

# THE STORY OF A COUPLE, BUYING THEIR FIRST HOME IN TORONTO



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# LOOKING TO THE FACTUAL FIGURES OF HISTORICAL DATA:

Average Toronto house price: \$1,095,475

Couple combined gross annual income: \$100,000

Down payment: 20% (so mortgage = 80% of purchase price)

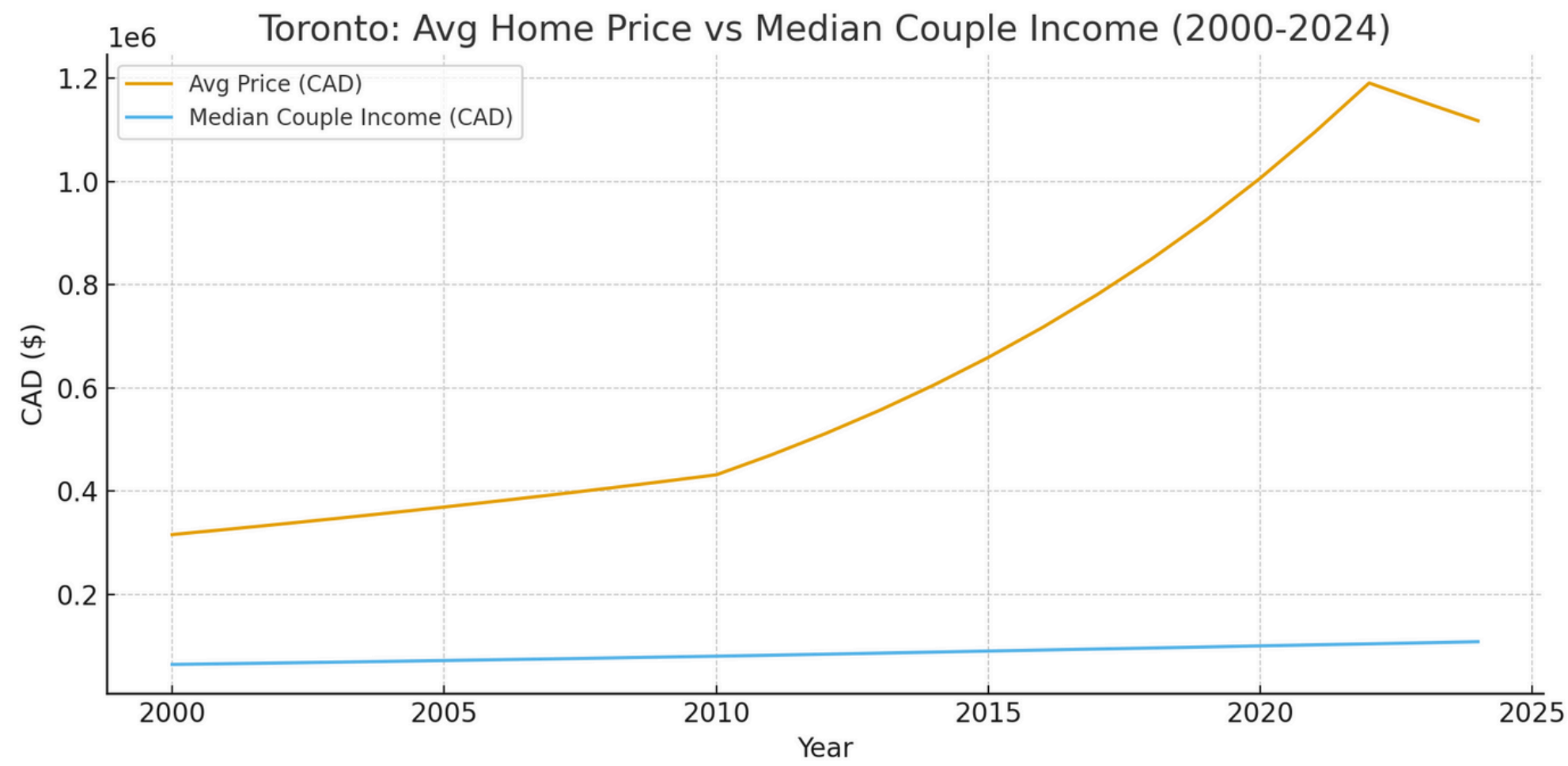
Amortization: 25 years (typical for mortgage calculations)

	3.0%	5.0%	6.5%
Monthly payment	~\$4,156	~\$5,123	~\$5,917
Annual mortgage payment	~\$49,871	~\$61,479	~\$71,009
% of gross income	~49.9%	~61.5%	~71.0%

Even at a 3% rate, the mortgage payment on a \$1.095M house (with 20% down) would consume about half of a couple's gross income — and at higher rates (5–6.5%) it becomes clearly unaffordable by conventional 30–40% housing-cost benchmarks

LET’S HAVE A LOOK AT SOME VISUALS BASED ON HISTORICAL DATA!

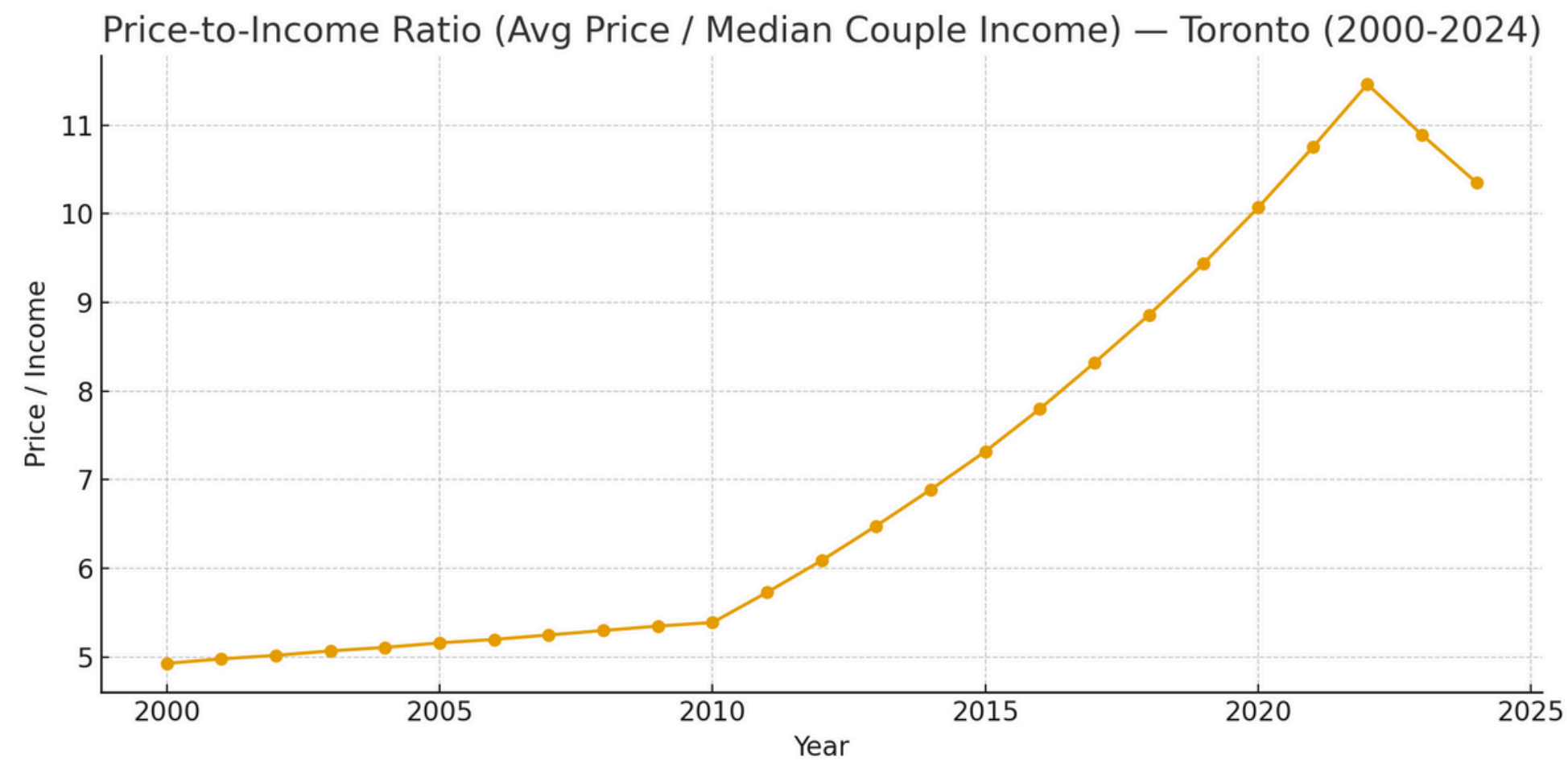
Average Toronto home prices rose far faster than average couple incomes since 2000 – the price curve steepens substantially after ~2010.





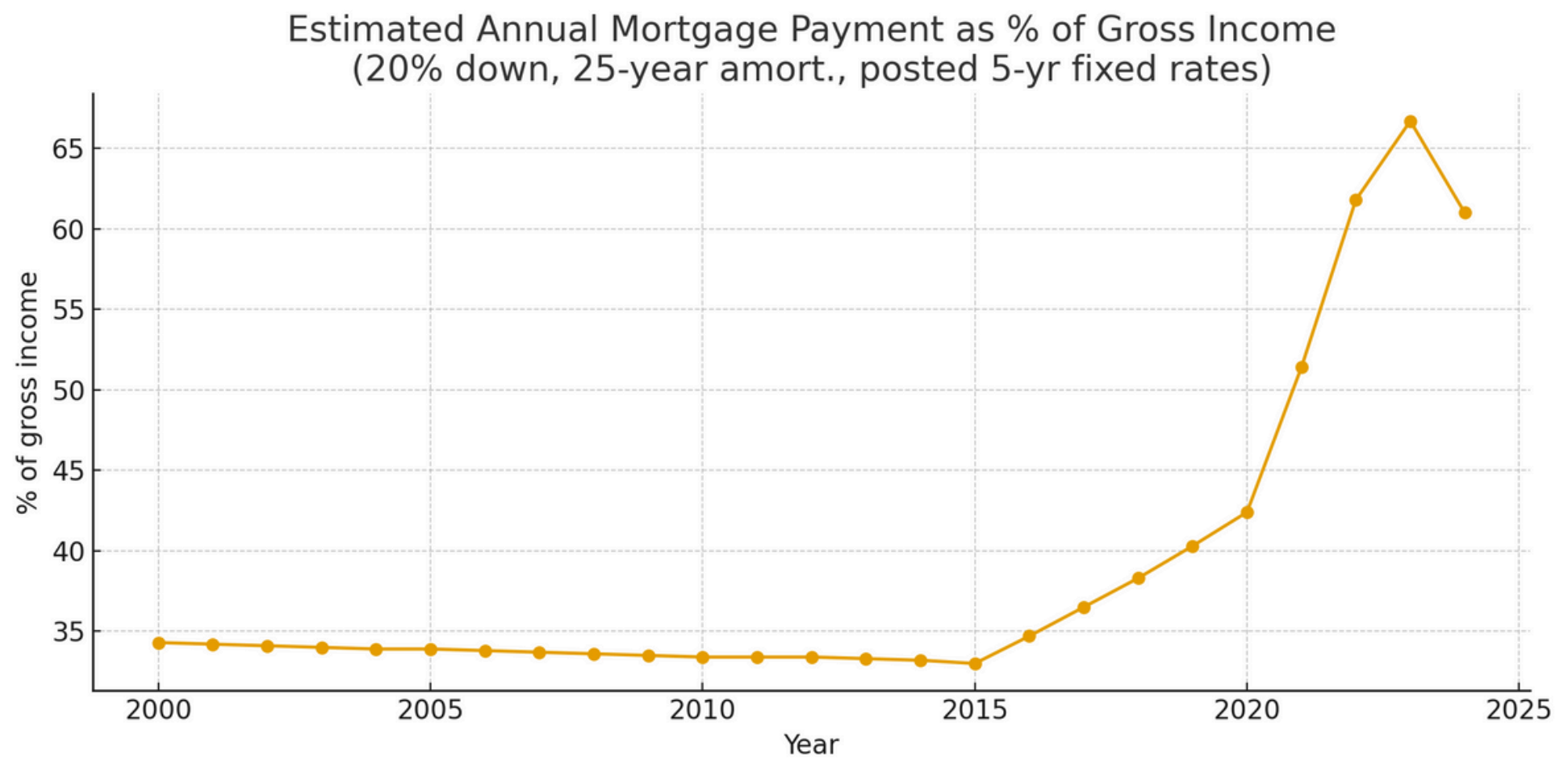
## SOME MORE VISUALS CONT..

Price-to-income ratio rose from ~5x in 2000 to ~11–10x in the early 2020s, reflecting much lower affordability than two decades ago



**SOME MORE VISUALS CONT..**

Combining higher prices with the post-2021 jump in posted 5-yr fixed rates produced a dramatic rise in mortgage payments as a share of gross income – The estimated mortgage payment hit ~66.7% of gross income at the 2023 peak and ~61.0% in 2024 (20% down, 25-yr amort).



## DESPITE ALL THE CHALLENGES, THERE ARE SOME STRATEGIC, FINANCIAL, AND BEHAVIORAL MEASURES THAT CAN MAKE IT MORE FEASIBLE FOR COUPLE TO BUY THEIR FIRST HOME!

### 1. Set a Realistic Budget and Timeline:

- Determine affordability early: keep housing costs under ~39% of income, total debt under 44%.
- Account for total costs: Down payment, closing costs ( $\approx 4-6\%$  of price), land transfer taxes, moving, furnishings, and maintenance.
- Timeline: Plan around income growth or major life changes (e.g. switching jobs).



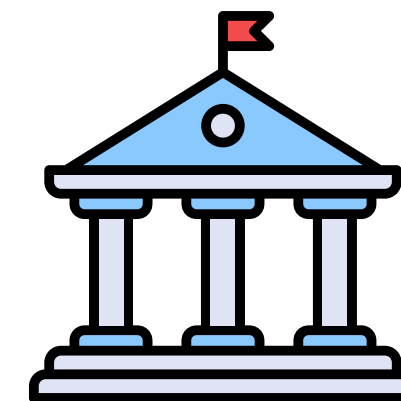
### 2. Increase the Down Payment

- Target 20% if possible to avoid mortgage insurance.
- First Home Savings Account (FHSA): Contribute up to \$8,000/year.
- RRSP Home Buyers' Plan.
- TFSA savings: Build flexibility with tax-free investment growth.



### 3. Leverage Government & Municipal Programs

- First-Time Home Buyer Incentive (FTHBI): Shared equity loan (5–10% of purchase price).
- Land Transfer Tax Rebate, GST/HST New Housing Rebate
- Affordable homeownership programs



**DESPITE ALL THE CHALLENGES, THERE ARE SOME STRATEGIC, FINANCIAL, AND BEHAVIORAL MEASURES THAT CAN MAKE IT MORE FEASIBLE FOR COUPLE TO BUY THEIR FIRST HOME CONT..!**

**4. Optimize Mortgage & Financing**

- Shop around for rates (major banks, credit unions.
- Get pre-approved to lock in rates for up to 120 days.
- Choose term wisely, Avoid high consumer debt
- Consider variable vs. fixed: Historically variable rates save more over long periods, but fixed offers predictability.



**5. Adjust Expectations & Entry Strategy**

- Start smaller or further out: Consider condos, townhomes, or buying in GTA suburbs.
- Co-buying: Partnering with family or friends to share equity.
- Rent-to-own programs: Growing trend through private developers or non-profits.
- Consider pre-construction: May require a smaller initial deposit spread out over 1-2 years.



**6. Improve Credit & Income Profile**

- Maintain a credit score  $\geq 680$  for better mortgage terms.
- Build income stability: Steady employment and combined income history are key to approval.
- Avoid big new debts before mortgage applications



**THANK YOU!**