

2.5 Residential Developments

Canadian architects will need to compete strongly for the few available niches in a sluggish market.

Construction of medium density residential rental developments is being constrained as a result of tax changes. The medium density condominium market is also weak due to the slowdown in population growth and to the changing characteristics of households. While the decline in the construction value of medium density units is expected to be offset by an increase in demand for single family houses, it will be some years before there will be any significant growth in the total residential market. However, there are a few niches associated with the needs of a growing elderly population and an increase in spending on residential repair, renovations and rehabilitation. Canadian architects are recognized for their experience and expertise in these fields and for some, they could provide a significant market.

2.5.1 The Recent Past

Housing played a strong role in the recent economic recovery.

In the 1970s, housing starts averaged 1.77 million per year, peaking in 1978 at just over 2 million units. By 1982, the housing market had slumped to 1.02 million starts but by 1986 had rebounded to 1.8 million. Over the last four years, residential building has accounted for more than 45 percent of the total value of all construction. The increase in housing starts was fuelled by declining mortgage rates and tax shelter incentives.

The decline in housing starts in the early 1980s reflected soaring labour and materials costs. In the 1970s the typical home purchase consumed only 10% of a family's income - by 1985 it was 34%. This accounts for the switch to multi-family developments, particularly condominiums, from the prohibitively priced single family houses (Fig. 13). It has also led to the conversion from non-residential to residential uses and the renovation of older homes.

The housing market has little room for further improvement.

The home building industry will do well to maintain a yearly average of 1.6 million starts for at least the next decade. This slowdown matches population growth and household formation rates.