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Not All Dwellings Are the Same: Commentary on Ideology, Evidence and Narratives in Canada's Housing Affordability Crisis

Matthew R. Arp and Simon Kiss

Introduction

Why is it important to correctly diagnose the causes of public policy problems? Sometimes solutions are independent of causes. If a certain head of government of a powerful neighboring country decides you should be poorer, you may not be able to remove that head of government. Instead, you may have to find ways to trade elsewhere to make up the revenue. But sometimes causes and solutions are directly related. In the case of housing, if the cause of house price and rental increases is a shortage of supply, then the solution might be to...increase the supply. But if the cause of the increases is financialization, speculation and greedy landlords, then the solution might be to regulate their behaviors.

In the field of housing affordability, there is a vigorous debate about precisely why house prices and rents are so high. On the one hand, some (e.g. the Canada Mortgage and Housing Corporation, Filipowicz and Lafleur 2023, Alexandrov and Goodman 2024, Parolek 2020, Perrault 2021, among others) have pointed to shortages of housing supply as the explanation for the increase in housing costs. On the other hand, some think tanks and policy experts (e.g. the Canadian Center for Policy Alternatives, Dr. Ricardo Tranjan, Dr. Patrick Condon) emphasize the role of speculation, investment and profit-making. A recent report by Canadian Centre for Policy Alternatives (Block 2026) is an excellent example of this, arguing that high prices and rents are not an issue of supply at all but rather one of financialization.

However, this report emphasizes the market power of investors and speculators, but this might underestimate competitive pressures across the housing sector and the ability of increased supply to in fact undermine that market power. In the end, a more faithful analysis of prices, demographic patterns and the housing stock reveals that the cause of house price increases is very much a mismatch between the supply of, and demand for, housing that is appropriate for household formation, namely, single-family detached homes, duplexes and semi-detached homes.

Much of the CCPA's report rests on the data series underlying this figure, which reports the number of dwellings per adult and per person from 1970 until today. In essence, the number of dwellings per 1,000 people have remained stable since the mid 1990s while housing prices have skyrocketed in that time.

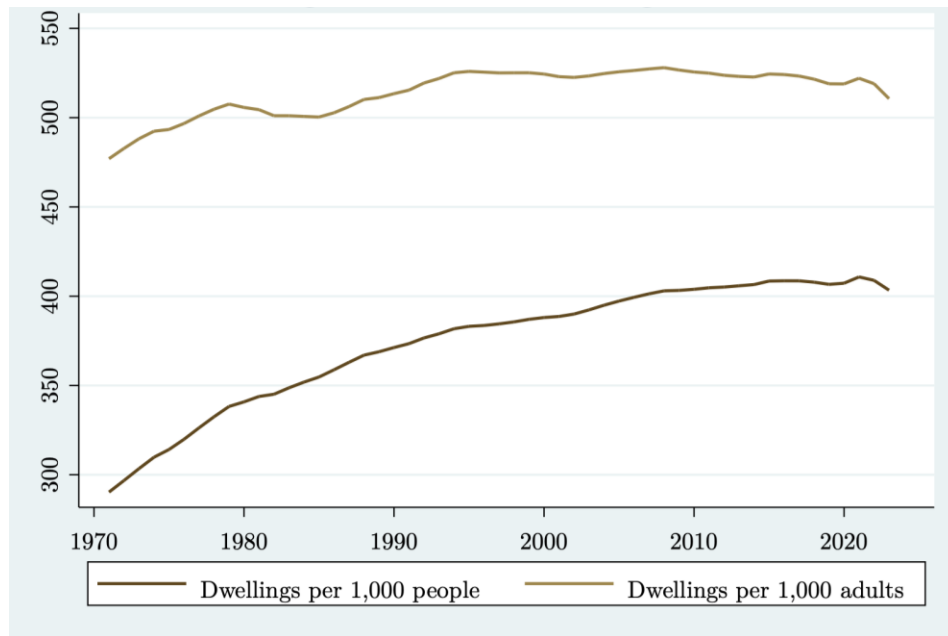


Figure 1. Relative Housing Stock (Block 2026)

From this, Block (2026) makes a bold claim: “In the face of these indicators, it is impossible to argue that a shortage of supply relative to population has driven housing prices up over the past half-century. Evidently, there is no shortage of supply. While real prices have more than doubled, the relative stock has increased by 39 percent, and real mortgage debt has more than tripled.” (4).

The problem is that this is a fundamental misread of what Statistics Canada considers to be a “dwelling”). Not all dwellings are created equal. Statistics Canada defines a dwelling as any kind of physical structure that can house people, be it a single-family detached home, a row house, an apartment in a walk-up or a shoebox condo in a building with 40 storeys. A 4,000 sq. ft. mansion and a 200 sq. ft. basement apartment are both considered a dwelling (Statistics Canada). So, on the one hand, the CCPA’s argument that the number of dwellings per 1,000 people has increased dramatically and that the number of dwellings per thousand adults has been stable while prices have increased has only a superficial persuasiveness.

If the composition of those dwellings shifted from dwellings that could support a family to dwellings that cannot (i.e. shoebox condos), then we might find some evidence that a mismatch between supply and demand is in fact responsible for the increases in house prices and rents.

Types of Housing

When we unpack the composition of the dwelling stock, we start to see the problem. Over the past 20 years, almost all of that increase in dwellings per 1000 people (that Block (2026) claims to show there is no problem with supply) has come in the form of apartments, row homes and semi-

detached homes (Figure 2)¹. Worse, that increase is a product of comparing dwellings per *person*, including children. But children live with their caregivers, meaning that a new dwelling is not needed for a new child. As the CCPA’s data shows, the dwelling stock overall per *adult* has been stable, which they then interpret as evidence that there is no problem of supply. But this does not avoid the problem identified above which is that a suburban McMansion is counted as a shoebox condominium as a dwelling. An adult can raise a family in the former, but it is harder (although possible) in the latter. When you look at dwellings per 1000 adults, you can see the significant decline in single-detached housing stock since 2000. Meanwhile, the apartment stock per 1000 adults have remained constant during the same time period. As the adult population has grown due to immigration and the children of the baby boomers aged out of their parents’ home, there were simply fewer single detached homes available to them.

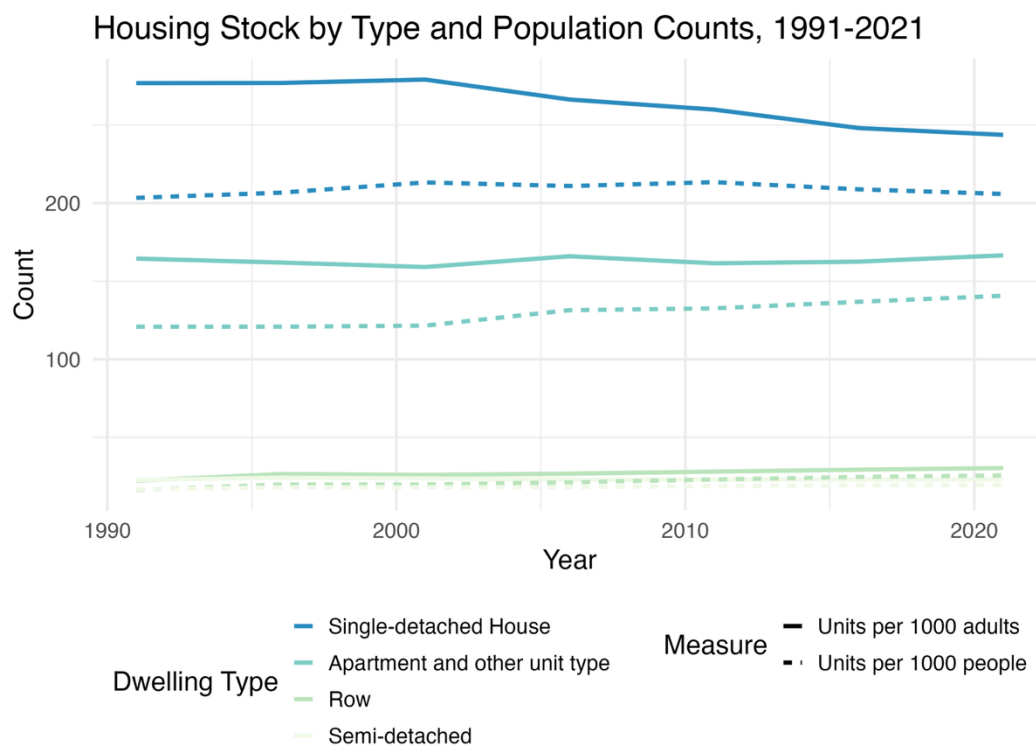


Figure 2. Relative Housing Stock by Type (CMHC 1991-2021)

With a greater share of apartments constituting the total housing stock and a stagnation or decline of single-family homes available, it means that the availability of homes suitable for family formation are stifled. This was the precise conclusion of the [PBO report cited by Block \(2026\)](#), which found that the number of Canadian households in 2021 would have been 631,000 (4.1 per

¹ The MLS defines apartments as “Apartment units are characterized by being part of a multi-unit building. Occupants of apartment units may or may not have direct access to the lot from their units. There are also no parts of the lot whereby access is reserved for only one of the co-owners or apartment occupants. Several type of homes within this category had originally been duplexes and triplexes and are now treated as condominiums or apartments according to a formal declaration of co-property.” (MLS 2025)

cent) higher if attainable housing options had existed. When looking at housing completions, the same trend is apparent (Figure 3).

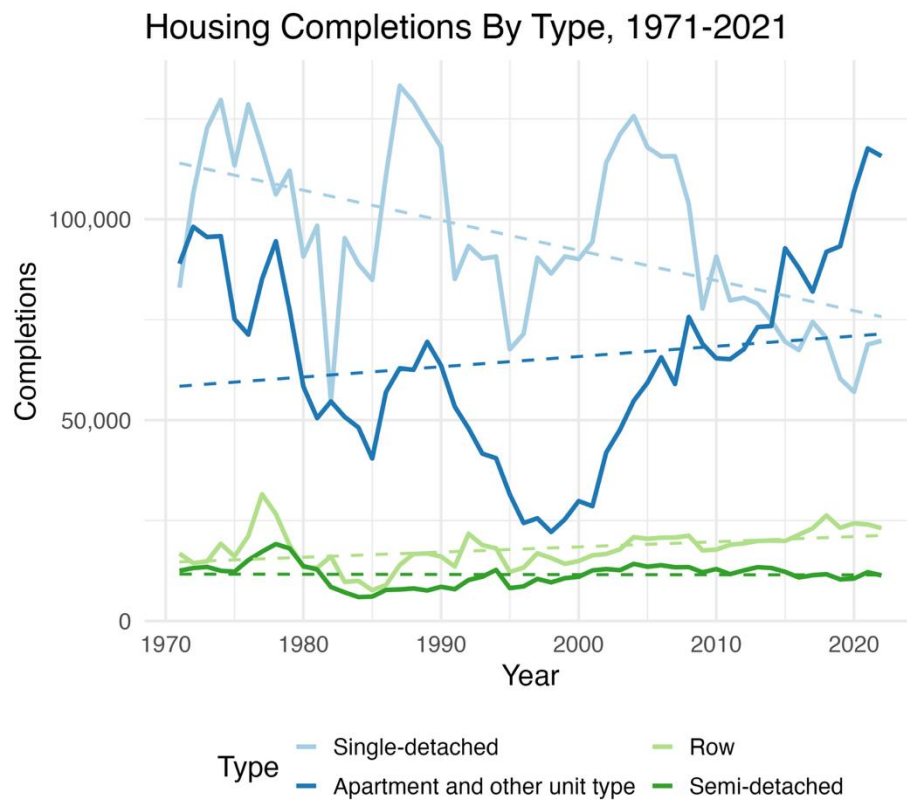


Figure 3. New Construction by Type (Statcan 1970-2022)

The number of new constructions of single-family homes has steadily declined since 2004, while apartments and other units have been on the rise. This tremendous shift to building condos and apartments in lieu of single, row and semi-detached homes is completely masked by the overall dwelling stock data cited by Block (2026). Given the lack of suitable housing for a family to reside, it should logically follow that household composition has also been changing in response to a lack of suitable housing.

Household Composition

A direct consequence of building fewer single-family homes and more apartments is that the composition of households have shifted away from one-family households in favor of individual, multi-family and roommates residing in a dwelling together. This includes a large swathe of Canadians, including widowers living in a family home, college students living off campus, and young professionals waiting to afford a larger family-appropriate home. As you can see in Figure 4, the ratio of households composed of individuals living alone compared to a multi-individual household has shot up from 1:7 in 1971 to 1:2 in 2021.

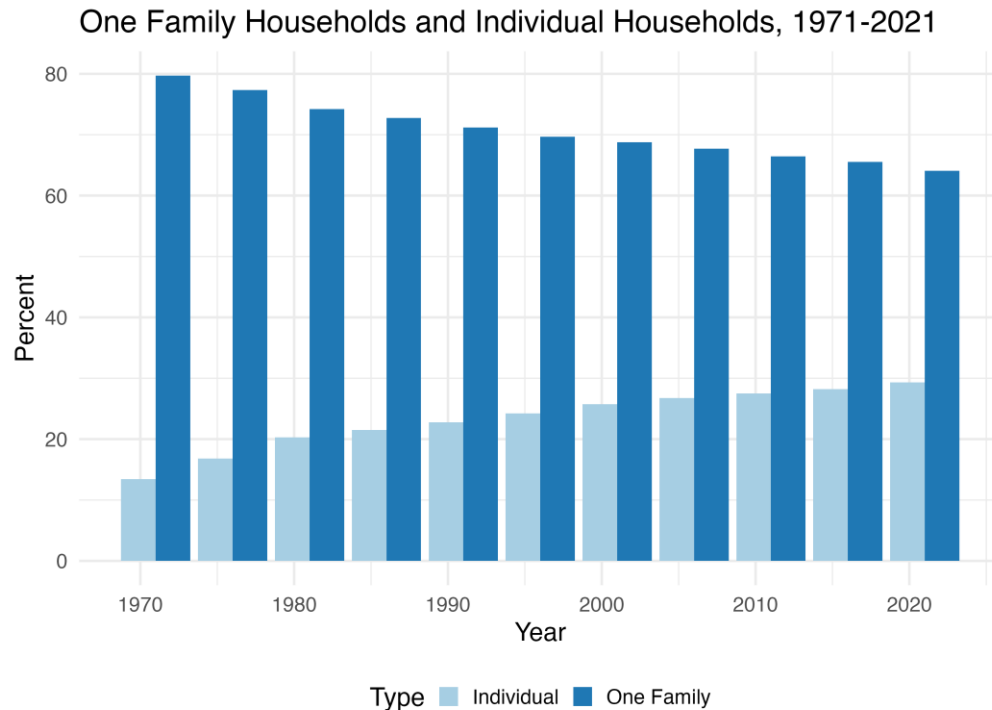


Figure 4. Household Composition (Statistics Canada 1971-2021)

So, although the overall stock of dwellings has remained stable per 1000 adults, the overall stock of family-appropriate dwellings (e.g single-family detached homes, row homes or semi-detached homes) has plummeted because Canada has chosen to construct more and more apartments. Certainly, families can make a go of it in apartments, however, it's not hard to imagine why families with children would want to have a single-family, row- or semi-detached house.² If that were the case, we would expect to see a few things. First, we would expect to see slower rates of household formation as the availability of family-appropriate housing is constrained and second, we would expect to see an increase in price for those because of increased demand in the face of constrained supply.

The report takes this point on and dismisses it, writing: “If the problem were merely that developers are not building the type of housing that people want to buy, then the price of these tiny condos would be going down while that of middle and high-quality housing rises; instead, prices are moving in tandem across the housing market (Block, 9).” This is supported by a footnote citation to the Canadian Real Estate Association report claiming that its documented price increases across markets support this contention. We downloaded the same data to test this and cannot see how it supports that point. Figure 5 reports the gap between the CREA’s benchmark median price for

² Categorizing all apartments as unsuitable for family formation is a certainly broad generalization. However, we do not have access to the square footage or bedroom counts of the entire apartment stock. The 2021 census shows that around 10% of owned suites in apartment buildings with five or more storeys have three or more bedrooms. Consumer preference data shows that young Canadians (18-34) prefer to own a single-family home; over 64% prefer a single-family home, when compared to only 14% who prefer an apartment (Wahi 2024).

single-detached homes and apartments (e.g. tower building condominiums) across provinces. Manifestly, prices are *not* increasing in tandem with single-family detached homes, as the CCPA would have it. In Ontario, British Columbia, Alberta and Quebec, the gap between benchmark purchase prices of single-family homes and apartments has grown substantially. If prices were truly moving in tandem, one would expect the increase in both types of housing to increase at the same rate and the gap to remain flat. However, in British Columbia for example, the prices of single-family homes outpaced those for apartments by more than \$500,000 last year.

In other provinces, the gap growth between the two is much smaller.

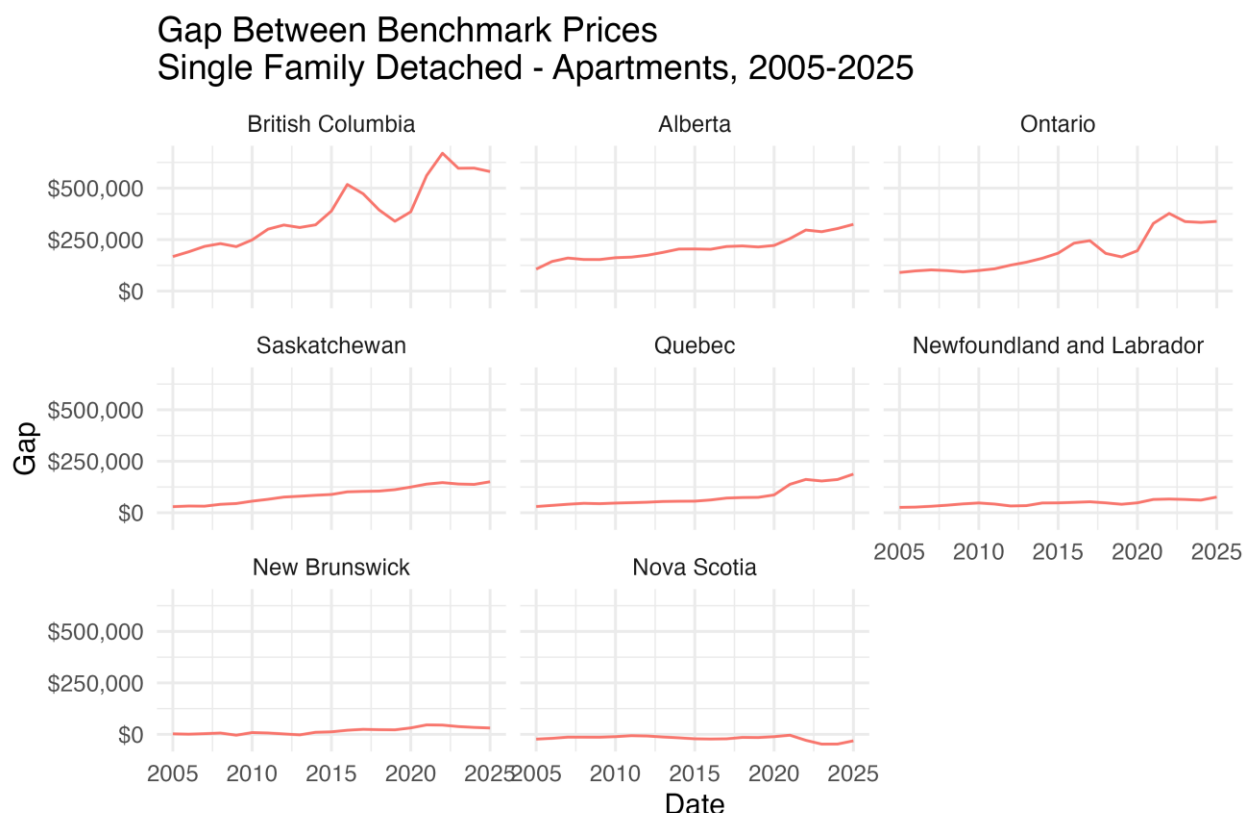


Figure 5. Median Price by Housing Type (CREA MLS HPI 2005-2025). PEI not reported because of its small population and outlier values which distort the overall graph.

So, prices for single-family detached homes and apartments are manifestly *not* rising in tandem as Block (2026) claims. They are rising in exactly the way that a standard economic model of supply and demand would predict as construction of family-appropriate homes plummets: children age out of their parents' homes and immigration continues, both contributing to demand for family-appropriate homes, particularly in the provinces where there is the greatest economic activity. But because the supply is constrained for that type of housing, as opposed to apartments, the price for the former shoots up, outstripping the latter.³

³ The household income required to afford a single-family or even townhome/rowhome also drastically outpaces wages in many areas. Based on the most current income data, households in Quebec, Ontario and British Columbia

Conclusion

Much of what is going on here can only be understood as pure and simple academic, ideological conflict pure and simple. Block (2026) raises this point: “An equally important question is, why is the supply-shortage argument enthusiastically advanced by journalists, policymakers, and economists? Because it is difficult to identify what motivates ideological bias, this question is arguably more complex than the housing crisis itself. It is safe to say that analysts’ ability to understand the crisis has not been helped by orthodox economists’ belief that private-sector markets rationally distribute resources in ways that optimize societal wellbeing. That narrative of market rationality is also a convenient one for the large coalition that benefits from housing inflation, including homeowners, banks, investors, and developers (Aalbers et al. 2020; Evans and Wikander 2024)” (5). So, for the CCPA, mainstream economics is an ideological project.

But what is good for the goose is good for the gander. The CCPA is playing its own ideological game, doubling down on a measure of housing supply that is clearly insufficient and ignoring dozens of studies that show that a lack of supply is responsible for price increases.⁴ Progressive scholars, activists and think-tanks like the CCPA reject the basic point from standard economics that prices are a function of supply and demand. As an example, here is University of Massachusetts, Amherst political economist Isabella Weber in a recent lecture to the Broadbent Institute, one of Canada’s leading social democratic think-tanks, arguing that prices are a product of power, not the intersection of supply and demand: “There has also been a certain demand side to this, where I would argue that prices are not just a point in a supply and demand diagram but, at the end of the day, prices are a social relationship between firms and their customers. I would argue that firms in their pricing strategies manage this like a social relationship where they look at how much price they can take without disturbing the customers in ways that end the relationship because they feel cheated” (Weber 2024). In effect, scholars and policy advocates on the left often reject the insight of mainstream economics that prices are a product of the intersection of supply and demand, preferring instead to insist that prices are a product of the relative power of producers vis-à-vis consumers.

Beyond the ideological conflict that is going on here, there is also a wider problem of misunderstanding the basic tenets of mainstream economics within the field of housing. Elmendorf, Nall and Okobdzija (2025) studied people’s ability to correctly identify the relationship between housing supply and home prices. They found that at least a third of people believed that increasing housing stock would actually cause home prices to increase. There is a general consensus among

would need to be in the top 10% of earners to afford a single-family home. The most affordable provinces are New Brunswick and Nova Scotia, only requiring earnings above the 60th percentile to afford a single-family home.

⁴ At one point, Block (2025) argues that: “a small number of studies find that a boost in supply can lead to price reductions. However, there are strikingly few of these analyses and the impact they identify is small” (p. 5). However, a number of scholars have found a causal relationship between increasing housing supply and the lagged effect of declining home prices and rents within the area (Mense 2025, Been et al 2025, Mast 2019, Glaeser and Gyourko 2018, Molloy, Nathanson and Paciorek 2022, Conefrey and Whelan 2013, Greenaway-McGrevy & Jones 2023, Asquith et al. 2023, Li 2022, Pennington 2021)

Canadians, policymakers and elected officials that housing affordability is a serious problem. Cohorts of young Canadian adults are being robbed of the opportunity to form their own households and start families. Given the severity of the issue and consensus to do something about it, think tanks and policy advocates have a responsibility to get causes right. Obviously, markets are prone to manipulation by powerful actors. But prices also respond to the interactions of supply and demand in the absence of manipulation. Whether it is one or the other is something to be demonstrated in each case. After reviewing the data used by Block (2026) to emphasize a preferred narrative of financialization, it is clear that more work needs to be done. The only way to actually solve the housing problem is ensure that claims on all sides are subjected to scrutiny, rather than relying on an ideologically-motivated narrative that ends up undermining viable policy solutions, in this case, the pressing need to build more family-appropriate homes.

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