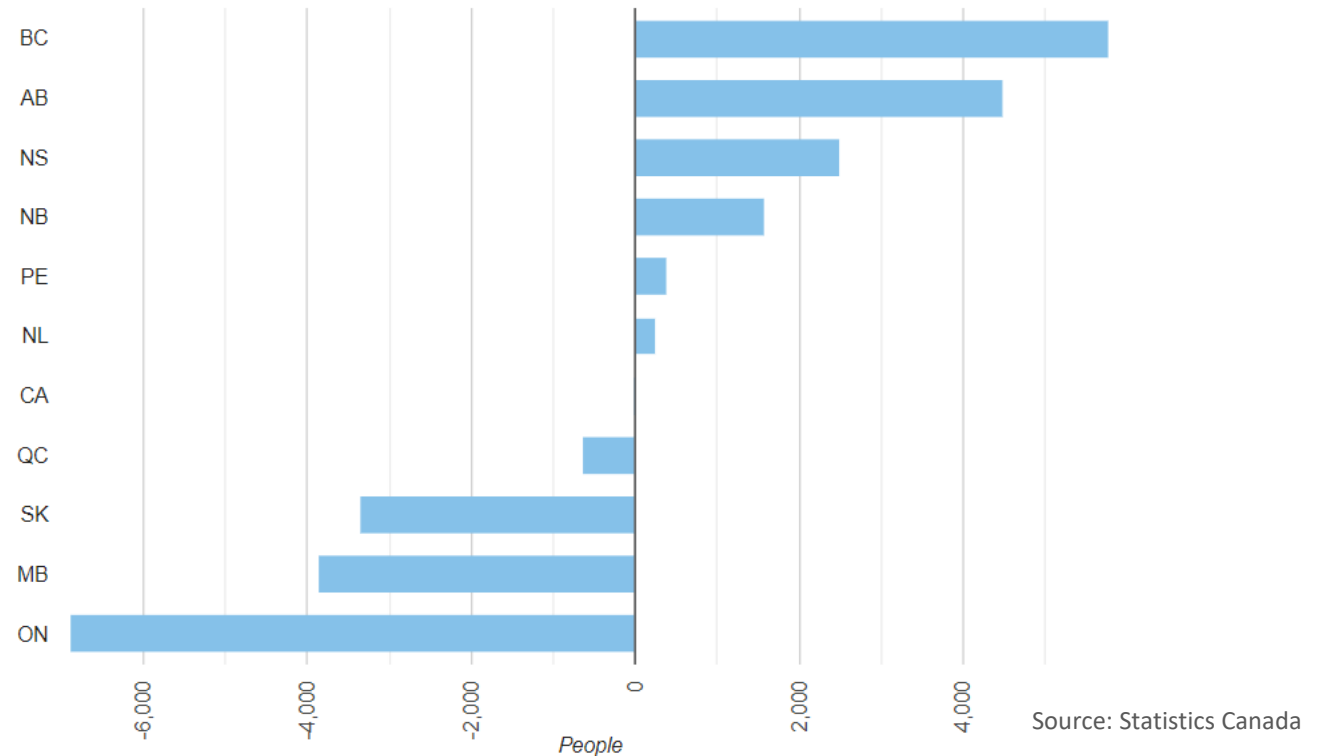


**1 Non-Permanent
Resident every
6 minute
41 seconds**

Interprovincial Migration

Canadians Are Changing Provinces At One Of The Fastest Rates Ever

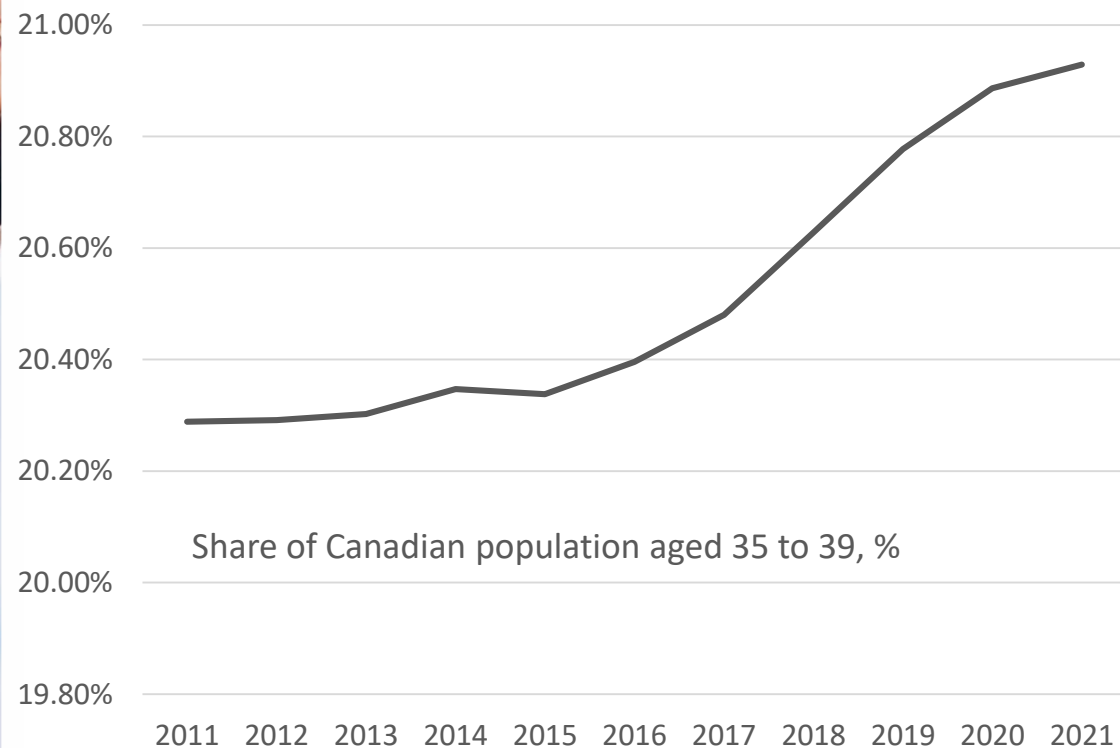
94,248 people moved provinces in Q3 2021, 45% more than in Q3 2020 and the biggest Q3 since 2007. A continuing trend from Q2 2021 which saw the largest migration since the early 90s.





Millennials

A rising share of Canadians has aged into its prime home buying years



Share of Canadian population aged 35 to 39, %

Statistics Canada. [Table 17-10-0005-01 Population estimates on July 1, 2021 by age](#)

Millennials



92%

say owning a home is a good financial investment



48%

of Canadians aged 25 to 35 own their own home. 1/4 of these homeowners since the onset of the pandemic.



68%

of non-homeowners in this age group intend to purchase a home within the next 5 years

CANADIANS ARE ENTERING AN AGE OF UNPRECEDENTED WEALTH TRANSFER

Canadian Inheritances Could Hit

\$1 TRILLION

Over The Next Decade

Both Millennials and Boomers will benefit as wealth is passed down

Boomers

CANADA'S 2nd LARGEST
GENERATIONAL COHORT

Over 9 Million Strong

ROYAL LEPAGE

† The Royal LePage 2021 Boomer Survey
* Angus Reid Institute Poll July/Aug 2021 (Ages 55+)

71%

Feel particularly
lucky when it comes
to real estate*

64%

Are mortgage-free†

40%

Have at least half
their net wealth in
real estate†

25%

Have or would assist
a child financially to
buy a home†



Boomers

3.2 MILLION

Considering Buying A Home
In The Next 5 Years

45% BELIEVE NOW IS A
GOOD TIME TO SELL

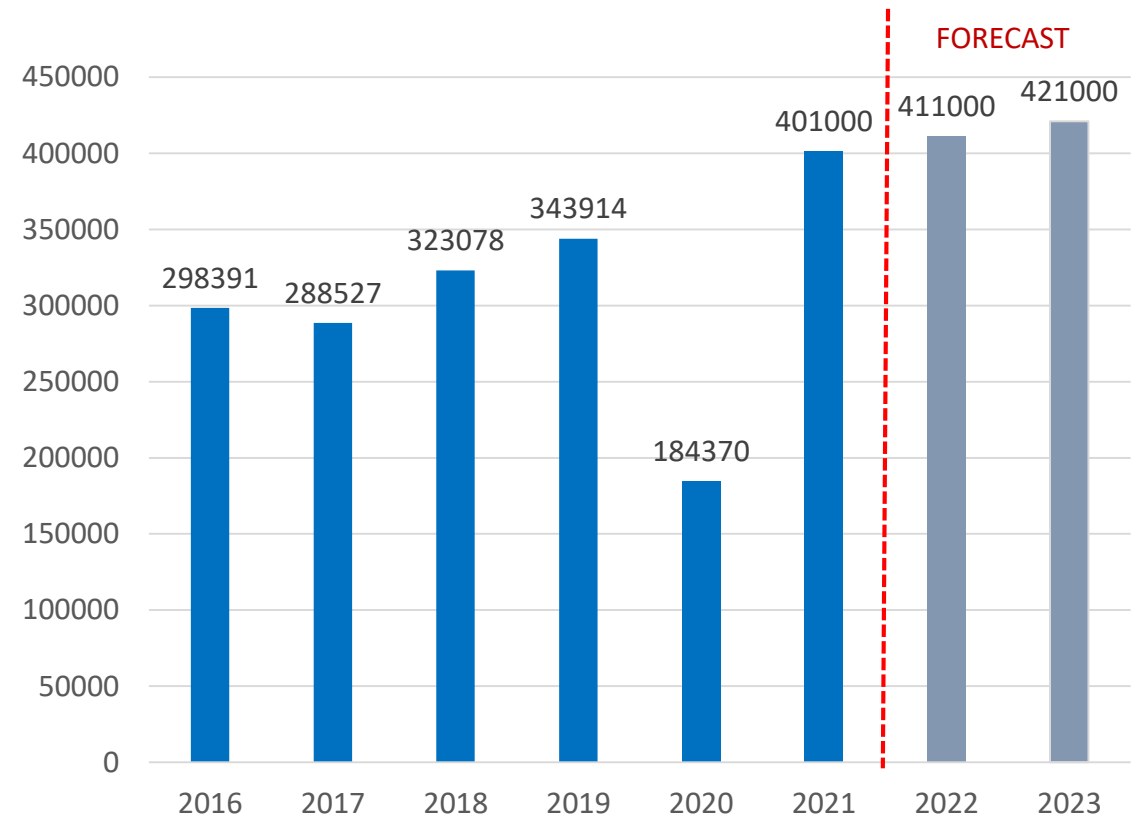
The Royal LePage 2021 Boomer Survey





NEXT WAVE OF IMMIGRATION SET TO ADD MORE FUEL TO HOUSING MARKET

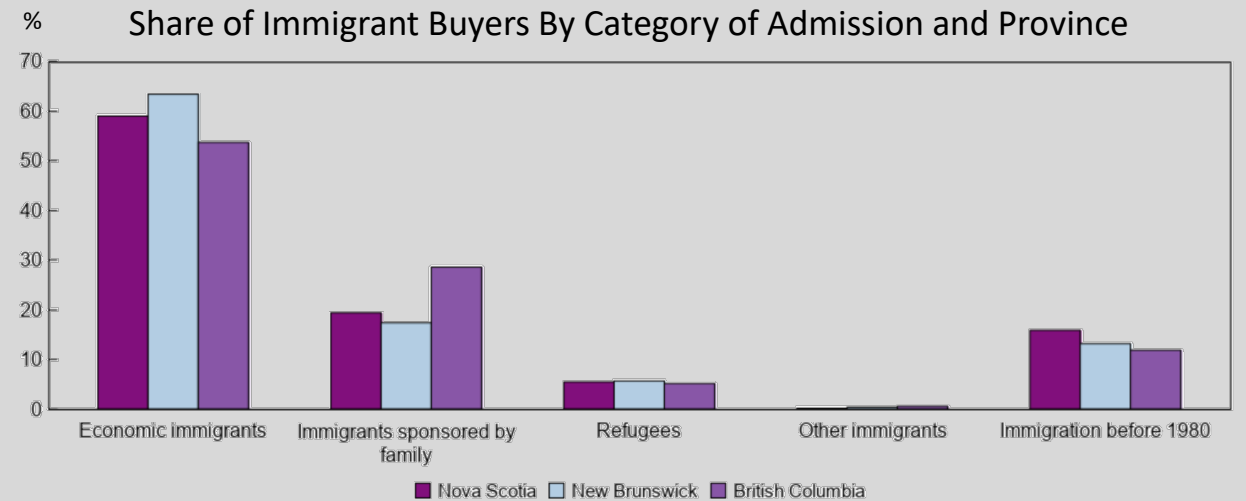
Canada Plans To Welcome Over 1.2 Million New
Permanent Residents Between 2021 and 2023



Immigration

75% of Newcomers arrive with Savings that Allow Them to Purchase a Home

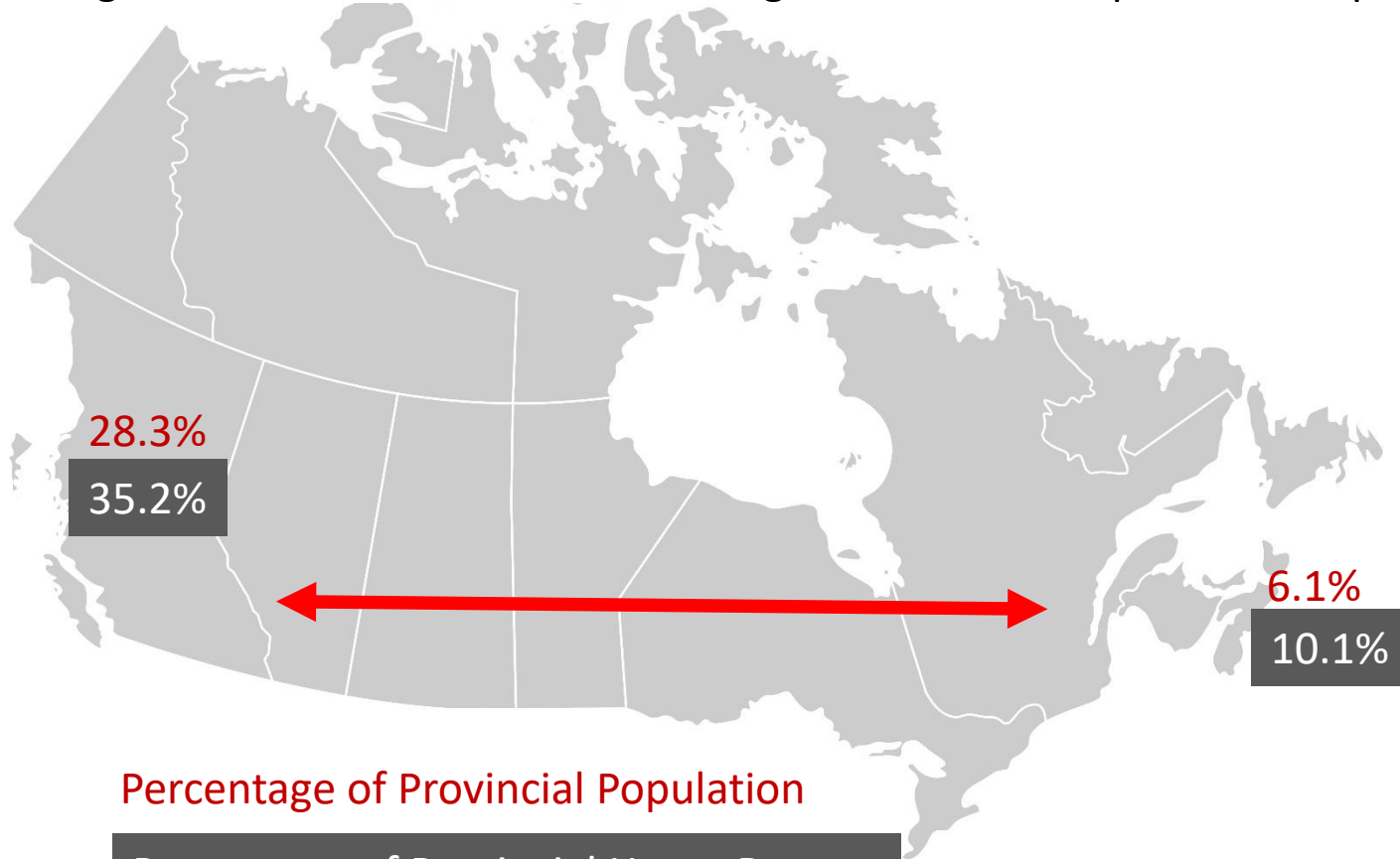
The majority of immigrant buyers were admitted to Canada through economic immigration programs. These programs require applicants to have a minimum amount of net worth.



Immigration

Immigrants Account For A Larger Share Of Buyers Relative To Their Share Of The Total Population

For immigrants, wealth accumulation through homeownership is more important than from other types of assets



Percentage of Provincial Population

Percentage of Provincial Home Buyers

55%

of Newcomers buy property within 3 years of coming to Canada

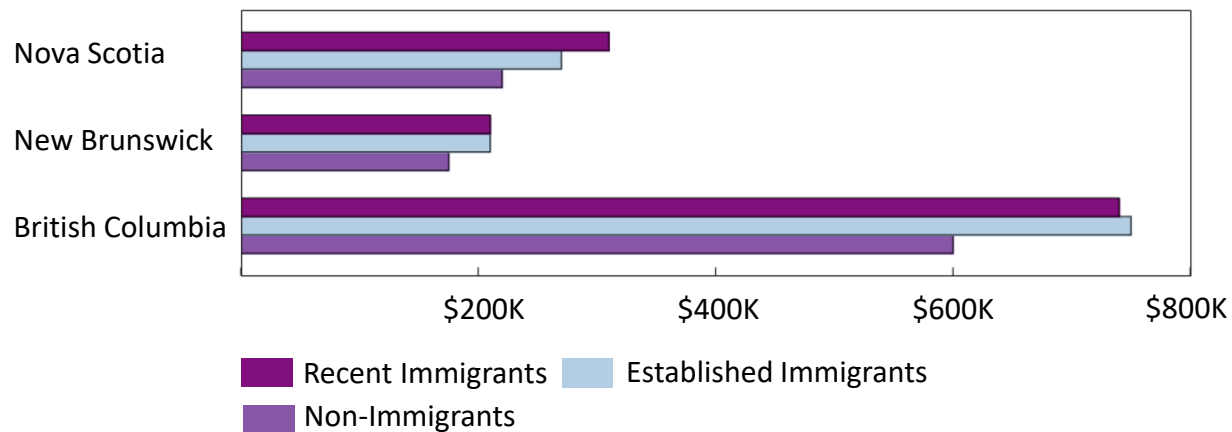


Immigration

Immigrants Purchase More Expensive Homes Than Non-Immigrants

The average sale price of properties purchased by recent immigrants was higher than that of those purchased by non-immigrants: British Columbia (+\$140,000); Nova Scotia (+\$90,000); and New Brunswick (+\$35,000).

Average Sale Price of Properties Purchased by Immigrants (Recent & Established) and Non-Immigrants by Province





Canada is the world's **third-leading destination of international students**

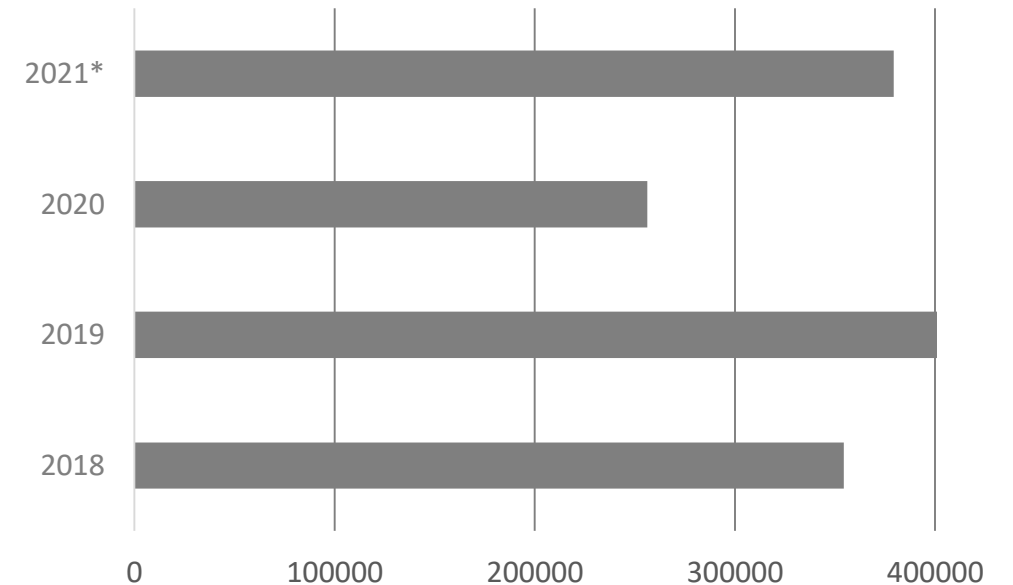


International STUDENTS

Over the past 4 years more than 1.4 million study permits have been issued to international students.

This group plays an important role in the health of our economy by contributing over \$22 Billion annually.

Study permit holders by country of citizenship and year in which permit(s) became effective



*Jan 1 to Oct 31, 2021
Source: IRCC, October 31, 2021

Investors

Investor Demand is on the Rebound



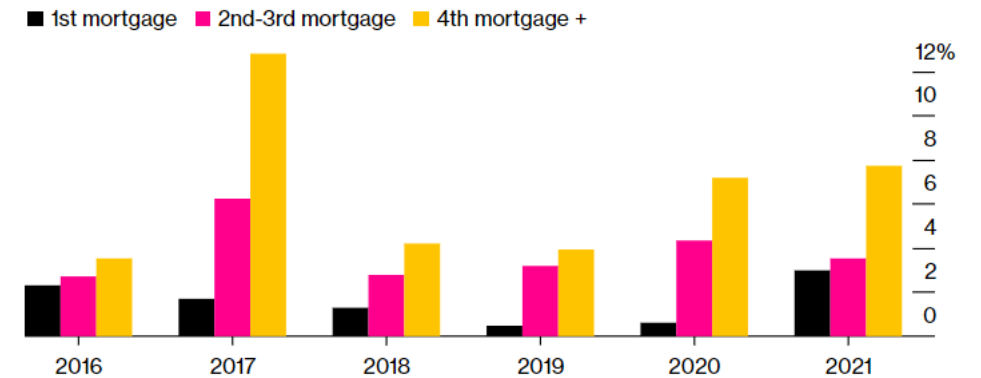
Bank of Canada, TD Economics

Investors

The number of people with multiple mortgages has surged during the pandemic

While people with more than one home loan account for only about 16% of the mortgage market, purchases by those borrowers have accelerated quickly.

YoY change in mortgage volumes to Q2



Source: Equifax Canada Inc.

Financial media focus most of their attention on stocks and bonds, but the world's biggest asset class is actually residential property. With an estimated value of about \$200trn, **homes are collectively worth about three times as much as all publicly traded shares.**

The Economist

Thank you! Merci!



For more information on market trends and consumer insights across Canada, please visit the Royal LePage media room >

<https://royallepage.ca/en/realestate/about-us/media-room/> and **SUBSCRIBE** to the Royal LePage Leading Edge blog at <https://royallepageleadingedge.ca/> and our consumer blog at <https://blog.royallepage.ca/>.

CANADA'S
REAL ESTATE COMPANY

