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Skyrocketing rent: Some Canadians saying goodbye to half their paycheque



Andrew Johnson || June 20, 2024

A significant number of Canadian renters are spending more than half their paycheque putting a roof over their head, according to a new Royal LePage report.

In Vancouver, 27 per cent of renters are spending more than half their net income on paying the rent. In Toronto, 19 per cent are forking over more than half of their paycheque and one in 10 Montrealers are in the same position. The national average is 16 per cent.

"The target is roughly a third of your income to be deemed affordable," said Tom Davidoff, an associate professor with UBC's Sauder School of Business.

Rent prices have skyrocketed as the country struggles through a post-pandemic housing crisis experts say is also fuelled by immigration. Ultra-low rental vacancy is part of the problem, according to experts, driven by the current difficulties with entering the market as a buyer.

"You have a lot of renters who really want to get into ownership, but until rates come down or prices fall, it's going to be a while," added Davidoff.

The survey reports 27 per cent of renters in Canada do plan to buy a property in the next two years, however, 69 per cent said they have no such plans. Just over half cited insufficient income as a reason for their decision.

Younger renters are apparently not giving up. The survey shows people who have the biggest intent to move into the buying market are middle millennials, people in their 30s, who may also be ready to start a family.

"While a third of Canadian adults are currently renting, and there are families who are perfectly content doing so, the desire for home ownership remains strong among a large portion of this segment of the population," said Phil Soper, the president and CEO of Royal LePage.

"Understandably, the greatest barrier to entry is the ability to drum up the initial capital for a down payment."

The report, which surveyed 1,506 Canadian adults online between June 7 and 10, also found that one third of Canadians live in rental accommodations. That figure has been gradually increasing in recent years, because of the affordability challenges in the resale market.

"The housing industry and government must collaborate on innovative solutions to increase inventory, including rentals, and support those most impacted by these escalating market conditions," Soper said.