

# COMMUNITY CONVERSATIONS

Final Report

May 2026



BANK OF CANADA  
BANQUE DU CANADA



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# INTRODUCTION & APPROACH

# 01

# Objectives of the Community Conversations

This report summarizes what we heard from Canadians in a series of Community Conversations hosted to inform the Bank's preparatory work for the 2026 renewal of the country's Monetary Policy Framework. The Community Conversations were designed to:

- ✓ Bridge the gap between technical monetary policy considerations and the real-world experiences of Canadians navigating economic challenges.
- ✓ Gather diverse perspectives from Canadians across different regions, generations, and socio-economic backgrounds on how inflation and interest rate decisions affect their lives.
- ✓ Explore reactions to information on aspects of the Bank's 2026 renewal work, presented in accessible ways.



# Our Approach

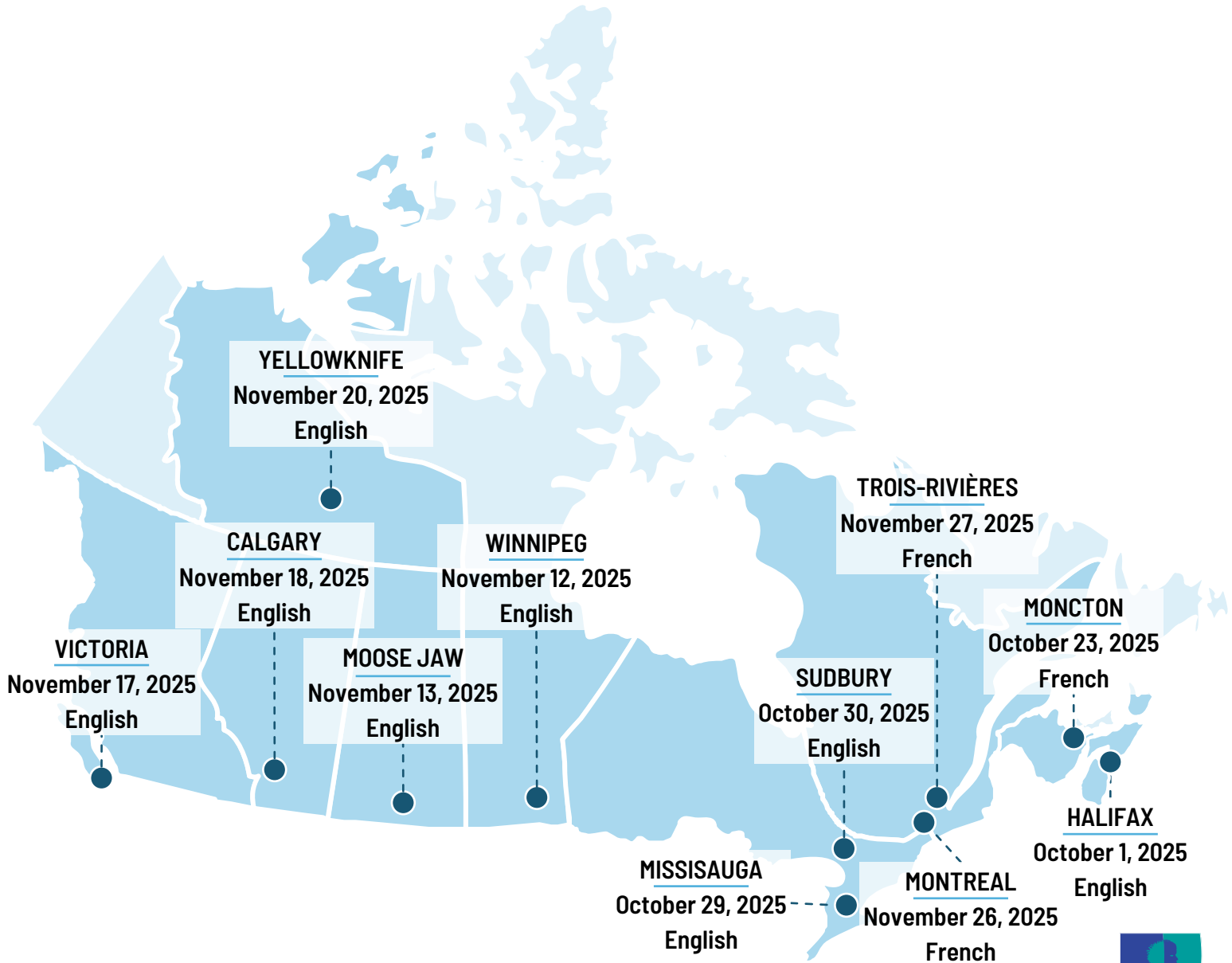
Our approach to inviting Canadians was guided by principles of inclusivity, representativeness, and methodological rigor:

**Recruitment:** We employed telephone random digit dialing (RDD) to reach Canadians who might not typically engage in policy discussions. We supplemented RDD with traditional qualitative recruitment via established panels. This dual approach ensured reducing self-selection bias while balancing practical recruitment realities.

**Geographic Diversity:** Eleven communities were selected across Canada's diverse economic and social landscapes—from major metropolitan centres to smaller population centres, spanning all regions.

**Both Official Languages:** Sessions were conducted in French in Quebec and New Brunswick, and in English in other provinces, respecting Canada's linguistic duality.

**Balanced Representation:** Careful screening ensured diversity across genders, generations, income levels, and housing situations within each community.



# Participant Screening Criteria

**Eligibility criteria:** Canadian citizens or permanent residents, 18 years or older, normally residing in Canada. This ensured participants had lived experience with Canadian economic conditions.

**Demographic targets:** Participants were screened to achieve balance across: generation (Gen Z to Boomers), household income relative to local averages, housing tenure (renters, prospective buyers, mortgage holders, outright owners), gender (even split), and included both Canadian-born and recent immigrants.

**Income thresholds were adjusted by location** to reflect regional cost-of-living differences, ensuring "average" income meant something comparable across communities.

**Fresh perspectives:** Each session included 2-3 participants who had never participated in market research, ensuring genuinely new voices were heard.

Participants received an honorarium – \$150 in Yellowknife in acknowledgement of higher cost of living in the north and \$125 in the rest of communities – in recognition of their time.

# Session Design

Each 2-hour session was carefully designed to balance information sharing with in-depth discussion, providing sufficient time for participants to engage meaningfully with complex topics while respecting their time commitments.

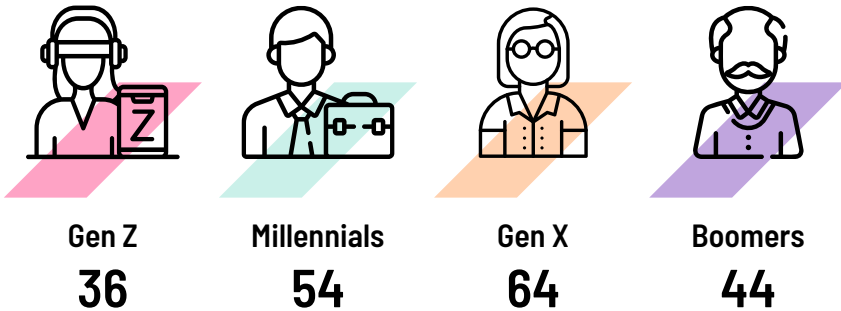
To foster open and honest dialogue, participants were divided into 2 smaller breakout groups of 8-10 people, grouped by generation and income level. This homogeneous grouping strategy was employed to create safe environments where participants felt comfortable sharing their lived experiences. The smaller group format ensured everyone had opportunity to contribute, preventing dominant voices from overshadowing quieter participants.

The 2 breakout groups were convened in larger plenary sessions allowing for cross-learning between the breakout groups.

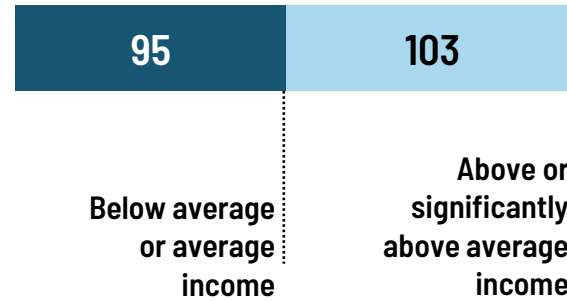
# Profile of Participants

A total of 198 participants took part across the sessions.

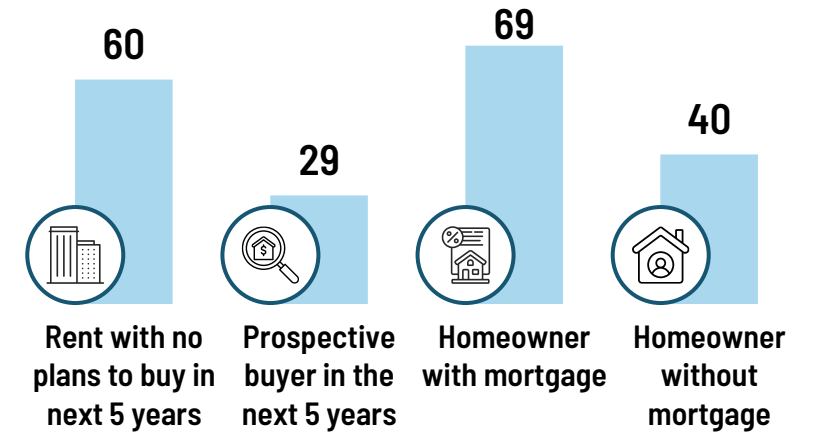
## GENERATION



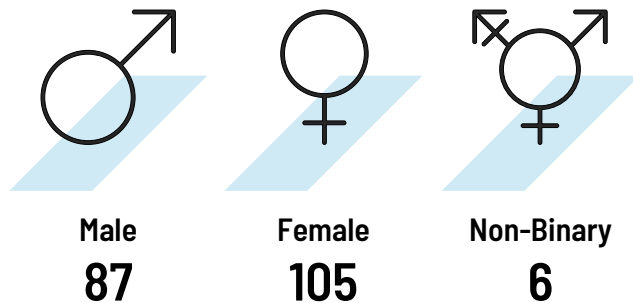
## INCOME



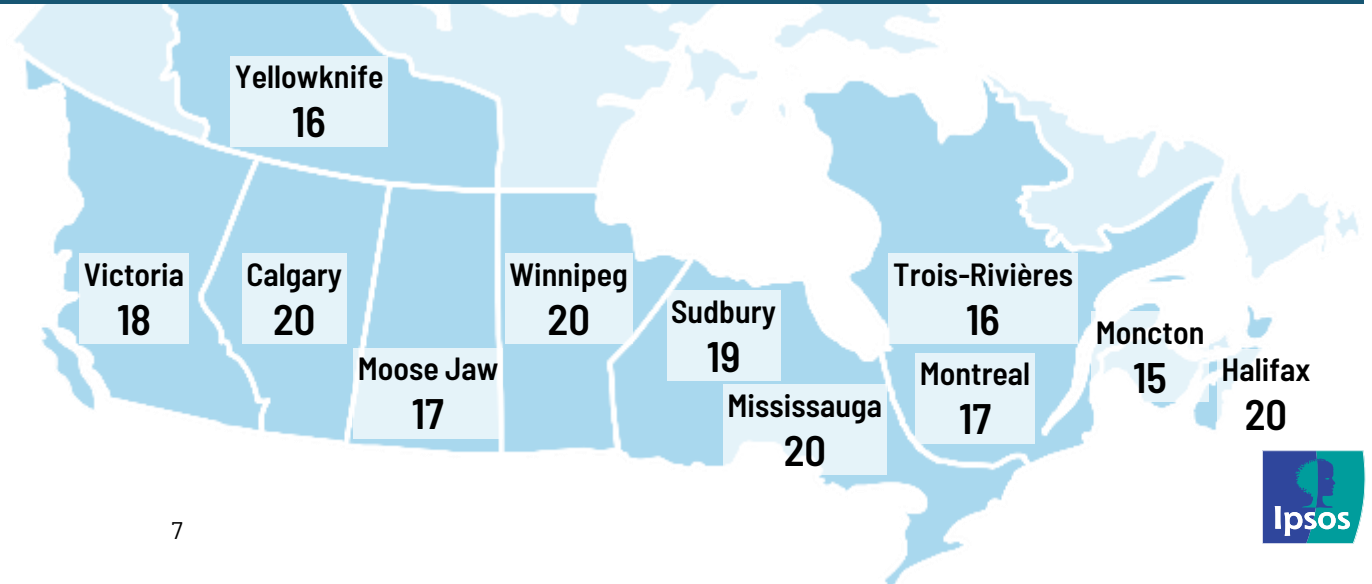
## HOUSING TENURE



## GENDER



## REGION



# EXECUTIVE SUMMARY

# 02

# Experiences and Measurement of Inflation



## **PARTICIPANTS SHARED A CONSISTENT NARRATIVE OF ERODING PURCHASING POWER AND FUNDAMENTAL CHANGES TO THEIR FINANCIAL SITUATION**

- The rising cost of living was seen as outpacing income, causing financial vulnerability.
- Many expressed concerns about the accuracy of the Consumer Price Index (CPI), feeling their experiences of inflation exceeded the official figures.
- Many were unfamiliar with the concept of underlying inflation, questioning the exclusion of essential items.
- Though there was appreciation for the Bank's monitoring approach, the 2-year impact span of policy changes was confusing.
- There was a demand for straightforward explanations of key concepts using concrete examples.

# Supply Shocks and Trade-off Considerations



**PARTICIPANTS VIEWED ECONOMIC DISRUPTIONS AS THE NEW NORMAL, CONSISTENTLY PRIORITIZING EMPLOYMENT STABILITY OVER INFLATION CONTROL**

- Participants were presented with 3 scenarios (see slide 25 for more details) and for each, they were asked to deliberate and vote on which monetary policy action they would take.
- Employment security was prioritized over inflation concerns, with a preference to endure higher prices to maintain job stability.
- While they acknowledged the Bank's challenging mandate in relation to policy trade-offs, many struggled to separate personal impacts from institutional perspectives.
- A preference emerged for gradual rate adjustments, allowing for adaptation and avoiding market and household stress.

# Housing Affordability and Interest Rates



**WHILE PARTICIPANTS UNDERSTOOD THE BANK'S LIMITED TOOLS FOR ADDRESSING HOUSING, THIS KNOWLEDGE DEEPENED RATHER THAN ALLEVIATED THEIR CONCERNS ABOUT THE AFFORDABILITY CRISIS**

- Many felt that housing is decoupled from incomes, with renters paying more than mortgages without qualifying for loans and buyers seeing prices outpace savings.
- The Bank's policy explanations clarified impacts but did not alleviate housing anxieties.
- Participants acknowledged the economy-wide reach of interest rates, appreciating the complexity of policy constraints.
- Anxieties remained as limitations of monetary policy were seen as disengagement from housing concerns, with calls for more coordinated institutional action.

# DETAILED FINDINGS

# 03

# EXPERIENCES & MEASUREMENT OF INFLATION



### From entering adulthood to confronting financial impossibility

Gen Zers described an acute awareness of inflation, with prices increasing beyond what they can manage, compounded with stagnant wages.

Their experience was often characterized by immediate survival concerns (e.g., food, rent, transportation) rather than long-term financial goals and planning, with some working multiple jobs while still struggling to afford necessities.

As such, they expressed heightened anxiety about their ability to achieve traditional markers of success as they enter their adult lives (e.g., buying a home, wealth building/saving).

While other generations showed income-based behaviour adaptations, Gen Zers across income brackets engaged in common strategies (e.g., comprehensive budgeting, working multiple jobs, bartering and resource sharing) to adapt to increasing costs in their day-to-day lives.

This suggests that behaviour changes and adaptations are less based on their respective income level and instead reflect a larger concern among younger adults about their financial future.

*I think the biggest thing is that not only is the cost of living going up, but our salary is not matching that same rate of increase. It feels like we have less power to buy things and keep that same standard of living.*

[Gen Z, Halifax]

*My partner moved in with me last year and I feel like there's been no increase in savings for me. I haven't saved anything and that shouldn't be the case because I have an extra person in the house contributing. But we're still struggling even though we've eliminated extra costs.*

[Gen Z, Winnipeg]





### From wealth building to heightened financial vigilance

Millennials described having less capacity to save for the future as more income went towards maintaining daily life, despite a few acknowledging a rise in incomes in recent years.

There was a sense of frustration that progressing in their careers and having stable jobs no longer guaranteed financial security.

Price increases led to adaptations to purchasing habits which appeared to vary by income level:

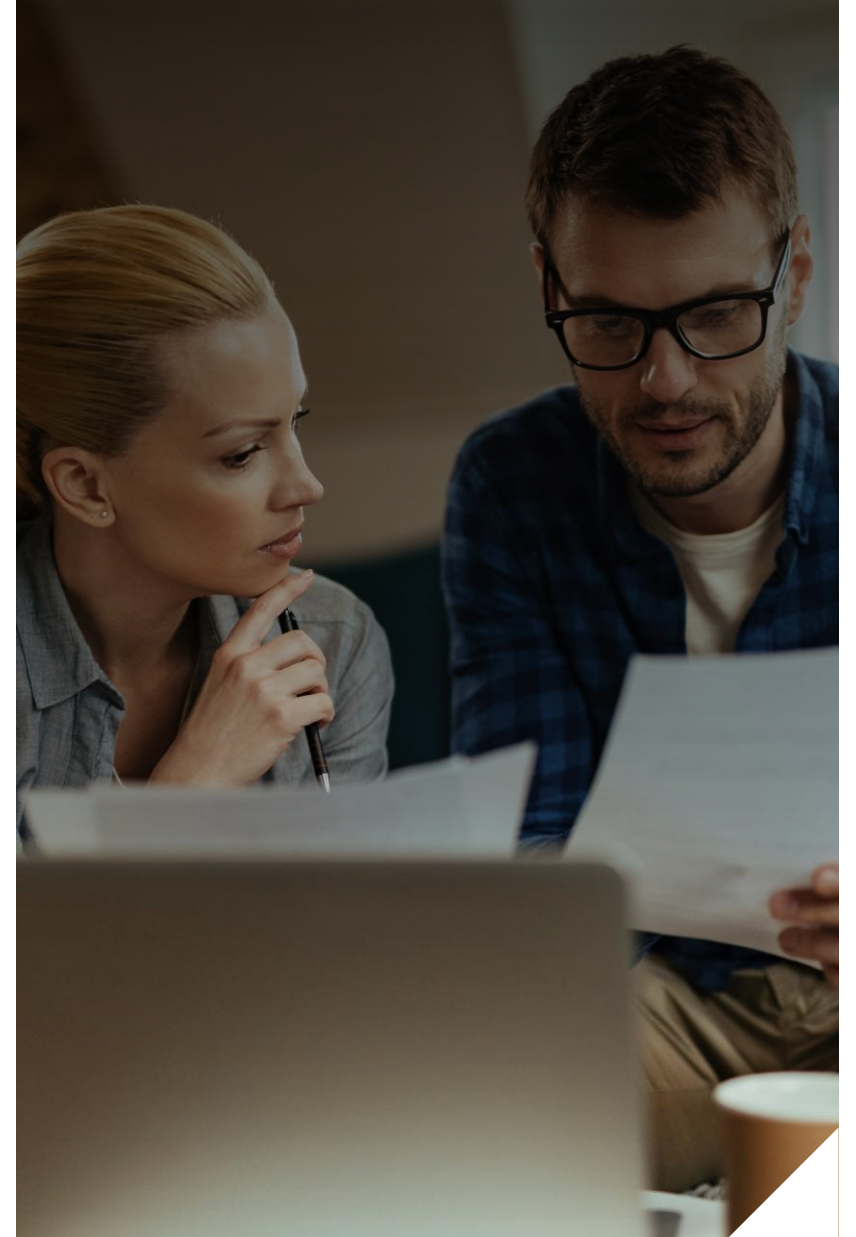
- **Above or significantly above average income Millennials** became "hyper-aware consumers" who started monitoring expenses more closely, shopping at multiple locations, reducing recreational spending, and postponing larger purchases.
- **Below average or average income Millennials** made significant lifestyle adjustments including eliminating entire spending categories, substituting products, and losing spontaneity in purchasing.

*Making 100k is not the equivalent of what it was 8 years ago. It is the new 50k.*

[Millennial, Calgary]

*Even though our wages are going up, in theory we should have saved more. But that's not possible because of necessities and taxes take a lot of our paycheques.*

[Millennial, Halifax]





### From middle class security to financial strain

Gen Xers expressed frustration with the impact of inflation on their purchasing power, highlighting the mismatch between their career progression and financial stability.

Many felt that their established middle-class lifestyle was becoming unsustainable regardless of their professional standing.

Gen Xers reported a significant shift in lifestyle, moving from a sense of financial security to choosing between purchases.

An additional source of financial stress was the pressure of supporting adult children who are unable to achieve financial independence, due to the high cost of living and housing.

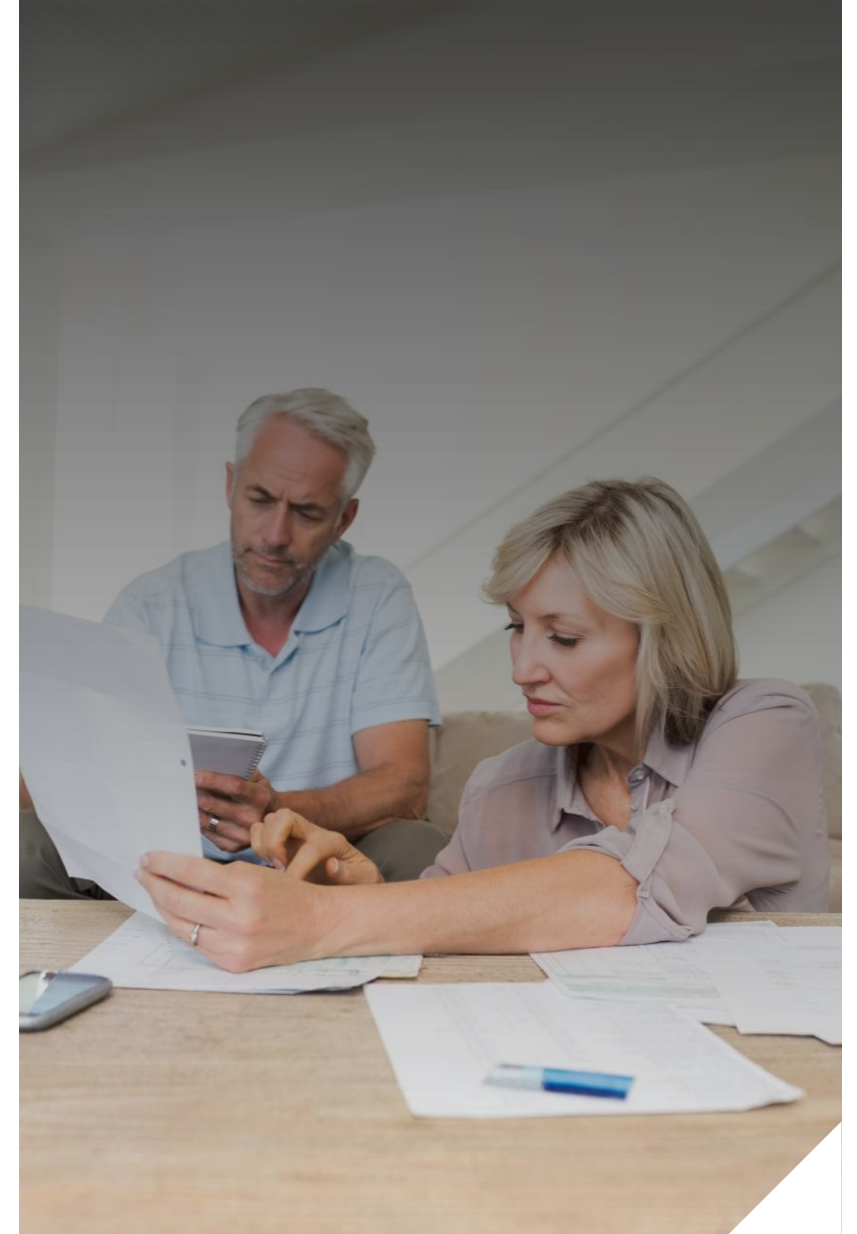
Faced with persistent price increases, Gen Xers reported the use of various strategies to manage their finances, often out of necessity. These included active budgeting, bargain hunting, and substitution and trade-offs.

*I have a full-time job and a couple of casual jobs because it's the only way I can afford to live.*

[Gen X, Moose Jaw]

*Moi-même j'ai du mal à garder la tête hors de l'eau. Je ne sais pas comment font les gens qui ont des enfants, ou qui s'occupent d'autres membres de leur famille. C'est frustrant.*

[Gen X, Montreal]





### From post-war prosperity to fixed-income vulnerability

Boomers described facing unique challenges related to fixed incomes, with many forced to make difficult choices between essential expenses. Several noted that retirement plans made years ago no longer provided the financial security they had previously anticipated.

There were strong historical perspectives, with many comparing current conditions to past economic crises and reflecting on the end of the post-World War II economic stability they had experienced for much of their lives.

Price increases and quality degradation led to fundamental changes in consumption patterns and lifestyle choices:

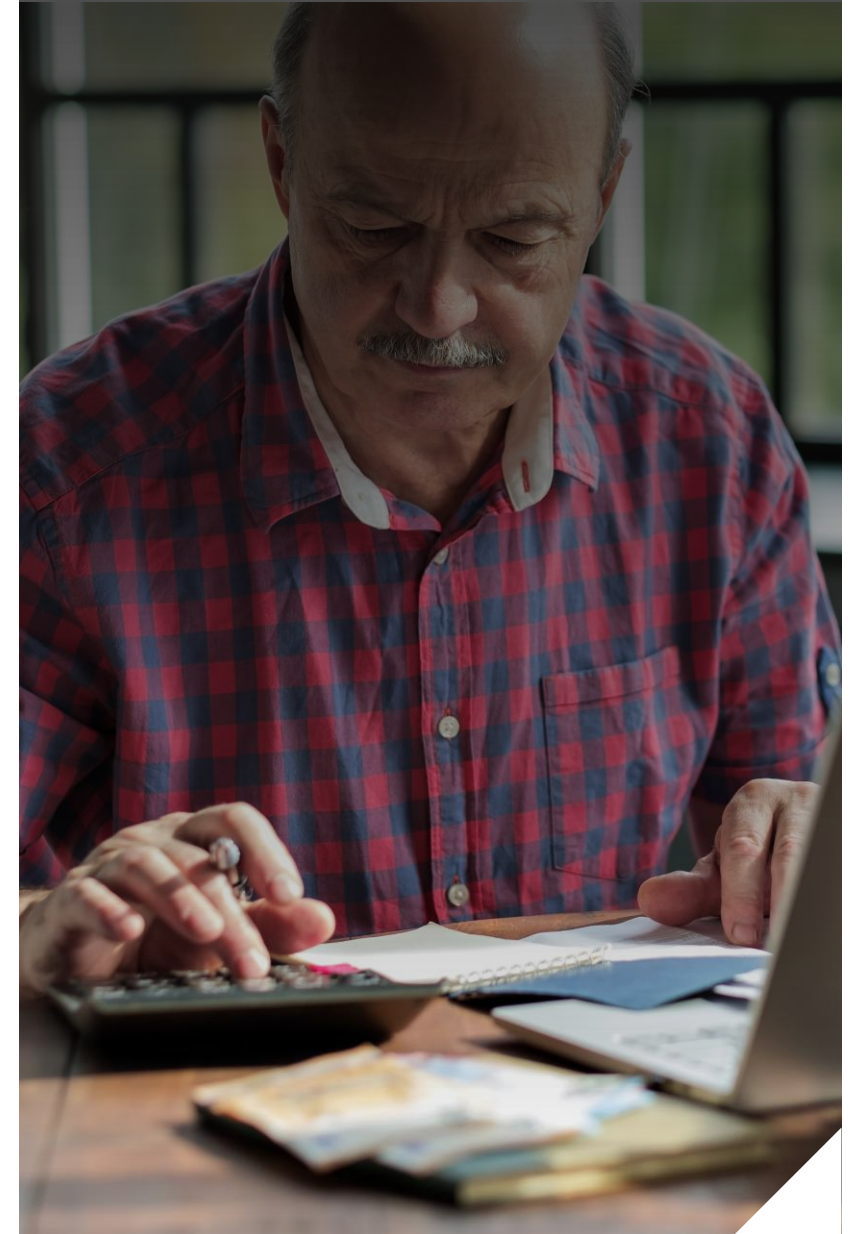
- **Fixed-income Boomers** made essential trade-offs including choosing between medical care and basic necessities, postponing or avoiding healthcare appointments, and eliminating recreational spending.
- **Above average income Boomers** made strategic adjustments including switching to cheaper grocery stores, tracking weekly flyers systematically, and closely monitoring spending.

*I'm retired. When you plan something years ago and you thought it was going to be enough money to live comfortably, but then with the price spikes, your value gets devalued. You can't figure out anything because you don't know where you're going to be tomorrow.*

[Boomer, Sudbury]

*There's lots of people who are just on Canada Pension Plan or Old Age Security who won't even go to the doctor or if they do book, you can't afford a prescription.*

[Boomer, Moose Jaw]



# Widespread skepticism that official CPI figures represent their lived financial reality

Across all generations, participants frequently suggested the figures seemed lower than what they experienced in their own spending and questioned the composition of the CPI basket, which was not seen as reflecting their actual spending. There was widespread concern that the CPI figure does not align with real-life experiences, and participants often felt that decision-makers may not fully understand the challenges faced by average Canadians.

## NUANCES BY GENERATION



### GEN Z

Gen Z uniquely questioned whether the 2% inflation target itself was still appropriate, largely based on their sense that 2% inflation did not necessarily align with their lived experience. A few were able to reconcile the CPI figure when considering it alongside stagnant wages.



### MILLENNIALS

Millennials offered detailed critiques of CPI figures, having previously described price jumps of 15%-50%. They suggested that declining prices in categories they no longer purchased (e.g. luxury goods, entertainment) might artificially lower the figure while their concentrated spending on necessities continued rising.



### GEN X

Gen X found the CPI statistics more reasonable when considered over five years, suggesting a focus on the cumulative, compound effect over time, which they felt the year-over-year figure overshadowed.



### BOOMERS

Boomers noted awareness of shrinkflation alongside price increases, which they felt created a compounded effect. Some highlighted disparities in how inflation affects different income groups.

## In their own words...

*The 1.9% inflation rate is shocking. I think it's because our salaries and wages are not increasing with it, so that makes a bigger gap. That's why we're feeling like, "oh my god, it's 1.9%, that's it?" When we look at our own budget, it feels like 5%.*

[Gen Z, Halifax]

*Gasoline and food prices are removed from underlying inflation calculations? What's left? Because that's like, I'd say probably two very major parts of your average person's expenses. So, if that's taken out, like, what's the point of this calculation?*

[Millennial, Mississauga]

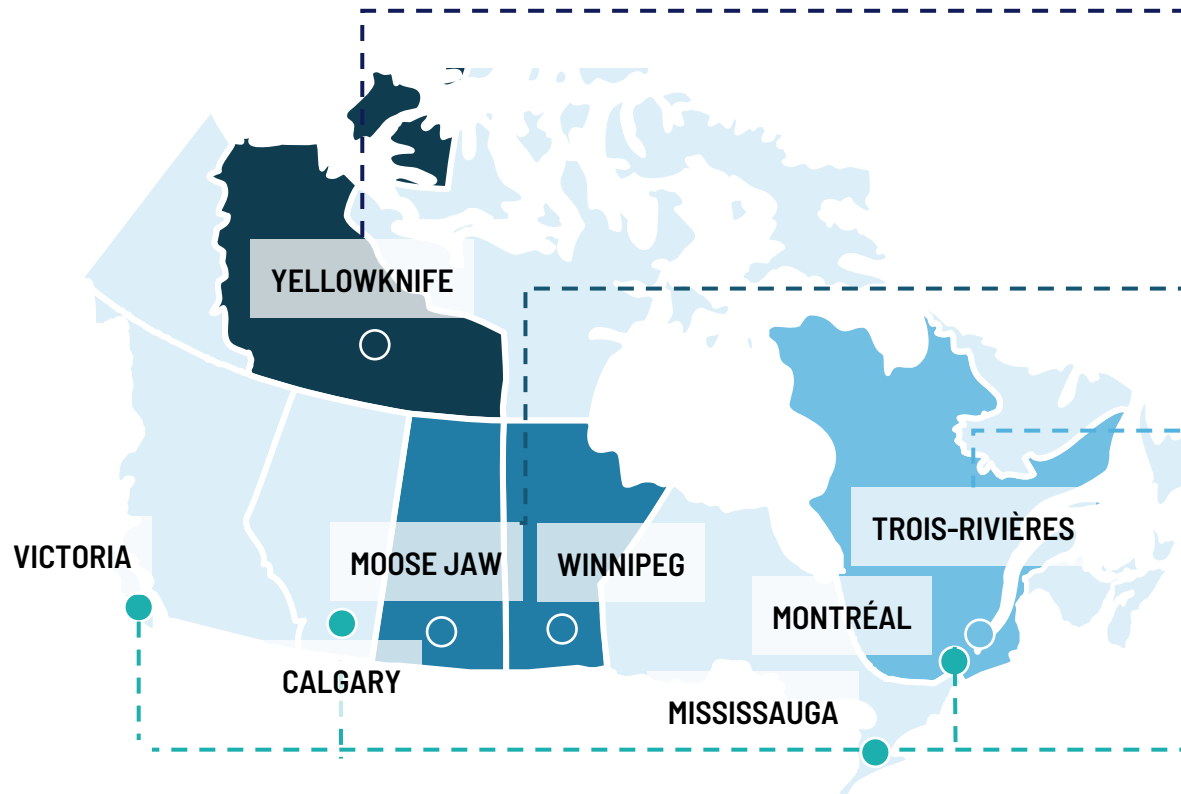
*I would love to know how they got this 2.2%. What is in their basket, and where is that store?*

[Gen X, Yellowknife]

*My biggest basket item is housing and food, not vacations or any fun thing. The basket isn't really reflective of my life. Whenever I see that inflation is 2%, I think about who decides what goes into that basket because it doesn't reflect the cost of my goods.*

[Boomer, Victoria]

# Significant regional differences emerged in how participants across Canada experienced and understood inflation, underscoring challenges with using a national tool to address regional realities



## NORTHERN TERRITORIES

- Yellowknife participants viewed CPI figures as disconnected from their reality, calculating actual inflation at "four times higher" than rest of Canada due to realities of monopolistic markets, transportation costs, and limited building seasons affecting the north.

## PRAIRIE PROVINCES

- Prairie participants demonstrated strong awareness of agricultural and resource sector volatility directly connecting farm conditions to food costs.

## QUEBEC

- Participants felt inflation figures don't reflect their reality of "two inflations"—essentials rising faster than non-essentials. Quebec's service and manufacturing economy was also bought up as creating different inflationary dynamics compared to other provinces that rely on the agricultural or oil & gas industries.

## MAJOR URBAN CENTRES (MISSISSAUGA, MONTREAL, VICTORIA, CALGARY)

- Urban participants generally had more opportunities to make substitutions for higher priced goods.
- Participants in Mississauga and Victoria felt caught in the spillover effects from Toronto and Vancouver; experiencing big-city prices without the corresponding income levels.

# INFLATION: REACTIONS TO COMMUNICATIONS MATERIALS



# The Inflation Messaging Presented



To explore how Canadians understand and react to the Bank’s approach of measuring inflation, participants first received a detailed explanation of underlying inflation. Then, each breakout group received one of two sets of metaphorical explanations with simplified language, to see if it makes underlying inflation easier to understand.

**Other Ways of Explaining Underlying Inflation**

**GROUP A**

1. Indicators of underlying inflation allow the Bank of Canada to look under the hood and see what’s really going on with inflation.
2. Understanding inflation is like diagnosing a health issue – you can’t rely on just one number like body temperature. The Bank of Canada looks at CPI and underlying inflation indicators to get a fuller picture, like checking blood pressure, heart rate and other vital signs. This helps them figure out if the price changes are just a temporary fever or a sign of something more serious.

Source: Bank of Canada  
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**Other Ways of Explaining Underlying Inflation**

**GROUP B**

1. Indicators of underlying inflation help the Bank of Canada break inflation down into parts and components, so they can see which price changes are temporary and which ones are more lasting.
2. Inflation pressures aren’t easy to see directly – like the wind, we notice them through their effects. That’s why the Bank of Canada looks at both CPI and various underlying inflation indicators, which breaks prices into parts. This helps the Bank understand what’s driving inflation.

Source: Bank of Canada  
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# Confusion and skepticism about underlying inflation, with strong preference for concrete explanations over simplified metaphors

Most participants had not heard of underlying inflation and found the concept confusing when explained. There was widespread objection to excluding food and energy—viewed as essential expenses—from "core" inflation. Many also misinterpreted the two-year timeframe for policy effects to fully work through the economy; they instead understood this to mean that it would take two years for any relief which was viewed as problematic given their immediate financial challenges. Participants consistently requested more concrete information, including clear lists of what is included versus excluded from this measure and real examples with actual numbers.

## NUANCES BY GENERATION



### GEN Z

- Those who struggled with the concept of underlying inflation preferred metaphor explanations.
- Those who grasped the concept preferred detailed explanations with specific examples.



### MILLENNIALS

- Found distinction between "lasting" versus "temporary" inflation unintuitive.
- Mixed responses to metaphors—some found health analogy helpful but others didn't.
- Emphasized need for plain language explanations of how their core expenses fit into calculations.



### GEN X

- Expressed preference for technical accuracy over simplified analogies.
- Requested interactive tools to calculate personal inflation rates, acknowledging difference between national inflation and personal cost of living.



### BOOMERS




- Raised questions about designation of price changes as temporary.
- Found metaphors overly abstract and lacking practical relevance.
- Sought greater clarity on Bank's role and decision-making process.

# SUPPLY SHOCKS AND TRADE-OFF CONSIDERATIONS



# Summary of Voting Preferences

Participants were presented with 3 scenarios and for each, they were asked to deliberate and vote on which monetary policy action they think the Bank of Canada should take in these circumstances. Their voting preferences have been summarized below.

	RAISE RATES 	KEEP RATES UNCHANGED 	LOWER RATES 
<b>SCENARIO 1</b> Supply chain disruptions around the world have jammed up the transportation of goods into Canada: items are stuck on boats or in ports. Stores are raising prices because there is more demand for these goods than the amounts available, causing prices to spike, leading to inflation.	NO SUPPORT	MAJORITY SUPPORT	LIMITED SUPPORT
<b>SCENARIO 2</b> Tariffs have been imposed on multiple goods in Canada as a result of a trade war, leading to higher prices. There is increased uncertainty and the economy is slowing down. Surveys of consumers and businesses show that both groups are in a wait-and-see mode. Businesses are putting their investment and hiring plans on hold. Consumers are putting off any big purchases.	NO SUPPORT	LIMITED SUPPORT	MAJORITY SUPPORT
<b>SCENARIO 3</b> The economy is showing signs of slowing down – surveys indicate that consumers are less confident about the state of the economy and their own financial situation, unemployment is rising at 6%, businesses see their profits decline. At the same time, prices are rising a little above 2% because of a lack of supply.	MINORITY SUPPORT	LIMITED SUPPORT	MAJORITY SUPPORT

# Participants acknowledged the increased frequency of supply shocks, with personal anxieties informing their perspectives, yet consistently prioritizing employment stability over inflation concerns and advocating for patient responses to disruptions.

## SCENARIO 1

- Majority favored unchanged rates, viewing supply issues as temporary with minor price effects.
- Emphasis on stability, avoiding rash decisions amid supply chain disruptions.
- Recognized limits of monetary policy in addressing logistics problems.
- Trusted business adaptability.
- Limited support for lowering rates due to potential boost in domestic investment, but concern over inflation.

## SCENARIO 2

- Majority supported lowering rates to prevent job losses and keep the economy active.
- Limited support for unchanged rates due to concerns overreacting to trade volatility.
- Emphasis on mitigating employment impact and fostering domestic investment.
- No support for raising rates, to avoid exacerbating economic slowdown.

## SCENARIO 3

- Majority favored lowering rates to address 6% unemployment and avoid recession.
- Minority supported raising rates, focusing on inflation control despite the economic slowdown.
- Uncertainty led to limited support for unchanged rates, preferring to assess mixed signals.
- Emphasis on job protection over inflation concerns and boosting business confidence to support hiring.



### Gen Zers viewed frequent economic shocks as defining their generation's economic experience, with COVID-19 as their primary reference point for understanding disruption

#### CONSIDERATIONS FOR THE BANK WHEN RESPONDING TO FUTURE SUPPLY SHOCKS:

##### RATE CHANGE PREFERENCES

- Expressed strong preference for gradual versus forceful rate changes, noting gradual changes allow people to "budget and plan" without creating disruptions

##### COMMUNICATION NEEDS

- Interest in understanding how the Bank has handled similar situations in the past, repeatedly asking for information about previous decisions and outcomes
- Several misunderstood the two-year lag to see full policy effects, questioning whether rate changes would have meaningful impact given the lag

##### POLICY SUGGESTIONS

- Strong consensus that the Bank needs "secondary tools" beyond interest rates



*Je trouve que la COVID-19 a changé ce que ça veut dire de "grandir" pour ma génération. Ça paraît que mes parents avaient une vie plus prévisible à mon âge, alors que nous, on est forcés de s'adapter à des changements qui sont vraiment brusques. On est forcés de faire des sacrifices qu'eux n'ont jamais eu à faire.*

[Gen Z, Trois-Rivières]



### Millennials accepted shocks as "the new normal," calling for better policy coordination and gradual adjustments

#### CONSIDERATIONS FOR THE BANK WHEN RESPONDING TO FUTURE SUPPLY SHOCKS:

##### RATE CHANGE PREFERENCES

- Observed that rates increased quickly but decreased slowly - increases "by a percent, percent and a half" during crises, but decreases of only "0.25 points every announcement"
- Felt that gradual adjustments allowed businesses and households to adapt without creating panic

##### POLICY SUGGESTIONS

- Bank of Canada decisions should be better connected with other government policies, noting decisions seem "separated from each other" when they should be coordinated "more frequently"

##### FORWARD-LOOKING CONCERNS

- Small number suggested technological advances such as AI might actually improve supply chain resilience



*Plan for the unplanned as part of your analysis. You can no longer exclude it and say that you can't prepare for the unknown... unprecedented events that happen in your lifetime are increasing exponentially in the last decade.*

*[Millennial, Yellowknife]*



### Gen Xers sought targeted tools beyond the "blunt instrument" of interest rates to address diverse regional needs

#### CONSIDERATIONS FOR THE BANK WHEN RESPONDING TO FUTURE SUPPLY SHOCKS:

##### RATE CHANGE PREFERENCES

- Expressed preference for gradual rate changes, driven by concerns about maintaining market stability amidst dual responsibilities to support both aging parents and children's future

##### POLICY SUGGESTIONS

- Expressed desire for "localized focus", acknowledging that regional economies in Canada have different needs
- Support for better distinguishing between essential items and luxury goods when considering inflation measures and policy effects

##### FORWARD-LOOKING CONCERNS

- Many worried that "broad" policies being used widen already existing intergenerational financial gaps, emphasis should be placed on protecting younger generations

*Avec la retraite qui n'est pas loin et les frais de scolarité des enfants qui se profilent au coin de la rue, les petites variations de taux, je pense que c'est ce qu'il faut pour que le marché reste assez prévisible. Moi, je veux juste que les petits et ma mère soient tranquilles financièrement.*

[Gen X, Moncton]



## Boomers drew on decades of experience and confidence in market alternatives, but wanted more proactive approaches

### CONSIDERATIONS FOR THE BANK WHEN RESPONDING TO FUTURE SUPPLY SHOCKS:

#### RATE CHANGE PREFERENCES

- Consistently favoured gradual over forceful rate changes, citing concerns about market stability and precarious position of younger homeowners

#### COMMUNICATION NEEDS

- Expressed frustration with two-year lag to see full policy effects, viewing this as outdated given pace of modern crises

#### POLICY SUGGESTIONS

- Having lived through multiple economic cycles, expressed frustration with reactive rather than proactive approaches

#### FORWARD-LOOKING CONCERNS

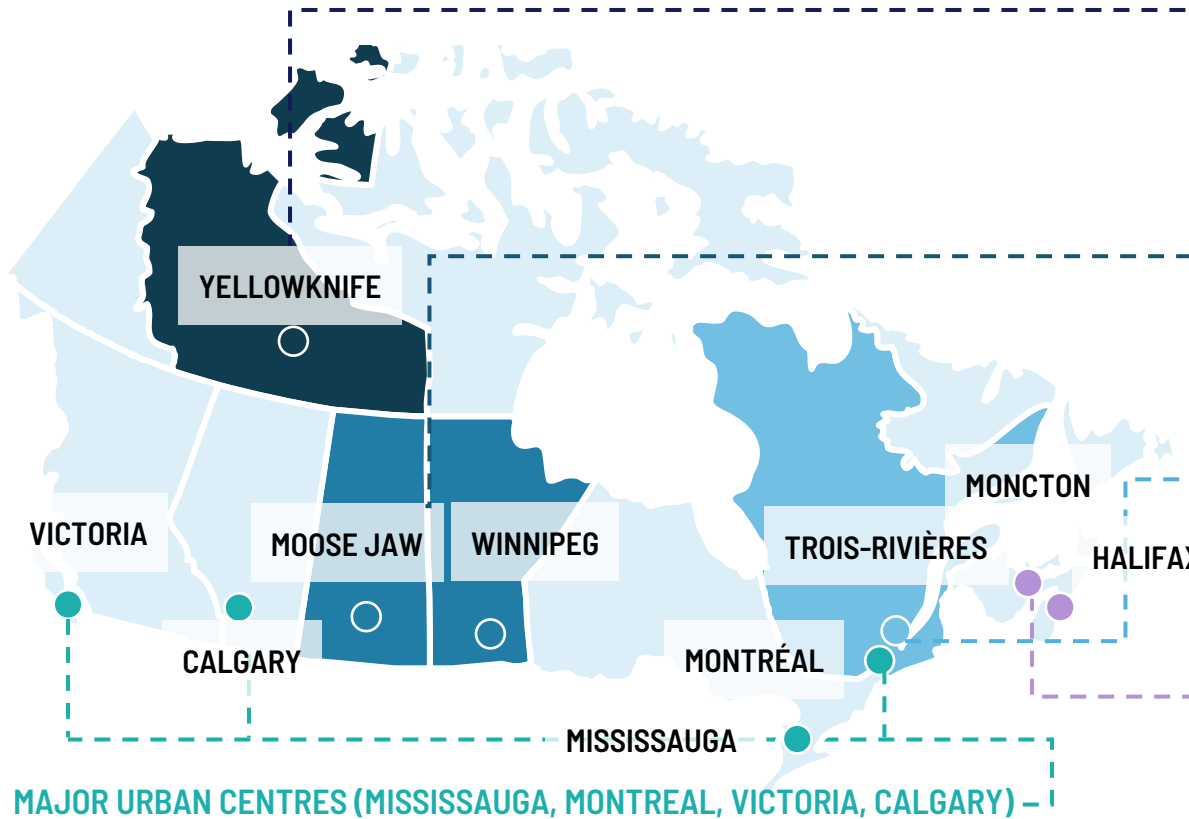
- Distinctive concern for financial vulnerability of younger generations with higher debt loads and less stable employment



*These kids are buying houses at \$400,000, \$500,000, \$600,000. It's a lot, I mean, any sort of job, no matter what you work in...any movement in the interest rate can be too much.*

[Boomer, Sudbury]

# Regional analysis of responses found that supply shocks reflected local realities—from the North's permanent fragility to urban confidence in market resilience



## NORTHERN TERRITORIES

- Yellowknife participants positioned supply shocks as present-day reality, not future risks. They understood interest rate adjustments have limited impact when ice roads or weather could instantly disrupt essential supplies, leading to calls for infrastructure-based solutions over monetary policy.

## PRAIRIE PROVINCES

- Prairie participants brought unique insights from agriculture and resource sector volatility, with boom-bust cycles preparing them for supply-driven inflation. This historical context led to nuanced, situation-specific responses rather than uniform positions, evaluating each shock's nature and expected duration individually.

## QUEBEC

- Quebec participants emphasized how consumer behaviour—shaped by fear, uncertainty, and confidence—can be as influential as the supply shock itself in determining economic outcomes.

## ATLANTIC PROVINCES

- Atlantic participants demonstrated acute awareness of their region's external dependencies and vulnerability to disruptions, often preferring to build resilience over reactive policies.

## MAJOR URBAN CENTRES (MISSISSAUGA, MONTREAL, VICTORIA, CALGARY) –

- Urban participants tended to exhibit greater confidence in market resilience and a preference for maintaining economic stability through disruptions.

# HOUSING AFFORDABILITY AND INTEREST RATES



# Housing tenure affected participants' perspectives on housing more than generational differences, with renters and prospective buyers across all age groups sharing profound pessimism about their housing futures

## RENTERS



- Described paying rent that often exceeds equivalent mortgage payments while being unable to qualify for home loans.
- Reported dramatic rent increases (\$500-700) without corresponding improvements or justification.
- Expressed resignation to being "renters forever" despite working multiple jobs or having dual incomes, with high rent costs preventing them from saving for future down payments.

*You pay more for rent than you would for a mortgage, but they won't give you a mortgage for the same amount that you rent for.*

[Gen X, Winnipeg]

## PROSPECTIVE BUYERS



- Watched housing prices increase faster than their ability to save, even with above-average incomes and career advancement.
- Observed abundant new construction that remained unaffordable, questioning claims of housing shortages when vacant units were visible.

*Those houses that are 175k are now 450k, 500k, 600k and more.*

[Millennial, Halifax]

## HOMEOWNERS



- Expressed understanding of current market challenges and concern for younger generations who are pessimistic about achieving homeownership.
- Mortgage holders expressed concern about rate volatility, both for themselves and their adult children.
- Outright owners acknowledged their historical advantage, having purchased when home prices were dramatically lower, with many now providing financial assistance to their children.

*When it came time to renegotiate my mortgage last year, I actually still extended it. I didn't know what was coming.*

[Boomer, Sudbury]

# The Housing Communications Materials Presented

To explore how Canadians understand the relationship between monetary policy and housing affordability, participants were presented with information about the Bank's role and the complex factors affecting housing markets.

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**There are many pieces to the housing puzzle and interest rates is only one of them.**

Factors Impacting Housing Supply and Demand:

HOUSING DEMAND	HOUSING SUPPLY
Household Income	Time to Build
Housing Preferences	Government Policy
Beliefs & Pricing Behaviour	Building Costs
Interest Rates	Supply Constraints
Government Policy	Financing Costs (interest rates)
Population Growth	

Source: Bank of Canada  
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**The Bank is keeping a close eye on housing costs because they affect inflation in Canada.**

The cost of housing can make a real difference in your total cost of living. But there is no single housing market in Canada: it varies quite a bit from one city to the next.

The Bank of Canada has essentially one tool to control inflation: adjusting the policy interest rate.

It's a blunt instrument: the interest rates affects every aspect of the economy. Interest rates can't target just one sector, such as housing, or be different from region to region.

Source: Bank of Canada  
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# Participants understood monetary policy limitations on housing affordability, but expressed frustration over the lack of solutions

Participants generally found the housing explainer clear and informative, particularly appreciating the visual diagram showing multiple factors affecting housing. Most grasped that interest rates are a "blunt instrument" affecting the entire economy, not just housing. Some viewed this as a "lose-lose situation" where raising rates increases mortgage costs while lowering rates can fuel home price increases. However, this understanding did not provide reassurance, with many feeling the Bank was acknowledging limitations without offering solutions to a crisis that has been "visibly building for decades." Some went further to emphasize the importance of coordination between the Bank and the federal government in addressing housing challenges.

## NUANCES BY GENERATION



### GEN Z

- Confirmation their housing situations would not improve, especially for renters.
- Perception that information was largely focused on homeowners and did not sufficiently reflect circumstances of renters.
- Strong consensus that the Bank needs "secondary tools" beyond interest rates.



### MILLENNIALS

- Renters questioned whether housing shortages exist, arguing homes are available but overpriced.
- Discovered interest rates affect builders' financing for construction, leading to more "compassion" for the sector.
- Increased empathy towards the Bank among homeowners due to acknowledgment of regional variations.



### GEN X

- Demonstrated the most nuanced understanding of monetary policy's interconnected effects.
- Felt that the information could be improved for those less knowledgeable with simpler language, real-life examples and timeframes, as opposed to theoretical explanations.



### BOOMERS

- Viewed narrative on Bank's limited tools with skepticism, seeing it as avoiding accountability.
- Questioned why housing issues developed over decades without intervention.
- Emphasized vastly different regional markets requiring targeted tools beyond single national interest rate.

## In their own words...

*I never see no movement, no progress. Like, I just see us stuck.*

[Gen Z, Mississauga]

*It's trying to explain that we only have this one blunt tool instrument that applies to everyone equally, but then it impacts unequally.*

[Millennial, Calgary]

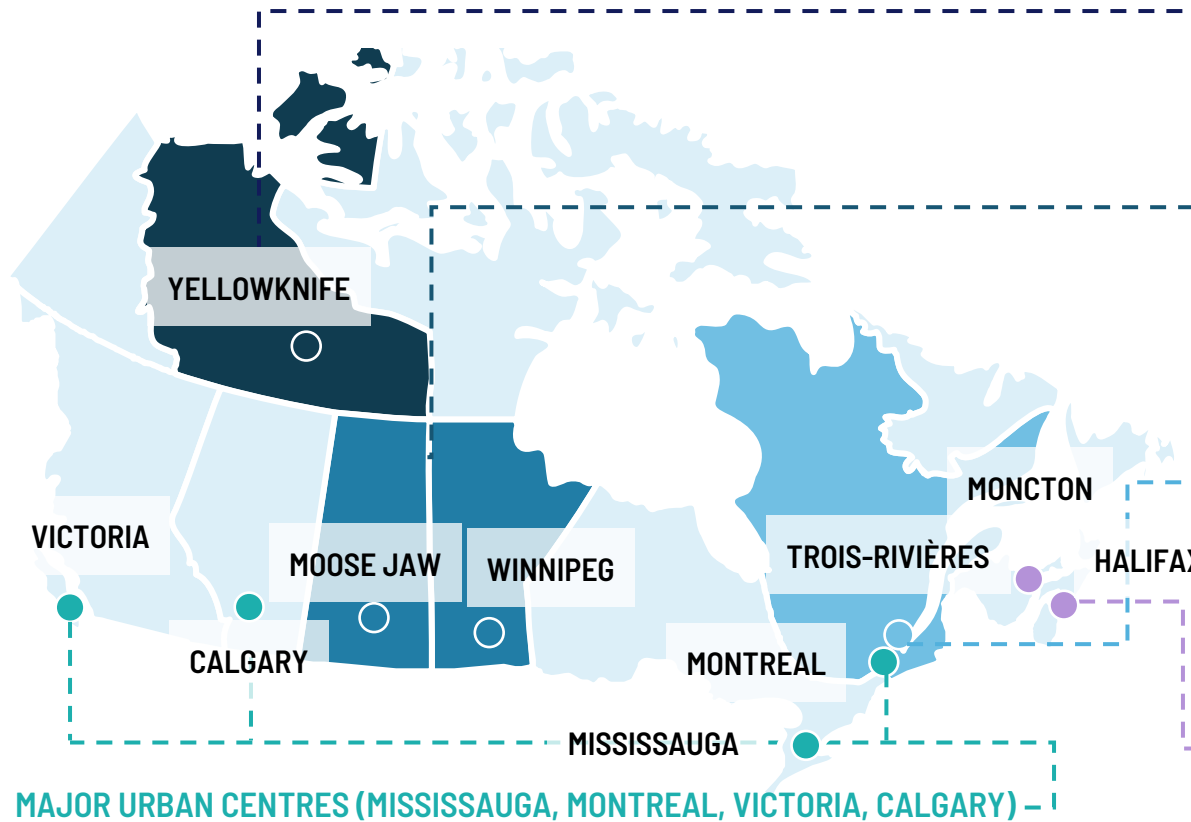
*Ça explique bien la situation, mais personne n'est content.*

[Gen X, Montreal]

*The housing pricing and housing market is so different in Alberta, Saskatchewan, Manitoba. They're setting policy that's affecting the entire country and we're being penalized because they're trying to bring down what's happening in Toronto and Vancouver and we're not having that issue.*

[Boomer, Moose Jaw]

# Housing affordability concerns dominated discussions across all regions, but the specific nature of challenges and their relationship to monetary policy varied dramatically based on local market conditions and regional characteristics



## MAJOR URBAN CENTRES (MISSISSAUGA, MONTREAL, VICTORIA, CALGARY) –

- Urban participants (apart from Montreal) described housing markets that felt disconnected from local incomes and dominated by investor activity.

## NORTHERN TERRITORIES

- Yellowknife participants described a paradox of vast land but extreme housing costs due to monopolistic rental markets, high material transport costs, ice roads, and shorter building seasons.

## PRAIRIE PROVINCES

- Prairie participants expressed frustration that mid-sized cities like Winnipeg are overlooked in national policy discussions, requiring different solutions than larger centres.
- Quality of housing stock deteriorating despite rising prices emerged as a significant regional concern.

## QUEBEC

- Quebec participants highlighted the distinct July 1st lease cycle creating seasonal pricing spikes and shifting tenant/landlord bargaining power.
- Several discussed Quebec-specific rent guidelines and delays at the Tribunal administratif du logement, with both tenants and landlords taking advantage of the current system.

## ATLANTIC PROVINCES

- Atlantic participants described transformation from affordable alternative to increasingly unaffordable due to influx of remote workers and retirees from more expensive markets.
- Younger generations expressed loss of hope for homeownership as external buyers fundamentally altered local housing dynamics.



# THANK YOU

