

The Business Monitor

HOUSING COSTS AND THE CANADIAN ECONOMY
October 29, 2024





Key Findings

This version of The Business Monitor focused on the impact of housing cost on employers, as well as a few other important topics, including global affairs. This report presents findings on business leaders' views on Canada's high cost of housing.

Canadian business leaders have many concerns about the economy but housing costs top the list. Despite housing costs softening over the past two years, The Business Monitor reveals that it is viewed as having the most negative impact on the Canadian economy.

- › Housing costs top the list of economic concerns.
- › High cost of housing is affecting how companies handle employees and costs.
- › Based on what business leaders are saying, the high cost of housing is driving inflation.





Methodology



- › The findings presented in this report are from the most recent Business Monitor – a quarterly tracking and B2B omnibus survey. The Business Monitor is powered by the Modus Business Panel – Canada’s only purpose-built, probability-based business panel.
- › The questions used for these results were not commissioned by a client of Modus.
- › The survey was conducted online using both email and SMS invitations/reminders. It was completed via desktops, laptops, tablets and mobile devices.
- › As part of our commitment to quality, we significantly mitigate non-response bias by keeping our surveys in field for about two weeks (this is the optimal field time for online surveys). The survey was conducted from August 29 to September 16, 2024.
- › A total of 652 responses were gathered from Canadian managers and executives.
- › As the Modus Business Panel is 100% recruited using RDD probability-based sampling, a margin of error can be calculated – it is plus or minus 3.8% at a 95% confidence interval.
- › The data have been weighted by enterprise size and region using the latest Canadian enterprise population data from Statistics Canada.



Survey Findings

The cost of housing is nearly universally considered a drag on the Canadian economy.

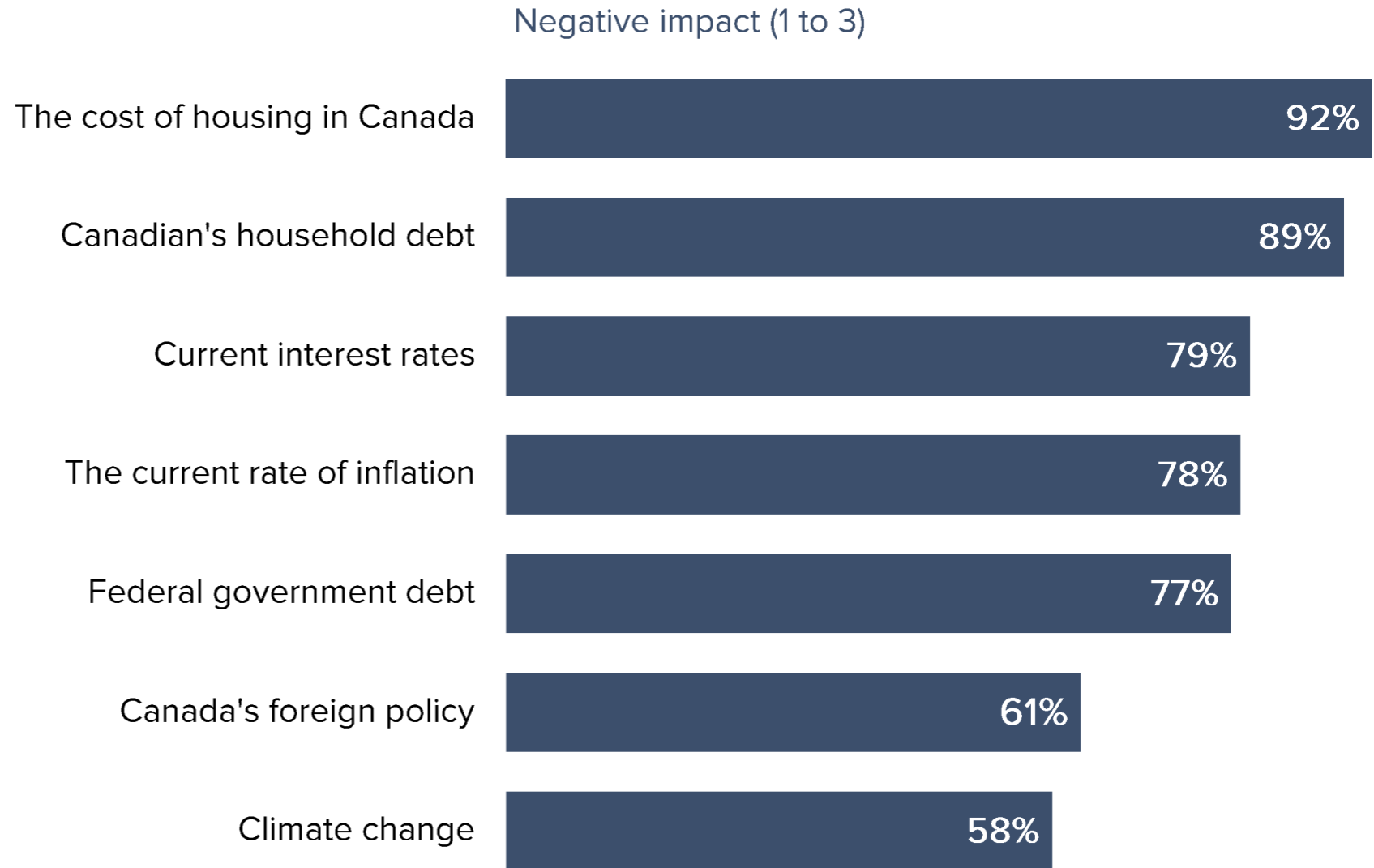
Business leaders were asked to rate the impact of a number of important factors on the Canadian economy. Nearly all say that the cost of housing is having a negative impact on the Canadian economy. Household debt is not far behind, as a widely held concern.

Interest rates, inflation, and federal debt continue to be seen as drags on the economy in nearly equal measure. While relatively less important, Canada's foreign policy and climate change are viewed by a majority of business leaders as having a negative impact as well.

In short, Canadian business is very concerned about a wide range of factors affecting the economy with housing cost at the top of the list.



How would you rate the impact of the following on the Canadian economy?



Housing costs are having a significant impact on how businesses are handling employees

While the pandemic initially drove increase flex arrangements with employees working from home, housing costs are pressuring employers to maintain that flexibility. The Monitor finds over half continue to provide WFH flexibility due to the high cost of housing.

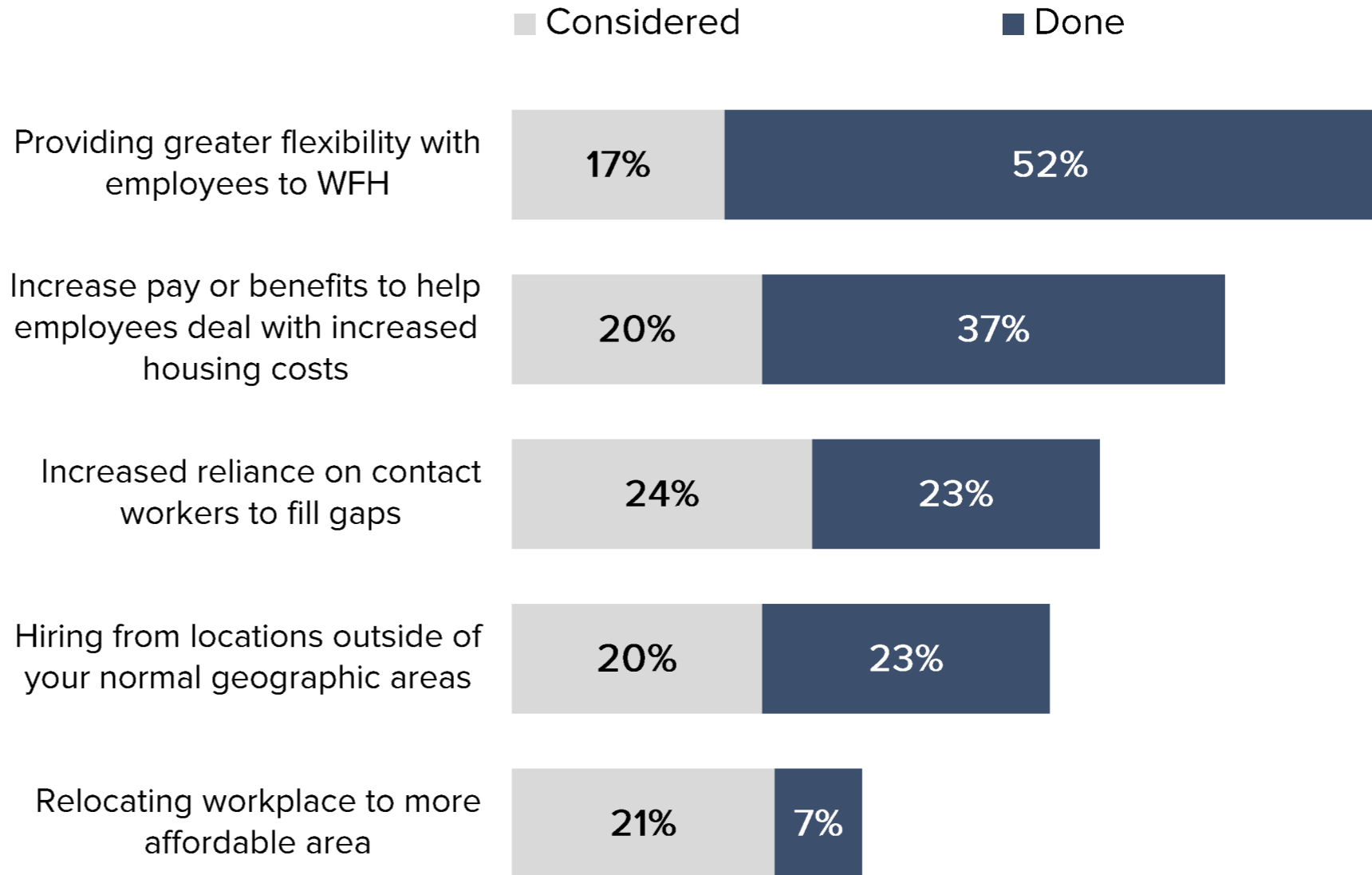
The high cost of housing is also:

- › Driving up employee costs.
- › Creating greater reliance on contract workers.
- › Forcing employers to hire from locations outside their normal geographic area.

While relatively few have relocated their operations due to high housing costs, 7 per cent represents a fairly large number of businesses.



Over the past year, has your company done or considered any of the following as a consequence of the high cost of housing for your employees?



Housing cost is, according to business leaders, a significant driver of inflation

Almost 6 in 10 say they have increased prices as a direct result of the impact of housing costs.

- › Half also report that housing costs make it more difficult to recruit qualified employees.
- › Over a third say it is making employee retention more difficult as well.

These results suggest that Canada's housing market is having a major economic impact.



Has your company experienced any of the following as a result of the impact of housing costs for your employees?

Increased the prices of your company's products or services

59%

Greater difficulty recruiting the right people

50%

Greater difficulty retaining employees

39%



Discussion



While home prices in most markets in Canada have fallen significantly from the frothy heights of the pandemic, rents have escalated unabated. Canadian business leaders see the continued high cost of housing as having a major impact on the economy.

It is driving inflation, requiring ongoing flexibility in work arrangements, and making it more difficult to recruit and retain employees.

As we detailed from our public opinion research, Canada's inflated housing market is having [a major impact on Canadians financial well-being](#). What The Business Monitor now shows is that it is also having a large impact on businesses and the economy.

The Business Monitor



An Economical Way to Obtain High Quality Survey Results

The Business Monitor is the only Canadian business omnibus on the market today. The Monitor is ideally suited for discerning clients who need a cost-effective solution to their B2B research needs without compromising quality. The Business Monitor runs quarterly.

Modus omnibus surveys are powered by research panels that are engineered to be scientifically rigorous (i.e., 100% random probability-based telephone recruiting) and managed by leading experts in survey design and execution. As such, there is no need to compromise data quality when using an omnibus. This enables you to make confident decisions based on what Canadians actually think and do.

Benefits

- › Expertly designed proprietary business questions that are meticulously positioned to mitigate bias from other questions.
- › Confidence in the accuracy of your results. The Business Monitor relies on the Modus Business Panel – Canada’s only purpose-built, 100% probability-based B2B research panel. The panel is strictly used for business surveys – panelists are not ‘business people’ drawn from a consumer panel, much less an opt-in panel.
- › Ongoing tracking of economic confidence and other important business metrics.

Specifications

- › Nationally representative sample of 600+ Canadian enterprises.
- › Representative across a wide range of business demographics.
- › Each survey is administered in English and French with invitations delivered via email and SMS.
- › Response rates exceeding 25%.

Deliverables

- › Expertly designed business survey questions.
- › A pre-test demo of your questions.
- › Custom cross-tabs.
- › Custom report of proprietary results with key highlights and implications.

Modus

Advantage



Modus Panels vs. the Opt-ins

Modus panels rely exclusively on telephone-based random probability sampling that covers the entire population.

People cannot join a Modus panel unless we randomly select them and verify them with a live interview.

The benefits of using the Modus panel methodology are extensive. The key benefits are:

- › Our panels contain real people with no AI bots or professional respondents.
- › We have recruited from the entire population and can project the results soundly.
- › We can determine the sampling accuracy with statistical validity.

We do not use opt-in sampling, as it produces substantial, incalculable errors and biases.

As the *AAPOR Task Force on Non-probability Sampling* has pointed out:

- › “The use of opt-in panels [is] premised on a willingness to accept overwhelming coverage and selection error.”

Benefits	Modus Panels	Opt-in Panels
No AI bots	✓	✗
No ‘professional’ respondents	✓	✗
No survey fraudsters	✓	✗
No financial incentives	✓	✗
Measurable accuracy	✓	✗
High response rates	✓	✗
Adequate field time to avoid non-response bias	✓	✗
All panel members verified by live interviewers	✓	✗



- › All Modus staff are members of AAPOR in good standing
- › We adhere to AAPOR's stringent Code of Professional Ethics and Practices
- › AAPOR is one of the few survey research organizations in the world that maintains integrity and ongoing research around valid survey methodology, including explicit standards around reporting non-probability samples



Modus
RESEARCH

Real answers from real people