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Research Article

Canada's leadership and housing affordability: Evidence from the Canadian real estate market

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ABSTRACT

This study aims to investigate the housing affordability crisis and if Canada's political leadership is part of the problem or part of the solution. Convergent parallel design was conducted to understand a research problem. Quantitative and qualitative data was collected to examine the research argument and to answer the research questions of who benefits from the existing housing situation and how the situation influences young Canadians. The results show that both government and bankers benefit from the existing shortage of residential property. While bankers work in their arena with the incentive to generate income and increase profit through facilitating mortgages, Canada's leadership at all levels regulates the real estate market with no incentive to improve the existing shortage. Offering affordable homes for Canadians is a government responsibility, but one that conflicts with other governments interests. Affordable houses require more focus on the supply side of the market to reduce the shortage, which conflicts with government's goal of generating more tax revenue since property tax is linked directly to real estate market prices. The study results show that Canada's leadership potential conflict of interest cannot be ignored and the challenge of high residential property prices creates a problem of brain drain among young Canadians. The Canadian government needs to work to increase the supply of residential property through new policies that encourage development and investment in new home construction. Canada, as the second largest country in the world by area, can mitigate this problem if the government were generous in offering lands for new development programs and removing current restrictions.

1. Introduction

In the face of increasing house prices that rose nationally, the [Bank of Canada \(2022\)](#) declared that Canadian homebuyers lacked sufficient equity in their homes and thus might face financial problems when the Bank increased interest rates to fight the ongoing price inflation. According to [Ferreira \(2022a\)](#), in March 2022, Canadian Real Estate Association released that the average home price was \$796,068 in Canada, \$754,400 in Ottawa, and \$1,354,000 in the Greater Toronto area. This study aims to discuss how Canadians (young) see the reasons for the housing affordability issue in Canada? The target is to document what people think about the affordability issue. To shed light on the problem, this study investigated the real estate bubble in Ontario since the average home price there was \$940,485 in May 2022, clearly indicating this bubble. Specifically, in that same month, the average price of homes was \$711,316 in Mississauga; \$1,441,800 in Oakville; \$986,400 in Hamilton-Burlington; \$1,261,800 in Toronto; \$1,364,623 in the York region; \$681,400 in Windsor; and \$470,500 in Sudbury ([The Canadian Real Estate Association, n.d.](#)). This paper uses the word "bubble" since the

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current market price does not match the value of the residential property. For example, a 130–149 m² apartment in Toronto, built in 2000, was priced at \$1,347,500 as recorded by [Ferreira \(2022a\)](#). [Brueckner \(2011\)](#) stated that this bubble results when low interest rates increase the demand for housing, which leads to rising residential property prices, seller expectations of large capital gains, and growing unaffordability of housing over time. Indeed, the problem of housing affordability is critical in Ontario, but housing shortages are also challenges in other provinces as home prices continue to rise to record levels across Canada.

Canadian politicians and economists, however, claimed that the bubble results from strong demand relative to supply that is caused by the increasing number of home purchases by investors. Additionally, some point to the growth of the population and immigration coupled with the shortage of house inventory as other factors that strongly contribute to the problem. According to [Lawrence \(2022\)](#), “per capita housing supply has dropped in the past five years ... [and the] two thirds of Canada's housing shortage is in Ontario” (p. 7). The Canadian government might try to cool the housing market by focusing on demand-side solutions, but this will not work without focusing on the supply-side solutions due to the housing supply shortages ([Lawrence, 2022](#)). This study focuses on the supply side as a solution since the Canadian government has many ways to enhance the supply side and deal with the shortage in residential property. This issue is pertinent since the price of renting homes is also soaring, with the average rental price for a one-bedroom apartment reaching \$1,519 in Canada. More specifically, in Ontario, the average price was \$2,133 in Toronto; \$1,950 in Guelph; and \$1,839 in Kitchener ([Ferreira, 2022b](#)). Statistics Canada notes that “the number of renter households grew at more than twice the rate of owner households between 2011 and 2021” ([Al Mallees, 2022](#), para. 9). However, this situation raises a potential issue for those who rent or buy their homes. Current price inflation might influence prices in general, but the Canadian market was strongly affected by the problem of soaring ownership and rental prices before both the Covid-19 pandemic and the 2022 price inflation. Due to the fact that there is a shortage in the supply side, the economic theory of supply and demand explains the situation fairly easily. Supply and demand can influence market prices since excess demand for the same supply can increase prices while excess supply for the same demand can reduce prices. Government legislation and policies can certainly influence these forces via such methods as restrictions on new investment in residential properties or construction projects. [Lawrence \(2022\)](#) confirmed that “land is not being used efficiently across Ontario. In too many neighborhoods, municipal rules only allow single-family homes—not even a granny suite” (p. 4).

Because numerous stakeholders contribute to the problem of housing affordability, this study approaches the issue only from an economic perspective. This paper presents a new way of analyzing the problem and focusing on who benefits from the existing housing situation and how the situation influences young Canadians. The paper is structured into several sections to address these two issues. First, the Study section shows the research methods and methodology. This is followed by a section clarifying the theoretical framework and the economic perspective of the problem. The paper then proceeds to show the results from the quantitative and qualitative analyses and to discuss these results. The paper finally concludes with a brief summary and opportunities for further research to address the problem from different perspectives.

2. The study

The convergent mixed method is designed to collect quantitative and qualitative data independently and then analyze them separately to best understand a research problem. This design is employed in this study to investigate the research arguments: first, how Canada welcomes more than 300,000 new immigrants every year to support its economy, but at the same time turns a blind eye to how the situation influences young Canadians and may cause them to leave the country; second, how Canadian leadership's conflict of interest contributes to increasing home prices. The government's interest in fixing the shortage in the real estate market conflicts with its interest to increase its revenue from property taxes that are linked directly to the market prices of properties. This study chose to collect both quantitative and qualitative data to gain insight into who benefits from the current situation and how the situation influences young Canadians. First, quantitative data on government revenue from taxes on residential property and the market prices of residential property were collected to examine the second research argument. Second, qualitative data was collected through face-to-face interviews with an expert and with young Canadians to glean their thoughts, feelings, and opinions in order to investigate the first research argument and to answer the research questions. The expert in this study had a doctorate degree and worked as a university professor. He had published several books and textbooks in management, communication, and innovation and entrepreneurship that confirmed his credibility, objectivity, and rationality ([Table 1](#)).

The problem is most noticeable in Ontario because it is the most populous province with strong, growing demand for housing. The

Table 1
Demographic characteristics of the sample.

Participant (by pseudonym)	Age	Gender	Education
Expert	56	Male	Doctorate degree
Participant 1	25	Male	Master's degree
Participant 2	25	Male	Bachelor's degree
Participant 3	27	Male	2-year college diploma
Participant 4	34	Female	2-year college diploma
Participant 5	23	Male	Bachelor's degree
Participant 6	22	Female	Bachelor's degree
Participant 7	20	Female	Bachelor's degree (in progress)
Participant 8	20	Female	Bachelor's degree (in progress)
<i>N</i> = 9			

aim of this study was to investigate the problem in Ontario and examine its effects on young Canadians. I utilized the purposeful sampling procedure to select this study's sample. Also, I conducted one-on-one interviews due to their validity in collecting detailed information. The criteria for selection of participants were the following: live in Ontario, possess a university or college degree, and not own a home. These criteria ensured adequate investigation of the problem under study. Purposeful selection also is based on variation across certain differentiating characteristics. This study focused on differences across the following parameters: gender, age, level of education, and occupation. This study intends to understand the participants' view and thoughts, and not to generalize the results. According to [Creswell \(2012\)](#), "in qualitative inquiry, the intent is not to generalize to a population, but to develop an in-depth exploration of a central phenomenon. Thus, to best understand this phenomenon, the qualitative researcher purposefully or intentionally selects individuals and sites" (206). Therefore, purposeful sampling was applied to participants and sites to understand the phenomenon. In this study, participants were selected purposefully: All were young Canadians aged 19–34 and living in Ontario, and have information and experience with the current real estate situation. Interviews with young Canadians happened in Toronto during the summer of 2022 to allow them to share their thoughts and opinions regarding how the existing situation influenced them and their futures. Also, I conducted an interview with an academic researcher who is an expert in the field to answer the question of who benefits from the situation of excess demand that is associated with the shortage in the supply side, i.e., who benefits from soaring market prices of residential property. Interviewing young Canadians and the expert allowed them to share their considerations and views and helped me to analyze the collected information to describe the problem under study. To confirm the study findings, I presented a summary of the results to the interviewees by telephone to ask them if they agreed with the study findings and if the result described their personal perspectives accurately. Indeed, this was used to control potential biases that might have presented throughout the analysis. All interviewees were contacted for interpretive validity and to test the validity of my conclusions. All interviewees also accepted my emergent conclusion, and no participant challenged my findings or expectations. This confirmation served the purposes of accuracy and confirmability. This action can reduce the author interpretation bias and subjectivity, since the author might be influenced by his or her own perspective, and can be considered as part of this study limitations.

In addition, serving the purpose of answering the research questions of who does and does not benefit from the existing bubble, I collected data from official Canadian sources—Statistics Canada and CTV—to show the opinions of official officers and politicians. Indeed, recognizing the realities facing our people and acknowledging what government can do could help to improve the long-term growth for both the Canadian economy and standard of living.

3. Theoretical framework: economic perspective of leadership

In a competitive market, two forces are always at play: supply and demand. In Canada, the real estate competitive market is unstable since the demanders are willing to pay more than the equilibrium price (the price at which demand and supply are equal). One primary reason for this is that the quantity of residential properties demanded by Canadians is greater than the quantity available from suppliers. This creates a shortage of residential property, and, the report from the [Canada Mortgage and Housing Corporation \(2022b\)](#) confirmed that there will be a need for more than 3.5 million homes by 2030. Therefore, demanders (buyers) ask for more than the available quantity of homes and apartments, so there is imbalance between quantity demanded and quantity supplied. Certainly, the situation is unstable. Demanders are willing to pay more than the market price, so the price increases beyond the real value of the property. Based on supply and demand theory, greater demand will cause developers to supply a larger quantity of residential properties. Economically, the situation encourages suppliers to supply more if the market is free. But developers are not free to supply more since the Canadian real estate market is controlled by government rules and regulations. The continuous process of producing more residential properties could adjust the market and, in the long run, balance the quantity demanded and quantity supplied. Economically, increasing the supply of residential property will reduce market prices. [Sheikh et al. \(2022\)](#) confirmed that a housing market is strongly influenced by both housing demand and housing supply in which the balance between housing availability and the demand side is critical to avoid any risk in the future. Likewise, [Xiong et al. \(2021\)](#) confirmed that the stability and the sustainability of the real estate market depends on factors that influence the supply side such as government policies and the nature of the economy. [Camilo et al. \(2018\)](#) added that the supply side of the real estate market can be affected by the cost of land and the cost of construction while the demand side can be influenced strongly by mortgage rates, household income, and the price of housing. This information was confirmed by [Le et al. \(2019\)](#) who stressed that politicians cannot ignore how housing affordability is restricted by both demand- and supply-driven factors. At the same time, [Zabel \(2016\)](#) stressed that a low unemployment rate and more job opportunities can work against the reduction of housing prices even if there is an excess supply. For politicians and economists, understanding this basic theory can help them to address the bubble in the real estate market in Canadian provinces. However, the amount of tax revenue from properties is linked directly to the market prices of those properties, which can create a conflict of interest that encourages government officials to focus more on increasing revenue. Canada's leadership should serve citizens, not its own interest, by focusing on excess supply (the potential solution) instead of excess demand (the current problem) to handle the bubble in the real estate market. Indeed, [Le et al. \(2019\)](#) confirmed that an imbalance between supply and demand will influence and lead to instability in housing prices.

David Ricardo was one of the first economists to discuss urban economics in his book *The Principles of Political Economy and Taxation*. He explained that population growth that is concentrated in urban areas will lead to increases in the value of property and the prices of real estate ([Squires, 2012](#)). Therefore, government officials in Canada should seriously consider supply and demand theory by encouraging developers and supporting residential projects that will lead to price decreases in the short term. In the long term, the interaction of demanders and suppliers will continue until a balance between quantity demanded and quantity supplied is reached. Furthermore, [Brueckner \(2011\)](#) confirmed that the demand for housing is inelastic, which raises the urgency for new policies that make homes more affordable. New urban development programs may benefit from government subsidies to attract developers and investors

in areas with low payoff. Without action, this critical issue of unaffordable housing might also increase the number of homeless throughout Canada as RE/MAX president Christopher Alexander suggested in a news statement (Yun, 2022).

4. Results

4.1. First: quantitative analysis

4.1.1. Management perspective of leadership: conflict of interest

Conflict of interest is a “situation in which one relationship or obligation places you in direct conflict with an existing relationship or obligation” (Ghillyer, 2018, p. 54). This term is demonstrated well in the Canadian real estate market in which what is best for the Canadian government (increasing revenue from property taxes) may not be best for Canadian citizens who are looking for affordable homes and expect their government to serve their interests. The potential conflict of interest can be highlighted when government considers its two obligations: first, to serve the need for more revenue from property tax (taxes on property in Canada have a positive change by about \$1,799 Million within one year (2019–2020) for all levels of government (Dender, et al., 2022)). Second, to serve the people’s interest by facilitating the availability of affordable houses. This potential conflict of interest centers on how to meet the two obligations (right versus right). One option is to maintain the housing shortage and collect more taxes from highly valued properties, or the other option is to solve the problem by increasing the supply of residential property that leads to reduced property prices. Thus far, the Canadian leadership has done nothing but keep legislation that limits the supply of residential property. To highlight the potential conflict, Fig. 1 shows the positive trend of residential property prices at the national level and the government revenue from property taxes by province or territory from 2010 to 2020.

The quantitative analysis shows the connection between the change in the market price of properties and the change in revenue from taxes on property. Tables 2 and 3 show that increasing residential property prices have a positive effect on government revenue from taxes on property. For example, in 2018, residential property prices rose by about 4.20% in Montreal, Quebec, government revenue from taxes on property rose similarly by about 4.16%. In 2019, residential property prices rose by about 3.90% in Toronto, Ontario, government revenue from taxes on property rose similarly by about 3.94%. Another example, in 2020, residential property prices rose by about 6.60% in Victoria, British Columbia, government revenue from taxes on property rose by about 5%. The analysis also showed that the reduction in residential property price in Calgary, Alberta (−0.60%), in 2020 decreased the revenue from taxes on property by about 1.43% in the same year. At the same time, in Vancouver, the reduction in the rate of change in revenue from 5.39% in 2018 to 5.23% in 2019 was associated with the reduction in residential prices by about 3.20% in 2019. In Calgary, Alberta, the reduction in the rate of change in revenue from 2.88% in 2018 to 2.04% in 2019 was associated with the reduction in residential property prices by about 1.80% in 2019.

As shown in Tables 2 and 3, changes in residential property prices were associated with changes in governmental revenue from taxes on property. Economically, increasing prices due to excess demand encourages suppliers to mark out new land and construct buildings to meet the demand. But, are there useful regulations that keep the market system functioning smoothly and serve the purpose of meeting the excess demand? The question is how the Canadian leadership has responded to this potential conflict of interest and if there have

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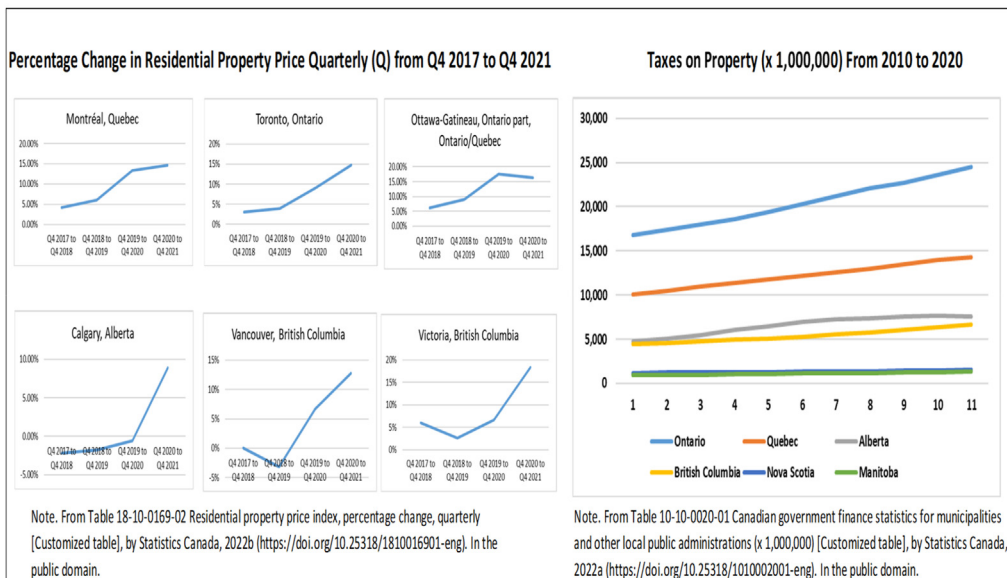


Fig. 1. The link between revenue from tax on property and the residential property price index, percentage change, quarterly by province or territory.

Table 2

Revenue from tax on property (x 1,000,000) and percentage change in the collected property tax by province or Territory From 2010 to 2020.

Province or Territory	Revenue from Tax on Property (x 1,000,000) & the Percentage Change in the Collected Property Tax										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ontario	16,805	17,372	18,037	18,571	19,417	20,251	21,247	22,065	22,689	23,582	24,477
% Change		3.37	3.83	2.96	4.56	4.30	4.92	3.85	2.83	3.94	3.80
Quebec	10,082	10,513	11,005	11,329	11,773	12,171	12,601	12,946	13,485	13,948	14,313
% Change		4.27	4.68	2.94	3.92	3.38	3.53	2.74	4.16	3.43	2.62
Alberta	4,766	5,090	5,494	6,070	6,430	6,962	7,308	7,326	7,537	7,691	7,581
% Change		6.80	7.94	10.48	5.93	8.27	4.97	0.25	2.88	2.04	1.43
British Columbia	4,408	4,595	4,762	4,936	5,082	5,291	5,507	5,755	6,065	6,382	6,701
% Change		4.24	3.63	3.65	2.96	4.11	4.08	4.50	5.39	5.23	5.00
Nova Scotia	1,130	1,194	1,223	1,254	1,287	1,352	1,341	1,358	1,416	1,477	1,515
% Change		5.66	2.43	2.53	2.63	5.05	-0.81	1.27	4.27	4.31	2.57
Manitoba	894	929	962	1,029	1,079	1,102	1,148	1,189	1,249	1,281	1,326
% Change		3.91	3.55	6.96	4.86	2.13	4.17	3.57	5.05	2.56	3.51
Saskatchewan	584	622	663	705	769	862	926	981	1,027	1,083	1,115
% Change		6.51	6.59	6.33	9.08	12.09	7.42	5.94	4.69	5.45	2.95
New Brunswick	564	586	625	649	667	691	711	732	739	762	808
% Change		3.90	6.66	3.84	2.77	3.60	2.89	2.95	0.96	3.11	6.04
Newfoundland & Labrador	319	331	339	394	408	432	452	455	465	475	479
% Change		3.76	2.42	16.22	3.55	5.88	4.63	0.66	2.20	2.15	0.84
Prince Edward Island	46	47	48	48	49	54	52	51	56	57	58
% Change		2.17	2.13	0.00	2.08	10.20	-3.70	-1.92	9.80	1.79	1.75
Northwest Territory	36	37	39	39	41	42	44	45	46	52	52
% Change		2.78	5.41	0.00	5.13	2.44	4.76	2.27	2.22	13.04	0.00
Yukon	32	33	36	39	40	42	44	45	47	49	51
% Change		3.13	9.09	8.33	2.56	5.00	4.76	2.27	4.44	4.26	4.08
Nunavut	12	12	13	14	15	18	19	20	21	21	21
% Change		0.00	8.33	7.69	7.14	20.00	5.56	5.26	5.00	0.00	0.00

Note. From Table 10-10-0020-01 Canadian government finance statistics for municipalities and other local public administrations (x 1,000,000) [Customized table], by Statistics Canada, 2022a (<https://doi.org/10.25318/1010002001-eng>). In the public domain.

Table 3

A sample of residential property price index, percentage change, quarterly.

Six Census Metropolitan Area Composites	Percentage Change in Residential Property Price			
	Q4 2017 to Q4 2018	Q4 2018 to Q4 2019	Q4 2019 to Q4 2020	Q4 2020 to Q4 2021
Montréal, Quebec	4.20%	6.10%	13.30%	14.60%
Ottawa-Gatineau, Ontario part, Ontario/Quebec	6.10%	9%	17.60%	16.30%
Toronto, Ontario	3%	3.90%	9.10%	14.70%
Calgary, Alberta	-2.20%	-1.80%	-0.60%	8.90%
Vancouver, British Columbia	0%	-3.20%	6.70%	12.80%
Victoria, British Columbia	6%	2.60%	6.60%	18.30%

Note. From Table 18-10-0169-02 Residential property price index, percentage change, quarterly [Customized table], by Statistics Canada, 2022b (<https://doi.org/10.25318/1810016901-eng>). In the public domain.

been any attempts to address the conflict. Is there any initiative to overcome the ethical dilemma, or is there any change in policies that addressed how Canadian leadership handles its responsibility to solve the issue? One needs to consider the truth that “market failure is, in essence, where the market does not efficiently allocate all goods and services” (Squires, 2012, p. 32), which is the current situation in the Canadian real estate market.

There is a need to solve the potential conflict through developing strategies and policies to facilitate the current and future supply forces in order to attract developers to invest more in the real estate market. Indeed, facilitating and developing new communities can help to avoid social and economic instability for all Canadians. Responding to the current real estate bubble is a necessity, and actions are needed since young Canadians between 19 and 34 years old are now victims of the situation and often feel they are left behind. According to the National Research Council et al. (1983), economic development strategies are the government's responsibility since removing restrictions that prevent horizontal expansion of cities requires government solutions at all levels. Such governmental actions are necessary just to avoid the problem of brain drain and benefit young Canadians and encourage them to stay in their country. Indeed, young Canadians become victims to the government conflict of interest that contributes to higher prices of residential properties.

4.2. Second: qualitative analysis

4.2.1. Interviews

First: How the Situation Influences Young Canadians. To examine this issue in more depth, I interviewed nine Canadians who

were between 19 and 34 years old to determine how the situation influenced them. The first interviewee was 25 years old and seemed frustrated as he raised the issue of brain drain. He said, "I am 25 years old, categorized as [an] intellectual gifted student, finished my high school with an excellent average that allows me to get my higher education degrees' bachelor and Master from the best prestigious universities in Canada, University of Toronto and University of Waterloo." Today, he is working but still cannot own a home or apartment since residential property prices continue to increase and now have become unaffordable for him. He added that his friends took similar paths and achieved similar results, yet they too still cannot reach their goal to buy homes. He stressed that the situation highlights a critical problem of having two classes, the "owning class and renting class," among Canadians, which the government could address to alleviate the problem of inequity. Indeed, the situation creates a need for new urban development policies that solve Canadians' housing challenges. He described the effect of the situation on young Canadians as one that may force him and his friends with similar situations to think about leaving Canada for the United States to look for opportunities that will enable them to reach their dreams and live acceptable lives. Indeed, high residential prices have a strong effect on the way young Canadians think and on their lives and future plans. Young Canadians' inability to cope with unexpected high prices may cause them to miss the opportunity of buying homes even if they have stable jobs and strong salaries. However, the issue involves not only buying homes but also renting; young Canadians also struggle with higher rent and unaffordable prices.

This issue was prominent for the second interviewee, a 25-year-old Canadian male. He described how the bubble in the real estate market has influenced him since he completed high school with high grades and attended a Canadian university in downtown Toronto. Early on, he rented a one-bedroom apartment for \$2,000 per month, which, in his view, is not worth it, since its value is likely below \$2,000. Today, he is working and earning sufficient income but still cannot buy a home or apartment due to the fact that residential property prices continue to increase and now have become unaffordable for him. He said that the government does not care because there is no incentive for it to do anything due to the fact that, he claimed "75% of Canadians have residential property, and they do not really care about the remaining 25% who are mainly young Canadians". He added that this situation creates a problem for him and for his generation of young Canadians who are forced to find their own solutions, which may include leaving Canada to survive and to live the lives they feel they deserve. He confirmed that he has a serious plan to leave the country and to travel to the United States just to find an affordable life that may allow him to work and buy a home.

The third interviewee added to this notion of unaffordable housing, noting that he is "living with [his] parents since [he] cannot afford renting or owning a home." The interviewee was 27 years old and felt that his future "is unstable and uncertain." He said that soaring prices for renting houses or apartments "makes my life hard even if I have a good income, \$4,000 something, after tax I cannot be independent person and cannot survive without my parents' help; it is hard to afford my own life with my current income." This interviewee highlighted the critical situation of the cost of living when he presented a scenario of paying \$2,000 per month for a small rental apartment, \$500 per month for utilities, \$500 per month for phone and internet bills, and the remaining for groceries and other unexpected expenditures. After all these basic bills, the interviewee pointed out he would have very little, if any, money left over and thus would live a very difficult life. These issues all represent barriers his independence.

In contrast, the fourth interviewee, a 34-year-old Canadian female, showed confidence and did not care about this situation because she stated that her inheritance will be sufficient to solve her challenges in the near future. Her parents and grandparents have their own assets that will subsidize her life in the future, so, she does not need to worry about this issue. In fact, she was optimistic about increasing housing prices since this would add more financial value to her future. She said that young Canadians who have the same situation as she does need to think positively about rising real estate prices due to the future benefits from increasing the market prices of their potential inheritance assets.

The fifth interviewee, a 23-years-old and recently graduated from the University of Ottawa. He understood the situation and already was working on a plan to travel to Dubai, United Arab Emirates, to find a job, save money, and then buy a home. He said that it is hard to have an affordable life here in Canada due to the increasing prices of renting homes and the fact that buying a home would likely be impossible in the near future even if he had a stable, remunerative job.

The sixth interviewee was a young Canadian, a 22-year-old, who will soon graduate from college. She described her situation by saying, "I am a student in the University of Waterloo in my final year, and indeed, the bubble has destroyed my dreams and I have a plan to find other place to live and find affordable life elsewhere." She noted that she lived with her parents and that they belonged to the renting class; thus, for her, being proactive was a must. She had a plan to travel abroad since, in her view, staying and working in Canada would not help her to live an affordable life that she pursues.

The last two interviewees are both Canadians in their second year of studying computer engineering at the University of Waterloo. They shared the same thoughts and answers regarding the problem. They plan to move to and live and work in the United States after earning their degrees. They highlighted their uncertainties about the salaries they might earn after graduation versus their life requirements that, combined, create no hope for them to stay in Canada. They explained they were frustrated that Canadians are struggling to put food on the table due to inflation and unaffordable housing prices for both renters and owners. They added that young Canadians are still struggling for food, shelter, and other physical requirements with seemingly no hope of changing the situation in the near future. Thus, it seems that young Canadians, who live in one of the richest countries in the world, are often unable to meet needs beyond Maslow's so-called physiological needs simply because of unhelpful government policies.

Second: Who Benefits from the Situation. In my interview with an expert, associate professor of business, he presented the situation as a political problem and offered an interesting argument regarding the situation. He observed Canadian leadership as part of the problem and also part of the solution. He noted that "both government and bankers" benefit from this situation. For example, when property prices average roughly \$986,400 in small cities like Hamilton or Burlington, bankers have an opportunity to maximize their benefits from originating larger mortgages. The interviewee also highlighted the role of Canadian leadership in this problem by explaining their benefits from the situation. Homebuyers will make a mortgage payment and pay property taxes, and that tax is linked

directly to the market price of the residential property. He stressed that soaring housing prices due to growing demand leads to increased tax revenue from residential properties. Linking property taxes to the market prices is directly in conflict with the interest to work seriously to enhance the affordability of homes in the real estate market. The professor's argument was bolstered by a report released on September 12, 2022, by RE/MAX Canada that confirmed that "the trouble is that housing development is a slow process, and experience tells us the only thing slower might be government processes" (Yun, 2022, para. 14). Thus, the Canadian leadership has a responsibility to solve the problem by increasing the supply of residential properties. The leadership can enable new developers to invest in construction projects or pass new policies that facilitate the affordability of homes for Canadians. However, at this time, leadership seems to have forgotten about the ordinary Canadians who voted for them and who struggle with real estate affordability each day.

5. Discussion

Skyrocketing home prices have a strong effect on young Canadians who are frustrated with an inability to own and build considerable personal equity. According to Statistics Canada, "The decline in homeownership rates between 2011 and 2021 was the largest for younger Canadians, with the rate falling to 36.5[%] from 44.1[%] for those between the ages of 25 and 29" (Al Mallees, 2022, para. 4). This decline is significant since the benefits of having a home can connect young Canadians to their communities and enhance their standard of living and lifestyle. But the high cost of housing interferes with that connection and impacts young Canadians and fresh graduates because they may have to live with their parents for a significant amount of time before they can afford to rent or buy. According to García-Andrés et al. (2021), living with parents served the purpose of obtaining financial support to reduce income uncertainty and job insecurity. Indeed, the Ontario Housing Affordability Task Force noted that "everyone in Ontario knows people who are living with the personal and financial stress of not being able to find housing they can afford. The young family who can't buy a house within 2 h of where they work" (Lawrence, 2022, p. 6). Additionally, a new report from Rentals Canada (October 2022 Rent report) shows that the average rent for all property types across Canada is up 15.4% in 2022 (Myers, 2022).

In this study, I shed light on how this challenge creates a potential problem of brain drain and pushes intelligent young Canadians to leave their country to avoid losing years of their lives to seeming housing hopelessness. According to Lawrence (2022, p.6), "when housing prevents an individual from reaching their full potential," this will lead to less creativity and productivity for the whole economy. Thus, when officials keep the status quo and by keeping strong restrictions that influence the market prices of residential properties, they potentially contribute to this loss of creativity and productivity. Addressing this problem in the housing market and getting more homes built to meet the growing demand is not only a municipal but also a federal and provincial responsibility. According to Tomal (2022), a housing market is driven by population growth, housing supply and demand, price level, interest rate, and income. For instance, Lawrence (2022) proposed that provincial governments can cool the market by allowing more housing supply without the need for municipal approval. In addition, "municipalities allow far more public consultation than is required ... NIMBYism (not in my backyard) is a major obstacle to building housing" (Lawrence, 2022, p. 5), but perhaps one that should be ignored to ensure greater affordability.

For young Canadians, housing affordability has become a critical problem because home price growth has rapidly outpaced growth in Canadian incomes, so they feel that even having strong incomes will not help them to live affordable lives. On August 12, 2023, Wilmot Township Mayor Natasha Salonen said, "I do live at home with my parents Living in this region is really not attainable for a young professional who has university debt and I know I'm certainly not alone in that" (Turcotte, 2023, para. 2). Housing has become too expensive for home ownership and rental units even for those with high-paying jobs, and housing is beyond the reach of many people not only in big cities but also in rural communities (Lawrence, 2022). According to Lee (2022), one survey that was conducted by Nanos Research studied Canadian leadership's efforts to enhance the standard of living for Canadians confirmed that "a majority of younger Canadians 18–34 also believe Canada is heading in the wrong direction at 51.8 per cent" (para. 11). Additionally, "pessimism was strongest in the Prairies with 60 per cent believing Canada is on the wrong path, followed by Ontario (53.1 per cent), Quebec (44.8 per cent), B.C. (42 per cent) and the Atlantic provinces (40.2 per cent)" (Lee, 2022, para.4). Inaction by Canadian leadership thus forces many young people to despair or to find their own solutions to this issue, such as leaving Canada for potentially greater opportunities elsewhere. According to Hromada et al. (2022), the wealth gap between home owners and renters is mainly due to the rising prices of housing that increase the wealth of home owners and decrease the wealth of renters. For those who have stagnant incomes, owning housing is even more difficult today.

When government officials are unmotivated to solve the issue, they push young Canadians to think about leaving their country to satisfy their essential needs. The report released on November 10, 2022 from Habitat for Humanity Canada confirmed that young Canadians aged 26 to 34 are the most pessimistic group towards housing affordability than other generations. Generation Zs and Millennials are highly concerned about their ability to pay their rent and mortgage, and about housing shortages and unattainable affordable housing. The report also stressed that affordable housing with limited supply is ranked as a top challenge facing Canadians. In 2021, Canadians allocated 60% of their incomes to housing which more housing supply is necessary (Canada Mortgage and Housing Corp., 2022a). This result shows the conflict between the government efforts to attract immigrants to support the economy and its ignorance of the situation that creates a problem of brain drain among their own citizens. According to Abolfazl et al. (2020), brain drain of competent individuals has a dramatic effect on the country's competitiveness because it reduces the country's economic growth, productivity, and the development of innovation and entrepreneurship. Indeed, brain drain influences Canada in the long run since intellectual young Canadians can contribute much to their country socially and economically. However, Canadian leadership has so far chosen to turn a blind eye and to do little to improve the challenges that impact the lifestyles of all Canadians and greatly influence the economy. On September 12, 2022, the report from RE/MAX Canada Housing Inventory, based on information from Statistics Canada, highlighted that "in the context of the housing stock shortage, the increase in newcomers [welcome 1.2 million immigrants into the

country between 2021 and 2023] combined with new household formation [double-digit population growth between 2006 and 2021] overall is expected to intensify the inventory shortfall further” (RE/MAX Canada Housing Inventory, 2022; para.5).

Housing affordability is becoming a real challenge for young Canadians, but still there is room for Canadian leadership to address this challenge to keep its most competent citizens and to stop the brain drain. The problem of brain drain that is caused by increasing frustration among young Canadians due to increasing housing prices cannot be ignored. This creates a need for real and concrete solutions that can provide the homes that Canadians need. Indeed, the real estate market in Canada has reached a point that is beyond the reach of many young Canadians, so there is a need for government intervention to balance the market and to meet its obligations to young Canadians. Currently, the private sector has no motive to develop affordable housing; therefore, it is government's responsibility to facilitate affordable housing and residential projects. Canadian leadership at all levels should work together to handle the issue through legislation and policies that set priorities for housing and encourage more home building by supporting the supply side of the housing market that serves communities.

On December 2022, an application for a one-time payment of \$500 to eligible lower-income renters facing housing affordability challenges has been opened (Government of Canada-Canada Revenue Agency, 2022). Indeed, Government of Canada has taken action to help renters but this is not enough since this is just one-time benefit, and will not solve the housing affordability problem. According to McConnell's (2010) research on government efficacy, the government generally does not know what it is doing. Speaking to CTV National News on January 15, 2023, the deputy chief economist for the Canada Mortgage and Housing Corporation stated that increasing the interest rate seven times since March 2022 to 4.25% has a direct effect on the demand side but has a negligible effect on housing prices due to the continuous shortage in the supply of new homes. On July 12, 2023, the Bank of Canada raised its overnight rate to 5%, thus likely continuing to exacerbate the issue (Bank of Canada, 2023). However, one can agree that there is a need for “good practice in the process of policy making and management” (McConnell, 2010, p. 348) to avoid moving from crises to disasters.

Additionally, McConnell and 't Hart (2019) noted that the starting point of solving the problem is to identify it, recognize alternative solutions, evaluate alternatives, and make decisions. Setting policies and acting to achieve those policies are critical to improving problems. “Doing nothing can be considered good policy in particular circumstances” (McConnell & 't Hart, 2019, p. 646), but policy interventions are needed to solve today's problem of housing affordability. Canadian leadership can begin to do more by using the available land in an effective way that benefits young Canadians. According to Lawrence (2022), “If we want to make better use of land to create more housing, then we need to modernize our zoning rules ... Undeveloped land inside and outside existing municipal boundaries must be part of the solution, particularly in northern and rural communities” (p. 10). Likewise, RE/MAX president Christopher Alexander said, “Removing barriers and cutting red tape is necessary.... There is a short runway to reverse course before the impacts become very real for Canadian homebuyers and renters” (Yun, 2022, para. 14). Chung (2023) investigated government intervention in 10 countries and stressed that the “rise and fall of house prices in ten countries [occurred] in response to the synchronized cutting and raising of interest rates by the central bankers of the countries” (p. 15). To this end, policymakers can take immediate action to increase residential availability and construction by “cutting development fees, easing zoning restrictions and approval processes and even leveraging partnerships between governments and developers” (Yun, 2022, para. 13). Indeed, new policies should be established to support young Canadians through facilitating the development of affordable residential property by removing barriers and restrictions and offering affordable land for residential developers. At the same time, the private sector can play a key role if Canadian leadership offers residential development programs that sell land at fair prices to residential developers. In that case, the private sector has a financial benefit since lower costs for land could lead to reduced prices for the final dwellings for buyers.

The Canadian government's potential conflict of interest (serving the Canadian interest versus the government interest) can be seen as a main barrier to the development of affordable residential property. To address the potential conflict, Canadian leadership at all levels should reconsider a supply-led demand approach and focus more on boosting affordable housing supply. Facilitating and offering land supply for development would be an important step in stabilizing the market and solving the affordability problem. This study suggests that to stop brain drain among young Canadians and to satisfy their essential needs, Canadian leadership at all levels should provide incentives to developers and remove all restriction to enhance affordable residential supply. Indeed, this issue is about social development and a sustainable economy. There is a need to develop long-term urban planning, and affording housing for all Canadians is a key strategy that can help intelligent young Canadians to stay in Canada.

6. Conclusion

This paper aims to study housing affordability from a new perspective. Specifically, the aim is to explore the research questions of who does and does not benefit from the existing problem of housing affordability. This study used the mixed methods approach since it is designed to collect quantitative and qualitative data independently and then analyze them separately to best understand a research problem. Nine participants were selected because all were young Canadians between the ages of 19 and 34 who lived in Ontario, Canada, and had information on and experiences with the current real estate market. My interviews with the young Canadians and the economics expert allowed them to share their considerations and views and helped me to analyze the collected information to describe the problem under study. The quantitative results showed that changes in residential property prices were associated with changes in governmental revenue from property taxes, which creates a conflict of interest for politicians. Affordable houses require more focus on the supply side of the market to reduce the shortage, which conflicts with politicians' goal of generating more tax revenue since property tax is linked directly to real estate market prices. Relatedly, the qualitative results showed that young Canadians between 19 and 34 years old often feel victimized and left behind by the current housing market situation. Inaction by Canadian leadership thus forces many young Canadians to despair or to find their own solutions to this issue such as leaving Canada for potentially greater opportunities elsewhere, exacerbating the so-called brain drain of intelligent young Canadians who leave the country.

The study results therefore recommend that politicians should take action to avoid the potential problem of brain drain, or pushing intelligent young Canadians to leave their country. The Canadian government needs to work quickly and intelligently because acting slowly or repeating the same ineffective strategies will force more Canadians of all ages to find their own solutions, including emigrating elsewhere in search of better opportunities.

In addition to its results and call to action, this study has several primary limitations that should be noted. For one, the study gathered information only from Canadians who were younger than 35 years old. Focusing on two questions might have allowed the study to deeply understand the situation, but asking Canadians who belonged to different generations might have illuminated other concerns Canadians have and highlighted the scope of the problem even more clearly. Indeed, purposeful sampling can be considered as a key limitation of this study.

For future research, this study suggests that there is a need to examine the problem not only from an economic perspective but also from social and political perspectives. Indeed, further research could be conducted to deeply analyze the effect of the problem on all Canadians, not merely young Canadians. Likewise, since this study focused only on young Canadians in Ontario, further research could examine the problem for those who live in other provinces or territories.

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