

House Prices in Toronto Keep Climbing

Categories : [Houses](#), [Housing costs](#)

Across the board (and across the country) real estate professionals agree that house prices in the GTA (Greater Toronto Area) are unlikely to come down from their current high anytime soon. And while everyone has their own set of statistics and data, Toronto home prices have definitely made gains in recent years. Simply put, home prices just continue to appreciate, particularly in a region like the GTA, where the economy is strong and employment numbers are resilient.

The dynamics of the real estate market make for various opinions on what is happening. In fact, there are plenty of contradictory arguments amongst realtors, bankers, and even builders. Some tend to focus on the low supply of real estate and the high demand. Some focus on the historically low mortgage interest rates. And some focus on the influx of international buyers seeking big investment opportunities. More than likely, all of the factors have an influence on prices.

Interestingly, worldwide events also impact the Canadian real estate market. For example, the Brexit vote in the United Kingdom will likely prevent global interest rates from rising. Similarly the Presidential election in the United States will present other impacts. The bottom line in all of this is that Canadian home prices will maintain for the next few years. In many cases, foreign money and low interest will sustain the momentum in cities like Vancouver and Toronto.

All of the statistics aside, industry professionals are also aware of some warning signs - very high household debt AND lack of real estate affordability. In Canada, the so-called household debt-to-income ratio has climbed to disturbing levels – and many professionals consider this high level of indebtedness to be a real vulnerability in the long term. More than that, real estate speculation is causing prices to climb, and creating unique challenges with respect to housing affordability.

Residential real estate prices are also affected by construction, and when new home construction slows down, home prices naturally climb. It's a domino effect that causes home purchases to be beyond the reach of first time buyers. As a corrective measure, the City of Vancouver has recently imposed a [realty tax on foreign purchasers](#), in an effort to create a more affordable marketplace. At this point it's difficult to tell what the net effect will be, including on the rest of the country.

Amongst the various "talking heads" across the country, there's little expectation that the federal government will take any action to cool off the housing market. Many believe that there's no real evidence that government policies can effectively cool the housing market. And by any measure, the hot housing markets in Toronto and Vancouver are the ones that dominate the media. Other major cities across the country cannot compare, and clearly have different dynamics at play.

The big question with Toronto real estate is what's next? And here, many in the industry believe that homes are going to get even more expensive. That seems to be a mix of good news and bad.