

In the current year the housing programme is off to a good start. At the end of February of this year housing starts were up by 7 per cent and completions by 5 per cent over the first two months of last year. Houses in the various stages of construction at the end of February were in excess of the same time last year by 20 per cent.

The Home Improvement provisions of the Act were brought into effect throughout Canada on February 1st of this year and already the indications are that the volume of loans under this Part of the Act will be very high in the year 1955.

Change in Situation

There is little question that the house building industry now can develop the capacity to meet the housing demands that stem at any particular time from the growth of our economy and population. Housing completions exceeded net family formation by a small margin in 1953 and by quite a wide margin last year, about 20,000. Moreover, your industry has been able to meet these demands with little strain on the cost structure. There has even been some reduction in the price of houses in several areas. In the past ten years your industry has met the problem of how to expand output to meet demand.

Perhaps in some areas we are now entering the stage where the buyer no longer signs up for a hole in the ground; although my latest report from the Toronto area shows that despite all the building here there are less than ten days' supply of new houses on hand. That indicates brisk demand.

Now, what of future demand? I won't venture to forecast the course of demand for new housing over the next few years but there are several factors we can examine. One such is family formation. In the depression years of the early 30's there was a turn down in the number of births. Those children are now of marriageable age and the effect is beginning to be felt in fewer marriages. Net family formation therefore, over the next few years, may be slightly less than the 90,000 per year it has averaged since 1951. I don't believe any increase will be very marked and in due course the numbers will be swelled when our present large school population attains marriageable age. In other words, the present pressures for more schools will in 10 to 15 years be transferred to a demand for more housing. As for average incomes there are bound to be fluctuations, but the trend is certain to be upward over the long pull.

Population and income factors, however, do not constitute the only bases of new housing demand. I have already spoken of mortgage financing conditions as another important factor. Working through the private market and concentrating purely on the flow of mortgage money, the size of down payments and the period of amortization, it is possible theoretically, I suppose, further to stimulate demand. But there is a limit to how low the down payment should be if we are to maintain stability and that essential pride in home ownership which is a prominent ingredient of good citizenship.