

## Toronto condo shortage paving the way for worse affordability



"We've reached a point now where given the amount of people, industries we're attracting, we are already becoming terribly unaffordable for everyone," University of Toronto professor Richard Florida told Bloomberg. "We're at a crisis and we don't even realize it: Our transit, traffic problem and housing problem are urgent matters."

"Everyone's getting priced out," he added. "My students at the Rotman School of Management in the University of Toronto, who are going to be some of the most successful students in Canadian business, are now saying it's doubtful they could ever afford a single-family home."

The pace at which new condos are added to Toronto's red-hot housing market is nowhere near enough to fulfil the needs of a veritable surge of renters and would-be buyers, according to a recent report by Altus Group Ltd.

Since 2005, only around 60 purpose-built rental buildings have been erected in the market, offering a total of 11,620 new units over the 13-year period from then to the present.

Moreover, the condo completion rate is running near a five-year low of approximately 10,000 units. None of the new additions are anywhere near sufficient in accommodating Toronto's influx of 17,000 new renter households a year, most of which are magnetized by the relative affordability promised by the asset class.

Indeed, the city's apartment vacancy rate is currently hovering at around 0.5%.

"Homelessness is growing, couch-surfing is growing and this will have a lot of pressure on families and on the city itself," according to Alejandra Ruiz Vargas of the low-and-moderate-income advocacy group Association of Community Organizations for Reform Now Canada.

Read more: [Notable price growth did not deter GTA condos' sales strength](#)

Among the gravest concerns are the resulting price increases: condo rents grew by 7.6% to an average of \$2,385 in Q3 2018, and by 17% for newly available purpose-built units, according to Urbanation.