

Rental stigma to fade as housing prices climb, researcher says

Paul Smetanin, CEO of the Canadian Centre for Economic Analysis, says cities such as Sydney and Vienna prove “you don’t have to own your own home in order to have a great home.”

[Tess Kalinowski](#)

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Ownership has become nearly impossible for the average first-time buyer, says CMHC’s Rental Housing Report. (Brian B. Bettencourt / Toronto Star) | [Order this photo](#)

In another decade, renting will no longer be a dirty word when it comes to housing in the Toronto region, predicts a researcher who has looked at housing markets in Europe and Australia.

Paul Smetanin, CEO of the Canadian Centre for Economic Analysis, says cities such as Sydney and Vienna prove “you don’t have to own your own home in order to have a great home.”

In Canada, [renting](#) is a “tainted” housing choice because home ownership is tied so closely to measuring success. But ownership may have peaked in the Toronto region at 70 per cent, he said on Monday.

“In Canada, unlike other countries, (renting) is typically associated with the affordable housing end of the spectrum. In Vienna, 60 per cent of that city is rental — beautifully constructed buildings and it’s market rental, so people aren’t house-poor,” said Smetanin.

His remarks came as the Canada Mortgage and Housing Corp. (CMHC) released data showing Toronto’s tight vacancy rate has shrunk further in the last year even as the national average increased very slightly to 3.4 per cent in October, compared to 3.3 per cent during the same month last year.

Toronto’s vacancy rate of just over 1 per cent helped drive Ontario’s average down to 2.1 per cent, from 2.4 per cent last October.

It is increasingly difficult for those aged 25 to 44 to own, said [CMHC’s Rental Housing Report](#).

“Escalating home prices due to record-breaking sales and fewer listings made ownership even more prohibitive for the average first-time buyer,” it said.

The increasingly precarious employment prospects of young adults is another factor, said Smetanin, who was speaking at a panel on housing supply and prices organized by the Ryerson University City Building Institute and the Urban Land Institute.

The focus of the panel was to broaden the discussion of Toronto housing affordability beyond the issue of land supply.

“Really, the important thing is to have a great home and use it — consume it — not necessarily to own one,” said Smetanin.

Security — the fear of getting kicked out — is one of the biggest issues Canadians have with renting.

“In Vienna, they have lifetime tenure as long as you can pay your market rents,” he said.

The Toronto region has an economy in which most people can pay market rent, but they need to take on “astronomical debt loads” to live near their jobs.

Smetanin said Canadian attitudes to renting need to change.

“When we’re talking about market rental for housing affordability, we’re really talking about giving people the choice between being able to rent a beautiful home or being able to buy one,” he said.

“It’s a very different model to the one we’re used to.”

The Canadian Centre for Economic Analysis is a socioeconomic research and technology firm that analyzes the risks behind policy decisions.

Average Ontario rents

\$856

Average rent on a bachelor apartment

\$995

Average rent on a one-bedroom

\$1,154

Average rent on a two-bedroom

\$1,406

Average rent on a three-bedroom or larger home

Source: Canada Mortgage and Housing Corp.