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'Modest impact' from U.S. housing drop poll: Smaller boom in Canada

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The party is over for the rapidly cooling U.S. housing market, but Canada's business leaders are confident Canada's economy isn't about to suffer the same fate.

In a recent survey by research group COMPAS for the Financial Post, 73% of 122 CEO's and executives polled felt the recent softening in that market will have only a "modest impact" on Canada.

It's an optimistic position considering half the group surveyed predicted that "financial stresses" on the U.S. system could result in the U.S. dollar falling as far as 5% against world currencies. Panelists consider the ideal exchange rate to be US82 cents, but the probable rate is US91 cents, the report said.

"[The U.S. market] had a great party and now they have the morning after," said Conrad Winn, president of COMPAS. "We never got so hot, so we won't ever be so cold," Mr. Winn said.

At least one Canadian real estate expert agrees. "We haven't seen the same crazy escalation in the prices as the U.S. market," said David Brown, executive vice-president, Remax Ontario, Atlantic Canada. In fact, Canadian "prices have really just recovered. Interest rates have remained low and we are seeing a more balanced market. Nationally we are very strong."

A fraction of people polled, 11%, disagreed, predicting a softening in the U.S. market could have a "substantial" impact on Canada.

Despite a current myth that the Canadian housing market has a similar dynamic to that of the United States, for the most part, Canadian housing prices have modestly increased over the past couple years, the poll said. Alberta is the only place in Canada that has experienced a boom similar to such places as Florida and New York, Mr. Winn said.

While 45% of people polled feel the rate of inflation in U.S. housing prices will continue to level off, 46% counted on the same future for Canada's market.

But 26% predicted Canada's housing market would resume its upward trend soon, compared to 11% expressing that same confidence toward the U.S. market.

This COMPAS survey was conducted in conjunction with BDO Dunwoody LLP. In studies of the general public, surveys of 122 individuals are deemed accurate to within 8.9%, or 19 times out of 20, but because of the smaller population of CEOs, the COMPAS poll may be more accurate. For more information on this and other surveys go to www.compas.ca

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