

Toronto Star – October 1, 2023

## How expensive has Toronto housing become? Take a look at today's reality compared to the boomer buyers of 1990

A graphic shows the stark differences Torontonians face in today's real estate market compared to only 30 years ago.

Manuela Vega || October 1, 2023



The average price for a home in the GTA for 2023 is \$1,134,781, according to Toronto Regional Real Estate Board data. Evan Buhler / THE CANADIAN PRESS

Home ownership has long been seen as a rite of passage — whether to start a family, gain independence or just have a stable place to live.

But in Toronto's housing market, it's a goal the average person can no longer realistically aspire to.

In roughly the last three decades, median incomes for individuals in the Toronto area have remained the same when adjusted for inflation, while the price of the average home has soared past the million-dollar mark. Even for those who earn more money than most, home ownership is out of reach.

## **Average income has increased, but median wages are stagnant**

While the average income for individuals in the Toronto area has increased since the 1990s, the median income is the same, according to census data, adjusted to inflation, suggesting pay has remained stagnant for the lowest earners, but increased somewhat for higher earners.

By either measurement, however, the increases are nowhere near the jump in real estate prices in the same amount of time.

In 1990, the median income for an individual aged 25 to 54 in Toronto was \$54,310, when adjusted to 2023 inflation. More than three decades later, it hasn't increased by even one per cent, now at \$54,643, according to 2021 census data adjusted for today's inflation.

In Ontario, minimum wage increases at the rate of inflation each year, in accordance with 2014 legislation introduced by the former Kathleen Wynne government, although the Doug Ford government has frozen the increases in previous years.

On Oct. 1, the minimum wage is increasing by 6.8 per cent, in line with the Consumer Price Index, from \$15.50 to \$16.55.

Average incomes have increased by about 16 per cent — from \$63,769 in 1990 to \$73,897 this year — according to 2021 census data adjusted for inflation.

## Real estate prices have nearly doubled since 2010

In 1990, the average GTA home would have cost a buyer \$255,020 — the equivalent of what today would be \$514,911 with inflation, according to data from the Toronto Regional Real Estate Board.

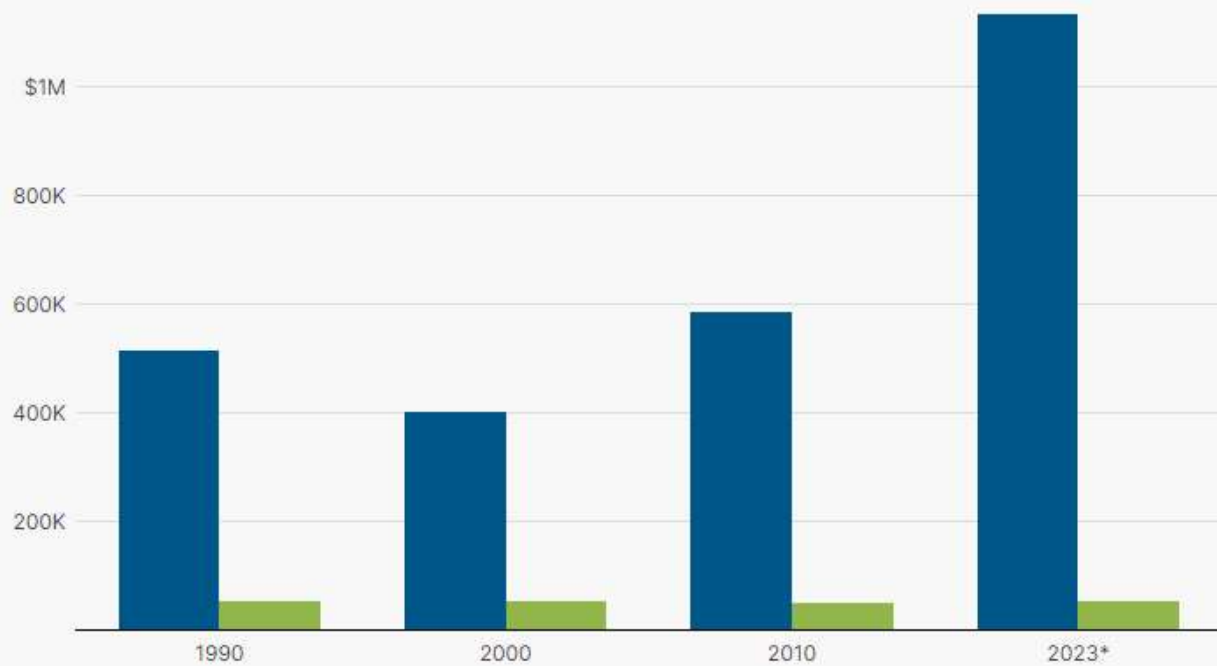
After steadily decreasing until 2000, it rose by 2010 to \$431,262 — or \$586,473 with today's inflation.

Since then, the rise has been dramatic. Today, the average home price in the GTA is \$1,134,781 — nearly double the price 13 years ago.

### Home price vs. annual income in the GTA

All numbers adjusted to 2023 dollars.

● Average home price ● Median annual income



Income data based on annual earnings of individuals 25-54, Toronto CMA region  
\* most recent income data is from 2021.

SOURCE: STATISTICS CANADA, THE TORONTO REGIONAL REAL ESTATE BOARD

TORONTO STAR GRAPHIC

More condos in Toronto are owned by investors, according to a 2023 Statistics Canada report.

Rising interest rates, implemented by the Bank of Canada in an attempt to cool inflation, have added another weight to homeowners, with amortization periods longer than 25 years becoming increasingly common.

On a greater scale, Canada has what is perhaps the most concerning housing bubble in the world, according to an international strategist.

But not even a recession would bring affordability to the real estate market. The severe scenario could bring a price correction, but a recent report by Desjardins economists found it would only lower prices to 2015 levels, when affordability was already “stretched” and home prices averaged \$770,000.

## **Staggering rental market prices offer little comfort**

In 1990, the average person in the Toronto area spent \$634, or \$1,280 with inflation, on rent each month, according to the Canada Mortgage and Housing Corp.

The corporation surveyed tenants in private buildings where there are at least three rental units that have been on the market for three or more months.

In 2000, renters paid \$913, which would be \$1,514 today; and in 2010, they paid \$1,048, the equivalent of \$1,425.

As of 2022, the average renter paid \$1,665, which adjusts this year to \$1,732 each month — an increase of about 35 per cent since 1990 — but a look at new asking prices paints a starker picture.

With rental prices on the rise, one-bedroom units in Toronto are hitting the market for more than \$2,600, while two-bedroom apartments command more than \$3,400 and three-bedroom units cost about \$3,800, according to a report by rentals.ca and Urbanation.

Even renting just one bedroom in a shared apartment now costs tenants about \$1,300, as analysts predict it will take many years for the market to settle.

Tenant advocates point to loopholes around rent control, a rule that allows landlords to put any price on a unit when a new tenant moves in and a lack of social housing as issues enabling the rising prices.