

GLOBAL CITIES

Housing Prices in Major Urban Centres

One in a Series



Housing Prices in a Global Context



House and land prices in the world's most desirable cities and metropolitan areas are increasing at a rapid rate. The Greater Golden Horseshoe (GGH) is experiencing continued increases in housing prices, raising concerns about affordability and growth. This experience is not unique to the region, but is in fact a global phenomenon.

Research and data indicate that the key drivers of hot markets around the world are the forces of globalization combined with the natural attraction to world-class cities and metropolitan areas that offer a high quality of living and economic opportunity. Understanding the factors contributing to upward pressure on housing prices in the GGH provides the necessary context for policy and planning tools to address concerns



of affordability, access and equity in the housing market, in order to create the sustainable and prosperous communities of the future.

This will require some fresh thinking: What do sustainable communities look like in the major cities and regions of the GGH? What makes a livable neighbourhood in this modern age? How do we design communities that enhance quality of life and drive prosperity? How do we meet the changing needs of a dynamic population and the many demographics of the region? The challenges may lie ahead but the time to tackle them is right now. With similar challenges confronting urban centres around the world, international best practice is emerging on how to make housing more affordable.

RIISING HOUSING PRICES ARE A GLOBAL TREND

Housing prices are rising in “centres of prosperity” around the world — and one of the primary reasons is simply that people want to live in them. The Greater Golden Horseshoe is home to 9 million residents and 4.5 million jobs. This represents 25% of Canada's population, and by 2041 it is expected that 13.5 million people will be living in the region. This growth in population is similar to urban migration patterns around the globe, increasing demand for housing in the economic centres of the global economy.

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Indeed, more than 56% of the world's population is now living in cities, according to the United Nations.

As the global trend towards urbanization continues, people are migrating to metropolitan regions where there are more jobs, growing economies and infrastructure. They are also attracted by quality-of-life considerations; they seek walkable communities, green spaces, flexible transit choices, and recreational opportunities.

In 20 of the 26 nations examined by The Economist magazine in a study published in 2016, house prices had risen an average of 8.3% over the previous year in the “pre-eminent cities” of these countries. The magazine concluded: “Globalization has created a handful of metropolises that attract people, capital and ideas from all over the world, almost irrespective of how their national economy is doing... House prices in such places, unsurprisingly, outpace the national average.”

Housing policy should be reviewed to keep up with this international trend. Solutions that encourage development of more sustainable, affordable housing stock and improved transit will be essential the GGH and urban centres around the world.

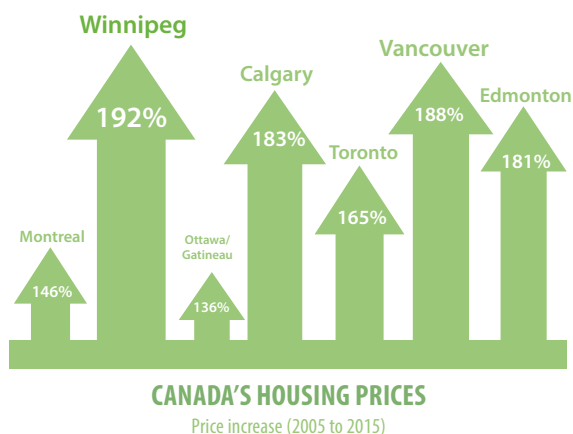
THE CANADIAN CONTEXT

In Canada, escalating home prices are not a recent phenomenon. Writing in *The Globe and Mail* (2012), Richard Blackwell noted: "The current run-up in house prices [in Canada] began in about 1997 and has continued almost unabated despite very small gains in income over the same period." Canadian home prices have increased significantly across the entire landscape between 2005 and 2015, as data from the Teranet/National Bank of Canada's House Price Index shows.

The reasons behind these rapidly rising prices are many, including economic forces, demographic shifts, population growth, low interest rates and

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market demands for specific types of housing. And this echoes what researchers are seeing around the world. As Canada itself becomes more urbanized, the cities and regions experiencing growth are seeing the results reflected in their housing markets. Indeed, in regions that have seen economic downturns housing prices have dropped as migration patterns shift to centres of growth.



THE GREATER GOLDEN HORSESHOE OF THE FUTURE

The Province has policies in place that work toward a prosperous and sustainable future for the region, through the Growth Plan and Greenbelt Plan. We are equipped to create the world-class communities, the transit infrastructure, and the housing choices to attract and retain a population that will continue to grow and flourish, and to do so sustainably. The provincial and municipal governments need to ensure policies and regulations manage growth in a responsible manner, paying particular attention to:

- 1. GROWING SUSTAINABLY:** Reducing emissions by providing more transit choices, discouraging sprawl, building energy efficient homes, and supporting non-car transportation.
- 2. HOUSING CHOICE:** Facilitating the development of mixed-use communities with detached and semi-detached homes, townhouses, and mid-rise units to meet a variety of needs and budgets.
- 3. COMPLETE COMMUNITIES:** Designing communities with walkable shopping and recreational options, and good jobs that support the local economy.

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CONCLUSION

Globalization is driving migration to urban centres around the world, putting pressure on housing markets in highly desirable cities and regions. As one of Canada’s foremost economic centres, it is not a surprise that the GGH is feeling acutely pressured. The success of the region depends on a forward-looking approach to growth – prioritizing complete communities with integrated transit networks, that are more efficient and more desirable for a growing population. International best practice from other pre-eminent cities can help inform the policy process.

We have the ability to build healthy communities while also protecting our best farmland and resources that make our region such a great place to live.

Policies to increase housing choice and introduce gentle density to existing neighbourhood will increase affordability and support a more sustainable future.

About Us: *Housing Affordability in the Greater Golden Horseshoe* is a project of the Friends of the Greenbelt Foundation to explore the factors affecting housing prices in the Greater Golden Horseshoe, as well as tools and policies that support the attainment of the vision for the region outlined in the Growth Plan. The Greater Golden Horseshoe is home to 25% of Canada’s population, and includes cities, towns, and some of the country’s most productive farmland protected by Ontario’s Greenbelt.

The Friends of the Greenbelt Foundation is a registered charity, working to help keep farmers successful, strengthen local economies, protect and grow natural features, and promote sustainable growth.



Possibility grows here.

