

Politics

Parliamentary budget officer says 3.2 million new homes needed to close housing gap

PBO projects about 227,000 new homes will be completed each year until 2035

David Baxter · The Canadian Press · Posted: Aug 26, 2025 10:47 AM EDT | Last Updated: August 26, 2025



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A report from the Parliamentary Budget Officer says it expects about 2.5 million homes will be built over the next decade, which falls short of the 3.2 million it says are needed to close the housing gap. (Patrick Morrell/CBC)

The parliamentary budget officer estimates Canada needs to build 3.2 million new homes in the next decade to close the housing gap, but isn't currently on track to do that.

The [latest PBO report](#) estimates the number of new home builds will be higher over the next three years before gradually returning to historical averages.

It projects an average of 227,000 new homes will be completed each year for the next decade, but says an additional 65,000 per year will need to be built to close the housing gap.

"[We need to] take into consideration the fact that there will be needs and there have been needs that have not been met over the last several years, what we call suppressed demand," Parliamentary Budget Officer Yves Giroux told CBC News.

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At the same time, it expects a sharp decline in the number of new households being formed after Canada slashed its immigration targets.

"Reducing future intakes or intakes starting [last fall](#) will contribute to reducing the pressure [on housing demand], but it will not make that pressure entirely go away, because we have welcomed hundreds of thousands of new immigrants over the last few years," Giroux said.

Giroux said there has also been "suppressed demand" in recent years, caused by some segments of the population feeling priced out of the market. The vacancy rate hit 3.3 per cent in 2024, well below the historic average of 6.4 per cent reached between 2000 and 2019.

"When vacancy rates are low, they don't have sufficient choice and it could mean higher rents or house prices that their means afford them to to pay. And it forces them to stay where they are even if it's not sufficient or it's not what they would want or what they need," Giroux said.



Parliamentary Budget Officer Yves Giroux says there has been suppressed demand in the housing market over the past few years due to low vacancy rates. (Adrian Wyld/The Canadian Press)

The increased construction and decreased demand should combine to correct the historically low vacancy rate that contributed to soaring home prices in recent years.

The PBO says it expects about 2.5 million homes will be built over the next decade, which is shy of the 3.2 million it says are needed to close the housing gap.

Tuesday's report doesn't account for recent federal policy commitments. During the spring election campaign, the Liberals promised to double housing construction.

Giroux said the housing gap could close depending on how successful Ottawa — and other levels of government — are in implementing housing plans.

"Given that we haven't seen how these projects or announcements will indeed materialize and translate ... it's too early to tell whether these will be effective in reducing the housing gaps," he said.

With files from Darren Major

