

GTA Housing: Most see affordability worsening, say it will continue 'no matter what' government does

Proportion of residents made 'Miserable' by housing and transit pain jumps 10 points since 2015

August 23, 2018 – Both homeowners and non-owners agree that the price of real estate in the Greater Toronto Area is “unreasonably high,” and that it may be too late for government intervention to burst the bubble they say is hurting the region.

These are some of the findings of a new study from the Angus Reid Institute that tracks questions first asked in the GTA in 2015. It finds housing concerns registering considerably higher for most residents of the region today than they did back then. Correspondingly, area residents are now substantially more likely to find themselves in the group ARI researchers deem “Miserable” based on personal experiences with housing and transit, rather than the “Happy” or “Comfortable” groups.

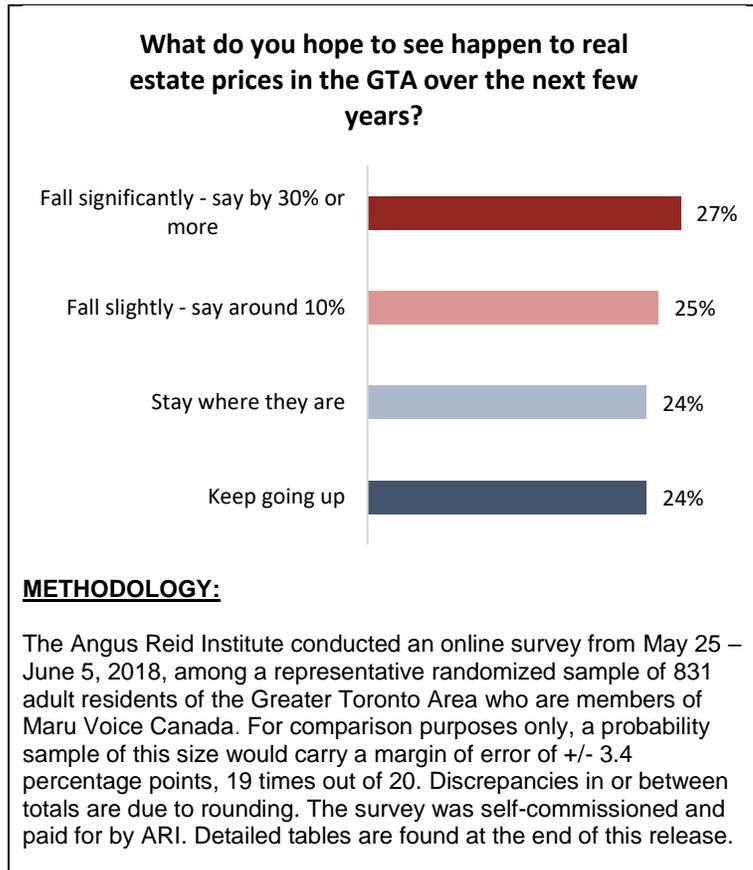
Renters, especially, are feeling shut out of the real estate market, and more than half (59%) say they are “seriously considering” leaving Greater Toronto because of the high cost of housing in the region.

Overall, fully half of GTA residents say they are hoping for at least a 10 per cent drop in prices over the next few years, if not a bigger decline, and they voice strong support for a variety of government interventions aimed at cooling the red-hot market.

All of this comes as Ontario residents await [whatever action](#) new Premier Doug Ford's government decides to take – after [refraining](#) from making specific policy proposals during the election campaign – on this key issue.

More Key Findings:

- Asked to name the top issues facing the region, most GTA residents (54%) list housing affordability as a top concern. In 2015, the number naming housing was 36 per cent
- The share of respondents naming “low interest rates” as a major cause of high housing prices has fallen considerably since 2015 (from 44% to 30%), while the percentage placing the blame on foreign investors has risen (from 34% to 42%)



CONTACT:

Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
Dave Korzinski, Research Associate: 250.899.0821 dave.korzinski@angusreid.org

- Renters and owners alike view the cost of their own housing more favourably, while saying rent and real estate prices elsewhere in the region are “unreasonably high”

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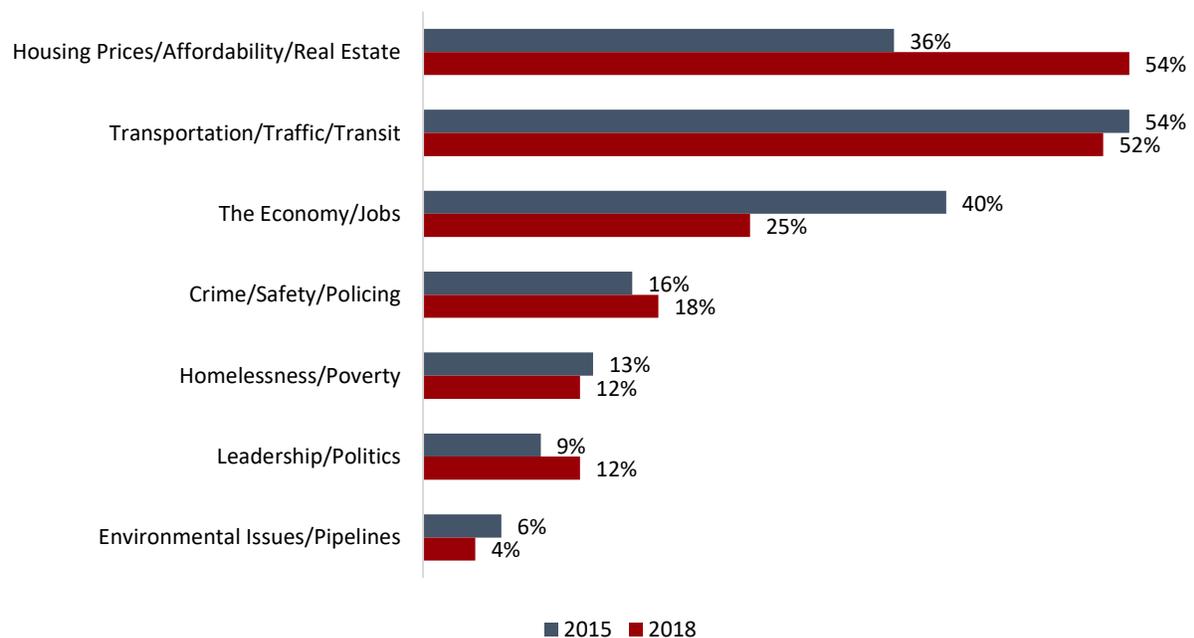
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Housing surpasses transit as top issue

In 2015, when the Angus Reid Institute conducted its first survey on housing and transportation issues in the Greater Toronto Area, residents expressed much more concern about the latter than the former.

Today, when asked to name the top issues facing the GTA and their specific municipality within it, respondents still list transportation and transit issues among their top concerns, but the number naming housing affordability has surged:

Thinking of the issues currently facing the Greater Toronto Area and your city, which one or two would you say are the most important?



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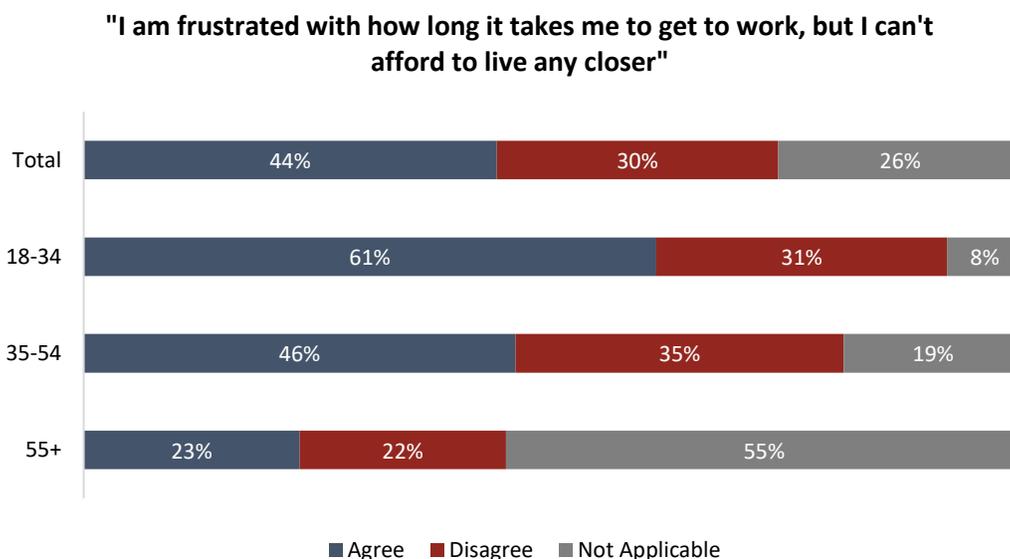
Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
 Dave Korzinski, Research Associate: 250.899.0821 dave.korzinski@angusreid.org

This surge in concern over the housing file comes over a period that saw median prices [continue to climb](#) through early 2017, before [a provincial tax on foreign purchasers](#), new federal rules that make it [more difficult for buyers](#) to get mortgages, and [rising interest rates](#) combined to [reverse the trend](#) in late 2017 and early 2018.

The cost of housing is an especially resonant issue with younger respondents. Nearly two-thirds (65%) of those ages 18-34 list it among the two most important issues facing the GTA today, compared to 54 per cent of 35-54-year-olds and 40 per cent of those ages 55-plus.

For GTA residents under age 35, these two key issues – housing and transportation – are distinctly related. Younger people are more likely than those in other age groups to rely on public transit for their day-to-day transportation needs, and – perhaps as a result – are more likely to report longer commute times.

All of this adds up to more than six-in-ten younger respondents (61%) who agree with the statement “I am frustrated with how long it takes me to get to work, but I can’t afford to live any closer:”



Notably, when the Angus Reid Institute asked this question in 2015, those under 35 were more divided. Fewer than half (48%) agreed, while 42 per cent disagreed.

Tracking housing and transit pain

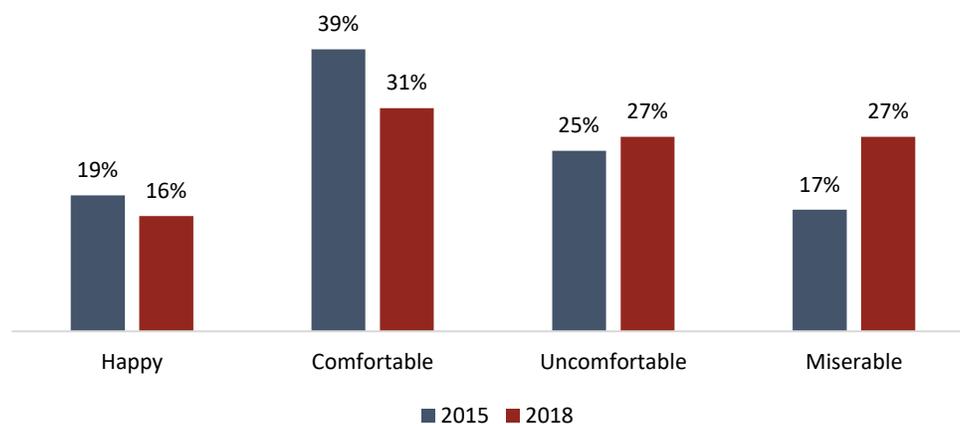
The Angus Reid Institute’s 2015 studies on housing and transit in [Metro Vancouver](#) and the [Greater Toronto Area](#) included a multi-variate analysis that grouped respondents into four segments along a continuum of housing- and transportation-related pain. The four groups were referred to as the Happy, the Comfortable, the Uncomfortable, and the Miserable, and they have been recreated for this 2018 study. For more information on how the groups were derived, see notes on methodology at the end of this report.

Today, as in 2015, the distinguishing features of the four groups are as follows:

- The **Happy** (16% of the total population) tend to be much older than the general population (73% are ages 55 and older). Most of them do not commute, and so experience relatively little transportation-related pain. They also overwhelmingly live in detached houses that they own outright – without a mortgage. Most bought into the market 25 years ago or longer.
- The **Comfortable** (31%) are also older, but not as dramatically so (77% are 35 or older, but only 30% are in the 55+ age group). Most are still in the working world, but their commutes tend to be manageable. They too live primarily in detached houses that they purchased a long time ago, but half still have a mortgage to contend with.
- The **Uncomfortable** (27%) are younger and divided roughly evenly between owning their homes (45% do) and living in some other arrangement. Most of those who own their homes have mortgages on them, and many bought into the market within the last 10 years. More than half (52%) are frustrated with their commute times, but say they can't afford to move closer to their jobs.
- The **Miserable** (27%) have a similar demographic make-up to the Uncomfortable, skewing even younger (47% are under age 35, compared to 40% of the Uncomfortable). They also tend to be more ethnically diverse than the other groups (especially the Happy and the Comfortable, which skew heavily Caucasian). Members of this group are more likely to rely on public transit to get around and tend to describe their commutes as painful. Three-quarters (74%) say they can't afford to move closer to where they work. Most are renters or living in some other non-ownership arrangement, and the few who own property tend to have high mortgage payments that make money tight.

The sizes of the four groups in the GTA have changed slightly since 2015, with the Happy and Comfortable groups shrinking and the Miserable group growing by 10 percentage points:

How the size of pain index groups has changed since 2015:

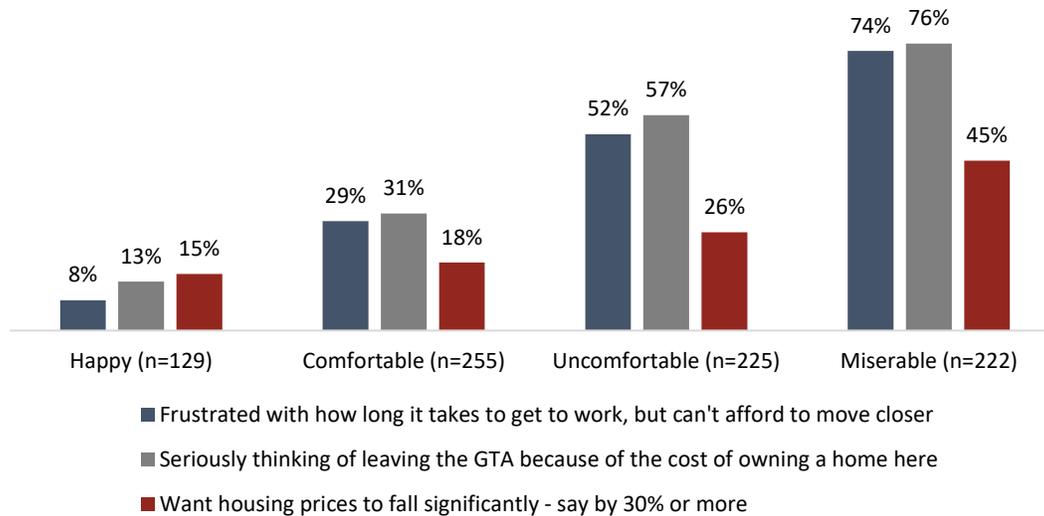


As might be expected, these four groups hold wildly divergent attitudes on many of the topics canvassed in this survey, particularly when it comes to describing the impact of their personal experiences with the housing market. The following graph highlights some of the key areas of disagreement between the four segments:

CONTACT:

Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
 Dave Korzinski, Research Associate: 250.899.0821 dave.korzinski@angusreid.org

Pain index responses to housing questions:

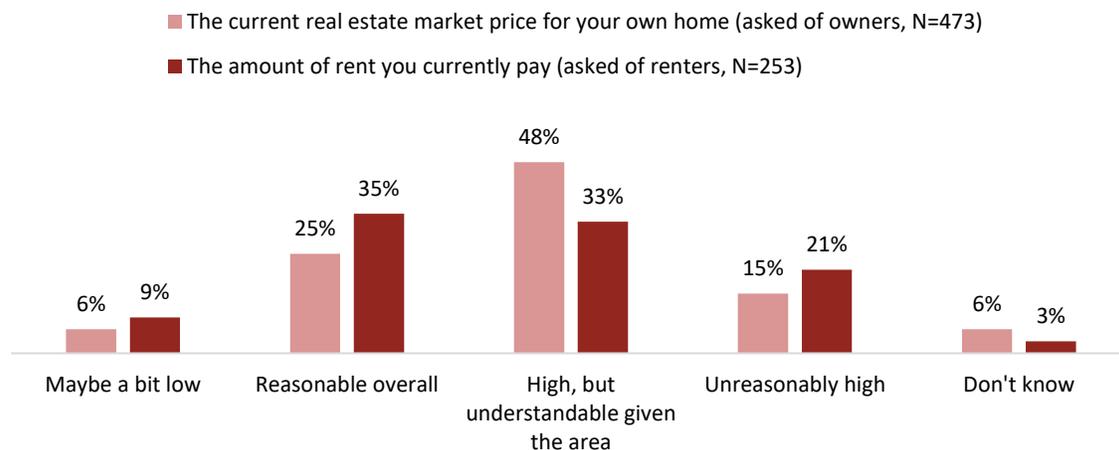


'Unreasonable' prices hurting the region

By and large, GTA homeowners view the high cost of housing in the region as a problem, though they're quick to soften their stance when it comes to the cost of their own home.

Asked how they would describe the market value of their own residence, owners mostly view it as either "reasonable overall," or "high, but understandable given the area." Renters feel similarly about the amount of rent they pay, as seen in the graph that follows.

How would you describe ...



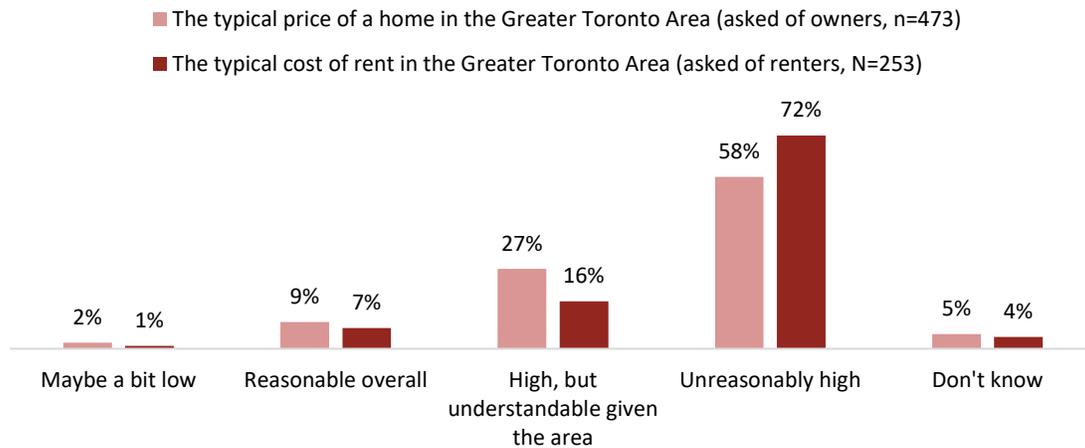
As the focus broadens to one's immediate community or municipality, the perception that housing costs are "unreasonably high" begins to increase. Nearly one-in-three owners (32%) say home prices in their communities are unreasonable, and more than four-in-ten renters (46%) say this about typical rents near them.

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Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
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Looking at the Greater Toronto Area as a whole, full majorities in both groups say the cost of housing oneself in the manner that they do is “unreasonably high”:

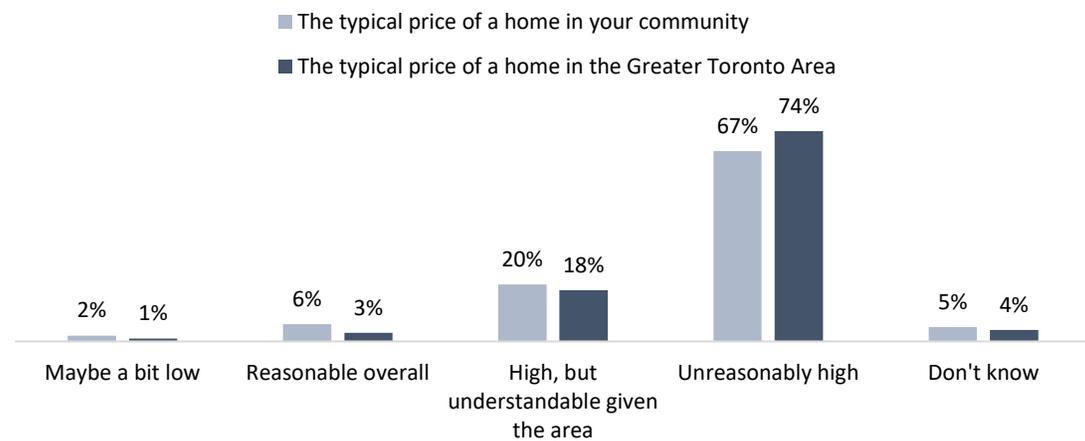
How would you describe ...



Non-owners, perhaps reflecting feelings of being “priced out” of the real estate market, are even more pessimistic when asked about the cost of buying a home in the GTA these days. Fully two-thirds (67%) say residential real estate is unreasonably costly in their community, and this number rises to nearly three-in-four (74%) when considering the price of a home across the entire region:

(Responses from non-owners, N=358)

How would you describe ...



More than one-in-three non-owners surveyed (36%) say they would like to buy a home now, but can’t afford to do so. This pain is particularly acute for non-owners who are in the 35-54-year-old age group, some 46 per cent of whom say they would like to buy a home now that they’re in their prime wage-earning years, but still can’t afford to do so ([see comprehensive tables for greater detail](#)).

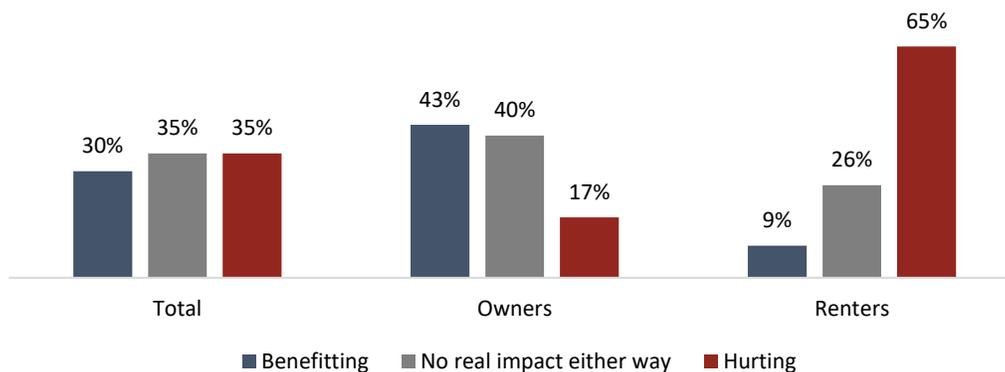
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The “unreasonably high” cost of housing in the GTA has been a dream for some – particularly homeowners who got into the market years ago – and a nightmare for others, including renters and those who bought into the market recently at a budget-stretching price point.

Asked whether the high price of a home in the region is benefitting or hurting them, personally, homeowners mostly say they are either benefitting or unaffected, while renters overwhelmingly feel they’re being hurt:

Overall, would you say current housing prices are benefitting or hurting you (and your household, if applicable)

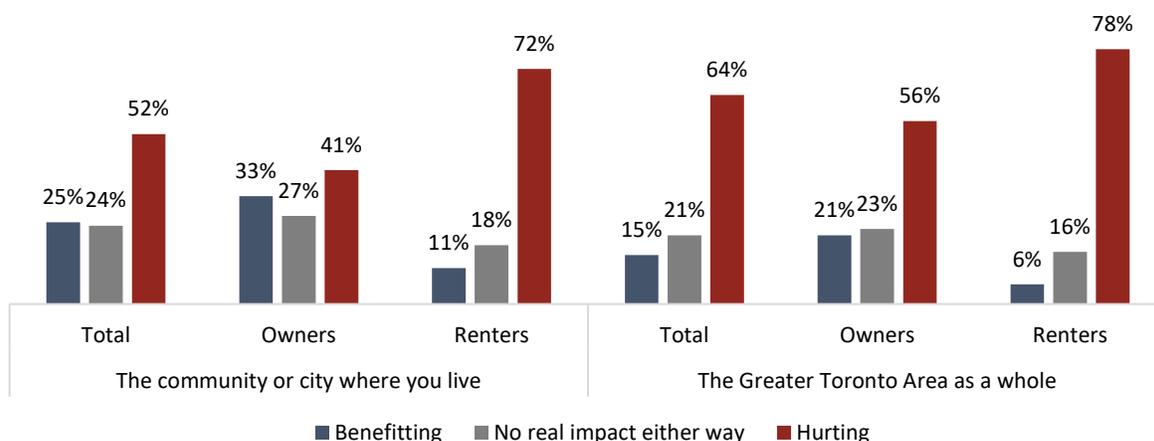


As was the case with their assessment of prices, however, the two groups become more aligned in their thinking as the focus shifts from their personal situations to their communities and the region as a whole.

Homeowners are more likely to say high real estate prices are hurting the city they live in (41% say this) than helping it (33%), and a full majority say high housing costs are hurting, rather than benefitting, the GTA overall:

Overall, would you say current housing prices here are benefitting or hurting

...

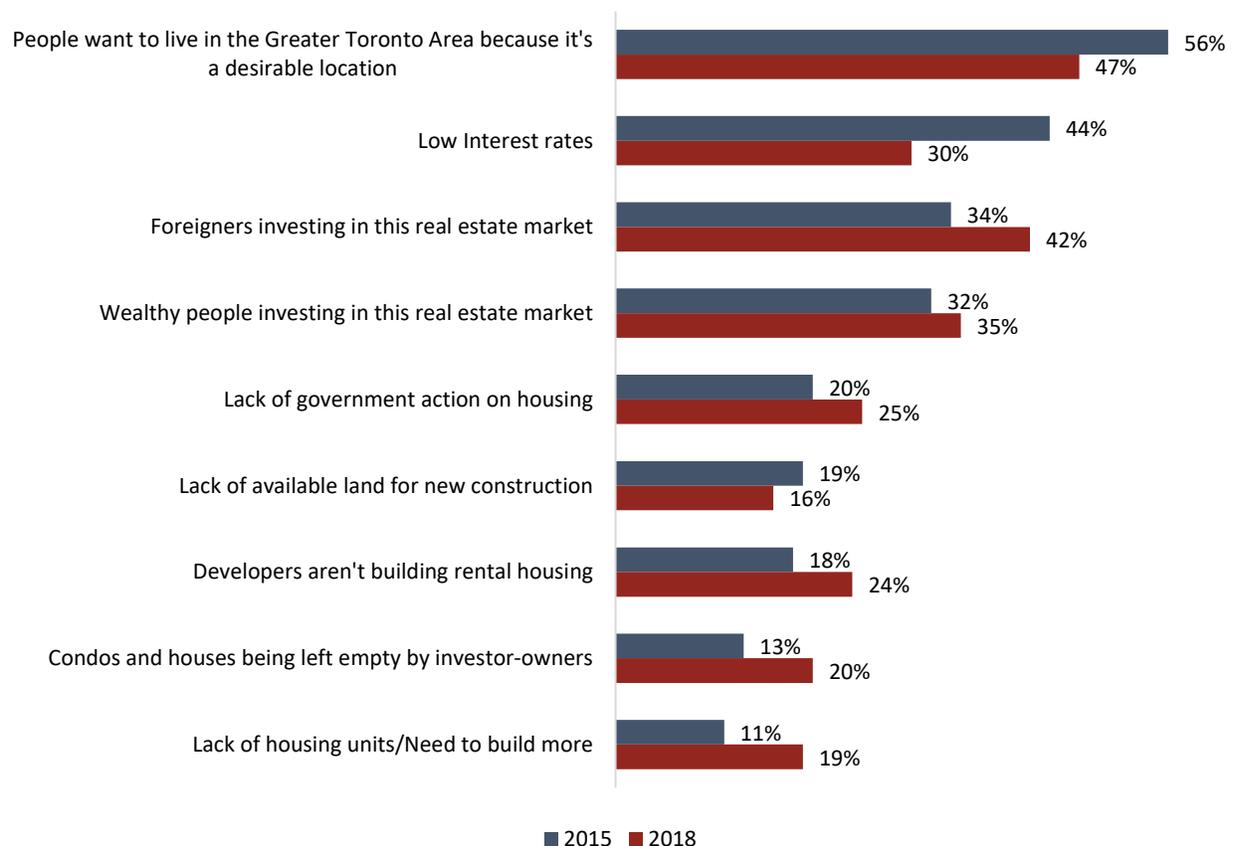


Who is to blame for high prices?

When the Angus Reid Institute asked in 2015, residents named two major culprits for high real estate prices: First, more than half (56%) placed the blame on population pressures caused by the area's desirability. Not far behind was a belief that historically low interest rates had prompted a buying-spree.

Today, after three years that saw Ontario follow British Columbia's lead in introducing [an extra property transfer tax](#) on buyers from outside Canada, the percentage of GTA residents blaming "foreigners investing in this real estate market" has jumped considerably. Likewise, after [several interest rate hikes](#) from the Bank of Canada, the percentage blaming low interest rates has dropped:

Which of the following factors do you think are the main causes of high housing prices in the region?



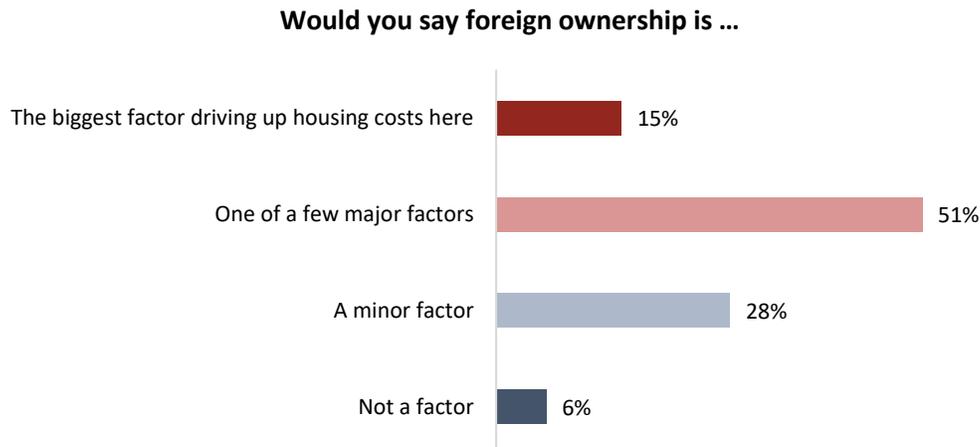
The rise in concern over foreign ownership mirrors a global problem that has received [increasing attention in recent years](#). A 2017 [report](#) by the United Nations' special rapporteur on adequate housing cites the "financialization" of real estate as a primary factory in distorting local housing markets, making housing prices in any given city more responsive to global capital markets than to local housing demand.

In any given city, this phenomenon manifests itself in the form of wealthy individuals [and corporations](#) – both foreign and domestic – buying and selling luxury properties as key components of their financial portfolios, rather than as places to live.

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Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
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Asked specifically how much of a factor foreign ownership is in driving up housing costs in the Toronto area, relatively few (15%) see it as “the biggest factor.” That said, fully half (51%) say foreign buyers are “one of a few major factors” influencing the trend:



In absolute terms, GTA residents believe “there is too much foreign ownership of real estate here” (69% agree with this statement) and reject the notion that “focusing on foreign buyers as a cause of high housing prices has racist undertones” (61% *disagree* with this statement).

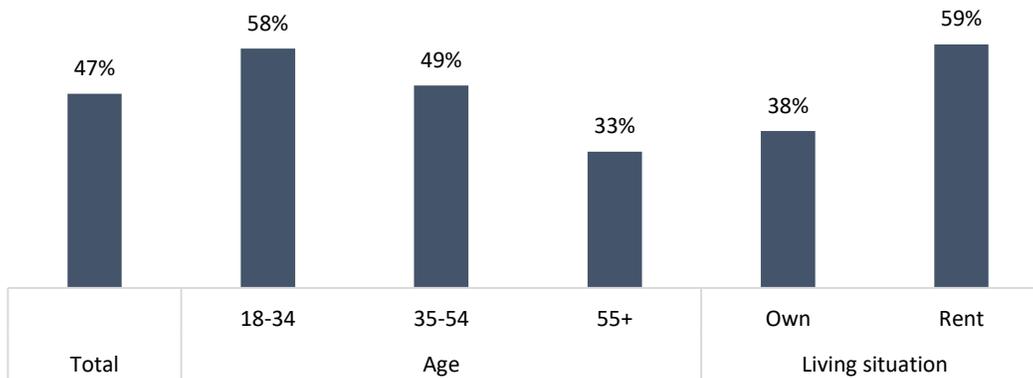
Hoping for a crash?

Clearly, the popular consensus in the GTA today is that the high cost of housing – even if it’s benefitting some people at the individual level – is hurting the region overall.

This dismal outlook corresponds with some deeply pessimistic attitudes expressed in this survey. More than eight-in-ten GTA residents (84%) say they are “worried the next generation won’t be able to afford to own a home” in the region, and nearly half (47%) agree with the statement “I’m seriously thinking of leaving the GTA because of the cost of owning a home here.”

Younger residents and renters – two groups that overlap significantly – are especially inclined to espouse this view:

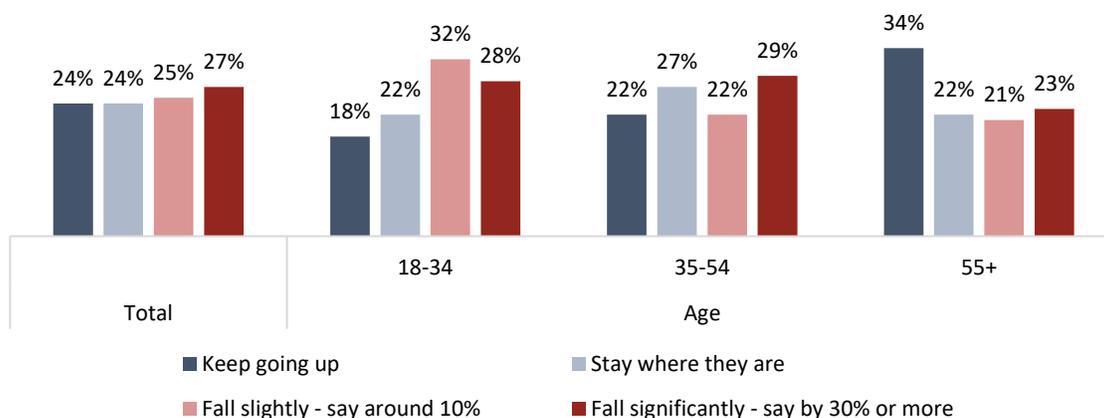
Percentage who agree with the statement "I'm seriously thinking of leaving the GTA because of the cost of owning a home here"



Given this, it makes sense that these groups – when asked what they would like to see from the housing market in the future – mostly say they hope prices come down.

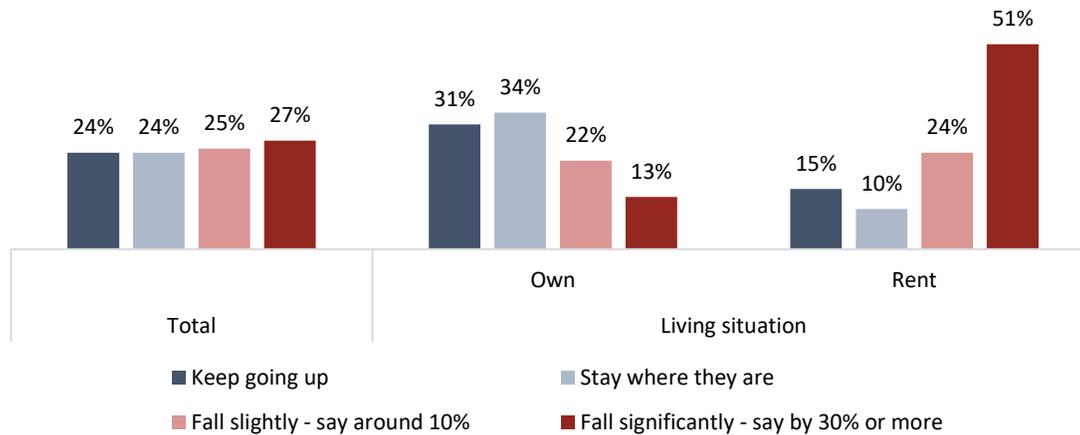
Overall, roughly half of GTA residents (52%) say they hope prices fall at least “slightly” in the next few years. This includes more than one-in-four (27%) who hope prices fall by 30 per cent or more – essentially a major crash. Among residents under age 35, fully six-in-ten are hoping the market cools off at least slightly, though it’s notable that nearly a quarter of those ages 55-plus – perhaps reflecting concern for children or grandchildren who are currently priced out of the market – say the same:

What do you hope to see happen to the real estate market here in the Greater Toronto Area over the next few years?



The gulf between renters and owners on this question is much more pronounced. While two-thirds (65%) of those who currently own their homes say they hope real estate prices either stay where they are or keep going up, fully half (51%) of those who rent would like to see a significant drop:

What do you hope to see happen to the real estate market here in the Greater Toronto Area over the next few years?

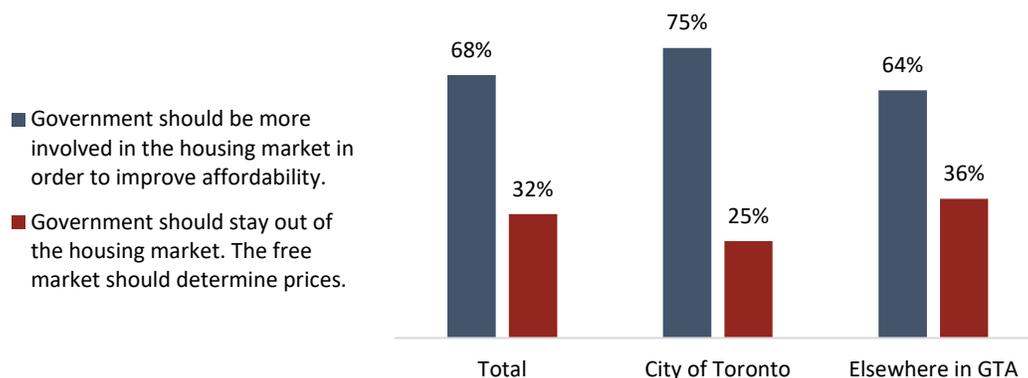


Strong support for further government action

In addition to following B.C.’s lead on taxing foreign buyers, former Premier Kathleen Wynne’s government introduced [a variety of measures](#) aimed at cooling the housing market in April 2017. While the new provincial government of Premier Doug Ford may yet [decide to rescind](#) some of these measures, this survey finds substantial support for the concept of government intervention on the real estate file.

More than two-thirds of GTA residents (68%) say government should be more involved in the housing market in order to improve affordability, and this total rises to three-quarters (75%) in the City of Toronto, proper.

Which of the following two broad statements most closely reflects your opinion?



When the Angus Reid Institute first asked this question in 2015, residents were more evenly divided, as seen in the graph that follows.

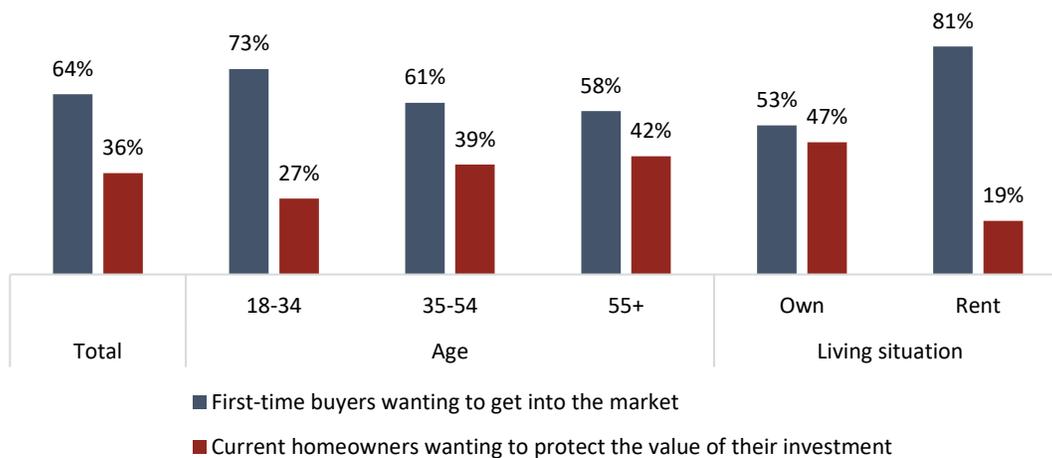
Which of the following two broad statements most closely reflects your opinion?



Asked whose interests they would prioritize if they were in charge of government interventions on housing, most respondents (64%) place the focus on first-time buyers just getting into the market, rather than on protecting the value of current homeowners' investments.

As might be expected, younger residents and people who currently rent their homes – two groups more likely to find themselves in the “first-time buyer” category – tend to place greater emphasis on this side of the equation. Current homeowners are more evenly divided, but it’s notable that a slightly larger number say they would prioritize the interests of first-time buyers, rather than their own interests:

Suppose you were in charge of deciding whether government should be more involved and what kinds of policies should be put in place. Overall, whose interests would you give the highest priority?

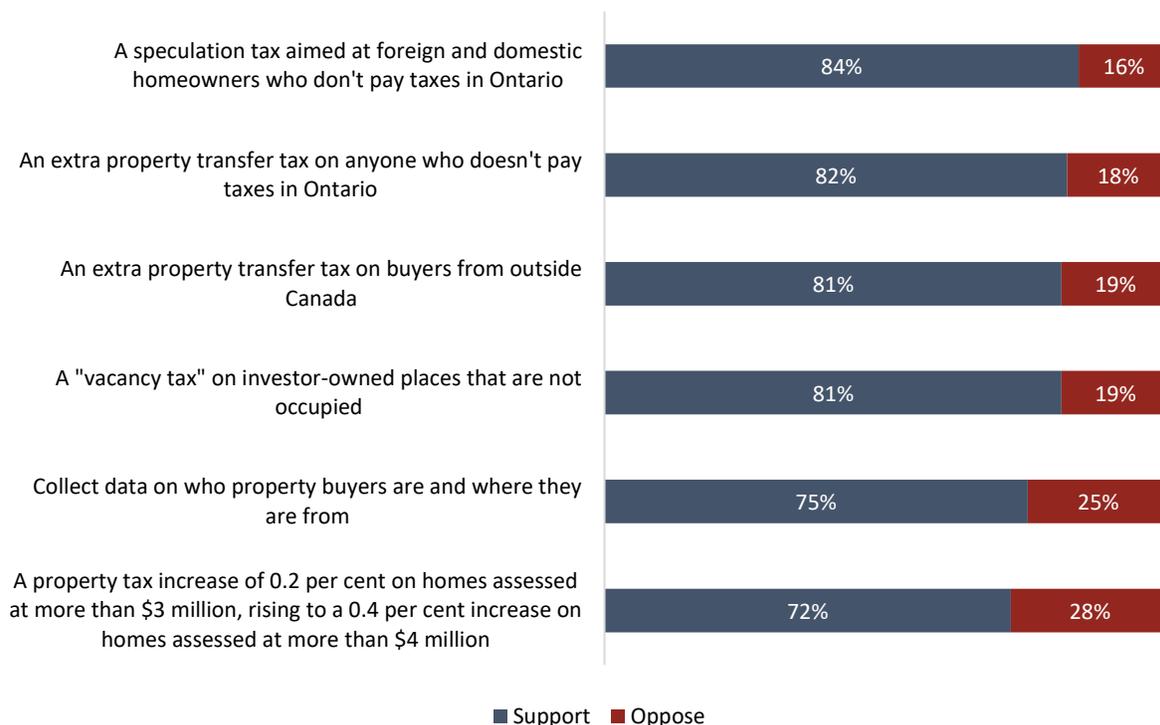


When it comes to specific policies, respondents are overwhelmingly supportive of both the foreign buyers tax and a [tax on vacant homes](#) that the City of Toronto has been considering. Other policies that have been proposed or implemented in British Columbia, but not yet in Ontario, also enjoy widespread support.

At least seven-in-ten GTA residents support each of six measures that have been either proposed or implemented somewhere in Canada. This includes extra property transfer taxes on foreign buyers and individuals – both foreign and domestic – who don't pay taxes in the province, as well as speculation and vacancy taxes, additional data collection, and additional property taxes on high-value properties.

Views on each of these policy proposals are summarized in the graph that follows.

A variety of policies have been suggested or implemented to deal with this issue of high housing costs in the Greater Toronto Area. For each one, regardless of whether it has been implemented or not, please indicate whether you support or oppose it.

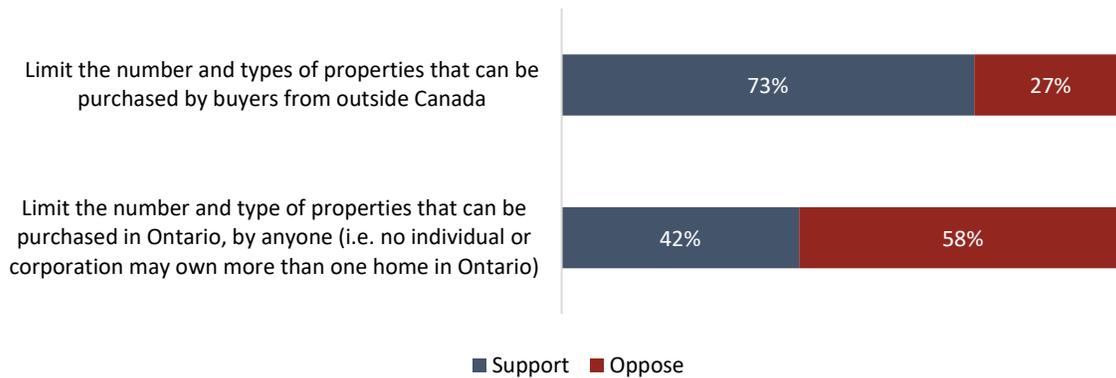


Two other items canvassed in this survey have not yet been considered in Canada, but have been implemented – to varying degrees – [in other countries](#). These proposals involve placing a legal limit on what kinds of properties an individual or corporation can purchase, rather than changing laws affecting the cost of making such purchases.

Almost three-quarters of GTA residents (73%) say they would support following the [Australian](#) and [Swiss](#) governments, among others, in limiting the number and types of properties that foreign nationals can purchase.

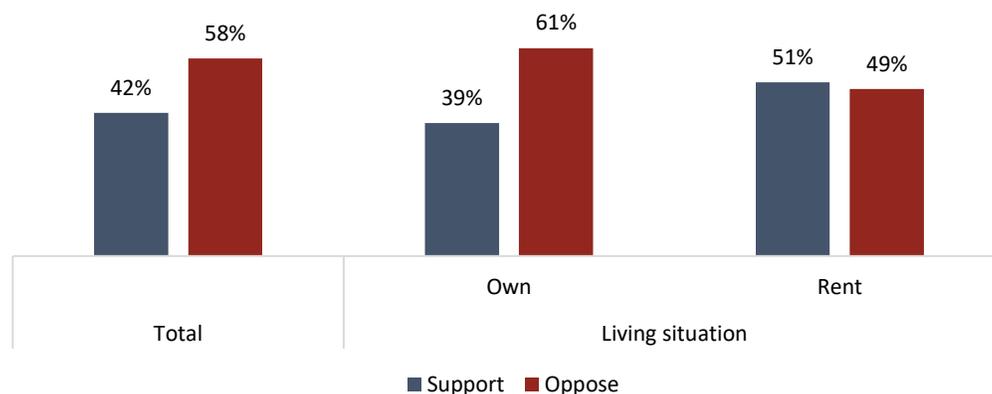
A stricter limit – which would set a hard cap on the number of properties anyone can own in Ontario, regardless of where they are from – is considerably less popular. That said, four-in-ten respondents (42%) say they would support legislation limiting the number of homes any individual or corporation can own in Ontario to one:

A variety of policies have been suggested or implemented to deal with this issue of high housing costs in the Greater Toronto Area. For each one, regardless of whether it has been implemented or not, please indicate whether you support or oppose it.



This severe limitation on who can purchase housing is favoured by fully half of those who currently rent, as seen in the graph that follows.

"Limit the number and type of properties that can be purchased in Ontario, by anyone (i.e. no individual or corporation may own more than one home in Ontario)"

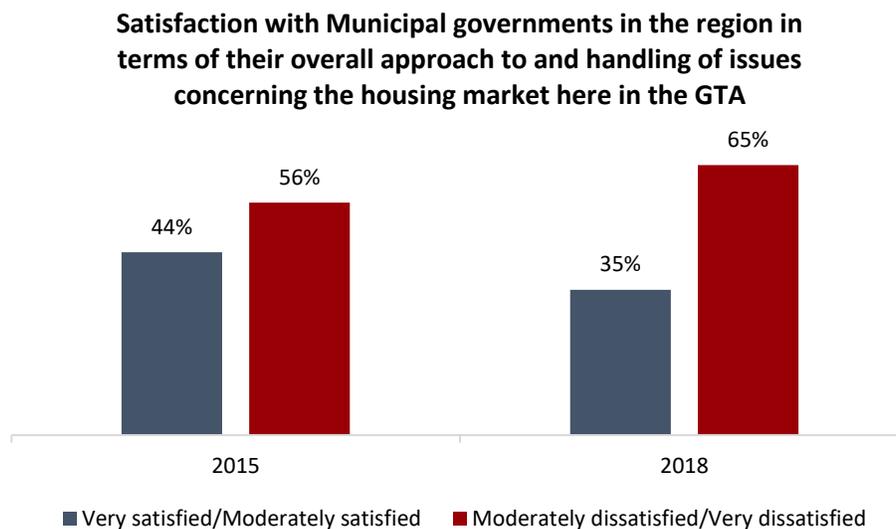


Most respondents to this survey are of the opinion that “no matter what the government does, it won’t be able to make housing here affordable,” (62% agree with this statement), and this perspective cuts across demographic lines ([see comprehensive tables](#)).

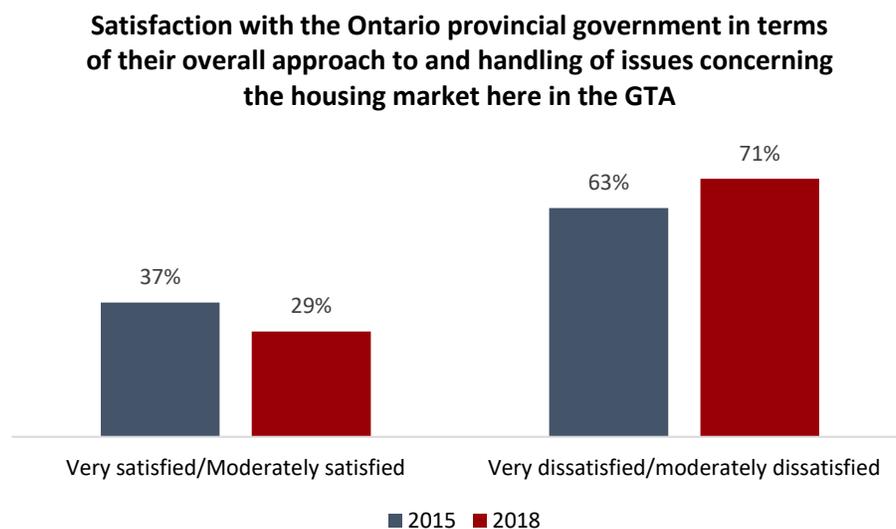
Dissatisfaction with government efforts so far

Given the widespread desire for governments in the region to do more, and the widespread pessimism that they will be able to improve affordability no matter what they do, it's perhaps predictable that GTA residents are largely dissatisfied existing government efforts on the housing file.

Some two-thirds of respondents (65%) say they are dissatisfied with the way municipal governments in the region have been approaching and handling these issues in recent years. This represents a trend toward greater dissatisfaction since the last time ARI asked this question in 2015:



In a similar vein, despite the former Wynne government's housing plan, residents have grown more dissatisfied with their provincial government's handling of this issue as well.

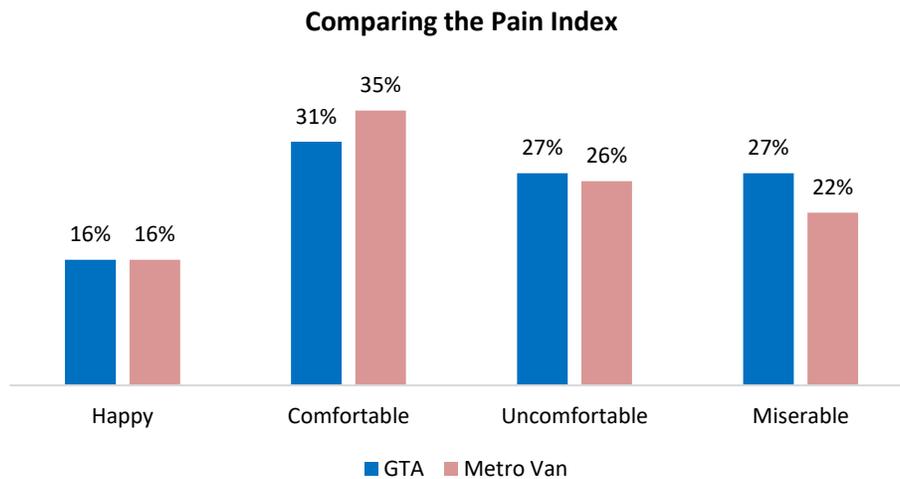


It should be noted that this poll was conducted before provincial election in June, so respondents were reacting the efforts of the now-defeated Ontario Liberals. Satisfaction with Doug Ford’s Progressive Conservative government on the housing file is an area for future study.

Comparing the GTA to Metro Vancouver

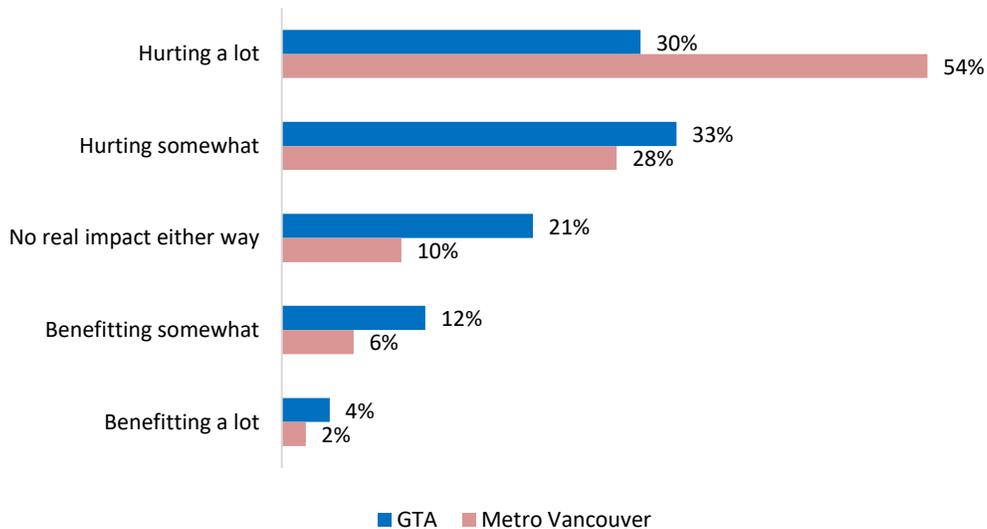
In concert with this study of housing in the Greater Toronto Area, the Angus Reid Institute today released a companion report looking at the same issue in [Metro Vancouver](#). Please click the link to read that report.

Considerable similarities are found when comparing the two populations across the Angus Reid Institute’s Pain Index. In each case, 16 per cent of the population can be categorized in the Happy cohort, while roughly half are Uncomfortable or Miserable. Driven primarily by their propensity to use transit more often, and the likelihood of having a commute of one hour or more, the GTA population skews slightly more Miserable than Vancouver.



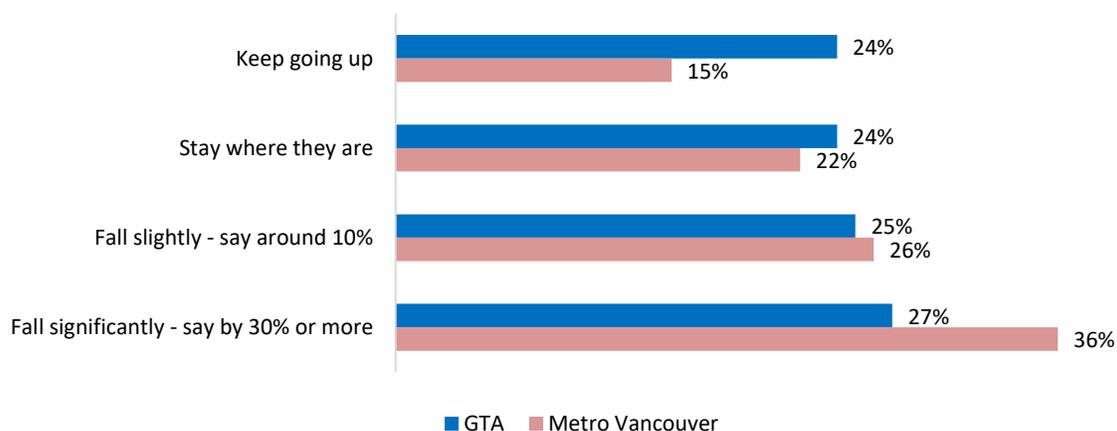
One of the most notable findings is the level of perceived damage being done to each region. While few from either metropolitan area are inclined to say housing prices are benefitting the area collectively, Metro Vancouver residents are significantly more negative about the impact:

Overall, would you say current housing prices here are benefitting or hurting the region (GTA or Metro Vancouver)



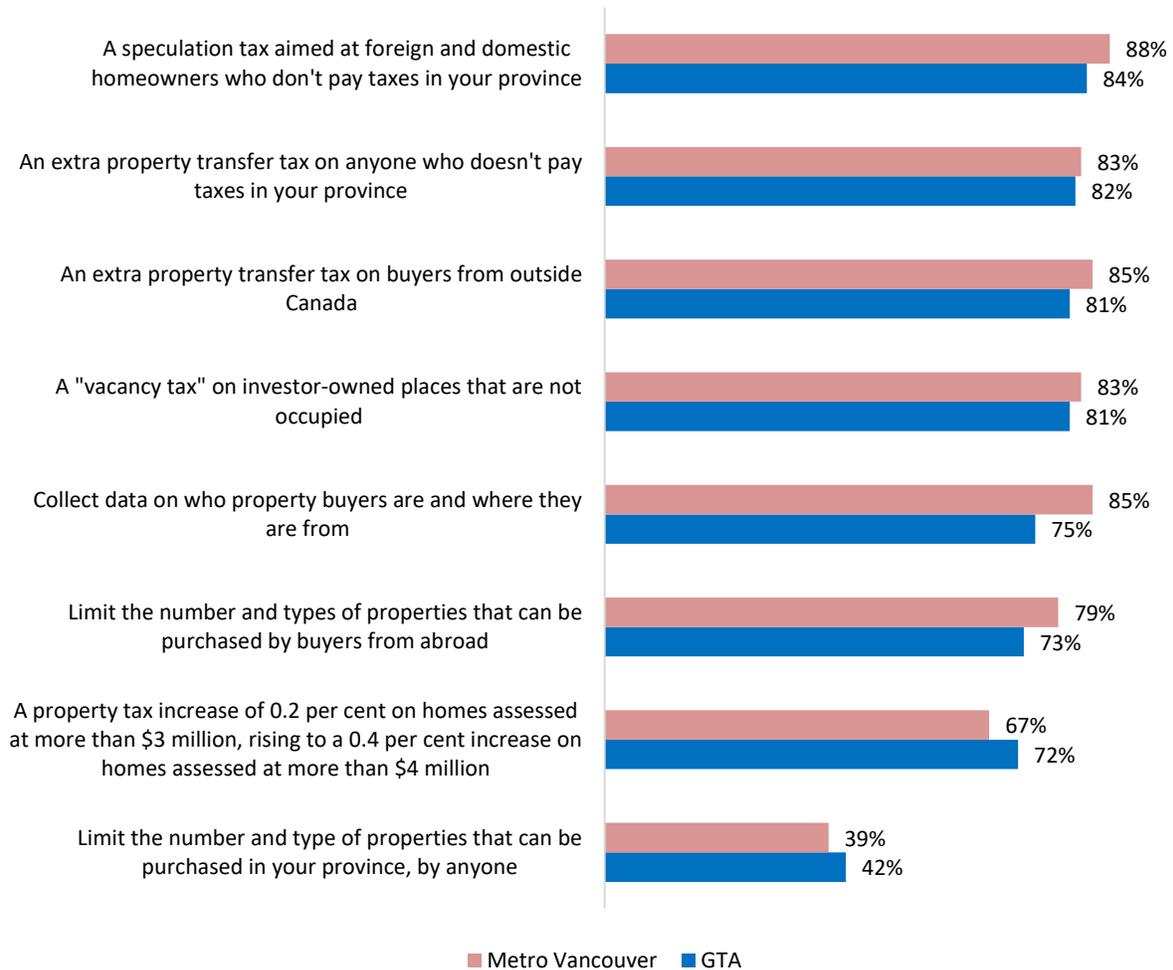
What this creates is a noticeably higher number of residents in the western region saying they're hoping for a market crash compared to those in the 416 and 905. Notably, at least half in each say they are hoping for a drop of at least 10 per cent:

What do you hope to see happen to the real estate market here in (GTA/Metro Vancouver) over the next few years? Do you hope prices ...



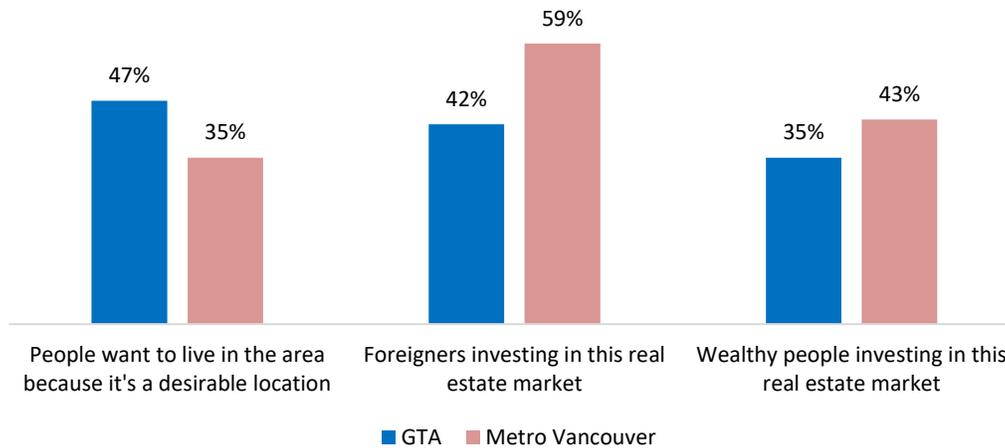
While they have disparities on a number of measures, support for policy options are close to identical. Residents in each region are enormously supportive of nearly all options put forth by the Angus Reid Institute, while both are tepid with respect to a firm limitation on the number of properties a person can purchase in their province:

Support for housing policies:



Notably, in both regions the top three reasons given for high housing prices are the same. The order of those reasons however, is significant. Greater Toronto Area residents are much more likely to say that prices are a response to people wanting to live in a desirable area. Both Toronto and Vancouver are consistently listed among the top cities in the world to live in. Meanwhile, Vancouverites are much more likely to blame foreign ownership than GTA residents:

Top three reasons given for high housing prices in each region:



Notes on Methodology:

The Angus Reid Institute’s Pain Index scores respondents’ answers to a series of transportation and housing questions based on the relative amount of “pain” each answer indicates. Scores for each answer are then added up to produce a total score for each respondent. A higher score indicates a great deal of housing-and-transit-related pain, and a lower score indicates minimal such pain.

The Pain Index is based on 10 questions in total, though respondents would only answer between seven and nine of them, depending on whether they own property and whether that property has a mortgage or not.

In all, the Pain Index includes three questions about transit – which are asked of every respondent – and seven questions about housing, of which each respondent is asked, at most, six.

Scores ranged from -3 to 16, with a larger concentration of respondents near the middle of the scale. Those with scores from -3 to 2 were sorted into the Happy category, those with scores from 3 to 6 became the Comfortable category, those with scores from 7 to 9 became the Uncomfortable, and those with scores of 10 or higher were sorted into the Miserable category.

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

For detailed results by age, gender, region, education, and other demographics, [click here](#).

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