

Overvaluation in the housing market doesn't mean a housing bubble, says BoC governor

Categories : [Housing market news](#), [Rebate Blog](#)

When it comes to discussing Canada's housing market, there are many different opinions on the amount of overvaluation in our real estate market.

A survey by the Economist magazine found that Canada's housing is 35 per cent overvalued compared to Canadian's incomes. The International Monetary Fund said Canada's housing prices are 33 per cent above the historical average when compared to incomes. The Fitch ratings agency said our real estate market is 20 per cent overpriced.

Bank of Canada governor recently gave the financial institution's take on the matter and they estimate that it's 10 to 30 per cent overvalued, but this doesn't mean the market is in the middle of a [housing bubble](#), but rather a soft landing with the exception of a few markets. [Stephen Poloz told the House of Commons finance committee](#) that rising home prices resulted from low interest rates and the market's strength since the recession.

"If we were all buying a second or a third condo with confidence that it was going to rise in price, and sell it to someone else, that would be one of the ingredients you'd expect to see in a true bubble," Poloz told *Reuters*.

While house prices continued to rise to historic heights in Vancouver and Toronto, a recent [CMHC report](#) found that the biggest risk of a downturn isn't in these cities and that the housing market is only modestly overvalued at three or four per cent.

It may come as a surprise that the Canadian areas with the greatest risk of a downtown are Regina and Winnipeg. Regina is seeing a quick acceleration in housing prices, along with overvaluation and [overbuilding of condos](#), while Winnipeg is also seeing a risk of overbuilding and overvaluation.

Toronto, Montreal and Quebec are considered to be modestly overvalued, but in these cities, there's a risk of an oversupply of condos being built. Calgary and Edmonton have a low risk of a downturn since housing sales have dropped within the last few months due to dropping oil prices, which has improved the supply of the market. While Vancouver has a low risk since there were no risk factors seen.

If you've chosen to buy a [newly built property](#), whether you plan to live in it or as an investment, you might not be aware that you can claim an [HST rebate](#) from the CRA. Rebate4U can help you properly file an HST rebate. Our priority is to provide our clients with the most professional and

quality service in obtaining rebates for their new and renovated homes. We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.