

## **The Resurgent Housing Market: A Double-Edged Sword for Canada's Economy**



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From my perspective in Toronto, the news that Canadian home sales surged by an impressive 30% in October compared to a year ago elicits a complex mix of optimism and caution. As Publisher & Chief Editor of Layalpur Post, it's essential to dissect this headline, for while it signals renewed activity in a crucial sector, it also raises important questions about affordability and the broader economic landscape.

On the surface, a significant jump in home sales can be interpreted as a positive indicator. It suggests a return of buyer confidence, perhaps fueled by the Bank of Canada's interest rate cuts in early summer and a perceived stabilization in the market after a period of uncertainty.

Increased sales activity can inject vitality into related industries like construction, renovations, real estate services, and even retail, contributing to overall economic growth. This resurgence could be a welcome sign for those who have been waiting on the sidelines, eager to enter or re-enter the housing market.

However, the rapid acceleration in sales also brings with it a familiar apprehension. Canada's housing market has long been characterized by supply challenges and affordability concerns, particularly in major urban centers like Toronto and Vancouver. A 30% year-over-year increase, while impressive, immediately brings to mind the inflationary pressures and speculative buying that have historically driven prices to unsustainable levels.

The core issue remains supply. While new listings saw a slight decline in October, overall supply is up year-over-year. However, the national sales-to-new listings ratio tightened, suggesting that demand is once again outstripping the available inventory in many areas. This imbalance, if not addressed, will inevitably lead to upward pressure on prices, potentially eroding any recent gains in affordability achieved through market cooling or modest price adjustments.

For aspiring homeowners, especially young families and first-time buyers, a rapidly heating market can quickly turn hope into despair. The dream of homeownership becomes more distant as prices escalate, requiring larger down payments and higher mortgage qualifications. This widening gap between housing costs and income can exacerbate social inequalities and create a sense of disillusionment among a significant portion of the population.

Furthermore, a housing market driven primarily by resales rather than new construction doesn't fully address the fundamental supply deficit. While increased transactions are good for real estate agents and banks, true long-term affordability requires a sustained boost in housing starts that keep pace with population growth and demand. Recent data shows that while some regions, like the Prairies, are seeing robust new construction, activity in critical markets like Ontario and British Columbia has lagged, with condo activity notably stalled in some areas.

As we look towards the end of 2025 and into 2026, policymakers must remain vigilant. The goal should be a stable, healthy housing market that supports both economic activity and broad-based affordability. This requires a multi-pronged approach: continued efforts to increase housing supply through streamlined approvals and incentives for developers, careful management of interest rates to avoid excessive speculation, and potentially targeted measures to support first-time buyers without unduly inflating demand.

The surge in Canadian home sales in October is a clear sign that the market is reawakening. This energy, if channelled wisely, can be a powerful engine for our economy. However, if left unchecked, it risks rekindling the very affordability crisis that has plagued our nation for years.

It is a critical moment for thoughtful policy and strategic action to ensure that the promise of a robust housing market benefits all Canadians, not just a select few.