



U.S. steel tariffs threaten Canadian condo markets

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The U.S. government yesterday announced that it is slapping tariffs on Canadian aluminum and steel, and that could be disastrous for Canada's condominium markets.

“What’s going to happen is, depending on if Canada retaliates in kind, it will drive up our rebar prices, and we use many thousands of tons of rebar in building reinforced concrete buildings, which are all of our condominiums,” said **Richard Lyall, president of the Residential Construction Council of Ontario**. “That’s not good because, at the end of the day, that could have an effect on the market, which has been stressed recently by increased charges and interest rates. That could put some projects in jeopardy, in terms of cancellations, and that could have a real impact on the market.”

The U.S.’s Commerce Secretary Wilbur Ross announced a 25% tariff on imported steel and 10% on aluminum.

Typically, when costs rise, they’re passed onto consumers, who, in cities like Toronto and Vancouver, struggle with affordability. Lyall hopes the Canadian government is mindful of that when it responds.

“The costs are ultimately born by the consumer, so in our view Canada should not retaliate in kind on construction rebar because we’re going to bury ourselves,” he said. “I’m hopeful this matter will get sorted out with the NAFTA deal before long anyway, and there’s no point in throwing a wrench in the consumer’s direction in the interim.

“We’re talking big money here. I don’t want to speculate on what the increases could be, but, on a percentage basis, they’re well into the double digits.”

Toronto’s condo market has been on fire—more so now that the mortgage stress test has precluded buyers from the single-family detached market.

“With 250 cranes up in the sky, Toronto is still the hottest market in North America by a mile,” said Lyall. “It’s a tough market—a stretched market—and there have been some real challenges, price-wise, on the various costs associated with that, including development charges.”

However, Lyall was adamant that he isn’t prophesying doom and gloom for the condo market. While he called the tariffs “a serious threat,” he doesn’t believe the sector is in total peril.

“But these things are unpredictable because, when that happens in a market like this, it creates uncertainty, then people get cautious and then it could cause some cancellations, which could have an effect on government coffers—they make a lot of money off of us—and new homebuyers.”

Sam Crignano, president of Cityzen Development Group, which builds high-rise residential towers in downtown Toronto, echoed Lyall before adding that he wasn’t surprised to hear about the tariffs. Although he believes news of the tariffs is disconcerting, he isn’t panicking.

“It creates uncertainty, which is never good for any industry—especially ours,” said Crignano. “We’ve heard about this for quite some time, and all the news we’ve gotten about tariffs is the prices will increase, but it would be nice to hear why prices will increase. If we’re importing a lot of aluminum from the U.S.—and don’t forget, we’re a big producer too—I’d be surprised if we can’t domestically produce what the demand is.”