

# Home ownership dreams are fading

by Mark Pavilons

For previous generations, keeping a roof over one's head was a priority.

For our parents, owning a home, and perhaps a bit of property, was their dream. Many accomplished it with blood, sweat and tears.

In the 1960s and 70s, real estate was still pretty reasonable as were the interest rates. Thirty-year amortization and low-interest mortgages were fairly easy to come by.

I know that my parents purchased their four-acre parcel north of Bolton in 1972 for roughly \$6,000 and had to borrow \$2,000 from a friend.

They built their custom bungalow for roughly \$35,000. The home, family and good part of all of our lives grew and blossomed on that very spot.

I grew up there and have nothing but fond memories. Perhaps, after a lottery win, I could make an offer on the place to the current owners.

My wife and I were lucky enough to purchase our first home in Bolton, an end-unit townhouse. There, we lived happily and raised two of our children. When we decided to move up, we waited patiently, and snatched up a home when the owners were ready.

At the time, it seemed almost unattainable, but with the sale of our first home, and a little extra from the sale of my mom's house, we made the giant leap. We've been in our current home since 2009, enjoying our tiny bit of relative paradise.

We're still chugging along, month by month, year by year.

We pay our taxes and utility bills. We have insurance. But as the cost of living, groceries, car insurance and other necessities continues to soar, our economic might dwindles. We work to live.

We could sell, downsize and rest easy and go somewhere else, but where?

I'm reminded of a great quote from Star Trek: The Wrath of Khan:

McCoy: Where are we going?

Kirk: Where they went.

McCoy: Suppose they went nowhere?

Kirk: Then this will be your big chance to get away from it all.

The way things are going, our big chance to get away from it all involves the whole family cramming into a motorhome or yurt.

Recent surveys paint a pretty bleak picture on homeownership in the GTA.

According to a recent RBC survey, 36% of non-homeowners under 40 have given up on the dream of owning a home. Roughly 62% of Canadians say most people will be priced out of the housing market in the next decade.

?The road to home ownership isn't always easy and the last year has created both challenges and opportunities for home buyers,? said Amit Sahasrabudhe, Vice-President, Home Equity Financing, Products and Acquisitions, RBC. ?Potential homebuyers need to look at their personal financial situation as well as the current economic environment as both can have a big impact on the ability to purchase a home.?

When it comes to purchase intention, despite 54% of Canadians polled saying it is a sellers' market (up from 41% last year, highest since 2009), there is a large increase in Canadians who are considering buying a home in the next two years (30%, up 8% from 2020). This rises to 49% for those respondents under 40 years of age and 66% for new Canadians who have been in the country less than five years.

According to the poll results, interest rates and concerns that homes will become less affordable are key reasons why many Canadians are considering buying sooner. In fact, 41% of Canadians surveyed are thinking about buying a home sooner because of low interest rates and 61% believe home values will only go up in the immediate future. Four-in-five Canadians also continue to see housing as a good investment (83%) and the majority say it is better to buy than rent (56%).

According to CREA, the average house price in Ontario was \$864,159 as of February 2021.

For those who currently own a home, 15% of respondents consider themselves to be ?house poor? now.

Raise your hands if you're in this group!

That exact adage of asset-rich, cash-poor has been going on for more than a decade now.

It's funny really, our emphasis on owning a home, with a yard, maybe a garden, fence and deck. In many parts of the world, home ownership is not even part of the picture. In Europe most rent apartments or flats that are passed on from generation to generation. In developing nations, owning anything is but a pipe dream.

My daughter volunteered abroad on several humanitarian missions. She made some friends in Rwanda and still corresponds with them. When she showed them a couple of photos of our home they asked if this was a hotel in our village. They also wanted to know just how many families live there.

This is proof positive that our homes are too big for our needs.

Forget about carrying a home, the down payment itself has become a major barrier.

I fear there could be a mass exodus from this province, even our country, if this trend continues.

I found that a retired couple can live well in several European countries for roughly \$1,800 per month. Cab rides are roughly \$5 to anywhere in the city; a nice dinner for two costs \$30 and you can get a tooth pulled for \$50.

What are we doing wrong here?

We've become slaves to our own self-fulfilling economic prophecy.

The time will come when an entire generation will either revolt, give up, or simply break free and adopt a new lifestyle.

None of these are very reassuring.