

Why Buy Real Estate in Canada's Two Costliest Cities?



Money now costs every Canadian just a little bit more after the country's big banks hiked their prime rates in response to the [Bank of Canada's increase](#) earlier this week – and it could affect real estate markets in the country's two costliest cities: [Toronto](#) and [Vancouver](#).

The good news is the higher interest rates reflect the strength of the Canadian economy, which the Bank of Canada notes, "is becoming more broadly-based and self-sustaining", and a strong economy tends to boost consumer confidence. But the reality is that it will now cost more to buy and pay off a home, *and* home prices in both Toronto and Vancouver are still trending upward, rising last month over August 2016.

The Toronto Real Estate Board [reported](#) the GTA's average selling price for all home types was up three per cent to \$732,292 compared to August 2016. Meanwhile, the Real Estate Board of Greater Vancouver [reported](#) the composite benchmark price for all of Metro Vancouver's residential properties was \$1,029,700, a 9.4% increase over the previous August.

So why consider buying a home in Toronto or Vancouver? Simply put, if you can afford it, they are both incredibly livable cities, respectively ranked third and fourth in the Economist Intelligence Unit's [Global Liveability Report 2017](#) behind Melbourne, Australia in the top spot and Vienna, Austria, a close second.

The ten most liveable cities

Country	City	Rank	Overall Rating (100=ideal)	Stability	Healthcare	Culture & Environment	Education	Infrastructure
Australia	Melbourne	1	97.5	95	100	95.1	100	100
Austria	Vienna	2	97.4	95	100	94.4	100	100
Canada	Vancouver	3	97.3	95	100	100	100	92.9
Canada	Toronto	4	97.2	100	100	97.2	100	89.3
Canada	Calgary	5	96.6	100	100	89.1	100	96.4
Australia	Adelaide	5	96.6	95	100	94.2	100	96.4
Australia	Perth	7	95.9	95	100	88.7	100	100
New Zealand	Auckland	8	95.7	95	95.8	97	100	92.9
Finland	Helsinki	9	95.6	100	100	88.7	91.7	96.4
Germany	Hamburg	10	95	90	100	93.5	91.7	100

“We expect Toronto will provide the city lifestyle we love on a much more manageable scale with better access to more outdoor activities and space than London and the UK,” says Tracey Wells, who is relocating to Toronto from the UK with her husband this month. “The UK is a lovely place to live but it’s becoming overcrowded and while we love London, it is very large, hard to navigate, the pace is relentless and housing is very expensive in and around London.”

Top-ranked cities for livability, including Toronto and Vancouver, tend to be mid-sized cities in wealthier countries with a relatively low population density, recreation and culture without the high crime levels and overburdened infrastructure associated with high-density cities. While Toronto and Vancouver are both world-class cities in a variety of ways, they are nothing like London, New York, Paris and Tokyo, all global business centres and extraordinary cities with “big city buzz” – as well as crime levels and congestion above what is typically considered comfortable.

As seen in the chart above, livability looks at lifestyle in the various locations and makes it easier to directly compare cities. Stability is key and the report notes city scores have been more volatile due to the perceived threat of terrorism in the US, the UK and many European cities. The US is also seen as less stable due to President Donald Trump’s policies and executive orders, and certain Americans are protesting both Trump and civil rights.

“Our political stability, multiculturalism and the perception that Toronto is a fun, dynamic city as well as its livability appeals to foreigners and expats that are coming home,” says Lizanne Dobson, representative of Keller Williams Neighbourhood Realty in Toronto.

Notably, in the Economist’s rankings, quality housing availability is just one of seven characteristics included in infrastructure, with no mention of affordability. In the [*13th Annual Demographia International Housing Affordability Survey: 2017*](#), Vancouver was third behind only Hong Kong and Sydney, Australia for *unaffordability*, when comparing home prices and local household incomes. Vancouver has a median multiple (median house price divided by median household income) of 11.8, and Toronto at 7.7, which makes them both “severely unaffordable”.

“Yet, Toronto is still a very affordable city compared with New York, San Francisco, Los Angeles

and London,” says Sandra Pate, a broker with 30-plus years of experience, Johnston & Daniel, a division of Royal LePage. “We’re finally truly world-class with so many cultures, cuisines, fabulous health care, safe neighbourhoods, good schools, strong and secure banking – and a tenth of the murders you see in certain US cities.”