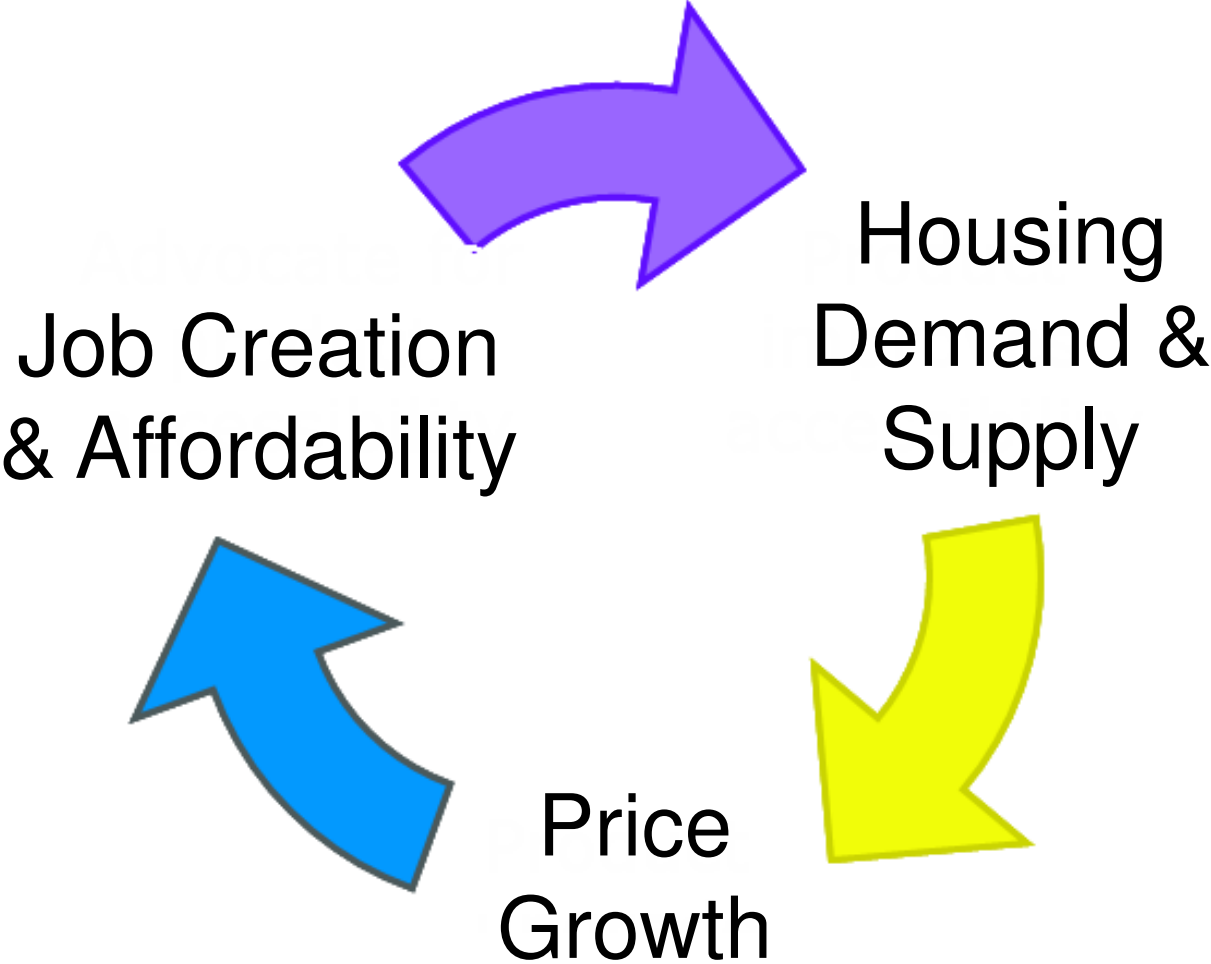


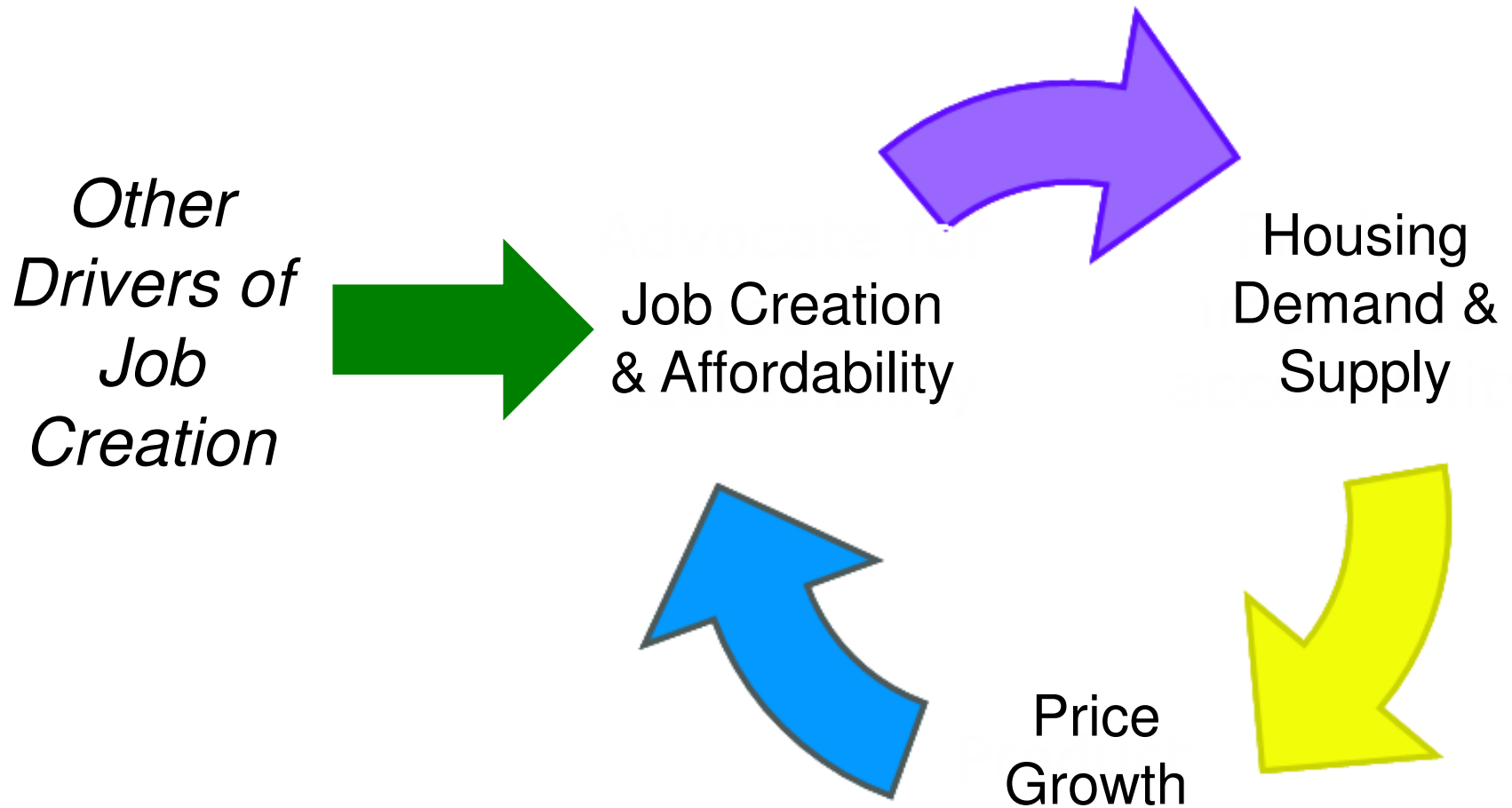
Bubble Babble

Will Dunning
June 27, 2012

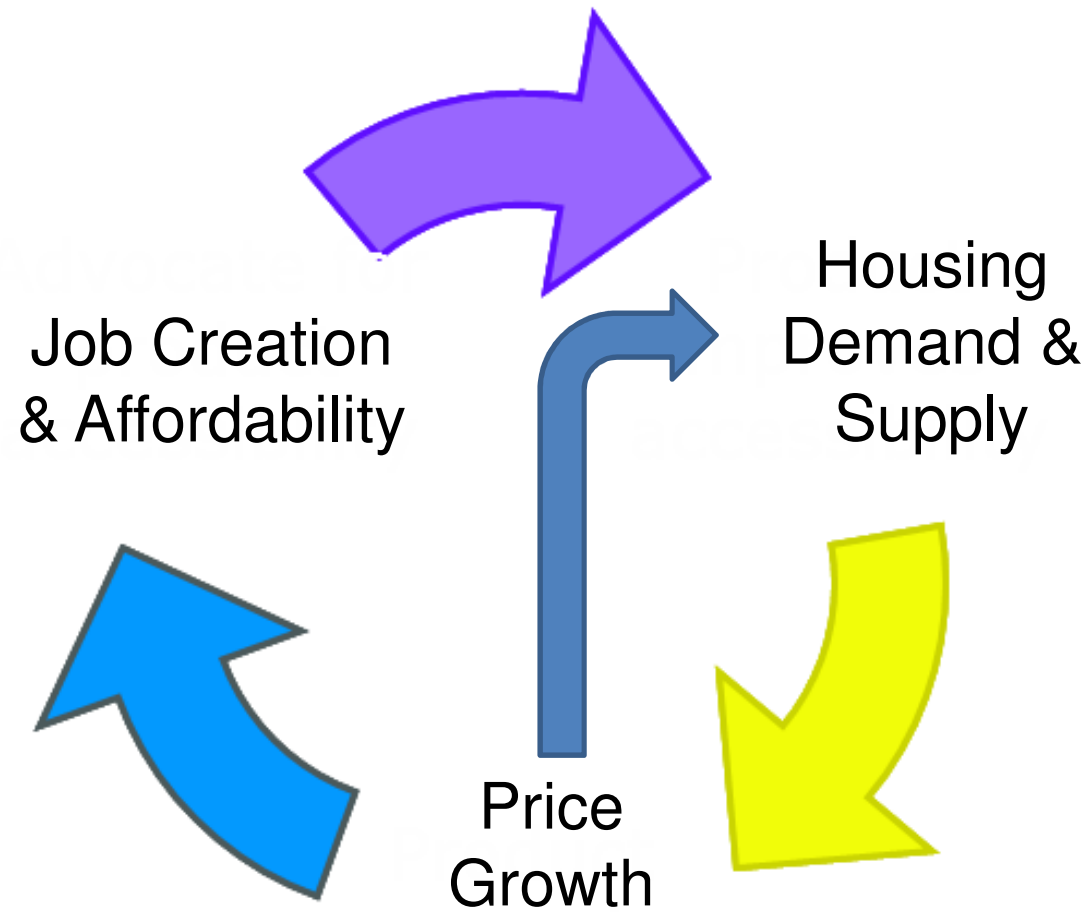
The Housing Market Feedback Loop



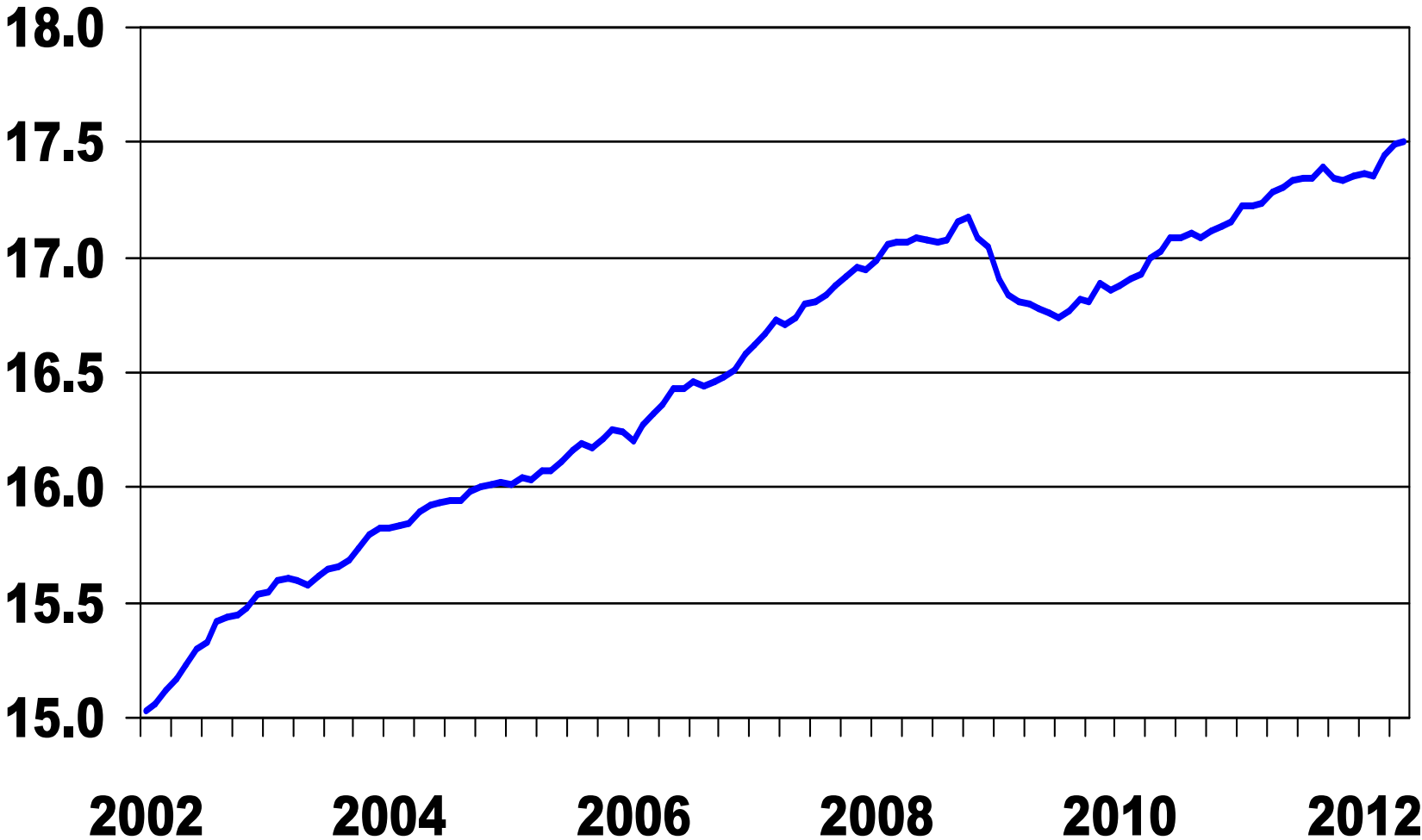
Adding Other Influences on Job Creation



How Strong is the “Short Circuit”?

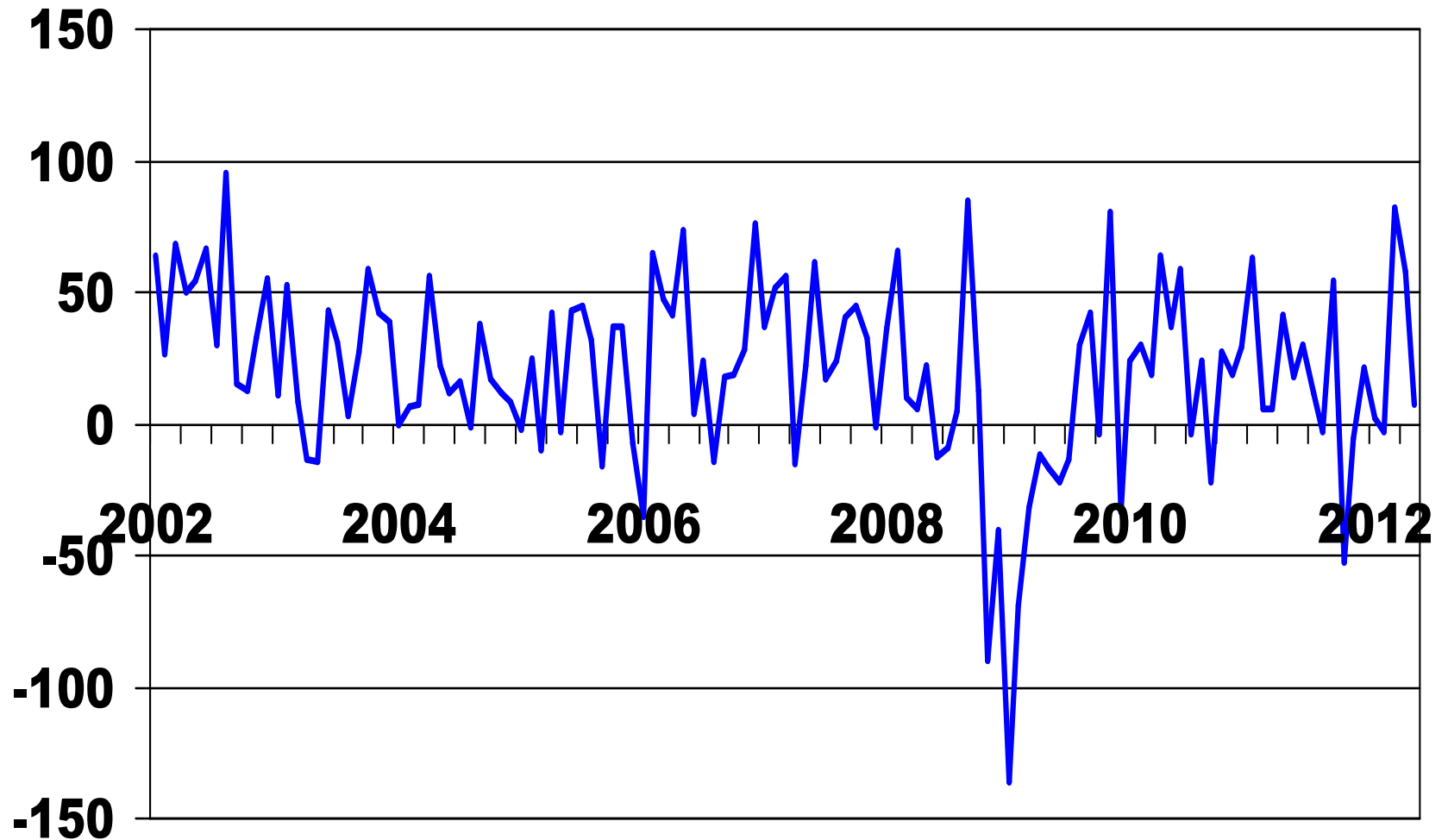


Employment in Canada (millions)



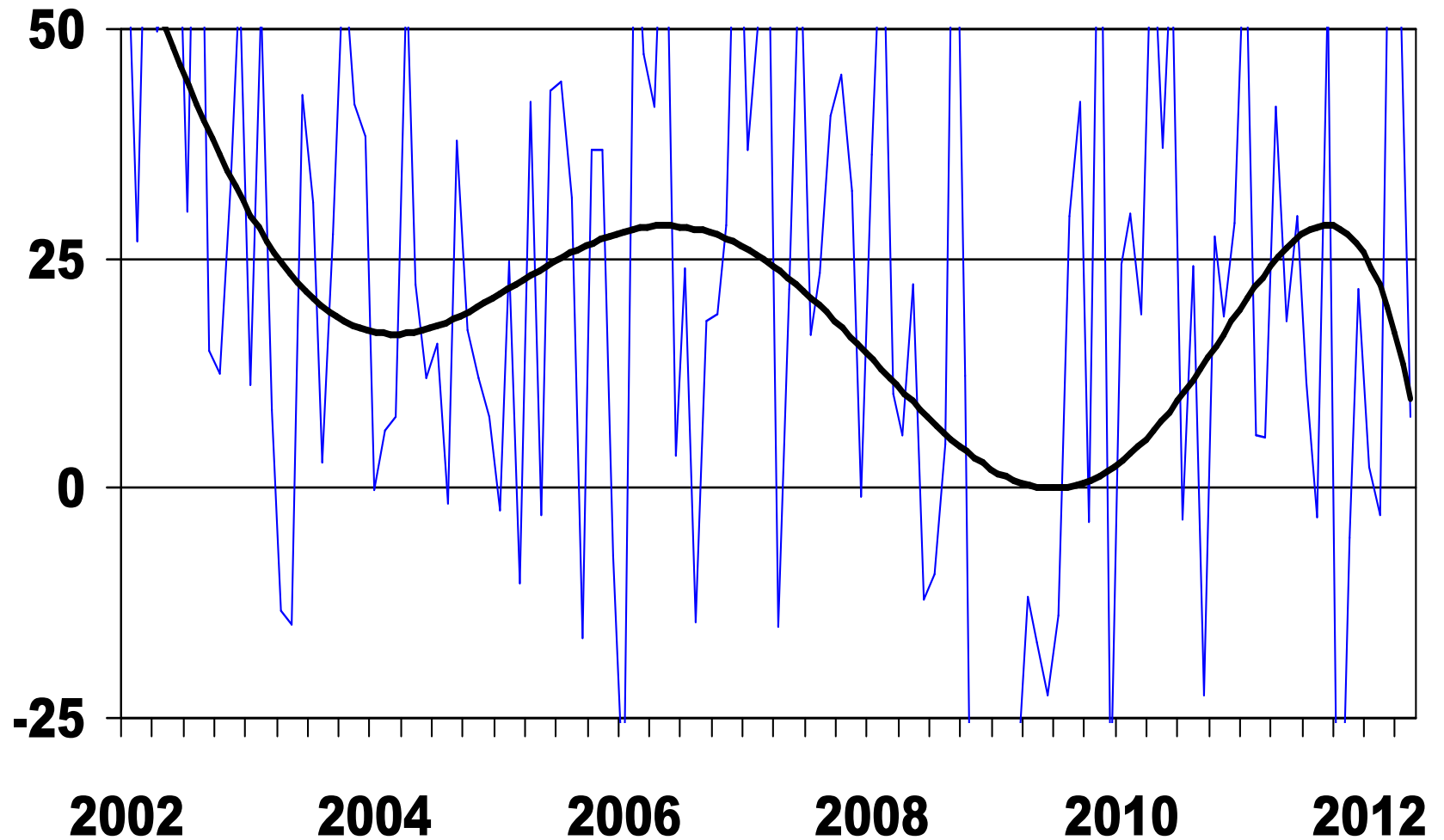
Source: Statistics Canada

Monthly Job Growth (Canada – 1,000s)



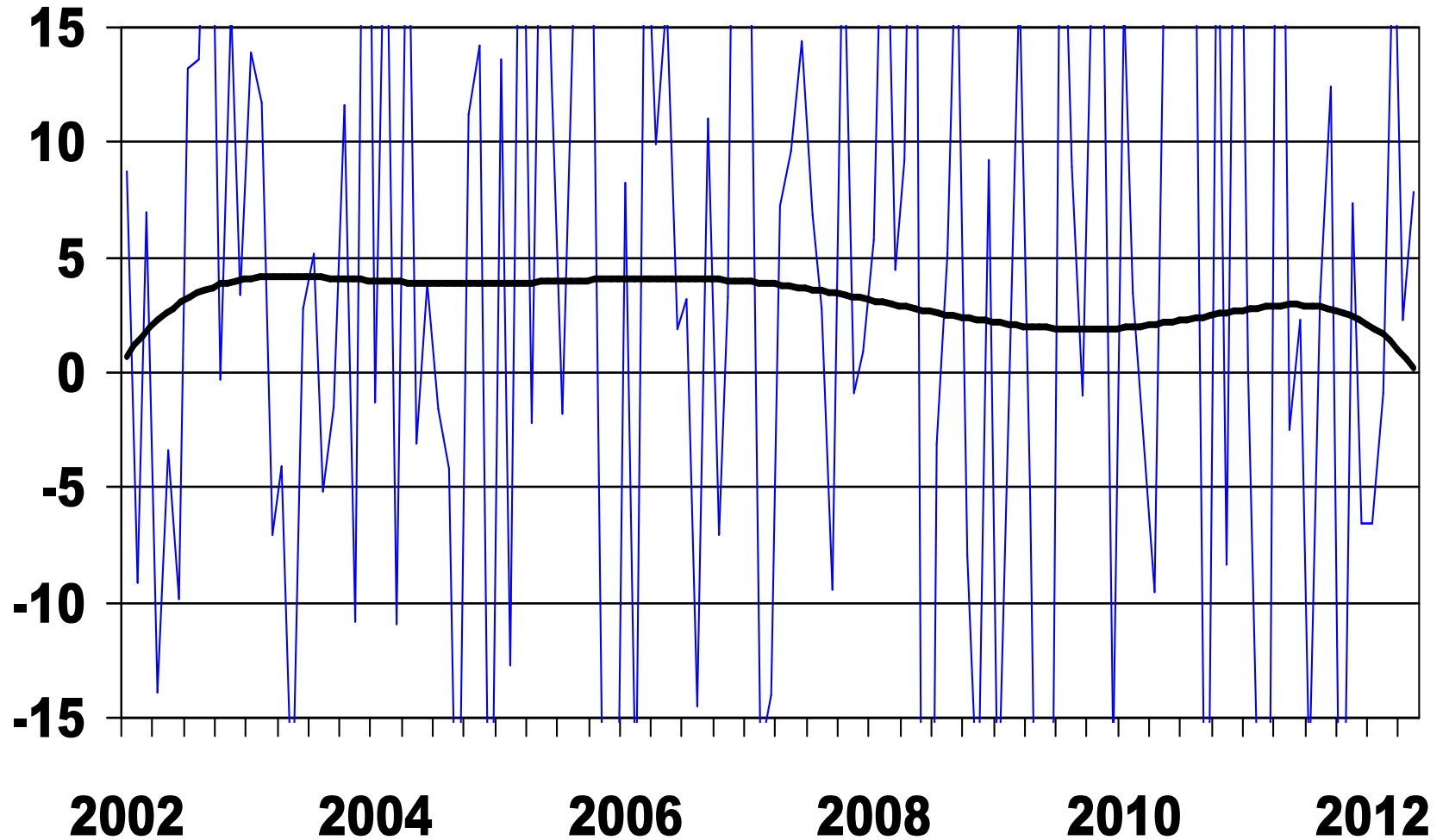
Source: Statistics Canada

Monthly Job Growth (Canada – 1,000s)



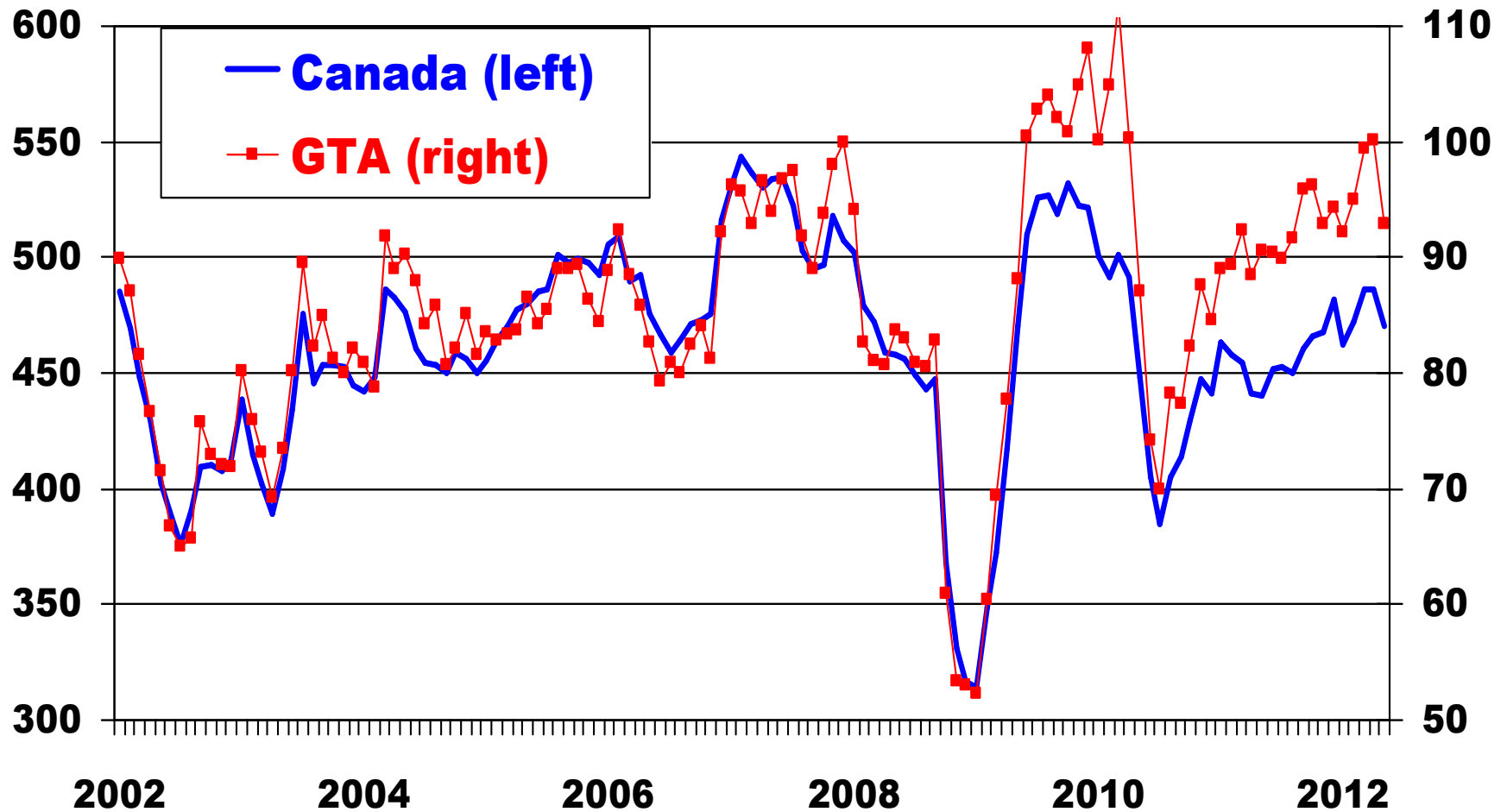
Source: Statistics Canada

Same – for Toronto CMA



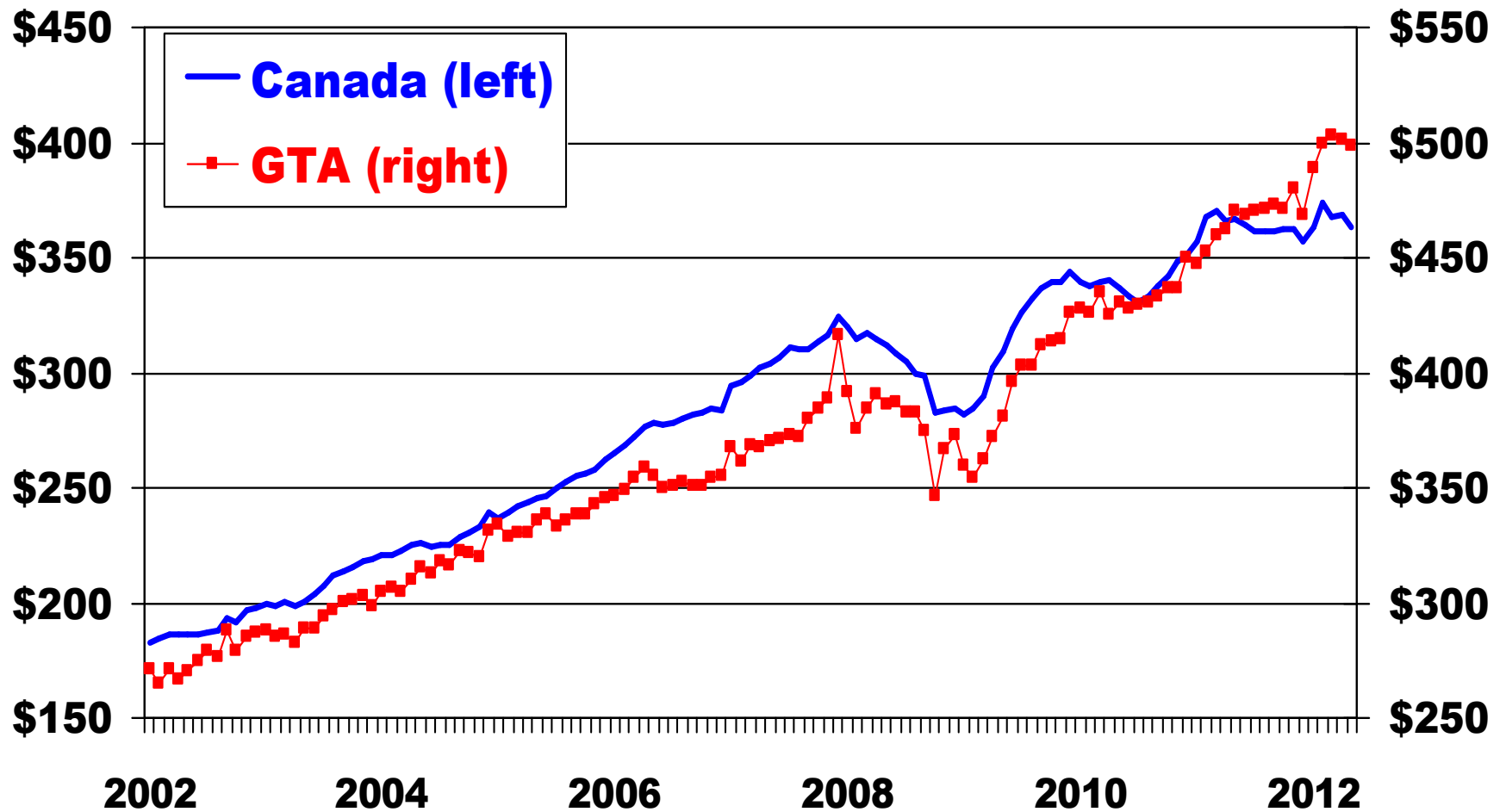
Source: Statistics Canada

Resale Activity for Canada and the GTA



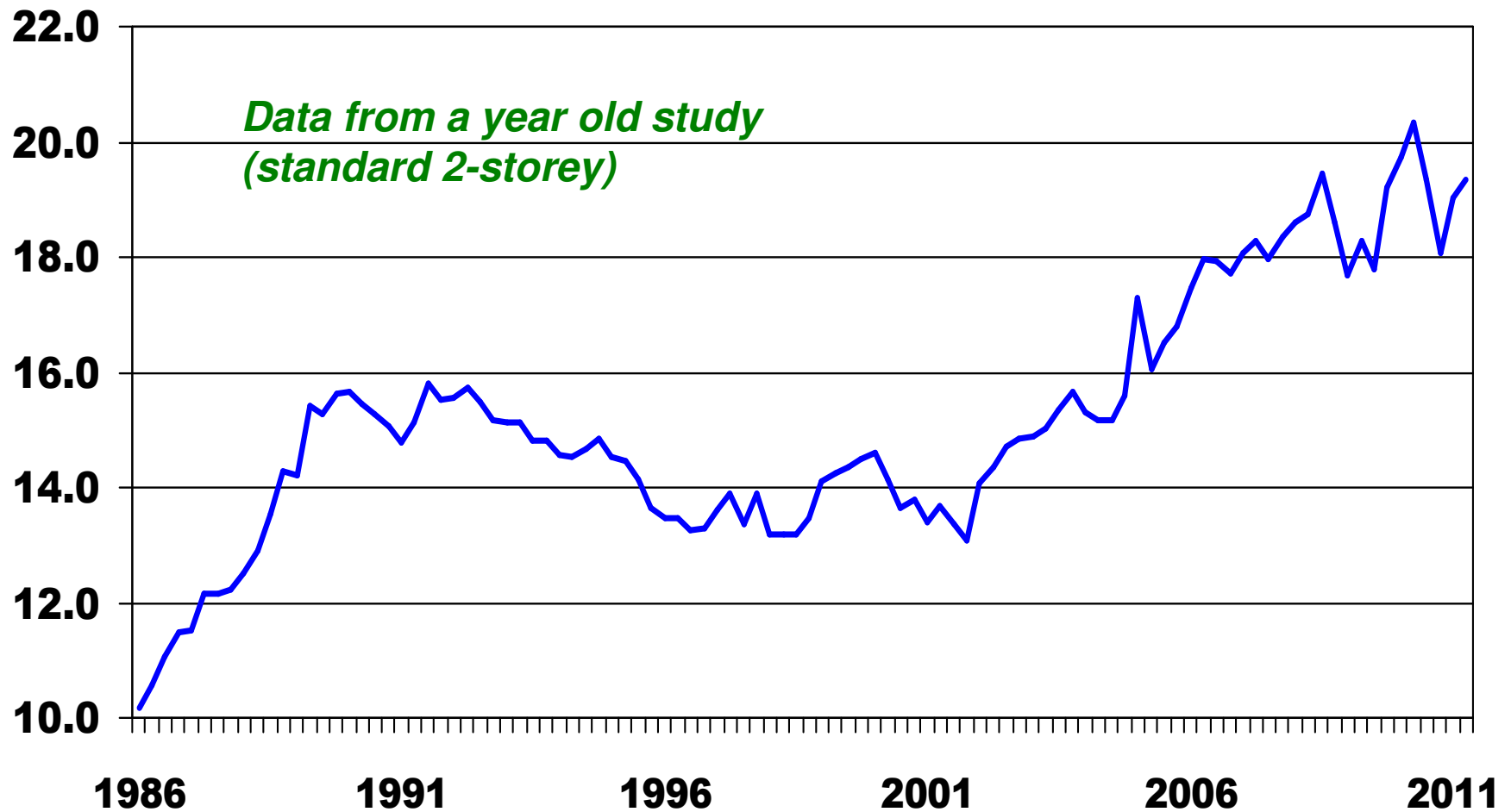
Source: CREA / Will Dunning Inc.

Average Resale Prices (\$1,000s)



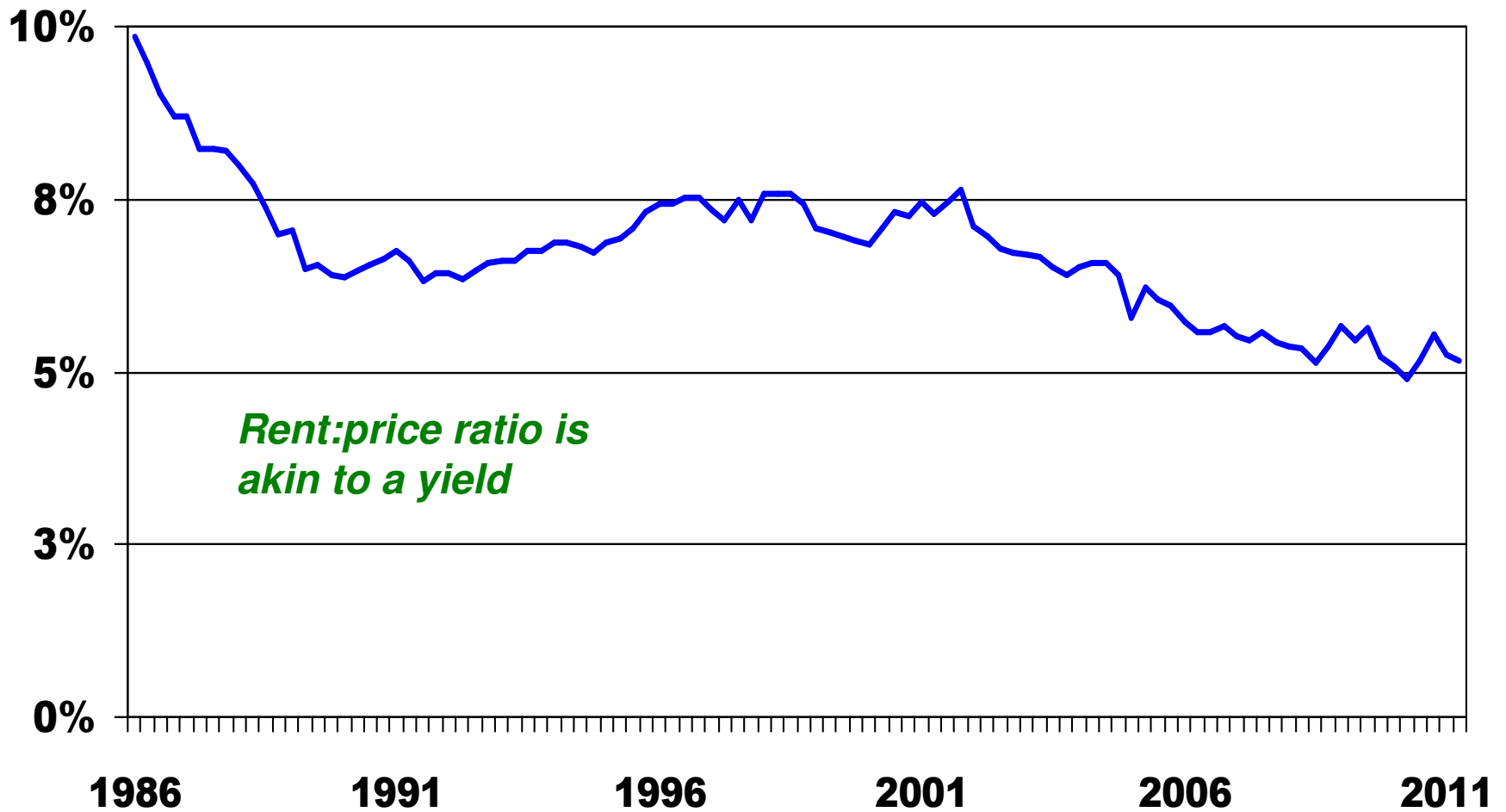
Source: CREA / Will Dunning Inc.

Rising Price-Rent Ratio in the GTA



Source: Royal LePage / Will Dunning Inc.

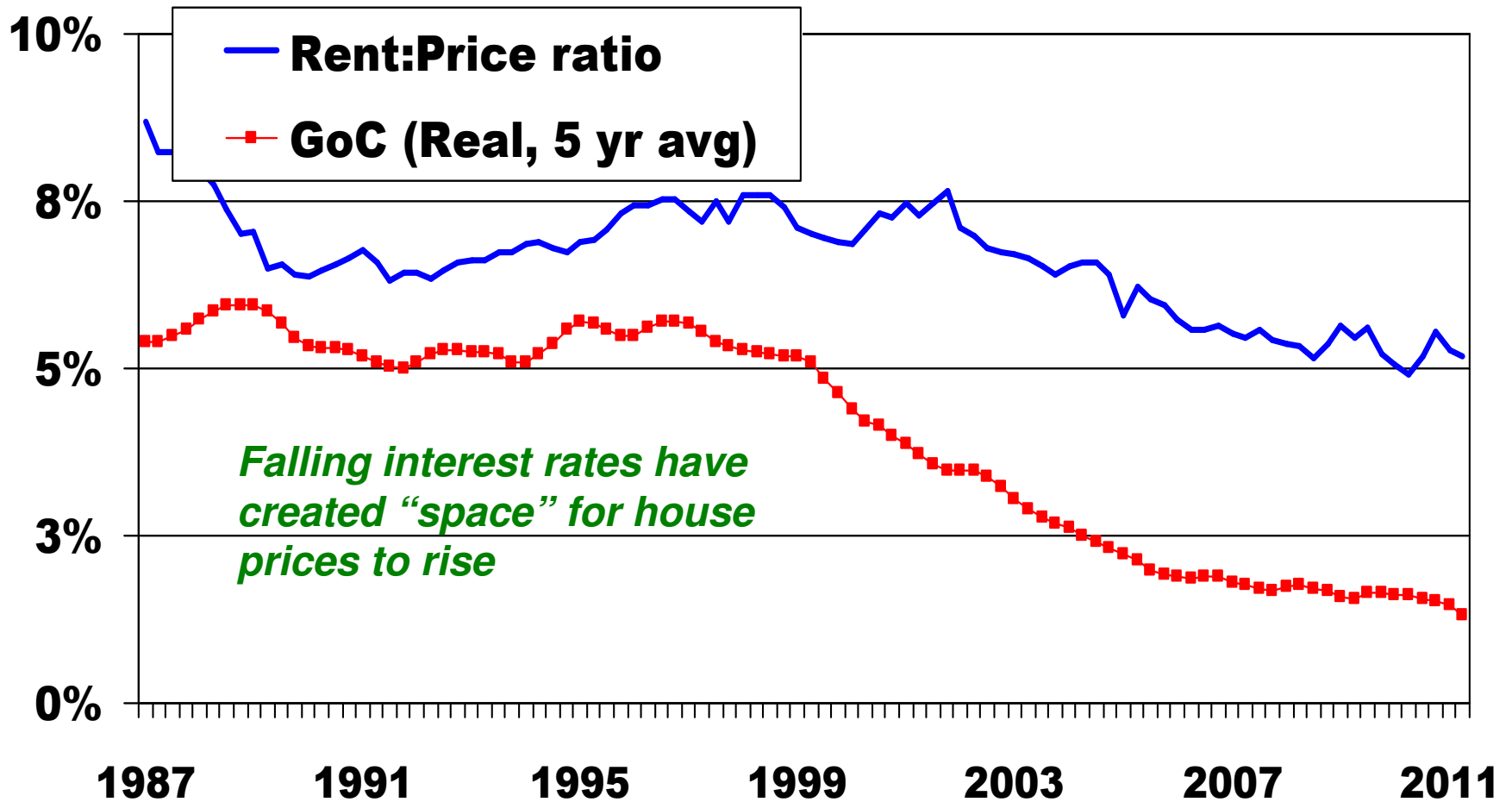
Taking the Inverse



*Rent:price ratio is
akin to a yield*

Source: Royal LePage / Will Dunning Inc.

Rent Price vs 5 Year GoC Yield (Real)



Source: Bank of Canada / Royal LePage / Will Dunning Inc.

Conclusions

- Prices do not have to fill the “affordability space”
- Supply issues gaining salience
- The “vocabulary” is changing in the GTA
- “How strong is the investment motive?”
- Calgary (and Edmonton) showing the prolonged consequences of a deflated bubble
- So is the US
- Vancouver has a strong investment motive
- Keep an eye on job creation

About Will Dunning

Analyzing housing markets since 1982

Consulting services include:

- Custom research on economics, demographics, and housing markets.
- Briefings and presentations.

See “Housing Market Digest” and “Forecast Report”

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