

Canadian Housing Market To Remain Strong, Though Builders' Profits To Weaken Again In 2008

2008-03-04

After a 22 per cent drop in profits last year, Canada's residential construction industry can expect profitability to decline further in 2008, according to the Conference Board's Canadian Industrial Outlook: Canada's Residential Construction Industry - Winter 2008.

'With a growing inventory of new homes, declining housing starts and weaker price growth, builders' profits are expected to shrink over the next two years,' said Valérie Poulin, Economist.

Profits are expected to fall slightly from 2007 levels to \$3.3 billion in 2008. Profitability is expected to decrease by another four per cent in 2009, before improving gradually beginning in 2010.

However, profit margins will remain higher than historical norms, staying above their 17-year average over the next four years.

Pent-up housing demand appears to be satisfied, which, along with slower economic growth, is leading to a lengthy slowdown in the housing market. Waning affordability of houses, following years of price increases, is also detracting from the industry's performance. When declining affordability is coupled with economic uncertainty, many potential purchasers are expected to postpone their decision to buy homes.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article31418.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html