



Does Canada Over-invest Residential Real Estate?

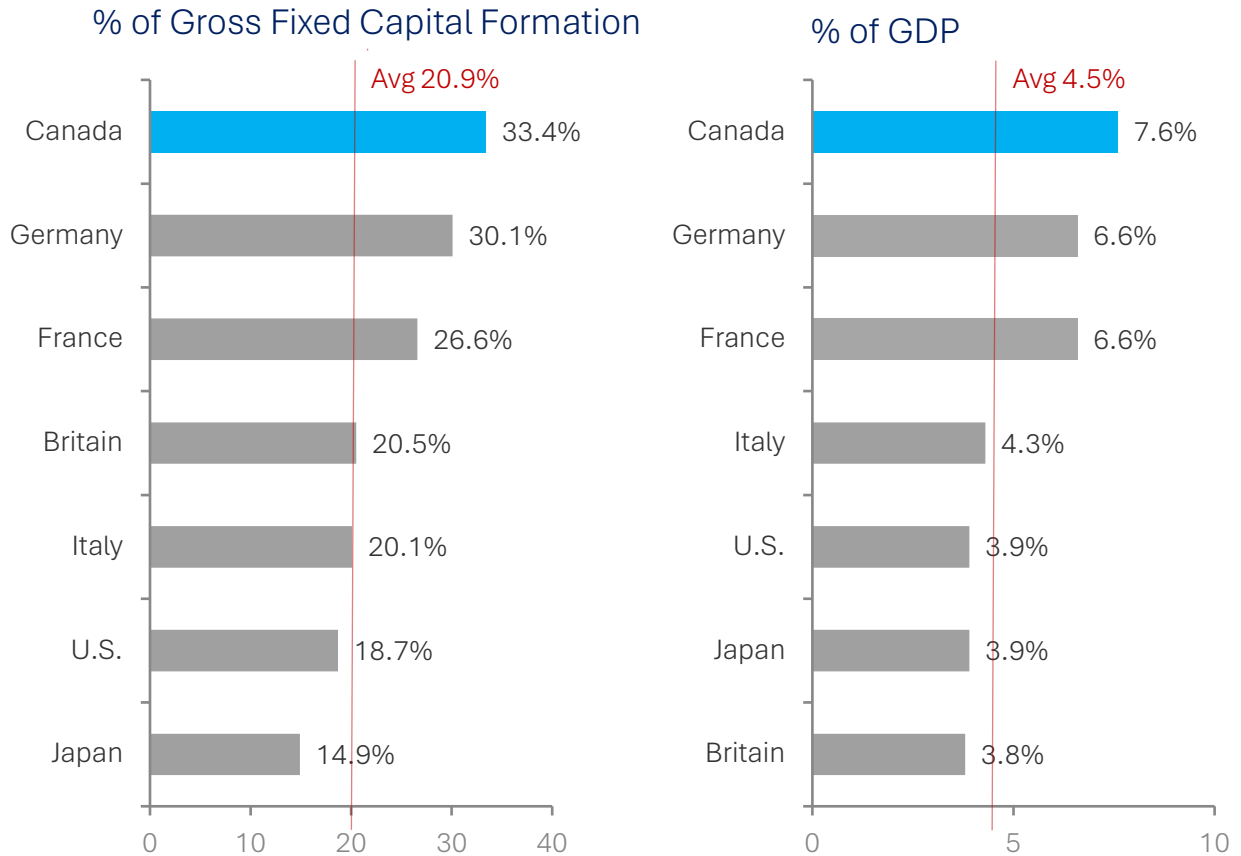
Crowding out investment
in capital

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Does Canada Over-invest in Real Estate?

Residential Investment as a Share of Gross Fixed Capital Formation Across the G7

Canada allocates 33.4% of its GFCF to residential housing — the highest in the G7 and more than double Japan's 14.9%. As a share of GDP, Canada devotes **7.6%** to residential investment vs. a G7 dollar-weighted average of 4.5% - **69%** above the average.



Key Observations: Canada's outsized allocation to residential construction crowds out business investment in machinery, equipment, and intellectual property.

RBC notes Canadian businesses invest roughly half as much per worker as their U.S. counterparts.

Over the past 10 years, Canada's real GDP per capita grew just 1.1%, the worst in the G7, while the U.S. grew 20.7%. The OECD projects Canada will see the lowest GDP per capita growth among all member countries through 2060.



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