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Hoping to buy your first home? It's getting harder to qualify without help from parents

Canadians 22 to 31 twice as likely to become homeowners if their parents own property


Brandie Weikle || June 16, 2024

A for sale sign sits in front of a Toronto home in 2022. In Canada's most expensive cities especially, financial assistance from parents is becoming a bigger deciding factor in who is able to purchase their first home. (Alex Lupul/CBC)

Help from parents is increasingly becoming a deciding factor in who is able to realize their dream of owning a home and who is not.

A report from Statistics Canada released last month found that as of the 2021 reference year — the latest available from the Canadian Housing Statistics Program — around one in six properties owned by buyers born in the 1990s were actually co-owned with their parents.

Since this was the first Statistics Canada release on this topic, it's not known how this rate of co-ownership compares to earlier times, a spokesperson said.

However, the report also cited CIBC data from 2021 that found almost 30 per cent of first-time home buyers that year received financial help from family, compared to 20 per cent in 2015.

An earlier StatsCan report also found that, as of 2021, adult children ages 22 to 31 were twice as likely to become homeowners themselves if their parents own property.

None of this is a surprise to Paul Kershaw. He's a professor at the University of British Columbia's School of Population and Public Health and founder of think-tank and advocacy organization Generation Squeeze, which explores fairness between the generations — including in the housing market.

"So when my mom started out in the housing market in the mid 1970s, it would have taken five years of full-time work for a typical young adult to save a 20 per cent down payment on an average-price home," Kershaw told *Cost of Living*. "If you flash forward to today, it's 17 years on average, 22 in B.C. and Ontario."

Paul Kershaw is a professor at the University of British Columbia’s School of Population and Public Health, and founder of Generation Squeeze, a think tank and advocacy organization that explores fairness between the generations, including in the housing market. (Submitted by Paul Kershaw)

As a result, those who can "are turning to the members in their family for whom rising home prices haven't been a hardship — they've been a boon," said Kershaw, who holds an interdisciplinary PhD in political science, law and economics.

This reality leaves out a wide swath of young, would-be homeowners who don't have access to family money or credit, and also raises questions about risk for the older generations who want to help their kids but also support themselves through what may be many years of retirement.

Help from family

Christian Kang, 29, counts himself lucky for being able to get support from his father to buy a condo a little more than a year ago. Even though he has a decent-paying job in finance, and had saved for quite a few years while living at home, he could still only qualify for a mortgage of around $400,000 — not enough to get a place in Toronto.

Kang said when banks were hiking rates, "it was getting harder to qualify."

"I thought I'd have a good amount for a larger mortgage, but it just turned out not to be the case," he said. "I had felt like I may be trapped renting forever."

But then he was given some money when his grandmother passed, and an offer of some additional assistance from his parents, who supplied the rest of the financing through their line of credit.

That got him to the $680,000 he needed for his one-bedroom plus den, single-bath condo in midtown Toronto.

Kang said he knows he's in the minority.

"Most of my friends are renting," he said, and everyone Kang knows who has been able to get into the real estate market has had financial assistance from family.

Kealin Williams, left, pictured here with her wife, Carolina Rodriguez, says they don't see their way out of renting as long as they're living in the Greater Toronto Area given that they're just making ends meet after paying students loans. (Submitted by Kealin Williams)

With student loans to pay off, Kealin Williams said she and her wife — who are both in their 30s — don't see how they can change their status as renters while living in Toronto, even once Williams completes her post-grad certificate in human resources and returns to full-time work.

Williams says they talk about using her Irish passport to help them settle in a more affordable city somewhere in Europe.

She compares her situation to that of her parents who, even on working-class salaries, were able to afford a home in Scarborough with four children.

"Realistically, we're just kind of making ends meet in terms of living wages. And yeah, my wife works for a very large company and she has a pretty great salary," said Williams. "It's discouraging."

For Matthew Booth, 29, getting the cash together for a deposit on a condo in Calgary — still relatively affordable compared to places like Vancouver and Toronto — meant working a second job as a server four or five nights per week. (Submitted by Matthew Booth)

A 2-job grind for a deposit

Matthew Booth, 29, purchased his first property earlier this month: a $415,000 two-bedroom, two-bath condo in Calgary where he's just started a new job as director of sales and marketing for a large hotel.

But getting the money together without a big windfall from family was no easy feat, even in a real estate market that's not as red-hot as those in Toronto and Vancouver.

Previously working in less senior hospitality sales and marketing jobs in Jasper and Canmore — neither one inexpensive places to live — he took on second jobs in restaurants so he could save.

In Jasper, for instance, "I wasn't making that much money as a sales co-ordinator," he said. "So I would go to that job, in the morning, 8:30 to 5 p.m., and then actually, right after work, I either walked or hopped on a bike and I'd go directly to a job in town." Four or five days a week, Booth would work as a server until about 10:30 p.m., before walking or biking home.

On the savings side, he'd do things like max out his employer-matched RRSP program and, most recently, sublet the extra bedroom in the Canmore apartment he's been sharing with his girlfriend to squirrel away extra cash.

Stuck at home

Living in Toronto's East York neighbourhood, Emilie Fernandez is not sure how she's ever going to achieve what Booth has without starting over in another province.

The 23-year-old has been working for the Ontario government since February 2023, and saving diligently thanks to living rent-free with her parents. She also lived at home during university, allowing her to complete her degree without student debt.

But even with those things going for her, Fernandez said home ownership seems out of reach. She has explored qualifying for a mortgage with her partner, who is also living with his parents to save money.

Emilie Fernandez, 23, has been socking away money for a down payment while living at home. But even if she combines resources with her boyfriend, who has been doing the same, they'll be far short of what they need for even a small property in the Greater Toronto Area. (Submitted by Emilie Fernandez)

Even for the smallest studio condo, "what we do qualify for is easily about $200,000 to $300,000 short," said Fernandez.

"We both work full time, so it's definitely frustrating knowing that what we could afford would be two or three hours outside of the city."

If they want to move out of their parents' places and into a rental unit together, "we won't have the savings that we need. Rent right now is equivalent to a mortgage payment, if not more."

Cautions for parents helping out

Kelly Ho, a financial planner in Vancouver, says parents who want to help their kids buy a home should be clear about the terms. For example, if cash toward a down payment is not a gift but a loan from the parents' home-equity line of credit, "make sure there's a solid loan agreement in place and a payment plan."

If parents are co-signing, there's a risk to their own credit rating and financial security should the children default, she said.

Kelly Ho, a financial planner with DLD Financial Group in Vancouver, says parents should set clear terms of they're helping their children to buy a home, either through a loan or by co-signing on the mortgage itself. (Rob Gilbert Photography)

She suggests that before committing any form of assistance, parents put together a comprehensive financial plan for themselves until age 95 or beyond.

"Obviously life expectancy has gone up, which also means that their long-term care needs might also go up."

Fernandez said she has no expectations that her parents should provide her with financial assistance to buy a home.

But she does say she'd "rather the older generation change their mindset from 'look how good of a deal we got when we bought our house,' to 'look how poorly the next generations are set up for home ownership.'"