
DIVIDENDS

Investment Planning Enewsletter

Exasperated or Excited

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May you be catching some cool breezes as the summer rolls in.

Will the markets go into a summer doldrum or is the hype enough to keep things "lively"?

So much chatter on the same topics:

- Will we go into a recession?
- Are we already in a recession?
- Inflation, interest rates and will home owners be unable to afford their mortgage payments?

I doubt you are feeling excited, more likely exasperated from it all.

I have seen my personal stress level kick up a few notches, and not just due to all of this, but as I evaluate the excitement times like this create.

I am Excited for You

I was stressed and excited in March of 2020, as we had been building up cash before Covid crashed upon us and we bought some great companies at discounts through the end of March and early April.

Of the 30 or so companies I follow, many of them are entering the excitement phase at this time. For those holding cash in your accounts some very good buys are already out there. We will be looking to add a few companies in the coming weeks is my estimation.

Stressful? Yes

As you look to enjoy the summer and de-stress, I shall continue to feel anxious as I look at some strategic buys for you at what I feel are very good prices for these companies that have great assets. It is not about "catching the bottom", for that as they say is a fools game. What it is about is buying great companies that have had their stock price devalued with the market pressures we are under. Reminder that we at times will look to add a strategic percentage of a company and may do that via incremental buying. This way we add some today/tomorrow/next week from now and look to add more in the future as I monitor their price activity.

Canadian Housing Will Never Be Affordable...Until

Sorry, but not trying to add to stress levels, However, since I am not nor ever wish to be a politician, I can

talk candidly about the realities and impacts to resolve the housing crisis that is uniquely Canadian. The issue is pretty simple really. There is not enough housing inventory available due to the lack of the building of houses. We need about 5,000,000 new housing units available by 2030 (as per CMHC). Since we only build about 250,000 a year...you can see we are short some 3,000,000 or so new housing units.

Can we resolve this shortfall?

Not likely. It would require a massive increase in land availability, and affordable land at that, to start the process. It would require a dramatic change in development processes, time frames and costs. Some developments could take the next 8 years just to get the ground broken! This does not even speak to the lack of skilled workers needed as well. I follow land and real estate prices closely and in my small town of Grimsby developed land is going for about \$4 million dollars per acre. That implies a 40' x 100' lot costs you \$400,000, and you have not even built a home on it. As it is hard to build a house these days for under \$300/sq. ft., adding the 1,500 sq. ft. dwelling adds another \$450,000. I don't know about you, but \$850,000 does not represent affordability. We need to get to half of that value and until we can find a method to get land costs down under \$100,000 per lot, housing will remain unaffordable. Sorry, that to me is the reality.

I remain reviewing daily what is happening for you and to assist you.

Happy to speak with you or your friends at 905-309-9990 or
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